NEW ISSUE - FULL BOOK-ENTRY

Ratings: Fitch: AAA
Moody's: Aaa
S&P: AAA
(See "Ratings" herein)

In the opinion of McGuireWoods LLP, as bond counsel to the Virginia Public School Authority ("Bond Counsel"), under current law and subject to the conditions described in "TAX MATTERS" herein, interest on the below referenced bonds (the "Series 2023 Bonds") (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item in calculating the alternative minimum tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. Bond Counsel is further of the opinion that interest on the Series 2023 Bonds is exempt from income taxation by the Commonwealth of Virginia and any of its political subdivisions. See "TAX MATTERS" herein regarding certain other tax considerations.

$89,935,000
VIRGINIA PUBLIC SCHOOL AUTHORITY
Special Obligation School Financing Bonds, Stafford County Series 2023

Dated: Date of Delivery **Due: August 1, as shown on the inside cover**

This Official Statement has been prepared by the Virginia Public School Authority (the "Authority") to provide information on the Series 2023 Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Series 2023 Bonds, a prospective investor should read this Official Statement in its entirety.

Purpose	The proceeds of the Series 2023 Bonds are being used to purchase a general obligation school bond issued by Stafford County, Virginia (the "County"), in the principal amount of $89,935,000. The County will use the proceeds of the Series 2023 Bonds to (i) pay the costs of various school capital improvement projects for the County and (ii) pay the issuance costs of the Series 2023 Bonds and its general obligation school bond. See **"SOURCES AND USES OF THE PROCEEDS OF THE SERIES 2023 BONDS."**
Issued Pursuant to	Resolution adopted by the Authority on December 5, 2022. See **"INTRODUCTION."**
Denomination	$5,000 or multiples thereof.
Security	The Series 2023 Bonds are secured by principal and interest payments on the general obligation school bond issued by the County, held by the Authority and pledged to the payment of the Series 2023 Bonds. The Series 2023 Bonds do not constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia. See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS."**
Redemption	The Series 2023 Bonds are subject to redemption as described on the inside cover.
Interest Payment Dates	February 1 and August 1, beginning August 1, 2023.
Registration	Fully registered book-entry only in the name of Cede & Co. (as nominee of The Depository Trust Company). See **"APPENDIX E - Book-Entry Only System."**
Bond Registrar/ Paying Agent	State Treasurer.
Bond Counsel	McGuireWoods LLP, Richmond, Virginia, as bond counsel to the Authority. McGuireWoods LLP, Richmond, Virginia, as bond counsel to the County.
Financial Advisors	Public Resources Advisory Group, New York, New York, as financial advisor to the Authority. PFM Financial Advisors LLC, Richmond, Virginia, as financial advisor to the County.
Issuer Contact	Director of Debt Management, Virginia Department of the Treasury, (804) 225-2142.
Delivery Date	March 14, 2023.

Dated: February 28, 2023

$89,935,000
VIRGINIA PUBLIC SCHOOL AUTHORITY
Special Obligation School Financing Bonds,
Stafford County Series 2023
(Base CUSIP[†] Number 92810U)

MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS AND CUSIPS

Year of Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Suffix[†]
2023	$450,000	5.000%	3.000%	100.745%	AA8
2024	2,895,000	5.000	3.000	102.681	AB6
2025	3,040,000	5.000	2.950	104.676	AC4
2026	3,195,000	5.000	2.790	107.079	AD2
2027	3,360,000	5.000	2.750	109.223	AE0
2028	3,535,000	5.000	2.700	111.443	AF7
2029	3,715,000	5.000	2.600	114.023	AG5
2030	3,905,000	5.000	2.580	116.166	AH3
2031	4,105,000	5.000	2.620	117.800	AJ9
2032	4,315,000	5.000	2.620	119.677	AK6
2033	4,540,000	5.000	2.660	121.100	AL4
2034	4,775,000	5.000	2.760[*]	120.095[*]	AM2
2035	5,015,000	5.000	2.880[*]	118.902[*]	AN0
2036	5,275,000	5.000	3.170[*]	116.076[*]	AP5
2037	5,545,000	5.000	3.340[*]	114.457[*]	AQ3
2038	5,280,000	5.000	3.450[*]	113.424[*]	AR1
2039	5,545,000	5.000	3.500[*]	112.958[*]	AS9
2040	5,835,000	5.000	3.540[*]	112.586[*]	AT7
2041	6,130,000	5.000	3.570[*]	112.309[*]	AU4
2042	6,450,000	5.000	3.600[*]	112.033[*]	AV2
2043	3,030,000	5.000	3.630[*]	111.757[*]	AW0

[*] Yield and Price to first optional redemption date of August 1, 2033.

OPTIONAL REDEMPTION

The Series 2023 Bonds due on or after August 1, 2034, may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part, on any date beginning August 1, 2033, at a redemption price of par, together with interest accrued to the date fixed for redemption.

[†] Copyright © 2022 CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association ("ABA"). CUSIP Global Services ("CGS") is managed on behalf of the ABA by FactSet Research Systems Inc. The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with Virginia Public School Authority (the "Authority") or Stafford County, Virginia (the "County"), and neither the Authority nor the County is responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondowners and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products. Neither the Authority nor the County has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

STATE OFFICIALS

GOVERNOR
GLENN YOUNGKIN

LIEUTENANT GOVERNOR
WINSOME EARLE-SEARS

ATTORNEY GENERAL
JASON S. MIYARES

SECRETARY OF FINANCE
STEPHEN E. CUMMINGS

TREASURER
DAVID L. RICHARDSON

COMPTROLLER
LEWIS R. MCCABE

SUPERINTENDENT
OF PUBLIC INSTRUCTION
JILLIAN BALOW

VIRGINIA PUBLIC SCHOOL AUTHORITY BOARD OF COMMISSIONERS

CHAIR
JOHN R. RILEY, JR.

VICE CHAIRMAN
MARIA J. PERROTTE

TREASURER & SECRETARY
DAVID L. RICHARDSON

BETTY J. BURRELL

HON. CARDELL C. PATILLO JR.

LEWIS R. MCCABE

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AUTHORITY FINANCIAL ADVISOR

PUBLIC RESOURCES ADVISORY GROUP
New York, New York

AUTHORITY BOND COUNSEL

MCGUIREWOODS LLP
Richmond, Virginia

The Series 2023 Bonds are exempt from registration under the Securities Act of 1933, as amended. The Series 2023 Bonds are also exempt from registration under the securities laws of the Commonwealth of Virginia.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority, the County or the underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or sale of the Series 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between the Authority, the County or the underwriters or holders of any of the Series 2023 Bonds.

Certain statements included in this Official Statement constitute "forward-looking statements" within the meaning of Section 27a of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are generally identifiable by the terminology used such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any results, performances or achievements express or implied by such forward-looking statements. Except as specifically set forth herein, neither the Authority nor the County plans to issue any updates or revisions to those forward-looking statements due to changes in its expectations or subsequent events, conditions or circumstances on which such statements are based.

The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Authority or the County since the date hereof.

The underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Series 2023 Bonds, including transactions to (i) overallot in arranging the sales of the Series 2023 Bonds and (ii) make purchases and sales of the Series 2023 Bonds, for long or short account, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner as the underwriters may determine.

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OFFICIAL STATEMENT
of the
VIRGINIA PUBLIC SCHOOL AUTHORITY
for its
$89,935,000
Special Obligation School Financing Bonds,
Stafford County Series 2023

INTRODUCTION

The purpose of this Official Statement is to provide information in connection with the issuance by the Virginia Public School Authority (the "Authority") of its $89,935,000 Special Obligation School Financing Bonds, Stafford County Series 2023 (the "Series 2023 Bonds"), and the issuance by Stafford County, Virginia (the "County"), of its $89,935,000 general obligation school bond (the "Local School Bond"), which the Authority will purchase with the proceeds of the Series 2023 Bonds. The Authority is an instrumentality of the Commonwealth of Virginia (the "Commonwealth"), created by Chapter 11, Title 22.1, Code of Virginia, 1950, as amended (the "VPSA Act"). See **"THE AUTHORITY."**

The Series 2023 Bonds are being issued by the Authority, at the request of the County, pursuant to the VPSA Act and a bond resolution adopted on December 5, 2022 (the "Resolution"), by the Board of Commissioners of the Authority (the "Board"). The Authority's purpose in issuing the Series 2023 Bonds is to provide funds for the purchase by the Authority of the Local School Bond to be issued by the County. The County will use the proceeds received from the Authority to (i) pay the costs of various capital improvements for the County's public school system and (ii) pay the issuance costs of the Series 2023 Bonds and the Local School Bond.

The Series 2023 Bonds are payable solely from payments of principal of and interest on the Local School Bond made by the County. The Local School Bond is a general obligation of the County to the payment of which its full faith and credit and taxing power are irrevocably pledged. See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS."** The Local School Bond is being issued pursuant to a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on November 15, 2022, pursuant to the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia, 1950, as amended.

Appendix A to this Official Statement, furnished by the County, contains demographic, statistical and financial information regarding the County.

Appendix B to this Official Statement, furnished by the County, contains the Annual Comprehensive Financial Report of the County for its fiscal year ended June 30, 2022. PBMares, LLP, the County's independent auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix B, any procedures on the financial statements addressed in that report. PBMares, LLP, also has not performed any procedures relating to this Official Statement.

The Authority has issued other bonds, which are currently outstanding, pursuant to other resolutions and indentures (the "Existing Resolutions"). The funds and accounts and the revenues pledged under the Existing Resolutions are not pledged to the Series 2023 Bonds, and the Local School Bond is not pledged to bonds issued under the Existing Resolutions.

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SOURCES AND USES OF THE PROCEEDS OF THE SERIES 2023 BONDS

The proceeds of the Series 2023 Bonds are expected to be applied as follows:

SOURCES	
Par Amount of Series 2023 Bonds	$89,935,000.00
Original Issue Premium	12,459,353.95
Total	$102,394,353.95

USES	
Deposit to Stafford County Purchase Fund	$101,960,000.00
Underwriter's Discount	82,307.61
Other Costs of Issuance	352,046.34
Total	$102,394,353.95

PLAN OF FINANCE

The Authority's purpose in issuing the Series 2023 Bonds is to provide funds for the purchase by the Authority of the Local School Bond to be issued by the County. The County will use the proceeds received from the Authority to (i) pay the costs of various capital improvements for the County's public school system and (ii) pay the issuance costs of the Series 2023 Bonds and the Local School Bond.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS

General

The Resolution provides that the Series 2023 Bonds are limited and special obligations of the Authority, secured solely by and payable solely from payments of principal of and interest on the Local School Bond.

Interest on the Local School Bond is due on the January 15 and the July 15 immediately preceding the corresponding February 1 and August 1 interest payment dates of the Series 2023 Bonds. Principal on the Local School Bond is payable on the July 15 immediately preceding the corresponding August 1 principal payment date of the Series 2023 Bonds. Under the Resolution, the Authority has assigned, for the benefit of the holders of the Series 2023 Bonds, and any refunding bonds issued under the Resolution, its rights to receive all payments of principal and interest on the Local School Bond to the State Treasurer acting as paying agent for the Series 2023 Bonds. The Authority has agreed that all such payments of principal and interest on the Local School Bond shall be made directly to the State Treasurer, acting as paying agent for the Series 2023 Bonds, who is directed to apply such payments to the corresponding debt service payments due on the Series 2023 Bonds and any refunding bonds issued under the Resolution.

The Series 2023 Bonds are not a general obligation of the Authority and are not secured by or payable from any of the funds and accounts or the revenues pledged under the Existing Resolutions. The Series 2023 Bonds do not constitute a debt of the Commonwealth or a pledge of the faith and credit of the Commonwealth. Under the Resolution, the Authority must demonstrate that the payments under the Local School Bond are sufficient to make the corresponding payments on the Series 2023 Bonds.

Local School Bond

The Local School Bond is a general obligation of the County to the payment of which its full faith and credit are irrevocably pledged. The Board of Supervisors shall, in each year while the Local School Bond is outstanding, levy and collect *ad valorem* taxes upon all property in the County subject to taxation by the County in an amount sufficient to pay the principal of, premium, if any, and interest on the Local School Bond when due, which tax shall be without limitation as to rate or amount and in addition to all other taxes authorized to be levied in the County. Appendix A to this Official Statement, furnished by the County, contains certain demographic, statistical and financial information regarding the County. Appendix B to this Official Statement, furnished by the County, contains the Annual Comprehensive Financial Report of the County for its fiscal year ended June 30, 2022.

State Aid Intercept

A Virginia statute (Section 15.2-2659 of the Code of Virginia, 1950, as amended) (the "State Aid Intercept Provision") provides a mechanism for the application to overdue debt service on the Local School Bond of appropriations by the General Assembly to the County. The State Aid Intercept Provision requires the Governor of the Commonwealth (the "Governor"), upon proof of default in the payment of debt service on any general obligation bond (such as the Local School Bond) by any local government (such as the County), to direct the Comptroller of the Commonwealth to withhold certain payments to the local government until such default is cured. These payments include funds appropriated by the General Assembly to the local government for any and all purposes. For as long as the default continues, the State Aid Intercept Provision directs the Governor to require the Comptroller to pay from such appropriation to the holders of such general obligation bonds or their paying agent as much as is necessary to cover the principal and interest due on such general obligation bonds. The State Aid Intercept Provision further provides for notice of the default and of the availability of intercepted funds with the paying agent or with the Comptroller by publication and by mail to the registered owners of such general obligation bonds. Executive Order Number Eighty-Eight (01) delegates to the State Treasurer the responsibility to receive on the Governor's behalf proof of default in the payments of debt service on any general obligation bond. If such nonpayment is confirmed, the State Treasurer is to direct the Comptroller to withhold payments of Commonwealth funds to the locality and to pay them to the Authority.

It is the policy of the State Treasurer and the Comptroller that the bond payments be made on the same day as, or at least within 24 hours of, proper notification. However, to date, the State Aid Intercept Provision has never been utilized, and there can be no assurance that the benefits of the provisions available to the Authority could be realized in the event of a nonpayment by the County.

The State Aid Intercept Provision applies to all general obligation bonds of the County, including the Local School Bond. State aid that is payable to local governments and that is subject to interception pursuant to the State Aid Intercept Provision is derived primarily from the Commonwealth's General Fund, with the remaining aid being payable from the Highway Maintenance and Construction Fund of the Virginia Department of Transportation and certain other funds. The primary sources of revenue for the Commonwealth's General Fund are individual and corporate income tax revenues, sales and use tax revenues, other tax revenues, interest, dividends and rents. Although the State Aid Intercept Provision has not been tested in a Virginia court, the Attorney General of the Commonwealth has opined that funds appropriated and payable by the Commonwealth to local governments for any and all purposes are subject to such withholding under the State Aid Intercept Provision.

The Authority has covenanted in the Resolution that it will enforce the State Aid Intercept Provision to obtain payment of any principal of and interest due and unpaid on the Local School Bond.

In the fiscal year ended June 30, 2021, total direct appropriations paid by the Commonwealth to the County amounted to $237,211,103.[*] As of February 1, 2023, the County had approximately $397,531,672[**] of obligations outstanding that were subject to the State Aid Intercept Provision. The County expects that the Local School Bond will be the only obligation that the County issues in the fiscal year ending June 30, 2023, that is subject to the State Aid Intercept Provision.

Additional Bonds

Except for refunding bonds (as more particularly described below, "Refunding Bonds"), the Resolution does not authorize the issuance of any additional series of bonds. The Authority is permitted under the Resolution to issue one or more series of Refunding Bonds, on more than one occasion, to refund, redeem and defease, as applicable, any Series 2023 Bonds, other outstanding refunding bonds under the Resolution, or any combination thereof.

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[*] *Source*: Auditor of Public Accounts, Comparative Report of Local Government Expenditures.
[**] *Source:* Finance and Budget Department, Stafford County, Virginia.

The Series 2023 Bonds are the only "new money" bonds that can be issued under the Resolution. The Authority has covenanted in the Resolution that it will not issue any other bonds payable from, or with a lien or other claim on, the Local School Bond except as provided in the Resolution. Before any series of Refunding Bonds are issued under the Resolution, the Authority must demonstrate that the payments from the Local School Bond (as it may be amended) are sufficient to pay when due the payments on the bonds outstanding under the Resolution. The Authority may, however, pursuant to other resolutions, issue bonds to purchase additional general obligation bonds of the County or to refund the Series 2023 Bonds, or both. See **"SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION - Authorization for Additional Series of Refunding Bonds."**

RECENT DEVELOPMENTS

Certain financial and operating data contained herein relating to the County, particularly in Appendices A and B, are as of the dates and for the periods indicated, some of which were prior to the outbreak of the COVID-19 pandemic. Such historical financial and operating data have not been updated to reflect any potential impacts of the COVID-19 pandemic on the County's general economic and financial condition. See also "SECTION TWO: FINANCIAL INFORMATION – Recent Developments – COVID-19 Matters" in Appendix A.

DESCRIPTION OF THE SERIES 2023 BONDS

General

The Series 2023 Bonds will be dated the date of delivery, will bear interest from their date payable semiannually on each February 1 and August 1, commencing on August 1, 2023, at the respective rates, and will mature, subject to prior redemption, on August 1, in each of the years, as set forth on the inside cover of this Official Statement. The record date for the Series 2023 Bonds will be the January 15 or July 15, as applicable (whether or not a business day), preceding the applicable interest payment date. The Series 2023 Bonds will be issued as fully-registered bonds, and beneficial ownership interests therein will be available to the public in book-entry form in denominations of $5,000 or any whole multiple thereof. Interest on the Series 2023 Bonds is computed on the basis of a year of 360 days with 12 months of 30 days each.

Optional Redemption

The Authority may, at its option, redeem certain of the Series 2023 Bonds prior to maturity as described on the inside cover of this Official Statement.

The Local School Bond is not subject to redemption prior to maturity without the consent of the Authority.

If less than all of the Series 2023 Bonds of any one maturity are called for redemption and the book-entry-only system with DTC has been discontinued, the particular Series 2023 Bonds or portions thereof to be redeemed will be selected by the Authority by lot or by such other method as the Authority in its sole discretion deems fair and appropriate. For a description of the selection of particular Series 2023 Bonds or portions thereof to be redeemed if less than all of the Series 2023 Bonds of any one maturity are called for redemption and the book-entry-only system is continuing, see "Appendix E – Book-Entry Only System."

Notice of Redemption

Notice of redemption is to be given not more than 60 nor less than 30 days before the date fixed for redemption by first class mail to the registered owner or owners of the Series 2023 Bonds or portions thereof to be redeemed; provided, however, that any defect in such notice or the failure so to mail any such notice to any owners of any Series 2023 Bonds will not affect the validity of the proceedings for the redemption of any other Series 2023 Bonds. **During the period that DTC or the DTC partnership nominee is the registered holder of the Series 2023 Bonds, the Bond Registrar will not be responsible for mailing notices of redemption to the beneficial owners of the Series 2023 Bonds.** See **"APPENDIX E - Book-Entry Only System."** Each such notice will set forth the Series 2023 Bonds or portions thereof to be redeemed, the date fixed for redemption, the redemption price to be paid, and if less than all the Series 2023 Bonds will be called for redemption, the maturities of the Series 2023 Bonds to be redeemed and shall otherwise comply with Securities Exchange Act of 1934 Release No. 34-23856, dated December 3, 1986. If any Series 2023 Bond is to be redeemed in part only, the notice of redemption will state also that on or after the date fixed for redemption, upon surrender of such Series 2023 Bond, a new Series 2023 Bond in an authorized denomination and in principal amount equal to the unredeemed portion of such Series 2023 Bond and of the same maturity will be issued.

Any notice of optional redemption of the Series 2023 Bonds may state that it is conditioned upon there being available an amount of money sufficient to pay the redemption price, consisting of par plus interest accrued and unpaid to the date fixed for redemption, and any conditional notice so given may be rescinded at any time before the payment of the redemption price if any such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds on deposit by the State Treasurer, the corresponding notice of redemption shall be deemed to be revoked prior to the date fixed for redemption.

If the Authority gives a conditional notice of redemption and money sufficient to pay the redemption price and interest, if any, accrued to the date fixed for redemption of the affected Series 2023 Bonds shall have been set aside in escrow with the State Treasurer or other Depository for the purpose of paying such Series 2023 Bonds or if the Authority gives an unconditional notice of redemption, then on the date fixed for redemption the Series 2023 Bonds will become due and payable. In either case, if on the date fixed for redemption the State Treasurer or other Depository holds sufficient money to pay the Series 2023 Bonds called for redemption, thereafter no interest will accrue on those Series 2023 Bonds, and such Series 2023 Bonds shall cease to be entitled to any benefits or security or to be deemed outstanding under the Resolution, and the owners of such Series 2023 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest, if any, to the date fixed for redemption, and, to the extent provided in the Resolution, to receive the Series 2023 Bonds for any unredeemed portions of the Series 2023 Bonds.

THE AUTHORITY

The Authority's Board of Commissioners consists of the State Treasurer, the State Comptroller, the Superintendent of Public Instruction and five additional members appointed by the Governor, subject to confirmation by the General Assembly, who serve at the pleasure of the Governor for terms of six years. The Governor appoints one of the appointed members of the Board as chair, who serves as chief executive officer of the Authority. The Board elects, from its membership, a vice-chairman, treasurer and secretary.

The members of the Board of Commissioners of the Authority are:

JOHN R. RILEY, JR., *Chair*; President, Riley Consulting LLC; term expires June 30, 2028; Residence: Spotsylvania County, Virginia.

MARIA J. PERROTTE, *Vice Chair*, Retired Chief Financial Officer of Stafford County, Virginia; term expires June 30, 2028; Residence: King George County, Virginia.

DAVID L. RICHARDSON, *Treasurer and Secretary* by virtue of being the State Treasurer of Virginia; serves at the pleasure of the Governor; Residence: Richmond, Virginia.

BETTY J. BURRELL, *Member*; Retired Director of Procurement, City of Richmond, Virginia; term expires June 30, 2024; Residence: Richmond, Virginia.

MICHAEL NGUYEN, *Member*; Chief Operating Officer, Prosperity Now; term expires June 30, 2026; Residence: Chesterfield County, Virginia.

THE HONORABLE CARDELL C. PATILLO, JR., *Member*; Portsmouth School Board; Youth and Young Adult Pastor, Grove Baptist Church; term expires June 30, 2026; Residence: Portsmouth, Virginia.

JILLIAN BALOW, *Member* by virtue of being the Superintendent of Public Instruction of Virginia; serves at the pleasure of the Governor; Residence: Richmond, Virginia.

LEWIS R. MCCABE, *Member* by virtue of being the Comptroller of Virginia; serves at the pleasure of the Governor; Residence: Goochland County, Virginia.

Staff of the Authority

The office of the State Treasurer provides staff and administrative support for the Authority. The Authority's mailing address is P.O. Box 1879, Richmond, Virginia 23218-1879. The telephone number of the office of the State Treasurer is (804) 225-2142. Selected members of the Authority's staff include the following:

Bradley L. Jones has served as Director of Debt Management since April 2021 and previously held other positions within the Treasury Department and with the Virginia Resources Authority. Mr. Jones has a bachelor's degree in economics from Hampden-Sydney College and a master's degree in business administration from Virginia Commonwealth University.

James D. Mahone has served as Public Finance Manager since 2015 and previously held positions with Regions Bank, Wachovia Bank and First Union National Bank. Mr. Mahone has a bachelor's degree in finance from James Madison University.

Melissa W. Palmer has served as a Senior Public Finance Analyst since 2006 and previously held other positions within the Treasury Department and the Virginia Department of Medical Assistance Services. Ms. Palmer has a bachelor's degree in finance from the College of William and Mary and a master's degree in public administration from Virginia Commonwealth University.

Powers of the Authority

Under the provisions of the VPSA Act, the Authority is empowered, among other things, to (1) manage and administer all moneys and obligations that may be set aside and transferred to it by the General Assembly of Virginia from the principal of a special trust fund established under the Constitution of Virginia and dedicated to the support of public education in Virginia (the "Literary Fund"), for public school purposes; (2) purchase, with any of its funds available for such purpose, at public or private sale and for such price and on such terms as it shall determine, general obligation school bonds of cities, counties and towns in the Commonwealth, or to make loans or grants to local school boards; and (3) issue, for the purpose of providing funds for the purchase of general obligation school notes or the making of loans or grants to local school boards, its bonds or other obligations payable solely from its funds including, but without limitation, (a) payments of principal of and interest on the general obligation school bonds purchased by the Authority or such loans made by the Authority, (b) sale proceeds of such general obligation school bonds, (c) payments of principal of and interest on obligations transferred to the Authority from the Literary Fund ("Literary Fund Obligations"), (d) sale proceeds of such Literary Fund Obligations, (e) any moneys transferred to the Authority from the Literary Fund, (f) payments of principal of and interest on loans made to local school boards, and (g) any funds authorized by the General Assembly for such purpose from the Literary Fund or otherwise appropriated by the General Assembly.

The validity of the original VPSA Act was upheld by the Supreme Court of Virginia in 1962 in *Button v. Day*, 203 Va. 687, 127 S.E.2d 122.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following statements are brief summaries of certain provisions of the Resolution. Such statements do not purport to be complete and reference is made to the Resolution, copies of which are available for inspection upon request to the Secretary of the Authority.

Definitions of Certain Terms

The following are the definitions of certain terms contained in the Resolution and used in this Official Statement:

"Amortization Requirements" as applied to the term bonds of each maturity of each Series for any bond year, means the principal amount or amounts fixed by, or computed in accordance with the terms of, a Series Certificate for the retirement of such term bonds by purchase or redemption, as contemplated by the Resolution, on the Principal Payment Date or Dates established by such Series Certificate.

"Depository" means one or more other banks or trust companies duly authorized to engage in the banking business and meeting the requirements of the Resolution and designated by certificate of the Authority or by the State Treasurer as a depository of moneys under the provisions of the Resolution.

"Interest Payment Date" means each of the dates specified in a Series Certificate.

"Principal Payment Date" means the date or dates fixed for the Bonds by a Series Certificate upon which the principal of any Bond is stated to mature or upon which the principal of any term Bond is subject to redemption in satisfaction of an Amortization Requirement.

"Series Certificate" means a certificate of the Authority, supplemental to the Resolution, fixing the details of each of the Series of the Bonds in accordance with the provisions of the Resolution.

Additionally, for purposes of this section, "Bonds" means the Series 2023 Bonds and any Refunding Bonds issued under the Resolution.

Establishment of Funds

The Resolution provides for the creation of the "Virginia Public School Authority Stafford County Purchase Fund" (the "Stafford County Purchase Fund"); the "Virginia Public School Authority Stafford County Income Fund" (the "Stafford County Income Fund"); and the "Virginia Public School Authority Stafford County Bond Fund" (the "Stafford County Bond Fund").

Purchase Fund

The proceeds of the Series 2023 Bonds issued under the Resolution shall be deposited in the Stafford County Purchase Fund.

Subject to the terms of a Bond Sale Agreement between the Authority and the County, the moneys in the Stafford County Purchase Fund are to be applied by the Treasurer of the Authority to the purchase of the Local School Bond (including amendments, if any, to the Local School Bond related to a separate series of Refunding Bonds), subject to the provisions of the VPSA Act and the rules and regulations of the Authority. The Local School Bond so purchased must constitute a valid and binding general obligation of the County to the payment of which its full faith and credit are pledged, and all taxable property within the boundaries of the County must be subject to the levy of an *ad valorem* tax, without limitation on rate or amount, for the payment of such Local School Bond and the interest thereon. The Local School Bond must be in, or be convertible into, marketable form and must be accompanied by the approving opinion of a firm of nationally recognized municipal bond attorneys acceptable to the Authority.

