



JAMES CITY COUNTY

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

James City County, Virginia • jamescitycountyva.gov
Prepared by the Department of Financial & Management Services

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County of James City, Virginia
Comprehensive Annual Financial Report
(With Independent Auditor's Report Thereon)

For the Fiscal Year Ended
June 30, 2019

Prepared by:
Department of Financial and Management Services
James City County, Virginia

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Introductory Section

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County of James City, Virginia

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County of James City, Virginia

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County of James City, Virginia
County Officials
Year ended June 30, 2019

Board of Supervisors

Jim Icenhour, Jamestown District, Chairman
Michael J. Hipple, Sr., Powhatan District, Vice Chairman
Ruth Larson, Berkeley District
John J. McGlennon, Roberts District
Sue Sadler, Stonehouse District
Scott Stevens, Clerk

Officials

Michael E. McGinty, Judge of the Circuit Court
B. Elliott Bondurant, Judge of the Circuit Court
Mona Foley, Clerk of the Circuit Court
Nathan R. Green, Commonwealth's Attorney
Richard W. Bradshaw, Commissioner of the Revenue
Jennifer D. Tomes, Treasurer
Colleen K. Killilea, Judge of the General District Court
George C. Fairbanks, IV, Judge of the Juvenile and Domestic Relations Court
Robert J. Deeds, Sheriff
Bradley J. Rinehimer, Chief of Police
Dr. Olwen E. Herron, Superintendent of Schools
Scott Stevens, County Administrator
Adam R. Kinsman, County Attorney

Board of Directors, James City Service Authority

Sue Sadler, Chairman
Ruth Larson, Vice Chairman
Michael J. Hipple, Sr.
Jim Icenhour
John J. McGlennon
M. Douglas Powell, General Manager
Stephanie A. Luton, Assistant Manager/Treasurer

School Board, Williamsburg-James City County Public Schools

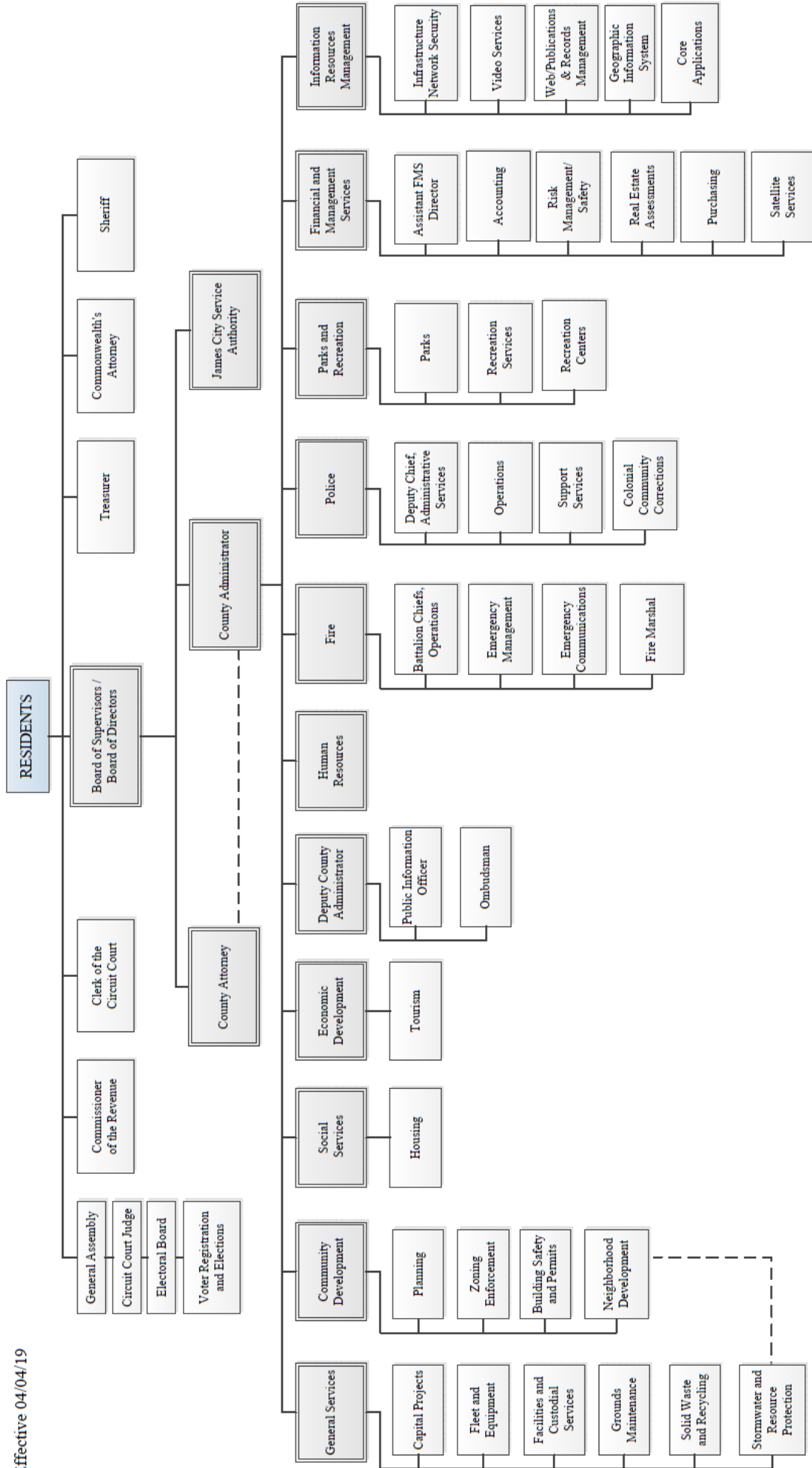
Lisa L. Ownby, Chairman
Julie Y. Hummel, Vice Chairman
Jim Kelly
James W. Beers
Kyra Cook
Holly A. Taylor
Sandra S. Young

Board Members, Economic Development Authority

Robin Bledsoe, Chairman
Thomas G. Tingle, Vice Chairman
Vince Campana III
Jeff Scott
Carlton Stockton
William Turner

James City County Organization Chart

Effective 04/04/19





November 27, 2019

The Members of the Board of Supervisors and the Citizens of James City County:

We are pleased to submit to you the Comprehensive Annual Financial Report of James City County, Virginia (the County), for the fiscal year ended June 30, 2019, as required by the Code of Virginia. The Department of Financial and Management Services has prepared this report in accordance with accounting principles generally accepted in the United States of America (GAAP), the standards of financial reporting prescribed by the Governmental Accounting Standards Board (GASB), and specifications of the Auditor of Public Accounts of the Commonwealth of Virginia. Section 15.1-67 of the Code of Virginia (1950, as amended) requires the County to have an annual audit of the books of account, financial records, and the transactions of the County. Brown, Edwards & Company L.L.P. was selected to perform the required audit. The unmodified report of Brown, Edwards & Company L.L.P., the highest possible result of the audit process, accompanies the financial statements in this report.

Responsibility for both the accuracy of the presented data and the fairness of the presentation, including all disclosures, rests with the County. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the various funds of the County; and that all disclosures necessary to enable the reader to gain maximum understanding of the County's financial activity have been included.

The County government is required to undergo an annual single audit as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the schedule of expenditures of federal awards, the schedule of findings and questioned costs, and the auditors' reports on internal control and compliance with applicable laws and regulations, are included in the compliance section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors on pages 4-9 of this report.

Profile of the Government

The County is located in southeastern Virginia and partially surrounds the City of Williamsburg. Although much of the County's 144 square miles consists of developed suburban areas, it has retained a considerable amount of undeveloped agricultural and forest land. There are no incorporated towns within the County. The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

The County is organized under the County Administrator form of government (as defined under Virginia Law). Under this form of government, the Board of Supervisors appoints a County Administrator to serve as the Chief Executive Officer of the County. The Administrator serves at the pleasure of the Board of Supervisors, implements its policies, appoints division directors, and directs business and administrative procedures.

The Board of Supervisors is a five-member body; one member from each of the five districts, elected for a four-year staggered term by the voters of the district in which the member resides. The Chairman of the Board is elected annually by its members. This body enacts ordinances, appropriates funds, sets tax rates, and establishes policies for the administration of the County's public services.

The County provides a full range of services, including law enforcement, fire protection, and recreational activities. Water and sewer services are provided through the legally separate James City Service Authority (JCSA). The Board of Supervisors of James City County serves as the Board of Directors of the JCSA. The financial activity of the JCSA is included as an integral part of the County's financial statements. The County is also financially accountable for the legally separate Williamsburg-James City County (WJCC) School Board and the legally separate James City County Economic Development Authority, both of which are reported separately as discretely presented component units within the County's financial statements. Additional information on each of these legally separate entities can be found in Note 1 to the basic financial statements.

The annual budget serves as the foundation for the County's financial planning and control. In the spring of each year, departments and agencies of the County are required to submit requests for appropriation to the County Administrator. The County Administrator then submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget and capital budget include proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments.

Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund and function level. The appropriation for each fund and function can be revised only by the Board of Supervisors; however, the County Administrator may amend the budget within functions. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 82-85 as part of the required supplementary information other than management's discussion and analysis. For governmental funds, other than the general fund, with appropriated budgets, these comparisons are presented in the other supplementary information subsection of this report which starts on page 100.

Economic Condition and Outlook

James City County has seen a gradual increase in economic activity during the current fiscal year. Overall, general fund revenues increased 0.82% from last year. The majority of the increase was due to an increase in local sales and use tax as well as real estate growth. Revenues are expected to increase 2.9% during fiscal year 2020. The increase is primarily due to anticipated growth in the County as well as an increase in delinquent collections as a result of collection efforts implemented by the Treasurer's Office.

In November 2018, Standard & Poor's and Moody's Investors Service reaffirmed the County's AAA bond rating, which is the highest possible rating. This bond rating is based on analysts' recommendations after a review of economic and fiscal performance, strong liquidity, fiscal policies and practices, evidence of financial planning to meet future capital needs. This rating is excellent for a community the size of James City County and gives the County additional leverage in the bond market for potential bond buyers and investors.

Major Initiatives

For its fiscal year 2019 budget, the County was awarded the Government Finance Officers' Association of the United States and Canada's Distinguished Budget Presentation for the second consecutive year. Also during fiscal year 2019, the County began the implementation of the results of a compensation study performed in fiscal year 2018. These results will be phased in over a two year period, fiscal years 2019 and 2020.

In addition, the County will transition to a fee for service based curbside recycling program in fiscal year 2020 as a result of changes in the international trade market on recyclables which increased contractors' net costs to provide pick up services.

Economic Development

In fiscal year 2019, James City County business continued to grow. High Threat Concealment opened in James City County bringing 15 new jobs to an existing 9,500 square foot space. A new agritourism venue, Sweethaven Lavender Farm, opened with an inaugural lavender festival. The farm preserves more than 100 acres of rural lands for agricultural use with value-add products being distributed. Publix opened a 69,000 square foot grocery store in the Monticello Marketplace shopping center. This is the first Publix in Hampton Roads. In August 2018, Presidents Pavilion at Patriots Colony opened. This addition brings the total independent living residences to 260 apartments and homes serving 400 residents. The investment in this phase of expansion of Patriots Colony totals \$34.5 million dollars. Two County businesses graduated from the Virginia Leaders in Export Trade program: High Threat Concealment and Tek Fusion Global, Inc.

Additionally, Busch Gardens Williamsburg constructed a new ride, Finnegan's Flyer, in the Ireland section of the park. They were also named the World's Most Beautiful Theme Park for the 29th consecutive year. Kingsmill Resort announced the Ladies' Professional Golf Association would host the Pure Silk Championship with events at the resort through 2021. This golf tournament has more than 60,000 spectators annually. The Williamsburg Winery opened a new outdoor wine pavilion for its patrons and canned its wine for the first time.

Launchpad, the Greater Williamsburg Business Incubator and the Greater Williamsburg Partnership continue to support regional economic development. Entrepreneurship remains a regional focus as well with unique events geared towards startup businesses and home-based businesses.

Capital Improvement Program

Capital outlay expenditures (including County and school projects) totaled \$26,793,328 in fiscal year 2019. The largest capital expenditures were related to capital maintenance projects whose purpose is to improve and extend the useful life of County or School buildings and to replace major pieces of equipment. In fiscal year 2019, major projects included a land purchase, the replacement of fire apparatus, and stormwater projects. Significant school expenditures included the costs of a middle school, a roof replacement at Lafayette High School, and HVAC replacements at Jamestown High School and Laurel Lane Elementary School.

James City County will continue to face challenges over the next several years. A steady growth in population has produced demands for public services and facilities. The five-year Capital Improvement Program totals \$140,987,100 and focuses on a wide variety of needs. In fiscal year 2020, funding is included for the following major projects: stormwater projects, design for a new solid waste convenience center located in Grove, financial software replacement, building maintenance, design for a new fire station, fire apparatus replacements, improvements to Jamestown Marina and the Amblers House, design for expansion of Warhill high school, and other school projects. Future planning includes a new elementary school, construction of the new fire station, drainage projects, software replacements, fire equipment and vehicle replacements, and other building maintenance projects.

An indication of anticipated impacts are included in the adopted budget and capital improvements program for the fiscal year beginning July 1, 2019.

James City Service Authority

The financial statements of the JCSA are included in this report in accordance with GAAP. The JCSA, for legal and management purposes, issues its own audited comprehensive annual financial report and is available from the Department of Financial and Management Services.

The Board of Supervisors has authorized water and sewer operations for the JCSA within the Primary Service Area (PSA) in the County. With the approval of the County, the JCSA has extended services beyond the PSA to several public sites in the County, including three public schools, Freedom Park and two major communities, Greensprings West and Governor's Land. The JCSA also provides water and/or sewer service to limited sections of York County and the City of Williamsburg with the concurrence of the appropriate governing bodies.

In 2007, the Board of Directors authorized the JCSA to enter into a Consent Agreement with the Virginia Department of Environmental Quality to address sanitary sewer overflows. Thirteen other Hampton Roads localities entered into similar agreements during the same timeframe. In February 2014, Hampton Roads Sanitation District (HRSD) and fourteen Hampton Roads localities, including the JCSA, entered into a Regional Hybrid Consolidation Plan for meeting Consent Agreement requirements.

This regional approach to capital construction is estimated to save approximately \$1 billion regionally compared to the cost of each locality individually fulfilling its Consent Agreement responsibilities. HRSD will fund the work through a regional HRSD rate. In addition, HRSD will also assume liability for wet weather sewer overflows due to inadequate capacity. JCSA keeps ownership and control of its local sewer infrastructure and is still responsible for monitoring and maintaining the local sewer system to Consent Agreement standards and fixing significant defects.

In addition, JCSA currently has a groundwater permit for its central water system through 2027 to withdraw up to 8.4 million gallons per day (mgd) to support its residential and commercial customers. The permit is based on a tiered system with varying tiers starting at 6 mgd and increasing to 8.4 mgd based on residential and commercial growth. Facilities currently provide ample resources and treatment capacity through at least 2027. The Virginia Department of Environmental Quality has expressed an interest in reducing the withdrawal of groundwater within the Eastern Virginia Groundwater Management Area, of which JCSA is a part. JCSA is currently evaluating options for alternative sources of water should the groundwater withdrawal permit be reduced after the current permit expires in 2027.

Awards of Achievement

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to James City County, Virginia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the 34th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

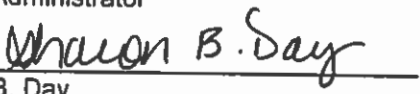
The County has established and continues to maintain a strong and stable financial position through progressive management of financial operations and through sound accounting and financial reporting practices. Appreciation is expressed to the Members of the James City County Board of Supervisors and all of the Constitutional Officers for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

The preparation of this report could not have been accomplished without the extensive effort and efficient services of the staff of Financial and Management Services. We would like to express our appreciation to each employee of the department who assisted with the annual audit and preparation of the financial statements.

Respectfully submitted,



Scott A. Stevens
County Administrator



Sharon B. Day
Director of Financial and Management Services



Government Finance Officers Association

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

Presented to

**James City County
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of James City, Virginia
Williamsburg, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of James City, Virginia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of James City, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of James City, Virginia, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of James City, Virginia's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019, on our consideration of the County of James City, Virginia'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of James City, Virginia's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
November 27, 2019

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2019

As management of James City County (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information in our letter of transmittal at the front of this report and the County's financial statements, which follow this analysis.

Financial Highlights

- The County's total net position increased by approximately \$29.9 million over the course of this year's operations, which represents a 6.6% increase from fiscal year 2018.
- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources as of June 30, 2019 by approximately \$483.0 million. Of this amount, approximately \$344.7 million, or 71.4% is the net investment in capital assets.
- General Fund revenues were \$1.7 million or 0.82% higher than the final budget. The bulk of the increase was driven by real estate and personal property taxes. These collections were the result of new development, higher vehicle values and a moderate uptick in economic growth.

Overview of the Financial Statements

The Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and compliance. The financial section consists of three primary components - government-wide financial statements, fund financial statements, and notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report the County's net position and how it has changed. Net position - the difference between the County's (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources, is one way to measure the County's financial health, or position.

Over time, increases or decreases in the County's net position is an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the County, you need to consider additional nonfinancial factors, such as changes in the County's property tax base.

The government-wide financial statements of the County are divided into three categories:

- *Governmental activities:* Most of the County's basic services are included here, such as the police, fire, parks and recreation, and general administration. Property taxes and state and federal funding finance most of these activities.
- *Business-type activities:* Activities that are intended to recover all or a significant portion of their costs through user fee charges to external parties for goods or services are included here.
- *Component units:* The County includes two other entities in its report, the Public Schools and the Economic Development Authority. Although legally separate, these "component units" are important because of the County's financial accountability for them.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and by bond covenants.

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2019

Other funds are established to control and manage money for particular purposes or to show that the County is properly using certain taxes and grants.

The County has three kinds of funds:

- **Governmental funds:** Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement or on the subsequent page that explains the relationship (or differences) between them.
- **Proprietary funds:** Services that are intended to recover all or a significant portion of their costs through user fees are generally reported in the proprietary fund. Proprietary funds, like the government-wide statements, provide both long and short-term financing information. The County's enterprise fund (one type of proprietary fund) is the same as its business-type activity, but provides more detail and additional information, such as cash flows.
- **Fiduciary funds:** The County is responsible for assets of various agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the County's government-wide financial statements because the County cannot use their assets to finance its operations.

Notes to the Basic Financial Statements

The notes to the basic financial statements 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 General Fund budget and the County's obligation to provide pension and other post-employment benefits to its employees. The combining statements for nonmajor governmental funds are presented immediately following the required supplementary information.

Financial Analysis

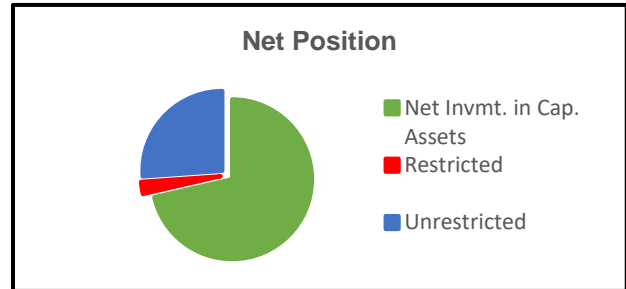
Condensed Statement of Net Position

	Governmental activities		Business-type activities		Total	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Current and other assets	\$ 118,493,520	\$ 114,003,941	\$ 54,010,401	\$ 50,414,851	\$ 172,503,921	\$ 164,418,792
Capital assets, as restated	359,401,209	349,026,496	154,679,418	152,112,763	514,080,627	501,139,259
Total assets	477,894,729	463,030,437	208,689,819	202,527,614	686,584,548	665,558,051
Deferred outflows of resources	4,506,177	4,287,374	1,987,923	2,074,076	6,494,100	6,361,450
Total assets and deferred outflows	\$ 482,400,906	\$ 467,317,811	\$ 210,677,742	\$ 204,601,690	\$ 693,078,648	\$ 671,919,501
Long-term liabilities	\$ 173,138,580	\$ 176,438,881	\$ 23,673,397	\$ 24,417,995	\$ 196,811,977	\$ 200,856,876
Other liabilities, as restated	6,160,142	10,001,603	2,052,357	1,428,819	8,212,499	11,430,422
Total liabilities	179,298,722	186,440,484	25,725,754	25,846,814	205,024,476	212,287,298
Deferred inflows of resources	4,586,681	5,782,053	485,779	754,495	5,072,460	6,536,548
Net investment in capital assets	210,357,610	198,539,384	134,359,937	131,175,547	344,717,547	329,714,931
Restricted net position	11,388,517	6,176,950	569,708	567,011	11,958,225	6,743,961
Unrestricted net position, as restated	76,769,376	70,378,940	49,536,564	46,257,823	126,305,940	116,636,763
Total net position	298,515,503	275,095,274	184,466,209	178,000,381	482,981,712	453,095,655
Total liabilities, deferred inflows and net position	\$ 482,400,906	\$ 467,317,811	\$ 210,677,742	\$ 204,601,690	\$ 693,078,648	\$ 671,919,501

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2019

The County's net position was \$482,981,712 at the close of the most recent fiscal year. The largest portion of the County's net position at June 30, 2019 (71.4%) reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position (2.5%) is restricted for specific purposes. The unrestricted portion of net position (26.1%) may be used to meet the County's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the County was able to report positive balances in all three categories of net position, both for the primary government as a whole, as well as for its separate governmental and business-type activities.



The County's overall net position increased 6.6% from last year. The reasons for the overall increase are discussed in the following sections for governmental activities and business-type activities.

Condensed Statement of Activities							
	Governmental activities		Business-type activities		Total		
	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	
Program revenues:							
Charges for services	\$ 18,522,375	\$ 18,055,087	\$ 19,248,136	\$ 19,523,972	\$ 37,770,511	\$ 37,579,059	
Operating grants and contributions	33,465,872	32,980,663	-	-	33,465,872	32,980,663	
Capital grants and contributions	1,125,513	828,415	5,137,825	796,235	6,263,338	1,624,650	
General revenues:							
Property taxes	134,846,403	131,493,564	-	-	134,846,403	131,493,564	
Other taxes	29,324,049	24,442,882	-	-	29,324,049	24,442,882	
Interest and investment earnings	795,865	382,080	1,918,849	43,940	2,714,714	426,020	
Miscellaneous	2,779,596	3,065,493	480,685	692,932	3,260,281	3,758,425	
Total revenues	220,859,673	211,248,184	26,785,495	21,057,079	247,645,168	232,305,263	
Expenses:							
General government admin.	11,011,081	8,768,221	-	-	11,011,081	8,768,221	
Judicial admin.	6,153,636	6,053,891	-	-	6,153,636	6,053,891	
Public safety	34,180,592	32,036,916	-	-	34,180,592	32,036,916	
Public works	9,128,572	7,258,365	-	-	9,128,572	7,258,365	
Health and welfare	8,482,617	7,883,242	-	-	8,482,617	7,883,242	
Education	100,445,268	94,073,287	-	-	100,445,268	94,073,287	
Parks, rec. and cultural	12,909,059	12,346,131	-	-	12,909,059	12,346,131	
Community development	9,481,249	10,627,626	-	-	9,481,249	10,627,626	
Interest on long-term debt	5,647,370	4,905,534	-	-	5,647,370	4,905,534	
Service Authority	-	-	20,319,667	20,154,058	20,319,667	20,154,058	
Total expenses	197,439,444	183,953,213	20,319,667	20,154,058	217,759,111	204,107,271	
Change in net position	23,420,229	27,294,971	6,465,828	903,021	29,886,057	28,197,992	
Net position, beginning of year (as restated)	275,095,274	247,800,303	178,000,381	177,097,360	453,095,655	424,897,663	
Net position, end of year	\$ 298,515,503	\$ 275,095,274	\$ 184,466,209	\$ 178,000,381	\$ 482,981,712	\$ 453,095,655	

Governmental Activities

As of June 30, 2019, net position for governmental activities was \$298,515,503 which represents an increase of \$23,420,229 from last year.

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2019

While the overall local economy slowly improved, the County experienced growth in real estate and personal property taxes. Further, on the expenditure side, the County had significant personnel savings, primarily due to turnover.

For the fiscal year ended June 30, 2019, revenues from governmental activities totaled \$220,859,673. Of this amount, \$56,689,221, or 25.7%, is received from sources other than local tax revenue.

Real estate tax revenues, the County's largest single revenue source, totaled \$100,799,717. The County's assessed real property tax base for fiscal year 2019 was \$12,089,303,067, which was an increase of 2.5% from fiscal year 2018.

In fiscal year 2019, the County reported current year collections of \$24,966,205 in personal property taxes, and received reimbursement from the Commonwealth of Virginia of \$9,770,137. Under the provisions of the Personal Property Tax Relief Act (PPTRA), the state's share of local personal property tax was approximately 39.1% of most taxpayer's payments.

For the fiscal year ended June 30, 2019, expenses for governmental activities totaled \$197,439,444, including \$100,445,268 for Education expenses for the public school system. Total expenses had a net increase of 7.3% over fiscal year 2018, primarily due to the following: health insurance expense increasing in fiscal year 2019 and education expenses increasing as a result of higher contributions necessary to make the new middle school operational.

Business-Type Activities

The business-type activity's ending net position was \$184,466,209, an increase of \$6,465,828 for fiscal year 2019. This was primarily a result of capital asset contributions received. Overall, the expenses increased from last year by 0.8%. The primary source of revenue consists of charges for water and sewer services, which totaled \$16,299,006 and increased by 2.2% from last year. This was primarily a result of the water and sewer rate increase.

Financial Analysis of the County's Governmental and Proprietary Funds

Governmental Funds

General Fund: The County's General Fund is the chief operating fund of the County. At the end of fiscal year 2019, the General Fund had an overall increase in fund balance of \$1,110,611. This was primarily due to higher real estate and personal property tax revenue as a result of growth in the community. The portion of the unassigned fund balance for fiscal liquidity totaled \$31,693,639, which was 12.6% of the total general governmental expenditures (from Table 11 in the Statistical section), including the County's share of the Public Schools' operating expenditures. The County's goal is to maintain a fund balance for fiscal liquidity between 10% and 12% of total general governmental expenditures.

Capital Projects Fund: The Capital Projects Fund is used by the County to account for the financing sources used to acquire and construct major capital projects for the general government. At the end of fiscal year 2019, the Capital Projects Fund's fund balance increased by \$6,631,648, primarily due to the issuance of bonds to use for capital outlay expenditures. A major source of funding for the capital projects is transfers from the General Fund, which was \$14,639,349 for fiscal year 2019. During the year, capital project expenditures of \$26,793,328 included a land purchase, the replacement of fire apparatus, and stormwater projects. Significant school expenditures included the costs of a middle school, a roof replacement at Lafayette High School, and HVAC replacements at Jamestown High School and Laurel Lane Elementary School.

Debt Service Fund: The Debt Service Fund is used by the County to account for the accumulation of resources for the repayment of long-term debt of the governmental funds. The primary source of funding is transfers from the General Fund. During fiscal year 2019, the County had a refunding bond issuance and a bond issuance to provide funding for new capital projects.

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2019

Non-major Governmental Funds: The County maintains six non-major governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for all funds, which can be found on pages 100-103. The non-major governmental funds had an increase in fund balance of \$271,223 in fiscal year 2019.

Proprietary Fund

The County operates one proprietary fund, James City Service Authority (JCSA or the Authority), which provides water and sewer service to County residents. The proprietary funds had an increase of \$6,465,828 in net position during the fiscal year primarily as a result of capital asset contributions.

General Fund Budgetary Highlights

General Fund revenues were 0.82% or \$1,686,261 higher than the final budget and 5.11% or \$10,102,374 from fiscal year 2018.

The largest increase in revenues from fiscal year 2018 to 2019 occurred in local sales and use taxes as the Historic Triangle 1% additional sales tax went into effect in fiscal year 2019. The local sales and use tax collections increased by \$4,860,245 from fiscal year 2018. The County's largest revenue source, real estate tax revenues, increased by \$2,444,595. Personal property taxes, another large source of local tax funding, had combined collections from the state and local taxpayers of \$34,736,342. State revenues, excluding the personal property tax reimbursement, were \$64,255 less than budgeted and increased by \$844,738 from 2018. The significant factor in the increase was State sales tax for education.

General Fund budgeted expenditures were 3.6% below the final budget, or \$6,088,035, which was primarily due to reduced departmental spending. Of this amount, \$1,611,301 is for encumbrances and is included in Assigned Fund Balance.

As a result of revenues above budget and underspending, the fund balance increased to \$46,889,297. This was an increase of \$1,110,611 or 2.4% from 2018.

Capital Assets

At the end of fiscal year 2019, the County's investment in capital assets for its governmental and business-type activities totaled \$514,080,627 (net of accumulated depreciation). This total includes land and land improvements, construction in progress, intangibles, buildings and improvements, water and sewer systems, infrastructure, equipment, and vehicles. The County does not own its roads, and therefore they are not included in capital assets. In addition, the Public Schools own all school buildings and the related debt is County debt. The value associated with the purchase and/or construction of the Public Schools' buildings is reported as capital assets in the governmental activities of the County to properly match with the associated debt, as allowed by Virginia state law. In fiscal year 2019, the net value of school buildings and related construction reflected in the governmental activities of the County equals \$217,880,216, and the associated current year's depreciation expense of \$7,959,267 is reflected in Education expense in the County's governmental activities in the statement of net position.

Summary of Capital Assets, Net				
	6/30/2019			6/30/2018
	Governmental activities	Business-type activity	Total	Total
Non-depreciable, as restated	\$ 55,307,630	\$ 6,180,709	\$ 61,488,339	\$ 74,506,042
Depreciable	304,093,579	148,498,709	452,592,288	426,633,217
Total	<u>\$ 359,401,209</u>	<u>\$ 154,679,418</u>	<u>\$ 514,080,627</u>	<u>\$ 501,139,259</u>

Additional information about the County's capital assets can be found in Note 6 to the financial statements.

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2019

Long-Term Debt

Below is a summary of the County's long-term debt as of June 30, 2019 and 2018, respectively.

Summary of Long-Term Debt				
	6/30/2019			6/30/2018
	Governmental activities	Business-type activity	Total	Total
General obligation bonds, net unamortized premium	\$ 33,966,163	\$ -	\$ 33,966,163	\$ 38,348,323
Revenue bonds, net unamortized premium	112,183,815	21,906,388	134,090,203	131,670,279
Capital leases	2,146,958	-	2,146,958	3,183,141
Pension	12,492,414	523,170	13,015,584	14,526,020
OPEB	8,412,877	827,342	9,240,219	8,864,892
Compensated absences	3,757,356	416,497	4,173,853	4,089,248
Landfill	178,997	-	178,997	174,973
Total	\$ 173,138,580	\$ 23,673,397	\$ 196,811,977	\$ 200,856,876

Additional information about the County's long-term debt can be found in Note 9 to the financial statements.

Economic Factors and Next Year's Budget and Tax Rates

The County has a two-year budget cycle. The first year of a two-year cycle is adopted and appropriated and the second year is adopted for planning purposes. Fiscal year 2019 was the first year of the current two-year cycle. The fiscal year 2019 approved budget for the General Fund was \$205,850,000 (Note: for financial reporting purposes, the General Fund budget also includes \$310,000 for landfill user fees, for a total of \$206,160,000).

Fiscal year 2020 is the second year of the current two-year cycle. The fiscal year 2020 approved budget for the General Fund is \$211,825,000. This budget was adopted on May 14, 2019, and reflects a \$5,975,000, or a 2.9%, increase over the fiscal year 2019 budget. The increase is primarily due to anticipated growth in the County as well as the implementation of a recycling fee beginning in the second quarter of fiscal year 2020.