The Local School Bond (including amendments, if any, to the Local School Bond related to a separate series of Refunding Bonds) purchased with funds held in the Stafford County Purchase Fund shall be deemed at all times to be part of said fund and pledged to the payment of the principal of and interest on the Bonds issued under the Resolution. The Board may authorize and direct the Treasurer of the Authority to sell (with or without consideration) or otherwise dispose of all or any portion of the Local School Bond; provided, however, neither the Local School Bond nor any portion thereof may be sold or otherwise disposed of unless and to the extent the sale is required to make up a deficiency in the Stafford County Bond Fund or unless, following such sale or other disposition, in each

Bond Year thereafter the principal of and interest on the Local School Bond scheduled to become due and payable in each such Bond Year shall equal or exceed the principal and interest coming due in such Bond Year on account of all Bonds issued under the Resolution then outstanding. If any Refunding Bonds are issued, the Authority will pay a portion of the purchase price to an escrow fund or funds established pursuant to a Supplemental Refunding Series Resolution. The amount the Authority pays to the escrow fund or funds will be equal to the price of the escrow securities and initial cash balance required to defease the bonds being refunded.

Any proceeds from such a sale or other disposition may be used for the lawful purposes of the Authority; any accrued interest realized in such a sale shall be deposited to the credit of the Stafford County Income Fund.

The Board may from time to time authorize and direct the Treasurer of the Authority to transfer from the Stafford County Purchase Fund to the Stafford County Bond Fund all or any portion of the moneys held in the Stafford County Purchase Fund in order to pay interest on the Bonds issued under the Resolution, to redeem the Bonds issued under the Resolution or to make up any deficiency in the Stafford County Bond Fund.

Flow of Funds

The State Treasurer shall collect and deposit in the Stafford County Income Fund the principal and interest payments on the Local School Bond held in the Stafford County Purchase Fund as the same become due and payable.

The Authority has covenanted that on or before the business day that a withdrawal from the Stafford County Income Fund is required to accomplish the payments and transfers required under the Resolution (each, a "Deposit Day"), the State Treasurer shall, if applicable, withdraw from the Stafford County Income Fund an amount equal to the amount of all moneys held for the credit of the Stafford County Income Fund on such Deposit Day, and set aside:

(a) to the credit of the Stafford County Bond Fund such amount thereof (or the entire sum so withdrawn if less than the required amount) as may be required to make the amount then to the credit of the Stafford County Bond Fund equal to the interest that shall become due on the next Interest Payment Date and the principal that shall become due on the next Principal Payment Date; provided, however, that in making such transfers, the State Treasurer may take into account any accrued interest deposited from the proceeds of the Bonds; and

(b) to the credit of the County, the balance, if any, remaining after making the deposit under clause (a) above.

The payments and deposits required pursuant to the Resolution shall be cumulative, and the amount of any deficiency in any month shall be added to the amount otherwise required to be paid or deposited in each month thereafter until such time as such deficiency shall have been made up.

Stafford County Bond Fund

Except as otherwise provided in the Resolution, moneys in the Stafford County Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds. The State Treasurer shall on each Interest Payment Date withdraw from such moneys and transfer to the Bond Registrar or Paying Agent, who shall remit by mail to each registered owner, the amounts required for paying the interest on such Bonds on such date, and on each Principal Payment Date, the State Treasurer shall withdraw from such moneys and transfer to the Bond Registrar or Paying Agent, who shall set aside in trust, the amounts required for paying the principal of the Bonds due on such date.

General Authorization of the Series 2023 Bonds

The Authority's issuance of the Series 2023 Bonds under the Resolution for the purpose of providing funds to purchase the Local School Bond is subject to receipt of the following documents by the Treasurer of the Authority:

(a) a signed copy of a Series Certificate;

(b) a certificate, signed by the Chairman of the Authority, stating that the Authority is not then in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution or in the VPSA Act;

(c) an opinion of the Attorney General or an Assistant Attorney General of the Commonwealth stating that the signer is of the opinion that the issuance of such Series 2023 Bonds has been duly authorized, that all conditions precedent to the delivery of such Series 2023 Bonds have been fulfilled; and

(d) an opinion of nationally recognized bond counsel, subject only to customary exceptions, to the effect that the Local School Bond to be purchased from the proceeds of the Series 2023 Bonds is a valid and binding general obligation of the County to the payment of which its full faith and credit and unlimited taxing power are pledged.

Further, the Treasurer of the Authority shall not deliver the Series 2023 Bonds unless the Authority shall demonstrate that the payments under the Local School Bond are sufficient to pay when due the payments on the Series 2023 Bonds.

Authorization for Additional Series of Refunding Bonds

The Authority is permitted under the Resolution to issue one or more series of Refunding Bonds on more than one occasion. Any additional series of Refunding Bonds is subject to receipt of the following documents by the Treasurer of the Authority:

(a) a signed copy of a Series Certificate and resolution authorizing the sale of Refunding Bonds by the Authority;

(b) a certificate, signed by the Chairman of the Authority, stating that the Authority is not then in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution or in the VPSA Act; and

(c) an opinion of the Attorney General or an Assistant Attorney General of the Commonwealth stating that the signer is of the opinion that the issuance of such Refunding Bonds has been duly authorized and that all conditions precedent to the delivery of such Refunding Bonds have been fulfilled.

Further, the Treasurer of the Authority shall not deliver such Refunding Bonds unless (I) either (A) there are sufficient moneys available to the Treasurer to pay the principal of and the redemption premium, if any, on the Bonds to be refunded and the unpaid interest that will become due and payable on and prior to the date fixed for redemption or payment, or the portion of Bonds, redemption premium and interest to be redeemed, acquired or paid, or (B) the State Treasurer or an escrow agent shall hold non-callable Defeasance Obligations the principal of and the interest on which when due and payable will provide sufficient moneys to pay the principal of, the redemption premium, if any, on and the unpaid interest that will become due and payable on and prior to the date fixed for redemption or payment of the portion of Bonds, redemption premium and interest to be redeemed, acquired or paid, and (II) the Authority shall demonstrate that the payments under the Local School Bond are sufficient to pay when due the payments on the Bonds outstanding after the issuance of the Refunding Bonds.

Parity of Bonds

Any outstanding Series 2023 Bond is secured on parity with all other outstanding Series 2023 Bonds and any subsequently-issued Refunding Bonds (collectively, the "Bonds"). If at any time the moneys in the Stafford County Bond Fund shall not be sufficient to pay the interest on or the principal of such Bonds, such moneys, together with any moneys then available or thereafter becoming available for such purpose, shall be applied as follows:

(a) If the principal of all such Bonds shall not have become due and payable, all such moneys shall be applied in the following order:

first: to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds;

second: to the payment to persons entitled thereto of the unpaid principal of any of such Bonds that shall have become due and payable (other than bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Resolution), in the order of their due dates, with interest on the principal amount of such Bonds at the respective rates specified therein from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of such Bonds due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of such Bonds, to the purchase and retirement of such Bonds and to the redemption of such Bonds, all in accordance with the provisions of the Resolution.

(b) If the principal of all such Bonds shall have become due and payable, all such moneys shall be applied in the following order:

first: to the payment of the persons entitled thereto of all installments of interest due and payable on or prior to maturity, if any, in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Bonds, and then to the payment of any interest due and payable after maturity on such Bonds, ratably, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds; and

second: to the payment of the principal of such Bonds, ratably, to the persons entitled thereto, without preference or priority of any Bond over any other Bond.

Whenever moneys are to be applied by the State Treasurer pursuant to the provisions described above, such moneys shall be applied by the State Treasurer at such times, and from time to time, as the State Treasurer in the State Treasurer's sole discretion shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available in the future for such application; the deposit of such moneys with the Bond Registrar or any Paying Agent, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the State Treasurer; and the State Treasurer shall incur no liability whatsoever to the Authority, to any bondowner or to any other person for any delay in applying any such moneys, so long as the State Treasurer acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Resolution as may be applicable at the time of application by the State Treasurer.

Reports and Audits

The Authority covenants to keep accurate records and accounts of the funds collected and of the application of such funds. Such records and accounts are open at all reasonable times to the inspection of the bondowners and their agents and representatives.

Investments

Moneys held in the funds and accounts established by the Resolution shall be continuously invested and reinvested at the direction of the Authority in the following investments ("Investment Obligations"):

> (a) (i) direct obligations of or obligations the payment of the principal of and the interest on which is unconditionally guaranteed by, the U.S., and, if permitted by law, evidences of indirect ownership of such obligations, (ii) obligations of state and local municipal bond issuers the payment of which shall be secured by non-callable obligations described in (i) above deposited with an escrow agent or trustee, and (iii) obligations issued by agencies controlled or supervised by the U.S. the obligations of which are (A) guaranteed by the U.S. or (B) rated in the highest rating category by Fitch Ratings, Moody's Investors Service and S&P Global Ratings, and
>
> (b) repurchase agreements for obligations described in (a) above, certificates of deposit, banker's acceptances, commercial paper, insured and uninsured obligations of state or local government municipal bond issuers satisfying the requirements of the Resolution and any other obligation constituting a legal investment for instrumentalities of the Commonwealth.

Moneys in the Stafford County Purchase Fund, the Stafford County Income Fund and the Stafford County Bond Fund shall, as nearly as may be practicable, be invested and reinvested in Investment Obligations that shall mature, or that shall be subject to redemption at the option of the holder thereof, not later than the respective dates when the moneys will be required. Moneys held for the credit of all funds shall be invested and reinvested in such Investment Obligations as the State Treasurer shall determine.

Investment Obligations so purchased shall be deemed at all times to be a part of the fund to which the money with which they were purchased was credited, and the interest accruing thereon and any profit realized or any loss resulting from the investment of money shall be credited to, or charged against, the respective fund or account. The State Treasurer and any bank in which funds or accounts are deposited (a "Depository") shall sell at the best price obtainable or present for redemption or payment any such Investment Obligations whenever it shall be necessary to do so in order to provide money to make any payment or transfer of money from any such fund or account. The State Treasurer and any Depository shall not be liable or responsible for any loss resulting from any such investment.

Whenever a payment or transfer of moneys between two or more of the funds or accounts established under the Resolution is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more Investment Obligations at a value determined in accordance with the provisions of the Resolution, provided that Investment Obligations are those in which moneys of the receiving fund could be invested at the date of such transfer.

Modification of the Resolution

The Authority, from time to time, and without the consent of bondowners, may adopt supplemental resolutions for purposes set forth in the Resolution. Such purposes include curing ambiguities, formal defects and omissions in the Resolution and any other change that, in the opinion of the Authority, would not materially adversely affect the security for the Bonds. The Authority, from time to time, and without the consent of bondowners, may also adopt supplemental resolutions to provide for the issuance of Refunding Bonds in accordance with the terms of the Resolution.

The owners of not less than a majority in aggregate principal amount of the Bonds then outstanding may, from time to time, consent to resolutions supplemental to the Resolution for the purpose of modifying any of the terms or provisions contained in the Resolution or in any Series Certificate or other supplemental resolution; provided, however, that nothing contained in the Resolution shall permit, or be construed as permitting, without the consent of all of the affected bondowners (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, (iii) the creation of a lien upon or a pledge of funds other than the liens and pledges created or permitted by the Resolution, (iv) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution. The Secretary of the Authority shall cause notice of the proposed adoption of any such supplemental resolution to be mailed, postage prepaid, to all owners of Bonds at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the State Treasurer for inspection by all bondowners. The Authority shall not, however, be subject to any liability to any bondowner by reason of its failure to mail the notice, and any such failure shall not affect the validity of such supplemental resolution after it has been consented to and approved. No such supplemental resolution shall become effective unless the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall file with the Secretary of the Authority instruments consenting to and approving the adoption of the supplemental resolution in the form thereof referred to in the notice.

Defeasance

When (a) the Bonds secured by the Resolution shall have become due and payable in accordance with their terms or otherwise as provided in the Resolution, the whole amount of the principal and the interest so due and payable upon all Bonds shall be paid, (b) if the Bonds shall not have become due and payable in accordance with their terms, the Bond Registrar shall hold sufficient money or Investment Obligations that comply with the requirements of the VPSA Act for the defeasance of bonds ("Defeasance Obligations"), or a combination of money and Defeasance Obligations, the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest on, all Bonds then outstanding to the maturity date or dates of such Bonds and (c) sufficient funds shall also have been provided or provision made for paying all other obligations payable under the Resolution by the Authority, then and in that case the right, title and interest of the Bond Registrar and the bondowners in the funds mentioned in the Resolution shall thereupon cease, determine and become void and, on demand of the Authority and upon being furnished with an opinion, in form and substance satisfactory to the Bond Registrar, of bond counsel to the Authority, to the effect that all conditions precedent to the release of the Resolution have been satisfied, the Bond Registrar shall release the Resolution and shall execute such documents to evidence such release as may reasonably be required by the Authority and shall turn over to the Authority any surplus in, and all balances remaining in, all such funds established pursuant to the Resolution.

All money and Defeasance Obligations held by the Bond Registrar for the purposes described above shall be held in trust and applied to the payment, when due, of the obligations payable therewith. If the Authority shall pay or cause to be paid to the owners of less than all of the outstanding Bonds the principal of and interest on such Bonds, or such portions thereof, which is and shall thereafter become due and payable upon such Bonds, or such portions thereof, such Bonds, or such portions thereof, shall cease to be entitled to any lien, benefit or security under the Resolution.

Any outstanding Bond (or any portion thereof) shall be deemed to have been paid for the purposes of subsection (a) or (b) above when (i) there shall have been deposited with the Bond Registrar or any other Depository either moneys in an amount which, or Defeasance Obligations the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys in an amount which, together with the moneys, if any, deposited with or held by the Bond Registrar or any Depository or Paying Agent and available therefor, shall be sufficient to pay when due the principal of and interest due and to become due on such Bond (or portion thereof) on or prior to the maturity date thereof, (ii) in the event such Bond is not to mature within the next succeeding sixty (60) days, the Authority shall have given the Bond Registrar irrevocable instructions to give notice to the owner of such Bond (or portion thereof) stating that moneys or Defeasance Obligations have been deposited with the Bond Registrar or any other Depository as provided in the Resolution and that such Bond (or portion thereof) is deemed to have been paid in accordance with the Resolution and stating the maturity date upon which moneys are to be available for the payment of the principal thereof and interest thereon and (iii) provisions satisfactory to the Bond Registrar shall have been made for the payment of the Bond Registrar's fees and expenses, and any Paying Agent's or other Depository's fees and all fees and expenses payable by the Authority in connection with the defeasance of such Bond.

TAX MATTERS

Opinion of Bond Counsel – Federal Income Tax Status of Interest

The opinion of McGuireWoods LLP, Richmond, Virginia, bond counsel to the Authority ("Bond Counsel") regarding the federal income tax status of the interest on the Series 2023 Bonds will state that, under current law and assuming continuing compliance with the Covenants (as hereinafter defined), interest on the Series 2023 Bonds (i) is excludable from gross income for purposes of federal income taxation under Section 103 of the Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. See "Proposed Form of Opinion of Bond Counsel" in Appendix D hereto.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the excludability of interest on the Series 2023 Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the Authority, the County or of the School Board of the County (the "School Board") or about the effect of future changes in the Code, the applicable regulations, or the interpretation or the enforcement thereof by the Internal Revenue Service (the "IRS") and the courts.

Although Bond Counsel is of the opinion that interest on the Series 2023 Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2023 Bonds may otherwise affect the federal tax liability of an owner of the Series 2023 Bonds. The nature and extent of these other federal tax consequences depend on the owner's particular tax status and levels of other income or deductions. Bond Counsel will express no opinion regarding any such other tax consequences and prospective purchasers of the Series 2023 Bonds should consult their own tax advisors with respect thereto.

Reliance and Assumptions; Effect of Certain Changes

In delivering its opinion regarding the federal income tax treatment of interest on the Series 2023 Bonds, Bond Counsel is relying upon certifications of representatives of the Authority, the County, the School Board, the underwriters and other persons as to facts material to the opinion, which Bond Counsel has not independently verified.

In addition, Bond Counsel is assuming continuing compliance with the Covenants by the Authority, the County and the School Board. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Series 2023 Bonds in order for interest on the Series 2023 Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Series 2023 Bonds and the use of the property financed or refinanced by the Series 2023 Bonds, limitations on the source of the payment of and the security for the Series 2023 Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Series 2023 Bonds to the United States Treasury. The tax compliance agreement for the Series 2023 Bonds contains covenants (the "Covenants") under which the Authority, the County and the School Board have agreed to comply with such requirements. Failure by the Authority, the County or the School Board to comply with the Covenants could cause interest on the Series 2023 Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. If such a failure were to occur, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2023 Bonds from becoming includable in gross income for Federal income tax purposes.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Series 2023 Bonds.

Certain requirements and procedures contained, incorporated or referred to in the tax compliance agreement, including the Covenants, may be changed and certain actions may be taken or omitted subject to the terms and conditions set forth in such agreement. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Series 2023 Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2023 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the Series 2023 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Series 2023 Bonds.

Prospective purchasers of the Series 2023 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, banks and other financial institutions, certain insurance companies, dealers in tax-exempt obligations, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, owners of an interest in a financial securitization trust, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

Original Issue Discount

Series 2023 Bonds purchased in the initial public offering with yields higher than their applicable interest rates, as shown on the inside cover page hereof, have been sold with "original issue discount." Each such Series 2023 Bond is referred to below as an "OID Bond." The excess of (i) the stated amount payable at the maturity (excluding qualified stated interest) of any OID Bond over (ii) the issue price of the OID Bond as determined under Section 1273 of the Code (which may differ from the price shown on the inside front cover page of this Official Statement) constitutes the amount of original issue discount, which is treated in the same manner as interest on the Series 2023 Bonds for federal income tax purposes.

The Code provides that the amount of original issue discount accrues in accordance with a constant interest method based on the compounding of interest. In the case of an original owner of an OID Bond, the amount of original issue discount that is treated as having accrued on such OID Bond is added to the owner's adjusted basis in determining, for federal income tax purposes, gain or loss upon the disposition of the OID Bond (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued original issue discount will be excludable from the gross income of the owner for federal income tax purposes.

The accrual of original issue discount and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial public offering may be determined according to rules that differ from those described above.

In addition, original issue discount that accrues in each year to an owner of an OID Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed in this section. Consequently, the owner of an OID Bond should be aware that the accrual of original issue discount in each year may result in additional distribution requirements or other collateral federal income tax consequences although such owner has not received cash attributable to such original issue discount in such year.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the original issue discount accrued upon sale or redemption of such OID Bonds (including OID Bonds not purchased in the initial public offering) and with respect to the state and local tax consequences of owning OID Bonds.

Original Issue Premium

Series 2023 Bonds purchased in the initial public offering with yields lower than their applicable interest rates, as shown on the inside cover page hereof, have been sold with "bond premium." Each such Series 2023 Bond is referred to below as an "OIP Bond." The excess of (i) the owner's basis in the OIP Bond immediately after acquisition over (ii) the amount payable at maturity (excluding qualified stated interest) as determined under Section 171 of the Code constitutes the amount of the bond premium. Under the Code, the bond premium is amortized based on the owner's yield over the remaining term of the OIP Bond (or, in the case of certain callable OIP Bonds, to an earlier call date that results in a lowest yield on the OIP Bond). The owner of an OIP Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period against the bond premium allocable to that period. No deduction is allowed for such amortization of bond premium even though the owner is required to decrease the adjusted basis in the owner's OIP Bond by the amount of the amortizable bond premium, which will result in an increase in the gain (or decrease in the loss) recognized for federal income tax purposes upon a sale or disposition of the OIP Bond prior to its maturity.

Prospective purchasers of any OIP Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, sale, exchange, or other disposition of, and amortization of bond premium on, such OIP Bonds.

Information Reporting and Backup Withholding

Prospective purchasers should be aware that the interest on the Series 2023 Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2023 Bonds may be subject to backup withholding if the interest is paid to an owner who or which (i) is not an "exempt recipient" and (ii) (A) fails to furnish an accurate U.S. taxpayer identification number in the manner required, (B) has been notified of a failure to report all interest and dividends required to be shown on federal income tax returns or (C) fails to certify under penalty of perjury that the owner is not subject to withholding. Individuals generally are not exempt recipients, although corporations and other entities generally are.

The reporting and backup withholding requirements do not in and of themselves affect the excludability of interest on the Series 2023 Bonds from gross income for federal income tax purposes, and amounts withheld under the backup withholding rules may be refunded or credited against the owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

Internal Revenue Service Audits

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2023 Bonds, the IRS will, under its current procedures, treat the Authority as the taxpayer. As such, the beneficial owners of the Series 2023 Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Series 2023 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Series 2023 Bonds.

Opinion of Bond Counsel – Virginia Income Tax Consequences

Bond Counsel will also opine that, under current law, interest on the Series 2023 Bonds is exempt from income taxation by the Commonwealth. Bond Counsel will express no opinion regarding (i) other tax consequences arising with respect to the Series 2023 Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the Series 2023 Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding such other Virginia tax consequences or the tax status of interest on the Series 2023 Bonds in a particular state or local jurisdiction other than the Commonwealth.

Changes in Federal and State Tax Law and Regulations

Legislation affecting tax-exempt obligations is regularly considered by the U.S. Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes.

The U.S. Department of the Treasury and the IRS and state regulatory authorities are continuously drafting regulations and other guidance to interpret and apply the provisions of the Code and state law. Proceedings affecting tax-exempt obligations may be filed in federal or state courts at any time. Such guidance and the outcome of such court proceedings could modify the federal or state tax treatment of tax-exempt obligations.

There can be no assurance that legislation proposed or enacted after the date of issue of the Series 2023 Bonds, regulatory interpretation of the Code or state laws or actions by a court involving either the Series 2023 Bonds or other tax-exempt obligations will not have an adverse effect on the Series 2023 Bonds' federal or state tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Series 2023 Bonds.

Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding the potential consequences of any such proposed or pending federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

RATINGS

As noted on the cover page of this Official Statement, Fitch Ratings, Moody's Investors Service and S&P Global Ratings have given the Series 2023 Bonds ratings of "AAA," "Aaa" and "AAA", respectively.

Such ratings reflect only the respective views of such organizations and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. The ratings are not a recommendation to buy, sell or hold any Series 2023 Bond. The Authority and the County furnished to such rating agencies certain information regarding their respective policies, practices and finances, including information that is not included in this Official Statement. There is no assurance that such policies, practices and finances or such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by any rating agency, if, in the judgment thereof, circumstances so warrant. Any such downward revision or withdrawal could have an adverse effect on the market price or marketability of the Series 2023 Bonds.

FUTURE FINANCINGS

The Authority expects to issue additional bonds pursuant to its bond resolution adopted by the Board on October 23, 1997, as amended and restated, and as supplemented (the "1997 Resolution"), in the spring of 2023 for the purpose of purchasing general obligation school bonds to fund public school projects. Subject to market conditions, however, the Authority may undertake, at any time, the refunding for debt service savings and other purposes of any of its outstanding obligations, including bonds issued under the 1997 Resolution.

The Authority also expects to issue its School Technology and Security Notes (the "2023 Notes") in the spring of 2023. The 2023 Notes will be limited obligations of the Authority payable from appropriations to be made by the Virginia General Assembly from the Literary Fund and to the extent necessary from a "sum sufficient appropriation" from the General Fund of the Commonwealth in the event that "available moneys in the Literary Fund" are less than the appropriations for debt service due on the 2023 Notes.

If requested by local governments, the Authority will issue special obligation school financing bonds under its Stand Alone Security Structure.

The bonds and notes described in this section are secured separately from the Series 2023 Bonds.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Series 2023 Bonds are subject to the approving opinion of McGuireWoods LLP, Richmond, Virginia, as bond counsel to the Authority. Such opinion, substantially in the form set forth in Appendix D to this Official Statement, will be furnished at no expense to the initial purchaser of the Series 2023 Bonds upon delivery thereof. Certain legal matters will be passed upon for the Authority by the Office of the Attorney General of Virginia.

Certain legal matters relating to the authorization and validity of the Local School Bond are subject to the approving opinion of McGuireWoods LLP, Richmond, Virginia, as bond counsel to the County. Certain legal matters will be passed on for the County by the Stafford County Attorney.

LEGALITY FOR INVESTMENT

The VPSA Act provides that the Series 2023 Bonds are securities in which all public officers and bodies of the Commonwealth, counties, cities, towns, municipal subdivisions, insurance companies and associations, savings banks and savings institutions, including savings and loan associations, trust companies, beneficial and benevolent associations, administrators, guardians, executors, trustees and other fiduciaries in the Commonwealth may properly and legally invest funds under their control.

LITIGATION

The Authority is not party to any litigation. The Authority has no knowledge of any pending or threatened litigation to restrain or enjoin the issuance, sale or delivery of the Series 2023 Bonds or the entering by the Authority into the transactions contemplated by this Official Statement, or wherein an unfavorable decision would have a material adverse impact upon the operations or financial condition of the Authority.

The Authority is advised by the County Attorney that there is no litigation pending or, to the County Attorney's knowledge, threatened against the County that in any way questions or affects the validity of the Local School Bond, or the right of the County to levy and collect *ad valorem* taxes, without limitation as to rate or amount, for the payment of the Local School Bond and the interest thereon. The County is contingently liable with respect to certain lawsuits and other claims, which have arisen in the ordinary course of its operations. It is the opinion of the County's management and the County Attorney that any losses that may ultimately be incurred as a result of these claims, whether considered individually or in the aggregate, will not have a material adverse effect on the County's ability to meet its financial obligations. See "**APPENDIX B – ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY**."

FINANCIAL ADVISORS

The Authority

Public Resources Advisory Group ("PRAG") is employed as a financial advisor to the Authority in connection with the issuance of the Series 2023 Bonds. The financial advisor's fee for services rendered with respect to the sale of the Series 2023 Bonds is contingent upon the issuance and delivery of the Series 2023 Bonds. PRAG, in its capacity as financial advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents provided, agreed to or made by others with respect to the federal income tax status of the Series 2023 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

PRAG, as the financial advisor to the Authority, has provided the following sentence for inclusion in this Official Statement. Although PRAG has assisted in the preparation of this Official Statement, PRAG is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The County

PFM Financial Advisors LLC ("PFM"), Richmond, Virginia, is serving as Financial Advisor to the County and has provided the following sentence for inclusion in this Official Statement. Although PFM has assisted in the preparation of this Official Statement, PFM is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

This offering is subject to the continuing disclosure requirements of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended from time to time ("Rule 15c2-12"). The County will undertake pursuant to a Continuing Disclosure Agreement, the form of which is attached as Appendix C, to provide to the Municipal Securities

Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access system ("EMMA") or any successor thereto, certain financial information and operating data on or before March 31 following the end of any fiscal year and notice of the events specified in Rule 15c2-12. **The Authority will not undertake any continuing disclosure obligation regarding the Series 2023 Bonds.**

The obligation of the County described above requires it to provide only limited information at specific times, and the information provided may not be all the information necessary to value the Series 2023 Bonds at any particular time. The County may from time to time disclose certain information and data in addition to that required by the continuing disclosure covenant described above. If the County chooses to provide any additional information, the County will have no obligation to continue to update such information or to include it in any future disclosure filing.

These covenants have been made in order to assist the underwriters in complying with Rule 15c2-12. See "**APPENDIX C - CONTINUING DISCLOSURE AGREEMENT**."

As a condition to the issuance of various series of bonds issued by the County and other entities, the County has agreed pursuant to several continuing disclosure undertakings entered into pursuant to Rule 15c2-12 ("County Undertakings") to file with EMMA certain annual financial information and notice of the events specified in Rule 15c2-12. In the course of reviewing its prior continuing disclosure undertakings, the County became aware that not all annual financial information and operating data provided to EMMA was attached to each of the applicable CUSIP numbers, though such information was otherwise available through EMMA. The County has recently linked such filings to all applicable CUSIP numbers. The County further became aware that the County had inadvertently failed to file event notices regarding the incurrence of certain financial obligations. The County has recently filed notice of such financial obligations.

Except as described under this caption, in the five years preceding the date hereof the County has complied in all material respects with its previous undertakings under Rule 15c2-12.

RELATIONSHIP OF PARTIES

PFM, financial advisor to the County, serves as financial advisor to the Authority, from time to time, in matters unrelated to the Series 2023 Bonds.

David L. Richardson, Treasurer and Secretary of the Authority, is a retired former partner of McGuireWoods LLP, which is serving as bond counsel to the Authority.

McGuireWoods LLP, Richmond, Virginia, Bond Counsel to the Authority also serves as bond counsel to the County.

SALE AT COMPETITIVE BIDDING

The Series 2023 Bonds were awarded pursuant to electronic competitive bidding held via BiDCOMP/PARITY on Tuesday, February 28, 2023 to BofA Securities, Inc. (the "Underwriter") at a price to the Authority that results in an Underwriter's discount of $82,307.61 from the initial public offering prices derived from the prices shown on the inside cover page. The Underwriter has supplied the information as to the prices and yields shown on the inside cover page. The Underwriter may offer to sell the Series 2023 Bonds to certain dealers and others at prices lower or yields higher than such initial public offering prices.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Series 2023 Bonds, the County Administrator of the County will certify that, to the best of the County Administrator's knowledge, the information contained in Appendix A and Appendix B to this Official Statement did not as of its date, and does not as of the date of delivery of the Series 2023 Bonds, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. Such certificate will also state, however, that the County Administrator of the County did not independently verify the information indicated in Appendix A and Appendix B to this Official Statement as having been obtained or derived from sources other than the County and its officers but that he has no reason to believe that such information contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. In addition, the Stafford County Attorney will certify that there is no litigation pending or, to the County Attorney's knowledge, threatened against the County that in any way questions or affects the validity of the Local School Bond or the right of the County to levy and collect *ad valorem* taxes, without limitation as to rate or amount, for the payment of the Local School Bond and the interest thereon. See **"LITIGATION."**

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MISCELLANEOUS

The foregoing summaries of certain provisions of the VPSA Act, the Resolution and the Local School Bond do not purport to be complete statements of such provisions and are made subject to the detailed provisions thereof to which reference is hereby made. Copies of the VPSA Act and the Resolution are available for inspection upon request to the Authority.

Any statements in this Official Statement involving matters of opinion whether or not expressly so stated are intended as such and not as representations of fact. Capitalized terms used in this Official Statement but not otherwise defined shall have the meanings assigned to them in the Resolution.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

The Authority has deemed this Official Statement final as of its date within the meaning of Rule 15c2-12.

VIRGINIA PUBLIC SCHOOL AUTHORITY

By: *\/s/ John R. Riley, Jr.*
Chair

By: *\/s/ David Swynford*
Acting Treasurer

APPENDIX A

CERTAIN INFORMATION REGARDING THE COUNTY

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SECTION ONE: STAFFORD COUNTY, VIRGINIA

General Description

Stafford County, Virginia (the "County" or "Stafford County") is located in northeastern Virginia approximately 40 miles south of the District of Columbia and 55 miles north of Richmond, Virginia. The County encompasses a land area of approximately 277 square miles. The County is bounded on the east by the Potomac River and on the south by the Rappahannock River. Adjacent to the County are the Counties of Prince William, King George, Caroline, Spotsylvania, Culpeper and Fauquier as well as the City of Fredericksburg. Interstate Highway 95 runs north-south through the middle of the County, with five interchanges located within the County.

Because of its proximity to Washington, D.C., the County is one of the faster growing political subdivisions of comparable size in the United States and one of the fastest growing counties in Virginia. The County's 2022 estimated population of 160,877 represents an increase of approximately 2.5% from the 2020 Census population of 156,927. Approximately 20% of the property located in the County is owned by the federal government, representing primarily the portion of the Quantico Marine Base which is located within the County.

Government

The County was formed as an independent county in 1664 and is organized under the traditional county form of government. The Board of Supervisors (the "Board"), which establishes policies for the administration of the County, is the governing body of the County. The residents of each of the County's seven election districts elect one member of the Board to serve a term of four years. The Chairman and Vice Chairman of the Board are selected annually by the members of the Board.

The Board appoints a County Administrator to serve as the administrative manager of the County. The County Administrator serves at the pleasure of the Board, implements its policies, directs business and administrative procedures, and recommends officials to be appointed by the Board. The County Administrator is currently assisted by staff departments and offices including Planning and Zoning; Economic Development; Development Services; Parks, Facilities, Recreation and Tourism; Utilities; Transportation; Capital Projects; Fire and Rescue; Procurement; Finance; Budget and Management; Human Services and Social Services; Human Resources; Board/Administrative Services; Mapping and Geographic Information; Information Technology; and Community Engagement and Citizens Assistance.

The operation of public schools in the County is vested in a seven-person School Board (the "School Board"). The members of the School Board are elected by the residents of the County to serve four-year terms. The local share of the cost of operating public schools in the County is met with an appropriation by the Board from the County's General Fund. Operations of the School Board, however, are independent of the Board and the County administration as prescribed by Virginia law. A Superintendent is appointed by the School Board to administer the operations of the County's public schools.

In Virginia, cities and counties are not overlapping units of government. There are no incorporated municipalities within the boundaries of the County. Accordingly, the County is responsible for providing all local government services to its residents.

Principal Executive Officers

Official	Name	Term and Manner of Selection	Length of Service	Expiration of Term
Board Chairman	Dr. Pamela Yeung	4 years (Elected)	1 year	December 31, 2025
Board Vice-Chairman	Thomas Coen	4 years (Elected)	5 years	December 31, 2023
Board Member	Tinesha Allen	4 years (Elected)	3 years	December 31, 2023
Board Member	Meg Bohmke	4 years (Elected)	9 years	December 31, 2025
Board Member	Darrell E. English	4 years (Elected)	1 year	December 31, 2025
Board Member	Monica Gary	4 years (Elected)	1 year	December 31, 2025
Board Member	Crystal Vanuch	4 years (Elected)	3 years	December 31, 2023
County Administrator	Randal E. Vosburg	Appointed by Board	7 months	Pleasure of Board
County Attorney	Rysheda McClendon	Appointed by Board	12 years	Pleasure of Board
County Treasurer	Laura M. Rudy	4 years (Elected)	15 years	December 31, 2023

Certain Administrative Staff Members

Randal E. Vosburg, County Administrator, was appointed in July 2022. Prior to his employment with Stafford County, he served as County Administrator of Highlands County, Florida since 2017. He began his public sector career with Polk County, Florida in Growth Management and as a Land Use Planner, and also served the Polk County Sheriff's Office as the Director of Strategic Planning and later as Director of Professional Compliance. He has a Master's Degree in Public Administration from the University of South Florida, and Bachelor's Degrees in Political Science and History from Florida Southern College. He is a Certified Public Manager (CPM) and a member of the American Institute of Certified Planners (AICP).

Donna Krauss, Deputy County Administrator, was appointed in July 2019. She began her career in 2000 as a social worker with the Department of Social Services, became Assistant to the County Administrator of Human Services in 2005, Director of Human Services in 2008, and Director of Community Engagement in 2018. She holds a Master's in Public Administration from Old Dominion University, and a Bachelor's Degree in Child and Adolescent Development from the University of Mary Washington.

Andrea M. Light, CPA, Chief Director of Financial Services, was appointed in 2022. She began local government service with Stafford County Public Schools in 2006. She has worked in County and commission governments, and returned to Stafford County in 2016. Prior to her most recent appointment, she served as Director of Budget and Management. She received a Master's Degree in Accounting and Information Systems from the University of Maryland.

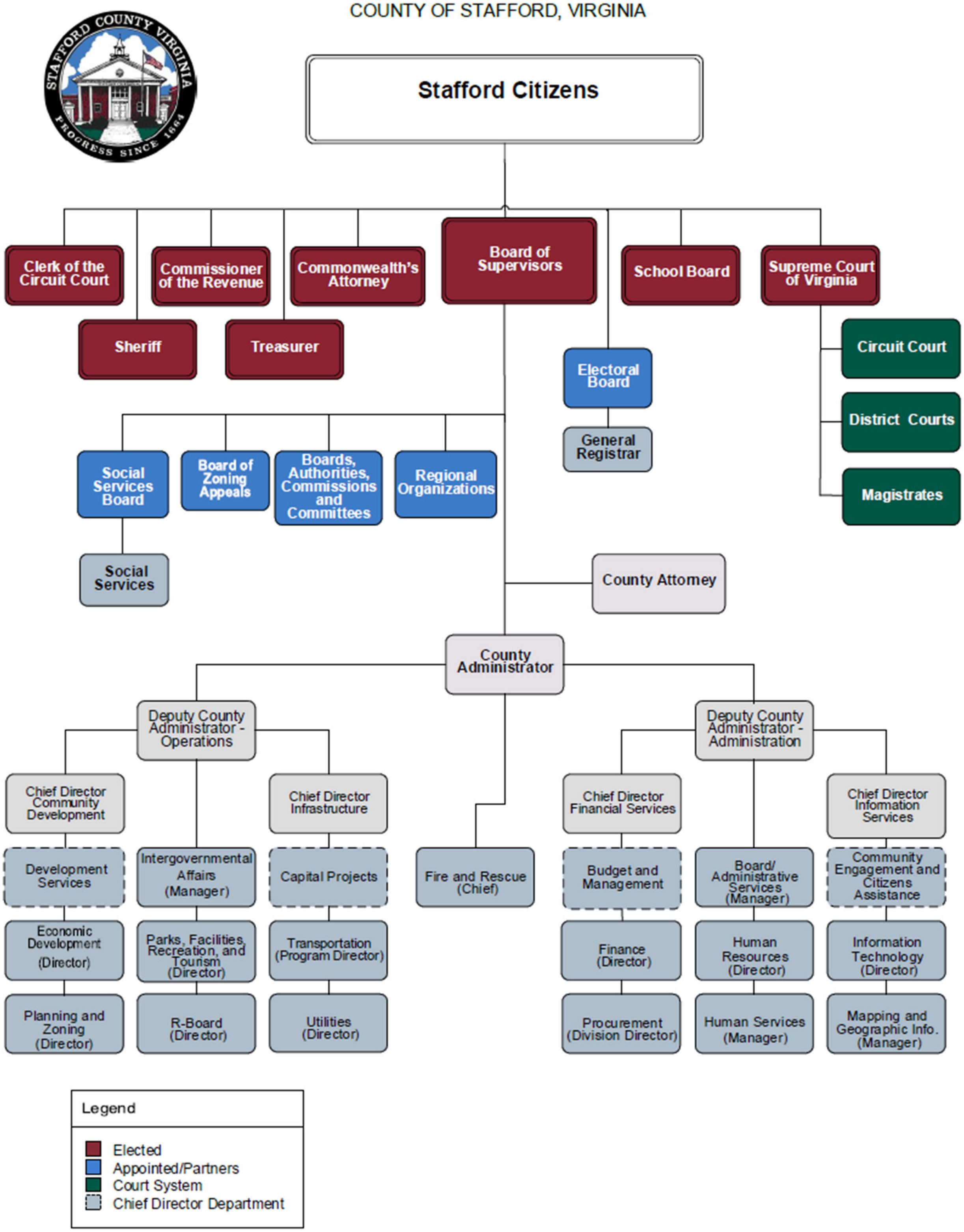
Michael Morris, CPRP, Deputy County Administrator, was appointed in January 2022. He began local government service in 1996. He was formerly the Director of Parks and Recreation in Stafford County, VA; Annapolis, MD; Corpus Christi, TX; Portsmouth, VA. He holds 15 Doctorate credits in Public Administration; a Master's Degree in Education – Recreation and Sports Management, and a Bachelor's Degree in Accounting.

Rysheda McClendon, County Attorney, was appointed in 2018. She has served in the Stafford County Attorney's Office since 2011. She holds a Juris Doctor degree from the University of the Pacific, McGeorge School of Law and a Master of Public Administration degree from the University of North Carolina at Chapel Hill.

Jon Munch, CPA, Finance Director, has served with Stafford County for nearly two years. Prior to his employment with Stafford County, he served in various roles with other Virginia localities for nearly 16 years. He earned a Bachelor's Degree in Accounting from George Mason University, Fairfax, VA and holds a Graduate Certificate in Public Administration from Liberty University, Lynchburg, VA.

ORGANIZATIONAL CHART

COUNTY OF STAFFORD, VIRGINIA



Governmental Services

The County provides a full range of governmental services. Major programs include public safety, education, transportation, human, health and welfare services, parks and recreation, and community development. As of July 1, 2022, the County funded 958 full-time employees, exclusive of public school personnel. The County operates a water and sewer utility system with 164 employees and participates in a regional landfill with the City of Fredericksburg.

Public Schools

The County public school system is directed by a seven-person School Board. The School Board is elected by the voters and functions independently of the Board. The Superintendent of Schools prepares and submits the public education budget estimates to the School Board. The School Board then submits the budget to the Board by April 1 for the next fiscal year. The School Board cannot levy taxes and can incur indebtedness only under limited circumstances. The costs of the school system are provided by appropriations from the General Fund of the County (see the section "SECTION TWO: FINANCIAL INFORMATION – General Fund Revenues, Expenditures and Transfers"), from moneys received from the Commonwealth of Virginia and the Federal government. For the fiscal year ending June 30, 2022, the County's operating transfer to the School Board was $135,555,869 (includes public day school, but not the school construction fund transfer of $3,859,292) plus an additional $30,547,287 for debt service.

Schools, Personnel, and Enrollment for Prior School Years

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Number of Schools:					
Elementary schools	17	17	17	17	17
Combined secondary/elementary (6-8)	8	8	8	8	8
High schools	5	5	5	5	5
Total	30	30	30	30	30
Total number of school personnel (FTEs)	3,544	4,031	4,117	4,249	4,319
Average Daily Membership	28,487	28,852	29,364	28,700	29,830

Source: Stafford County Public Schools.

Courts and Corrections

The Judicial System includes a Circuit Court, General District Court, the 15th District Court Service Unit, and a Juvenile and Domestic Relations Court. The Commonwealth's Attorney, Magistrates, Sheriff's Office and Clerk of the Circuit Court provide related services. The Rappahannock Regional Jail Authority was created in 1995 to share the cost of operating the existing Security Center and constructing, equipping, maintaining and operating a new regional facility. Member jurisdictions are the City of Fredericksburg and the Counties of Stafford, Spotsylvania and King George. The facility is located in Stafford County and opened in June 2000. Member jurisdictions pay operating and debt service costs based on a percentage of inmate population.

The County also shares expenses with the City of Fredericksburg and the Counties of King George, Louisa, Madison, Orange, and Spotsylvania for the housing of juvenile offenders at the Rappahannock Regional Juvenile Detention Center. The County does not designate management or influence the operations of the juvenile center. Any funding liabilities incurred by the Rappahannock Juvenile Center are not County obligations. See "SECTION THREE: COUNTY INDEBTEDNESS AND CAPITAL IMPROVEMENT PROGRAM – Overlapping Debt."

Public Safety

The County Sheriff's Department is responsible for law enforcement, crime prevention, court security and civil process. The Department has a total of 323 authorized employees and is staffed by 151 in police operations, 34 in court security and civil process, 47 in communications, 15 in animal control, 38 in Criminal Investigations, 12 in Professional Standards, and 26 in Administrative Services.

The Fire and Rescue Department serves the County with an integrated workforce of volunteer and paid personnel operating from 15 fire and rescue stations in cooperation with 11 volunteer fire companies and rescue squads. It is managed by the County Fire and EMS Chief, who is assisted by three assistant chiefs, six deputy chiefs, eight battalion chiefs, two fire marshals, 215 career staff and approximately 200 active volunteers. The Department is an all-hazards agency, providing fire, rescue, basic and advanced life support emergency medical service, ambulance transportation, and environmental hazard response and mitigation. In addition, the department is responsible for emergency management, explosive ordinance disposal, building plan review and fire code enforcement, fire and environmental crime investigation, and public education and preparedness.

Planning and Zoning

The Department of Planning and Zoning handles the following items: rezoning, site plans for commercial development, construction plans for residential development, creation of building lots; comprehensive planning; environmental planning, including shoreline management planning, review and enforcement of tidal wetland regulations to include construction of piers, docks, boat ramps and sea walls; the implementation of the Chesapeake Bay Act; demographic information including current and projected population estimates, housing data; historic preservation; revisions to current subdivision and zoning ordinances; street addressing; zoning issues such as zoning verifications and inspections, proffers; and community compliance issues for tall grass, removal of trash from vacant and occupied properties and abandoned vehicles on private property.

Development Services

The Department of Development Services implements the County's regulatory construction programs through our four Divisions: Building Inspections, Environmental Programs, Securities and the Community Development Service Center (CDSC). It provides the following services: issuance of building, zoning and fire prevention permits by the CDSC, plan reviews and inspections in accordance with the Statewide Building Code for building construction projects; assists property owners with the inspection of damaged structures from fires and storms and the resolution of homeowner and contractor disputes; implements the County's Erosion and Sediment Control, Stormwater Management, and Chesapeake Bay Preservation requirements; assists property owners with erosion and drainage issues; processes securities for commercial and residential development, along with individual building lot securities provided for home construction; issuance of grading permit applications for residential and commercial land development projects.

Capital Projects

The Capital Projects Department is responsible for Public Facilities Construction and Transportation. This involves the administration and management of the design and construction of Capital Improvement Projects; reviews residential and commercial development plans for compliance with County and Virginia Department of Transportation (VDOT) requirements; resolves citizen concerns relating to transportation matters including street signs and traffic management and safety; representation of the County on transportation related boards Fredericksburg Area Public Transportation Advisory Board (PTAB), Potomac and Rappahannock Transportation Commission (PRTC), Virginia Railway Express (VRE), Fredericksburg Regional Transit (FRED), and Fredericksburg Area Metropolitan Planning Organization (FAMPO); and administers the planning and implementation of transportation projects.

Economic Development

The Department of Economic Development (DOED) was created in 1982 by the Board to support the growth and success of Stafford County businesses, with the goal of maintaining a superior quality of life. To accomplish this, DOED is charged with the promotion of numerous County assets in the local, regional, national, and international marketplaces. Functions of DOED include assisting business and commercial prospects in expanding in place or site selection assistance, coordination of an Economic Development Authority, preparation of marketing materials, and the hosting of numerous resources on its comprehensive economic development and tourism websites. Furthermore, DOED provides technical support and facilitates resources to businesses to include financing, real estate, workforce training and recruitment, permitting support, tourism marketing and promotion, and small business counseling. These efforts are focused on advancing quality business redevelopment, supporting the growth of an existing businesses, and other efforts to diversify Stafford County's economy in support of continued job growth.

Human and Social Services

Stafford County Department of Human and Social Services strives to provide quality assistance and comprehensive services to citizens in need that will strengthen the family structure while promoting self-reliance, responsibility for family and protection of children and adults from abuse, neglect and exploitation through community-based services. The County belongs to a network of 120 local social services agencies across the state of Virginia, administering the following Benefit Assistance programs: TANF-Temporary Assistance to Needy Families, SNAP-Supplemental Nutrition Assistance Program, Medicaid, Auxiliary Grant and Energy assistance. Service programs include: Child Protective Services, Foster Care, Respite Care, Child Custody Investigations, Adoption Assistance, Adult Services, Adult Protective Services, Child Day Care Services, Employment Services, Parenting Education Services and Volunteer Services. Human Services provides coordination and facilitation of the State Mandated Children's Services Act to provide services to eligible at-risk youth and families.

Parks, Recreation, Facilities and Tourism

The Department of Parks, Recreation, Facilities and Tourism (PRFT) develops and conducts recreational programs and activities based on the needs and interests of the County residents. PRFT maintains 1,614 acres of park land, which includes trail systems, 22 parks, two swimming pools and two beaches. The department operates community centers, which include: community recreation programs, gymnastics, senior citizens activities, and sports programs and include variety of types of instructional classes, programs, activities, trips, and special events. In addition, the department sponsors or cosponsors sports activities such as lacrosse, pickleball, football, baseball, soccer and aquatics for youth and adults. PRFT partners with citizens, tourism assets, the school system and private entities to provide a wide variety of historical, tourism, education and physical opportunities through our active and passive facilities. PRFT's Tourism Division markets the historical assets and sports venues to attract visitors to the County and generate Transient Occupancy Taxes.

Regional Landfill

Stafford County and the City of Fredericksburg established the Rappahannock Regional Solid Waste Management Board (the "R-Board") in 1988 to operate and maintain a regional landfill. The R-Board consists of six members, three appointed by each jurisdiction. The current agreement expires December 31, 2024. Fiscal Year 2022 operating revenues totaled $9,333,204 and operating expenses totaled $6,618,301. Operating expenses included non-cash charges for depreciation and amortization, closure and post-closure accruals, and other post-employment benefits liabilities as well as capital expenditures to acquire and recondition equipment. The landfill continues to maintain a positive net position, growing to nearly $18 million at the end of Fiscal Year 2022. The landfill is also an E3 (Exemplary Environmental Enterprise) certified facility in the Virginia Environmental Excellence Program administered by the Virginia Department of Environmental Quality. To be qualified as an Exemplary Environmental Enterprise, a facility must have a good compliance history, a fully implemented environmental management system, and demonstrated performance. The landfill is self-supporting through its fee structure.

Regional and Community Support

The County offers financial support to a variety of outside agencies which provide a range of public services to County residents. The County's participation in these agencies on a regional scale results in increased efficiency in the delivery of these services. Financial support is provided to the Central Rappahannock Regional Library, the local Health Department, the Rappahannock Regional Juvenile Detention Center, the Rappahannock Area Community

Services Board, the Rappahannock Area Office on Youth, Germanna Community College, and other community service agencies.

Utility System

Water and sewer services are provided to County residents by the Department of Utilities, which was formed in 1982 to consolidate the South Stafford Sanitary District, the Aquia Sanitary District, and the Hartwood Sanitary District into a single utility system. The demand for water and sewer services has increased in recent years, including an increase in customers of approximately 1.5% for Fiscal Year 2022. This demand is in response to increased population and new infrastructure for future development.

The utility system is self-supporting, deriving all of its operating revenues from its customers' monthly payments and the one-time fees paid for connections, availability, and pro rata infrastructure charges. The County has the power to establish and revise its water and sewer rates and adopts an annual Operating Budget and Capital Improvements Program. Financing of capital improvements generally is provided through the issuance of revenue bonds and utility system earnings.

The Department of Utilities is responsible for the water and sewer system within the County service area. The service area consists of approximately 45,510 acres along the three major corridors; Interstate Highway 95, U.S. Route 1 and U.S. Route 17. The Department served approximately 39,988 customers in Fiscal Year 2022 and sold more than 3,651 billion gallons of water. The Department has 164 authorized full-time employees and provides overall planning, administration, customer service and inspections and operation of the system. Of the 48 field employees, there are at least 8 employees on call 24 hours a day. The employees handle the daily maintenance of the complete system and the yearly flushing of the system.

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SECTION TWO: FINANCIAL INFORMATION

Annual Financial Report

The County's financial statements have been examined and reported on by independent certified public accountants since Fiscal Year 1972. The audit for the fiscal year ended June 30, 2022, was performed by PBMares, LLP, Certified Public Accountants. The County's audited financial statements for the fiscal year ended June 30, 2022, are attached as Appendix A. PBMares, LLP, the County's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. PBMares, LLP, also has not performed any procedures relating to this Appendix A.

The County has received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada ("GFOA") for its annual financial reports every year since 1982. The County has also received the GFOA's Award for Distinguished Budget Presentation annually since 1989.

The County's annual financial reports and budgets are available for inspection at the Department of Finance, Stafford County, 1300 Courthouse Road, Stafford, Virginia 22554-0339 or on-line at https://staffordcountyva.gov/.

Description of Funds

The County's annual audited financial statements include the funds administered by the Board. The School Board has issued separate financial statements for Fiscal Year 2022. The accounts of the County are organized by fund. The transactions in each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures. The County's accounting policies conform to accounting principles generally accepted in the United States of America applicable to governmental units as prescribed by the Governmental Accounting Standards Board. For a description of the funds included in the County's annual financial statements, see Note (1) to the financial statements shown in Appendix B.

Budgetary Procedures

Virginia law requires the County to maintain a balanced budget in each fiscal year. The County lacks legal authority to borrow in anticipation of future fiscal year's revenues, except by the issuance of bonds or bond anticipation notes.

The process to develop the Adopted Fiscal Plan takes approximately nine months beginning with the Five Year Plan which incorporates the Board's Strategic Plan and the subsequent development of departmental management plans designed to show progress toward those goals. The Board's Strategic goals, along with specifically related department goals and objectives, form the basis for budget requests. The annual budgeting process for a fiscal year begins in the first quarter of the previous fiscal year with the distribution of budget preparation manuals to department heads, constitutional officers, commissions, and outside agencies.

Departments are requested to submit priority funding units for all requests for new personnel, new or expanded services, new or existing contractual services, and new and replacement capital equipment. Departments are requested to rank all their requests in order of importance given the department's perspective. This ranking of requests begins an evaluation of funding needs relative to other stated needs that recurs throughout the budget process at a number of critical decision-making junctures. Once received by the Budget and Management Department, requests undergo scrutiny and analysis for their accuracy and justification. Special review is given to requests for new funding; however, existing funding level requests are also examined.

Once requests are determined to be accurate and the justification for the request is understood, the priority requests are ranked in an overall County-wide priority list in order of the priority's relative importance given Board and management goals.

The most important expenditure needs are balanced with estimates of available revenues and incorporated into a budget recommendation, which is presented to the County Administrator in early January. The County Administrator then conducts an extensive review of departmental budget requests using the recommendation to focus decision making. Several budget work sessions are held and the advice of the County Administrator's budget team is sought.

The priority list is examined and reordered to reflect the County Administrator's funding priorities and perspectives. The proposed budget is presented to the Board prior to April 1 for the fiscal year commencing the following July 1. The Board's budget review includes formal work sessions, public hearings and public deliberations. Following this review, the Board adopts its budget prior to July 1, thereby establishing the government's operating fiscal plan for the upcoming year. Budgeted amounts are as originally adopted, or as amended by the Board through June 30. Individual amendments normally are not material in relation to original appropriations.

The County's mid-year budget process provides an opportunity for unanticipated needs of an emergency nature to be considered. During the fiscal year periodic reviews of revenues and expenditures are undertaken by the Department of Finance and Budget. On the basis of these reviews, the Board revises appropriations as needed or desired.

Financial Policies

The County maintains Board-approved financial policies, which the Board regularly revisits in an effort to strengthen the County's financial performance. The financial policies guide the County on (1) using debt for capital projects, (2) maintaining fund balances and (3) paying for retirement benefits for its employees, among other factors.

The financial policies provide for the following:

- Increasing the amount of capital projects that are paid for using "pay-as-you-go" funding
- Reducing the County's debt-to-assessed value ratio to 3%
- Reducing the County's debt service to general fund expenditures ratio to 10%
- Maintaining a 12% unassigned general fund balance
- Creating a revenue stabilization fund with up to 2% of annual general fund revenues
- Creating a capital projects reserve to reduce the use of debt to finance capital projects
- Setting aside savings on the County's annual health insurance costs for the County's OPEB (as hereinafter defined) obligation.

Investments

S&P rated the County's debt investments as of June 30, 2022, and the ratings are presented below using the S&P rating scale.

At year-end the County's investment balances were as follows:

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

Source: Stafford County, Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022.

General Fund Revenues, Expenditures and Transfers

The General Fund is maintained by the County to account for revenue derived from County-wide ad valorem taxes, other local taxes, licenses, fees, permits, charges for services, certain revenue from Federal and State governments, and interest earned on invested cash balances of the General Fund and Capital Projects Funds. General Fund expenditures and transfers include the costs of general County government and transfers to the School Operating Fund to pay the local share of operating Stafford County public schools.

The County's revenues, expenditures and transfers and beginning fund balance of the Governmental Funds for each of the five fiscal years ended June 30, 2018, through June 30, 2022, are shown herein under "Five-Year Governmental Funds Summary."

Revenues

The following is a discussion of the General Fund revenue structure.