Expenditures include increases for a compensation study as well as a cost-of-living increase. The County's general fund contribution to the Williamsburg-James City County School Board will be \$110,546,036, which is a 2.2% or \$2,377,654 increase from fiscal year 2019.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

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County of James City, Virginia
Statement of Net Position
June 30, 2019

	Primary government			Discretely presented component units	
	Governmental activities	Business-type activities	Total	Public schools	Economic Development Authority
Assets					
Cash and cash equivalents (note 2)	\$ 52,236,256	\$ 538,690	\$ 52,774,946	\$ 15,499,159	\$ 341,040
Investments (note 2)	14,483,626	48,980,948	63,464,574	-	-
Restricted cash, cash equivalents and investments (note 2)	7,222,063	569,708	7,791,771	-	-
Receivables, net of allowance for uncollectibles:					
Taxes, including penalties	27,715,384	-	27,715,384	-	-
Accounts	-	3,703,838	3,703,838	123,876	8,146
Interest	91,287	296,438	387,725	-	-
Loans	613,170	-	613,170	-	-
Notes	-	1,090	1,090	-	25,000
Miscellaneous (note 3)	5,185,156	-	5,185,156	-	3,203
Internal balances (note 7)	996,066	(996,066)	-	-	-
Due from primary government, net (note 7)	-	-	-	-	48,116
Due from component units, net (note 7)	76,537	-	76,537	-	-
Due from other governments, net (note 5)	9,453,945	-	9,453,945	4,043,088	-
Inventory	252,792	915,755	1,168,547	57,050	-
Other assets	215,354	-	215,354	-	-
Net pension asset (note 11)	-	-	-	1,819,117	-
Net OPEB health insurance credit asset (note 12)	-	-	-	22,499	-
Capital assets, net (note 6):					
Non-depreciable	55,307,630	6,180,709	61,488,339	9,803,483	1,238,661
Depreciable	304,093,579	148,498,709	452,592,288	49,191,104	668,155
Net capital assets	359,401,209	154,679,418	514,080,627	58,994,587	1,906,816
Total assets	477,942,845	208,689,819	686,632,664	80,559,376	2,332,321
Deferred Outflows of Resources					
Deferred charge on refundings, net	-	1,586,907	1,586,907	-	-
Deferred pensions (note 11)	3,841,387	338,772	4,180,159	13,126,217	-
Deferred OPEB retiree healthcare (note 12)	165,829	15,777	181,606	21,063	-
Deferred OPEB group life insurance (note 12)	413,323	38,000	451,323	698,768	-
Deferred OPEB health insurance credit (note 12)	85,638	8,467	94,105	874,024	-
Deferred OPEB Virginia local disability program (note 12)	-	-	-	81,170	-
Total deferred outflows of resources	4,506,177	1,987,923	6,494,100	14,801,242	-
Total assets and deferred outflow of resources	\$ 482,449,022	\$ 210,677,742	\$ 693,126,764	\$ 95,360,618	\$ 2,332,321
Liabilities					
Accounts payable	\$ 3,792,484	\$ 1,071,918	\$ 4,864,402	\$ 2,363,933	\$ 50,959
Accrued liabilities	579,934	333,106	913,040	15,503,904	-
Liabilities payable from restricted assets	1,671,696	-	1,671,696	-	-
Due to component units, net (note 7)	48,116	-	48,116	76,537	-
Advances for construction (note 16)	-	32,902	32,902	-	-
Amounts held for others	-	614,431	614,431	-	-
Unearned revenue (note 8)	116,028	-	116,028	116,909	-
Long-term liabilities (notes 9, 10, 11 and 12):					
Due within one year	18,585,178	1,031,280	19,616,458	483,767	-
Due in more than one year	154,553,402	22,642,117	177,195,519	122,346,997	-
Total liabilities	179,346,838	25,725,754	205,072,592	140,892,047	50,959
Deferred Inflows of Resources					
Deferred charge on refundings, net	746,663	-	746,663	-	-
Deferred pensions (note 11)	3,266,526	418,971	3,685,497	14,033,805	-
Deferred OPEB retiree healthcare (note 12)	249,209	21,899	271,108	418,897	-
Deferred OPEB group life insurance (note 12)	299,000	33,000	332,000	686,000	-
Deferred OPEB health insurance credit (note 12)	25,283	11,909	37,192	402,310	-
Deferred OPEB Virginia local disability program (note 12)	-	-	-	3,000	-
Total deferred inflows of resources	4,586,681	485,779	5,072,460	15,544,012	-
Net Position					
Net position:					
Net investment in capital assets	210,357,610	134,359,937	344,717,547	58,994,587	1,906,816
Restricted net position:					
Debt service	4,536,503	569,708	5,106,211	-	-
Net pension and OPEB asset	-	-	-	1,841,616	-
Other	1,043,098	-	1,043,098	868,832	-
Unrestricted	82,578,292	49,536,564	132,114,856	(122,780,476)	374,546
Total net position	298,515,503	184,466,209	482,981,712	(61,075,441)	2,281,362
Total liabilities, deferred inflows of resources and net position	\$ 482,449,022	\$ 210,677,742	\$ 693,126,764	\$ 95,360,618	\$ 2,332,321

See accompanying notes to basic financial statements

County of James City, Virginia
Statement of Activities
Year ended June 30, 2019

Functions/programs	Expenses	Net (expenses) revenues and changes in net assets							
		Program revenues			Primary government			Discretely presented component units	
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total	Public schools	Economic Development Authority
Primary government:									
Governmental activities:									
General government administration	\$ 11,011,081	\$ 8,423,063	\$ 11,983,323	\$ -	\$ 9,395,305	\$ -	\$ 9,395,305	\$ -	\$ -
Judicial administration	6,153,636	2,404,298	1,188,143	85,171	(2,476,024)	-	(2,476,024)	-	-
Public safety	34,180,592	2,875,855	2,277,152	105,274	(28,922,311)	-	(28,922,311)	-	-
Public works	9,128,572	717,890	13,889	-	(8,396,793)	-	(8,396,793)	-	-
Health and human services	8,482,617	-	4,307,666	-	(4,174,951)	-	(4,174,951)	-	-
Education (including School system)	100,445,268	-	11,999,269	-	(88,445,999)	-	(88,445,999)	-	-
Parks, recreation and cultural	12,909,059	3,734,663	10,500	-	(9,163,896)	-	(9,163,896)	-	-
Community development	9,481,249	366,606	1,685,930	935,068	(6,493,645)	-	(6,493,645)	-	-
Interest on long-term debt	5,647,370	-	-	-	(5,647,370)	-	(5,647,370)	-	-
Total governmental activities	197,439,444	18,522,375	33,465,872	1,125,513	(144,325,684)	-	(144,325,684)	-	-
Business-type activities:									
Service Authority	20,319,667	19,248,136	-	5,137,825	-	4,066,294	4,066,294	-	-
Total primary government	<u>\$ 217,759,111</u>	<u>\$ 37,770,511</u>	<u>\$ 33,465,872</u>	<u>\$ 6,263,338</u>	<u>\$ (144,325,684)</u>	<u>\$ 4,066,294</u>	<u>\$ (140,259,390)</u>	<u>\$ -</u>	<u>\$ -</u>
Component units:									
Economic Development Authority	\$ 212,645	\$ 76,225	\$ 79,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (56,993)
Public Schools	142,915,783	2,248,258	20,408,639	-	-	-	-	(120,258,886)	-
Total component units	<u>\$ 143,128,428</u>	<u>\$ 2,324,483</u>	<u>\$ 20,488,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120,258,886)</u>	<u>\$ (56,993)</u>
General revenues:									
Property taxes, levied for general purposes					\$ 134,846,403	\$ -	\$ 134,846,403	\$ -	\$ -
Local sales and use taxes					15,757,412	-	15,757,412	-	-
Franchise license tax					783,685	-	783,685	-	-
Taxes on recordation and wills					1,141,226	-	1,141,226	-	-
Hotel and motel room taxes					3,715,256	-	3,715,256	-	-
Restaurant food taxes					7,509,825	-	7,509,825	-	-
Deeds of conveyance					368,961	-	368,961	-	-
Penalties and interest					47,684	-	47,684	-	-
Grants and contributions not restricted to specific programs					-	-	-	125,940,236	-
Interest and investment earnings					795,865	1,904,327	2,700,192	1,284	4,136
Miscellaneous					2,779,596	495,207	3,274,803	131,595	20,516
Total general revenues and transfers					167,745,913	2,399,534	170,145,447	126,073,115	24,652
Change in net position					23,420,229	6,465,828	29,886,057	5,814,229	(32,341)
Net position, beginning, as restated (Note 18)					275,095,274	178,000,381	453,095,655	(66,889,670)	2,313,703
Net position, ending					<u>\$ 298,515,503</u>	<u>\$ 184,466,209</u>	<u>\$ 482,981,712</u>	<u>\$ (61,075,441)</u>	<u>\$ 2,281,362</u>

See accompanying notes to basic financials statements.

County of James City, Virginia
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds			Nonmajor governmental funds	Total governmental funds
	General	Capital projects	Debt service		
Assets					
Cash and cash equivalents	\$ 14,285,855	\$ 28,897,430	\$ -	\$ 9,052,971	\$ 52,236,256
Investments	14,483,626	-	-	-	14,483,626
Restricted cash and cash equivalents and investments (note 2)	1,337,107	4,841,858	-	1,043,098	7,222,063
Receivables, net of allowance:					
Taxes	27,621,689	593	-	93,102	27,715,384
Interest	-	91,287	-	-	91,287
Loans, net	-	-	-	613,170	613,170
Miscellaneous (note 3)	5,185,029	-	-	127	5,185,156
Due from other funds (note 4)	-	2,298,968	-	11,599	2,310,567
Due from blended component unit (note 7)	996,066	-	-	-	996,066
Due from component unit (note 7)	2,298,968	-	-	-	2,298,968
Due from other governments, net (note 5)	7,473,558	935,068	-	1,045,319	9,453,945
Inventory	252,792	-	-	-	252,792
Total assets	<u>\$ 73,934,690</u>	<u>\$ 37,065,204</u>	<u>\$ -</u>	<u>\$ 11,859,386</u>	<u>\$ 122,859,280</u>
Liabilities					
Liabilities:					
Accounts payable	\$ 2,930,254	\$ 593,854	\$ -	\$ 268,376	\$ 3,792,484
Accrued liabilities	200,866	-	-	18,567	219,433
Payables from restricted assets	1,326,882	305,356	-	39,458	1,671,696
Due to other funds (note 4)	2,310,567	-	-	-	2,310,567
Due to component units (note 7)	94,617	1,896,375	-	279,555	2,270,547
Unearned revenue (note 8)	113,628	-	-	2,400	116,028
Total liabilities	<u>6,976,814</u>	<u>2,795,585</u>	<u>-</u>	<u>608,356</u>	<u>10,380,755</u>
Deferred Inflows of Resources					
Unavailable revenue (note 8)	<u>20,068,579</u>	<u>593</u>	<u>-</u>	<u>456,548</u>	<u>20,525,720</u>
Fund Balances					
Fund balances:					
Nonspendable:					
Inventory	252,792	-	-	-	252,792
Restricted					
Debt service - bond proceeds held in escrow	-	4,536,503	-	-	4,536,503
Other governmental funds	-	-	-	1,033,416	1,033,416
Assigned:					
General	7,825,910	-	-	-	7,825,910
Capital projects/reserve	7,116,956	29,732,523	-	-	36,849,479
Other governmental funds	-	-	-	9,761,066	9,761,066
Unassigned	31,693,639	-	-	-	31,693,639
Total fund balances	<u>46,889,297</u>	<u>34,269,026</u>	<u>-</u>	<u>10,794,482</u>	<u>91,952,805</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 73,934,690</u>	<u>\$ 37,065,204</u>	<u>\$ -</u>	<u>\$ 11,859,386</u>	<u>\$ 122,859,280</u>

See accompanying notes to basic financials statements.

County of James City, Virginia
Balance Sheet
Governmental Funds
June 30, 2019

Reconciliation of the balance sheet for governmental funds to the government-wide statement of net position:

Ending fund balance, governmental funds		\$ 91,952,805
Amounts reported for governmental activities in the balance sheet are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		359,401,209
Land held for resale and future development used in governmental activities are not financial resources and therefore are not reported in the funds.		215,354
Some receivables are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds.		20,525,720
Deferred outflows of resources represent a consumption of net position applying to future periods and therefore, are not reported in the governmental funds.		
Deferred pension	\$ 3,841,387	
Deferred OPEB retiree healthcare	165,829	
Deferred OPEB group life insurance	413,323	
Deferred OPEB health insurance credit	<u>85,638</u>	4,506,177
Unmatured interest payable reported in governmental activities will not be paid with current financial resources and therefore is not reported in the funds.		(360,501)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(31,415,000)	
Lease revenue bonds	(101,511,000)	
Unamortized bond premiums, net	(13,223,978)	
Capital leases	(2,146,958)	
Net pension liability	(12,492,414)	
Net OPEB liability	(8,412,877)	
Compensated absences	(3,757,356)	
Landfill postclosure care cost	<u>(178,997)</u>	(173,138,580)
Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period and therefore, is not reported in the governmental funds.		
Deferred charge on refundings	(746,663)	
Deferred pension	(3,266,526)	
Deferred OPEB retiree healthcare	(249,209)	
Deferred OPEB GLI	(299,000)	
Deferred OPEB HIC	<u>(25,283)</u>	(4,586,681)
Net position, governmental activities		<u><u>\$ 298,515,503</u></u>

See accompanying notes to basic financials statements.

County of James City, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2019

	Major Funds			Nonmajor governmental funds	Total governmental funds
	General	Capital projects	Debt service		
Revenues:					
General property taxes	\$ 134,744,837	\$ -	\$ -	\$ -	\$ 134,744,837
Other local taxes	28,531,163	-	-	792,886	29,324,049
Permits, privilege fees and regulatory licenses	9,496,531	-	-	-	9,496,531
Fines and forfeitures	292,518	-	-	-	292,518
Use of money and property	166,340	515,233	114,292	-	795,865
Charges for services	6,586,341	-	-	-	6,586,341
Miscellaneous	281,529	1,985,575	103,032	409,460	2,779,596
Intergovernmental:					
Local	-	-	-	377,864	377,864
Commonwealth	27,738,745	935,068	-	3,241,601	31,915,414
Federal	8,257	-	-	4,432,252	4,440,509
Total revenues	<u>\$ 207,846,261</u>	<u>\$ 3,435,876</u>	<u>\$ 217,324</u>	<u>\$ 9,254,063</u>	<u>\$ 220,753,524</u>
Expenditures:					
Current:					
General government administration	\$ 11,583,103	\$ -	\$ -	\$ 68,323	\$ 11,651,426
Judicial administration	4,497,831	-	-	1,410,919	5,908,750
Public safety	30,190,950	-	-	936,383	31,127,333
Public works	8,212,497	-	-	23,189	8,235,686
Health and human services	2,291,017	-	-	5,968,061	8,259,078
Education	91,070,061	-	-	-	91,070,061
Parks, recreation and cultural	10,885,614	-	-	11,224	10,896,838
Community development	5,548,535	-	44,057	4,858,937	10,451,529
Nondepartmental	1,015,671	-	-	-	1,015,671
Debt service:					
Principal	-	-	14,343,182	-	14,343,182
Interest and other fiscal charges	-	-	5,848,486	-	5,848,486
Bond issuance costs	-	-	380,771	-	380,771
Capital outlay - County activities	-	11,370,195	-	-	11,370,195
Capital outlay - School activities	-	15,423,133	-	-	15,423,133
Total expenditures	<u>165,295,279</u>	<u>26,793,328</u>	<u>20,616,496</u>	<u>13,277,036</u>	<u>225,982,139</u>
Excess (deficiency) of revenues over (under) expenditures	<u>42,550,982</u>	<u>(23,357,452)</u>	<u>(20,399,172)</u>	<u>(4,022,973)</u>	<u>(5,228,615)</u>
Other financing sources (uses):					
Transfers in (note 4)	62,842	17,041,167	22,502,576	6,758,856	46,365,441
Transfers out (note 4)	(41,503,213)	(2,397,568)	-	(2,464,660)	(46,365,441)
Issuance of bonds	-	14,195,000	-	-	14,195,000
Premium on bond issuance	-	1,150,501	-	-	1,150,501
Refunding bonds issued	-	-	6,820,000	-	6,820,000
Premium on refunding bonds	-	-	856,508	-	856,508
Payment to refunded bond escrow agent	-	-	(9,779,912)	-	(9,779,912)
Total other financing sources (uses)	<u>(41,440,371)</u>	<u>29,989,100</u>	<u>20,399,172</u>	<u>4,294,196</u>	<u>13,242,097</u>
Net change in fund balances	<u>1,110,611</u>	<u>6,631,648</u>	<u>-</u>	<u>271,223</u>	<u>8,013,482</u>
Fund balances, beginning of year	<u>45,778,686</u>	<u>27,637,378</u>	<u>-</u>	<u>10,523,259</u>	<u>83,939,323</u>
Fund balances, end of year	<u>\$ 46,889,297</u>	<u>\$ 34,269,026</u>	<u>\$ -</u>	<u>\$ 10,794,482</u>	<u>\$ 91,952,805</u>

See accompanying notes to basic financials statements.

County of James City, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2019

Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities:

Net change in fund balances, governmental funds \$ 8,013,482

Amounts reported for governmental activities in the statement of activities are different because:

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 amount represents the difference between depreciation expense and capital outlay expenditures. The details of this difference are as follows:

Depreciation expense	\$ (16,014,166)	
Capital outlay expenditures	26,651,975	
Loss on disposal of capital assets	<u>(263,096)</u>	10,374,713

Loss on land held for resale and future development is not reported in the governmental funds however, is reflected in the statement of activities. Other assets decreased by this amount this year. (28,050)

Because some revenues will not be collected for several months after the County's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Unavailable revenue increased by this amount this year. 106,148

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and refunding gains/losses, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts. The details of this difference are as follows:

Issuance of bonds	(14,195,000)	
Premium on bond issuance	(1,150,501)	
Refunding bonds issued	(6,820,000)	
Premium on refunding bonds	(856,508)	
Payment to refunded bond escrow agent - principal repayments	9,555,000	
Principal payments	14,343,182	
Amortization on premium	1,428,339	
Deferred charge on refundings	(846,709)	
Amortization on deferred charge on refundings	<u>(14,290)</u>	1,443,513

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. The details of this difference is as follows:

Compensated absences	(70,103)	
Landfill	(4,024)	
Interest payable	239,460	
Net pension liability and related deferred inflows and outflows	3,235,833	
Net OPEB liability and related deferred inflows and outflows	<u>109,257</u>	3,510,423

Change in net position, governmental activities		<u><u>\$ 23,420,229</u></u>
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See accompanying notes to basic financials statements.

County of James City, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2019

	James City Service Authority
Assets	
Current assets:	
Cash and cash equivalents (note 2)	\$ 538,690
Investments (note 2)	48,980,948
Restricted investments (note 2)	569,708
Accounts receivable, customers	3,637,029
Accounts receivable, other	66,809
Notes receivable	1,090
Interest receivable	296,438
Inventories	915,755
Total current assets	<u>55,006,467</u>
Capital assets, net (note 6):	
Non-depreciable	6,180,709
Depreciable	148,498,709
Net capital assets	<u>154,679,418</u>
Total assets	<u>209,685,885</u>
Deferred Outflows of Resources	
Deferred charge on refunding, net	1,586,907
Deferred pensions (note 11)	338,772
Deferred OPEB group life insurance (note 12)	38,000
Deferred OPEB health insurance credit (note 12)	8,467
Deferred OPEB retiree healthcare (note 12)	15,777
Total deferred outflows of resources	<u>1,987,923</u>
Total assets and deferred outflows of resources	<u>\$ 211,673,808</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 1,071,918
Accrued salaries	12,250
Compensated absences, current portion (note 9)	312,373
Due to other funds (note 7)	996,066
Deposits	614,431
Interest payable	320,856
Bonds payable, current portion (note 9)	718,907
Total current liabilities	<u>4,046,801</u>
Noncurrent liabilities:	
Advances for construction (note 16)	32,902
Other post-employment benefits (OPEB) (note 12)	827,342
Compensated absences, net of current portion (note 9)	104,124
Bonds payable, net of current portion (note 9)	21,187,481
Net pension liability (note 11)	523,170
Total noncurrent liabilities	<u>22,675,019</u>
Total liabilities	<u>26,721,820</u>
Deferred Inflows of Resources	
Deferred pensions (note 11)	418,971
Deferred OPEB retiree healthcare (note 12)	21,899
Deferred OPEB group life insurance (note 12)	33,000
Deferred OPEB health insurance credit (note 12)	11,909
Total deferred inflows of resources	<u>485,779</u>
Net Position	
Net position:	
Net investment in capital assets	134,359,937
Restricted for debt service	569,708
Unrestricted	49,536,564
Total net position	<u>184,466,209</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 211,673,808</u>

See accompanying notes to basic financials statements.

County of James City, Virginia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year ended June 30, 2019

	James City Service Authority
Operating revenues:	
Water and sewer services	\$ 16,299,006
Water supply proffers	213,825
Rental income	124,964
Other	141,896
Total operating revenues	<u>16,779,691</u>
Operating expenses:	
Salaries	4,721,993
Fringe benefits	1,436,239
Operating supplies	1,200,220
Maintenance	2,193,410
Utilities	974,168
Contractual fees	872,374
Other	270,685
Total operating expenses	<u>11,669,089</u>
Operating income before depreciation and amortization	5,110,602
Depreciation and amortization	<u>7,922,613</u>
Operating loss	<u>(2,812,011)</u>
Nonoperating revenues (expenses):	
Facility charges	2,949,130
Investment income	1,904,327
Gain on disposal of capital assets	14,522
Interest expense	(727,965)
Total nonoperating revenues, net	<u>4,140,014</u>
Income before capital contributions	1,328,003
Capital contributions	<u>5,137,825</u>
Change in net position	6,465,828
Net position, beginning of year (as restated) (Note 18)	178,000,381
Net position, end of year	<u><u>\$ 184,466,209</u></u>

See accompanying notes to basic financials statements.

County of James City, Virginia

Statement of Cash Flows

Proprietary Fund

Year ended June 30, 2019

	James City Service Authority
Cash flows from operating activities:	
Cash receipts from customers	\$ 15,771,723
Other cash receipts	450,174
Cash payments to suppliers of goods and services	(4,466,743)
Cash payments for personnel services	(6,463,242)
Facility charges	2,949,130
Net cash provided by operating activities	<u>8,241,042</u>
Cash flows from capital and related financing activities:	
Repayments of debt	(630,000)
Interest paid	(727,250)
Acquisition and construction of capital assets	(5,352,696)
Proceeds from sale of capital assets	15,775
Net cash used in capital and related financing activities	<u>(6,694,171)</u>
Cash flows from investing activities:	
Purchases of investments	(37,058,812)
Proceeds from sales of investments	33,473,030
Interest received	1,765,669
Net cash used in investing activities	<u>(1,820,113)</u>
Increase in cash and cash equivalents	(273,242)
Cash and cash equivalents, beginning of year	811,932
Cash and cash equivalents, end of year	<u>\$ 538,690</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (2,812,011)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	7,922,613
Facility charges	2,949,130
Changes in operating assets and liabilities:	
Accounts receivable, customers	(447,252)
Accounts receivable, others	(30,511)
Inventories	(42,903)
Accounts payable	710,703
Accrued salaries	4,416
Compensated absences	14,502
Due to other funds	376,314
Deposits	(80,031)
Net OPEB liability and related deferred inflows/outflows of resources	(10,647)
Net pension liability and related deferred inflows/outflows of resources	(313,281)
Net cash provided by operating activities	<u>\$ 8,241,042</u>
Supplemental schedule – noncash capital and investing activities:	
Capital asset contributions	<u>\$ 5,137,825</u>
Unrealized loss from change in fair value of investments	<u>\$ 1,149,452</u>

See accompanying notes to basic financials statements.

Exhibit 8

County of James City, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Agency funds</u>
Assets	
Cash and investments (note 2)	\$ 7,478,726
Restricted cash and investments (note 2)	
Money market funds	-
Bond mutual funds	4,695,253
Debt and equities	-
U.S. stock funds	-
International stock funds	-
Accounts receivable and due from other governmental units	4,818,470
Total assets	<u><u>\$ 16,992,449</u></u>
Liabilities	
Liabilities:	
Accounts payable and accrued liabilities	\$ 7,120,342
Amounts held for others	9,872,107
Total liabilities	<u><u>\$ 16,992,449</u></u>

See accompanying notes to basic financials statements.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

1) Summary of Significant Accounting Policies

The County of James City (the County or the primary government) operates under the County Administrator form of government (as defined under Virginia Law). The elected five-member Board of Supervisors appoints a County Administrator to serve as the Chief Executive Officer of the County.

The accompanying financial statements of the County of James City, Virginia conform to U.S. generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The County's significant accounting and reporting policies are described below.

The Financial Reporting Entity

As defined by U.S. GAAP established by GASB, the financial reporting entity consists of the primary government and its component units, which are legally separate organizations for which the Board of Supervisors of the County is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government.

These financial statements present the County and its component units. The component units discussed below are included in the County's reporting entity because of the significance of the operational or financial relationships with the County.

Blended Component Unit

James City Service Authority (the Authority): The Authority was established on June 30, 1969, by resolution of the Board of Supervisors of James City County, Virginia and was chartered by the Commonwealth of Virginia State Corporation Commission in July 1969 to provide water and sewer service to County residents as permitted under the *Code of Virginia*, 1950, as amended (the Enabling Act).

The Authority serves all the citizens and businesses of the County and is governed by a Board of Directors that is comprised of the County's elected Board of Supervisors. The Authority provides a benefit to the County even though it does not exclusively provide services to the County. The Authority is accounted for as a proprietary fund and its financial statements have been blended with the County's financial statements for reporting purposes.

The Authority's financial statements for the fiscal year ended June 30, 2019 may be obtained from the Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

Discretely Presented Component Units

Williamsburg-James City County Public Schools (the Public Schools): The Public Schools, pursuant to an agreement dated January 14, 1954, as amended, are responsible for educating the school-age population of the City of Williamsburg, Virginia (the City) and the County. Two members of the School Board are appointed by the City Council of the City. Five members of the School Board represent James City County and are elected by the citizens of James City County.

Although the Public Schools are legally separate, the County is financially accountable due to the significance of the fiscal dependency relationship with the Public Schools.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

1) Summary of Significant Accounting Policies, Continued

Local costs related to operations of the Public Schools are apportioned between the participating localities in accordance with the agreement, as amended. For the fiscal year ended June 30, 2019, the apportionment of the Public Schools' operating costs to the City and County was \$9,588,751 (9.53%) and \$91,027,727 (90.47%), respectively. For the fiscal year ended June 30, 2019, the contributions for the Public Schools' capital project costs from the City and County were \$1,483,908 (9.7%) and \$13,887,438 (90.3%), respectively.

The Public Schools' financial statements for the fiscal year ended June 30, 2019 may be obtained from the Finance Department, 117 Ironbound Road, Williamsburg, Virginia 23185.

James City County Economic Development Authority (the Development Authority): The Development Authority is responsible for industrial and commercial development in the County. The Development Authority makes recommendations to the James City County Board of Supervisors. The Development Authority consists of seven members appointed by the James City County Board of Supervisors. Although the Development Authority is a legally separate entity, the County is financially accountable due to the significance of the fiscal dependency relationship with the Development Authority because the majority of their income is appropriated by the County.

From time to time, the Development Authority has issued Industrial Revenue Bonds (the Bonds) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the Bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the state, nor any political subdivision thereof is obligated in any manner for repayment of the Bonds. Accordingly, the Bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2019, there were 15 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$189.9 million.

The Development Authority's financial statements for the fiscal year ended June 30, 2019 may be obtained from the Director of Economic Development, 101-D Mounts Bay Road, Williamsburg, Virginia 23185.

Other Related Organizations and Joint Ventures

Separate financial statements for the fiscal year ended June 30, 2019, for all other related organizations and joint ventures discussed below except the Colonial Community Corrections Program, Inc., the Virginia Peninsulas Public Service Authority, and the Williamsburg Regional Library, may be obtained from the Assistant Director of Financial and Management Services of James City County, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

Williamsburg Area Medical Assistance Corporation (the Corporation): The Corporation was incorporated on February 19, 1993. The Corporation provides a primary medical care clinic to economically disadvantaged persons in the Counties of James City and York and the City of Williamsburg. The County appoints two board members to the Corporation. The Corporation is a legally separate organization, and the County cannot impose its will on the Corporation. The program is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is fiscal agent for the Corporation, and as a result, the Corporation's financial transactions are included as an agency fund in the County's financial statements.

Colonial Community Corrections Program (the Program): The Program serves the Counties of James City, New Kent, York and Charles City, and the City of Williamsburg. The Program is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is the fiscal and administrative agent and the Program is included as a special revenue fund in the County's financial statements.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

1) Summary of Significant Accounting Policies, Continued

Virginia Peninsulas Public Service Authority (the Public Service Authority): The Public Service Authority was created pursuant to the *Code of Virginia*, 1950, as amended, between the Cities of Hampton, Newport News, Poquoson and Williamsburg, and the Counties of Essex, Gloucester, James City, King and Queen, King William, Mathews, Middlesex and York. Each jurisdiction appoints one board member. The Public Service Authority is a legally separate organization, and the County cannot impose its will on the Public Service Authority. The Public Service Authority is fiscally independent, and there is no financial benefit or burden relationship with the County; therefore, it is not included in the County's financial statements. The Public Service Authority's financial statements for the fiscal year ended June 30, 2019 may be obtained from the Public Service Authority, 475 McLaws Circle, Suite 3B, Williamsburg, Virginia 23185-5676.

Williamsburg Regional Library (the Library): The Library, pursuant to an agreement dated May 26, 1977, as amended, provides library services to the City of Williamsburg, James City County and York County. The Library is operated by a board of trustees. The County appoints 6 trustees, the City of Williamsburg appoints 4 trustees and York County appoints 1 trustee. The Library is a legally separate organization, and the County cannot impose its will on the trustees. The Library is fiscally independent, and there is no financial benefit or burden relationship with the County; therefore, it is not included in the County's financial statements. The Library's financial statements for the fiscal year ended June 30, 2019 may be obtained from the Library, 7770 Croaker Road, Williamsburg, Virginia 23188.

Virginia Peninsula Regional Jail Authority (the Jail Authority): The Jail Authority was organized and exists pursuant to resolutions adopted in 1993 by and between the Cities of Williamsburg and Poquoson and the Counties of James City and York. The Jail Authority is operated by a board. Each member jurisdiction appoints one member and the sheriff from that jurisdiction. The County, as fiscal agent, appoints one additional member. The Jail Authority is a legally separate organization, and the County cannot impose its will on the Jail Authority. The Jail Authority is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is charged user fees based on inmate population in order to cover direct and indirect costs of the Jail Authority. The County is fiscal agent for the Jail Authority, and as such, the Jail Authority's financial transactions are included as an agency fund in the County's financial statements.

Middle Peninsula Juvenile Detention Commission (the Commission): The Commission was created as a political subdivision of the Commonwealth of Virginia by resolutions adopted in 1993. The member jurisdictions are as follows: Caroline County, Charles City County, Essex County, Gloucester County, Hanover County, James City County, King and Queen County, King William County, Lancaster County, Mathews County, Middlesex County, New Kent County, Northumberland County, City of Poquoson, Richmond County, Westmoreland County, City of Williamsburg and York County. The Commission is operated by a board. Each member jurisdiction appoints one member. The Commission is a legally separate organization, and the County cannot impose its will on the Commission. The Commission is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is charged user fees based on juvenile population in order to cover direct and indirect costs of the Commission. The County is fiscal agent for the Commission, and as such, the Commission's financial statements are included as an agency fund in the County's financial statements.

Williamsburg Area Transit Authority (the Transit Authority): The Transit Authority was created as a political subdivision of the Commonwealth of Virginia by resolutions adopted in 2008. Members include the County, City of Williamsburg, County of York and the Colonial Williamsburg Foundation. The Transit Authority is governed by a board, consisting of five representatives appointed by the members. The Transit Authority is a legally separate organization, and the County cannot impose its will on the Transit Authority. The Transit Authority is fiscally independent from the County, and there is no financial benefit or burden relationship with the County. The County is fiscal agent for the Transit Authority, and as such, the Transit Authority's financial statements are included as an agency fund in the County's financial statements.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

1) Summary of Significant Accounting Policies, Continued

Basis of Presentation

Government-Wide and Fund Financial Statements

The accompanying basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide statement of net position, the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual basis of accounting and economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations. The County generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The County may defer the use of restricted assets based on a review of the specific transaction.

The government-wide statement of activities reflects both the gross and net cost per functional category that are otherwise being supported by general government revenues. 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 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 or segment. Taxes and other items not properly included among program revenues are reported as general revenues. Administrative overhead charges are allocated to the programs and included in direct expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or 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 measurement focus and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented which explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements. The County's fiduciary funds are presented in the fund financial statements. Since, by definition, these assets are being held for the benefit of third parties and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

The County reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in other funds. A significant part of the General Fund's revenues is contributed to the joint-school operations of the City and County or is transferred to other funds principally to fund debt service, capital projects and social services requirements.

Capital Projects Fund: The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the proprietary fund.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal, interest and related costs on long-term debt of governmental funds.