Property Taxes -- An annual ad valorem tax is levied by the County on the assessed value of real and tangible personal property located within the County as of January 1 in the calendar year in which the tax is due. The ratio of the assessed value of property to its appraised value is 100% in the case of real property and is 40% of average market value for personal property. Real property and personal property taxes are due on June 5 and December 5, and 50% of the total annual tax is due on each payment date of the calendar year in which they are levied. The penalty for late payment is 10% of the amount due, and interest on delinquent taxes and penalties currently accrues at a rate of 10% per annum. In cases of property on which delinquent taxes are not paid within three years, the County may sell the property at public auction to pay the amounts due or seek civil judgments immediately upon delinquency. There is no legal limit at the present time on the property tax rates which may be established by the County. In the fiscal year ended June 30, 2022, property taxes (including penalties and interest for late payment of prior years' taxes) represented approximately 68.9% of total General Fund revenues.

Other Local Taxes -- Other local taxes include local sales and use taxes, local meals tax, consumer's utility taxes, public utility license tax, motor vehicles licenses, and taxes on recordation of wills. Other local taxes represent approximately 14.8% of total General Fund revenue for the year ended June 30, 2022.

Fees, Licenses and Permits -- The County requires that licenses or permits be obtained in order to perform certain activities in the County and that fees be paid for services provided by certain County departments. For the fiscal year ended June 30, 2022, these revenues represented approximately 1.4% of total General Fund revenues. These revenues include building permits, inspection fees and subdivision site plan fees.

Revenue From Use of Money and Property -- The principal source of revenue from the use of money and property to the General Fund is interest on investments. The General Fund reported an insignificant unrealized loss during fiscal year ended June 30, 2022.

Charges for Services -- The principal sources of revenue to the General Fund from charges for services are County clerk fees, recreation fees, publication sales and various other services for which the County charges a fee. Revenues in this category represented approximately 2.0% of General Fund revenues in the fiscal year ended June 30, 2022.

Intergovernmental Revenue -- The County is reimbursed by the Commonwealth of Virginia for a portion of shared expenses including certain expenditures for social services, the Sheriff's Office, courts, the Office of the Commonwealth Attorney, and other constitutional offices. The County also receives a share of certain other state contributions. In addition, the General Fund accounts for the receipt of certain federal grants. Intergovernmental revenue accounted for approximately 10.4% of General Fund revenues in the fiscal year ended June 30, 2022.

Miscellaneous -- Approximately 2.3% of the revenue to the General Fund came from miscellaneous sources in the fiscal year ended June 30, 2022.

Fines and Forfeitures -- Revenue collected from fines and forfeitures are fees associated with the costs of holding court and processing court records and papers. This category represented approximately 0.2% of General Fund revenues in the fiscal year ended June 30, 2022.

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Principal Tax Revenues by Source

The following table shows the County's principal tax revenues by source for each of the last ten fiscal years.

Principal Tax Revenues By Source

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	Restaurant Food Taxes	Taxes on Recordation and Wills	Vehicle License Taxes	Fuels Sales Tax	Garrisonville Rd Service District Property Taxes	Other Local Taxes	Total
2013	$176,261,594	$11,800,992	$10,018,017	$6,400,869	$3,600,473	$2,344,309	$5,616,151	$533,358	$703,628	$217,279,391
2014	183,480,382	11,790,128	10,190,648	6,577,615	3,515,617	411,185	4,946,890	530,862	463,397	221,906,724
2015	185,302,231	12,376,768	11,094,684	7,102,018	2,967,321	2,019,185	3,828,615	541,721	573,357	225,805,900
2016	192,132,277	12,872,793	9,929,556	7,779,537	3,939,630	2,371,392	2,961,265	556,373	2,121,204	234,664,027
2017	199,376,130	13,641,300	6,448,823	8,022,545	6,142,390	2,522,370	3,363,483	562,865	2,944,965	243,024,871
2018	206,800,056	14,341,668	7,035,404	8,512,213	5,985,497	2,645,892	3,806,666	570,237	4,077,528	253,775,161
2019	214,042,524	14,958,972	6,970,652	9,103,132	5,886,356	2,752,636	4,750,315	813,170	3,685,788	262,963,545
2020	221,691,856	17,540,447	6,597,960	8,356,499	7,134,207	3,000,160	4,324,336	834,998	3,862,692	273,343,155
2021	245,526,216	19,661,980	4,314,667	10,424,592	7,631,301	383,021	4,233,298	856,194	2,319,426	295,350,695
2022	264,145,207	22,514,348	4,383,659	13,323,788	6,019,830	48,567	4,712,489	809,545	3,070,579	319,028,013

Source: Stafford County, Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022.

Expenditures and Transfers

The following is a discussion of the major classifications of General Fund expenditures and transfers.

Transfer to School Fund -- The County disburses monies from the General Fund to the School Fund to pay the County's share of the costs of operating public schools in the County. This transfer (including amounts for Schools capital projects) represented approximately 41.5% of total disbursements from the General Fund in the fiscal year ended June 30, 2022. Other revenues credited directly to the Schools' Operating, Grants, and Cafeteria Funds include revenue from the federal government, the Commonwealth of Virginia, and other revenue derived locally from sale of textbooks and school lunches, among other sources. Debt service on County general obligation bonds for school purposes is paid from the General Fund.

Costs of General County Government -- The County pays from the General Fund the costs of general county government. These costs include expenditures for general government administration, judicial administration, public safety, public works, health and welfare, parks and recreation and cultural, and community development. This classification represented approximately 44.5% of total General Fund disbursements in the fiscal year ended June 30, 2022.

Capital Projects and Debt Service -- The County pays the cost of or contributes to the cost of various capital improvement projects from the General Fund. These costs include infrastructure improvements and public safety replacement vehicles. This classification, including payments for debt service, represented approximately 14.0% of total General Fund disbursements in the fiscal year ended June 30, 2022.

Five–Year Governmental Funds Summary

Shown below are the revenues, expenditures, transfers and fund balances of the governmental funds for the five fiscal years ended June 30 as shown below:

	2018	2019	2020	2021	2022
Revenues					
General property taxes	$207,303,957	$214,855,694	$222,486,286	$230,637,639	$244,287,492
Other local taxes	46,404,868	48,107,851	50,816,301	55,701,652	60,812,372
Permits, privilege fees and regulator licenses	4,460,366	4,346,390	4,619,745	5,480,158	5,011,491
Fines and forfeitures	878,756	895,106	673,306	750,396	775,400
Use of money and property	1,747,745	3,159,567	2,848,904	651,639	59,711
Charges for services	6,904,346	6,094,142	5,686,278	5,763,706	7,051,951
Miscellaneous	5,864,196	5,646,084	10,239,068	6,277,008	8,124,058
Intergovernmental	37,767,639	38,302,158	37,185,547	66,619,289	38,147,582
Total Revenues	$311,511,873	$321,406,992	$334,555,435	$371,881,487	$364,270,057
Expenditures					
Current operating:					
General government	13,890,180	14,764,011	16,378,150	19,522,749	19,364,392
Judicial administration	7,873,248	8,183,925	8,872,879	9,395,396	10,289,870
Public safety	62,605,381	62,215,257	65,159,756	71,925,373	78,733,151
Public works	5,077,713	4,846,503	4,721,251	6,123,154	5,724,883
Health and human services	17,111,432	17,811,436	16,788,584	21,950,416	19,617,287
Parks, recreation and cultural	15,180,699	14,209,264	13,083,530	12,101,077	13,351,272
Community development	4,737,547	4,632,587	4,439,208	7,872,188	4,772,890
Appropriation to school board:					
School operation	116,440,953	116,796,434	124,601,178	129,903,890	135,555,869
School capital projects	18,501,329	16,169,464	19,797,212	8,925,945	26,301,836
Transportation	3,076,652	3,287,684	4,077,869	3,134,597	4,584,002
Capital outlay	25,208,481	17,954,113	23,086,464	11,121,828	12,411,179
Debt service					
Principal	28,431,591	29,466,692	29,383,602	29,884,150	29,410,648
Interest and fiscal charges	18,001,710	17,506,108	16,421,403	15,374,666	14,424,234
Total expenditures	$336,136,916	$327,843,478	$346,811,086	$347,235,429	$374,541,513
Excess of revenues over (under) expenditures	(24,625,043)	(6,436,486)	(12,255,651)	(24,646,058)	(10,271,456)
Other Financing Sources (Uses)					
Issuance of debt	26,185,000	12,100,000	6,070,000	14,140,000	10,420,000
Issuance of capital leases		2,194,073	4,555,506		
Bond premium	2,572,452	1,304,024	776,405	2,032,253	1,202,398
Transfers in	3,822,766	6,123,360	12,796,062	18,056,070	32,721,197
Transfers out	(3,098,766)	(5,268,740)	(12,600,214)	(18,412,998)	(32,540,212)
Refunding of debt	(4,367,492)				
Other miscellaneous non-operating revenue					
Proceeds from indebtedness					
Proceeds from capital leases					
Loan to Component Unit					
Total other financing sources (uses)	$25,113,960	$16,452,717	$11,597,759	$15,815,325	$11,803,383
Net change in fund balances	488,917	10,016,231	(657,892)	40,461,383	1,531,927
Fund balance, beginning	110,563,080	111,051,997	121,068,228	120,410,336	160,871,719
Fund balance, ending	$111,051,997	$121,068,228	$120,410,336	$160,871,719	$162,403,646

Source: Stafford County, Virginia, Annual Comprehensive Financial Report, Fiscal Year 2022.

Operating Budget Information

Fiscal Year 2023 Operating Budget. The Fiscal Year 2023 operating budget was adopted on April 19, 2022, and totals $818,245,420 for all funds, a 17.6% increase over the Fiscal Year 2022 adopted budget. This includes an operating transfer of $142,902,591 for the Stafford County Public Schools, a 6.7% increase over Fiscal Year 2022. The Fiscal Year 2022 School transfer included funding for one-time capital costs which is not included in the calculation. The General Fund budget, adopted at $376,716,157, increases 6.0% over the Fiscal Year 2022 adopted budget. The General Fund budget reflects a real estate tax rate of $0.85 per $100 of assessed valuation.

Recent Developments – COVID-19 Matters

The following information regarding the recent and ongoing COVID-19 pandemic describes certain impacts of the COVID-19 pandemic on the County's finances and operations, as well as certain impacts on budget projections and economic forecasting. The ongoing effect of the COVID-19 pandemic and related impacts on the County's financial results and operations cannot be predicted, and the County's financial results or operations could be materially adversely affected if the COVID-19 pandemic and its consequences are prolonged. Investors are advised to carefully consider the information presented below, together with other information presented in this Appendix A, in order to make an informed investment decision. Certain information provided below, and elsewhere in this Appendix A, involves forward-looking statements, which are based on current expectations and are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected.

Background

The Coronavirus ("COVID-19") global pandemic has altered the behavior of businesses and people in a manner that is having negative effects on national, regional and local economies and associated negative effects at all levels of government. Existing and potential impacts to the County associated with the COVID-19 pandemic include, but are not limited to, expanded public health and safety costs, increased assistance to local business and community suffering hardships due to the pandemic, increased stress on local healthcare facilities and personnel, impacts to the location and manner of education for local students and educators, and altered working environments due to quarantine and social distancing requirements. Because of the evolving nature of the COVID-19 pandemic and uncertainties as to the prevalence of COVID-19 and its variants over time, the County cannot predict the extent or duration of the pandemic or what the long-term impact will be on the County's economy and the County's financial condition and operations.

Impact on Local Economy and County Finances

During the initial stages of the COVID-19 pandemic, the County was able to take budgetary action to immediately prepare for the uncertain impacts and outcomes of the pandemic. This was done with little or no impact to the County's ability to continue delivery of services to the community. The County maintains adequate reserves to ensure that there is stability during such emergencies.

Economic Development

The County's Economic Development Authority (the "EDA") was the first in the Commonwealth to offer COVID-19 grants to area businesses. Following that program the County and the EDA utilized CARES Act funds to further assist impacted businesses. All-in-all over $2.3 million in COVID-19 grants were distributed to over 100 companies. In addition, the County secured $750,000 in Community Development Block Grant funds to launch "Stafford Cares", a program that paid for meal cards from local restaurants and distributed those cards to families in need (SNAP recipients).

Tax Base Data

The following data are presented to illustrate the trends and characteristics of the value of taxable property, property tax rates, tax collection experience, and the largest taxpayers.

Property Tax Levies and Collections

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

(1) Taxies Levied for the Fiscal Year = Tax setups minus Tax Relief and Disable Vet Relief.

(2) The Collections in Subsequent Years column was restated to accurately report delinquent taxes by levy year rather than by collection year.

Source: Data provided by the Stafford County Treasurer's Office.

Principal Taxpayers

The following table sets forth the ten largest private property and public utility taxpayers of ad valorem real property taxes and the assessed value of property owned by each taxpayer.

Principal Taxpayers
Private Property
(Calendar Year 2021)

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation
Virginia Electric & Power Co	Utility	$258,255,239	1.0%
SREIT	Commercial	136,609,900	0.5
Kensington Multifamily Partners LLC	Commercial	124,620,500	0.5
Stafford Marketplace LLC	Commercial	83,533,300	0.3
Silver Companies	Commercial	80,121,600	0.3
Aventine LLC	Commercial	79,646,100	0.3
Wal-Mart	Commercial	70,840,492	0.3
GEICO	Commercial	68,391,480	0.3
Crescent Pointe Limited Partnership	Commercial	64,437,700	0.2
Total		$966,456,311	3.6%

Source: Stafford County, Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022.

Historical Assessed Valuation and Property Tax Rates

Fiscal Year	Real Estate [1]	Tax Rate	Personal Property	Tax Rate	Mobile Homes	Machinery & Tools	Merchants Capital	Other	Total
2013	$13,262,150,638	$1.07	$632,393,059	$6.89	$16,697,240	$ -	$186,440,770	$137,968,580	$14,235,650,287
2014	14,372,802,061	1.02	646,424,160	6.61	15,648,640	-	198,206,730	149,947,840	15,383,029,431
2015	14,699,463,435	1.02	658,036,590	6.61	16,162,950	-	199,069,300	139,524,240	15,712,256,515
2016	15,857,245,779	0.99	694,942,180	6.50	16,622,020	-	195,895,430	147,308,220	16,912,013,629
2017	16,495,801,650	0.99	716,779,720	6.46	16,880,360	-	249,816,840	157,450,170	17,636,728,740
2018	17,498,296,151	0.99	755,575,220	6.46	17,017,230	-	206,150,400	168,845,320	18,645,884,321
2019	17,858,571,201	1.01	770,824,880	6.46	17,083,260	-	173,543,320	170,802,840	18,990,825,501
2020	19,020,060,300	0.97	785,802,570	6.46	17,055,070	-	183,272,630	172,952,030	20,179,142,600
2021	19,424,270,200	0.97	1,099,604,150	6.10	18,919,890	-	182,434,590	177,417,360	20,900,646,190
2022	24,089,776,500	0.85	1,452,372,200	5.49	17,454,630	-	193,904,250	183,580,850	25,937,088,430

(1) Assessed real property value is 100 percent of fair market value.
Source: Stafford County, Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022.

Local Sales Tax

The County sales tax is collected with the Commonwealth sales tax. The tax monies for the local portion are remitted to the County by the Commonwealth during the month following receipt. These receipts amounted to approximately 6.4% of all tax revenues for the fiscal year ended June 30, 2022. The table below shows revenue from the local sales tax for the past five years.

Local Sales Tax Revenues

Fiscal Year	Revenues	Percent Change
2018	$14,341,668	-
2019	14,445,750	+0.7%
2020	15,566,953	+7.8
2021	15,389,564	-1.1
2022	19,453,546	+26.4

Source: Stafford County Department of Finance and Budget.

Published Financial Information

The County issues and distributes the Annual Comprehensive Financial Report on its financial operations each fiscal year. The report covers the fiscal year ending the prior June 30.

The County's general purpose financial statements for the fiscal year ended June 30, 2022, have been audited by the independent public accounting firm of PBMares, LLP. The County's financial statements are available for inspection at the Department of Finance, 1300 Courthouse Road, Stafford, Virginia 22554.

Sections of the Annual Comprehensive Financial Report of Stafford County for the fiscal year ended June 30, 2022, which correspond to general purpose financial statements, are presented herein as Appendix B. These financial statements, along with the accompanying Notes to Financial Statements, are intended to provide a broad overview of the financial position and operating results of the County's various funds and account groups.

In addition to the Annual Comprehensive Financial Report, the County also annually publishes a comprehensive Operating Budget document and the ten-year Capital Improvement Program document. These documents are available through the Department of Finance, 1300 Courthouse Road, Stafford, Virginia 22554.

SECTION THREE: COUNTY INDEBTEDNESS AND CAPITAL IMPROVEMENT PROGRAM

Issuance and Authorization of Bonded Indebtedness

Pursuant to the Constitution of Virginia (the "Constitution") and the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia of 1950, as amended, a county in Virginia is authorized to issue bonds and notes secured by a pledge of its full faith and credit for the payment of such bonds. The governing body of the County is required to levy, if necessary, an annual ad valorem tax on all property in the County subject to local taxation. Although the issuance of bonds by Virginia counties is not subject to any limitation on amount, counties are generally prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum.

Payment of general government and school bonded indebtedness is provided for in the General Fund of the County.

The County has borrowed from the Literary Fund of the Commonwealth of Virginia and the Virginia Public School Authority to remodel or construct school facilities. As general obligations of the County, these loans are included in the data for school bonded indebtedness. Literary Fund loans and general obligation bonds sold to the Virginia Public School Authority do not require voter approval in a referendum.

Tax and Revenue Anticipation Note Borrowing

The County has not issued tax and revenue anticipation notes at any time during the past decade. The County has no plans to borrow for cash flow purposes in the Fiscal Year 2023.

Long-Term Debt

Below is a statement of long-term obligations outstanding as of June 30, 2022.

	Amount Outstanding June 30, 2022
General Long-Term Debt	
General Obligation Bonds	$288,711,855
Lease Revenue Bonds (1)	-
Water and Sewer Revenue Bonds (2)	65,680,000
Subtotal	$354,391,855
Other Long-Term Obligations	
Installment Financing Obligations	6,988,223
County VRA Loans	61,332,321
Water and Sewer VRA Loans (2)	16,337,236
Schools Literary Fund Loans	-
Schools Installment Financing Obligations	9,454,024
Subtotal	$94,111,804
Total Obligations	$448,503,659

(1) Amounts payable by the County are subject to appropriation in each fiscal year by the Board.
(2) Payable solely from revenues derived from the County's water and sewer systems.
Source: Stafford County Department of Finance and Budget.

Annual Debt Service

Below is a statement of outstanding debt service as of June 30, 2022.

Year Ending June 30,	General Obligation Bonds	Revenue Bonds	Water and Sewer VRA Loans
2023	$32,619,535	$ -	$1,946,657
2024	32,080,832	-	1,946,656
2025	31,249,436	-	1,946,657
2026	31,090,273	-	1,946,656
2027	30,467,243	-	1,946,656
2028-2032	129,076,518	-	7,786,626
2033-2037	52,944,320	-	-
2038-2042	11,618,136	-	-
Total	$351,146,293	$ -	$17,519,908

Year Ending June 30,	County Installment Financings	County VRA Loan	Water & Sewer Revenue Bonds Principal
2023	$1,675,687	$8,171,259	$5,104,411
2024	1,675,687	6,440,375	5,099,557
2025	1,260,491	6,086,041	5,106,468
2026	956,377	6,020,273	5,100,415
2027	621,662	5,958,513	5,102,389
2028-2032	1,404,309	26,176,692	25,520,700
2033-2037	-	19,628,581	22,575,004
2038-2042	-	294,713	16,570,134
2043-2047	-	-	3,316,499
Total	$7,594,213	$78,776,447	$93,495,577

Year Ending June 30,	School Literary Loans	School Installment Financings
2023	$ -	$830,006
2024	-	830,006
2025	-	830,006
2026	-	830,006
2027	-	830,006
2028-2032	-	4,150,032
2033-2035	-	2,490,020
Total	$ -	$10,790,082

Source: Stafford County Department of Finance and Budget.

Key Debt Ratios

Fiscal Year	Population	Assessed Value	Tax-Supported Debt	Ratio of Net General Obligation Debt to Assessed Value	Tax-Supported Debt per Capita
2013	135,311	$13,262,150,638	$385,102,012	2.9%	$2,846
2014	138,423	14,372,802,061	393,975,668	2.7	2,846
2015	142,299	14,699,463,435	400,598,739	2.7	2,815
2016	142,380	15,857,245,779	409,969,416	2.6	2,879
2017	144,612	16,495,801,650	421,038,737	2.6	2,912
2018	145,699	17,498,296,151	417,060,984	2.4	2,862
2019	149,110	17,858,571,201	401,994,788	2.3	2,696
2020	151,689	19,020,060,300	380,772,178	2.0	2,510
2021	153,392	19,424,270,200	367,573,919	1.9	2,396
2022	156,927	25,937,088,430	350,044,175	1.4	2,231

Source: Stafford County, Virginia, Annual Comprehensive Financial Report, Fiscal Year 2022.

Overlapping Debt

There are no incorporated municipalities within the County.

The Rappahannock Regional Jail Authority (the "Jail Authority") was created in January 1995, to share the cost of operating the existing Security Center and constructing, equipping, maintaining and operating a new regional facility. Member jurisdictions are the City of Fredericksburg, and the Counties of Stafford, Spotsylvania and King George. A twelve member board consisting of three representatives from each of the member jurisdictions, as follows, governs the Jail Authority: the sheriff of each jurisdiction; each jurisdiction's Chief Administrative Officer; and a representative from each member jurisdiction, appointed by its governing body.

The Rappahannock Regional Jail is located in Stafford County and opened in June 2000. In accordance with the Jail Authority Agreement, member jurisdictions pay operating (per diem) and debt service costs based on percentage of inmate population. The County retains an ongoing financial responsibility for this joint venture due to this requirement of the agreement. The County's payments for the year ended June 30, 2022, totaled $7,701,637, and the Rappahannock Regional Jail's outstanding debt as of June 30, 2022 was $57,670,000. Complete financial statements for the Rappahannock Regional Jail Authority can be obtained from the Director of Support Services, Rappahannock Regional Jail, P.O. Box 3300, Stafford, Virginia 22555.

The Rappahannock Juvenile Detention Center is a regional juvenile detention center in which Stafford County is a participant. The County's share of operating and debt service costs is based on percentage of inmate population. The County's payments for the year ended June 30, 2022, totaled $1,478,783. The Rappahannock Juvenile Detention Center's outstanding debt as of June 30, 2022, was $0.

The Board has created two community development authorities (the "CDAs") in the County to finance certain public infrastructure associated with certain development in the County. The Celebrate Virginia North Community Development Authority was created in 1999 to provide public infrastructure for an approximately 1400 acre mixed use development. The Embrey Mill Community Development Authority was created in 2012 to provide public infrastructure in connection with an approximately 869 acre development consisting primarily of residential development. The bonds issued by the CDAs are payable solely from special assessments on property within the respective CDA boundaries, are not payable from general tax revenues of the County and are not obligations of the County.

Installment Financing Agreements

The County leases various items of equipment pursuant to long term installment financing agreements. All contracts are subject to the annual appropriation of payments by the Board. At June 30, 2022, the principal balance of all installment financing agreement obligations totaled $6,988,223.

Pursuant to a Master Agreement among the Northern Virginia Transportation Commission ("NVTC"), the Potomac and Rappahannock Transportation Commission ("PRTC"), the Counties of Fairfax, Prince William, Spotsylvania, and Stafford and the Cities of Manassas, Manassas Park and Fredericksburg (as "Participating Jurisdictions") and the City of Alexandria and Arlington County (as "Contributing Jurisdictions"), the County has agreed to participate in the financing of the Virginia Railway Express, a commuter rail service serving the Northern Virginia region. At June 30, 2022, VRE had total debt outstanding of $152,965,000. NVTC and PRTC are co-lessees of a lease ($1,640,618) for office copiers, which is secured by the related equipment. A promissory note ($5,355,739) with the Federal Railroad Administration for the purchase of rolling stock was issued by NVTC, with both NVTC and PRTC as signatories. The note is secured by the revenues of VRE and the rolling stock. The obligation of the County to make payments under the Master Agreement is non-binding and subject to appropriation by the Board in each fiscal year. The County's payment for the fiscal year ending June 30, 2022, was calculated by NVTC and PRTC to be $754,956.

Pension Plans

All full-time, salaried permanent employees of the County and the School Board are automatically enrolled in the Virginia Retirement System ("VRS"), which provides retirement and disability benefits. Employees are required to fund the employee share (5% of compensation). The VRS maintains separate accounts for each participating locality based on contributions made by the locality and its employees and the benefits being paid to former employees.

Benefits vest after five years of service. Members hired before July 1, 2010 are eligible for an unreduced retirement benefit at age 65 with five years of service (age 60 for participating law enforcement officers, firefighters and sheriffs) or at age 50 with at least 30 years of service (age 50 with at least 25 years of service to participating law enforcement officers, firefighters and sheriffs) payable monthly for life in an amount equal to 1.7 percent (1.85 percent for participating law enforcement officers, firefighters and sheriffs) of their average final salary (AFS) for each year of credible service. Benefits are actuarially reduced for members who retire prior to becoming eligible for full retirement benefits. AFS is defined as the highest consecutive 36 months of salary. Members hired or re-hired on or after July 1, 2010 and who have no service credits before July 1, 2010 are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

The County currently contributes the employer contribution of 10.99% of annual covered payroll. The employer contributions are actuarially determined every two years by VRS actuaries at rates that provide for both normal and accrued funding liability. The basic calculation method is an entry age normal cost calculation with forty year amortization of the unfunded accrued liability. The entry age normal cost method is designed to produce level normal costs over the working lifetime of the participating employees and to permit the amortization of any unfunded liability over a period of years. The unfunded liability arises because normal costs based on current benefit formula have not been paid throughout the working lifetime of current employees. The value of the unpaid normal costs, adjusted for actuarial gains and losses, comprises the unfunded liability.

During the fiscal year ended June 30, 2022, the County's contribution to the VRS pension plan amounted to $7,340,533. The School Board's contribution for non-professional employees amounted to $797,068 for the employer contribution. The present value of the estimated cost of retirement benefits of all presently covered employees of the County under this plan was $266,076,413 as of June 30, 2022. VRS has reported the funded amount to be $251,670,468 and the unfunded amount to be $14,405,945. The present value of all presently covered School Board non-professional employees under this plan was $37,498,747 as of June 30, 2022. VRS has reported the funded amount to be $37,603,864 and the unfunded amount to be $(105,117).

Other Post-Employment Benefits

The County's financial statements (attached as Appendix B) detail the most recent actuarial information on the County's and the School Board's Other Post-Employment Benefits (OPEB), including OPEB costs, funding status and net OPEB liability. The County's and the School Board's OPEB cost is calculated based on the actuarially determined contribution of the employer (ADC). The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. As of June 30, 2022, the total OPEB liability of the County was calculated to be $156,088,356, the funded amount was $14,503,066, and the unfunded amount (net OPEB liability) was $141,585,290. The School Board's total OPEB liability was calculated to be $265,538,299, the funded amount was $31,709,193, and the unfunded amount (net OPEB liability) was $233,829,106.

Capital Improvement Program

The Board has adopted a Capital Improvement Plan (the "CIP") for the ten successive fiscal years. While the CIP is not intended to be a fixed schedule for the expenditure of funds, or the issuance of debt to provide these funds, it does present a plan identifying needed public facilities in the County, including both County and County Public Schools facilities. It assigns estimated costs to such facilities and anticipated sources of funding. The CIP also serves as a guide to ongoing project planning and preparation for the following year's CIP.

The following pages set forth the approved CIP for Fiscal Year 2023 by both funding source and program year.