The County reports the following major proprietary fund:

James City Service Authority: The James City Service Authority accounts for the operation of the County's water and sewer services.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

1) Summary of Significant Accounting Policies, Continued

Additionally, the County reports the following fund types:

Nonmajor Governmental Funds: Nonmajor Governmental Funds include special revenue funds which account for revenue derived from specific sources that are restricted by legal and regulatory provisions to finance specific activities of the County. These funds consist of Virginia Public Assistance, Colonial Community Corrections, Community Development, Donation Trust, Tourism, and Grants and Special Projects.

Nonmajor Fiduciary Funds: Nonmajor Fiduciary Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The County's Fiduciary Funds includes the Agency Funds, which consist of Special Welfare, Williamsburg Area Medical Assistance Corporation, Regional Jail, Juvenile Detention, and Williamsburg Area Transit Authority.

Basis of Accounting and Measurement Focus

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. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The accompanying fund financial statements of the governmental funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available to finance operations during the year. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures, other than interest on long-term debt, are recorded when the fund liability is incurred. Interest on long-term debt is recorded when due.

In applying the modified accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of those revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the County, which is usually within 45 days; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Real estate and personal property taxes are recorded as revenues and receivables when levied and billed, net of allowances for uncollectible amounts. Property taxes levied but not collected within 45 days after year end are reflected as deferred revenue. Sales taxes, which are collected by the state and subsequently remitted to the County, are recognized as revenues and receivables upon execution of the sale, which is generally two months preceding receipt by the County.

License and permits, fines and rents are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded at fair value as earned since they are measurable and available.

The government-wide and the proprietary fund financial statements are accounted for on a flow of 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. The proprietary fund-type operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

1) Summary of Significant Accounting Policies, Continued

The statement of net position, statement of activities and financial statements of the proprietary fund 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. The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary fund are charges to customers for services. Operating expenses for the proprietary fund include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

For purpose of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash, and (b) so near the maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, the County considers investments with original maturities of 90 days or less to be cash equivalents.

Investments

Investments are reported at fair value except for the position in Virginia's Local Government Investment Pool (LGIP) which in accordance with state law, is reported at amortized cost. The County determines fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. This statement requires the use of valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach. The statement establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The County uses a market approach as the valuation technique for Level 2 inputs. Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements.

Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The allowance for uncollectible accounts relating solely to property taxes was \$81,100 in the General Fund at June 30, 2019. Additionally, the County recorded an allowance for uncollectible accounts of \$10,045 related to business, professional and occupational license taxes and \$236,483 for the Advance Life Support/Basic Life Support (ALS/BLS) fees.

The Authority has few uncollectible receivables and does not use allowance accounts. State law permits filing of liens against real property for unpaid utility charges. The write-off of bad debts only occurs when the property is sold prior to the lien process being instituted.

Inventory

All inventories, which consist of materials and supplies, are valued at cost using the average-cost method. Reported inventories are accounted for under the consumption method (i.e., recorded as expenditures when used) in the governmental and proprietary funds. The cost is recorded as an expenditure at the time individual inventory items are consumed. Quantities on hand at year end are recorded at cost on the balance sheet with an offset to nonspendable fund balance, which indicates that they do not constitute available spendable resources.

Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the accompanying government-wide financial statements to the extent the County's capitalization threshold of \$5,000 is met. Depreciation is recorded on capital assets on a government-wide basis. Capital outlays of the proprietary funds are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

1) Summary of Significant Accounting Policies, Continued

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Contributed capital assets are valued at their acquisition value on the date donated.

Maintenance, repairs and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Depreciation of capital assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10 to 50 years
Improvements other than buildings	6 to 40 years
Equipment and vehicles	3 to 20 years
Infrastructure	20 to 40 years

Compensated Absences

County employees are granted sick and vacation leave in varying amounts based on length of service. They may accumulate, subject to certain limitations, unused sick and vacation leave, and upon retirement, termination, or death, may be compensated for certain amounts at their then current rates of pay. The accumulated annual sick and vacation leave estimated to be payable upon separation are recorded in the accompanying government-wide financial statements.

Unbilled Revenue

The Authority records the amount of earned but unbilled service charges revenue by prorating actual subsequent billings. Amounts accrued but unbilled were approximately \$2,011,000 at June 30, 2019.

Property Taxes

Real property taxes are recognized as receivables when levied. Real property taxes attach as an enforceable lien on property automatically. Taxes are levied no later than October 1 and are due by December 5 and June 5.

Property taxes levied in the current and prior year have been recorded in governmental activities as receivables as of the date the County has the legal right to receive payments thereon. Personal property taxes create a lien on the assessed property. The receivables collected during the fiscal year and during the first 45 days of the succeeding fiscal year are recognized in the General Fund as revenues in the current fiscal year.

A penalty of 10% of the tax is assessed the business day after the due date on taxes outstanding as of those dates and interest at 10% per annum is added.

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Property, liability and line of duty coverages are provided through a group self-insurance risk pool. The County's retention is through deductibles on a per-claim basis.

There have been no reductions in insurance coverages from the prior year, and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

1) Summary of Significant Accounting Policies, Continued

Deductibles and coverage limits at June 30, 2019 are as follows:

	Deductibles	Liability Coverage Limits
Property insurance:		
Building and contents	\$ 10,000	Replacement cost
Inland marine	\$ 1,000	Functional cost/actual cash value
Flood/earthquake (outside 100 year flood plain)	\$ 25,000	\$ 50,250,000
Business interruption/extra expense		\$ 3,000,000
Property in transit		\$ 5,000,000
Increased cost of construction/ordinance/demolition		\$ 20,000,000
Back-up of sewers and drains		\$ 10,000,000
Debris removal		\$ 25,000,000
Pollutant clean-up and removal		\$ 500,000
Utility services time element		\$ 5,000,000
Newly acquired locations for up to 120 days		\$ 25,000,000
Boiler/equipment breakdown	\$ 1,000	\$ 125,000,000
General liability	\$ 100,000	\$ 2,000,000
Public officials liability	\$ 100,000	\$ 9,000,000
Law enforcement liability	\$ 100,000	\$ 2,000,000
Automobile liability	\$ 100,000	\$ 2,000,000
Automobile comprehensive/collision	\$ 1,000	Actual cash value/repair cost
Crime	\$ 250	\$ 500,000
Cyber risk	\$ 100,000	\$ 2,000,000
Environmental liability	\$ 100,000	\$ 1,000,000
Excess liability		\$ 7,000,000
Worker's compensation; Line of duty		Statutory limits

Bond Premiums, Discounts and Issuance Costs

In the accompanying government-wide financial statements, bond premiums and discounts are deferred and amortized over the terms of the related issues on a straight-line basis, which approximates the effective interest method.

In the accompanying fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

1) Summary of Significant Accounting Policies, Continued

Encumbrances

Encumbrance accounting in which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration. Outstanding encumbrances at year-end are reported in their appropriate fund balance classification in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. Fund balances are reported according to the following categories:

Nonspendable: Amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted: Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed: Amounts that can be used only for the specific purposes determined by formal action of the Board of Supervisors by adoption of an ordinance and cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process.

Assigned: Amounts that are intended to be used for specific purposes, but do not meet the criteria as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Supervisors, or as delegated to the Director of Financial and Management Services. The Board of Supervisors has, by resolution, authorized the Director of Financial and Management Services to assign fund balance. Unlike commitments, assignments generally only exist temporarily and an additional action is not normally required to be taken for the removal of an assignment.

Unassigned: Includes the residual classification for the County's general fund and includes all spendable amounts not contained in other classifications. Only the general fund can report a positive unassigned fund balance. This includes the County's goal of maintaining a fiscal liquidity balance between 10%-12% of the total general governmental expenditures.

The County's policy is to apply expenditures against restricted resources first when either restricted or unrestricted amounts are available. Within unrestricted fund balance, it is the County's policy to apply expenditures against committed amounts first, followed by assigned, and then unassigned amounts. In a governmental fund other than the general fund, a negative unassigned fund balance could result if expenditures incurred for a specific purpose exceeds the amounts in the fund that are restricted, committed, and assigned for that purpose.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

1) Summary of Significant Accounting Policies, Continued

The constraints placed on fund balance for the major governmental funds and non-major governmental funds in the aggregate at June 30, 2019 were as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor governmental Funds</u>
Nonspendable:			
Inventory	\$ 252,792	\$ -	\$ -
Restricted:			
Debt service - bond proceeds held in escrow	-	4,536,503	-
Housing and neighborhood development	-	-	482,727
Fire and emergency management	-	-	443,997
Child health initiative	-	-	106,692
Total restricted	<u>-</u>	<u>4,536,503</u>	<u>1,033,416</u>
Assigned:			
General government	154,684	4,824,192	25,612
Judicial administration	38,379	-	596,441
Public safety	97,188	1,066,201	93,771
Public works	515,754	2,921,776	-
Health and welfare	-	-	2,297,832
Education	-	9,389,181	-
Parks, recreation and cultural	117,287	3,098,478	26,525
Community development	688,009	8,432,695	6,720,885
Other	-	-	-
Health insurance reserve	4,107,609	-	-
Potential insurance losses	300,000	-	-
Capital reserve (debt reserve fund)	7,116,956	-	-
Subsequent year's budget - capital projects	1,807,000	-	-
Total assigned	<u>14,942,866</u>	<u>29,732,523</u>	<u>9,761,066</u>
Unassigned	<u>31,693,639</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 46,889,297</u>	<u>\$ 34,269,026</u>	<u>\$ 10,794,482</u>

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

Reclassification

Certain amounts in the prior year financial presentations in the management's discussion and analysis and statistical sections have been reclassified for comparative purposes to conform to the current year presentation.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

2) Cash, Cash Equivalents and Investments

Primary Government

The primary government's cash and investments at June 30, 2019, consisted of the following:

Bank deposits		\$ 61,182,495
Petty cash		7,605
Amounts held for others		154
Investments		75,015,016
Total		<u>\$ 136,205,270</u>
Per Exhibit I:		
Cash and cash equivalents		\$ 52,774,946
Investments		63,464,574
Restricted:		
Cash and cash equivalents	\$ 2,685,560	
Investments	<u>5,106,211</u>	7,791,771
Per Exhibit C-I:		
Cash and cash equivalents		7,478,726
Restricted cash and investments		<u>4,695,253</u>
Total		<u>\$ 136,205,270</u>

The totals above include Agency Funds in the amount of \$12,173,979 from Exhibit 8, which are not a part of the government-wide financial statements.

Deposits with banks are fully covered by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia.

The primary government's restricted cash, cash equivalents and investments at June 30, 2019 are detailed as follows:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>	<u>Total</u>
Major governmental funds			
General	Subdivision escrow		\$ 1,337,107
Capital projects	Unspent bond proceeds	4,536,503	
	Developer escrow	<u>305,355</u>	4,841,858
Nonmajor governmental funds			
Housing and neighborhood development	Community rehabilitation	492,409	
Grants and special projects	Grants and special projects	<u>550,689</u>	1,043,098
Total			\$ 7,222,063
Proprietary - James City			
Service Authority	Debt service		<u>569,708</u>
Total			<u>\$ 7,791,771</u>

Fair Value Hierarchy

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy of valuation techniques based on inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs. The County uses a market approach as the valuation technique for Level 2 inputs.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

2) Cash, Cash Equivalents and Investments, Continued

As of June 30, 2019, the primary government's investments were as follows:

Investment Type	Cost	Fair value	Level 1	Level 2	Level 3
U.S. Treasury securities	\$ 31,314,251	\$ 31,722,647	\$ -	\$ 31,722,647	\$ -
Federal agency notes and bonds	8,879,951	8,963,958	-	8,963,958	-
Corporate notes and bonds	9,455,198	9,580,054	-	9,580,054	-
Commercial paper	1,770,840	1,786,583	-	1,786,583	-
Certificates of deposit	6,050,000	6,064,234	-	6,064,234	-
Municipal notes and bonds	174,475	177,207		177,207	
Federal agency collateralized mortgage obligation	3,929,162	3,971,280	-	3,971,280	-
Subtotal	61,573,877	62,265,963	-	62,265,963	-
LGIP (amortized cost)	1,143,094	1,143,094	N/A	N/A	N/A
Money market	5,161,728	5,161,728	N/A	N/A	N/A
Total	\$ 67,878,699	\$ 68,570,785	\$ -	\$ 62,265,963	\$ -

	Fair value	Investment maturity (in years)		
		Less than 1	1-2	2-7
U.S. Treasury securities	\$ 31,722,647	\$ -	\$ 16,503,843	\$ 15,218,804
Federal agency notes and bonds	8,963,958	250,000	3,786,156	4,927,802
Corporate notes and bonds	9,580,054	1,220,136	3,895,362	4,464,556
Commercial paper	1,786,583	1,786,583	-	-
Certificates of deposit	6,064,234	3,988,358	2,075,876	-
Municipal notes and bonds	177,207	-	177,207	-
Federal agency collateralized mortgage obligation	3,971,280	197,487	282,134	3,491,659
LGIP	1,143,094	1,143,094	-	-
Money market	5,161,728	5,161,728	-	-
Total	\$ 68,570,785	\$ 13,747,386	\$ 26,720,578	\$ 28,102,821

Investment Policy

In accordance with the Code of Virginia and other applicable law, including regulations, the County's Investment Policy (the Policy) permits investments in U.S. government obligations, municipal obligations, prime quality commercial paper, and certain corporate notes, bankers' acceptances, repurchase agreements, negotiable certificates of deposit, bank deposit notes, mutual funds, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, which measures its investments at amortized cost). The Treasury Board of the Commonwealth of Virginia has regulatory oversight of the LGIP.

The Policy establishes limitations on the holdings of non-U.S. government obligations. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each security is as follows:

U.S. Treasury obligations	100% maximum
Federal Agency obligations	100% maximum
Registered money market mutual funds	100% maximum
Commonwealth of Virginia LGIP	100% maximum
Bank deposits	100% maximum
Repurchase agreements	50% maximum
Bankers' acceptances	40% maximum
Commercial paper	35% maximum
Negotiable certificates of deposit/bank notes	20% maximum
Municipal obligations	20% maximum
Corporate notes	15% maximum

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

2) Cash, Cash Equivalents and Investments, Continued

Credit Risk

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following; Moody's Investors Service, Standard & Poor's, Fitch Investor's Service, and Duff and Phelps. Corporate notes must have a minimum of "Aa" long-term debt rating by Moody's Investors Service and a minimum of "AA" long-term debt rating by Standard & Poor's. Negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investors Service. Although state statute does not impose credit standards on repurchase agreement counterparties, bankers' acceptances or money market mutual funds, the County has established stringent credit standards for these investments to minimize portfolio risk.

The County's investments as of June 30, 2019 were rated by Standard & Poor's, Moody's and Fitch and/or an equivalent national rating organization and the ratings are as follows:

	Unrated	AAA	AA+	AA	AA-	A-1+	A-1
Federal agency notes and bonds	-	-	8,963,958	-	-	-	-
Corporate notes and bonds	-	269,978	1,513,097	2,210,019	5,586,960	-	-
Commercial paper	-	-	-	-	-	298,385	1,488,198
Certificates of deposit	-	-	-	-	2,075,876	1,078,863	2,909,495
Municipal notes and bonds	-	-	-	-	177,207	-	-
Federal agency collateralized mortgage obligation	-	-	3,971,280	-	-	-	-
LGIP	-	1,143,094	-	-	-	-	-
Money market	5,106,211	55,517	-	-	-	-	-
Total	\$ 5,106,211	\$ 1,468,589	\$ 14,448,335	\$ 2,210,019	\$ 7,840,043	\$ 1,377,248	\$ 4,397,693

Concentration of Credit Risk

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than 5% of the County's portfolio will be invested in the securities of any single issuer with the following exceptions:

U.S. Treasury	100% maximum
Commonwealth of Virginia LGIP	100% maximum
Each bank deposit institution	100% maximum
Each money market mutual fund	50% maximum
Each federal agency	35% maximum
Each repurchase agreement counterparty	25% maximum

As of June 30, 2019, the portions of the County's portfolio (excluding the blended component units), excluding U.S. Treasury notes, which exceed 5% of the total portfolio are as follows:

Issuer	% of portfolio
Freddie MAC	8.19%
Federal Home Loan Banks	8.93%

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the County's Policy limits the investment of short-term operating funds to an average weighted maturity of no more than 180 days, with a portion of the portfolio continuously invested in readily available funds. The operating fund core portfolio will be invested in permitted investments with a stated maturity of no more than five years from the date of purchase. To control the volatility of the core portfolio, the Treasurer will determine a duration target, not to exceed three years.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

2) Cash, Cash Equivalents and Investments, Continued

Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities, so long as the maturity does not exceed the expected disbursement date of those funds.

Custodial Credit Risk

The Policy requires that all investment securities purchased by the County or held as collateral on deposits or investments shall be held by the County or by a third-party custodial agent who may not otherwise be a counterparty to the investment transaction. As of June 30, 2019, all of the County's investments are held in a bank's trust department in the name of James City County.

Component Units

The Public School's and the Economic Development Authority's (EDA) cash and investments at June 30, 2019, consisted of the following:

	Component Unit	
	Public Schools	EDA
Bank deposits	\$ 6,603,730	\$ 102,551
Investments	10,225,425	238,489
Total cash and cash equivalents	<u>\$ 16,829,155</u>	<u>\$ 341,040</u>

The Public Schools' total includes Agency Funds of \$1,329,996, which are not part of the government-wide financial statements.

Deposits with banks are fully covered by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia.

3) Receivables

Amounts due from miscellaneous sources at June 30, 2019 are detailed as follows:

	General Fund	Nonmajor Governmental Funds
Sales tax	\$ 1,849,138	\$ -
Meals tax	839,366	-
Historic 1% sales tax	835,099	-
Health insurance	558,724	-
Emergency medical services	439,183	-
Charges for services	247,786	-
Recordation tax	130,143	-
Other	91,079	127
Business license	66,756	-
Deeds of conveyance	40,609	-
Motor vehicle licenses	33,748	-
Utility consumption fee	26,739	-
Fines and forfeitures	26,659	-
Total	<u>\$ 5,185,029</u>	<u>\$ 127</u>

The Housing and Neighborhood Development Fund provides loans related to certain programs. The balance receivable on these loans as of June 30, 2019 is presented on the balance sheet net of an allowance for forgiven and deferred loans, as shown below:

Gross loan balances outstanding	\$ 2,629,226
Less: Allowance	(2,016,056)
Loans receivable, net	<u>\$ 613,170</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

4) Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances are considered short-term in nature. All other balances resulted from the time-lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

At June 30, 2019, the balances were as follows:

	Due from other funds		
	General	Capital Projects	Nonmajor governmental funds
Due to other funds:			
General	\$ -	\$ 2,298,968	\$ 11,599
			Total
			\$ 2,310,567

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2019, consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 62,842	\$ (41,503,213)
Capital projects	17,041,167	(2,397,568)
Debt service	22,502,576	-
Nonmajor governmental	6,758,856	(2,464,660)
Total	\$ 46,365,441	\$ (46,365,441)

The transfer from the nonmajor governmental funds of \$62,842 to the General Fund was funding for a tourism-related position.

Transfers from the General Fund of \$14,639,349 to the Capital Projects Fund represent the County's pay-as-you-go project funding. Transfers from the General Fund of \$21,181,006 to the Debt Service Fund were for the principal and interest on outstanding debt as the payments became due.

Transfers from the General Fund of \$5,682,858 to various nonmajor governmental funds represent the movement of funds collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers from the nonmajor governmental funds of \$2,401,818 to the Capital Projects Fund represent the movement of funds collected in various funds to finance capital projects related to tourism and other special projects.

Transfers from the Capital Projects fund of \$1,321,570 to the Debt Service Fund were for debt service payments related to a bond issuance in fiscal year 2019. Transfers from the Capital Projects Fund of \$1,075,998 to nonmajor governmental funds were for stormwater special projects.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

5) Due from Other Governments

Details of net amounts due from other governments as of June 30, 2019 are as follows:

Primary Government	General	Capital Projects	Nonmajor Governmental	Total
Local:				
Wmbg. Regional Library	\$ 325,797	\$ -	\$ -	\$ 325,797
Other	84,139	-	107,400	191,539
WJCC Schools for services	102,079	-	-	102,079
City of Williamsburg	94,637	-	-	94,637
WJCC Schools - Comprehensive Svcs. Act	-	-	15,109	15,109
Commonwealth of Virginia:				
Car rental tax	10,263	-	-	10,263
Communications sales and use tax	230,789	-	-	230,789
Compensation Board	181,088	-	-	181,088
Personal property tax relief	4,836,856	-	-	4,836,856
Comprehensive Services Act	-	-	246,959	246,959
E911 Wireless Board	19,141	-	-	19,141
Other	7,655	-	36,360	44,015
Recordation tax	94,420	-	-	94,420
Rolling stock tax	12,428	-	-	12,428
Sales tax	1,474,266	-	-	1,474,266
Virginia Dept. of Aviation	-	-	89,600	89,600
Virginia Dept. of Social Services	-	-	108,671	108,671
Virginia Dept. of Environmental Quality	-	935,068	-	935,068
Federal:				
Dept. of Criminal Justice Services	-	-	14,348	14,348
Dept. of Homeland Security	-	-	66,499	66,499
Dept. of Housing & Community Development	-	-	28,461	28,461
Dept. of Justice	-	-	49,140	49,140
Dept. of Social Services	-	-	208,513	208,513
FEMA	-	-	74,259	74,259
Total	\$ 7,473,558	\$ 935,068	\$ 1,045,319	\$ 9,453,945

Component Unit - Public Schools

Federal government	\$ 3,392,327
Commonwealth of Virginia	468,517
Fiduciary fund	225,226
City of Williamsburg	(42,982)
Total	\$ 4,043,088

All amounts due from other governments are expected to be collected within one year.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

6) Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

Governmental activities:	Balances July 1, 2018	Increases	Decreases	Balances June 30, 2019
Capital assets not being depreciated:				
Land and land improvements	\$ 28,132,818	\$ 2,143,849	\$ -	\$ 30,276,667
Construction in progress	32,281,157	22,961,338	39,037,881	16,204,614
Intangible assets - easements	8,826,349	-	-	8,826,349
Total capital assets not being depreciated	69,240,324	25,105,187	39,037,881	55,307,630
Capital assets being depreciated:				
Depreciable land improvements	104,202	4,995,101	-	5,099,303
Intangible assets	543,371	274,350	-	817,721
Buildings and improvements	339,194,702	31,115,248	41,427	370,268,523
Improvements other than buildings	37,974,421	-	702,196	37,272,225
Equipment and vehicles	52,036,433	3,013,847	1,752,811	53,297,469
Infrastructure	10,704,394	1,186,123	11,922	11,878,595
Total capital assets being depreciated	440,557,523	40,584,669	2,508,356	478,633,836
Less accumulated depreciation for:				
Depreciable land improvements	689	67,639	-	68,328
Intangible assets	9,056	132,908	-	141,964
Buildings and improvements	107,296,574	8,118,640	20,652	115,394,562
Improvements other than buildings	12,789,070	3,564,651	514,944	15,838,777
Equipment and vehicles	36,000,647	3,706,403	1,698,106	38,008,944
Infrastructure	4,675,315	423,925	11,558	5,087,682
Total accumulated depreciation	160,771,351	16,014,166	2,245,260	174,540,257
Total capital assets being depreciated, net	279,786,172	24,570,503	263,096	304,093,579
Total	\$ 349,026,496	\$ 49,675,690	\$ 39,300,977	\$ 359,401,209

Depreciation was charged to governmental functions as follows:

General government administration	\$ 864,155
Judicial administration	331,433
Public safety	3,563,983
Public works	588,304
Parks, recreation and cultural	1,937,322
Community development	430,673
Education	7,959,267
Health and welfare	339,029
Total	<u>\$ 16,014,166</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

6) Capital Assets, Continued

Business-type activity:	Balances July 1, 2018 (as restated)	Increases	Decreases	Balances June 30, 2019
Capital assets not being depreciated:				
Land	\$ 1,739,491	\$ 2,500	\$ -	\$ 1,741,991
Land - utility plant	955,995	-	-	955,995
Land improvements	13,183	-	-	13,183
Construction in progress	2,552,479	5,183,949	4,271,458	3,464,970
Intangible assets - easements	4,570	-	-	4,570
Total capital assets not being depreciated	<u>5,265,718</u>	<u>5,186,449</u>	<u>4,271,458</u>	<u>6,180,709</u>
Capital assets being depreciated:				
Water and sewer systems - utility plant	255,282,927	9,026,989	-	264,309,916
Land improvements (depreciable)	-	8,930	-	8,930
Buildings and improvements	4,394,478	41,417	-	4,435,895
Office fixtures and equipment	2,128,725	272,451	21,271	2,379,905
Automotive equipment	2,905,285	225,743	112,560	3,018,468
Intangible assets - water rights	25,000,000	-	-	25,000,000
Infrastructure	91,798	-	-	91,798
Total capital assets being depreciated	<u>289,803,213</u>	<u>9,575,530</u>	<u>133,831</u>	<u>299,244,912</u>
Less accumulated depreciation for:				
Water and sewer systems - utility plant	132,330,600	6,752,818	-	139,083,418
Land improvements	-	223	-	223
Buildings and improvements	1,160,571	125,849	-	1,286,420
Office fixtures and equipment	1,398,029	157,279	20,356	1,534,952
Automotive equipment	2,391,591	269,887	112,222	2,549,256
Intangible assets - water rights	5,674,847	613,497	-	6,288,344
Infrastructure	530	3,060	-	3,590
Total accumulated depreciation	<u>142,956,168</u>	<u>7,922,613</u>	<u>132,578</u>	<u>150,746,203</u>
Total capital assets being depreciated, net	<u>146,847,045</u>	<u>1,652,917</u>	<u>1,253</u>	<u>148,498,709</u>

Depreciation was charged to the business-type operations as follows:

Water	\$ 5,014,701
Sewer	2,907,912
Total	<u>\$ 7,922,613</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

6) Capital Assets, Continued

Component Unit - Public Schools	Balances July 1, 2018	Increases	Decreases	Balances June 30, 2019
Capital assets not being depreciated:				
Land improvements	\$ 8,435,126	\$ -	\$ -	\$ 8,435,126
Construction in progress	1,795,982	2,151,277	2,578,902	1,368,357
Total capital assets not being depreciated	10,231,108	2,151,277	2,578,902	9,803,483
Capital assets being depreciated:				
Buildings and improvements	64,818,907	2,043,408	9,504	66,852,811
Furniture and equipment	26,262,186	2,774,228	321,230	28,715,184
Total capital assets being depreciated	91,081,093	4,817,636	330,734	95,567,995
Less accumulated depreciation for:				
Buildings and improvements	24,072,435	2,686,968	2,416	26,756,987
Furniture and equipment	18,329,940	1,597,131	307,167	19,619,904
Total accumulated depreciation	42,402,375	4,284,099	309,583	46,376,891
Total capital assets being depreciated, net	48,678,718	533,537	21,151	49,191,104
Total	\$ 58,909,826	\$ 2,684,814	\$ 2,600,053	\$ 58,994,587

Depreciation of \$4,284,099 was charged to the Public Schools' governmental functions.

The total construction in progress for the Public Schools was \$10,891,296 at June 30, 2019. Capital outlay expenditures totaling \$9,522,939 are presented in the County's construction in progress balance in order to match the corresponding debt.

Component Unit - EDA	Balances July 1, 2018	Increases	Decreases	Balances June 30, 2019
Capital assets not being depreciated:				
Land	\$ 1,037,951	\$ -	\$ -	\$ 1,037,951
Land improvements	34,200	-	-	34,200
Construction in progress	166,510	-	-	166,510
Total capital assets not being depreciated	1,238,661	-	-	1,238,661
Capital assets being depreciated:				
Land improvements	237,988	-	-	237,988
Buildings and improvements	290,095	-	-	290,095
Infrastructure	182,379	-	-	182,379
Furniture and equipment	5,119	-	5,119	-
Total capital assets being depreciated	715,581	-	5,119	710,462
Less accumulated depreciation for:				
Buildings and improvements	4,835	7,252	-	12,087
Land improvements	7,933	11,899	-	19,832
Infrastructure	4,155	6,233	-	10,388
Furniture and equipment	3,541	512	4,053	-
Total accumulated depreciation	20,464	25,896	4,053	42,307
Total capital assets being depreciated, net	695,117	(25,896)	1,066	668,155
Total	\$ 1,933,778	\$ (25,896)	\$ 1,066	\$ 1,906,816

7) Due From and To Component Units

The Authority owed the County \$996,066 at June 30, 2019, which primarily represented payroll expenses and purchase card expenses.

The County funds its construction costs for schools through the Capital Projects Fund for the component unit - Public Schools. At June 30, 2019, the County owed the Public Schools \$2,222,431, primarily for construction incurred by the Public Schools. The Public Schools owed the County \$2,298,968 for local schools funds unexpended at year-end that are contractually required to be returned to the County. The net due from component unit - Public Schools was \$76,537 at June 30, 2019.

The County owed the Economic Development Authority \$48,116 for its contribution to fund an incentive to a business under a performance based agreement.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

8) Unavailable Revenue and Unearned Revenue

Unavailable revenue represents amounts that have been earned but are not available. Unavailable revenue consists of the following as of June 30, 2019:

	General fund	Capital projects	Other governmental funds	Total
Medic fees	\$ 212,868	\$ -	\$ -	\$ 212,868
Grants not collected within availability period	-	-	456,548	456,548
Property taxes not collected within availability period	19,855,711	593	-	19,856,304
	<u>\$ 20,068,579</u>	<u>\$ 593</u>	<u>\$ 456,548</u>	<u>\$ 20,525,720</u>

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Details of unearned revenue as of June 30, 2019 were as follows:

	General fund	Capital projects	Other governmental funds	Total
Primary government				
Prepaid property taxes and fees	\$ 113,628	\$ -	\$ -	\$ 113,628
Grants received in advance	-	-	2,400	2,400
	<u>\$ 113,628</u>	<u>\$ -</u>	<u>\$ 2,400</u>	<u>\$ 116,028</u>

	General fund	Grants fund	Total
Component Unit - Public Schools			
Insurance reimbursement	\$ 101,131	\$ -	\$ 101,131
Behavioral intervention grant	-	9,124	9,124
Outdoor science grant	-	4,301	4,301
Math grant	-	2,353	2,353
	<u>\$ 101,131</u>	<u>\$ 15,778</u>	<u>\$ 116,909</u>

9) Long-Term Liabilities

Primary Government

A summary of the County's long-term liability activity for governmental activities for the fiscal year ended June 30, 2019, is presented below:

Governmental activities	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within one year
General obligation bonds	\$ 35,505,000	\$ -	\$ 4,090,000	\$ 31,415,000	\$ 4,195,000
Lease revenue/refunding bonds	99,268,000	21,015,000	18,772,000	101,511,000	9,027,000
Bond premiums, net	12,645,307	2,007,010	1,428,339	13,223,978	1,420,654
Capital leases	3,183,141	-	1,036,183	2,146,958	1,060,841
Landfill post-closure care	174,973	4,024	-	178,997	63,666
Compensated absences	3,687,253	70,103	-	3,757,356	2,818,017
Net pension liability	13,912,380	-	1,419,966	12,492,414	-
Net OPEB retiree healthcare liability	4,296,213	275,723	-	4,571,936	-
Net OPEB group life insurance liability	3,183,000	58,000	-	3,241,000	-
Net OPEB health insurance credit liability	583,614	16,327	-	599,941	-
Total	<u>\$176,438,881</u>	<u>\$ 23,446,187</u>	<u>\$ 26,746,488</u>	<u>\$173,138,580</u>	<u>\$ 18,585,178</u>

The General Fund or the Special Revenue Fund where the employees' salaries are charged generally liquidates compensated absences and the pension and OPEB liabilities.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

9) Long-Term Liabilities, Continued

Lease Revenue Bond Issuance and Refunding

In November 2018, the County issued \$21,015,000 of revenue and refunding bonds, with interest rates ranging from 4.00%-5.00%. A portion of the proceeds were used to refund \$9,555,000 of outstanding 2009 Build America Bonds, with interest rates ranging from 4.00%-4.60%. Net proceeds of \$9,779,912 (including the use of debt service reserve funds of \$1,235,976, an equity contribution of \$913,121, a premium of \$856,509, and after payment of \$45,695 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the outstanding balance of the 2009 Build America Bonds in the amount of \$8,895,000 as of June 30, 2019 is consider defeased, and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the carrying value of the old debt by \$846,709 ("deferred charge on refunding"), and this amount is being amortized over the life of the old debt. The revenue refunding bonds mature in various installments through 2039 with interest payable semiannually. The County refunded the 2009 Build America Bonds to reduce its total debt service payments over 10 years by \$1,625,173 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt less accumulated debt service reserve funds) of \$160,725.