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Summary of Capital Improvement Program by Project Group
Fiscal Year 2023 – Fiscal Year 2032

By Funding Source

Funding Summary	FY2023	FY2024	FY2025	FY2026	FY2027	FYs 2028-2032	Total
County	$3,874,070	$3,961,049	$7,743,704	$6,355,576	$26,490,134	$60,463,240	$108,887,773
Schools	59,925,000	96,930,532	59,324,171	12,864,333	3,213,000	147,643,394	379,900,430
Bond	$63,799,070	$100,891,581	$67,067,875	$19,219,909	$29,703,134	$208,106,634	$488,788,203
Master Lease	1,783,677	792,487	821,111	850,545	6,453,781	11,421,650	22,123,251
Cash Funded – County	20,638,405	19,806,778	14,155,067	9,108,454	12,760,066	55,137,480	131,606,250
Cash Funded – Schools	1,592,865	6,054,000	1,602,865	1,732,865	1,613,865	11,688,325	24,284,785
Proffers	2,708,337	402,502	5,290,038	1,000,000	2,934,092	8,244,051	20,579,020
Service District	54,000	363,025	-	-	-	-	417,025
Smart Scale	-	500,000	3,632,279	8,299,355	11,314,442	60,421,869	84,167,945
Transportation Alternative Prog.	320,000	439,836	-	-	-	-	759,836
Regional Service Transp. Program	248,086	2,116,909	1,274,442	2,763,553	-	126,855	6,529,845
Congestion Mitigation/Air Quality	1,277,162	129,404	375,677	1,661,495	-	-	3,443,738
Revenue Sharing	-	155,413	2,286,388	2,185,050	5,280,888	13,245,006	23,152,745
State/Federal	-	952,745	-	-	-	200,000	1,152,745
	$92,421,602	$132,604,680	$96,505,742	$46,821,226	$70,060,268	$368,591,870	$807,005,388

By Program Year

Projects	FY2023	FY2024	FY2025	FY2026	FY2027	FYs 2028-2032	Total
Public Safety	$7,265,330	$14,304,500	$3,698,000	$5,287,000	$9,143,000	$35,030,363	$74,728,193
Land Acquisition	4,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000	13,000,000
Judicial Administration	2,708,000	-	-	-	-	55,957,000	58,665,000
Information Technology	2,486,380	2,345,599	60,000	826,000	610,000	5,368,001	11,695,980
Parks, Recreation and Community Facilities	2,168,000	1,749,000	2,857,560	528,000	2,883,092	13,673,373	23,859,025
Transportation	12,276,027	10,221,049	25,235,317	23,583,028	49,597,311	89,675,313	210,588,045
Schools	61,517,865	102,984,532	63,654,865	15,597,198	6,826,865	163,887,820	414,469,145
Project Total	$92,421,602	$132,604,680	$96,505,742	$46,821,226	$70,060,268	$368,591,870	$807,005,388

Source: Stafford County Department of Budget and Management.

SECTION FOUR: ECONOMIC AND DEMOGRAPHIC FACTORS

Population

The County has experienced rapid growth in population since 1960, as did most jurisdictions surrounding the Washington, D.C., metropolitan area. From 1960 to 2020, the County has experienced annualized population increases of 3.79%, along with an increase from 2020 to 2021 of 2.52%. Selected population statistics are shown below.

Year	Population[1]
1960	16,876
1970	24,587
1980	40,470
1990	61,236
2000	92,446
2010	128,961
2020	156,927
2021	160,877

(1) Population figures (1960 - 2021) provided by the U.S. Census Count.

Economic Development

Stafford County is located in northern Virginia, approximately 25 miles south of the Washington Capital Beltway and 50 miles north of Richmond, Virginia. It encompasses 277 square miles and is bordered by the Potomac River on the east and the Rappahannock River on the south. The County's location and proximity to major corridors render Stafford County attractive for business and residential development.

Interstate 95 and U.S. Route 1 bisect the County and provide routes north and south while U.S. Route 17 and State Route 3 provide access to the east and west. The Stafford Regional Airport has a state-of-the-art General Aviation Terminal and completed an extension of their primary runway to 6,000 feet. This extension and plans for additional general aviation and corporate hangar's position the airport for cross-country corporate flight without refueling and two new corporate hangars adjacent to their 5,000-foot runway. Since 2018, Stafford County has seen significant industrial and commercial growth, broadening the tax base and creating new kinds of jobs. In the last four years this includes over 2.5 million square feet of rezoned, under permit, under construction, or constructed distribution and flex industrial space. These projects include two Amazon facilities, a DHL distribution center, the expansion of a FedEx facility, and additional industrial "flex" space. The development of these facilities, alone, are estimated to generate approximately $8.0 million in real estate and business personal property taxes alone in the next five years.

Stafford County has a civilian labor force of 73,566 (US BLS) which includes more than 23,700 people with Associate's Bachelor's degrees or higher (US Census). In addition to the large business expansions noted above, Stafford County is still home to GEICO and a number of cyber-related government contracting firms (Davis Defense, Booz Allen, GCubed, Simventions, etc.). In the last two years, Stafford County has fostered the expansion and establishment of Virginia Oncology, UVision, and other companies that continue to expand and diversify our tax base and workforce.

Stafford County's proximity to Marine Corps Base Quantico (MCBQ), the primary operations, training, and education center for the U.S. Marine Corps officers, positions the County for new business growth, particularly in technology, cyber, security and defense-related industries. The FBI Academy, FBI Crime Lab, and DEA training are also housed on base. With Quantico's southern acreage extending into Stafford County, the County is well positioned geographically to absorb the growing ranks of technology and engineering firms that require office parks with proximity to the base. As noted, Stafford County is home to between 70-80 government contracting firms and also now home to the Virginia Smart Community Testbed that is drawing tech companies from around the world to Virginia and Stafford County, the establishment of a Canadian smart-tech company being one example.

The growth in technology jobs requires focused education and advanced certifications. To meet this need, the County and the EDA participate and support a number of workforce training projects and programs. The EDA has donated $75,000 to the expansion of Germanna Community College that will include major expansions of its nursing and cyber programs. The EDA also supports the expansion of University of Mary Washington programs to provide cyber training to adults seeking new positions or careers. The EDA has also secured Go Virginia grant funds to establish a tech-focused entrepreneurial program for the region, housed in the Virginia Smart Community Testbed. In 2019 the Cyber Bytes Foundation was established in Quantico Corporate Center that provides cyber summer camps and other workforce and training opportunities.

The private sector has responded to these opportunities by developing world-class commercial office space. Beyond the significant growth in industrial and distribution space noted above, plans are under development for additional cyber-based office space adjacent to the Cyber Bytes Foundation. Like many areas, the COVID-19 pandemic has impacted office space vacancies, but Stafford County has been able to retain its vacancy rate at pre-pandemic levels.

Stafford Hospital Center is a 100-bed, Joint Commission-accredited community hospital that provides general acute care at the "center" of Stafford County. This facility includes 250,000 square feet of space including medical/surgical, ICU, and obstetric beds, an emergency department, an imaging department (including computed tomography (CT), magnetic resonance imaging (MRI), and interventional radiology), and a surgical suite including six operating rooms. The building and parking areas are designed and sited to provide opportunities for expansion as community and institutional needs grow and/or change. To further this goal, the master plan has been created for the site identifying possible future expansion of buildings and parking. The location was placed strategically in the center of the greatest concentration of population in the County.

Redevelopment Master Plan

The County's Comprehensive Plan was updated in 2022. Much of the previous plan has been completed including the completion of an expanded interchange at I-95 and the extension of Hospital Boulevard from that interchange to US Route 1. Final plans have been completed for widening of US Route 1 in this area and around the County Courthouse—an area referred to as Downtown Stafford. The development of that area "Downtown Stafford" has begun including the site now referred to as Fountain Park a 6-acre multiuse site at the corner of Courthouse Road and US Route 1. VDOT and Transurban are nearly complete with the extension of the I-95 "Hot Lanes" and associated interchanges improving traffic flow from south of Stafford County to the US Capital.

Commerce, Industry and Employment

The County's economy is closely related to the entire Washington Metropolitan Statistical Area. As such, many County residents who are included in the civilian work force are employed in other parts of the region.

The County-based employment in the five largest industry groups is presented below:

Industry Groups
(Third Calendar Quarter 2022)

Industry Group	Employees
Local Government	6,390
Retail Trade	5,568
Federal Government	5,282
Health Care and Social Assistance	4,042
Professional, Scientific and Technical Services	4,036

Source: Virginia Employment Commission.

As the following table indicates, unemployment rates in the County have consistently been lower than statewide rates which have historically been below the national average.

Unemployment Rates

Year	Stafford County	Commonwealth of Virginia	United States
2013	5.5%	6.6%	7.4%
2014	5.2	5.9	6.2
2015	4.4	5.6	5.3
2016	3.9	5.1	4.9
2017	3.6	4.4	4.4
2018	2.9	4.0	3.9
2019	2.7	3.7	3.7
2020	5.6	3.0	8.1
2021	3.6	2.8	5.3

Source: Virginia Employment Commission.

Major Employers

The following is a list of the major private employers within the County:

Firm	Product/Service	Number of Employees
GEICO	Insurance	1,000+
Walmart	Retail	500+
McLane Mid-Atlantic	Trucking	500+
Stafford Hospital	Hospital	500+
Intuit	IT	250+
Target	Retail	250+

Source: Stafford County Department of Economic Development.

Personal Income

Certain household and per capita income statistics are presented in the following tables.

Median Household Income

Year	Stafford County	Commonwealth of Virginia
2017	$103,005	$68,766
2018	106,773	71,564
2019	111,108	71,222
2020	112,247	76,398
2021	119,818	80,615

Source: US Census: American Community Survey.

Per Capita Personal Income

Year	Stafford County	Commonwealth of Virginia
2017	$53,094	$54,879
2018	54,450	56,619
2019	56,078	59,073
2020	58,744	62,189
2021	62,954	66,305

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Transportation

The County is served by Interstate Highway 95 and U.S. Highway 1, both connecting the County with Washington, D.C. to the North and Richmond, Virginia to the South. Primary East and West routes include U.S. Highway 17 and State Route 3. Railroad service is provided by CSX Transportation Richmond and the Virginia Railway Express. An Amtrak passenger station is located directly south of the County line in the City of Fredericksburg. Air transportation service is provided at Dulles International Airport, Washington National Airport, and Richmond International Airport. A regional reliever airport located in the County at the intersection of Interstate 95 and Route 627 opened in December 2001 with a 5,000-foot runway. A new I-95 Interchange opened in December 2005 that provides direct access to the new Stafford Regional Airport.

PRTC was created on August 1, 1986, following the passage of enabling legislation by the General Assembly of Virginia. PRTC is governed by a Commission comprised of 14 voting members, an ex officio representative of the Virginia Department of Transportation and three members of the General Assembly. PRTC was created to assist its member jurisdictions to address transportation concerns and issues. The members of PRTC are the Counties of Stafford, Spotsylvania, and Prince William and the Cities of Fredericksburg, Manassas and Manassas Park. PRTC receives revenues from a sales tax on motor vehicle fuels sold within the member jurisdictions that is collected by the Commonwealth, at rates established and maintained by the Commonwealth and which are indexed to periodic changes in consumer prices (see Code of Virginia § 58.1-2295.B.1, B.2 for more information). During Fiscal Year 2022, the County received approximately $4,712,489 million in tax revenues which can be used for transportation projects identified by the County.

NVTC, a regional entity, in conjunction with PRTC, established a commuter rail system linking the County to Washington, D.C. On October 17, 1989, the Board passed a resolution authorizing County participation in a regional effort to operate the commuter rail system and to contribute to capital, operating and debt service costs on a pro rata basis, primarily based on a share of ridership. The County's contribution was $643,856 for Fiscal Year 2022.

Taxable Retail Sales

The following table presents the taxable retail sales and retail sales per capita since 2017.

Calendar Year	Taxable Retail Sales	Percent Change
2017	$1,165,726,181	2.6%
2018	1,236,087,549	6.0
2019	1,285,530,131	4.0
2020	1,361,052,198	5.9
2021	1,519,382,616	11.6

Source: Weldon Cooper Center for Public Service.

Construction Activity

Selected data are presented below to illustrate the type and level of new construction which has occurred in the County in recent years.

NEW COMMERCIAL SPACE

Year	Square Feet
2018	387,429
2019	167,604
2020	684,170
2021	1,897,406
2022	332,832

Source: Stafford County Department of Economic Development.

NEW RESIDENTIAL UNITS BY TYPE

Year	Single Family Detached	Townhouse[1]	Multi-Family
2018	788	194	84
2019	749	164	39
2020	857	109	0
2021	664	201	144
2022	471	125	180

[1] *Includes duplex units consistent with the manner they are reported to the U.S. Census Bureau.*
Source: Stafford County Department of Public Works.

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APPENDIX B

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY

The appended General Purpose Financial Statements were reproduced from the County's audited financial statements included in its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022.

Additional information relative to the County's financial operations and long-term debt is presented in Appendix A of this Official Statement.

In order to preserve cross-references within this Appendix, this Appendix has not been repaginated and, accordingly, retains the original pagination.

PBMares, LLP, the County's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. PBMares, LLP, also has not performed any procedures relating to this Official Statement.

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PBMares

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Stafford, Virginia (County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Stafford, Virginia, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Other Matter

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information on pages 22-31 and 121-137, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
December 14, 2022

Management's Discussion and Analysis

As management of the County of Stafford, Virginia (County) we offer users of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the transmittal letter, financial statements, and the accompanying notes.

FINANCIAL HIGHLIGHTS

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, over time, changes in net position may serve as an indicator of the County's financial position. The County's assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by $342.7 million at the close of fiscal year 2022. By far, the largest portion of the County's net position ($505.2 million) reflects its net investment in capital assets net of depreciation (e.g., land, buildings, vehicles, distribution and collections systems, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to its citizens (e.g., law enforcement, fire and emergency medical services, libraries, water and wastewater services). Consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the related debt must be provided by other sources since the capital assets cannot be used to liquidate the liabilities (the assets are not generally sold or otherwise disposed of during their useful lives).

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

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

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

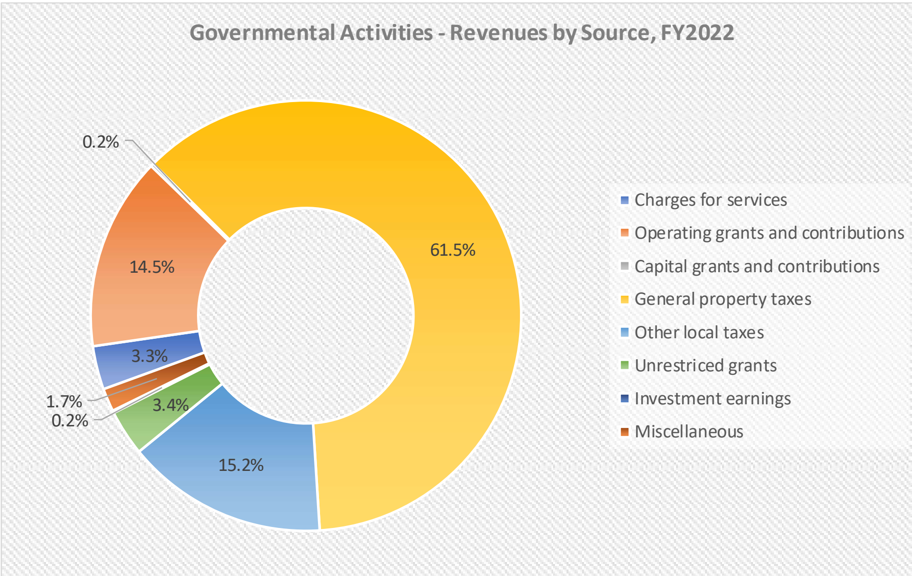
The following table presents the condensed Statement of Net Position and compares the prior year to the current year.

Summary Statement of Net Position
As of June 30, 2022 and 2021

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

Statement of Activities

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

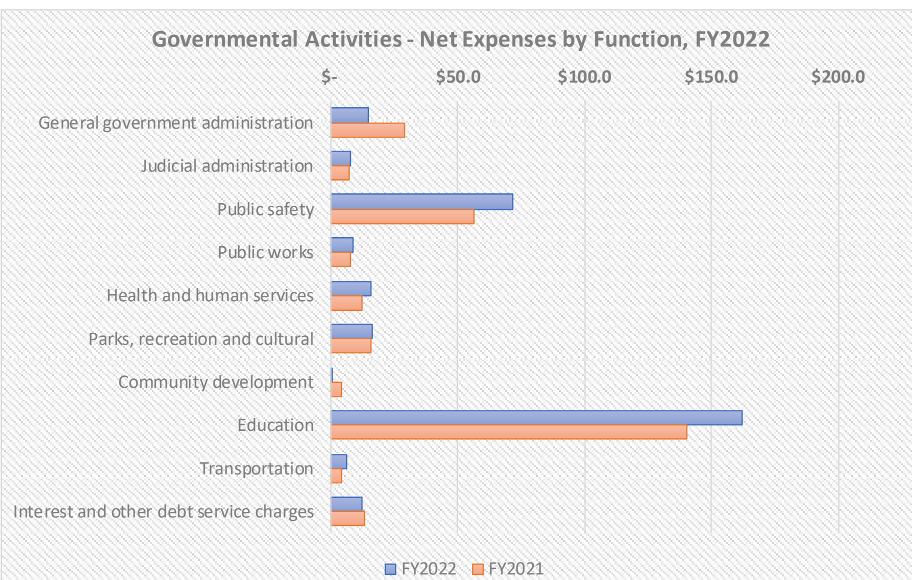


• General revenues increased with general property taxes up $26.1 million, and other local taxes up $5.2 million with assessed values of both real and personal property rising significantly, and strong sales tax revenue.

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

• Investment earnings decreased $0.6 million.

• Expenses for governmental activities recorded a net decrease of $1.9 million compared to the prior year mainly due to phasing out of increased spending levels resulting from the CARES Act, as well as the County's commitment to maintain adequate reserves, manifested in the County and Schools consistently underspending approved budgets.



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

Business-Type Activities

The increase in net position attributable to the County's business-type activities totaled $25.4 million for fiscal year 2022. Similar to the changes in net position attributable to government activities, changes in business-type activity net position also result from the difference between revenues and expenses. However, unlike governmental activities, which primarily rely on general tax revenues to finance operations, business-type activities are financed to a significant extent by fees charged for goods and services provided. The County's business-type activities consist of a Water and Sewer Fund. Like all business-type activities, the Water and Sewer Fund attempts to recover much of the operating expenses it incurs through user charges. Operating revenues exceeded operating expenses for fiscal year 2022, resulting in an operating income of $2.6 million, primarily due to increases in charges for services of $2.7 million, coupled with decreases in personnel costs of $1.0 million which reversed increases from the prior year to more normal levels. The net position increase was primarily due to an increase in capital assets, including an increase in donated capital assets from fiscal year 2021. The following is a summary of relevant financial results for fiscal year 2022:

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

- Availability and pro-rata fees totaled $9.2 million which is down $0.1 million compared to the prior year. Availability and pro-rata fees are paid by the developer of a subdivision and then passed on to the new homeowner.

- Donated capital assets (infrastructure completed by developers and dedicated to the County) totaled $18.1 million, an $8.7 million increase compared to the prior year, as post-pandemic development intensified.

- Expenses and transfers totaled $48.0 million, a net $0.9 million decrease from the prior year. This is due mostly to personnel expense, which decreased $1.1 million; the balance of the overall change is comprised of slight increases to contractual services, utilities, telecommunications and internal services, and depreciation and amortization coupled with slight decreases in materials and supplies and miscellaneous expenses as compared to the prior year.

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

Summary Statement of Activities
For the Years Ended June 30, 2022 and 2021

	Primary Government							
	Governmental Activities		Business-Type Activities		Total		Component Units	
	2022	2021	2022	2021	2022	2021	2022	2021
Program revenues:								
Charges for services	$ 12.8	$ 12.0	$ 48.4	$ 45.7	$ 61.2	$ 57.7	$ 15.6	$ 10.3
Operating grants and contributions	24.2	53.2	-	-	24.2	53.2	109.1	93.0
Capital grants and contributions	1.4	0.9	27.2	18.7	28.6	19.6	26.0	8.9
General revenues:								
General property taxes	251.6	225.5	-	-	251.6	225.5	-	-
Other local taxes	60.8	55.6	-	-	60.8	55.6	43.2	36.0
Unrestriced grants	12.5	12.5	-	-	12.5	12.5	233.0	225.5
Investment earnings	0.1	0.7	(1.3)	0.2	(1.2)	0.9	-	-
Miscellaneous	7.8	6.3	(0.9)	0.3	6.9	6.6	0.5	0.5
Total revenues	371.2	366.7	73.4	64.9	444.6	431.6	427.4	374.2
Expenses:								
General government	21.2	48.2	-	-	21.2	48.2	-	-
Judicial administration	10.7	10.1	-	-	10.7	10.1	-	-
Public safety	88.4	83.0	-	-	88.4	83.0	-	-
Public works	8.7	8.6	-	-	8.7	8.6	-	-
Health and human services	20.8	23.1	-	-	20.8	23.1	-	-
Parks, recreation and cultural	17.7	16.2	-	-	17.7	16.2	-	-
Community development	5.2	8.3	-	-	5.2	8.3	0.3	2.3
Appropriation to schools	161.9	140.2	-	-	161.9	140.2	418.5	406.2
Transportation	7.4	5.3	-	-	7.4	5.3	-	-
Interest	12.1	13.0	-	-	12.1	13.0	-	-
Water and sewer	-	-	47.8	49.3	47.8	49.3	-	-
Total expenses	354.1	356.0	47.8	49.3	401.9	405.3	418.8	408.5
Excess before transfers	17.1	10.7	25.6	15.6	42.7	26.3	8.6	(34.3)
Transfers	0.2	(0.4)	(0.2)	0.4	-	-	-	-
Change in net position	17.3	10.3	25.4	16.0	42.7	26.3	8.6	(34.3)
Net position (deficit), beginning	(144.2)	(154.5)	444.2	428.2	300.0	273.7	51.5	85.8
Net position (deficit), ending	$ (126.9)	$ (144.2)	$ 469.6	$ 444.2	$ 342.7	$ 300.0	$ 60.1	$ 51.5

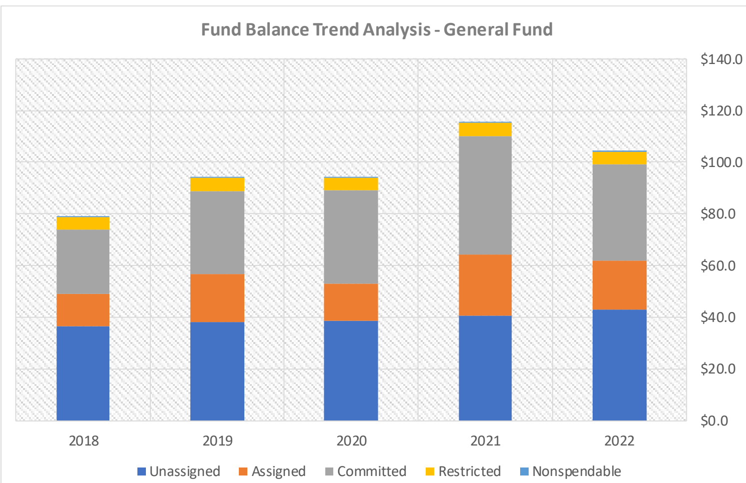
Financial Analysis of the County's Funds

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

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

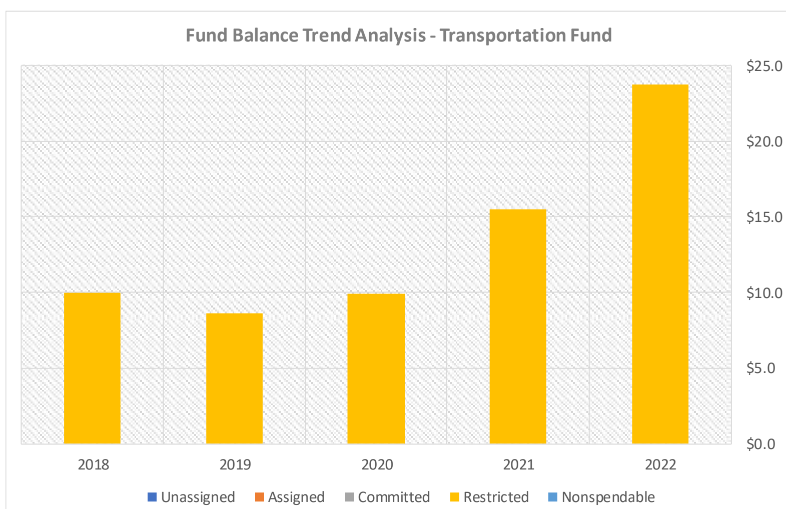
As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $162.4 million, an increase of $1.5 million in comparison with the prior year.

Of the $162.4 million, $63.1 million is restricted for grant programs, drug enforcement activities, construction and debt service requirements. Committed and assigned portions of its fund balances are established to indicate plans for use of financial resources. The County reserves portions of its fund balances as commitments for specific purposes such as capital needs, economic development and risk management. Commitments include fund balance reservations required by the Board's financial policies as well as contractual obligations of the County. Assignments represent management's plans for future expenditures and the intent to liquidate purchase orders (encumbrances) of the prior fiscal year. By policy, the unassigned portion of fund balance is equal to 12% of annual General Fund revenues, not including transfers, reserves and grants. Unassigned funds beyond the 12% are by policy set aside in the capital project reserve. Unassigned fund balance for fiscal year 2022 was $43.1 million. The Fund Balance section of Note 1, Summary of Significant Accounting Policies, presents details of the County's governmental fund balance classification.

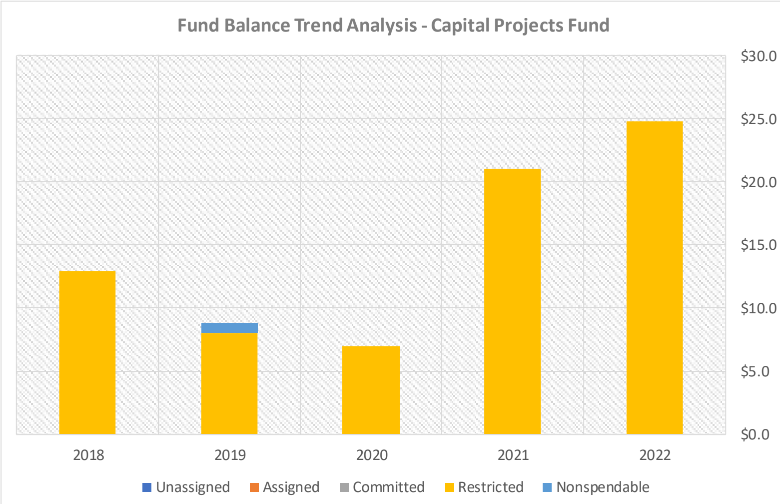


The General Fund is the primary operating fund of the County. The total fund balance of the County's General Fund decreased $11.3 million during fiscal year 2022. This was due to primarily to $31.3 million of transfers from the general fund to the capital projects and transportation funds in support of large capital improvement projects, while still maintaining management's conservative budgeting, commitment to maintain unassigned fund balance at or above stated policy levels, frequent analysis of revenue collection and expenditure patterns, and underspending by Schools and County departments. Of the $104.1 million General Fund balance, $142.6 thousand is nonspendable made up mostly of inventory; $0.9 million is restricted for grant-funded programs, $0.2 million is restricted for expenses utilizing appropriations, $2.9 million is restricted for health insurance expenditures, $1.9 million restricted for tourism and $0.2 million for capital court costs; $37.3 million is committed by policy or for contractual obligations, $18.5 million is assigned for future expenditures and to provide budget flexibility while ensuring a structurally balanced budget and $43.1 million is unassigned.

In addition to the General Fund, the County has two major governmental funds, the Transportation Fund and the General Capital Projects Fund. Total fund balance for the Transportation Fund at year end was $23.7 million, an increase of $8.3 million compared to the prior year. Of the $23.7 million, $22.4 million is restricted for transportation projects and $1.3 million is restricted for debt service. The increase in fund balance is attributable to an increase in fuels tax and transfers in from the general fund in support of road projects.