In addition, the bond issuance included a new lease revenue bond in the amount of \$14,195,000 with a premium of \$1,150,501. The proceeds of this issuance will be used to finance the cost of capital improvements for fire vehicles and apparatus and school purposes.

Arbitrage

Arbitrage is the difference between the yield on an issuer's tax-exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U.S. Treasury. As of June 30, 2019, there was no rebate liability.

Details of long-term bond indebtedness at June 30, 2019 for governmental activities were as follows:

General obligation bonds	Sale date	Original borrowing	Interest rates	Final maturity	Balance June 30, 2019
Virginia Public School Authority bonds (Series A)	1999	\$ 19,220,000	5.10-5.225%	2020	\$ 1,465,000
Virginia Public School Authority bonds (Series B)	1999	1,250,000	6.10%	2020	60,000
Virginia Public School Authority bonds (Series A)	2011	1,000,000	4.25%	2031	650,000
General obligation refunding bonds	2014	21,610,000	2.00-5.00%	2028	17,060,000
General obligation refunding bonds (Series A)	2015	11,280,000	2.50-5.00%	2030	11,180,000
Taxable general obligation refunding bonds (Series B)	2015	3,820,000	1.50-2.00%	2020	1,000,000
				Total	<u>\$ 31,415,000</u>
<u>Lease revenue/refunding bonds</u>					
Lease revenue bonds	2011	6,672,000	2.18%	2022	2,001,000
Lease revenue bonds	2012	26,380,000	3.00-5.00%	2033	14,860,000
Lease revenue refunding bonds	2014	12,575,000	3.00-4.00%	2026	8,595,000
Lease revenue refunding bonds	2015	49,815,000	4.00-5.00%	2026	31,180,000
Lease revenue bonds	2016	26,750,000	2.00-5.00%	2036	23,860,000
Lease revenue refunding bonds	2018	21,015,000	4.00-5.00%	2039	21,015,000
				Total	<u>\$ 101,511,000</u>
Capital lease	2010	1,312,522	3.725%	2021	\$ 307,454
Capital lease	2017	4,736,044	2.160%	2021	1,839,504
				Total	<u>\$ 2,146,958</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

9) Long-Term Liabilities, Continued

The debt service requirements for the governmental activities' bond obligations are as follows:

Year ending June 30,	General obligation bonds		Lease revenue/refunding bonds	
	Principal	Interest	Principal	Interest
2020	\$ 4,195,000	\$ 1,181,116	\$ 9,027,000	\$ 4,215,502
2021	2,710,000	1,062,788	9,172,000	3,814,511
2022	2,790,000	928,038	9,347,000	3,386,070
2023	2,885,000	789,037	8,855,000	2,956,650
2024	2,985,000	645,287	9,020,000	2,558,950
2025-2029	13,165,000	1,638,075	30,285,000	7,316,051
2030-2034	2,685,000	141,000	17,540,000	3,136,650
2035-2039	-	-	8,265,000	745,050
	<u>\$ 31,415,000</u>	<u>\$ 6,385,341</u>	<u>\$ 101,511,000</u>	<u>\$ 28,129,434</u>

In November 2010, the County executed a regional lease purchase agreement with York County to purchase enhanced 911 equipment to service each respective jurisdiction's Dispatch Center and to be compatible with current technology and telephone systems. The amount included in capital assets at June 30, 2019 was \$1,008,200 and depreciation expense of \$100,820 was incurred during fiscal year 2019.

In July 2016, the County entered into a Memorandum of Understanding with York County to upgrade the joint public safety/public services radio communication system. The County's portion was \$4,736,044 and is included in capital assets. Depreciation expense of \$947,209 was incurred during fiscal year 2019.

The present value of future minimum capital lease payments of the County as of June 30, 2019 is as follows:

Year ending June 30:	
2020	1,112,027
2021	1,112,027
Total minimum lease payments	<u>2,224,054</u>
Less amount representing interest	<u>(77,096)</u>
Present value of minimum capital lease payments	<u>\$ 2,146,958</u>

A summary of the County's long-term liability activity for its business-type activity for the fiscal year ended June 30, 2019, is presented below:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within one year
Revenue refunding bonds	\$ 21,205,000	\$ -	\$ 630,000	\$ 20,575,000	\$ 655,000
Premium, net	1,395,295	-	63,907	1,331,388	63,907
Pension liability	613,640	-	90,470	523,170	-
Net retiree healthcare OPEB liability	406,742	26,227	-	432,969	-
Net group life insurance OPEB liability	333,000	7,000	-	340,000	-
Net health insurance credit OPEB liability	62,323	-	7,950	54,373	-
Compensated absences	401,955	494,881	480,339	416,497	312,373
Total	<u>\$ 24,417,955</u>	<u>\$ 528,108</u>	<u>\$ 1,272,666</u>	<u>\$ 23,673,397</u>	<u>\$ 1,031,280</u>

Details of long-term bond indebtedness at June 30, 2019 for the business-type activity were as follows:

Revenue refunding bonds	Sale date	Original borrowing	Interest rates	Final maturity	Balance June 30, 2019
Water and sewer system revenue refunding bonds	2016	\$ 22,595,000	3.00-5.00%	2040	<u>\$ 20,575,000</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

9) Long-Term Liabilities, Continued

The debt service requirements for the business-type activity debt obligations are as follows:

Year ending June 30,	Revenue refunding bonds	
	Principal	Interest
2020	\$ 655,000	\$ 700,050
2021	690,000	667,300
2022	720,000	632,800
2023	745,000	611,200
2024	785,000	573,950
2025-2029	4,445,000	2,332,600
2030-2034	5,190,000	1,578,300
2035-2039	6,030,000	750,600
2040	1,315,000	39,450
Total	<u>\$ 20,575,000</u>	<u>\$ 7,886,250</u>

Component Unit - Public Schools

A summary of the Public Schools' long-term liability activity for the fiscal year ended June 30, 2019, is presented below:

Component unit - Public Schools	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within one year
Capital leases	\$ 32,299	\$ -	\$ 32,299	\$ -	\$ 483,767
Net pension liability	106,201,000	-	6,308,000	99,893,000	-
Other postemployment benefits	21,715,475	147,251	-	21,862,726	-
Compensated absences	1,289,504	988,015	1,202,481	1,075,038	-
Total	<u>\$ 129,238,278</u>	<u>\$ 1,135,266</u>	<u>\$ 7,542,780</u>	<u>\$ 122,830,764</u>	<u>\$ 483,767</u>

10) Landfill Closure and Postclosure Care Cost

The County closed its landfill during fiscal year 1994 and contracted with a third party to provide solid waste disposal services to its residents. This third party operates the site, collects fees based upon the source of the waste, and pays the associated expenditures. The County was responsible for construction of the transfer station and all major maintenance and repairs to it. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for 10 to 30 years after closure.

The \$178,997 reported as landfill postclosure liability at June 30, 2019, represents the amount estimated to monitor the landfill for an average monitoring period of 25 years, and is based on what it would cost to perform all closure and postclosure care in 2019. The increase of \$4,024 from prior year is due to an inflation factor of 1.023, required by the Department of Environment Quality. Actual costs may be higher due to inflation, technology changes, or regulation changes. The County intends to fund these costs from the net revenues collected from the above contract and from any funds accumulated for this purpose in the County's General Fund.

11) Pension Plan

The County, Authority, and Public Schools' non-professional employees participate in a multi-employer, agent defined benefit pension plan (Political Subdivision Retirement Plan) administered by the Virginia Retirement System (VRS). The Public Schools' professional employees participate in a multi-employer, cost sharing defined benefit pension plan (Teacher Retirement Plan) administered by VRS. The VRS establishes a separate annual contribution requirement for the Public Schools' professional employees who participate in the VRS statewide teacher cost-sharing pool.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

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 retirement plans and the additions to/deductions from the retirement plans' 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.

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service 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.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Same as Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service 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. <u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> 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 creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

		<p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contributions Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contributions Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contributions Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contributions Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contributions Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>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%.</p> <p>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, 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 creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p>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:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 	<p>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%.</p> <p>Eligibility: Same as Plan 1.</p> <p>Exceptions to COLA Effective Dates: Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2.</p> <p>Defined Contributions Component: Not applicable.</p> <p>Eligibility: Same as Plan 1 and Plan 2.</p> <p>Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.</p>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

<ul style="list-style-type: none"> • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contributions Component:</u> Not applicable.</p>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

Agent Multiple-Employer Political Subdivision Retirement Plan

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Governmental Activities Number	Business-type Activities Number	Component unit- Public Schools (non-professional) Number
Inactive members or their beneficiaries currently receiving benefits	439	48	101
Inactive members:			
Vested	157	15	23
Non-vested	197	18	79
Active elsewhere in VRS	271	27	48
Total inactive members	625	60	150
Active members	806	85	229
Total	1,870	193	480

Contributions

The contributions requirement for active employees is governed by §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% of their compensation toward their retirement.

The Authority's and Public Schools' contractually required contribution rates for the year ended June 30, 2019 were 5.64% and 3.54%, respectively, of covered employee compensation. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2017. The County's contractually required contribution rate was 8.70% for the period July 1, 2018 through December 31, 2018. Effective January 1, 2019, the County's contractually required contribution was changed to 10.11% through June 30, 2019, as a result of the separation of Middle Peninsula Juvenile Detention Commission and the Williamsburg Area Transit Authority from the County's VRS plan.

These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Total contributions to the pension plan from the County were \$3,816,392 and \$3,793,308, the Authority were \$250,534 and \$308,672, and the Public Schools were \$173,657 and \$224,276 for years ended June 30, 2019 and 2018, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

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, 2017, 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, 2018.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

- Inflation: 2.5%
- Salary increases, including inflation: 3.5% - 5.35%
- Investment rate of return: 7.0%, 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 GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-retirement:

RP-2014 employee rates to age 80, healthy annuitant rates at ages 81 and older projected with scale of BB to 2020; males 95% of rates; females 105% of rates.

Post-retirement:

RP-2014 employee rates to age 49, healthy annuitant rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 disability mortality rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-retirement:

RP-2014 employee rates to age 80, healthy annuitant rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates

Post-retirement:

RP-2014 employee rates to age 49, healthy annuitant rates at age 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 disability mortality rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

- Update mortality rates to a more current mortality table - RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- No change in salary scale
- Increase line of duty disability rate from 14% to 20%

All Others (Non 10 Largest) - Non-Hazardous Duty:

- Update mortality rates to a more current mortality table - RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- No change in salary scale
- Increase line of duty disability rate from 14% to 15%

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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, 2017, 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, 2018.

- Inflation: 2.5%
- Salary increases, including inflation: 3.5% - 4.75%
- Investment rate of return: 7.0%, 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 GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related

Pre-retirement:

RP-2014 employee rates to age 80, healthy annuitant rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-retirement:

RP-2014 employee rates to age 49, healthy annuitant rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 disability mortality rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related

Pre-retirement:

RP-2014 employee rates to age 80, healthy annuitant rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-retirement:

RP-2014 employee rates to age 49, healthy annuitant rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 disability mortality rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

- Update mortality rates to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience
- Increased disability rates
- No change in salary scale
- Increase line of duty disability rate from 60% to 70%

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

All Others (Non 10 Largest) - Hazardous Duty:

- Update mortality rates to a more current mortality table – RP-2014 projected to 2020
- Increased age 50 retirement rates and lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better fit experience
- No change in salary scale
- Decrease line of duty disability rate from 60% to 45%

Long Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever is greater. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

Changes in Net Pension Liability

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net pension (b)	Net pension liability (asset) (a) - (b)
Governmental activities			
Balances at June 30, 2017	\$ 175,749,998	\$ 161,837,618	\$ 13,912,380
Changes for the year:			
Service cost	4,233,955	-	4,233,955
Interest	12,034,506	-	12,034,506
Difference between expected and actual experience	(258,300)	-	(258,300)
Contributions - employer	-	3,660,271	(3,660,271)
Contributions - employee	-	1,952,900	(1,952,900)
Net investment income	-	11,930,106	(11,930,106)
Benefit payments, including refunds of employee contributions	(7,656,974)	(7,656,974)	-
Administrative expenses	-	(102,499)	102,499
Other changes	-	(10,651)	10,651
Net changes	8,353,187	9,773,153	(1,419,966)
Balances at June 30, 2018	\$ 184,103,185	\$ 171,610,771	\$ 12,492,414
Business-type activity			
Balances at June 30, 2017	\$ 16,499,993	\$ 15,886,353	\$ 613,640
Changes for the year:			
Service cost	379,365	-	379,365
Interest	1,132,686	-	1,132,686
Difference between expected and actual experience	62,537	-	62,537
Contributions - employer	-	297,525	(297,525)
Contributions - employee	-	204,311	(204,311)
Net investment income	-	1,174,317	(1,174,317)
Benefit payments, including refunds of employee contributions	(637,522)	(637,522)	-
Administrative expenses	-	(10,045)	10,045
Other changes	-	(1,050)	1,050
Net changes	937,066	1,027,536	(90,470)
Balances at June 30, 2018	\$ 17,437,059	\$ 16,913,889	\$ 523,170
Component unit - Public Schools (non-professional)			
Balances at June 30, 2017	\$ 18,326,818	\$ 19,708,845	\$ (1,382,027)
Changes for the year:			
Service cost	506,887	-	506,887
Interest	1,254,419	-	1,254,419
Difference between expected and actual experience	(287,441)	-	(287,441)
Contributions - employer	-	224,276	(224,276)
Contributions - employee	-	249,325	(249,325)
Net investment income	-	1,451,191	(1,451,191)
Benefit payments, including refunds of employee contributions	(813,097)	(813,097)	-
Administrative expenses	-	(12,546)	12,546
Other changes	-	(1,291)	1,291
Net changes	660,768	1,097,858	(437,090)
Balances at June 30, 2018	\$ 18,987,586	\$ 20,806,703	\$ (1,819,117)

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

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

The following presents the net pension liability using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Governmental activities			
Net pension liability (asset)	\$ 37,338,501	\$ 12,492,414	\$ (8,085,208)
Business-type activity			
Net pension liability (asset)	\$ 2,790,320	\$ 523,170	\$ (1,367,365)
Component unit - Public Schools (non-professional)			
Net pension liability (asset)	\$ 425,549	\$ (1,819,117)	\$ (3,714,586)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the County, Authority, and Public Schools (non-professional) recognized pension expense (recovery) of \$447,522, (\$73,893) and (\$330,979), respectively. At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

	Deferred outflows of resources	Deferred inflows of resources
Governmental activities		
Differences between expected and actual experience	\$ 24,995	\$ 1,279,483
Changes of assumptions	-	593,942
Net difference between projected and actual earnings on pension plan investments	-	1,393,101
Employer contributions subsequent to the measurement date	3,816,392	-
Total	<u>\$ 3,841,387</u>	<u>\$ 3,266,526</u>
Business-type activity		
Differences between expected and actual experience	\$ 88,238	\$ 118,174
Changes of assumptions	-	156,533
Net difference between projected and actual earnings on pension plan investments	-	144,264
Employer contributions subsequent to the measurement date	250,534	-
Total	<u>\$ 338,772</u>	<u>\$ 418,971</u>
Component unit - Public Schools (non-professional)		
Differences between expected and actual experience	\$ -	\$ 342,708
Changes of assumptions	-	91,137
Net difference between projected and actual earnings on pension plan investments	-	176,960
Employer contributions subsequent to the measurement date	173,657	-
Total	<u>\$ 173,657</u>	<u>\$ 610,805</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

The County, Authority, and Public Schools reported deferred outflows of resources of \$3,816,392, \$250,534 and \$173,657, respectively, related to pensions resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	Governmental Activities	Business-type Activity	Component unit - Public Schools (non-professional)
2020	\$ (649,489)	\$ (71,453)	\$ (225,954)
2021	(764,517)	(92,942)	(153,736)
2022	(1,692,131)	(152,857)	(214,328)
2023	(135,394)	(13,481)	(16,787)
	<u>\$ (3,241,531)</u>	<u>\$ (330,733)</u>	<u>\$ (610,805)</u>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of that report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2018-annual-report.pdf> or by writing to VRS' Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Cost-Sharing Multiple-Employer Plan - Teacher Retirement Plan (Professional Plan)
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Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement. The Public Schools' contractually required contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarial determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Public Schools were \$11,047,560 and \$10,992,169 for the years ended June 30, 2019 and June 30, 2018, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows for Resources Related to Pensions

At June 30, 2019, the Public Schools' reported a liability of \$99,893,000 for its proportionate share of the Net Pension Liability of the Teacher Retirement Plan. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

The Public Schools' proportion of the Net Pension Liability was based on the Public Schools' actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the Public Schools' proportion was 0.84943% as compared to 0.86356% at June 30, 2017.

For the year ended June 30, 2019, the Public Schools recognized pension expense of \$5,846,169. Given that there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2019, the Public Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Teacher Retirement Plan:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Component unit - Public Schools (professional plan)		
Differences between expected and actual experience	\$ -	\$ 8,542,000
Change in assumptions	1,192,000	
Changes in proportion and differences between employer contributions and proportionate share of contributions	713,000	2,763,000
Differences between expected and actual investment earnings on pension plan investments	-	2,118,000
Employer contributions subsequent to the measurement date	11,047,560	-
Total	<u>\$ 12,952,560</u>	<u>\$ 13,423,000</u>

Deferred outflows of resources report in the amount of \$11,047,560 related to pensions resulting from the Public Schools' contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended</u>	<u>Component unit - Public Schools (professional plan)</u>
2020	\$ (1,502,000)
2021	(2,729,000)
2022	(5,021,000)
2023	(1,717,000)
2024	(549,000)
	<u>\$ (11,518,000)</u>

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

- Inflation: 2.5%
- Salary increases, including inflation: 3.5% - 5.95%
- Investment rate of return: 7.0%, net of pension plan investment expenses, including inflation*

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

*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 GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates

Pre Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates at age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016.

Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service year through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 46,679,555
Plan Fiduciary Net Position	34,919,563
Employers' Net Pension Liability (Asset)	<u>\$ 11,759,992</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	74.81%

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Estate	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Public Schools' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the Public Schools' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

11) Pension Plan, Continued

Component unit - Public Schools (professional plan)	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ 152,589,000	\$ 99,893,000	\$ 56,275,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be requested from the System's Chief Financial Officer in writing at P.O. Box 2500, Richmond, VA 23218-2500 or by downloading a copy from the VRS website at: <https://www.varetire.org/pdf/publications/2018-annual-report.pdf>.

12) Other Post-Employment Benefits (OPEB)

Multiple Employer Agent Plan - Retiree Healthcare

The County, Authority and Public Schools provide post-employment health care benefits for qualifying retired employees who are not yet eligible for Medicare through an agent, multiple-employer (County and Authority) and single-employer (for the Public Schools) defined benefit plan. The plans are administered by the County and Schools, respectively, and the benefits, benefit levels, employee contributions and employer contributions are governed by the County and Public Schools and can be amended through their personnel manuals.

Valuation reports were prepared for the County, Authority and Schools by Bolton Partners. The County and Authority reports may be obtained from the James City County Department of Financial and Management Services, 101-F Mounts Bay Road, Williamsburg, Virginia 23187-8784. The Public Schools' report may be obtained from the Finance Department, 117 Ironbound Road, Williamsburg, Virginia 23185.

Plan Description

Participants must be eligible to retire under VRS and must be full-time active employees who retire directly from the County or Authority and are at least 55 years of age with 15 years of service. Each year, retirees participating in the County or Authority's sponsored plans will be given the opportunity to change plans or drop coverage during an open enrollment period. The pre-Medicare retirees have a choice of two plans offered by Cigna. Dental plans are available at the retiree's cost and therefore, have no employer obligation. There is no coverage for post-Medicare retirees.

The Public Schools provides a single-employer defined benefit medical plan and a retiree health insurance premium contribution plan that covers retirees until they reach 65 years of age. There is no coverage for retirees or their spouses once they reach the age of 65 and are eligible for Medicare. Both plans were established under the authority of the Williamsburg-James City County School Board and any amendments to the plans must be approved by the School Board. The Public Schools' plan allows retirees under the age of 65 to remain in the same medical and dental plan as active employees if they have at least five years of service and are a covered member under the plan at retirement and for at least 24 months prior to retiring. Retirees pay 100% of the premium, minus the monthly \$62.50 contribution, as applicable. The Public Schools' plan allows eligible retirees to receive a \$750 annual contribution toward their health insurance premium if they have a minimum of twelve continuous years of service. The Public Schools' current membership is 23.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

Funding Policy

Retirees contribute towards their health insurance premiums based on a blended rate and therefore, the County and Authority have an implicit obligation. Retirees pay 100% of the published rates for individual and dependent coverage until age 65. The estimated contributions are based on the implicit rate subsidy payments made during the year by the retirees. The County, Authority and Public Schools do not intend to establish a trust to pre-fund their obligations. The anticipated growth in the net retiree healthcare OPEB liability is based on contributions to the benefit plan on a pay-as-you-go cost basis. The data has been projected into the future based on the assumption the current active population remains constant.

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the retiree healthcare OPEB plan:

	Governmental Activities Number	Business-type Activities Number	Component unit - Public Schools (non-professional) Number
Active employees	568	74	1,148
Retirees	19	1	30
Total	<u>587</u>	<u>75</u>	<u>1,178</u>

Actuarial Methods and Assumptions

For the actuarial valuation at July 1, 2017 (measurement date of June 30, 2018), the entry age normal funding method was used. The goal of this method is that the annual accrual (or normal cost) be a level percent of pay throughout an employee's career. This method requires a salary increase assumption. The normal cost percentage is equal to the present value of benefits divided by the present value of future salary determined when the employee was hired. The actuarial accrued liability is equal to the present value of benefits minus the normal cost percentage times the present value of future salaries at the valuation date.

The actuarial assumptions included calculations based on a discount rate of 3.62% for the unfunded liability. Benefits are discounted based on an index rate for 20-year tax exempt general obligation (GO) municipal bonds with an average rating of AA/Aa or higher. For this valuation, the Bond Buyer GO 20-year Bond Municipal Bond Index was used.

The medical trend assumption for the County and Authority were changed from the previous valuation to an assumption developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in December 2007 and revised in 2014. The following assumptions were used as input variables into this model:

Inflation	2.20%
Rate of growth in real income/ GDP per capita	1.63%
Income multiplier for health spending	1.30
Extra trend due to technology and other factors	1.40%
Health share of GDP resistance point	25.00%
Year for limiting cost growth to GDP growth	2075

The medical trend assumption for the Public Schools was changed from the previous valuation to an assumption developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in December 2007. The following assumptions were used as input variables into this model:

Inflation	2.80%
Rate of growth in real income/ GDP per capita	1.50%
Income multiplier for health spending	1.30
Extra trend due to technology and other factors	1.10%
Health share of GDP resistance point	23.00%
Year for limiting cost growth to GDP growth	2060

12) Other Post-Employment Benefits (OPEB), Continued

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group.

The actuarial assumptions for the County and Authority included calculations based on salary increases of 3.15%-1.30% (general) and 2.55%-1.30% (public safety) based on years of service. The valuation assumed that 40% of participants currently with coverage will elect coverage upon retirement, and that 30% of participants electing coverage at retirement will elect coverage for their spouse.

Mortality decrements:

- Pre-Retirement (General): RP 2000 Employee Mortality Table Projected with Scale AA to 2020, males set forward 2 years and females set back 3 years
- Pre-Retirement (LEOS): RP 2000 Employee Mortality Table Projected with Scale AA to 2020, males and females set back 2 years
- Post-Retirement (General): RP 2000 Combined Mortality Table Projected with Scale AA to 2020, females back 1 year
- Post-Retirement (LEOS): RP 2000 Combined Mortality Table Projected with Scale AA to 2020, males set forward 1 year
- Disabled: RP 2000 Disabled Mortality Table, males set back 3 years not fully generational

The actuarial assumptions for the Public Schools included calculations based on salary increases of 3.75%-1.30% based on years of service. The valuation assumed that 25% of participants currently with coverage will elect coverage upon retirement.

Mortality decrements:

- Healthy: RP 2000 Combined Healthy Table, fully generational with Scale AA, sex distinct
- Disabled: RP 200 Combined Disabled Table

Changes in Assumptions Since Prior Valuation for the County and the Authority

- Discount rate was updated as required under the GASB 75 standard.
- Decrement and mortality assumptions were updated to the most recent VRS assumptions.
- Election rate was decreased from 50% to 40% for participants currently with coverage and 50% to 30% for participants who elect coverage at retirement taking spousal coverage.
- Claims assumption was updated to include the most recent plan experience.

Changes in Assumptions Since Prior Valuation for the Public Schools

- Discount rate was updated as required under the GASB 75 standard.
- Decrement and mortality assumptions were updated to the most recent VRS assumptions.
- Changed the funding method.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

Changes in Retiree Healthcare OPEB Liability

	Increase (decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a) - (b)
Governmental activities			
Balances at June 30, 2017	\$ 4,296,213	\$ -	\$ 4,296,213
Changes for the year:			
Service cost	263,439	-	263,439
Interest	151,623	-	151,623
Experience losses	193,468	-	193,468
ER contribution	-	314,650	(314,650)
Net investment income	-	-	-
Changes in assumptions	(17,822)	-	(17,822)
Changes in proportions	(335)	-	(335)
Benefit payments	(314,650)	(314,650)	-
Administrative expenses	-	-	-
Net changes	275,723	-	275,723
Balances at June 30, 2018	\$ 4,571,936	\$ -	\$ 4,571,936
Business-type activity			
Balances at June 30, 2017	\$ 406,742	\$ -	\$ 406,742
Changes for the year:			
Service cost	24,948	-	24,948
Interest	14,359	-	14,359
Experience losses	18,322	-	18,322
ER contribution	-	29,798	(29,798)
Net investment income	-	-	-
Changes in assumptions	(1,688)	-	(1,688)
Changes in proportions	84	-	84
Benefit payments	(29,798)	(29,798)	-
Administrative expenses	-	-	-
Net changes	26,227	-	26,227
Balances at June 30, 2018	\$ 432,969	\$ -	\$ 432,969
Component unit - Public Schools			
Balances at June 30, 2017	\$ 4,716,475	\$ -	\$ 4,716,475
Changes for the year:			
Service cost	432,740	-	432,740
Interest	165,148	-	165,148
Experience losses	(270,907)	-	(270,907)
ER contribution	-	(64,113)	64,113
Changes in assumptions	(13,843)	-	(13,843)
Benefit payments	64,113	64,113	-
Administrative expenses	-	-	-
Net changes	377,251	-	377,251
Balances at June 30, 2018	\$ 5,093,726	\$ -	\$ 5,093,726

Sensitivity of the Retiree Healthcare OPEB Liability to Changes in the Discount Rate

The following presents the retiree healthcare OPEB liability using the discount rate of 3.62%, as well as what the retiree healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Governmental activities			
Retiree Healthcare OPEB liability	\$ 5,038,599	\$ 4,571,936	\$ 4,148,707
Business-type activity			
Total and Net Retiree Healthcare OPEB liability	\$ 477,162	\$ 432,969	\$ 392,888
Component unit - Public Schools			
Total and Net OPEB liability	\$ 5,457,318	\$ 5,093,726	\$ 4,750,330

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

Sensitivity of the Retiree Healthcare OPEB Liability to Changes in the Health Care Cost Trend Rate – the County and the Authority

The following presents the retiree healthcare OPEB liability using the health care cost trend rate of 4.00%, as well as what the retiree healthcare OPEB liability would be if it were calculated using a health cost trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	1% Decrease (3%)	Ultimate Trend Rate (4%)	1% Increase (5%)
Governmental activities			
Retiree Healthcare OPEB liability	\$ 3,978,356	\$ 4,571,936	\$ 5,279,124
Business-type activity			
Total and Net Retiree Healthcare OPEB liability	\$ 376,756	\$ 432,969	\$ 499,940

Sensitivity of the Retiree Healthcare OPEB Liability to Changes in the Health Care Cost Trend Rate – Public Schools

The following presents the retiree healthcare OPEB liability using the health care cost trend rate of 4.10%, as well as what the retiree healthcare OPEB liability would be if it were calculated using a health cost trend rate that is one percentage point lower (3.10%) or one percentage point higher (5.10%) than the current rate:

	1% Decrease (3.10%)	Ultimate Trend Rate (4.10%)	1% Increase (5.10%)
Component unit - Public Schools			
Total and Net OPEB liability	\$ 4,536,289	\$ 5,093,726	\$ 5,755,491

Retiree Healthcare OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the County, Authority, and Public Schools recognized retiree healthcare OPEB expense of \$393,379, \$37,604, and \$749,532, respectively. At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to retiree healthcare OPEB from the following sources were reported:

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Governmental activities		
Differences between expected and actual experience	\$ 165,829	\$ -
Change of assumptions	-	248,921
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions subsequent to the measurement date	-	-
Change in proportion	-	288
Total	<u>\$ 165,829</u>	<u>\$ 249,209</u>
Business-type activity		
Differences between expected and actual experience	\$ 15,705	\$ -
Change of assumptions	-	21,899
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions subsequent to the measurement date	-	-
Change in proportion	72	-
Total	<u>\$ 15,777</u>	<u>\$ 21,899</u>
Component unit - Public Schools		
Differences between expected and actual experience	\$ -	\$ 232,206
Change of assumptions	-	186,691
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions subsequent to the measurement date	21,062	-
Total	<u>\$ 21,062</u>	<u>\$ 418,897</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retiree healthcare OPEB will be recognized in retiree healthcare OPEB expense as follows:

<u>Year ended</u>	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Component unit - Public Schools</u>
2020	\$ (21,684)	\$ (1,703)	\$ (75,644)
2021	(21,684)	(1,703)	(75,644)
2022	(21,684)	(1,703)	(75,644)
2023	(21,684)	(1,703)	(75,644)
2024	(21,684)	(1,700)	(75,645)
Thereafter	25,040	2,390	(40,676)
Total	<u>\$ (83,380)</u>	<u>\$ (6,122)</u>	<u>\$ (418,897)</u>

Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the County, Authority, and Public Schools also participate in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

Plan Description

General Employee Health Insurance Credit Program

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program (HIC) upon employment. 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. This plan is a multi-employer agent plan.

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	Governmental Activities Number	Business-type Activities Number	Component unit- Public Schools (non-professional) Number
Inactive members or their beneficiaries currently receiving benefits	145	13	33
Inactive members:			
Vested	11	-	1
Non-vested	-	-	-
Active elsewhere in VRS	-	-	-
Total inactive members	156	13	34
Active members	712	85	229
Total	868	98	263

Specific information about HIC is available at

<https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

Group Life Insurance Program

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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 Group Life Insurance Program OPEB.

The specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Public Schools Professional Plan Health Insurance Credit Program

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. 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.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

Specific information about the Teacher HIC is available at
<https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

Virginia Local Disability Program – Public Schools Non-Professional Plan

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP).

Specific information about VLDP is available at
<https://www.varetirement.org/hybrid/benefits/disability/virginia-local-disability-program.html>

Virginia Local Disability Program – Public Schools Professional Plan

All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee Virginia Local Disability Program. School divisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP).

Specific information about VLDP is available at
<https://www.varetirement.org/hybrid/benefits/disability/virginia-local-disability-program.html>

The GLI, Teacher HIC, VLDP non-professional, and Teacher VLDP are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. All of these plans are considered multiple employer, cost sharing plans.

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

General Employee Health Insurance Credit Program

	Governmental Activities	Business-type Activities	Component unit - Public Schools (non- professional)
Governed by	Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly		
Total rate of employee compensation	0.21%	0.19%	0.16%
June 30, 2019 Contribution	\$ 74,871	\$ 8,467	\$ 9,226
June 30, 2018 Contribution	\$ 67,836	\$ 8,467	\$ 11,165

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

Group Life Insurance Program

	Governmental Activities	Business-type Activities	Component unit - Public Schools (non- professional)
Governed by	Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly		
Total rate of employee compensation*	1.31%		
June 30, 2019 Contribution	\$ 213,323	\$ 21,000	\$ 407,768
June 30, 2018 Contribution	\$ 212,091	\$ 22,168	\$ 378,100

*Rate is allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.

Public Schools Professional Plan Health Insurance Credit Program

	Component unit - Public Schools (professional)
Governed by	Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate of employee compensation	1.20%
June 30, 2019 Contribution	\$ 864,798
June 30, 2018 Contribution	\$ 851,814

Virginia Local Disability Program – Public Schools Non-Professional Plan

	Component unit - Public Schools (non-professional)
Governed by	Code of Virginia 51.1-1178(C) and may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly.
Total rate of employee compensation	0.72%
June 30, 2019 Contribution	\$ 15,074
June 30, 2018 Contribution	\$ 9,890

Virginia Local Disability Program – Public Schools Professional Plan

	Component unit - Public Schools (professional)
Governed by	Code of Virginia 51.1-1178(C) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate of employee compensation	0.41%
June 30, 2019 Contribution	\$ 64,096
June 30, 2018 Contribution	\$ 39,047

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

VRS OPEB Liabilities, VRS OPEB Expense and Deferred Inflows and Outflows of Resources Related to VRS OPEB

The net VRS OPEB liabilities were measured as of June 30, 2018 and the total VRS OPEB liabilities used to calculate the net VRS OPEB liabilities were determined by actuarial valuations as of that date.

General Employee Health Insurance Credit Program

Changes in net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	Total OPEB - HIC liability (a)	Increase (decrease) Plan fiduciary net position (b)	Net OPEB - HIC liability (asset) (a) - (b)
Governmental activities			
Balances at June 30, 2017	\$ 1,282,074	\$ 698,460	\$ 583,614
Changes for the year:			
Service cost	29,285	-	29,285
Interest	86,675	-	86,675
Changes in benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	12,586	-	12,586
Contributions - employer	-	67,836	(67,836)
Contributions - employee	-	-	-
Net investment income	-	49,083	(49,083)
Benefit payments, including refunds of employee contributions	(87,727)	(87,727)	-
Administrative expenses	-	(1,138)	1,138
Other changes	-	(3,562)	3,562
Net changes	40,819	24,492	16,327
Balances at June 30, 2018	\$ 1,322,893	\$ 722,952	\$ 599,941
Business-type activity			
Balances at June 30, 2017	\$ 162,592	\$ 100,269	\$ 62,323
Changes for the year:			
Service cost	3,588	-	3,588
Interest	11,121	-	11,121
Changes in benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	(7,706)	-	(7,706)
Contributions - employer	-	8,467	(8,467)
Contributions - employee	-	-	-
Net investment income	-	7,150	(7,150)
Benefit payments, including refunds of employee contributions	(7,440)	(7,440)	-
Administrative expenses	-	(170)	170
Other changes	-	(494)	494
Net changes	(437)	7,513	(7,950)
Balances at June 30, 2018	\$ 162,155	\$ 107,782	\$ 54,373
Component unit - Public Schools (non-professional)			
Balances at June 30, 2017	\$ 323,268	\$ 327,773	\$ (4,505)
Changes for the year:			
Service cost	8,619	-	8,619
Interest	21,905	-	21,905
Changes in benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	(16,514)	-	(16,514)
Contributions - employer	-	11,165	(11,165)
Contributions - employee	-	-	-
Net investment income	-	23,057	(23,057)
Benefit payments, including refunds of employee contributions	(20,665)	(20,665)	-
Administrative expenses	-	(535)	535
Other changes	-	(1,683)	1,683
Net changes	(6,655)	11,339	(17,994)
Balances at June 30, 2018	\$ 316,613	\$ 339,112	\$ (22,499)

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

	Governmental Activities	Business-type Activities	Component unit - Public Schools (professional)	Component unit - Public Schools (non-professional)
June 30, 2019 proportionate share of Liability	\$ 3,241,000	\$ 340,000	\$ 5,946,000	
June 30, 2018 proportion	0.21342%	0.02234%	0.36332%	0.02817%
June 30, 2017 proportion	0.21149%	0.02217%	0.37116%	0.02951%
June 30, 2019 expense	\$ 31,000	\$ 4,000	\$ 6,100	

Public Schools Professional Plan Health Insurance Credit Program

	Component unit - Public Schools (professional)
June 30, 2019 proportionate share of Liability	\$ 10,793,000
June 30, 2018 proportion	0.85004%
June 30, 2017 proportion	0.86281%
June 30, 2019 expense	\$ 849,814

Virginia Local Disability Program – Public Schools Non-Professional Plan

	Component unit - Public Schools (non-professional)
June 30, 2019 proportionate share of Liability	\$ 5,000
June 30, 2018 proportion	0.67880%
June 30, 2017 proportion	0.75284%
June 30, 2019 expense	\$ 10,890

Virginia Local Disability Program – Public Schools Professional Plan

	Component unit - Public Schools (professional)
June 30, 2019 proportionate share of Liability	\$ 25,000
June 30, 2018 proportion	3.37801%
June 30, 2017 proportion	3.31886%
June 30, 2019 expense	\$ 46,047

Given that there was a change in proportionate share between measurement dates, a portion of the VRS OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2019 the County, Authority, and Public Schools reported deferred outflows of resources and deferred inflows of resources related to VRS OPEB from the following sources.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

General Employee Health Insurance Credit Program

	Deferred outflows of resources	Deferred inflows of resources
Governmental activities		
Differences between expected and actual experience	\$ 10,767	\$ -
Change of assumptions	-	7,687
Net difference between projected and actual earnings on OPEB plan investments	-	17,596
Employer contributions subsequent to the measurement date	74,871	-
Total	<u>\$ 85,638</u>	<u>\$ 25,283</u>
Business-type activity		
Differences between expected and actual experience	\$ -	\$ 6,594
Change of assumptions	-	2,829
Net difference between projected and actual earnings on OPEB plan investments	-	2,486
Employer contributions subsequent to the measurement date	8,002	-
Total	<u>\$ 8,002</u>	<u>\$ 11,909</u>
Component unit - Public Schools (non-professional)		
Differences between expected and actual experience	\$ -	\$ 13,544
Change of assumptions	-	7,379
Net difference between projected and actual earnings on OPEB plan investments	-	8,387
Employer contributions subsequent to the measurement date	9,226	-
Total	<u>\$ 9,226</u>	<u>\$ 29,310</u>

Group Life Insurance Program

	Deferred outflows of resources	Deferred inflows of resources
Governmental activities		
Differences between expected and actual experience	\$ 158,000	\$ 59,000
Change of assumptions	-	135,000
Net difference between projected and actual earnings on OPEB plan investments	-	105,000
Changes in proportionate share	42,000	-
Employer contributions subsequent to the measurement date	213,323	-
Total	<u>\$ 413,323</u>	<u>\$ 299,000</u>
Business-type activity		
Differences between expected and actual experience	\$ 17,000	\$ 6,000
Change of assumptions	-	14,000
Net difference between projected and actual earnings on OPEB plan investments	-	11,000
Changes in proportionate share	-	2,000
Employer contributions subsequent to the measurement date	23,296	-
Total	<u>\$ 40,296</u>	<u>\$ 33,000</u>
Component unit - Public Schools		
Differences between expected and actual experience	\$ 291,000	\$ 105,000
Change of assumptions	-	248,000
Net difference between projected and actual earnings on OPEB plan investments	-	194,000
Changes in proportionate share	-	139,000
Employer contributions subsequent to the measurement date	407,768	-
Total	<u>\$ 698,768</u>	<u>\$ 686,000</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

Public Schools Professional Plan Health Insurance Credit Program

Component Unit - Public Schools (professional)	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 53,000
Change of assumptions	-	94,000
Net difference between projected and actual earnings on OPEB plan investments	-	8,000
Changes in proportionate share	-	218,000
Employer contributions subsequent to the measurement date	864,798	-
Total	<u>\$ 864,798</u>	<u>\$ 373,000</u>

Virginia Local Disability Program – Public Schools Non-Professional Plan

Component Unit - Public Schools non-professional	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ -
Change of assumptions	-	1,000
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportionate share	-	-
Employer contributions subsequent to the measurement date	15,074	-
Total	<u>\$ 15,074</u>	<u>\$ 1,000</u>

Virginia Local Disability Program – Public Schools Professional Plan

Component Unit - Public Schools professional	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 2,000
Change of assumptions	2,000	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportionate share	-	-
Employer contributions subsequent to the measurement date	64,096	-
Total	<u>\$ 66,096</u>	<u>\$ 2,000</u>

The deferred outflows of resources related to VRS OPEB resulting from the County's, Authority's and Public School's contributions subsequent to the measurement date will be recognized as a reduction of the net VRS OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to VRS OPEB will be recognized in VRS OPEB expense as follows on the next page:

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

General Employee Health Insurance Credit Program

Year ended	Governmental Activities	Business-type Activity	Component unit - Public Schools (non-professional)
2020	\$ (5,512)	\$ (2,495)	\$ (7,710)
2021	(5,512)	(2,495)	(7,710)
2022	(5,514)	(2,496)	(7,708)
2023	70	(1,696)	(4,518)
2024	280	(1,674)	(1,664)
Thereafter	1,672	(1,053)	-
Total	\$ (14,516)	\$ (11,909)	\$ (29,310)

Group Life Insurance Program

Year ended	Governmental Activities	Business-type Activity	Component unit - Public Schools
2020	\$ (40,000)	\$ (6,000)	\$ (114,000)
2021	(40,000)	(6,000)	(114,000)
2022	(40,000)	(5,000)	(114,000)
2023	(10,000)	(2,000)	(57,000)
2024	18,000	1,000	(6,000)
Thereafter	13,000	2,000	10,000
Total	\$ (99,000)	\$ (16,000)	\$ (395,000)

Public Schools Professional Plan Health Insurance Credit Program

Year ended	Component unit - Public Schools (professional)
2020	\$ (64,000)
2021	(64,000)
2022	(64,000)
2023	(59,000)
2024	(61,000)
Thereafter	(61,000)
Total	\$ (373,000)

Virginia Local Disability Program – Public Schools Non-Professional Plan

Year ended	Component unit - Public Schools (non-professional)
2020	\$ (1,000)
2021	-
2022	-
2023	-
2024	-
Thereafter	-
Total	\$ (1,000)

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

Actuarial Assumptions

The total VRS OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2017, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

Inflation	2.50%
Salary increases, including inflation:	
Locality - general employees	3.5% - 5.35%
Locality - hazardous duty employees	3.5% - 4.75%
Teachers	3.5% - 5.95%
Investment rate of return	7.0%, 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 GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 11.

Net VRS OPEB Liabilities

The net VRS OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program	Public Schools Professional HIC OPEB Plan	VLDP - Public Schools Non- Professional Plan	VLDP - Public Schools Professional Plan
Total OPEB Liability	\$ 3,113,508	\$ 1,381,313	\$ 1,588	\$ 1,401
Plan Fiduciary Net Position	1,594,773	111,639	816	647
Employers' Net OPEB Liability (Asset)	<u>\$ 1,518,735</u>	<u>\$ 1,269,674</u>	<u>\$ 772</u>	<u>\$ 754</u>
Plan Fiduciary Net Position as a % of the Total OPEB Liability	51.22%	8.08%	51.39%	46.18%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on 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 OPEB 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 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:

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total VRS OPEB liability was 7.00%. 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, 2018, the rate contributed by the entity for the OPEB liability will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the 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 OPEB liability.

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

The following presents the employer's proportionate share of the net VRS OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net VRS OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

General Employee Health Insurance Credit Program

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Governmental activities			
Net OPEB liability	\$ 751,006	\$ 599,941	\$ 471,876
Business-type activity			
Net OPEB liability	\$ 71,742	\$ 54,373	\$ 39,537
Component unit - Public Schools (non-professional)			
Net OPEB liability (Asset)	\$ 10,127	\$ (22,499)	\$ (50,570)

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

Group Life Insurance Program

	1% Decrease (6.00%)	Current Discount 7.00%	1% Increase (8.00%)
Governmental activities			
Net OPEB liability	\$ 4,236,000	\$ 3,241,000	\$ 2,433,000
Business-type activity			
Net OPEB liability	\$ 444,000	\$ 340,000	\$ 255,000
Component unit - Public Schools			
Net OPEB liability	\$ 7,770,000	\$ 5,946,000	\$ 4,464,000

Public Schools Professional Plan Health Insurance Credit Program

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Component unit - Public Schools (professional)			
Net OPEB liability	\$ 12,055,000	\$ 10,793,000	\$ 9,720,000

Virginia Local Disability Program – Public Schools Non-Professional Plan

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Component unit - Public Schools (non-professional)			
Net OPEB liability	\$ 6,000	\$ 5,000	\$ 4,000

Virginia Local Disability Program – Public Schools Professional Plan

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Component unit - Public Schools (professional)			
Net OPEB liability	\$ 31,000	\$ 25,000	\$ 20,000

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

12) Other Post-Employment Benefits (OPEB), Continued

Payables to the OPEB Plan

At June 30, 2019, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll:

Public Schools Group Life Insurance Program:	\$99,459
Public Schools Teacher HIC Program:	\$83,853
Public Schools (Professional) Teacher VLDP Plan:	\$6,367

13) Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to permanent part-time and full-time County and Authority employees, permits them to defer 25% of their gross income up to the maximum allowable by the IRC (\$19,000 in 2019). The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the participants. The County acts as trustee for the plan with the choice of investment options being made by the participants. The activity of the plan is accounted for in the Deferred Compensation trust fund in the accompanying basic financial statements.

14) Related-Party Transactions

Certain financial management, accounting, and other services are provided to the Authority by the County. The charges for these services amounted to \$831,810 for the year ended June 30, 2019. In addition, the County leases space in Authority's buildings under long-term operating leases. The County paid the Authority \$88,463 for the year ended June 30, 2019.

In September 2009, the County entered into an agreement with the Schools for maintenance and custodial services. The agreement is in place for one year, which may be renewed or amended by November 1 each year. The County paid the Schools \$116,452 for the year ended June 30, 2019 for these services.

In April 2013, the County entered into a memorandum of understanding (MOU) with the Schools to provide risk management services. The MOU had an initial term of one year with the option of renewal for four additional one year terms and is currently on a monthly basis.

15) Risk Management

The County reports all of its risk management expenditures in the General Fund. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

The County maintains surety coverage for principal officials through the Virginia Association of Counties Self Insurance Risk Pool. Surety coverage is provided under the general liability coverage with a limit of \$9,000,000. All elected officials, appointed officials, members of all appointed governing bodies, employees and volunteers are covered while acting within the scope of their duties with the County.

The County is subject to certain claims that arise in the ordinary course of operations. Many of these claims are in the early stages of the evaluation process. Accordingly, it is not possible at the present time to estimate the ultimate legal and financial liability, if any, with respect to certain lawsuits or other proceedings. In the opinion of management, after consultation with counsel, the eventual outcome of such claims has not yet been determined probable to have a material adverse effect on the County's operations or financial position.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

16) Commitments and Contingencies

Primary Government

Construction in Progress

At June 30, 2019, the County and Authority had several major projects under construction which are presented in the accompanying financial statements as construction in progress. Below are the financial details.

<u>Project</u>	<u>Budget</u>	<u>Expenditures to date</u>	<u>Balance of contract</u>	<u>Budget balance</u>
<u>Governmental activities</u>				
General government admin.	\$ 3,976,690	\$ 329,568	\$ 89,717	\$ 3,557,405
Public safety	4,075,504	3,009,302	223,643	842,559
Public works	3,722,123	622,624	158,676	2,940,823
Health & welfare	59,852	-	2,883	56,969
Community development	9,455,911	1,813,354	401,936	7,240,621
Parks, recreation and cultural	4,557,870	906,827	711,208	2,939,835
Total	<u>\$ 25,847,950</u>	<u>\$ 6,681,675</u>	<u>\$ 1,588,063</u>	<u>\$ 17,578,212</u>
<u>Business-type activity</u>				
Sewer improvements	\$ 5,657,345	\$ 1,810,586	\$ 1,559,189	\$ 2,287,570
Water supply	9,146,731	615,802	997,039	7,533,890
Water distribution	1,582,374	353,176	115,919	1,113,279
Water transmission	889,593	509,656	18,069	361,868
Water storage	185,620	-	-	185,620
Other	2,398,022	175,750	87,381	2,134,891
	<u>\$ 19,859,685</u>	<u>\$ 3,464,970</u>	<u>\$ 2,777,597</u>	<u>\$ 13,617,118</u>

Encumbrances

As previously discussed, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 1,611,301
Capital projects	1,588,063
Nonmajor governmental	373,717
Total	<u>\$ 3,573,081</u>

Advances for Construction

The Authority records advances for construction representing two separate agreement types. Funds can be advanced by developers for the construction of specific facilities. These agreements call for rebates, up to the amount advanced, and have no expiration date. Developers can also construct a facility, dedicate it to the Authority and receive rebates up to the cost of the facility for up to 10 years. The Authority no longer enters into these types of agreements. At June 30, 2019, the Authority had \$32,902 outstanding in advances for construction.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

16) Commitments and Contingencies, Continued

Operating Leases

The County leases certain land and office space under noncancelable operating lease agreements. Rental expenditures related to these lease agreements were \$254,483 for the year ended June 30, 2019.

The Public Schools lease equipment and buildings under noncancelable operating leases. Total costs for such leases were approximately \$345,211 for the year ended June 30, 2019. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30:</u>	<u>Primary government - governmental activities</u>	<u>Component unit - Public Schools</u>
2020	\$ 258,607	\$ 228,711
2021	265,027	143,305
2022	271,635	89,639
2023	279,013	15,055
2024	286,223	224
2025-2029	820,724	-
Total	<u>\$ 2,181,229</u>	<u>\$ 476,934</u>

Other

The County and the Public Schools participate in a number of federal awards. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County, the Public Schools and the Development Authority are currently not involved in any litigation in which management deems any potential impact would be material to their respective financial statements.

17) Tax Abatements

The Development Authority negotiates tax abatements as part of the Enterprise Zone Grant Program, the purpose of which is to bring new commercial and industrial businesses to the County. To be eligible for this program, the business must be located in one of the two Enterprise Zones in the County and make a capital investment of \$500,000 or more in a commercial or industrial project. Depending on the investment, the taxes abated are Real Estate or Machinery & Tools. The abatement is determined by taking the improvement value of the tax assessment for qualified capital investments and applying the following percentages:

	<u>Real Estate</u>	<u>Machinery & Tools</u>
Year 1	0.45%	0.50%
Year 2	0.36%	0.40%
Year 3	0.27%	0.30%
Year 4	0.18%	0.20%
Year 5	0.09%	0.10%

As of June 30, 2019, the County had 6 tax abatement agreements for Real Estate taxes as follows:

<u>Tax Abatement Program</u>	<u>Tax Amount Abated</u>
Enterprise Zone Grant Program - Real Estate	<u>\$ 12,231</u>

The Development Authority has a performance agreement with a business related to machinery and tools. The business is to make additional investments in their operations, which would increase their machinery and tools tax paid to the County. If the business meets a specified threshold of machinery and tools tax paid for five calendar years, the Development Authority and County will refund 10% of the total machinery and tools tax paid. For the year 2019, \$48,116 was returned to the business.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2019

18) Restatement

The net position as of the beginning of fiscal years 2018 and 2019 was restated to reflect an adjustment to the Authority's capital assets for construction in progress as well as an adjustment to the water meter agreement deposit liability as follows:

	6/30/2017 Previously Reported	Restatement	6/30/2017 As Restated
Statement of Net Position			
Capital assets - Construction in progress	\$ 2,398,338	\$ (809,312)	\$ 1,589,026
Current liabilities - Deposits	\$ (190,732)	\$ (373,000)	\$ (563,732)
Net position - Net investment in capital assets	\$ (136,696,744)	\$ 809,312	\$ (135,887,432)
Net position - Unrestricted	\$ (40,905,314)	\$ 373,000	\$ (40,532,314)

	6/30/2018 Previously Reported	Restatement	6/30/2018 As Restated
Statement of Net Position			
Capital assets - Construction in progress	\$ 3,993,821	\$ (1,441,342)	\$ 2,552,479
Current liabilities - Deposits	\$ (287,962)	\$ (406,500)	\$ (694,462)
Net position - Net investment in capital assets	\$ (132,616,889)	\$ 1,441,342	\$ (131,175,547)
Net position - Unrestricted	\$ (46,664,323)	\$ 406,500	\$ (46,257,823)

Statement of Revenues, Expenses and Changes in Net Position			
Operating revenues - Other	\$ 77,545	\$ (33,500)	\$ 44,045
Operating expenses - Maintenance	\$ 1,381,649	\$ 632,030	\$ 2,013,679
Operating loss	\$ (1,933,103)	\$ (665,530)	\$ (2,598,633)
Change in net position	\$ 1,568,551	\$ (665,530)	\$ 903,021

Statement of Cash Flows			
Cash Flows from operating activities			
Cash received from customers	\$ 15,781,875	\$ 33,500	\$ 15,815,375
Other cash received	\$ 739,584	\$ (33,500)	\$ 706,084
Cash payments to suppliers for goods and services	\$ (4,292,153)	\$ (632,030)	\$ (4,924,183)
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	\$ (2,698,112)	\$ 632,030	\$ (2,066,082)

19) Subsequent Event

In July 2019, the Board authorized the purchase of 21 acres at Green Mount Industrial Park to be used for economic development purposes. In September 2019, the purchase was completed, and the total amount paid at closing was \$1,282,476.

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Required Supplementary Information Other Than MD&A

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County of James City, Virginia
General Fund

The General Fund is the general operating fund of the County, which is used to account for all of the financial resources, except those required to be accounted for in another fund. Revenues are derived primarily from general property taxes, other local taxes, licenses, permits and fees and intergovernmental revenues. Primary expenditures are for public safety, public works, health and welfare, parks, recreation and culture, education and the general administration of the County.

County of James City, Virginia

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)

General Fund

Year ended June 30, 2019

Fund, major and minor revenue source	Original budget	Final budget	Actual	Variance positive (negative)
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 100,100,000	\$ 100,100,000	\$ 100,799,717	\$ 699,717
Real and personal public service corporation property taxes	2,150,000	2,150,000	2,070,535	(79,465)
Personal property taxes	24,005,000	24,005,000	24,966,205	961,205
Machinery and tools taxes	6,000,000	6,000,000	5,792,160	(207,840)
Penalties	695,000	695,000	726,994	31,994
Interest	350,000	350,000	389,226	39,226
Total general property taxes	<u>133,300,000</u>	<u>133,300,000</u>	<u>134,744,837</u>	<u>1,444,837</u>
Other local taxes:				
Local sales and use taxes	15,500,000	15,500,000	15,757,412	257,412
Franchise license taxes	650,000	650,000	783,685	133,685
Taxes on recordation and wills	1,450,000	1,450,000	1,141,226	(308,774)
Hotel and motel room taxes	2,985,000	2,985,000	2,922,370	(62,630)
Restaurant food taxes	7,390,000	7,390,000	7,509,825	119,825
Deeds of conveyance	375,000	375,000	368,961	(6,039)
Penalties	-	-	37,480	37,480
Interest	-	-	10,204	10,204
Total other local taxes	<u>28,350,000</u>	<u>28,350,000</u>	<u>28,531,163</u>	<u>181,163</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	30,000	30,000	13,877	(16,123)
Business licenses	7,330,000	7,330,000	7,658,776	328,776
Motor vehicle licenses	200,000	200,000	220,060	20,060
Building permits	1,162,000	1,144,000	893,697	(250,303)
Permits and other licenses	<u>777,000</u>	<u>795,000</u>	<u>710,121</u>	<u>(84,879)</u>
Total permits, privilege fees and regulatory licenses	<u>9,499,000</u>	<u>9,499,000</u>	<u>9,496,531</u>	<u>(2,469)</u>
Fines and forfeitures	<u>280,000</u>	<u>280,000</u>	<u>292,518</u>	<u>12,518</u>
Use of money and property	<u>220,000</u>	<u>220,000</u>	<u>166,340</u>	<u>(53,660)</u>
Charges for services:				
Excess fees - Clerk of Court	230,000	230,000	163,088	(66,912)
Charges for Commonwealth's attorney	6,000	6,000	6,585	585
Charges for law enforcement and traffic control	135,000	135,000	136,740	1,740
Charges for emergency medical services	2,050,000	2,050,000	2,023,437	(26,563)
Charges for parks and recreation	3,545,500	3,545,500	3,734,662	189,162
Landfill user fees	310,000	310,000	355,498	45,498
Other fees	173,500	173,500	166,331	(7,169)
Total charges for services	<u>6,450,000</u>	<u>6,450,000</u>	<u>6,586,341</u>	<u>136,341</u>
Miscellaneous revenue:				
Sale of property	127,000	127,000	131,814	4,814
Miscellaneous	<u>123,000</u>	<u>123,000</u>	<u>149,715</u>	<u>26,715</u>
Total miscellaneous revenue	<u>250,000</u>	<u>250,000</u>	<u>281,529</u>	<u>31,529</u>
Total revenue from local sources	<u>178,349,000</u>	<u>178,349,000</u>	<u>180,099,259</u>	<u>1,750,259</u>

(Continued)

See accompanying notes to the required supplementary information and independent auditor's report.

County of James City, Virginia

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)

General Fund

Year ended June 30, 2019

Fund, major and minor revenue source	Original budget	Final budget	Actual	Variance positive (negative)
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 30,000	\$ 30,000	\$ 30,590	\$ 590
Tax on deeds	500,000	500,000	380,568	(119,432)
Railroad rolling stock taxes	60,000	60,000	55,323	(4,677)
Personal property tax relief	9,770,137	9,770,137	9,770,137	-
Communications sales and use tax	1,600,000	1,600,000	1,445,956	(154,044)
Car rental tax	120,000	120,000	117,041	(2,959)
Total noncategorical aid	<u>12,080,137</u>	<u>12,080,137</u>	<u>11,799,615</u>	<u>(280,522)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	575,000	575,000	575,659	659
Sheriff	750,000	750,000	753,347	3,347
Commissioner of the revenue	179,849	179,849	179,502	(347)
Treasurer	165,500	165,500	170,245	4,745
Registrar/electoral board	50,000	50,000	47,586	(2,414)
Clerk of the circuit court	485,000	485,000	484,371	(629)
Total shared expenses	<u>2,205,349</u>	<u>2,205,349</u>	<u>2,210,710</u>	<u>5,361</u>
Other categorical aid:				
Wireless Board	210,000	210,000	223,951	13,951
Commission of the arts	4,750	4,750	4,500	(250)
HB 599 payments	1,400,000	1,400,000	1,413,432	13,432
Share of state sales tax	11,817,764	11,817,764	11,999,269	181,505
DMV Satellite Office	85,000	85,000	87,268	2,268
Total other categorical aid	<u>13,517,514</u>	<u>13,517,514</u>	<u>13,728,420</u>	<u>210,906</u>
Total categorical aid	<u>15,722,863</u>	<u>15,722,863</u>	<u>15,939,130</u>	<u>216,267</u>
Total revenue from the Commonwealth	<u>27,803,000</u>	<u>27,803,000</u>	<u>27,738,745</u>	<u>(64,255)</u>
Revenue from the federal government:				
Payments in lieu of taxes	8,000	8,000	8,257	257
Total revenue from the federal government	<u>8,000</u>	<u>8,000</u>	<u>8,257</u>	<u>257</u>
Total revenues	<u>\$ 206,160,000</u>	<u>\$ 206,160,000</u>	<u>\$ 207,846,261</u>	<u>\$ 1,686,261</u>

(Continued)

See accompanying notes to the required supplementary information and independent auditor's report.

County of James City, Virginia

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)

General Fund

Year ended June 30, 2019

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
General government administration:				
Legislative:				
Board of supervisors	\$ 177,098	\$ 193,342	\$ 187,975	\$ 5,367
General and financial administration:				
County administrator	744,116	738,332	696,285	42,047
County attorney	453,529	453,529	439,925	13,604
Human resources	628,370	652,903	546,358	106,545
Legal services	52,500	52,500	33,260	19,240
Commissioner of the revenue	864,151	864,151	842,085	22,066
Real estate assessments	656,836	656,836	621,014	35,822
Treasurer	1,115,229	1,115,229	885,562	229,667
Financial management	1,339,131	1,337,831	1,240,541	97,290
Accounting	149,708	151,008	135,209	15,799
IT Infrastructure	1,826,813	1,902,647	1,799,461	103,186
Purchasing	285,661	285,661	270,706	14,955
IT Core Applications	1,102,466	1,112,204	1,006,475	105,729
Information technology	1,305,875	1,236,767	1,147,026	89,741
Satellite office	218,477	218,477	207,502	10,975
Fleet maintenance	1,080,720	1,155,909	1,155,909	-
Total general and financial administration	11,823,582	11,933,984	11,027,318	906,666
Board of elections:				
Voter registration and elections	383,332	388,541	367,810	20,731
Total general government administration	12,384,012	12,515,867	11,583,103	932,764
Judicial administration:				
Courts:				
Circuit court and judicial services	567,611	567,819	551,145	16,674
General district court	39,092	39,092	30,572	8,520
Juvenile and domestic relations district court	14,439	14,439	12,877	1,562
Clerk of the circuit court	748,227	748,227	731,157	17,070
Sheriff	1,445,592	1,446,027	1,391,251	54,776
9th judicial district	6,408	6,408	6,339	69
Court services and juvenile detention	329,059	329,959	329,378	581
Courthouse	544,953	558,318	451,739	106,579
Total courts	3,695,381	3,710,289	3,504,458	205,831
Commonwealth's attorney	985,624	1,021,737	993,373	28,364
Total judicial administration	4,681,005	4,732,026	4,497,831	234,195
Public safety:				
Law enforcement and traffic control:				
Police department	11,087,321	11,134,566	11,000,284	134,282
Emergency communications	3,156,629	3,156,629	2,868,422	288,207
Total law enforcement and traffic control	14,243,950	14,291,195	13,868,706	422,489
Fire and rescue services:				
Fire department and emergency medical services	11,952,684	12,038,245	12,017,528	20,717
Correction and detention:				
Regional jail	2,541,793	2,542,877	2,542,877	-
Inspections:				
Building and safety permits	1,413,673	1,420,173	1,359,184	60,989
Other protection:				
Animal control	173,792	173,792	157,033	16,759
Emergency management	275,145	275,553	245,622	29,931
Total other protection	448,937	449,345	402,655	46,690
Total public safety	30,601,037	30,741,835	30,190,950	550,885

(Continued)

County of James City, Virginia

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)

General Fund

Year ended June 30, 2019

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
Public works:				
Sanitation and waste removal:				
Grounds maintenance	\$ 2,157,403	\$ 2,531,157	\$ 2,196,614	\$ 334,543
Solid waste and recycling	1,407,582	1,501,242	1,489,202	12,040
Total sanitation and waste removal	3,564,985	4,032,399	3,685,816	346,583
Maintenance of general buildings and grounds:				
Facilities management	5,086,020	4,950,601	4,526,681	423,920
Total public works	8,651,005	8,983,000	8,212,497	770,503
Health and human services:				
Local health department	778,786	778,786	712,249	66,537
Behavioral health and development services	1,578,768	1,578,768	1,578,768	-
Total health and human services	2,357,554	2,357,554	2,291,017	66,537
Education:				
School board administration	93,368,382	93,368,382	91,070,061	2,298,321
Parks, recreation and cultural:				
Parks and recreation:				
Administration	5,135,154	5,206,665	5,161,234	45,431
Community centers	424,343	429,221	315,002	114,219
Park operations	411,689	469,833	451,350	18,483
Recreation services	422,691	423,391	339,627	83,764
Total parks and recreation	6,393,877	6,529,110	6,267,213	261,897
Library:				
Regional library	4,618,401	4,618,401	4,618,401	-
Total parks, recreation and cultural	11,012,278	11,147,511	10,885,614	261,897
Community development:				
Planning and community development:				
Planning	1,322,787	1,419,587	875,619	543,968
Community Development	205,120	208,283	207,237	1,046
Zoning enforcement	340,099	340,099	322,664	17,435
Economic development	429,023	429,200	419,935	9,265
Contributions – other	1,033,424	1,032,340	1,019,610	12,730
Regional transportation	708,761	708,761	708,761	-
Total planning and community development	4,039,214	4,138,270	3,553,826	584,444
Environmental management:				
Stormwater & Resource protection	2,175,911	2,397,716	1,994,709	403,007
Total environmental management	2,175,911	2,397,716	1,994,709	403,007
Total community development	6,215,125	6,535,986	5,548,535	987,451
Nondepartmental:				
Miscellaneous	36,304	(14,518)	-	(14,518)
Health insurance	-	-	1,015,671	(1,015,671)
Total nondepartmental	36,304	(14,518)	1,015,671	(1,030,189)
Total expenditures	169,306,702	170,367,643	165,295,279	6,088,035
Excess of revenues over expenditures	36,853,298	35,792,357	42,550,982	7,774,296
Other financing sources (uses):				
Transfers in	62,600	62,600	62,842	242
Transfers out	(36,915,898)	(38,806,898)	(41,503,213)	(2,696,315)
Total other financing sources (uses)	(36,853,298)	(38,744,298)	(41,440,371)	(2,696,073)
Net change in fund balance	-	(2,951,941)	1,110,611	5,078,223
Fund balance at beginning of year	-	2,951,941	45,778,686	42,826,745
Fund balance at end of year	\$ -	\$ -	\$ 46,889,297	\$ 47,904,968

See accompanying notes to the required supplementary information and independent auditor's report.