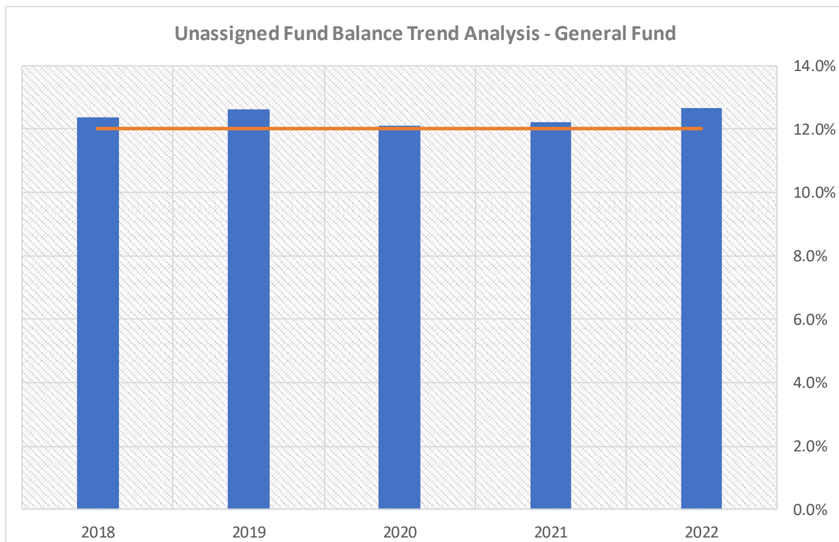


Total fund balance for the General Capital Projects Fund at year end was $24.8 million. This is an increase of $3.8 million from the previous fiscal year, which is primarily due to increases in issuance of debt for school projects coupled with an increase in transfers in from the general fund in support of various capital projects.



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

As described earlier, the County has adopted Principles for High Performance Financial Management, which includes a policy requiring a minimum general fund unassigned fund balance of 12% of the annual revenue (less certain exclusions) in any fiscal year. The County has consistently maintained this balance, and the following chart illustrates the County's unassigned general fund balance trends for fiscal years 2018 through 2022.



Proprietary fund: The County's proprietary fund financial statements provide the same type of information presented in the business-type activities on the government–wide financial statements, but in more detail. The Water and Sewer Fund total net position increased $25.4 million during fiscal year 2022. Capital assets, net of depreciation increased $11.2 million, while long-term liabilities decreased $13.8 million. A summary of the Water and Sewer Fund operations for the year was previously provided in the discussion of business-type activities.

Component Unit – School Board: An increase in net position for the component unit School Board of $8.7 million was due to increases in operating grants and contributions as well as increases in local sales tax revenue. Unlike the prior year, total expenses were exceeded by total revenues in FY2022. Funds transferred from the County general fund include a local appropriation for operations and bond proceeds used to offset facility construction expenditures. The School Board issues a separate set of financial statements, which may be obtained directly from the School Board.

Component Unit – Stafford County Economic Development Authority: The decrease in net position for the component unit Economic Development Authority was $0.1 million, as administrative and marketing costs increased from prior year levels, and unrealized losses on investments increased. The Stafford County Economic Development Authority issues a separate set of financial statements, which may be obtained directly from the Authority.

General Fund Budgetary Highlights

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

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

General Fund revenues decreased $8.8 million from the prior year. While general property taxes increased $13.8 million driven by new construction and increases in real estate and personal property tax collections, intergovernmental revenue experienced a sharp decline of $29.0 million, due primarily to the phasing out of CARES Act activities resulting from the pandemic. Other local taxes increased by $3.6 million, bolstered by robust sales tax, meals tax, and consumer utility collections.

General Fund expenditures recorded a net increase of $9.4 million compared to the prior year. The following table compares general fund revenues and expenditures for fiscal year 2022 with the previous fiscal year, and illustrates the factors that contributed to the net increase include:

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

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

General Fund
Current Year and Prior Year Comparison of Revenues and Expenditures
($ in millions)

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

Capital Asset and Debt Administration

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

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

The following tables summarize the balances of and changes in the County's capital assets for fiscal year 2022. Additional information on the County's capital assets can be found in Note 4.

Summary of Capital Assets - Primary Government and Component Units
As of June 30, 2022 and 2021
($ in millions)

	Total Primary Government		Component Units	
	FY2022	FY2021	FY2022	FY2021
Nondepreciable capital assets	$ 117.8	$ 105.7	$ 48.9	$ 54.8
Depreciable capital assets, net	579.5	586.0	404.2	405.0
Total capital assets, net	$ 697.3	$ 691.7	$ 453.1	$ 459.8

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

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

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

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

The County's business-type activities reported total long-term liabilities (excluding compensated absences as well as OPEB and pension liabilities) of $87.9 million at the end of the current fiscal year.

Summary of Long-Term Liabilities - Primary Government As of June 30, 2022 and 2021 ($ in millions)				
	Governmental Activities		Business-Type Activities	
	FY2022	FY2021	FY2022	FY2021
General obligation bonds	$ 288.7	$ 300.5	$ -	$ -
Revenue bonds	-	-	65.7	62.8
VRA / other loans	61.3	67.1	16.4	23.0
Installment financing agreements	7.0	8.5	-	-
Bond premiums	25.7	26.6	5.8	7.2
Compensated absences	11.2	11.1	1.4	1.6
Pension and OPEB liabilities	132.7	165.4	23.5	31.5
Total long-term liabilities	$ 526.6	$ 579.2	$ 112.8	$ 126.1

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

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

Factors Influencing Future Budgets

Key factors that are expected to impact future budgets include:

- Uncertainty of state and federal revenue sources.
- Board of Supervisors' priorities.
- Stafford County 2040 Strategic Priorities.
- Public safety staffing.
- Citizen demands for maintaining service levels.
- Funding for capital improvements
- Operating costs associated with new capital facilities.
- Health care and pension costs.
- Mandated increases in minimum wage.
- Funding the annual required contribution for postemployment benefits other than pensions (OPEB).
- Funding Operating and Capital for Schools.
- Human services Children Services Act.
- ARPA approved projects with ongoing expenses.
- COVID 19 ongoing expenses.

Requests for Information

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

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Stafford County EDA
ASSETS					
Current Assets:					
Cash, cash equivalents, and temporary cash investments	$ 204,253,912	$ 97,599,091	$ 301,853,003	$ 40,599,229	$ 1,576,979
Receivables, net of allowance for uncollectibles	29,467,147	3,097,113	32,564,260	27,433,198	519,514
Unbilled receivables	-	3,186,986	3,186,986	-	-
Notes receivable - component unit	80,000	-	80,000	-	-
Due from primary government	-	-	-	28,496,270	-
Other assets	-	-	-	-	164
Inventory	2,519	1,219,208	1,221,727	800,605	-
Prepaid expenses	140,057	3,335	143,392	41,101	-
Total current assets	233,943,635	105,105,733	339,049,368	97,370,403	2,096,657
Noncurrent assets:					
Restricted cash and cash equivalents	40,035,991	17,900,108	57,936,099	17,888,918	-
Net pension asset	-	-	-	105,117	-
Lease receivable	252,229	183,947	436,176	-	-
Lease assets, net	1,621,360	6,103	1,627,463	674,950	-
Notes receivable - component unit	320,000	-	320,000	-	-
Investments	-	-	-	-	500,000
Investment in joint venture	9,515,732	-	9,515,732	-	-
Capital assets, net of accumulated depreciation:					
Land	48,017,628	19,040,443	67,058,071	39,695,598	-
Other intangible assets	5,181,767	4,380,449	9,562,216	-	-
Construction in progress	8,378,119	32,746,267	41,124,386	9,237,656	-
Non-depreciable capital assets	61,577,514	56,167,159	117,744,673	48,933,254	-
Land improvements	110,534,809	699,187	111,233,996	69,437,186	-
Buildings and building improvements	130,002,514	4,294,205	134,296,719	602,702,481	-
Distribution and collection systems	-	638,563,742	638,563,742	1,319,841	-
Furniture, fixtures and equipment	52,231,471	25,831,830	78,063,301	17,274,386	-
Software	8,158,632	240,638	8,399,270	4,357,274	-
Technology infrastructure	9,276,120	510,229	9,786,349	2,109,140	-
Vehicles	38,595,530	7,924,658	46,520,188	28,653,539	-
Accumulated depreciation	(181,755,666)	(265,551,604)	(447,307,270)	(321,680,209)	-
Depreciable capital assets	167,043,410	412,512,885	579,556,295	404,173,638	-
Total noncurrent assets	280,366,236	486,770,202	767,136,438	471,775,877	500,000
Total assets	514,309,871	591,875,935	1,106,185,806	569,146,280	2,596,657
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	2,795,608	2,133,883	4,929,491	-	-
Deferred outflows related to pensions	18,877,561	2,888,831	21,766,392	65,763,919	-
Deferred outflows related to OPEB	34,894,829	6,274,723	41,169,552	78,208,639	-
Total deferred outflows of resources	56,567,998	11,297,437	67,865,435	143,972,558	-

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Stafford County EDA
LIABILITIES					
Current liabilities:					
Accounts payable	6,436,544	3,463,214	9,899,758	7,690,579	13,632
Accrued salaries and benefits	5,457,015	729,055	6,186,070	40,753,589	-
Accrued interest	5,367,048	749,351	6,116,399	-	-
Accrued insurance claims	1,040,498	88,858	1,129,356	6,911,951	-
Retainages payable	264,189	196,754	460,943	862,464	-
Other liabilities	1,634,284	35,709	1,669,993	-	-
Due to component unit	28,496,270	-	28,496,270	-	-
Deposits and escrows	31,124,577	5,426,487	36,551,064	-	-
Unearned revenues	30,767,032	-	30,767,032	509,736	-
Current portion of lease liabilities	325,797	-	325,797	-	-
Current portion of long-term debt	35,089,169	5,098,292	40,187,461	1,576,117	-
Total current liabilities	146,002,423	15,787,720	161,790,143	58,304,436	13,632
Noncurrent liabilities:					
Noncurrent portion of accrued insurance claims	-	-	-	411,002	-
Noncurrent portion of lease liabilities	1,311,791	-	1,311,791	-	-
Noncurrent portion of long-term debt	358,890,987	84,075,723	442,966,710	16,768,242	-
Net pension liability	12,053,140	1,844,490	13,897,630	151,708,002	-
Net other post employment benefits liability	120,631,473	21,747,236	142,378,709	269,969,015	-
Total noncurrent liabilities	492,887,391	107,667,449	600,554,840	438,856,261	-
Total liabilities	638,889,814	123,455,169	762,344,983	497,160,697	13,632
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to leases	250,230	181,921	432,151	-	-
Deferred inflows related to pensions	22,748,259	3,481,164	26,229,423	113,814,079	-
Deferred inflows related to OPEB	35,897,272	6,461,954	42,359,226	44,677,501	-
Total deferred inflows of resources	58,895,761	10,125,039	69,020,800	158,491,580	-
NET POSITION					
Net investment in capital assets	122,829,491	382,433,699	505,263,190	439,951,509	-
Restricted	63,101,023	18,096,862	81,197,885	33,644,175	-
Unrestricted (deficit)	(312,838,220)	69,062,603	(243,775,617)	(416,129,123)	2,583,025
	$ (126,907,706)	$ 469,593,164	$ 342,685,458	$ 57,466,561	$ 2,583,025

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	$ 21,223,795	$ -	$ 6,318,318	$ -
Judicial administration	10,699,814	474,813	2,469,421	-
Public safety	88,434,169	8,649,083	8,225,261	-
Public works	8,725,238	10,048	29,286	-
Health and human services	20,793,282	14,450	5,077,636	-
Parks, recreation and cultural	17,727,822	1,202,001	80,586	-
Community development	5,217,704	2,463,497	2,010,514	-
Education				
School operating	135,555,869	-	-	-
School capital projects	26,301,836	-	-	-
Transportation	7,438,682	24,950	6,110	1,388,189
Interest and other debt service charges	12,079,135	-	-	-
Total Governmental Activities	354,197,346	12,838,842	24,217,132	1,388,189
Business-Type Activities:				
Water and sewer	47,772,015	48,429,192	-	27,244,338
Total Business-Type Activities	47,772,015	48,429,192	-	27,244,338
Total Primary Government	401,969,361	61,268,034	24,217,132	28,632,527
COMPONENT UNITS				
Stafford County School Board	418,403,608	15,648,441	109,092,280	25,995,144
Stafford County Economic Development Authority	310,558	32,090	-	-
Total component units	$ 418,714,166	$ 15,680,531	$ 109,092,280	$ 25,995,144

General revenues:
Taxes:
General property taxes
Other local taxes
Sales
Fuels
Consumer utility
Motor vehicle decals
Bank stock
Recordation
Occupancy
Meals
Cigarette tax
Short-term rental
Cable franchise
Road impact fees
Basic aid
Grants and contributions not restricted to specific programs
Investment earnings
Gain (loss) on disposal of capital assets
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position (deficit), beginning
Net position (deficit), ending

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

Primary Government			Component Units	
Governmental Activities	**Business-Type Activities**	**Total**	**School Board**	**Stafford County EDA**
$ (14,905,477)	$ -	$ (14,905,477)	$ -	$ -
(7,755,580)	-	(7,755,580)	-	-
(71,559,825)	-	(71,559,825)	-	-
(8,685,904)	-	(8,685,904)	-	-
(15,701,196)	-	(15,701,196)	-	-
(16,445,235)	-	(16,445,235)	-	-
(743,693)	-	(743,693)	-	-
(135,555,869)	-	(135,555,869)	-	-
(26,301,836)	-	(26,301,836)	-	-
(6,019,433)	-	(6,019,433)	-	-
(12,079,135)	-	(12,079,135)	-	-
(315,753,183)	-	(315,753,183)	-	-
-	27,901,515	27,901,515		
-	27,901,515	27,901,515		
(315,753,183)	27,901,515	(287,851,668)		
			(267,667,743)	-
			-	(278,468)
$ -	$ -	$ -	$ (267,667,743)	$ (278,468)
$ 251,579,000	$ -	$ 251,579,000	$ -	$ -
22,709,674	-	22,709,674	43,157,962	-
4,712,489	-	4,712,489	-	-
6,008,104	-	6,008,104	-	-
83,968	-	83,968	-	-
613,011	-	613,011	-	-
8,475,589	-	8,475,589	-	-
2,213,264	-	2,213,264	-	-
13,208,651	-	13,208,651	-	-
750,916	-	750,916	-	-
132,317	-	132,317	-	-
290,927	-	290,927	-	-
1,613,462	-	1,613,462	-	-
-	-	-	97,176,900	-
12,542,261	-	12,542,261	135,555,869	155,977
59,711	(1,339,487)	(1,279,776)	13,441	14,739
(209,580)	(1,146,635)	(1,356,215)	67,890	-
8,044,058	186,642	8,230,700	424,324	-
180,985	(180,985)	-	-	-
333,008,807	(2,480,465)	330,528,342	276,396,386	170,716
17,255,624	25,421,050	42,676,674	8,728,643	(107,752)
(144,163,330)	444,172,114	300,008,784	48,737,918	2,690,777
$ (126,907,706)	$ 469,593,164	$ 342,685,458	$ 57,466,561	$ 2,583,025

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit 3**

Balance Sheet
Governmental Funds
As of June 30, 2022

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

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit 4**

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

Total fund balances - governmental funds		$	162,403,646
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:			
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds:			
Capital assets	410,376,590		
Less: Accumulated depreciation	(181,755,666)		
Net capital assets			228,620,924
Certain amounts were not available to fund current expenditures of governmental funds, and therefore, were not reported as revenue			7,318,068
Other assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds:			
Investment in joint venture	9,515,732		
Lease assets, net	1,621,360		
Note receivable - component units	400,000		
Total other assets			11,537,092
Certain obligations are not due and payable in the current period, and therefore, are not reported as liabilities in governmental funds:			
General obligation bonds	(288,711,856)		
Bond premiums	(25,720,048)		
VRA loans	(61,332,320)		
Installment financing agreements	(6,988,223)		
Lease liabilities	(1,637,588)		
Net deferred outflows and inflows related to pensions	(3,870,698)		
Net pension liability	(12,053,140)		
Net deferred outflows and inflows related to other postemployment benefits	(1,002,443)		
Net other postemployment benefits liability	(120,631,473)		
Compensated absences	(11,227,709)		
Loss on refunding	2,795,608		
Accrued insurance claims	(1,040,498)		
Accrued interest	(5,367,048)		
			(536,787,436)
Net position (deficit) of governmental activities		$	(126,907,706)

COUNTY OF STAFFORD, VIRGINIA **Exhibit 5**

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

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

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit 6**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds		$ 1,531,927
Reconciliation of amounts reported for governmental activities in the Statement of Activities		
Governmental funds report capital outlays as expenditures; however in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the net change in the carrying amount of capital assets in the current period:		
Acquisition of capital assets	11,320,585	
Loss on sale of capital assets	(209,580)	
Less depreciation expense	(17,121,116)	
Net decrease in carrying value of capital assets		(6,010,111)
Unavailable revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in governmental funds		7,291,508
Changes in the investment in joint venture and various receivable balances are included in expenses based on their functional category		
Change in investment in joint venture	774,353	
Change in note receivable - component units	(80,000)	
		694,353
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal and issuance costs are expenditures in the governmental funds, but repayment reduces long-term liabilities on the Statement of Net Position.		
Debt issued or incurred:		
Bond premiums	-	
General obligation bonds	(10,420,000)	
Principal repayments:		
General obligation bonds	22,160,176	
Literary loans	216,143	
VRA loans	5,573,424	
Installment financing agreements	1,460,905	
Lease liabilities	350,284	
		19,340,932
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Accrued interest	411,911	
Compensated absences	(137,936)	
Accrued insurance claims	(107,791)	
Deferred loss on refunding	(182,171)	
Amortization of premium on refunding	918,446	
Amortization of lease assets	(366,512)	
Change in net pension liability and related deferred inflows and outflows	2,581,752	
Change in net OPEB liability and related deferred inflows and outflows	(8,710,684)	
		(5,592,985)
Change in net position of governmental activities		$ 17,255,624

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit 7**

Statement of Net Position
Proprietary Funds
As of June 30, 2022

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

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit 8**

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

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

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit 9**

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

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

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit 10**

Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2022

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

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit 11**

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Narrative Profile

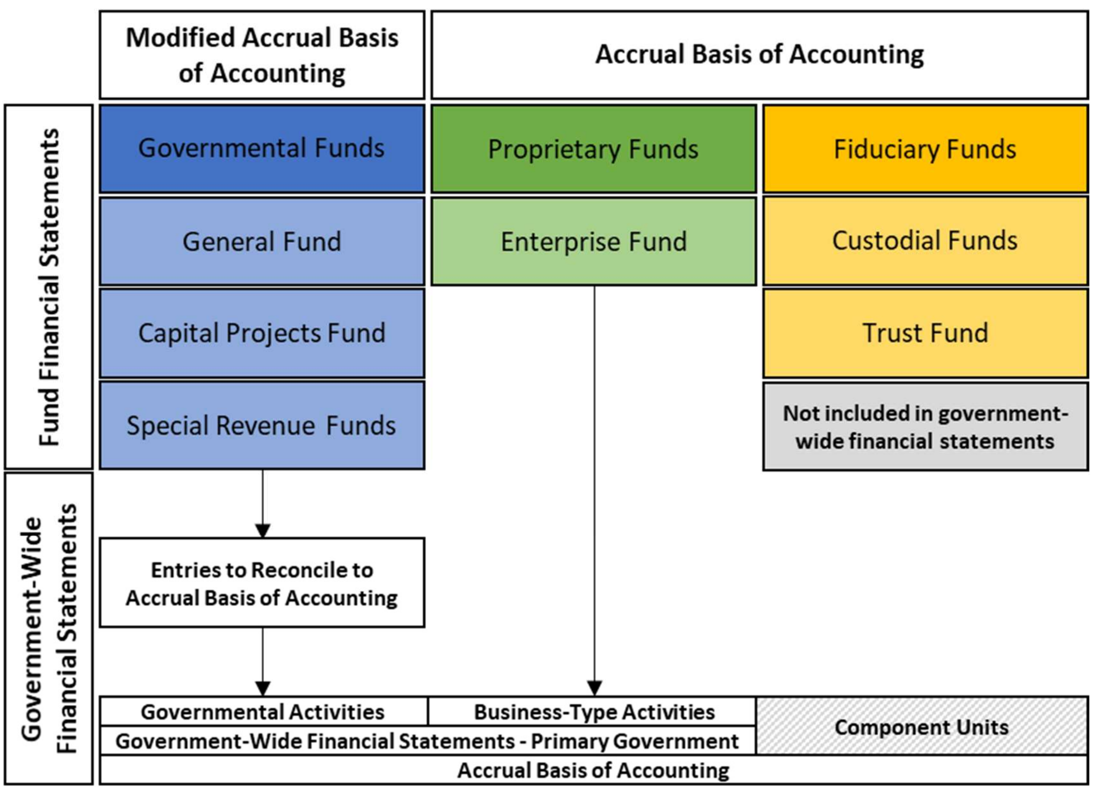
The County of Stafford, Virginia (County) is located in northeastern Virginia, approximately 40 miles south of Washington, DC, and 55 miles north of Richmond, Virginia. It was founded in 1664 and was named for Staffordshire, England. It encompasses 277 square miles and has a population of 156,927.

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

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

A. THE FINANCIAL REPORTING MODEL AND THE REPORTING ENTITY

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



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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

Discretely Presented Component Units:

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

Stafford County School Board
Attention: Chris R. Fulmer, CPA, CFE
Chief Financial Officer
31 Stafford Avenue
Stafford, Virginia 22554

(540) 658-6000

https://www.staffordschools.net

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

Stafford County Economic Development Authority
Attention: John Holden, Secretary
1300 Courthouse Road
Stafford, Virginia 22554

(540) 658-8681

https://staffordeda.com

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. **Nonmajor Governmental Funds** – these funds are used to account for the activities of the County's special revenue funds that do not meet the criteria to be treated as a major fund. A description of the activities of each individual fund, as well as the combining schedules and individual budgetary comparisons (where applicable) can be found in Other Supplementary Information.

c. **Capital Projects Funds** are used to account for current financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by Proprietary Funds).

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

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

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

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

a. **Custodial Funds** – these funds are used to account for activities wherein the County is acting in a custodial capacity for the benefit of other governments or organizations. These funds are not available for use by the County to support its own programs. A description of the activities of each individual fund, as well as the combining schedules can be found in Other Supplementary Information.

b. **Postemployment Benefits Trust Fund** - accounts for the activities of the County's other postemployment benefits (OPEB) trust, which provides a portion of health insurance coverage for the County's retirees.

C. <u>MEASUREMENT FOCUS, BASIS OF ACCOUNTING</u>

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

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

D. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, "deferred outflows of resources", represents a consumption of net position that applies to a future period which will not be recognized as an outflow of resources (expense or expenditure) until then. The County has three items that meets this criterion – a loss resulting from the refunding of debt, pension, and OPEB related deferrals. The refunding loss is the difference in the reacquisition price and the net carrying value of the old debt. The amount is amortized as a component of interest expense on the straight-line basis over the remaining life of the old debt, or the new debt, whichever is shorter. The pension and OPEB deferrals relate to contributions made to the corresponding plans in the 2022 fiscal year and changes in actuary calculations. Changes in actuarial assumptions are deferred and amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period. Contributions reported as deferred outflows of resources will be amortized in the following year.

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

E. BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to April 1, the County Administrator submits a proposed budget (operating and capital) to the Board of Supervisors for the fiscal year commencing the following July 1. The budget includes proposed obligations and the means of financing them. The budget embodies estimates of specific amounts of revenue.

2. Public hearings are conducted by the Board of Supervisors to obtain taxpayer and citizen comments.

3. Prior to June 30, the budget is legally enacted by resolution of the Board of Supervisors. Budgets are legally adopted for the following governmental funds:

Primary Government

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

Component Unit – School Board

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

4. The budget for the proprietary fund serves as a guide to the County and not as legally binding limitations.
5. Although legal restrictions on expenditures are established at the departmental level, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets.
6. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. The budget is integrated into the accounting system. The budgetary data, as originally adopted and amended by the Board of Supervisors, is presented in the financial statements for all funds with legally adopted budgets with comparative actual revenue and expenditures. Individual amendments were not material in relation to the original appropriations.
8. By law, total expenditures by fund may not, and did not, exceed appropriations in fiscal year 2022.
9. At the close of the fiscal year, all appropriations lapse for budget items other than capital projects and grants. Appropriations designated for capital projects and grants remain in effect for the life of the project or grant, or until the Board changes or eliminates the appropriation by an ordinance or resolution.

F. DEPOSITS AND INVESTMENTS

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

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt and equity securities are valued using a matrix pricing technique, which values securities based on the securities' benchmark quoted prices. Level 3 investments are those which have significant unobservable inputs. The County does not have level 3 investments.

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

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

G. RESTRICTED ASSETS – CASH AND INVESTMENTS

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

H. INVENTORIES AND PREPAID ITEMS

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

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

I. CAPITAL ASSETS

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

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

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

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

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

J. REAL ESTATE AND PERSONAL PROPERTY DATA

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

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

K. COMPENSATED ABSENCES

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

L. LONG-TERM OBLIGATIONS

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

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

M. NET POSITION (DEFICIT)

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

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

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

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

Of the $126.9 million net position deficit in governmental activities in the government-wide Statement of Net Position, $257.4 million is attributed to debt for school property and equipment.

N. FUND BALANCE and NET POSITION CLASSIFICATION

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Assigned – This classification consists of amounts that are constrained by the County Management's intent to be used for specific purposes. The authority for assigning fund balance is assigned to the County Administrator and the Chief Financial Officer or their designee(s) as established by Board resolution adopting the County's Principles of High Performance Financial Management - Fund Balance Policy.

- Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount.

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

During its review of financial policies in fiscal year 2012, the Board established a goal of a minimum unassigned fund balance of twelve percent of General Fund operating revenues. This threshold must be met before other reserves are funded. The goal was met for fiscal year 2022.

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

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

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

Fund Balance Classification for Governmental Funds:

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	General Fund	Transportation Fund	Capital Projects Fund	Other Nonmajor	Total
Nonspendable					
Prepaids	$ 140,057	$ -	$ -	$ -	$ 140,057
Inventory	2,519	-	-	-	2,519
Restricted					
Grant expenditures	924,304	-	-	-	924,304
Expenses utilizing appropriations	174,084	-	-	-	174,084
Drug enforcement	-	-	-	274,091	274,091
Claims fluctuation reserve	2,914,106	-	-	-	2,914,106
Court fees	266,788	-	-	-	266,788
Tourism	683,841	-	-	1,228,773	1,912,614
Armed Services Memorial	-	-	-	21,852	21,852
Hidden Lake	-	-	-	77,903	77,903
Capital projects	-	23,743,280	24,814,157	7,977,844	56,535,281
Committed					
Wetlands	-	-	-	179,141	179,141
Stafford Opportunity fund	500,000	-	-	-	500,000
Capital projects reserve	1,500,000	-	-	-	1,500,000
Capital projects reserve schools	1,500,000	-	-	-	1,500,000
Available for projects	9,595,590	-	-	-	9,595,590
Purchase of development rights	1,535,044	-	-	-	1,535,044
Health insurance	2,914,311	-	-	-	2,914,311
Road improvements	1,000,000	-	-	-	1,000,000
Land	1,000,000	-	-	-	1,000,000
Revenue stabilization reserve	7,189,199	-	-	-	7,189,199
School capital project reserve	6,360,407	-	-	-	6,360,407
Courthouse reserve	4,209,107	-	-	-	4,209,107
Assigned					
Expenditures on prior appropriations	3,322,308	-	-	-	3,322,308
Corrections/Juvenile Detention Center	500,043	-	-	-	500,043
CSA reserve	840,374	-	-	-	840,374
Expenditure fluctuation reserve	1,000,000	-	-	-	1,000,000
County capital projects	3,008,971	-	-	-	3,008,971
Fire and rescue volunteer reserve for capital needs	809,639	-	-	-	809,639
Future operations	5,676,286	-	-	-	5,676,286
One-Time Capital	3,318,527	-	-	-	3,318,527
County Projects	65,911	-	-	-	65,911
Unassigned	43,135,190	-	-	-	43,135,190
Total	$ 104,086,605	$ 23,743,280	$ 24,814,157	$ 9,759,604	$ 162,403,646

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

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

O. CASH FLOWS

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

P. USE OF ESTIMATES

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

Q. OTHER POSTEMPLOYMENT BENEFITS

Retiree Health Insurance

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

Group Life Insurance

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

Health Insurance Credit Program

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

R. PENSIONS

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. RECLASSIFICATIONS

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

T. RESTATEMENTS

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

U. GASB STATEMENTS

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

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

During fiscal year 2022, the County implemented GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. There was no material impact.