County of James City, Virginia
Schedule of Changes in the Net Pension Liability and Related Ratios
Required Supplementary Information (Unaudited)
Years ended June 30, 2019, 2018, 2017, 2016 and 2015* (1)

	2015			2016			2017			2018			2019		
	County	JCSA	Public Schools* Non-Professional	County	JCSA	Public Schools* Non-Professional	County	JCSA	Public Schools* Non-Professional	County	JCSA	Public Schools* Non-Professional	County	JCSA	Public Schools* Non-Professional
Total pension liability															
Service cost	\$ 4,376,092	\$ 417,066	\$ 507,972	\$ 4,416,137	\$ 430,269	\$ 526,136	\$ 4,398,469	\$ 404,294	\$ 540,481	\$ 4,344,463	\$ 411,137	\$ 523,460	\$ 4,233,955	\$ 379,365	\$ 506,887
Interest	9,996,496	913,818	1,021,383	10,586,624	978,647	1,087,945	11,164,260	1,032,165	1,157,021	11,561,915	1,104,651	1,222,200	12,034,506	1,132,686	1,254,419
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	252,227	(146,331)	(13,491)	(2,733,673)	128,139	(122,658)	(554,290)	(213,521)	(318,599)	(258,300)	62,537	(287,441)
Changes in assumptions	-	-	-	-	-	-	-	-	-	(1,296,832)	(335,427)	(236,957)	-	-	-
Benefit payments, including refunds of employee contributions	(5,223,843)	(376,365)	(570,189)	(6,660,511)	(433,146)	(586,736)	(7,345,595)	(562,945)	(640,852)	(6,950,943)	(495,181)	(646,577)	(7,656,974)	(637,522)	(813,097)
Net change in total pension liability	9,148,745	954,519	959,166	8,594,477	829,439	1,013,854	5,483,461	1,001,653	933,992	7,104,313	471,659	543,527	8,353,187	937,066	660,768
Total pension liability, beginning	145,419,002	13,242,723	14,876,279	154,567,747	14,197,242	15,835,445	163,162,224	15,026,681	16,849,299	168,645,685	16,028,334	17,783,291	175,749,998	16,499,993	18,326,818
Total pension liability, ending (a)	<u>\$ 154,567,747</u>	<u>\$ 14,197,242</u>	<u>\$ 15,835,445</u>	<u>\$ 163,162,224</u>	<u>\$ 15,026,681</u>	<u>\$ 16,849,299</u>	<u>\$ 168,645,685</u>	<u>\$ 16,028,334</u>	<u>\$ 17,783,291</u>	<u>\$ 175,749,998</u>	<u>\$ 16,499,993</u>	<u>\$ 18,326,818</u>	<u>\$ 184,103,185</u>	<u>\$ 17,437,059</u>	<u>\$ 18,987,586</u>
Plan fiduciary net position															
Contributions - employer	4,362,691	308,820	435,519	4,065,806	329,381	372,141	4,133,647	336,720	369,942	3,536,962	288,588	233,501	3,660,271	297,525	224,276
Contributions - employee	1,909,429	197,188	237,728	1,844,202	193,349	256,454	1,870,648	197,261	256,786	1,934,998	210,624	257,483	1,952,900	204,311	249,325
Net investment income	18,931,089	1,802,418	2,265,304	6,365,577	612,704	764,646	2,508,354	245,617	309,381	17,721,493	1,734,000	2,158,117	11,930,106	1,174,317	1,451,191
Benefit payments, including refunds of employee contributions	(5,223,843)	(376,365)	(570,189)	(6,660,511)	(433,146)	(586,736)	(7,345,595)	(562,945)	(640,852)	(6,950,943)	(495,181)	(646,577)	(7,656,974)	(637,522)	(813,097)
Administrative expense	(100,186)	(9,511)	(12,002)	(86,580)	(8,173)	(10,296)	(89,515)	(8,604)	(10,703)	(101,649)	(9,804)	(12,355)	(102,499)	(10,045)	(12,546)
Other	998	95	120	(1,349)	(130)	(162)	(1,066)	(104)	(130)	(15,816)	(1,553)	(1,926)	(10,651)	(1,050)	(1,291)
Net change in plan fiduciary net position	19,880,178	1,922,645	2,356,480	5,527,145	693,985	796,047	1,076,473	207,945	284,424	16,125,045	1,726,674	1,988,243	9,773,153	1,027,536	1,097,858
Plan fiduciary net position, beginning	119,228,777	11,335,104	14,283,651	139,108,955	13,257,749	16,640,131	144,636,100	13,951,734	17,436,178	145,712,573	14,159,679	17,720,602	161,837,618	15,886,353	19,708,845
Plan fiduciary net position, ending (b)	<u>139,108,955</u>	<u>13,257,749</u>	<u>16,640,131</u>	<u>144,636,100</u>	<u>13,951,734</u>	<u>17,436,178</u>	<u>145,712,573</u>	<u>14,159,679</u>	<u>17,720,602</u>	<u>161,837,618</u>	<u>15,886,353</u>	<u>19,708,845</u>	<u>171,610,771</u>	<u>16,913,889</u>	<u>20,806,703</u>
Net pension liability (asset) (a) - (b)	<u>\$ 15,458,792</u>	<u>\$ 939,493</u>	<u>\$ (804,686)</u>	<u>\$ 18,526,124</u>	<u>\$ 1,074,947</u>	<u>\$ (586,879)</u>	<u>\$ 22,933,112</u>	<u>\$ 1,868,655</u>	<u>\$ 62,689</u>	<u>\$ 13,912,380</u>	<u>\$ 613,640</u>	<u>\$ (1,382,027)</u>	<u>\$ 12,492,414</u>	<u>\$ 523,170</u>	<u>\$ (1,819,117)</u>
Plan fiduciary net position as a percentage of the total pension liability	90.00%	93.38%	105.08%	88.65%	92.85%	103.48%	86.40%	88.34%	99.65%	92.08%	96.28%	107.54%	93.21%	97.00%	109.58%
Covered payroll	\$ 37,347,889	\$ 3,943,666	\$ 4,812,365	\$ 36,788,968	\$ 3,897,762	\$ 5,154,307	\$ 37,681,907	\$ 4,026,779	\$ 5,123,850	\$ 38,853,860	\$ 4,083,082	\$ 5,000,257	\$ 40,475,381	\$ 4,230,543	\$ 4,802,484
Net pension liability (asset) as a percentage of the total covered payroll	41.39%	23.82%	-16.72%	50.36%	27.58%	-11.39%	60.86%	46.41%	1.22%	35.81%	15.03%	-27.64%	30.86%	12.37%	-37.88%

(1) This schedule is intended to present 10 years of information. GASB 68 and 71 were implemented in fiscal year 2015, and additional years will be presented as the information becomes available.

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

County of James City, Virginia
Schedule of Employer's Share of Net Pension Liability
Required Supplementary Information (Unaudited)
Years ended June 30, 2019, 2018, 2017, 2016 and 2015* (1)

	Public Schools' Professional				
	2015	2016	2017	2018	2019
Employer's proportion of the net pension liability	0.85987%	0.87896%	0.87104%	0.86356%	0.84943%
Employer's proportionate share of the net pension liability	\$ 103,913,000	\$ 110,629,000	\$ 122,069,000	\$ 106,201,000	\$ 99,893,000
Employer's covered payroll	\$ 62,882,350	\$ 65,034,559	\$ 65,800,057	\$ 67,052,585	\$ 67,353,977
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	165.25%	170.11%	185.52%	158.38%	148.31%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%	74.81%

(1) This schedule is intended to present 10 years of information. GASB 68 and 71 were implemented in fiscal year 2015, and additional years will be presented as the information becomes available.

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

County of James City, Virginia
Schedule of Employer Pension Contributions
Required Supplementary Information (Unaudited)
Years ended June 30, 2019, 2018, 2017, 2016 and 2015 (1)

Primary Government - Governmental Activities - County					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2015	\$ 4,090,933	\$ 4,091,153	\$ 220	\$ 36,788,968	11.12%
2016	4,190,228	4,190,244	16	37,681,907	11.12%
2017	3,640,607	3,640,677	70	38,853,860	9.37%
2018	3,792,543	3,793,308	765	40,475,381	9.37%
2019	3,814,569	3,816,392	1,823	40,710,451	9.37%
*Excess contributions are a result of an amount due for retroactive payment for prior fiscal year.					
Primary Government - Business-Type Activities - JCSA					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2015	\$ 330,920	\$ 330,920	\$ -	\$ 3,897,762	8.49%
2016	341,874	341,874	-	4,026,779	8.49%
2017	297,668	297,668	-	4,083,082	7.29%
2018	308,672	308,672	-	4,230,543	7.29%
2019	250,534	250,534	-	4,445,820	5.63%
Component Unit - Public Schools' - Non-professional					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2015	\$ 372,141	\$ 372,141	\$ -	\$ 5,154,307	7.22%
2016	369,942	369,942	-	5,123,850	7.22%
2017	233,512	233,512	-	5,000,257	4.67%
2018	224,276	224,276	-	4,802,484	4.67%
2019	173,657	173,657	-	4,905,565	3.54%
Component Unit - Public Schools' - Professional					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2015	\$ 9,430,011	\$ 9,430,011	\$ -	\$ 65,034,559	14.50%
2016	9,251,488	9,251,488	-	65,800,057	14.06%
2017	9,829,909	9,829,909	-	67,052,585	14.66%
2018	10,992,169	10,992,169	-	67,353,977	16.32%
2019	11,047,560	11,047,560	-	70,456,378	15.68%

(1) This schedule is intended to present 10 years of information. GASB 68 and 71 were implemented in fiscal year 2015, and additional years will be presented as the information becomes available.

County of James City, Virginia
Schedule of Changes in the Net OPEB - Retiree Healthcare (RH) Liability and Related Ratios
Required Supplementary Information (Unaudited)
Years ended June 30, 2019 and 2018* (1) (2)

	2018			2019		
	County	JCSA	Public Schools* Non-Professional	County	JCSA	Public Schools* Non-Professional
Total OPEB - RH liability						
Service cost	\$ 264,429	\$ 20,093	\$ 457,670	\$ 263,439	\$ 24,948	\$ 432,740
Interest cost	126,244	11,723	126,557	151,623	14,359	165,148
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	193,468	18,322	(270,907)
Changes in assumptions	(327,103)	(28,634)	(244,756)	(17,822)	(1,688)	(13,843)
Changes in proportions	-	-	-	(335)	84	-
Benefit payments	(393,903)	(15,527)	(127,182)	(314,650)	(29,798)	64,113
Net change in total OPEB - RH liability	(330,333)	(12,345)	212,289	275,723	26,227	377,251
Total OPEB - RH liability, beginning	4,626,546	419,087	4,504,186	4,296,213	406,742	4,716,475
Total OPEB - RH liability, ending (a)	\$ 4,296,213	\$ 406,742	\$ 4,716,475	\$ 4,571,936	\$ 432,969	\$ 5,093,726
Plan fiduciary net position - RH						
Contributions - employer	393,903	15,527	206,794	314,650	29,798	(64,113)
Net investment income	-	-	-	-	-	-
Benefit payments	(393,903)	(15,527)	(206,794)	(314,650)	(29,798)	64,113
Administrative expense	-	-	-	-	-	-
Net change in plan fiduciary net position - RH	-	-	-	-	-	-
Plan fiduciary net position - RH, beginning	-	-	-	-	-	-
Plan fiduciary net position - RH, ending (b)	-	-	-	-	-	-
OPEB - RH liability (a) - (b)	\$ 4,296,213	\$ 406,742	\$ 4,716,475	\$ 4,571,936	\$ 432,969	\$ 5,093,726
Plan fiduciary net position - RH as a percentage of the total OPEB - RH liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected average remaining service years of all participants	7	7	7	7	7	7

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

(2) This OPEB plan does not depend on salary information.

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

County of James City, Virginia
Schedule of Changes in the Net OPEB - Health Insurance Credit (HIC) Liability
Required Supplementary Information (Unaudited)
Years ended June 30, 2019 and 2018* (1)

	2018			2019		
	County	JCSA	Public Schools' Non-Professional	County	JCSA	Public Schools' Non-Professional
Total OPEB - HIC liability						
Service cost	\$ 29,486	\$ 3,682	\$ 8,750	\$ 29,285	\$ 3,588	\$ 8,619
Interest cost	84,387	10,769	21,536	86,675	11,121	21,905
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	12,586	(7,706)	(16,514)
Changes in assumptions	(10,761)	(3,953)	(11,335)	-	-	-
Benefit payments, including refunds of employee contributions	(53,124)	(3,508)	(6,674)	(87,727)	(7,440)	(20,665)
Net change in total OPEB - HIC liability	49,988	6,990	12,277	40,819	(437)	(6,655)
Total OPEB - HIC liability, beginning	<u>1,232,086</u>	<u>155,602</u>	<u>310,991</u>	<u>1,282,074</u>	<u>162,592</u>	<u>323,268</u>
Total OPEB - HIC liability, ending (a)	<u>\$ 1,282,074</u>	<u>\$ 162,592</u>	<u>\$ 323,268</u>	<u>\$ 1,322,893</u>	<u>\$ 162,155</u>	<u>\$ 316,613</u>
Plan fiduciary net position - HIC						
Contributions - employer	65,197	8,166	11,391	67,836	8,467	11,165
Contributions - employee	-	-	-	-	-	-
Net investment income	71,316	10,122	33,666	49,083	7,150	23,057
Benefit payments, including refunds of employee contributions	(53,124)	(3,508)	(6,674)	(87,727)	(7,440)	(20,665)
Administrative expense	(1,170)	(170)	(552)	(1,138)	170	(535)
Other	3,562	494	1,683	(3,562)	(494)	(1,683)
Net change in plan fiduciary net position - HIC	85,781	15,104	39,514	24,492	7,513	11,339
Plan fiduciary net position - HIC, beginning	<u>612,679</u>	<u>85,165</u>	<u>288,259</u>	<u>698,460</u>	<u>100,269</u>	<u>327,773</u>
Plan fiduciary net position - HIC, ending (b)	<u>698,460</u>	<u>100,269</u>	<u>327,773</u>	<u>722,952</u>	<u>107,782</u>	<u>339,112</u>
Net OPEB - HIC liability (asset) (a) - (b)	<u>\$ 583,614</u>	<u>\$ 62,323</u>	<u>\$ (4,505)</u>	<u>\$ 599,941</u>	<u>\$ 54,373</u>	<u>\$ (22,499)</u>
Plan fiduciary net position - HIC as a percentage of the total OPEB - HIC liability	54.48%	61.67%	101.39%	54.65%	66.47%	107.11%
Covered payroll	\$ 38,853,860	\$ 4,083,082	\$ 5,000,257	\$ 40,475,381	\$ 4,230,543	\$ 4,802,484
Net OPEB - HIC liability as a percentage of the total covered payroll	1.50%	1.53%	-0.09%	1.48%	1.29%	-0.47%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

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

County of James City, Virginia
Schedule of Employer's Share of Net OPEB - Group Life Insurance (GLI) Liability
Required Supplementary Information (Unaudited)
Years ended June 30, 2019 and 2018* (1)

	2018				2019			
	County	JCSA	Public Schools' Professional	Public Schools' Non-Professional	County	JCSA	Public Schools' Professional	Public Schools' Non-Professional
Employer's proportion of the net OPEB - GLI liability	0.21149%	0.02217%	0.37116%	0.02951%	0.21342%	0.02269%	0.36332%	0.02817%
Employer's proportionate share of the net OPEB - GLI liability	\$ 3,183,000	\$ 333,000	\$ 5,585,000	\$ 444,000	\$ 3,241,000	\$ 340,000	\$ 5,518,000	\$ 428,000
Employer's covered payroll	\$ 38,853,860	\$ 4,083,082	\$ 67,052,585	\$ 5,000,257	\$ 40,475,381	\$ 4,230,543	\$ 67,353,977	\$ 4,802,484
Employer's proportionate share of the net OPEB - GLI liability as a percentage of its covered payroll	8.19%	8.16%	8.33%	8.88%	8.01%	8.04%	8.19%	8.91%
Plan fiduciary net position as a % of total OPEB - GLI liability	48.86%	48.86%	48.86%	48.86%	51.22%	51.22%	51.22%	51.22%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

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

County of James City, Virginia
Schedule of Employer OPEB - Group Life Insurance Contributions
Required Supplementary Information (Unaudited)
Years ended June 30, 2019 and 2018 (1)

Primary Government - Governmental Activities - County employees					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2018	\$ 210,472	\$ 212,091	\$ (1,619)	\$ 40,475,381	0.52%
2019	211,694	213,323	(1,629)	40,710,451	0.52%

Primary Government - Business-Type Activities - James City Service Authority employees					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2018	\$ 21,999	\$ 22,168	\$ (169)	\$ 4,230,543	0.52%
2019	23,131	21,000	2,131	4,445,820	0.47%

Component Unit - Public Schools' - non-professional					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2018	\$ 25,165	\$ 25,165	\$ -	\$ 4,802,484	0.52%
2019	30,390	30,390	-	4,802,484	0.63%

Component Unit - Public Schools' - professional					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2018	\$ 352,935	\$ 352,935	\$ -	\$ 67,353,977	0.52%
2019	377,378	377,378	-	72,572,693	0.52%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

County of James City, Virginia
Schedule of Employer OPEB - Health Insurance Credit Program Contributions
Required Supplementary Information (Unaudited)
Years ended June 30, 2019 and 2018 (1)

Primary Government - Governmental Activities - County employees					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2018	\$ 76,903	\$ 67,836	\$ 9,067	\$ 40,475,381	0.19%
2019	77,350	74,871	2,479	40,710,451	0.21%

Primary Government - Business-Type Activities - James City Service Authority employees					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2018	\$ 8,461	\$ 8,467	\$ (6)	\$ 4,230,543	0.20%
2019	8,002	8,467	(465)	4,445,820	0.19%

Component Unit - Public Schools' - non-professional					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2018	\$ 11,165	\$ 11,165	\$ -	\$ 4,802,484	0.23%
2019	9,226	9,226	-	4,905,565	0.19%

Component Unit - Public Schools' - professional					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2018	\$ 851,814	\$ 851,814	\$ -	\$ 67,353,977	1.26%
2019	864,798	864,798	-	70,456,378	1.23%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

County of James City, Virginia
Schedule of Employer's Share of Net OPEB - Health Insurance Credit Program (HIC) Liability
Required Supplementary Information (Unaudited)
Years ended June 30, 2019 and 2018* (1)

	Public Schools' Professional	
	2018	2019
Employer's proportion of the net OPEB - HIC liability	0.86281%	0.85004%
Employer's proportionate share of the net OPEB - HIC liability	\$ 10,946,000	\$ 10,793,000
Employer's covered payroll	\$ 67,052,585	\$ 67,353,977
Employer's proportionate share of the net OPEB - HIC liability as a percentage of its covered payroll	16.32%	16.02%
Plan fiduciary net position as a % of total OPEB - HIC liability	7.04%	8.08%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

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

County of James City, Virginia
Schedule of Employer's Share of Net OPEB - Virginia Local Disability Program (VLDP) Liability
Required Supplementary Information (Unaudited)
Years ended June 30, 2019 and 2018* (1)

	2018		2019	
	Public Schools' Professional	Public Schools' Non-Professional	Public Schools' Professional	Public Schools' Non-Professional
Employer's proportion of the net OPEB - VLDP liability	3.31886%	0.75284%	3.37801%	0.67880%
Employer's proportionate share of the net OPEB - VLDP liability	\$ 20,000	\$ 4,000	\$ 25,000	\$ 5,000
Employer's covered payroll	\$ 67,052,585	\$ 5,000,257	\$ 67,353,977	\$ 4,802,484
Employer's proportionate share of the net OPEB - VLDP liability as a percentage of its covered payroll	0.03%	0.08%	0.04%	0.10%
Plan fiduciary net position as a % of total OPEB - VLDP liability	31.96%	38.40%	46.18%	51.39%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

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

County of James City, Virginia
Schedule of Employer OPEB - Virginia Local Disability Program Contributions
Required Supplementary Information (Unaudited)
Years ended June 30, 2019 and 2018 (1)

Component Unit - Public Schools' - non-professional					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2018	\$ 9,890	\$ 9,890	\$ -	\$ 4,802,484	0.21%
2019	15,074	15,074	-	4,905,565	0.31%

Component Unit - Public Schools' - professional					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2018	\$ 39,047	\$ 39,047	\$ -	\$ 67,353,977	0.06%
2019	64,096	64,096	-	70,456,378	0.09%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

County of James City, Virginia
Notes to Required Supplementary Information (Unaudited)
June 30, 2019

1) Budgeting and Budgetary Accounting

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget and capital budget include proposed expenditures and the means of financing them. Public hearings are then conducted to obtain citizen comments.

Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund and function level. The appropriation for each fund and function can be revised only by the Board of Supervisors; however, the County Administrator may amend the budget within functions. Supplemental appropriations in addition to the appropriated budget were necessary during the year.

Formal budgetary integration is employed as a management control device during the year for those funds with legally adopted annual budgets which are the General Fund, Special Revenue Fund - Virginia Public Assistance, and Debt Service Fund, and these funds are integrated only at the level of legal adoption. Program and project budgets are utilized in the Capital Projects; Community Development; and Grants and Special Projects Funds where appropriations remain open and carry over to the succeeding years.

All budgets are adopted on the modified accrual basis of accounting. All appropriations lapse on June 30 for all County funds, except the funds referenced above. All budget data presented in the accompanying basic financial statements represents the appropriated budget as of June 30, 2019, as adopted and amended by supplemental appropriations.

2) Pensions - Changes of Benefit Terms

There have been no actuarially material changes to the system benefit provisions since the prior actuarial valuation.

Pensions, OPEB Group Life Insurance, Health Insurance Credit and VLDP - Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

- Update mortality rates to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- No change in salary scale
- Increase line of duty disability rate from 14% to 20%

All Others (Non 10 Largest) - Non-Hazardous Duty:

- Update mortality rates to more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- No change in salary scale
- Increase line of duty disability rate from 14% to 15%

See accompanying independent auditor's report.

County of James City, Virginia
Notes to Required Supplementary Information (Unaudited)
June 30, 2019

3) Pensions and OPEB Group Life Insurance, Health Insurance Credit, and VLDP - Changes of Assumptions, Continued

Largest 10 - Hazardous Duty:

- Update mortality rates to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience
- Increased disability rates
- No change in salary scale
- Increase line of duty disability rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

- Update mortality rates to more current mortality table – RP-2014 projected to 2020
- Increased age 50 retirement rates and lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better fit experience
- No change in salary scale
- Decrease line of duty disability rate from 60% to 45%

4) OPEB Retiree Healthcare - Trust Arrangement and Funding Policy

The County does not intend to establish a trust to pre-fund the obligation. The anticipated growth in the net OPEB liability is based on contributions to the benefit plan on a pay-as-you-go cost basis.

5) OPEB Retiree Healthcare - Changes of Benefit Terms

There have been no actuarially material changes to the benefit provisions since the prior actuarial valuation.

6) OPEB Retiree Healthcare - Changes of Assumptions

The following change in actuarial assumptions were made based on the most recent actuarial valuation:

<u>Discount Rate</u>	
June 30, 2017	2.85%
June 30, 2018	3.58%

7) OPEB Group Life Insurance - Changes of Benefit Terms

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

8) OPEB Health Insurance Credit - Changes of Benefit Terms

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

9) OPEB Virginia Local Disability Program – Changes of Benefit Terms

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

10) OPEB Virginia Local Disability Program – Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Teachers:

- Update mortality rates to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- No change in salary scale

See accompanying independent auditor's report.

Supplementary Information

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County of James City, Virginia
Debt Service Fund

Debt Service Fund - accounts for the accumulation of resources for and the payment of principal, interest and related costs on long-term debt of governmental funds.

County of James City, Virginia

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

Debt Service Fund

Year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance positive (negative)
Revenues:				
Use of money and property	\$ -	\$ -	\$ 114,292	\$ 114,292
Miscellaneous	204,746	204,746	103,032	(101,714)
Total revenues	<u>204,746</u>	<u>204,746</u>	<u>217,324</u>	<u>12,578</u>
Expenditures:				
Community development	75,000	75,000	44,057	30,943
Debt service:				
Principal	15,003,183	15,003,183	14,343,182	660,001
Interest and other fiscal charges	5,573,019	5,573,019	5,848,486	(275,467)
Bond issuance costs	-	-	380,771	(380,771)
Total expenditures	<u>20,651,202</u>	<u>20,651,202</u>	<u>20,616,496</u>	<u>34,706</u>
Deficiency of revenues under expenditures	(20,446,456)	(20,446,456)	(20,399,172)	47,284
Other financing sources:				
Transfers in	20,600,000	20,600,000	22,502,576	(1,902,576)
Issuance of refunding bonds	-	-	6,820,000	(6,820,000)
Premium on refunding bonds	-	-	856,508	(856,508)
Payment to escrow agent for refunded bonds	-	-	(9,779,912)	9,779,912
Total other financing sources	<u>20,600,000</u>	<u>20,600,000</u>	<u>20,399,172</u>	<u>200,828</u>
Deficiency of revenues and other sources under expenditures	153,544	153,544	-	(153,544)
Fund balance, beginning of year	(153,544)	(153,544)	-	153,544
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

County of James City, Virginia
Nonmajor Governmental Funds

The County reports the following nonmajor governmental funds:

Virginia Public Assistance Fund - accounts for funds received from the federal and state governments and transfers from the General Fund that are utilized for Social Service programs.

Colonial Community Corrections Fund - accounts for the revenues and expenditures under the Virginia Community Corrections Act for providing the judicial system with sentencing alternatives for certain nonviolent offenders requiring less than institutional custody, but more than probation supervision.

Community Development Fund - accounts for the revenues that are utilized to improve targeted areas within the County.

Donation Trust Fund - accounts for monies and donations held to celebrate historical events and various special purposes.

Tourism Fund - accounts for revenues and expenditures that provide for tourism initiatives.

Grants and Special Projects Fund - accounts for monies held for use for grants and special projects.

County of James City, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Housing & Neighborhood Development Fund	Donation Trust Fund	Tourism Fund	Grants and Special Projects Fund	Total
Assets							
Cash and cash equivalents and investments	\$ 1,511,720	\$ 310,648	\$ 1,912,435	\$ 332,563	\$ 654,170	\$ 4,331,435	\$ 9,052,971
Cash and cash equivalents, restricted	-	-	492,409	-	-	550,689	1,043,098
Taxes receivable	-	-	-	-	93,102	-	93,102
Loans receivable, net	-	-	613,170	-	-	-	613,170
Miscellaneous receivables	-	-	127	-	-	-	127
Due from other funds	-	-	-	-	11,599	-	11,599
Due from other governments	317,184	-	44,753	-	-	683,382	1,045,319
Total assets	<u>\$ 1,828,904</u>	<u>\$ 310,648</u>	<u>\$ 3,062,894</u>	<u>\$ 332,563</u>	<u>\$ 758,871</u>	<u>\$ 5,565,506</u>	<u>\$ 11,859,386</u>
Liabilities							
Liabilities:							
Accounts payable	\$ 24,428	\$ 18,686	\$ 7,152	\$ 916	\$ 66,446	\$ 150,748	\$ 268,376
Accrued liabilities	15,956	1,040	-	-	-	1,571	18,567
Payables from restricted assets	-	-	39,458	-	-	-	39,458
Due to other funds	-	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	279,555	279,555
Unearned revenue	-	-	-	-	-	2,400	2,400
Total liabilities	<u>40,384</u>	<u>19,726</u>	<u>46,610</u>	<u>916</u>	<u>66,446</u>	<u>434,274</u>	<u>608,356</u>
Deferred Inflows of Resources							
Unavailable revenue - grants	<u>1,171</u>	<u>-</u>	<u>2,261</u>	<u>-</u>	<u>-</u>	<u>453,116</u>	<u>456,548</u>
Fund Balances							
Fund balances:							
Restricted	-	-	482,727	-	-	550,689	1,033,416
Assigned	<u>1,787,349</u>	<u>290,922</u>	<u>2,531,296</u>	<u>331,647</u>	<u>692,425</u>	<u>4,127,427</u>	<u>9,761,066</u>
Total fund balances	<u>1,787,349</u>	<u>290,922</u>	<u>3,014,023</u>	<u>331,647</u>	<u>692,425</u>	<u>4,678,116</u>	<u>10,794,482</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,828,904</u>	<u>\$ 310,648</u>	<u>\$ 3,062,894</u>	<u>\$ 332,563</u>	<u>\$ 758,871</u>	<u>\$ 5,565,506</u>	<u>\$ 11,859,386</u>

See accompanying independent auditor's report.

County of James City, Virginia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2019

	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Housing & Neighborhood Development Fund	Donation Trust Fund	Tourism Fund	Grants and Special Projects Fund	Total
Revenues:							
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ 792,886	\$ -	\$ 792,886
Miscellaneous	2,292	46,597	201,417	158,604	550	-	409,460
Intergovernmental:							
Local	-	126,864	-	-	-	251,000	377,864
Commonwealth	1,046,668	784,657	198,756	-	-	1,211,520	3,241,601
Federal	2,450,344	-	1,479,609	-	-	502,299	4,432,252
Total revenues	<u>3,499,304</u>	<u>958,118</u>	<u>1,879,782</u>	<u>158,604</u>	<u>793,436</u>	<u>1,964,819</u>	<u>9,254,063</u>
Expenditures:							
Current:							
General government administration	-	-	-	551	-	67,772	68,323
Judicial administration	-	979,456	-	10,086	-	421,377	1,410,919
Public safety	-	-	-	87,392	-	848,991	936,383
Public works	-	-	-	9,300	-	13,889	23,189
Health and human services	4,840,040	-	-	-	-	1,128,021	5,968,061
Parks, recreation and cultural	-	-	-	5,224	-	6,000	11,224
Community development	-	-	2,333,099	13,178	1,667,202	845,458	4,858,937
Total expenditures	<u>4,840,040</u>	<u>979,456</u>	<u>2,333,099</u>	<u>125,731</u>	<u>1,667,202</u>	<u>3,331,508</u>	<u>13,277,036</u>
Excess (deficiency) of revenues over (under) expenditures	(1,340,736)	(21,338)	(453,317)	32,873	(873,766)	(1,366,689)	(4,022,973)
Other financing sources (uses):							
Transfers in	1,318,330	55,867	643,225	-	1,753,422	2,988,012	6,758,856
Transfers out	-	-	-	-	(2,390,842)	(73,818)	(2,464,660)
Total other financing sources (uses)	<u>1,318,330</u>	<u>55,867</u>	<u>643,225</u>	<u>-</u>	<u>(637,420)</u>	<u>2,914,194</u>	<u>4,294,196</u>
Net change in fund balances	(22,406)	34,529	189,908	32,873	(1,511,186)	1,547,505	271,223
Fund balances, beginning of year	1,809,755	256,393	2,824,115	298,774	2,203,611	3,130,611	10,523,259
Fund balances, end of year	<u>\$ 1,787,349</u>	<u>\$ 290,922</u>	<u>\$ 3,014,023</u>	<u>\$ 331,647</u>	<u>\$ 692,425</u>	<u>\$ 4,678,116</u>	<u>\$ 10,794,482</u>

See accompanying independent auditor's report.

County of James City, Virginia

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
 Virginia Public Assistance Fund
 Year ended June 30, 2019

	Original Budget	Revised Budget	Actual	Variance positive (negative)
Revenues:				
Miscellaneous	\$ -	\$ 12,150	\$ 2,292	\$ 9,858
Intergovernmental:				
Commonwealth	-	112,400	1,046,668	934,268
Federal	3,725,362	3,765,362	2,450,344	(1,315,018)
Total revenues	3,725,362	3,889,912	3,499,304	(370,892)
Expenditures:				
Current:				
Health and human services	5,509,357	5,673,907	4,840,040	833,867
Deficiency of revenues under expenditures	(1,783,995)	(1,783,995)	(1,340,736)	833,867
Other financing sources:				
Operating transfers in	1,318,330	1,318,330	1,318,330	-
Total other financing sources:	1,318,330	1,318,330	1,318,330	925,950
Deficiency of revenues and other sources under expenditures	(465,665)	(465,665)	(22,406)	(443,259)
Fund balance, beginning of year	465,665	465,665	1,809,755	(1,344,090)
Fund balance, end of year	\$ -	\$ -	\$ 1,787,349	\$ (1,787,349)

See accompanying independent auditor's report.

County of James City, Virginia
Agency Funds

Agency funds account for money received and held by the County in the capacity of fiscal agent for individuals, other governmental agencies and private organizations.

The County reports the following Agency funds:

Special Welfare - accounts for the transfer of funds provided by the Virginia Public Assistance Fund for aid to dependent children.

WAMAC - accounts for the fiscal agent funds held for the Williamsburg Area Medical Assistance Corporation.

Regional Jail - accounts for the fiscal agency funds held for the Virginia Peninsula Regional Jail Authority.

Juvenile Detention - accounts for fiscal agency funds held for the Middle Peninsula Juvenile Detention Commission.

Williamsburg Area Transit - accounts for the fiscal agency funds held for the Williamsburg Area Transit Authority.

County of James City, Virginia
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2019

	Special Welfare	WAMAC	Regional Jail	Juvenile Detention	Williamsburg Area Transit Authority	Total
Assets						
Cash and investments	\$ 1,806	\$ 75,684	\$ 3,766,966	\$ 2,020,108	\$ 1,614,162	\$ 7,478,726
Restricted cash and investments	-	4,695,253	-	-	-	4,695,253
Accounts receivable and due from other governmental units	-	211,025	650,371	65,912	3,891,162	4,818,470
Total assets	<u>\$ 1,806</u>	<u>\$ 4,981,962</u>	<u>\$ 4,417,337</u>	<u>\$ 2,086,020</u>	<u>\$ 5,505,324</u>	<u>\$ 16,992,449</u>
Liabilities						
Accounts payable and accrued liabilities	\$ -	\$ 341,299	\$ 3,144,346	\$ 313,031	\$ 3,321,666	\$ 7,120,342
Amounts held for others	1,806	4,640,663	1,272,991	1,772,989	2,183,658	9,872,107
Total liabilities	<u>\$ 1,806</u>	<u>\$ 4,981,962</u>	<u>\$ 4,417,337</u>	<u>\$ 2,086,020</u>	<u>\$ 5,505,324</u>	<u>\$ 16,992,449</u>

See accompanying independent auditor's report.

County of James City, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Special Welfare Fund:				
Assets:				
Cash	\$ 1,678	\$ 2,446	\$ 2,318	\$ 1,806
Liabilities:				
Accounts payable	\$ -	\$ 90	\$ 90	-
Amounts held for others	1,678	2,356	2,228	1,806
Total liabilities	<u>\$ 1,678</u>	<u>\$ 2,446</u>	<u>\$ 2,318</u>	<u>\$ 1,806</u>
Williamsburg Area Medical Assistance Corporation Fund:				
Assets:				
Cash	\$ 27,662	\$ 2,576,630	\$ 2,528,608	\$ 75,684
Restricted cash	4,400,306	1,274,329	979,382	4,695,253
Accounts receivable	201,697	342,304	332,976	211,025
Total assets	<u>\$ 4,629,665</u>	<u>\$ 4,193,263</u>	<u>\$ 3,840,966</u>	<u>\$ 4,981,962</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 250,697	\$ 2,405,732	\$ 2,315,130	\$ 341,299
Amounts held for others	4,378,968	4,835,456	4,573,761	4,640,663
Total liabilities	<u>\$ 4,629,665</u>	<u>\$ 7,241,188</u>	<u>\$ 6,888,891</u>	<u>\$ 4,981,962</u>
Regional Jail Fund:				
Assets:				
Cash and investments	\$ 1,833,590	\$ 13,881,527	\$ 11,948,151	\$ 3,766,966
Restricted cash and investments	2,767,543	13,824	2,781,367	-
Accounts receivable and due from other governmental units	3,087,376	8,881,746	11,318,751	650,371
Total assets	<u>\$ 7,688,509</u>	<u>\$ 22,777,097</u>	<u>\$ 26,048,269</u>	<u>\$ 4,417,337</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,731,241	\$ 2,110,666	\$ 1,697,561	\$ 3,144,346
Amounts held for others	4,957,268	21,891,374	25,575,651	1,272,991
Total liabilities	<u>\$ 7,688,509</u>	<u>\$ 24,002,040</u>	<u>\$ 27,273,212</u>	<u>\$ 4,417,337</u>
Juvenile Detention Fund:				
Assets:				
Cash and investments	\$ 2,008,501	\$ 4,215,822	\$ 4,204,215	\$ 2,020,108
Accounts receivable and due from other governmental units	98,146	3,695,168	3,727,402	65,912
Total assets	<u>\$ 2,106,647</u>	<u>\$ 7,910,990</u>	<u>\$ 7,931,617</u>	<u>\$ 2,086,020</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 962,187	\$ 206,222	\$ 855,378	\$ 313,031
Amounts held for others	1,144,460	6,000,850	5,372,321	1,772,989
Total liabilities	<u>\$ 2,106,647</u>	<u>\$ 6,207,072</u>	<u>\$ 6,227,699</u>	<u>\$ 2,086,020</u>
Williamsburg Area Transit Authority Fund:				
Assets:				
Cash and investments	\$ 1,474,406	\$ 6,647,486	\$ 6,507,730	\$ 1,614,162
Accounts receivable and due from other governmental units	891,745	7,398,250	4,398,833	3,891,162
Total assets	<u>\$ 2,366,151</u>	<u>\$ 14,045,736</u>	<u>\$ 10,906,563</u>	<u>\$ 5,505,324</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 478,762	\$ 3,143,175	\$ 300,271	\$ 3,321,666
Amounts held for others	1,887,389	7,412,954	7,116,685	2,183,658
Total liabilities	<u>\$ 2,366,151</u>	<u>\$ 10,556,129</u>	<u>\$ 7,416,956</u>	<u>\$ 5,505,324</u>
Total:				
Assets:				
Cash and investments	\$ 5,345,837	\$ 27,323,911	\$ 25,191,022	\$ 7,478,726
Restricted cash and investments	7,167,849	1,288,153	3,760,749	4,695,253
Accounts receivable and due from other governmental units	4,278,964	20,317,468	19,777,962	4,818,470
Total assets	<u>\$ 16,792,650</u>	<u>\$ 48,929,532</u>	<u>\$ 48,729,733</u>	<u>\$ 16,992,449</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 4,422,887	\$ 7,865,885	\$ 5,168,430	\$ 7,120,342
Amounts held for others	12,369,763	40,142,990	42,640,646	9,872,107
Total liabilities	<u>\$ 16,792,650</u>	<u>\$ 48,008,875</u>	<u>\$ 47,809,076</u>	<u>\$ 16,992,449</u>

See accompanying independent auditor's report.

County of James City, Virginia
Discretely Presented Component Units

The County reports the following discretely presented component units:

Public Schools - responsible for educating the school-age population of the City of Williamsburg, Virginia and the County.

Economic Development Authority - promote industrial and commercial development in the County.

County of James City, Virginia
Balance Sheet
Discretely Presented Component Unit – Public Schools – Governmental Funds
June 30, 2019

	General	Grants	Schools' food services	Capital projects	Total governmental funds
Assets					
Cash and temporary investments	\$ 14,668,639	\$ -	\$ 830,520	\$ -	\$ 15,499,159
Receivables	117,223	-	6,654	-	123,877
Due from other funds	3,246,780	-	-	-	3,246,780
Due from fiduciary funds	225,226	-	-	-	225,226
Due from federal government	-	3,022,139	370,188	-	3,392,327
Due from Commonwealth of Virginia	10,271	458,246	-	-	468,517
Due from the City of Williamsburg and James City County	794,636	-	-	1,626,982	2,421,618
Inventory	-	-	57,050	-	57,050
Total assets	\$ 19,062,775	\$ 3,480,385	\$ 1,264,412	\$ 1,626,982	\$ 25,434,554
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,524,533	\$ 17,105	\$ 33,912	\$ 788,383	\$ 2,363,933
Accrued payroll	7,451,746	211,418	164,055	-	7,827,219
Accrued benefits	7,244,227	291,895	140,563	-	7,676,685
Due to the City of Williamsburg and James City County	2,541,138	-	-	-	2,541,138
Due to other funds	-	2,857,521	-	389,259	3,246,780
Unearned revenue	101,131	15,778	-	-	116,909
Total liabilities	18,862,775	3,393,717	338,530	1,177,642	23,772,664
Deferred Inflow of Resources					
Unavailable revenue - grants	-	-	-	-	-
Fund balances:					
Nonspendable - inventory	-	-	57,050	-	57,050
Restricted	-	-	868,832	-	868,832
Committed	-	-	-	449,340	449,340
Unassigned	200,000	86,668	-	-	286,668
Total fund balances	200,000	86,668	925,882	449,340	1,661,890
Total liabilities and fund balances	\$ 19,062,775	\$ 3,480,385	\$ 1,264,412	\$ 1,626,982	
Adjustments for the statement of net position:					
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.					58,994,587
Long-term liabilities are not reported as liabilities in the governmental funds.					
Compensated absences				\$ (1,075,038)	
Net OPEB asset and liabilities and related deferred inflows and outflows of resources				(21,675,409)	
Net pension asset and liabilities and related deferred inflows and outflows of resources				(98,981,471)	(121,731,918)
Net position of governmental activities					\$ (61,075,441)

See accompanying independent auditor's report.

County of James City, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Discretely Presented Component Unit – Public Schools – Governmental Funds
Year ended June 30, 2019

	General	Grants	Schools' food services	Capital projects	Total governmental funds
Revenues:					
Intergovernmental:					
From City of Williamsburg and James City County	\$ 102,312,629	\$ -	\$ -	\$ 1,362,290	\$ 103,674,919
From Commonwealth of Virginia	34,294,385	946,897	55,177	-	35,296,459
From federal government	181,300	4,636,508	2,441,789	-	7,259,597
Total intergovernmental	136,788,314	5,583,405	2,496,966	1,362,290	146,230,975
Charges for services	418,465	-	1,829,793	-	2,248,258
Interest	892	-	392	-	1,284
Miscellaneous	131,595	739,932	-	-	871,527
Total revenues	137,339,266	6,323,337	4,327,151	1,362,290	149,352,044
Expenditures:					
General and administrative	3,286,405	-	-	-	3,286,405
Instruction	98,741,508	4,420,645	-	-	103,162,153
Attendance and health services	4,523,635	615,561	-	-	5,139,196
Pupil transportation	7,684,485	-	-	-	7,684,485
Operations and maintenance	11,573,849	51,190	-	-	11,625,039
Technology	8,509,159	446,554	-	-	8,955,713
Food services	-	70,390	4,323,373	-	4,393,763
Debt service:					
Principal	32,299	-	-	-	32,299
Interest	1,417	-	-	-	1,417
Capital outlay	2,986,509	6,927	34,285	1,362,290	4,390,011
Total expenditures	137,339,266	5,611,267	4,357,658	1,362,290	148,670,481
Excess (deficiency) of revenues over (under) expenditures	-	712,070	(30,507)	-	681,563
Net change in fund balances	-	712,070	(30,507)	-	681,563
Fund balances, beginning of year	200,000	(625,402)	956,389	449,340	980,327
Fund balances, end of year	\$ 200,000	\$ 86,668	\$ 925,882	\$ 449,340	\$ 1,661,890

See accompanying independent auditor's report.

County of James City, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Discretely Presented Component Unit – Public Schools – Governmental Funds
Year ended June 30, 2019

Net change in fund balances		\$ 681,563
Adjustments for the statement of activities:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded depreciation expense in the current period:		
Capital outlay	\$ 4,390,011	
Depreciation expense	<u>(4,284,099)</u>	\$ 105,912
In the statement of activities, the loss on the sale of equipment is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the equipment sold.		(21,151)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(622,031)
Repayment of debt principal is an expenditure in the governmental funds, but does not affect the statement of activities.		32,299
Expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in compensated absences liability	214,466	
Change in net OPEB liability and related deferred inflows and outflows of resources	(282,856)	
Change in net pension liability and related deferred inflows and outflows of resources	<u>5,706,027</u>	5,637,637
Change in net position		<u><u>\$ 5,814,229</u></u>

County of James City, Virginia
Schedule of Changes in Assets and Liabilities
Discretely Presented Component Unit – Public Schools – Agency Funds
Year ended June 30, 2019

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>
State Operated Educational Program:				
Assets:				
Cash and temporary investments	\$ -	\$ 1,098,482	\$ 1,098,482	\$ -
Due from other governmental units	284,418	314,888	284,418	314,888
Total assets	<u>\$ 284,418</u>	<u>\$ 1,413,370</u>	<u>\$ 1,382,900</u>	<u>\$ 314,888</u>
Liabilities:				
Accounts payable	\$ -	\$ 234,919	\$ 234,894	\$ 25
Accrued payroll	37,126	118,824	117,381	38,569
Accrued benefits	54,455	641,318	644,705	51,068
Due to other funds	192,837	32,389	-	225,226
Total liabilities	<u>\$ 284,418</u>	<u>\$ 1,027,450</u>	<u>\$ 996,980</u>	<u>\$ 314,888</u>
School Activity Fund:				
Assets:				
Cash and temporary investments	<u>\$ 1,266,190</u>	<u>\$ 2,159,224</u>	<u>\$ 2,095,418</u>	<u>\$ 1,329,996</u>
Liabilities:				
Amounts held for others	<u>\$ 1,266,190</u>	<u>\$ 2,159,224</u>	<u>\$ 2,095,418</u>	<u>\$ 1,329,996</u>
Totals – primary government:				
Assets:				
Cash and temporary investments	\$ 1,266,190	\$ 3,257,706	\$ 3,193,900	\$ 1,329,996
Due from other governmental units	284,418	314,888	284,418	314,888
Total assets	<u>\$ 1,550,608</u>	<u>\$ 3,572,594</u>	<u>\$ 3,478,318</u>	<u>\$ 1,644,884</u>
Liabilities:				
Accounts payable	\$ -	\$ 234,919	\$ 234,894	\$ 25
Accrued payroll	37,126	118,824	117,381	38,569
Accrued benefits	54,455	641,318	644,705	51,068
Amounts held for others	1,266,190	2,159,224	2,095,418	1,329,996
Due to General Fund	192,837	32,389	-	225,226
Total liabilities	<u>\$ 1,550,608</u>	<u>\$ 3,186,674</u>	<u>\$ 3,092,398</u>	<u>\$ 1,644,884</u>

See accompanying independent auditor's report.

County of James City, Virginia
Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2019

Assets

Current assets:	
Cash and short-term investments (note 2)	\$ 341,040
Due from James City County (note 7)	48,116
Accounts receivable	8,146
Bond fee receivable	3,203
Total current assets	<u>400,505</u>
Notes receivable, net allowance	<u>25,000</u>
Capital assets (note 6):	
Nondepreciable	1,238,661
Depreciable, net	668,155
Capital assets, net	<u>1,906,816</u>
Total assets	<u><u>\$ 2,332,321</u></u>

Liabilities and Net Position

Current liabilities:	
Accounts payable	<u>\$ 50,959</u>
Net position:	
Net investment in capital assets	1,906,816
Unrestricted	374,546
Total net position	<u>2,281,362</u>
Total liabilities and net position	<u><u>\$ 2,332,321</u></u>

See accompanying independent auditor's report.

Exhibit D-5**County of James City, Virginia**

Statement of Revenues, Expenses and Changes in Fund Net Position
Discretely Presented Component Unit - Economic Development Authority
Year ended June 30, 2019

Operating revenues:	
Intergovernmental - County contribution	\$ 79,427
Lease income	76,225
Bond fees	17,671
Miscellaneous	3,911
Total operating revenues	<u>177,234</u>
Operating expenses:	
Community development	127,361
Promotion	39,866
Depreciation	25,896
Professional fees	19,185
Other	337
Total operating expenses	<u>212,645</u>
Operating loss	<u>(35,411)</u>
Nonoperating revenue (expenses):	
Interest income	4,136
Loss on disposal of capital assets	(1,066)
Total nonoperating revenue (expenses)	<u>3,070</u>
Change in net position	(32,341)
Net position, beginning of year	<u>2,313,703</u>
Net position, end of year	<u>\$ 2,281,362</u>

See accompanying independent auditor's report.

County of James City, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
Year ended June 30, 2019

Cash flows from operating activities:	
Receipts from County and customers	\$ 124,341
Payments to suppliers	(137,520)
Net cash used for operating activities	<u>(13,179)</u>
Cash flows from investing activities:	
Interest received	<u>4,136</u>
Net decrease in cash and short-term investments	(9,043)
Cash and short-term investments, beginning of year	350,083
Cash and short-term investments, end of year	<u><u>\$ 341,040</u></u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (35,411)
Adjustments to reconcile operating loss to cash used for operating activities:	
Depreciation	25,896
Changes in assets and liabilities:	
Bond fee receivable	(175)
Due from James City County	(44,572)
Accounts receivable	(8,146)
Accounts payable	49,229
Net cash used for operating activities	<u><u>\$ (13,179)</u></u>

See accompanying independent auditor's report.

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Statistical Section (Unaudited)

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County of James City, Virginia
Statistical Section Overview

This part of the James City County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial health.

Financial Trends

Tables 1 - 4

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

Revenue Capacity

Tables 5 - 9

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

Debt Capacity

Tables 10 - 12

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

Demographic & Economic Information

Tables 13 - 14

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

Operation Information

Tables 15 - 18

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

Sources: *Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the relevant year.*

Table 1

County of James City, Virginia
Net Position by Component
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 91,045,788	\$ 46,961,066	\$ 133,812,951	\$ 128,851,392	\$ 142,867,725	\$ 159,469,360	\$ 176,303,250	\$ 185,274,286	\$ 198,539,384	\$ 210,357,610
Restricted:										
Capital projects	41,296,767	20,005,183	21,226,338	35,010,428	8,320,449	1,551,387	-	-	-	-
Debt service	-	-	-	-	-	-	1,222,336	1,226,566	1,236,338	4,536,503
Other purposes	813,685	-	-	-	-	-	1,899,944	3,067,921	4,940,612	1,043,098
Unrestricted	61,999,946	134,831,315	55,343,408	52,396,401	50,095,897	51,222,452	52,962,121	63,841,474	70,378,940	82,578,292
Total governmental activities net position	<u>\$ 195,156,186</u>	<u>\$ 201,797,564</u>	<u>\$ 210,382,697</u>	<u>\$ 216,258,221</u>	<u>\$ 201,284,071</u>	<u>\$ 212,243,199</u>	<u>\$ 232,387,651</u>	<u>\$ 253,410,247</u>	<u>\$ 275,095,274</u>	<u>\$ 298,515,503</u>
Business-type activity:										
Net investment in capital assets	\$ 135,071,435	\$ 135,641,623	\$ 135,110,313	\$ 139,966,206	\$ 137,922,955	\$ 137,173,064	\$ 139,312,785	\$ 136,696,744	\$ 132,616,889	\$ 134,359,937
Restricted:										
Capital projects	4,610,218	4,740,769	4,876,760	2,620,384	2,601,160	2,716,277	-	-	-	-
Debt service	-	-	-	-	-	-	729,605	677,614	567,011	569,708
Unrestricted	36,430,621	34,057,874	34,462,629	30,189,025	29,159,119	32,903,518	37,014,202	41,443,900	46,664,323	49,536,564
Total business-type activity net position	<u>\$ 176,112,274</u>	<u>\$ 174,440,266</u>	<u>\$ 174,449,702</u>	<u>\$ 172,775,615</u>	<u>\$ 169,683,234</u>	<u>\$ 172,792,859</u>	<u>\$ 177,056,592</u>	<u>\$ 178,818,258</u>	<u>\$ 179,848,223</u>	<u>\$ 184,466,209</u>
Primary government:										
Net investment in capital assets	\$ 226,117,223	\$ 182,602,689	\$ 268,923,264	\$ 268,817,598	\$ 280,790,680	\$ 296,642,424	\$ 315,616,035	\$ 321,971,030	\$ 331,156,273	\$ 344,717,547
Restricted:										
Capital projects	45,906,985	24,745,952	26,103,098	37,630,812	10,921,609	4,267,664	-	-	-	-
Debt Service	-	-	-	-	-	-	1,951,941	1,904,180	1,803,349	5,106,211
Other purposes	813,685	-	-	-	-	-	1,899,944	3,067,921	4,940,612	1,043,098
Unrestricted	98,430,567	168,889,189	89,806,037	82,585,426	79,255,016	84,125,970	89,976,323	105,285,374	117,043,263	132,114,856
Total primary government net position	<u>\$ 371,268,460</u>	<u>\$ 376,237,830</u>	<u>\$ 384,832,399</u>	<u>\$ 389,033,836</u>	<u>\$ 370,967,305</u>	<u>\$ 385,036,058</u>	<u>\$ 409,444,243</u>	<u>\$ 432,228,505</u>	<u>\$ 454,943,497</u>	<u>\$ 482,981,712</u>

Table 2

County of James City, Virginia
Government-Wide Expenses and Program Revenues by Function
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
General government administration	\$ 23,962,622	\$ 23,061,671	\$ 17,103,421	\$ 14,304,134	\$ 9,249,487	\$ 19,278,147	\$ 8,807,519	\$ 11,261,405	\$ 8,768,221	\$ 11,011,081
Judicial administration	5,321,244	5,394,548	5,513,976	5,505,727	5,216,769	5,598,594	5,682,096	5,147,078	6,053,891	6,153,636
Public safety	22,477,094	15,003,864	23,768,668	27,750,476	25,964,996	23,996,973	30,842,789	30,313,710	32,036,916	34,180,592
Public works	19,240,014	7,332,972	6,119,246	7,963,622	7,244,367	6,985,073	7,986,260	9,161,360	7,258,365	9,128,572
Health and human services	7,332,607	7,582,994	7,042,619	6,785,380	6,671,151	7,013,325	7,368,295	7,742,508	7,883,242	8,482,617
Education	81,441,066	83,737,593	82,082,568	84,309,615	85,595,145	87,713,464	87,508,710	93,728,530	94,073,287	100,445,268
Parks, recreation, and cultural	8,938,509	8,980,597	8,744,156	8,536,371	10,897,006	9,386,351	10,650,141	11,779,541	12,346,131	12,909,059
Community development	11,472,198	9,467,357	14,832,661	11,139,632	10,676,484	10,692,736	12,787,069	11,905,882	10,627,626	9,481,249
Interest on long-term debt	10,671,318	9,853,465	9,384,810	9,522,081	8,822,326	7,787,361	5,869,933	5,386,316	4,905,534	5,647,370
Total governmental activities expenses	<u>190,856,672</u>	<u>170,415,061</u>	<u>174,592,125</u>	<u>175,817,038</u>	<u>170,337,731</u>	<u>178,452,024</u>	<u>177,502,812</u>	<u>186,426,330</u>	<u>183,953,213</u>	<u>197,439,444</u>
Business-type activities:										
Service Authority	20,074,066	20,896,660	21,361,681	21,272,566	21,002,926	19,888,935	19,971,937	19,876,242	19,522,028	20,319,667
Stormwater Utility	-	-	-	-	-	-	-	-	-	-
Total business-type expenses	<u>20,074,066</u>	<u>20,896,660</u>	<u>21,361,681</u>	<u>21,272,566</u>	<u>21,002,926</u>	<u>19,888,935</u>	<u>19,971,937</u>	<u>19,876,242</u>	<u>19,522,028</u>	<u>20,319,667</u>
Total primary government expenses	<u>\$ 210,930,738</u>	<u>\$ 191,311,721</u>	<u>\$ 195,953,806</u>	<u>\$ 197,089,604</u>	<u>\$ 191,340,657</u>	<u>\$ 199,454,950</u>	<u>\$ 197,474,749</u>	<u>\$ 206,302,572</u>	<u>\$ 203,475,241</u>	<u>\$ 217,759,111</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	\$ 6,594,623	\$ 6,845,682	\$ 7,246,961	\$ 7,436,450	\$ 7,758,238	\$ 8,047,642	\$ 7,547,746	\$ 7,797,839	\$ 7,973,771	\$ 8,423,063
Judicial administration	1,753,575	1,864,708	1,816,700	1,828,073	1,839,637	1,832,471	2,464,271	2,366,908	2,407,582	2,404,298
Public safety	2,704,770	2,874,239	3,172,589	3,463,159	3,330,101	3,455,177	3,558,411	3,281,957	2,964,057	2,875,855
Parks, recreation and cultural	2,547,762	2,494,536	2,527,532	2,708,063	2,854,489	3,109,047	3,563,791	3,667,720	3,694,635	3,734,663
Other	213,976	203,302	216,443	225,520	281,256	270,799	1,041,798	1,017,317	1,015,042	1,084,496
Total charges for services	<u>13,814,706</u>	<u>14,282,467</u>	<u>14,980,225</u>	<u>15,661,265</u>	<u>16,063,721</u>	<u>16,715,136</u>	<u>18,176,017</u>	<u>18,131,741</u>	<u>18,055,087</u>	<u>18,522,375</u>
Operating grants and contributions	23,161,669	32,049,993	33,019,242	31,354,415	30,572,383	31,767,861	32,181,074	32,903,768	32,980,663	33,465,872
Capital grants and contributions	423,581	434,823	2,035,365	1,312,352	1,286,856	346,627	269,439	196,051	828,415	1,125,513
Total governmental activities program revenues	<u>37,399,956</u>	<u>46,767,283</u>	<u>50,034,832</u>	<u>48,328,032</u>	<u>47,922,960</u>	<u>48,829,624</u>	<u>50,626,530</u>	<u>51,231,560</u>	<u>51,864,165</u>	<u>53,113,760</u>
Business-type activities:										
Charges for services	15,575,143	16,443,520	14,883,627	15,871,187	16,131,430	16,452,120	16,018,375	19,064,677	19,523,972	19,248,136
Operating grants and contributions	2,756	-	-	-	-	-	-	-	-	-
Capital grants and contributions	3,427,510	1,750,073	5,395,362	4,600,645	3,388,700	5,284,379	6,865,346	1,509,214	796,235	5,137,825
Total business-type activities program revenues	<u>19,005,409</u>	<u>18,193,593</u>	<u>20,278,989</u>	<u>20,471,832</u>	<u>19,520,130</u>	<u>21,736,499</u>	<u>22,883,721</u>	<u>20,573,891</u>	<u>20,320,207</u>	<u>24,385,961</u>
Total primary government program revenues	<u>\$ 56,405,365</u>	<u>\$ 64,960,876</u>	<u>\$ 70,313,821</u>	<u>\$ 68,799,864</u>	<u>\$ 67,443,090</u>	<u>\$ 70,566,123</u>	<u>\$ 73,510,251</u>	<u>\$ 71,805,451</u>	<u>\$ 72,184,372</u>	<u>\$ 77,499,721</u>
Net (expense)/revenue:										
Governmental activities	\$ (153,456,716)	\$ (123,647,778)	\$ (124,557,293)	\$ (127,489,006)	\$ (122,414,771)	\$ (129,622,400)	\$ (126,876,282)	\$ (135,194,770)	\$ (132,089,048)	\$ (144,325,684)
Business-type activities	(1,068,657)	(2,703,067)	(1,082,692)	(800,734)	(1,482,796)	1,847,564	2,911,784	697,649	798,179	4,066,294
Total primary government net expense	<u>\$ (154,525,373)</u>	<u>\$ (126,350,845)</u>	<u>\$ (125,639,985)</u>	<u>\$ (128,289,740)</u>	<u>\$ (123,897,567)</u>	<u>\$ (127,774,836)</u>	<u>\$ (123,964,498)</u>	<u>\$ (134,497,121)</u>	<u>\$ (131,290,869)</u>	<u>\$ (140,259,390)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 109,159,897	\$ 109,545,003	\$ 111,454,692	\$ 110,351,991	\$ 111,899,484	\$ 113,359,672	\$ 120,796,742	\$ 128,334,481	\$ 131,493,564	\$ 134,846,403
Other local taxes	18,355,067	19,100,086	20,006,069	21,208,061	21,435,046	22,771,626	24,027,667	24,555,363	24,442,882	29,324,049
Permits, fees and licenses	6,672,136	-	-	-	-	-	-	-	-	-
Interest on investment earnings	673,668	442,698	395,001	330,514	339,358	232,388	263,745	402,544	382,080	795,865
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Sale of land	-	-	-	-	-	-	-	-	-	-
Miscellaneous	1,390,966	1,201,369	1,286,664	1,473,964	1,875,485	4,217,842	1,932,580	2,924,978	3,065,493	2,779,596
Total governmental activities	<u>136,251,734</u>	<u>130,289,156</u>	<u>133,142,426</u>	<u>133,364,530</u>	<u>135,549,373</u>	<u>140,581,528</u>	<u>147,020,734</u>	<u>156,217,366</u>	<u>159,384,019</u>	<u>167,745,913</u>
Business-type activities:										
Interest on investment earnings	956,056	509,675	351,929	(1,249,111)	267,061	248,207	519,767	90,148	43,940	1,904,327
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous	644,620	521,384	740,199	375,758	520,504	1,013,854	832,182	973,869	726,432	495,207
Total business-type activities	<u>1,600,676</u>	<u>1,031,059</u>	<u>1,092,128</u>	<u>(873,353)</u>	<u>787,565</u>	<u>1,262,061</u>	<u>1,351,949</u>	<u>1,064,017</u>	<u>770,372</u>	<u>2,399,534</u>
Total primary government	<u>\$ 137,852,410</u>	<u>\$ 131,320,215</u>	<u>\$ 134,234,554</u>	<u>\$ 132,491,177</u>	<u>\$ 136,336,938</u>	<u>\$ 141,843,589</u>	<u>\$ 148,372,683</u>	<u>\$ 157,281,383</u>	<u>\$ 160,154,391</u>	<u>\$ 170,145,447</u>
Change in net position:										
Governmental activities	\$ (17,204,982)	\$ 6,641,378	\$ 8,585,133	\$ 5,875,524	\$ 13,134,602	\$ 10,959,128	\$ 20,144,452	\$ 21,022,596	\$ 27,294,971	\$ 23,420,229
Business-type activities	532,019	(1,672,008)	9,436	(1,674,087)	(695,231)	3,109,625	4,263,733	1,761,666	1,568,551	6,465,828
Total primary government	<u>\$ (16,672,963)</u>	<u>\$ 4,969,370</u>	<u>\$ 8,594,569</u>	<u>\$ 4,201,437</u>	<u>\$ 12,439,371</u>	<u>\$ 14,068,753</u>	<u>\$ 24,408,185</u>	<u>\$ 22,784,262</u>	<u>\$ 28,863,522</u>	<u>\$ 29,886,057</u>

(1) Reflects expenses from Exhibit 2.

Table 3

County of James City, Virginia
Fund Balances, Governmental Funds
Last Ten Fiscal Years (1)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund:										
Nonspendable:										
Inventory	\$ 276,083	\$ 298,757	\$ 346,545	\$ 361,682	\$ 370,536	\$ 340,709	\$ 336,498	\$ 332,335	\$ 311,882	\$ 252,792
Prepaid items	400,301	-	-	-	-	2,111	-	-	-	-
Assigned:										
General	1,161,093	2,678,655	6,089,236	6,595,137	6,544,809	5,991,822	7,860,584	7,249,473	8,384,195	7,825,910
Capital reserve	12,408,971	16,045,435	15,766,115	11,583,529	8,118,950	4,968,111	5,414,938	6,001,542	6,963,412	7,116,956
Unassigned	21,187,263	20,449,054	21,674,594	22,345,746	23,099,410	23,360,679	24,681,548	28,339,753	30,119,197	31,693,639
Total general fund	<u>\$ 35,433,711</u>	<u>\$ 39,471,901</u>	<u>\$ 43,876,490</u>	<u>\$ 40,886,094</u>	<u>\$ 38,133,705</u>	<u>\$ 34,663,432</u>	<u>\$ 38,293,568</u>	<u>\$ 41,923,103</u>	<u>\$ 45,778,686</u>	<u>\$ 46,889,297</u>
All other government funds:										
Restricted - bond proceeds held in escrow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,236,338	\$ 4,536,503
Committed:										
Grants	-	741,113	962,702	128,700	240,900	69	-	-	-	-
Capital projects/reserve	52,626,696	25,150,586	21,226,338	35,010,428	8,320,449	1,551,387	28,907,491	13,781,490	-	-
Assigned:										
Capital reserve	-	-	-	-	14,466,602	16,178,748	18,699,213	26,115,707	26,401,040	29,732,523
Special revenue	4,454,442	3,372,795	4,132,137	4,993,071	4,505,717	4,957,409	6,111,183	7,233,419	10,523,259	9,761,066
Total all other governmental funds	<u>\$ 57,081,138</u>	<u>\$ 29,264,494</u>	<u>\$ 26,321,177</u>	<u>\$ 40,132,199</u>	<u>\$ 27,533,668</u>	<u>\$ 22,687,613</u>	<u>\$ 53,717,887</u>	<u>\$ 47,130,616</u>	<u>\$ 38,160,637</u>	<u>\$ 44,030,092</u>

(1) Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which provides fund balance classifications that can be more consistently applied was adopted by the County as of July 1, 2010. Therefore, the fund balances for years 2009 through 2010 have been restated to reflect this standard.