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

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

Note 2. DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

B. SCHOOL ACTIVITY FUND DEPOSITS

Deposits of School Activity Fund monies are made at federally-insured banking institutions generally based upon their proximity and convenience to the specific school sites, and are not managed as public funds by the County Treasurer, or in accordance with the Virginia Security for Public Deposits Act. Prior to the FY2021 implementation of GASB Statement No. 84, *Fiduciary Activities*, these funds were reported as fiduciary activities and excluded from the cash of the Total Reporting Entity; however, the updated guidance requires that these monies be reported as an activity of the government. The total amount of cash that is managed in this alternative manner totaled $3,145,922 as of June 30, 2022.

C. INVESTMENTS

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

The Treasurer has invested proceeds of the 2017 General Obligation bonds, and all the School Board VPSA bonds in the SNAP Fund (the Fund) to ensure compliance with certain arbitrage requirements of the *Internal Revenue Code of 1986*, as amended.

Note 2. DEPOSITS AND INVESTMENTS (Continued)

The Fund is a professionally managed money market fund, which provides Virginia issuers of tax-exempt borrowings investment management, accounting and arbitrage rebate calculation services. The Fund invests in qualifying obligations and securities as permitted by Virginia statutes. The reported value of the position in the SNAP external investment pool is measured at amortized cost and the same as the value of the pool's shares, $1 per share.

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

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

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

(1) Custodial Credit Risk
The County's investment securities at June 30, 2022 were held by the County or in the County's name by the County's custodial banks.

(2) Credit Risk of Debt Securities
Standard & Poor's and/or an equivalent organization on the Nationally Recognized Statistical Rating Organizations (NRSRO) list rated the County's debt investments as of June 30, 2022 and the ratings are presented below using the Standard & Poor's or Moody's rating scale.

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

Note 2. DEPOSITS AND INVESTMENTS (Continued)

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

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

(3) Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with GAAP, if certain investments in any single issuer represent 5% of total investments, except U.S. government guaranteed obligations, there must be a disclosure for the amount and the issuer.

At June 30, 2022, the County did not have any investments exceeding 5% of the total investment.

(4) Interest Rate Risk

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

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

Note 2. DEPOSITS AND INVESTMENTS (Continued)

D. COUNTY AND COMPONENT UNIT'S OPEB FUNDS

As of June 30, 2022, the carrying value of the County's OPEB Fund's deposits and investments held by the Virginia Pooled OPEB Trust (VACo/VML Pooled OPEB Trust) and their respective credit rating was as follows:

Investment Type	Reported Value	Credit Rating
Investment in pooled funds	$13,149,633	Not Rated

As of June 30, 2022, the carrying value of the Component Unit – Stafford County Public School's OPEB Fund's deposits and investments held by the Virginia Pooled OPEB Trust and their respective credit rating was as follows:

Investment Type	Reported Value	Credit Rating
Investment in pooled funds	$36,804,983	Not Rated

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

The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the purpose of the Fund, market and economic conditions, and generally prevailing prudent investment practices. In addition, they will oversee adherence to the investment policy.

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

Note 3. RECEIVABLES

Receivables at June 30, 2022 consist of the following:

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

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

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

Note 4. CAPITAL ASSETS

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

Note 4. CAPITAL ASSETS (Continued)

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

Depreciation charged to governmental functions:

General government	$ 873,834
Judicial administration	144,869
Public safety	6,309,430
Public works	3,328,409
Health and human services	10,138
Parks, recreation and cultural	3,773,791
Community development	114,368
Transportation	2,566,277
Total	$ 17,121,116

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

Note 4. CAPITAL ASSETS (Continued)

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

The following is a summary of changes in capital assets, except for fleet services fund, for Stafford County Public Schools' governmental activities for the fiscal year ended June 30, 2022:

Note 4. CAPITAL ASSETS (Continued)

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

Depreciation charged to governmental functions:

Instruction	$ 505,025
Administration, attendance and health	159,973
Pupil transportation	1,968,237
Operation and maintenance	331,411
Food and nutrition services	190,832
Facilities	20,792,473
Technology	1,057,798
Total	$ 25,005,749

As of June 30, 2022, the Stafford County Economic Development Authority component unit did not report any capital assets.

Note 5. LONG-TERM LIABILITIES

A. PRIMARY GOVERNMENT – GOVERNMENTAL ACTIVITIES

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2022:

Note 5. LONG-TERM LIABILITIES (Continued)

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

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

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

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

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

Note 5. LONG-TERM LIABILITIES (Continued)

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

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

Note 5. LONG-TERM LIABILITIES (Continued)

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

The County has moral obligation pledges as follows:

- $1,044,890 for three Virginia Resources Authority loans secured by the Stafford Regional Airport to fund various site improvements;

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

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

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

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

Note 5. LONG-TERM LIABILITIES (Continued)

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

B. PRIMARY GOVERNMENT – BUSINESS-TYPE ACTIVITIES

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

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

	Revenue Bonds		VRA Loans		Total	
Fiscal Year(s)	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 2,440,000	$ 2,664,411	$ 1,710,454	$ 236,203	$ 4,150,454	$ 2,900,614
2024	2,555,000	2,544,557	1,735,496	211,160	4,290,496	2,755,717
2025	2,690,000	2,416,468	1,761,018	185,639	4,451,018	2,602,107
2026	2,820,000	2,280,415	1,787,028	159,628	4,607,028	2,440,043
2027	2,955,000	2,147,389	1,813,539	133,117	4,768,539	2,280,506
2028-2032	16,800,000	8,720,700	7,529,701	256,925	24,329,701	8,977,625
2033-2037	17,610,000	4,965,004	-	-	17,610,000	4,965,004
2038-2042	14,555,000	2,015,134	-	-	14,555,000	2,015,134
2043-2047	3,255,000	61,499	-	-	3,255,000	61,499
	$ 65,680,000	$ 27,815,577	$ 16,337,236	$ 1,182,672	$ 82,017,236	$ 28,998,249

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

Note 5. LONG-TERM LIABILITIES (Continued)

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

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

Total principal and interest payments on revenue bonds	$ 93,495,579
Current year principal and interest payments	5,098,710
Net available revenues - Water & Sewer Fund	45,128,414
Principal and interest payments as a percent of net revenues	11%

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

On November 17, 2021, the County issued $5,180,000 in taxable revenue bonds through the VRA Pooled Financing Program with interest rate ranging between 0.525% to 2.975% to advance refund $4,925,000 of outstanding 2012 lease revenue bonds interest rates ranging between 0.530% to 3.633%. The net proceeds of $5,095,258 (after payment of $84,742 of bond issuance costs) were used to purchase government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2012 lease revenue bonds. As a result, the 2012 lease revenue bonds are considered to be defeased and the liability for those bonds have been removed from the government-wide statement of net position. As of June 30, 2022, the remaining value of the outstanding defeased bonds is $1,235,000. The result of the refunding saved the County $713,750 in future debt service and resulted in $549,684 economic gain.

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

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

Note 5. LONG-TERM LIABILITIES (Continued)

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

C. NET INVESTMENT IN CAPITAL ASSETS

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

D. COMPONENT UNIT – STAFFORD COUNTY PUBLIC SCHOOLS

	Amounts Payable at July 1, 2021	Increases	Decreases	Amounts Payable at June 30, 2022	Amounts Due within One Year
Capital Financing	$ 10,440,522	$ -	$ 986,499	$ 9,454,023	$ 643,196
Lease liabilities	-	749,944	151,815	598,129	
Note Payable	480,000	-	80,000	400,000	80,000
Compensated Absences	7,627,295	892,847	627,935	7,892,207	711,355
Net OPEB Liability	234,126,821	137,945,469	102,103,275	269,969,015	-
Net Pension Liability	284,498,871	55,636,008	188,426,877	151,708,002	-
Total	$ 537,173,509	$ 195,224,268	$ 292,376,401	$ 440,021,376	$ 1,576,117

Note 6. DEFINED BENEFIT PENSION PLAN

A. Plan Description

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

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

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

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

PLAN1	PLAN2	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. • 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** 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. *Exceptions to COLA Effective Dates:* Same as Plan 1.	**Cost-of-Living Adjustment (COLA) inRetirement** *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Not applicable. *Eligibility:* Same as Plan 1 and Plan 2. *Exceptions to COLA Effective Dates:* Same as Plan 1 and Plan 2.

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

B. Employees Covered by Benefit Terms

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

	County Number
Inactive members or their beneficiaries currently receiving benefits	478
Inactive members:	
Vested	177
Non-vested	260
Active elsewhere in VRS	239
Total inactive members	676
Active members	970
Total covered employees	2,124

C. Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2022 was 10.99% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $7,340,533 and $6,855,095 for the years ended June 30, 2022 and 2021 respectively.

D. Net Pension Liability

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

The County's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

At June 30, 2022, the County, the George Washington Regional Commission (GWRC) and the R-Board reported a collective pension liability of $14,405,945 for its proportionate share of the VRS net pension liability (collectively the County). This amount is comprised of $13,897,630 for the County, $156,998 for GWRC and $351,317 for the R-Board. The County's proportion of the net pension liability was based on the County's actuarially determined employer contributions to the pension plan for the valuation date of June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

NOTE 6. BENEFIT PENSION PLAN (Continued)

E. Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the entry age normal actuarial cost method and the following assumptions, applied to all periods including in the measurement and rolled forward to the measurement date as of June 30, 2021.

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

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

Mortality rates:

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

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

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

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

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

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

Non-Hazardous Duty:

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

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

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's retirement plan was based on an actuarial valuation as of June 30, 2020, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2021.

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

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

Mortality rates:

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

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

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

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

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

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

Hazardous Duty:

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

G. Long-Term Expected Rate of Return

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

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

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

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

H. Discount Rate

The discount rate used to measure the total pension liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that VRS member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased in funding provided by the General Assembly for State and teacher employer contributions, political subdivisions were provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6. BENEFIT PENSION PLAN (Continued)

I. Change in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
Balances at June 30, 2020	$ 235,862,230	$ 197,007,541	$ 38,854,689
Changes for the year:			
Service cost	6,980,909	-	6,980,909
Interest	15,598,436	-	15,598,436
Changes of assumptions	11,274,874	-	11,274,874
Difference between expected and actual experience	5,908,532	-	5,908,532
Contributions - employer		6,855,095	(6,855,095)
Contriubtions - employee		3,143,943	(3,143,943)
Net investment income		54,345,357	(54,345,357)
Benefit payments, including refunds of employee contributions	(9,548,568)	(9,548,568)	-
Administrative expense		(131,034)	131,034
Other changes		(1,866)	1,866
Net changes	30,214,183	54,662,927	(24,448,744)
Balances at June 30, 2021	$ 266,076,413	$ 251,670,468	$ 14,405,945

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

The Net Pension Liability:

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

	Net Pension Liability
Governmental Activites	
Business Type Activities	$ 12,053,140
R-Board	1,844,490
GWRC	351,317
total	156,998
	$ 14,405,945

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

$7,340,533 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year ended June 30:	Amount
2023	$ (265,114)
2024	(1,791,235)
2025	(2,163,026)
2026	(7,747,428)
Thereafter	-
	$ (11,966,803)

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activites	$18,877,561	$22,748,259
Business Type Activities	2,888,831	3,481,163
R-Board	550,230	663,051
GWRC	245,889	296,308
total	$22,562,511	$27,188,781

L. Pension Plan Data

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS

Primary Government:

A. Plan Description

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

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

B. Benefits Provided

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

C. Membership

At January 1, 2021 membership consisted of:

Retirees and beneficiaries currently receiving benefits	216
Active employees	842
Total	1,058

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. Contributions

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

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

E. Investment Policy

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

The fund is segregated and managed as two distinct portfolios that are referred to as Portfolio I and Portfolio II. The County's OPEB funds are in invested in Portfolio I, which is structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. The investment performance of each Portfolio will be reviewed quarterly and compared on a rolling three year basis and over other relevant time periods to the following: (a) a composite benchmark comprised of each asset classes' market index benchmarks, weighted by each Portfolio's long-term policy allocations, and (b) a peer group of other similar size fund sponsors.

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

Forecasts of the arithmetic long-term(LT) real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are included in the table below. The LT rates of return in the table are arithmetic; they are used as inputs for the model to arrive at the median returns for the portfolio which are geometric. When calculating the median rates, which are used to set the target rates, the intermediate term rates are used for the first 10 years and the LT rates for all years thereafter.

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was 9.23 percent for Portfolio I. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Listed below is the target allocation.

Asset Class	Target Asset Allocation	Long-Term Arithmetic Average Nominal Return1	Long-Term Arithmetic Average Real Return2	Long-Term Arithmetic Weighted Average Real Return
Core Bonds	5.00%	5.33%	2.58%	0.13%
Core Plus	11.00%	5.63%	2.88%	0.32%
Liquid Absolute Return	4.00%	6.00%	3.25%	0.13%
U.S. Large Cap Equity	21.00%	9.88%	7.13%	1.50%
U.S. Small Cap Equity	10.00%	11.28%	8.53%	0.85%
International Developed Equity	13.00%	10.74%	7.99%	1.03%
Emerging Market Equity	5.00%	11.98%	9.23%	0.46%
Long/Short Equity	6.00%	8.43%	5.68%	0.34%
Private Equity	10.00%	13.22%	10.47%	1.05%
Core Real Estate	10.00%	9.35%	6.60%	0.66%
Opportunistic Real Estate	5.00%	12.35%	9.60%	0.48%
Total	100.00%			6.95%
		Inflatiion		2.75%
		Expected arithmatic nominal return		9.70%

F. Actuarial Methods and Assumptions

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

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

An experienced study has not been completed for the OPEB plan. The demographic assumptions used on this valuation are based on those used by the VRS. The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	*General employees: 5*.35% initially, decreasing to 3.50% over 20 year period, including inflation; depends on service *Sheriff/Fire:* 4.75% initially, decreasing to 3.50% over 20 year period, including inflation; depends on service
Investment rate of return	6.75%, including inflation
Discount rate	3.69% as of 6/30/2022
Bond rate	2.45% as of 6/30/2022
Healthcare cost trend rate	4.00%-5.20%

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

The municipal bond rated used as of June 30, 2021 is 2.45%. This rate is based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index.

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.69%, the discount rate on the measurement date for FY 2022. The benefit payment stream for the Plan is discounted based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher because the projected benefit payouts are expected to be unfunded.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

H. Plan Statements for the Fiscal Year Ended June 30, 2022

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2021	$ 156,088,356	$ 14,503,066	$ 141,585,290
Changes for the Year:			
Service Cost	9,302,206	-	9,302,206
Interest	2,977,933	-	2,977,933
Experience Gains	(239,865)	-	(239,865)
Employer Trust Contributions		1,735,457	(1,735,457)
Net Investment Income		(1,353,433)	1,353,433
Changes in Assumptions	(49,430,189)	-	(49,430,189)
Total Benefit Payments	(1,735,457)	(1,735,457)	-
Net Changes	(39,125,372)	(1,353,433)	(37,771,939)
Balance as of June 30, 2022	$ 116,962,984	$ 13,149,633	$ 103,813,351

The Fiduciary Net Position is 11.24% of the total OPEB Liability.

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

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

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

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

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

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

Assumptions

The demographic assumptions used on this valuation are based on those used by VRS. The medical trend assumption was developed using the Society of Actuaries(SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA model was released in October 2010 and updated in October 2018.

Inflation	2.5%
Salary increases, including inflation	Locality General employees 3.5%-5.35%
	Locality Hazardous dutyl employees 3.5%-4.75%
Investment rate of return	3.13%, net of investment expenses, including inflation*

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount rate

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

I. Change in Net OPEB Liability of the County

The measurement date was June 30, 2022, as the actuarial valuation was performed as of January 1, 2021, and the net OPEB Liability per the valuation was $141,585,290 to be recognized at June 30, 2022. Employees receiving benefits under this plan include the County, the R-Board, and GWRC. Employees receiving benefits under this plan include the County, the R-Board and GWRC. The County has an operating agreement to manage the R-Board landfill effectively giving the R-Board employees the same benefits as the County employees. The County also has a memorandum of understanding with GWRC to provide all payroll and benefit services to its employees. Since the R-Board and the GWRC are legally responsible for their employee's contributions, they are responsible for their proportionate share of the net OPEB liability, deferred inflows of resources and deferred outflows of resources.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2019 for FY20	$ 166,324,187	$ 8,657,800	$ 157,666,387
Changes for the Year:			
Service Cost	8,855,086	-	8,855,086
Interest	4,051,975	-	4,051,975
Experience Losses	(37,580,181)	-	(37,580,181)
Employer Trust Contributions		5,785,789	(5,785,789)
Net Investment Income		2,632,228	(2,632,228)
Changes in Assumptions	17,010,040	-	17,010,040
Total Benefit Payments	(2,572,751)	(2,572,751)	0
Net Changes	(10,235,831)	5,845,266	(16,081,097)
Balance as of June 30, 2020 for FY21	$ 156,088,356	$ 14,503,066	$ 141,585,290

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

The following table presents the plan's Net OPEB Liability and the effects of using a discount rate that is 1 percentage point lower or 1 percentage point higher than the discount rate of 1.92%.

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

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

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

	1% Decrease 4.00 % decreasing to 3.00%	Medical Trend Rate 4.00%	1% Increase 4.00 % increasing to 5.00%
Net OPEB liability	$ 108,332,328	$ 141,585,290	$ 187,636,837

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

L. OPEB Expense and Deferred Inflows and Outflows of Resources

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

At June 30, 2022, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 74,589	$ 33,341,946
Changes in assumptions	40,189,832	6,954,062
Net difference between projected and actual earnings on OPEB plan investments	-	1,425,528
County's contributions made after measurement date	-	-
	$ 40,264,421	$ 41,721,536

There were no contributions for FY22 as such $0 reported as deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2022. Amounts reported as deferred inflows of resources will be recognized in OPEB expense in the future fiscal years and noted below:

Fiscal Year ended June 30th	Balance
2023	$ (773,112)
2024	(746,132)
2025	(709,970)
2026	1,388,658
2027	1,897,845
Thereafter	(2,514,404)
	$ (1,457,115)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Acitivities	$ 33,411,417	$ 34,620,531
GWRC	6,047,716	6,266,575
Business Type Acitivities	801,262	830,259
Rappahannock Regional Solid Waste Management Board	4,026	4,171
Total	$ 40,264,421	$ 41,721,536

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Virginia Retirement System Group Life Insurance OPEB

M. Plan Description

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: - City of Richmond - City of Portsmouth - City of Roanoke - City of Norfolk - Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued
Benefit Amounts The benefits payable under the GLI Program have several components. • **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit. • **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
Reduction in benefit Amounts The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $ 8,722 effective June 30, 2022.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

N. Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the County were $565,208 and $353,195 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

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

For the year ended June 30, 2022, the County, GWRC and the R-Board recognized GLI OPEB expense of $281,689. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 420,676	$ 28,104
Changes in assumptions	203,341	504,653
Net difference between projected and actual earnings on OPEB plan investments	-	880,345
Change in proportion	489,409	-
County's contributions made after measurement date	565,208	-
	$ 1,678,634	$ 1,413,102

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Acitivities	$ 1,404,476	$ 1,182,312
GWRC	18,294	15,400
Business Type Acitivities	214,927	180,929
Rappahannock Regional Solid Waste Management Board	40,937	34,461
Total	$ 1,678,634	$ 1,413,102

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

$565,208 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

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

P. Actuarial Assumptions

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

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Mortality rates – Non Largest 10 Locality Employers – General Employees

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

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

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

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

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

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Q. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

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

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

R. Long-Term Expected Rate of Return

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS	6.00%	3.29%	0.20%
PIP	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.39%

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

S. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100 % of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

T. <u>Sensitivity of the County's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate</u>

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

	1% Decrease 6.75 % decreasing to 5.75%	Discount Rate 6.75%	1% Increase 6.75 % increasing to 7.75%
Net OPEB liability	$ 5,388,903	$ 3,688,412	$ 2,315,188

GLI Program Fiduciary Net Position

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

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

V . Employees Covered by Benefit Terms

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

W. <u>Contributions</u>

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2022 was 0.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Political Subdivision Health Insurance Credit Program were $44,915 and $41,453 for the years ended June 30, 2022 and June 30, 2021, respectively.

X. <u>Net HIC OPEB liability</u>

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

Y. <u>Actuarial Assumptions</u>

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

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Mortality rates – Non-Largest 10 Locality Employers – General Employees

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

Z. <u>Long-Term Expected Rate of Return</u>

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

AA.. Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100 % of the actuarially contribution rate. From July 1, 2021 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

AB. Changes in Net HIC OPEB Liability:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2020	$ 1,038,246	$ 830,422	$ 207,824
Changes for the Year:			
Service cost	25,682	-	25,682
Interest	68,030	-	68,030
Differences between expected and actual experience	592	-	592
Contributions employer	-	41,645	(41,645)
Net Investment income	-	215,857	(215,857)
Changes in Assumptions	22,165	-	22,165
Benefit payments	(60,790)	(60,790)	-
Administrative expense	-	(2,513)	2,513
Net changes	55,679	194,199	(138,520)
Balance as of June 30, 2021	$ 1,093,925	$ 1,024,621	$ 69,304

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

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

	1% Decrease 6.75 % decreasing to 5.75%	Discount Rate 6.75%	1% Increase 6.75 % increasing to 7.75%
Net OPEB liability/(asset)	$ 191,105	$ 69,304	$ (33,697)

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

AD. HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB

For the year ended June 30, 2022, the County recognized HIC Program OPEB expense $17,100. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 16,638	$ -
Changes in assumptions	32,792	9,228
Net difference between projected and actual earnings on OPEB plan investments	-	103,635
County's contributions made after measurement date	44,915	-
	$ 94,345	$ 112,863

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities	$ 78,936	$ 94,430
GWRC	1,028	1,230
Business-type Activities	12,080	14,451
Rappahannock Regional Solid Waste Management Board	2,301	2,752
Total	$ 94,345	$ 112,863

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

$44,915 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Fiscal Year ended June 30th		Balance
2023	$	(17,530)
2024		(17,242)
2025		(13,995)
2026		(22,678)
2027		4,899
Thereafter		3,113
	$	(63,433)

AE. HIC Program Plan Data

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Reconciliation of OPEB Plans to Financial Statements

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

Net OPEB Liability

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

Deferred Outflows

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

Deferred Inflows

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

OPEB Expense

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

Note 8. PRIMARY GOVERNMENT AND COMPONENT UNIT RECEIVABLE / PAYABLE

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

Primary Government	Due to Component Unit	School Board Due from Primary Government
Governmental Activities	$ 28,496,270	
Business-Type Activities	-	
	$ 28,496,270	$ 28,496,270

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

Note 9. DEFERRED INFLOWS / UNEARNED REVENUES

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

	Unavailable Revenues	Unearned Revenues
Unexpended ARPA Funds	$ -	$ 27,112,809
General Property Taxes	7,318,068	2,297,166
Other	250,230	1,357,057
	$ 7,568,298	$ 30,767,032

Note 10. INTERGOVERNMENTAL REVENUES

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

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

Note 11. INTERFUND TRANSFERS

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

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

Transfers from Other Nonmajor Governmental Funds to the Transportation Fund were related to impact fee funds, while transfers from Other Nonmajor Governmental Funds to the General Fund were related to the 2 percent tourism occupancy tax and repayment of loans to service district projects.

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

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

Note 11. INTERFUND TRANSFERS (Continued)

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

Note 12. COMMITMENTS, CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS

At June 30, 2022, the County had contractual commitments of $37.7 million, $27.1 million for the construction of additions, enhancements, upgrades and design to the water and sewer system and the balance for general government, capital construction and CARES/ARPA projects.

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

The County is named as defendant in several cases for which the outcome of such claims is currently not predictable. It is the opinion of County management, based on the advice of the County Attorney, that any losses incurred related to claims existing at June 30, 2022 will not be material to the County's financial position.

Note 13. JOINT VENTURES

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

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

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

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

A summary of the County's position with, and transactions related to the R-Board as of June 30, 2022 is as follows:

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

State and federal laws and regulations require the R-Board to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting the waste, the R-Board reports a portion of these closure and post closure costs as an operating expense in each period based on landfill capacity used as of each financial statement date. One-hundred percent of the liability has been recorded for the cells that are currently closed. These amounts are based on the estimated cost to perform all closure and post closure care in 2022.

Note 13. JOINT VENTURES (Continued)

Actual costs may vary due to inflation, changes in technology, or changes in regulations. Both Stafford County and the City of Fredericksburg have demonstrated financial assurance for these costs. The current estimate reported by the R-Board as landfill closure and post closure liability at June 30, 2022 represents the cumulative amount reported to date based on the percentage of use method for the estimated capacity of the landfill, as follows:

Current portion of closure/postclosure liability	$	257,229
Noncurrent portion of closure/postclosure liability		7,234,133
Total closure/postclosure liability	$	7,491,362

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

B. RAPPAHANNOCK REGIONAL JAIL AUTHORITY

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

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

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

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

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

C. CENTRAL RAPPAHANNOCK REGIONAL LIBRARY

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

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

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

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

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

Note 13. JOINT VENTURES (Continued)

D. POTOMAC RAPPAHANNOCK TRANSPORTATION COMMISSION (PRTC)

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

A summary of the County's contributions to, and fund balances held by its various joint ventures for the fiscal year ended June 30, 2022 is as follows:

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

Note 14. RISK MANAGEMENT

PRIMARY GOVERNMENT

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

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

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

The County has chosen to partially retain the risk associated with the employees' health and dental insurance plan. Risk is retained up to the limits based on monthly claims paid per employee and a 115% aggregate stop loss for total claims paid during the year. The risk financing is accounted for in the General Fund. Premiums are paid for all full-time employees of the County to a claims administrator, which processes all claims. Any excess funds at the end of the year are deposited in a reserve account with the claims administrator. This reserve account is used to fund losses in future years. At June 30, 2022, the account had a balance of $2,914,106.

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

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

Note 14. RISK MANAGEMENT (Continued)

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

General Government	$ 1,040,498
Utilities	88,858
R-Board	18,316
Total	$ 1,147,672

COMPONENT UNIT – Stafford County Public Schools

Public Schools carries commercial insurance for all risks of loss, except for workers' compensation. Like the County, it participates in the VML public entity risk pool. Settled claims have not exceeded commercial insurance coverage and there have not been any significant reductions in insurance coverage over the previous year. The total estimated worker's compensation insurance claims payable as of June 30, 2022 were $1,305,953, of which, $894,951 was estimated to be current claims payable.

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

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

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

Fiscal Year Ended:	June 30, 2022	June 30, 2021
Unpaid claims, beginning of fiscal year	$ 6,334,900	$ 5,965,900
Incurred claims (including IBNR)	31,260,393	29,257,863
Claims payments	(31,916,393)	(28,888,863)
Unpaid claims, end of fiscal year	$ 5,678,900	$ 6,334,900

Note 15. LEASES

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

County as Lessee:

Governmental Activities

The County entered into a 35-month lease as Lessee for the use of 1259 Courthouse Rd - Suite 102. An initial lease liability was recorded in the amount of $58,114. As of June 30, 2022, the value of the lease liability is $38,819. The County is required to make monthly fixed payments of $1,678. The lease has an interest rate of 0.6480%. The value of the right to use asset as of June 30, 2022 of $58,114 with accumulated amortization of $19,925 is included in the table below. The County has one extension option, for 60 months.

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

Note 15. LEASES (Continued)

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

The County entered into a 60-month lease as Lessee for the use of 28 Potomac Creek Drive, Suite 109. An initial lease liability was recorded in the amount of $87,029. As of June 30, 2022, the value of the lease liability is $69,300. The County is required to make monthly fixed payments of $1,439. The lease has an interest rate of 0.6480%. The value of the right to use asset as of June 30, 2022 of $87,029 with accumulated amortization of $18,856 is included in the table found below. The County has four extension options, each for 12 months.

The County entered into a 60-month lease as Lessee for the use of 28 Potomac Creek Drive, Suite 119. An initial lease liability was recorded in the amount of $74,493. As of June 30, 2022, the value of the lease liability is $59,296. The County is required to make monthly fixed payments of $1,233. The lease has an interest rate of 0.6480%. The value of the right to use asset as of June 30, 2022 of $74,493 with accumulated amortization of $16,141 is included in the table found below. The County has four extension options, each for 12 months.

The County entered into a 53-month lease as Lessee for the use of 500 Nelms Circle. An initial lease liability was recorded in the amount of $766,687. As of June 30, 2022, the value of the lease liability is $599,472. The County is required to make monthly fixed payments of $13,900. The lease has an interest rate of 0.2370%. The value of the right to use asset as of June 30, 2022 of $766,688 with accumulated amortization of $173,589 is included in the table found below. The County has four extension options, each for 12 months.

The County entered into a 36-month lease as Lessee for the use of Christy Farms - 15 Chriswood Lane. An initial lease liability was recorded in the amount of $3,733. As of June 30, 2022, the value of the lease liability is $2,481. The County is required to make annual fixed payments of $1,252. The lease has an interest rate of 0.6480%. The value of the right to use asset as of June 30, 2022 of $3,733 with accumulated amortization of $1,244 is included in the table found below. The County has two extension options, each for 60 months.

The County entered into a 36-month lease as Lessee for the use of County Plant - Shelton's Shop Road. An initial lease liability was recorded in the amount of $5,420. As of June 30, 2022, the value of the lease liability is $3,602. The County is required to make annual fixed payments of $1,818. The lease has an interest rate of 0.6480%. The value of the right to use asset as of June 30, 2022 of $5,420 with accumulated amortization of $1,807 is included in the table found below. The County has two extension options, each for 60 months.

The County entered into a 101-month lease as Lessee for the use of Ground Space - 200 Rabbit Rd. An initial lease liability was recorded in the amount of $317,126. As of June 30, 2022, the value of the lease liability is $285,717. The County is required to make annual fixed payments of $34,218. The lease has an interest rate of 1.3720%. The value of the right to use asset as of June 30, 2022 of $317,126 with accumulated amortization of $37,505 is included in the table found below. The County has two extension options, each for 60 months.

The County entered into a 41-month lease as Lessee for the use of Ground Space - Shelter. An initial lease liability was recorded in the amount of $73,940. As of June 30, 2022, the value of the lease liability is $53,191. The County is required to make monthly fixed payments of $1,813. The lease has an interest rate of 0.6480%. The value of the right to use asset as of June 30, 2022 of $73,940 with accumulated amortization of $21,641 is included in the table found below. The County has two extension options, each for 60 months.

The County entered into a 156-month lease as Lessee for the use of Land - Parcel ID 54-45A. An initial lease liability was recorded in the amount of $547,053. As of June 30, 2022, the value of the lease liability is $507,747. The County is required to make annual fixed payments of $39,675. The lease has an interest rate of 1.7330%. The value of the right to use asset as of June 30, 2022 of $547,053 with accumulated amortization of $41,956 is included in the table found below. The County has two extension options, each for 60 months.

Note 15. LEASES (Continued)

The County entered into a 28-month lease as Lessee for the use of Tower - Wildcat. An initial lease liability was recorded in the amount of $35,685. As of June 30, 2022, the value of the lease liability is $17,963. The County is required to make annual fixed payments of $18,041. The lease has an interest rate of 0.4350%. The value of the right to use asset as of June 30, 2022 of $35,685 with accumulated amortization of $15,257 is included in the table found below. The County has one extension option, for 60 months.

Business-Type Activities:

The County entered into a 12-month lease as Lessee for the use of 2128 Jefferson Davis Highway. An initial lease liability was recorded in the amount of $163,028. As of June 30, 2022, the value of the lease liability is $0. The County is required to make monthly fixed payments of $13,607. The lease has an interest rate of 0.3080%. The value of the right to use asset as of June 30, 2022 of $163,028 with accumulated amortization of $156,925 is included in the table found below. The County has four extension options, each for 12 months.

Lease Balances - County as Lessee

	Governmental Activities	Business-Type Activities	Total Primary Government
Lease assets, net	$ 1,621,360	$ 6,103	$ 1,627,463
Lease liabilities	1,637,588	-	1,637,588
Net leases as lessee	$ (16,228)	$ 6,103	$ (10,125)
Amortization charged to functions:			
General government administration	$ 32,304	$ -	$ 32,304
Public safety	119,410	-	119,410
Health and human services	19,925	-	19,925
Parks, recreation and cultural	194,873	-	194,873
Water and sewer	-	156,926	156,926
Total	$ 366,512	$ 156,926	$ 523,438

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

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

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

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

Note 15. LEASES (Continued)

County as Lessor:

Governmental Activities:

The County entered into a 42-month lease as Lessor for the use of 638 Kings Highway. An initial lease receivable was recorded in the amount of $17,136. As of June 30, 2022, the value of the lease receivable is $13,020. The lessee is required to make annual fixed payments of $4,115. The lease has an interest rate of 0.3080%. The value of the deferred inflow of resources as of June 30, 2022 was $12,240, and the County recognized lease revenue of $4,896 during the fiscal year. The lessee has three extension options, each for 12 months.

The County entered into a 64-month lease as Lessor for the use of The Gauntlet. An initial lease receivable was recorded in the amount of $122,125. As of June 30, 2022, the value of the lease receivable is $97,597. The lessee is required to make annual fixed payments of $25,000. The lease has an interest rate of 0.9800%. The value of the deferred inflow of resources as of June 30, 2022 was $99,486, and the County recognized lease revenue of $22,639 during the fiscal year. The lessee has two extension options, each for 72 months.

The County entered into a 51-month lease as Lessor for the use of Tower Space - 29G BB. An initial lease receivable was recorded in the amount of $180,832. As of June 30, 2022, the value of the lease receivable is $141,612. The lessee is required to make monthly fixed payments of $3,471. The lease has an interest rate of 0.8140%. The value of the deferred inflow of resources as of June 30, 2022 was $138,504, and the County recognized lease revenue of $42,327 during the fiscal year. The lessee has two extension options, each for 60 months.

Business-Type Activities:

The County entered into a 53-month lease as Lessor for the use of Tower Space - 30S-2-D. An initial lease receivable was recorded in the amount of $133,023. As of June 30, 2022, the value of the lease receivable is $104,836. The lessee is required to make monthly fixed payments of $2,472. The lease has an interest rate of 0.8140%. The value of the deferred inflow of resources as of June 30, 2022 was $103,055, and the County recognized lease revenue of $29,968 during the fiscal year. The lessee has three extension options, each for 60 months.

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

The County entered into a 44-month lease as Lessor for the use of Water Tower Sites. An initial lease receivable was recorded in the amount of $108,409. As of June 30, 2022, the value of the lease receivable is $79,111. The lessee is required to make monthly fixed payments of $2,500. The lease has an interest rate of 0.8140%. The value of the deferred inflow of resources as of June 30, 2022 was $78,866, and the County recognized lease revenue of $29,544 during the fiscal year. The lessee has two extension options, each for 60 months.

Lease Balances - County as Lessor

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

Note 16. PENDING GASB STATEMENTS

In March 2020, GASB issued Statement No. 94, *Public-private and Public-public Partnership Payment Availability Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The County will implement Statement No. 94 in FY2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The standard defines a SBITA and provides guidance on how to record and disclose accounting transactions when a subscription meets that definition. Statement No. 96 will be effective for fiscal years beginning after June 15, 2022. The County will implement Statement No. 96 in FY2023.

In October 2021, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements, and accounting and financial reporting for financial guarantees. Certain provisions of this standard were implemented in tandem with related standards described in Note 1; others will be implemented as required in FY2023 or FY2024.

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

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

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

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

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit 13**

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of Supervisors annually adopts budgets for the General Fund, and Special Revenue Funds of the Primary Government. All appropriations are legally controlled at the department level for the General Fund and Special Revenue Funds. On April 20, 2021, the Board of Supervisors approved the original budget reflected in the financial statements.

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

Note 2. MATERIAL VIOLATIONS

There were no material violations of the annual appropriated budget for the General Fund or Transportation Fund for the fiscal year ended June 30, 2022.

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

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

Notes to Schedule:

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

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

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

Non-Hazardous Duty:

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

Hazardous Duty:

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

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

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

Detailed information about Schools' VRS Pension program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2021 VRS ACFR may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500. Additional information about the Schools' Pension program may be obtained from their separately issued financial report, available for download from the Stafford County Public Schools website at https://www.staffordschools.net/Page/19285, or by writing to the Schools' Chief Financial Officer at 31 Stafford Avenue, Stafford, VA 22554.

SCHEDULE OF CONTRIBUTIONS - COUNTY'S VIRGINIA RETIREMENT SYSTEM

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

Detailed information about Schools' VRS Pension program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2021 VRS ACFR may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500. Additional information about the Schools' Pension program may be obtained from their separately issued financial report, available for download from the Stafford County Public Schools website at https://www.staffordschools.net/Page/19285, or by writing to the Schools' Chief Financial Officer at 31 Stafford Avenue, Stafford, VA 22554.

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

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

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

Notes to Schedule:

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

(2) **Actuarial Assumptions:** The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of January 1, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified**.**

Inflation	2.50%
Salary Increases	*General employees:* 5.35% initially, decreasing to 3.50% over 20 year period, including inflation; depends on service
	Sheriff/Fire: 4.75% initially, decreasing to 3.50% over 20 year period, including inflation; depends on service
Investment rate of return	6.75%, including inflation
Discount rate	3.69%
Bond rate	2.45%

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

Mortality	Description
Healthy	*General active employees and all inactives:* Pub-2010 Healthy Mortality, Headcount weighted, General Employees Sex Distinct, Fully Generational
	Sheriff/Fire active employees: Healthy Mortality, Headcount weighted. Public Safety Employees Sex Distinct, Fully Generational projected from 2010 using scale MP-2018. Table with Blue Collar adjustment, sex distinct, generational with Scale
Disabled	Pub-2010 Disabled Mortality. Headcount weighted, General Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018.

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

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

Detailed information about Schools' **VRS GLI** program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2021 VRS ACFR may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500. Additional information about the Schools' VRS GLI program may be obtained from their separately issued financial report, available for download from the Stafford County Public Schools website at https://www.staffordschools.net/Page/19285, or by writing to the Schools' Chief Financial Officer at 31 Stafford Avenue, Stafford, VA 22554.

SCHEDULE OF CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM GROUP LIFE INSURANCE

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

Notes to Schedule:

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

Detailed information about Schools' **VRS GLI** program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2021 VRS ACFR may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500. Additional information about the Schools' VRS GLI program may be obtained from their separately issued financial report, available for download from the Stafford County Public Schools website at https://www.staffordschools.net/Page/19285, or by writing to the Schools' Chief Financial Officer at 31 Stafford Avenue, Stafford, VA 22554.

Notes to Required Supplementary Information - GLI
For the Year Ended June 30, 2022

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

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

Teachers

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

General Employees

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

Hazardous Duty Employees

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

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

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

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

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

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

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

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

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

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

Detailed information about Schools' **VRS HIC** program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2021 VRS ACFR may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500. Additional information about the Schools' VRS HIC program may be obtained from their separately issued financial report, available for download from the Stafford County Public Schools website at https://www.staffordschools.net/Page/19285, or by writing to the Schools' Chief Financial Officer at 31 Stafford Avenue, Stafford, VA 22554.

SCHEDULE OF CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM HEALTH INSURANCE CREDIT PROGRAM

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

Notes to Schedule:

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

Detailed information about Schools' **VRS HIC** program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2021 VRS ACFR may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500. Additional information about the Schools' VRS HIC program may be obtained from their separately issued financial report, available for download from the Stafford County Public Schools website at https://www.staffordschools.net/Page/19285, or by writing to the Schools' Chief Financial Officer at 31 Stafford Avenue, Stafford, VA 22554.

Notes to Required Supplementary Information - HIC
For the Year Ended June 30, 2022

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

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

Teachers

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

General Employees

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

Hazardous Duty Employees

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

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APPENDIX C

CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement"), dated as of March 14, 2023, is executed and delivered by Stafford County, Virginia (the "County") in connection with the issuance by the Virginia Public School Authority (the "Authority"), of $89,935,000 principal amount of the Authority's Special Obligation School Financing Bonds, Stafford County Series 2023 (the "VPSA Bonds"), dated March 14, 2023, and pursuant to a resolution adopted by the Board of Supervisors of the County on November 15, 2022 (the "Resolution"). The proceeds of the VPSA Bonds are being used by the Authority to purchase the General Obligation School Bond of the County pursuant to a bond sale agreement between the Authority and the County (the "Bond Sale Agreement"). Capitalized terms used in this Agreement shall have the respective meanings specified above or in Article I hereof. Pursuant to the Bond Sale Agreement and the Resolution, the County hereby agrees as follows:

ARTICLE I
DEFINITIONS

1.1 **Definitions**. The following terms used in this Agreement shall have the following respective meanings:

"**Annual Financial Information**" means, collectively, (1) the financial information and operating data with respect to the County for each fiscal year of the type described in Appendix A to the Official Statement relating to the VPSA Bonds, dated February 28, 2023 in the subsections captioned "Principal Tax Revenues by Source," "Five-Year Governmental Funds Summary," "Property Tax Levies and Collections," "Historical Assessed Valuation and Property Tax Rates" and "Long-Term Debt", and (2) information regarding any amendments to this Agreement required pursuant to Sections 4.2(c) and (d) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in clause (1) above of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. Where such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information.

"Audited Financial Statements" means the annual financial statements, if any, of the County, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP for governmental units as prescribed by GASB; provided, however, that the County may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to EMMA, and shall include a reference to the specific federal or State law or regulation describing such accounting basis.

"Counsel" means a nationally recognized bond counsel or counsel expert in federal securities laws, acceptable to the County.

"EMMA" means the MSRB's Electronic Municipal Market Access system, the current Internet address of which is http://emma.msrb.org, and any successor thereto.

"Event Notice" means a notice of a Notice Event.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

"GAAP" means generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB").

"Notice Event" means any of the following events with respect to the VPSA Bonds, whether relating to the County or otherwise:

(a) principal and interest payment delinquencies;
(b) non-payment related defaults, if material;
(c) unscheduled draws on debt service reserves reflecting financial difficulties;
(d) unscheduled draws on credit enhancements reflecting financial difficulties;
(e) substitution of credit or liquidity providers, or their failure to perform;
(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to or events affecting the tax-exempt status of the security;
(g) modifications to rights of security holders, if material;
(h) bond calls, if material, and tender offers;
(i) defeasances;
(j) release, substitution, or sale of property securing repayment of the securities, if material;
(k) rating changes;
(l) bankruptcy, insolvency, receivership or similar event of the County; which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;
(m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating any such actions, other than pursuant to its terms, if material;
(n) appointment of a successor or additional paying agent or the change of name of a paying agent, if material;
(o) incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders, if material; and
(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"Official Statement" means the "final official statement" with respect to the VPSA Bonds as defined in paragraph (f)(3) of the Rule.

"Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

"SEC" means the United States Securities and Exchange Commission.

"State" means the Commonwealth of Virginia.

"Unaudited Financial Statements" has the same meaning as Audited Financial Statements, except the same shall not have been audited.

"Underwriters" means any of the original underwriters of the VPSA Bonds required to comply with the Rule in connection with the offering of such VPSA Bonds.

ARTICLE II
THE UNDERTAKING

2.1 **Purpose**. This Agreement shall constitute a written undertaking for the benefit of the holders of the VPSA Bonds, and is being executed and delivered solely to assist the Underwriters in complying with paragraph (b)(5) of the Rule.

2.2 **Annual Financial Information**.

(a) The County shall provide Annual Financial Information for the County with respect to each fiscal year of the County, on or before the March 31 after the end of such fiscal year (commencing with its fiscal year ended June 30, 2022) to the MSRB.

(b) The County shall provide, in a timely manner, notice of any failure of the County to provide the Annual Financial Information by the date specified in subsection (a) above to EMMA.

2.3 **Audited Financial Statements**. If not provided in conjunction with the Annual Financial Information by the dates required by Section 2.2(a) hereof, the County shall provide Audited Financial Statements, when and if available, to the MSRB.

2.4 **Notices of Notice Events**.

(a) If a Notice Event occurs, the County shall provide, within 10 business days of the occurrence of the Notice Event, an Event Notice to the MSRB.

(b) Upon any legal defeasance of the VPSA Bonds, the County shall cause to be provided notice of such defeasance to the MSRB, which notice shall state whether the VPSA Bonds to be defeased have been defeased to maturity or to a date fixed for redemption and the timing of such maturity or redemption.

2.5 **Additional Disclosure Obligations**. The County acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and SEC Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the County, and that under some circumstance compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the County under such laws.

2.6 **Additional Information**. Nothing in this Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or Event Notice, in addition to that which is required by this Agreement. If the County chooses to include any information in any Annual Financial Information or Event Notice, in addition to that which is specifically required by this Agreement, the County shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or Event Notice.

2.7 **No Previous Non-Compliance**. The County represents that, except as set forth in the Official Statement dated February 28, 2023, relating to the VPSA Bonds, it has not failed, in the five years preceding the date hereof, to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE III
OPERATING RULES

3.1 **Reference to Other Documents**. It shall be sufficient for purposes of Section 2.2 hereof if the County provides Annual Financial Information by specific reference to documents (i) either (1) provided to EMMA, or (2) filed with the SEC, or (ii) if such a document is an Official Statement, available from EMMA.

3.2 **Submission of Information**. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time. The County shall provide such information (or cause such information to be provided) to the MSRB in an electronic format as prescribed by the MSRB and with the identifying information as prescribed by the MSRB.

3.3 **Event Notices**. Each Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the VPSA Bonds.

3.4 **Transmission of Information and Notices**. Unless otherwise required by law and, in the County's sole determination, subject to technical and economic feasibility, the County shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the County's information and notices.

ARTICLE IV
TERMINATION, AMENDMENT AND ENFORCEMENT

4.1 **Termination**.

(a) The County's obligations under this Agreement shall terminate upon legal defeasance, prior redemption or payment in full of all of the VPSA Bonds.

(b) This Agreement or any provision hereof shall be null and void in the event that the County (1) receives an opinion of Counsel, addressed to the County, to the effect that those portions of the Rule which require the provisions of this Agreement or any of such provisions do not or no longer apply to the VPSA Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to EMMA.

4.2 **Amendment**.

(a) This Agreement may be amended, by written agreement of the County Administrator of the County, without the consent of the holders of the VPSA Bonds, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the County or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the County shall have received an opinion of Counsel addressed to the County, to the same effect as set forth in clause (2) above and further to the effect that the amendment does not materially impair the interests of the holders of the VPSA Bonds, and (4) the County delivers copies of such opinion and amendment to EMMA.

(b) In addition to subsection (a) above, this Agreement may be amended and any provision of this Agreement may be waived, without the consent of the holders of the VPSA Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Agreement, (2) the County shall have received an opinion of Counsel to the effect that performance by the County under this Agreement as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule, and (3) the County shall have delivered copies of such opinion and amendment to EMMA.

(c) To the extent any amendment to this Agreement results in a change in the types of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made shall present, to the extent practicable, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. Notice of any such amendment shall be provided by the County to EMMA.

4.3 Benefit; Third-Party Beneficiaries; Enforcement.

(a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the VPSA Bonds. Beneficial owners of the VPSA Bonds shall be third-party beneficiaries of this Agreement.

(b) Except as provided in this subparagraph (b), the provisions of this Agreement shall create no rights in any person or entity. The obligations of the County to comply with the provisions of this Agreement shall be enforceable by the holders of the VPSA Bonds, including beneficial owners thereof. The rights of the holders of VPSA Bonds to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the County's obligations under this Agreement and the Resolution. In consideration of the third-party beneficiary status of beneficial owners of VPSA Bonds pursuant to subsection (a) of this Section 4.3, beneficial owners shall be deemed to be holders of VPSA Bonds for purposes of this subsection (b).

(c) Any failure by the County to perform in accordance with this Agreement shall not constitute a default under the Resolution and any rights and remedies provided by the Resolution upon the occurrence of a default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

STAFFORD COUNTY, VIRGINIA

By: ________________________________
Title: County Administrator

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

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Set forth below is the proposed form of the opinion of McGuireWoods LLP, Bond Counsel, regarding the Series 2023 Bonds. It is preliminary and subject to change prior to the delivery of the Series 2023 Bonds.

[Letterhead of McGuireWoods LLP]

March 14, 2023

Virginia Public School Authority
Richmond, Virginia

VIRGINIA PUBLIC SCHOOL AUTHORITY

$89,935,000
Special Obligation School Financing Bonds,
Stafford County Series 2023

Ladies and Gentlemen:

We have served as bond counsel to the Virginia Public School Authority ("VPSA") in connection with the issuance of VPSA's $89,935,000 Special Obligation School Financing Bonds, Stafford County Series 2023 (the "Series 2023 Bonds") dated the date of their delivery. The Series 2023 Bonds have been issued under (i) Chapter 11, Title 22.1, Code of Virginia, 1950, as amended (the "VPSA Act"), and (ii) a bond resolution adopted by VPSA's Board of Commissioners on December 5, 2022 (the "Resolution"). We refer you to the Series 2023 Bonds and the Resolution for a description of the purposes for which the Series 2023 Bonds are issued, the terms of the Series 2023 Bonds and the security for the Series 2023 Bonds. Unless otherwise defined, each capitalized term used in this opinion letter has the meaning given it in the Resolution.

In connection with this opinion letter, we have examined the Constitution of Virginia and the applicable laws of both the United States and the Commonwealth of Virginia (the "Commonwealth"), including without limitation the Internal Revenue Code of 1986, as amended (the "Code") and the VPSA Act, and such certified proceedings and other documents of VPSA as we deem necessary to render the opinions contained herein.

As to questions of fact material to this opinion letter, we have relied upon and are assuming the accuracy of (i) certifications and representations of VPSA, VPSA officers and other public officials and certain other third parties contained in certificates and other documents delivered at closing, including without limitation, certifications as to the use of proceeds of the Series 2023 Bonds, without undertaking to verify any of them by independent investigation, and (ii) other certifications of public officials furnished to us, including certifications made on behalf of Stafford County, Virginia (the "County") and the Stafford County School Board (the "School Board").

We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic, and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this transaction have been duly authorized, executed, and delivered by all parties to them other than VPSA, and we have further assumed the due organization, existence, and powers of all parties other than VPSA.

Based on the foregoing, we are of the opinion that, under current law:

(1) VPSA is a public body corporate and an agency and instrumentality of the Commonwealth duly created by and existing pursuant to the VPSA Act.

(2) The Resolution has been duly adopted by VPSA.

(3) VPSA has the requisite authority and power under the VPSA Act to adopt the Resolution, to issue and sell the Series 2023 Bonds and to apply the proceeds from the issuance and sale of the Series 2023 Bonds as set forth in the Resolution. All conditions precedent to the issuance of the Series 2023 Bonds as set forth in the VPSA Act and the Resolution have been fulfilled.

(4) The Series 2023 Bonds have been duly authorized, executed, and delivered in accordance with the VPSA Act and the Resolution and constitute valid and binding limited obligations of VPSA.

(5) The Series 2023 Bonds issued under the Resolution for the purpose of providing funds for the purchase of a general obligation school bond of the County (the "Local School Bond"), are payable from certain funds of VPSA pledged to their payment, including (i) payments derived from Local School Bond principal, interest and redemption premium, if any, components credited to the Virginia Public School Authority Stafford County – Purchase Fund (the "Purchase Fund"), (ii) the proceeds of the sale of the Local School Bond and (iii) payments of monies derived from operation of the "State Aid Intercept Provision" contained in Section 15.2-2659, Code of Virginia of 1950, as amended, in the event of default in payment of debt service on the Local School Bond. The Series 2023 Bonds do not constitute a debt of the Commonwealth or a pledge of the faith and credit of the Commonwealth, and neither the faith and credit nor the taxing power of the Commonwealth or of any political subdivision thereof is or shall be pledged to the payment of the principal of, premium, if any, or interest on the Series 2023 Bonds.

(6) Interest on the Series 2023 Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Series 2023 Bonds.

In rendering this opinion letter, we are assuming continuing compliance with the Covenants (as defined below) by VPSA, the County and the School Board, so that interest on the Series 2023 Bonds will remain excludable from gross income for federal income tax purposes under Section 103 of the Code. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Series 2023 Bonds in order for interest on the Series 2023 Bonds to be and remain excludable from gross income for purposes of federal income taxation under Section 103 of the Code. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Series 2023 Bonds and the use of the property financed or refinanced by the Series 2023 Bonds, limitations on the source of the payment of and the security for the Series 2023 Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Series 2023 Bonds to the United States Department of the Treasury. The tax certificates and related documents for the Series 2023 Bonds (collectively, the "Tax Certificates") delivered at closing by the VPSA, the County and the School Board contain covenants (the "Covenants") with which each has agreed to comply. Any failure to comply with the Covenants could cause interest on the Series 2023 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2023 Bonds from becoming includable in gross income for federal income tax purposes.

We have no responsibility to monitor compliance with the Covenants after the date of issue of the Series 2023 Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Tax Certificates, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion concerning any effect on the excludability of interest on the Series 2023 Bonds from gross income for federal income tax purposes under Section 103 of the Code of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than this firm.

(7) In accordance with Section 22.1-172 of the VPSA Act, the Series 2023 Bonds, their transfer and the income from them, including any profit made on their sale, are exempt from taxation by the Commonwealth and any municipality, county or other political subdivision thereof. We express no opinion regarding (i) other tax consequences arising with respect to the Series 2023 Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the Series 2023 Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth and its political subdivisions.

The rights of the owners of the Series 2023 Bonds and the enforceability of VPSA's obligations under the Series 2023 Bonds and the Resolution may be limited or otherwise affected by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or equity. Additional bonds may be issued under the Resolution on parity with the Series 2023 Bonds upon the terms and conditions set forth in the Resolution.

Our services as bond counsel to VPSA have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to opine on the validity of the Series 2023 Bonds, the enforceability of the Resolution and the tax status of the interest on the Series 2023 Bonds. None of the foregoing opinions is in any respect an opinion as to VPSA's business or financial resources or its ability to provide for the payment of the Series 2023 Bonds or the accuracy or completeness of any information, including VPSA's Preliminary Official Statement dated February 22, 2023, and Official Statement dated February 28, 2023, that anyone may have relied upon in making the decision to purchase the Series 2023 Bonds.

This opinion letter is given as of the date hereof, and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

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BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC") will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2023 Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of United States ("U.S.") and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2023 Bond (the "Beneficial Owner") is in turn to be recorded on the records of Direct Participants and Indirect Participants. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from Direct Participants or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy (an "Omnibus Proxy") to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2023 Bonds are required to be printed and delivered to DTC.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2023 Bonds will be printed and delivered.

Neither the Authority, the County, nor the underwriters will have any responsibility or obligation to Direct Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Direct Participant, or any Indirect Participant, (ii) the payment by DTC or any Direct Participant or Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the Series 2023 Bonds, (iii) any notice which is permitted or required to be given to bondholders, (iv) any consent given by DTC or other action taken by DTC as bondholder, or (v) the selection by DTC or any Direct Participant or Indirect Participant of any Beneficial Owners to receive payment in the event of a partial redemption of the Series 2023 Bonds.

So long as Cede & Co. is the registered owner of the Series 2023 Bonds, as nominee of DTC, references in this Official Statement to the Owner or Owners of the Series 2023 Bonds or Owners shall mean Cede & Co. and shall not mean the Beneficial Owners.

The Authority may enter into amendments to its agreement with DTC or any successor depository without the consent of the Beneficial Owners.