Table 4

County of James City, Virginia
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
General property taxes	\$ 107,695,813	\$ 108,564,306	\$ 110,677,787	\$ 109,112,196	\$ 112,151,342	\$ 112,542,078	\$ 124,363,595	\$ 128,094,252	\$ 130,402,106	\$ 134,744,837
Other local taxes	18,355,067	19,100,086	20,006,069	21,208,061	21,435,046	22,771,626	24,027,667	24,555,363	24,442,882	29,324,049
Licenses, permits, and fees	6,672,136	7,055,618	7,487,105	7,623,652	8,134,299	8,443,821	8,779,496	9,049,208	8,892,499	9,496,531
Fines and forfeitures	296,866	334,633	274,198	295,355	293,625	271,615	309,278	270,716	265,561	292,518
Use of money and property	673,668	442,698	395,001	330,514	339,358	232,388	263,745	402,544	382,080	795,865
Charges for services	4,857,836	4,861,478	5,174,185	5,736,864	5,549,607	5,944,750	6,623,273	6,471,404	6,656,889	6,586,341
Miscellaneous	1,390,966	1,201,370	1,286,664	1,473,964	1,875,484	4,217,842	1,932,580	2,924,978	3,065,493	2,779,596
Intergovernmental	32,245,254	34,515,554	37,099,346	34,672,161	33,945,431	34,169,438	34,635,171	35,092,799	35,731,814	36,733,787
Total revenues	172,187,606	176,075,743	182,400,355	180,452,767	183,724,192	188,593,558	200,934,805	206,861,264	209,839,324	220,753,524
Expenditures:										
Storm costs	-	-	2,454,661	-	-	-	-	-	-	-
General government administration	8,323,563	8,265,513	8,669,692	9,399,885	9,643,858	9,432,889	9,678,060	9,770,250	10,086,403	11,651,426
Judicial administration	5,302,279	5,311,684	5,254,489	5,250,974	5,514,609	5,599,728	5,463,744	5,870,569	5,856,353	5,908,750
Public works	5,650,572	7,241,872	6,493,573	7,606,884	7,353,940	6,976,533	27,878,252	28,443,672	28,728,800	31,127,333
Health and human services	7,332,607	7,582,994	7,042,619	6,785,380	7,061,327	7,193,841	7,082,202	7,833,811	7,635,751	8,235,686
Education	73,757,904	73,830,796	74,280,245	75,931,599	77,496,482	79,610,865	7,234,052	7,350,896	7,584,697	8,259,078
Parks, recreation, and cultural	9,509,436	9,180,161	9,163,941	9,075,083	9,899,159	9,858,887	79,825,974	84,299,207	85,395,004	91,070,061
Public safety	22,987,019	23,792,805	24,915,821	26,555,114	26,764,383	27,475,307	9,872,451	10,293,611	10,394,095	10,896,838
Community development	11,086,234	10,289,898	9,873,740	10,914,977	10,958,279	10,769,064	10,353,844	11,827,600	9,959,810	10,451,529
Nondepartmental	556,381	(266,150)	1,265,803	966,806	721,744	525,433	1,183,538	-	-	-
Debt service (2):										
Principal	15,077,900	14,830,524	14,787,955	23,473,305	16,417,326	16,862,695	17,122,377	16,206,234	16,284,125	14,343,182
Interest	10,365,470	9,853,465	9,384,810	9,522,081	8,822,326	7,787,361	6,188,222	6,841,056	6,195,080	5,848,486
Bond issuance costs	101,667	20,003	-	253,624	-	112,863	1,173,546	-	-	380,771
Capital outlay (1)	43,005,939	30,042,723	15,023,734	12,586,344	18,421,679	13,424,741	12,647,985	25,818,138	26,833,602	26,793,328
Total expenditures	213,056,971	199,976,288	188,611,083	198,322,056	199,075,112	195,630,207	195,704,247	214,555,044	214,953,720	224,966,468
Excess (deficiency) of revenues over (under) expenditures	(40,869,365)	(23,900,545)	(6,210,728)	(17,869,289)	(15,350,920)	(7,036,649)	5,230,558	(7,693,780)	(5,114,396)	(4,212,944)
Other financing sources:										
Transfers in	29,093,987	28,784,026	29,412,515	33,965,148	34,729,940	35,271,660	40,956,217	40,745,506	40,309,261	46,365,441
Transfers out	(29,093,987)	(28,784,026)	(29,412,515)	(33,965,148)	(34,729,940)	(35,271,660)	(40,956,217)	(40,745,506)	(40,309,261)	(46,365,441)
Issuance of debt	14,935,000	4,820,000	7,672,000	26,380,000	-	34,185,000	91,665,000	-	-	14,195,000
Premiums on bonds issued	12,809	321,834	-	2,309,915	-	3,907,273	10,930,294	-	-	1,150,501
Capital lease	-	-	-	-	-	-	-	4,736,044	-	-
Payment to refunded bond escrow agent	-	(5,019,743)	-	-	-	(39,371,952)	(73,165,442)	-	-	-
Total other financing sources	14,947,809	122,091	7,672,000	28,689,915	-	(1,279,679)	29,429,852	4,736,044	-	15,345,501
Net change in fund balances	\$ (25,921,556)	\$ (23,778,454)	\$ 1,461,272	\$ 10,820,626	\$ (15,350,920)	\$ (8,316,328)	\$ 34,660,410	\$ (2,957,736)	\$ (5,114,396)	\$ 11,132,557
Debt service as a percentage of noncapital expenditures	13.58%	14.27%	13.65%	17.55%	13.97%	13.35%	12.56%	11.99%	11.74%	10.18%

(1) Including operating transfers to capital projects.

(2) Noncapital expenditures equals total expenditures less amounts for capitalized assets on the government-wide statement of net position.

Table 5

County of James City, Virginia
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal year	Total real property	General personal property	Machinery and tools	Mobile homes	Total Personal property	Public service	Total assessed value	Total direct tax rate
2010	\$ 11,155,493,300	\$ 598,149,387	\$ 132,052,632	\$ 10,994,266	\$ 741,196,285	\$ 196,289,584	\$ 12,092,979,169	\$ 4.77
2011	11,172,929,700	621,471,862	137,178,668	10,101,067	768,751,597	210,802,200	12,152,483,497	4.77
2012	11,316,807,900	652,561,625	139,945,157	9,719,184	802,225,966	222,670,868	12,341,704,734	4.77
2013	10,921,180,200	687,058,440	141,877,157	9,209,475	838,145,072	232,588,225	11,991,913,497	4.77
2014	11,067,756,400	710,720,870	144,950,305	8,346,659	864,017,834	233,973,337	12,165,747,571	4.77
2015	11,148,405,300	783,249,672	144,694,099	7,901,856	935,845,627	336,370,602	12,420,621,529	4.84
2016	11,352,153,219	770,378,346	145,094,277	7,533,858	923,006,481	236,177,856	12,511,337,556	4.84
2017	11,608,801,433	809,023,687	147,942,350	7,008,284	963,974,321	245,349,999	12,818,125,753	4.84
2018	11,797,419,633	862,391,419	151,313,988	6,377,045	1,020,082,452	247,568,334	13,065,070,419	4.84
2019	12,089,303,067	898,095,969	150,923,619	6,628,640	1,055,648,228	262,267,902	13,407,219,197	4.84

Source: Real Estate Assessments and Commissioner of the Revenue, James City County.

Note: Tax rate is per \$100 of assessed value.

Table 6

County of James City, Virginia
Tax Rates
Last Ten Fiscal Years

Fiscal year	Real estate tax (1)	Personal property tax (1)	Room tax	Meal tax	Retail sales tax (2)	Historic Triangle sales tax (3)	Total direct tax rate
2010	\$ 0.77	\$ 4.00	\$ 5.00	\$ 4.00	\$ 1.00	\$ -	\$ 4.77
2011	0.77	4.00	5.00	4.00	1.00	-	4.77
2012	0.77	4.00	5.00	4.00	1.00	-	4.77
2013	0.77	4.00	5.00	4.00	1.00	-	4.77
2014	0.77	4.00	5.00	4.00	1.00	-	4.77
2015	0.77	4.00	5.00	4.00	1.00	-	4.77
2016	0.84	4.00	5.00	4.00	1.00	-	4.84
2017	0.84	4.00	5.00	4.00	1.00	-	4.84
2018	0.84	4.00	5.00	4.00	1.00	-	4.84
2019	0.84	4.00	5.00	4.00	1.00	1.00	4.84

(1) Per \$100 assessed value

(2) Collected by the State and remitted to the County monthly

(3) Effective July 1, 2018

(4) There are no overlapping taxes in the rates disclosed in this table.

Table 7

County of James City, Virginia
Principal Tax Payers
Current Year and Nine Years Ago

Principal Property Tax Payers

	2019			2010		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 5,218,495	1	3.58%	\$ 4,803,588	1	4.10%
Seaworld Parks, LLC	2,183,730	2	1.50%			
Virginia Electric & Power Company	1,236,082	3	0.85%	747,107	6	0.64
Premium Outlets of Williamsburg (1)	1,225,641	4	0.84%			
Wal-Mart, Inc.	1,163,985	5	0.80%	1,117,135	2	1.01%
Williamsburg Plantation Owners Association	1,097,955	6	0.75%	654,407	9	0.56%
Powhatan Plantation Owners Association	1,016,146	7	0.70%	1,017,822	4	0.87%
Williamsburg Landing, Inc.	960,832	8	0.66%	735,066	7	0.63%
Ball Metal Container	847,217	9	0.58%	666,737	8	0.57%
Manor Club @ Ford's Colony (2)	689,406	10	0.47%	596,756	10	0.51%
Busch Entertainment Corp				1,079,476	3	0.92%
Busch Properties				754,840	5	0.64%
Total	<u>\$ 15,639,489</u>		<u>10.73%</u>	<u>\$ 12,172,934</u>		<u>10.45%</u>

Source: Commissioner of the Revenue

(1) Premium Outlets includes two related parties, Williamsburg Outlets, LLC and Williamsburg Mazel, LLC. They are combined in this table to show the value of the shopping center.

(2) In 2010, the company was known as Manor Houses Associates.

Principal Personal Property Tax Payers

	2019			2010		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 4,036,795	1	9.62%	\$ 3,717,360	1	12.54%
Seaworld Parks, LLC	1,611,422	2	3.84%	1,017,822	4	1.89%
Ball Metal Container	705,988	3	1.68%	1,079,476	3	1.89%
Printpack, Inc.	481,164	4	1.15%	754,840	5	1.52%
Owens-Brockway Glass Container	456,554	5	1.09%	735,066	7	1.16%
Wal-Mart, Inc.	323,985	6	0.77%	747,107	6	1.17%
Cox Communications of Hampton Roads	268,724	7	0.64%			
Toyota Lease Trust	252,893	8	0.60%			
HVT, Inc.	188,756	9	0.45%			
Branscome, Inc.	162,597	10	0.39%			
Busch Entertainment Corp				1,117,135	2	1.91%
Jack L. Massie Contracting, Inc.				666,737	8	0.91%
Toyota Motor Credit				654,407	9	0.58%
Busch Properties				596,756	10	0.46%
Total	<u>\$ 8,488,878</u>		<u>20.23%</u>	<u>\$ 11,086,706</u>		<u>24.03%</u>

Source: Commissioner of the Revenue

Principal Real Estate Property Tax Payers

	2019			2010		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Virginia Electric & Power Company	\$ 1,228,345	1	1.18%	\$ 747,107	4	0.85%
Premium Outlets of Williamsburg (1)	1,225,641	2	1.18%	558,051	9	0.64%
Anheuser-Busch, Inc.	1,181,700	3	1.14%	1,086,228	1	1.24%
Williamsburg Plantation Owners Association	1,089,776	4	1.05%	650,274	6	0.74%
Powhatan Plantation Owners Association	988,420	5	0.95%	1,006,316	2	1.15%
Williamsburg Landing, Inc.	860,819	6	0.83%	675,738	5	0.77%
Wal-Mart, Inc.	840,000	7	0.81%	830,737	3	0.95%
Manor Club @ Ford's Colony (2)	651,006	8	0.63%	580,068	8	0.66%
Virginia United Methodist Homes, Inc.	645,755	9	0.62%			
Riverside Healthcare Assoc.	625,679	10	0.60%			
Busch Properties				619,448	7	0.71%
Busch Entertainment Corp				511,801	10	0.59%
Total	<u>\$ 9,337,141</u>		<u>8.99%</u>	<u>\$ 7,265,768</u>		<u>8.30%</u>

Source: Commissioner of the Revenue

(1) Premium Outlets includes two related parties, Williamsburg Outlets, LLC and Williamsburg Mazel, LLC. They are combined in this table to show the value of the shopping center.

(2) In 2010, the company was known as Manor Houses Associates.

Table 8

County of James City, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount (1)	Percentage of levy		Amount	Percentage of levy
2010	\$ 116,316,624	\$ 99,101,581	85.20%	\$ 16,968,862	\$ 116,070,443	99.79%
2011	117,215,610	100,889,563	86.07%	15,946,267	116,835,830	99.68%
2012	121,312,654	101,482,234	83.65%	19,498,752	120,980,986	99.73%
2013	117,414,914	98,431,581	83.83%	18,747,396	117,178,977	99.80%
2014	118,804,815	100,523,591	84.61%	17,810,298	118,333,889	99.60%
2015	116,313,370	101,071,578	86.90%	13,981,851	115,053,429	98.92%
2016	122,270,532	106,867,113	87.40%	14,476,777	121,343,890	99.24%
2017	125,345,126	109,436,232	87.31%	15,895,512	125,331,744	99.99%
2018	129,502,759	111,268,080	85.92%	17,510,094	128,778,174	99.44%
2019	131,593,499	114,672,068	87.14%	-	114,672,068	87.14%

Source: Treasurer, James City County

(1) Collections related to fiscal year levies includes PPTRA claimed by taxpayers.

Table 9

County of James City, Virginia
Taxable Sales by Category
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Apparel stores	\$ 175,885,946	\$ 183,244,309	\$ 198,116,199	\$ 206,585,825	\$ 213,354,143	\$ 194,143,321	\$ 194,900,831	\$ 186,607,800	\$ 161,355,210	\$ 153,888,820
Automotive dealers, supplies and repair	12,949,521	17,019,548	24,017,913	21,792,904	21,122,470	20,893,120	23,582,443	23,292,016	27,301,606	27,495,725
Building materials, machinery and equipment	42,771,225	16,631,597	20,676,668	19,518,301	18,093,198	18,046,110	20,957,143	19,658,032	18,140,731	16,525,955
Eating and drinking establishments	89,306,904	91,552,799	103,724,814	105,121,625	116,111,215	112,320,430	116,764,293	113,221,696	96,580,559	100,513,316
Food stores	109,487,554	135,172,441	148,451,817	160,043,266	169,193,864	172,591,926	178,533,330	173,053,026	166,510,730	159,139,231
Furniture, home furnishings and household equipment	21,986,380	22,119,421	23,420,749	25,032,485	31,239,589	33,524,596	34,915,814	33,199,279	30,254,081	29,813,814
General merchandise	95,560,600	87,029,287	92,522,324	103,860,834	116,426,211	133,412,703	138,011,583	138,691,794	148,614,533	158,022,671
Lodging	39,984,592	32,414,685	14,172,343	16,041,031	15,276,927	20,352,083	22,528,553	21,630,584	23,009,096	20,053,827
Other outlets	25,930,390	29,255,159	39,511,197	38,200,453	38,297,074	32,410,167	31,055,094	31,872,830	38,055,982	23,929,492
Other retail stores, dealers, trades and services	163,456,030	188,073,849	204,974,337	208,856,679	205,764,580	231,051,462	250,886,839	243,076,757	261,444,986	275,721,770
Total	\$ 777,319,142	\$ 802,513,095	\$ 869,588,361	\$ 905,053,403	\$ 944,879,271	\$ 968,745,918	\$ 1,012,135,923	\$ 984,303,814	\$ 971,267,514	\$ 965,104,621

Source: Weldon Cooper Center

Note: Some data is not categorized to protect confidentiality of the business.

Table 10

County of James City, Virginia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal year	Governmental activities				Business-type activity	Total primary government	Percentage of personal income (1)	Per capita personal income (2)
	General obligation bonds	Capital leases	Lease revenue bonds	Total	Revenue bonds			
2010	\$ 101,414,765	\$ 10,169,895	\$ 110,275,000	\$ 221,859,660	\$ 35,950,423	\$ 257,810,083	16.28	\$ 51,538
2011	93,283,624	10,285,522	104,055,000	207,624,146	34,469,298	242,093,444	18.48	54,224
2012	86,134,103	9,235,074	104,472,000	199,841,177	32,938,174	232,779,351	20.21	55,990
2013	80,004,294	1,098,854	123,034,000	204,137,148	25,185,000	229,322,148	20.69	55,550
2014	72,164,244	984,528	114,416,000	187,564,772	24,660,000	212,224,772	23.34	56,960
2015	65,458,589	858,833	103,604,000	169,921,422	24,115,000	194,036,422	26.59	58,504
2016	49,844,842	728,456	130,451,552	181,024,850	24,118,109	205,142,959	26.05	59,632
2017	44,155,482	4,195,266	119,855,768	168,206,516	23,269,202	191,475,718	**	**
2018	38,348,323	3,183,141	109,069,984	150,601,448	22,600,295	173,201,743	**	**
2019	33,966,163	2,146,958	112,183,815	148,296,936	21,906,388	170,203,324	**	**

(1) Based on personal income from Table 13

(2) From Table 13, calendar year basis

** Statistics not yet available

Table 11

County of James City, Virginia
Debt Statistics
Last Ten Fiscal Years

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

Fiscal year	Population (1)	Assessed value (2)	Gross bonded debt (3) (4)	Less debt service monies available (5)	Net bonded debt	Ratio of net bonded debt to assessed value	Net bonded debt per capita
2010	67,745	12,092,979,169	\$ 93,283,624	\$ 2,921,044	\$ 90,362,580	0.75	\$ 1,334
2011	68,500	12,152,483,497	86,134,103	2,921,037	83,213,066	0.68	1,215
2012	69,451	12,341,704,734	80,004,294	2,920,981	77,083,313	0.62	1,110
2013	70,376	11,991,913,497	72,164,244	2,920,538	69,243,706	0.58	984
2014	71,254	12,165,747,571	65,458,589	2,920,369	62,538,220	0.51	878
2015	72,682	12,420,621,529	49,844,842	1,219,616	48,625,226	0.39	669
2016	73,767	12,511,337,556	44,155,482	1,221,521	42,933,961	0.34	582
2017	74,795	12,818,125,753	38,348,323	1,222,024	37,126,299	0.29	496
2018	75,776	13,065,070,419	38,348,323	1,226,463	37,121,860	0.28	490
2019	**	13,407,219,197	33,966,163	-	33,966,163	0.25	**

(1) From Table 13; based on calendar year

(2) From Table 5

(3) Includes all long-term general obligation bonded debt, bond anticipation notes, and literary fund loans

(4) Includes general obligation debt payable from enterprise revenues

(5) Debt Service Reserve Funds held by a trustee

** Statistics not yet available

Ratio of Annual Debt Service Expenditures for General Bonded Debt (1) to Total General Government Expenditures and Revenues

Fiscal year	Principal (1) (5)	Interest (2)	Total debt service (4)	Total general governmental expenditures (3)	Ratio of debt service to general total governmental expenditures	Total general governmental revenues (3)	Ratio of debt service to general total governmental revenues
2010	\$ 15,077,900	\$ 10,147,353	\$ 25,225,253	\$ 198,552,653	12.70	\$ 200,014,429	12.61
2011	14,830,524	9,853,465	24,683,989	198,893,176	12.41	201,684,905	12.24
2012	14,787,955	9,384,810	24,172,765	201,078,316	12.02	206,996,888	11.68
2013	23,473,305	9,522,081	32,995,386	215,304,486	15.32	205,082,111	16.09
2014	16,417,326	8,822,326	25,239,652	211,866,777	11.91	209,633,075	12.04
2015	16,862,695	8,781,971	25,644,666	218,984,810	11.71	213,074,589	12.04
2016	17,122,377	6,188,222	23,310,599	226,845,449	10.28	239,451,445	9.74
2017	16,206,234	6,841,056	23,047,290	231,072,402	9.97	245,652,126	9.38
2018	16,284,125	6,195,080	22,479,205	231,635,241	9.70	248,003,274	9.06
2019	14,343,182	5,848,486	20,191,668	251,898,565	8.02	259,858,415	7.77

(1) General obligation bonds reported in the enterprise funds and special assessment debt with government commitment have been excluded.

(2) Excludes bond issuance and other costs.

(3) Reflects recurring expenditures and revenues included in the General Fund, Debt Service Fund, Special Revenue funds, operating transfers to Capital Projects and the County's percentage of discretely presented Component Unit - Public Schools Operating Fund.

(4) The County has no overlapping debt.

(5) In fiscal year 2013, principal payments increased by \$7,380,000 related to the refinancing of a capital lease. Proceeds from the issuance of new debt were used for these principal payments.

Table 12

County of James City, Virginia

Pledged Revenue Coverage

James City Service Authority

Last Ten Fiscal Years

Fiscal year	Gross revenue	(1) Operating expenses	Net revenue available for debt service	(2) Debt service requirements			Coverage
				Principal	Interest	Total	
2010	\$ 17,178,575	\$ 10,985,233	\$ 6,193,342	\$ 1,440,000	\$ 1,590,562	\$ 3,030,562	2.04
2011	17,474,579	12,091,472	5,383,107	1,490,000	1,537,750	3,027,750	1.78
2012	15,975,755	12,414,605	3,561,150	1,545,000	1,483,100	3,028,100	1.18
2013	14,997,834	12,407,414	2,590,420	525,000	1,119,306	1,644,306	1.58
2014	16,918,995	12,218,405	4,700,590	545,000	1,100,931	1,645,931	2.86
2015	17,714,181	10,982,443	6,731,738	565,000	1,081,856	1,646,856	4.09
2016	17,370,324	10,701,704	6,668,620	785,000	571,161	1,356,161	4.92
2017	20,128,694	10,904,086	9,224,608	605,000	749,450	1,354,450	6.81
2018	20,128,689	10,609,709	9,518,980	630,000	725,250	1,355,250	7.02
2019	21,647,670	11,669,088	9,978,582	655,000	700,050	1,355,050	7.36

(1) Total operating expenses, exclusive of depreciation

(2) The Authority has no debt margin or overlapping debt.

Table 13

County of James City, Virginia
Demographic and Economic Statistics
Last Ten Years

Calendar year	Population (1)	Personal income (2)	Per capita personal income (2)	Unemployment percentage (1)
2010	67,745	\$ 4,196,931,000	\$ 51,538	6.3%
2011	68,500	4,474,583,000	54,224	6.1%
2012	69,451	4,703,429,000	55,990	5.7%
2013	70,376	4,745,679,000	55,550	5.3%
2014	71,254	4,954,338,000	56,960	4.9%
2015	72,682	5,160,028,000	58,504	4.3%
2016	73,767	5,344,090,000	59,632	4.1%
2017	74,795	5,646,096,000	62,350	3.8%
2018	75,776	**	**	**
2019	**	**	**	**

(1) Planning Division, supplemented by data from Virginia Employment Commission (<http://www.vec.virginia.gov/>)

(2) Data from the Bureau of Economic Analysis (<http://www.bea.gov/>), and has combined data for James City County and the City of Williamsburg

** Statistics not yet available

Median Household Income

Calendar year	James City County	Commonwealth of Virginia	United States
2009	\$ 72,902	\$ 59,372	\$ 50,221
2010	74,241	60,665	50,046
2011	73,575	61,877	50,502
2012	78,396	61,782	51,371
2013	75,806	62,745	52,250
2014	75,926	64,923	53,657
2015	77,668	66,263	55,775
2016	80,226	66,149	55,322
2017	80,772	68,766	57,652
2018	**	**	**
2019	**	**	**

Source: U.S. Census Bureau, Small Area Income and Poverty Estimates

** Statistics not yet available

Households and Poverty

Fiscal year	Food stamp households	Total households*	Percentage of food stamp households
2009	1,224	27,567	4.4%
2010	1,638	27,003	6.1%
2011	1,840	27,375	6.7%
2012	2,015	27,707	7.3%
2013	2,236	28,090	8.0%
2014	2,211	28,415	7.8%
2015	2,006	28,986	6.9%
2016	1,870	29,390	6.4%
2017	1,773	29,807	5.9%
2018	1,729	30,240	5.7%
2019	1,690	30,608	5.5%

Source: Social Services Department and Planning Division

* Reflects the number of occupied housing

(Continued)

Table 13 (Continued)

County of James City, Virginia
Demographic and Economic Statistics
Last Ten Years

Population and Age Distribution

Year	Population	Percentage Increase								
1950	6,317	28.7%								
1960	11,539	82.7%								
1970	17,853	54.7%								
1980	22,763	27.5%								
1990	34,859	53.1%								
2000	48,102	38.0%								
2010	67,009	39.3%								
Age	1970		1980		1990		2000		2010	
0-14	5,226	29.3%	5,008	22.0%	7,211	20.7%	9,254	19.2%	11,608	17.3%
15-19	1,448	8.1%	2,276	10.0%	2,147	6.2%	2,838	5.9%	4,120	6.1%
20-29	2,915	16.3%	3,870	17.0%	5,330	15.3%	-	0.0%	-	0.0%
20-34	*	*	*	*	*	*	7,484	15.6%	9,741	14.5%
30-44	3,172	17.8%	4,780	21.0%	8,901	25.5%	-	0.0%	-	0.0%
35-44	*	*	*	*	*	*	7,866	16.4%	8,133	12.1%
45-64	3,531	19.8%	5,235	23.0%	7,255	20.8%	12,563	26.1%	19,537	29.2%
65+	1,561	8.7%	1,594	7.0%	4,015	11.5%	8,097	16.8%	13,870	20.7%
	17,853	100%	22,763	100%	34,859	100%	48,102	100%	67,009	100%

Source: U.S. Census Bureau

* New categories, as defined by the U.S. Census

Households and Population

Fiscal year	Number of households*	Total households population**	Persons per household
2010	27,003	66,157	2.45
2011	27,375	67,068	2.45
2012	27,707	67,882	2.45
2013	28,090	68,821	2.45
2014	28,415	69,616	2.45
2015	28,986	71,015	2.45
2016	29,390	72,005	2.45
2017	29,807	73,028	2.45
2018	30,240	74,089	2.45
2019	30,608	74,991	2.45

Source: Planning Division

* Reflects the number of occupied housing

** Reflects total population less group quarter population, such as nursing facilities, Eastern State Hospital (a state mental facility), Middle Peninsula Juvenile Detention Center and the Virginia Peninsula Regional Jail.

Unemployment Rate and Labor Force

Calendar year	Civilian labor force	Number employed	Number unemployed	Unemployment rate
2010	32,243	30,205	2,038	6.3%
2011	32,605	30,618	1,987	6.1%
2012	32,988	31,101	1,887	5.7%
2013	33,690	31,891	1,799	5.3%
2014	34,650	32,941	1,709	4.9%
2015	34,250	32,765	1,485	4.3%
2016	34,206	32,883	1,323	3.9%
2017	35,352	34,080	1,271	3.6%
2018	36,554	35,552	1,002	2.9%
2019	**	**	**	**

Source: Planning Division, supplemented by data from Virginia labor market information

** Statistics not yet available

Table 14

County of James City, Virginia
Principal Employers in James City County
Current Year and Nine Years Ago

	2019			2010		
	Employees	Rank	Percent of total County employment	Employees	Rank	Percent of total County employment
Busch Gardens	1000+	1	**	1000+	1	17.94%
Williamsburg-James City County Public Schools	1000+	2	5.36%	1000+	2	5.93%
Wal-Mart Distribution Center	500-999	3	2.41%	500-999	8	2.26%
James City County	500-999	4	2.18%	500-999	6	2.35%
Riverside Regional Medical Center	500-999	5	1.92%			
Eastern State Hospital	500-999	6	1.86%	1000+	3	3.26%
Anheuser-Busch Inbev	500-999	7	1.79%	500-999	7	2.28%
Kingsmill Resort and Spa	500-999	8	1.79%			
Williamsburg Landing	250-499	9	1.15%			
Owens & Minor/AVID	250-499	10	1.04%			
Lumber Liquidators				500-999	4	3.05%
Busch Properties, Inc.				500-999	5	2.69%
Avid Medical				250-499	9	1.60%
Jamestown-Yorktown Foundation				250-499	10	1.27%
Total			<u>19.50%</u>			<u>42.63%</u>

Source: Economic Development, James City County and Virginia Employment Commission

** Busch Gardens became publicly traded during fiscal year 2013, and information is not available.

Table 15

County of James City, Virginia
Full-time County Government Employees by Function/Program
Last Ten Fiscal Years

Function/program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administrative:										
Board of supervisors	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5
County administration	2.5	2.5	2.5	3.0	3.0	3.0	3.0	3.0	4.0	6.0
County attorney	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0
Communications	6.5	7.5	7.5	7.0	7.0	7.0	8.0	8.0	8.0	-
Economic development	3.0	3.0	4.0	4.0	4.0	4.0	3.5	3.5	3.5	3.5
Voter registration and elections	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Human resources:										
Human resources	4.0	4.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0
Training and Quality Performance	3.0	3.0	-	-	-	-	-	-	-	-
Financial administration:										
Accounting	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0
Commissioner of the revenue	12.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Financial and management services	7.0	7.0	6.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0
Purchasing	3.0	3.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0
Real estate assessments	11.0	10.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0	8.0
Treasurer	13.0	12.0	11.0	12.0	12.0	13.0	13.0	13.0	13.0	13.0
Satellite services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Information resources management										
Information resources management	21.0	20.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	15.0
Information technology core applications	-	-	-	-	-	-	-	-	-	5.0
Information technology infrastructure	-	-	-	-	-	-	-	-	-	8.0
General services:										
Facilities maintenance	18.0	17.0	17.0	18.0	18.0	18.0	18.0	19.0	18.0	18.0
Fleet and equipment	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
General and capital services	6.5	5.5	7.0	8.0	8.0	7.0	7.0	7.0	9.5	10.5
Grounds maintenance	20.0	22.0	22.0	24.0	25.0	25.0	25.0	26.0	26.5	27.5
Solid waste management	7.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Stormwater	6.5	6.5	4.0	4.0	4.0	6.0	8.0	8.0	7.0	18.0
Community development:										
Building safety and permits	15.0	13.0	13.0	13.0	13.0	14.0	14.0	15.0	16.0	17.0
Community Development	2.5	2.5	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Engineering and resource protection	14.0	12.0	13.0	12.0	12.0	11.0	11.0	11.0	11.0	-
Planning	17.5	12.5	10.5	10.0	10.0	10.0	10.0	10.0	9.0	11.0
Zoning enforcement	-	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Judicial:										
Courts/judicial	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Courthouse	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Clerk of the circuit court	12.0	12.0	12.0	12.0	12.0	11.0	11.0	11.0	11.0	11.0
Commonwealth's attorney	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0	11.0	11.0
Sheriff	18.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	17.0	17.0
Public safety:										
Animal control	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Emergency communications	27.0	26.0	26.0	26.0	26.0	29.0	29.0	29.0	29.0	28.0
Emergency management	2.0	2.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0
Emergency medical services	25.0	25.0	-	-	-	-	-	-	-	-
Fire	86.0	86.0	110.0	110.0	110.0	114.0	115.0	115.0	115.0	122.0
Police	98.0	98.0	98.0	98.0	99.0	100.0	103.0	103.0	105.0	108.0
Parks and recreation	53.0	48.0	49.0	48.0	48.0	47.0	49.0	52.0	52.0	54.0
Community services:										
Community services	3.0	-	-	-	-	-	-	-	-	-
Cooperative extension service	2.0	2.0	2.0	-	-	-	-	-	-	-
Neighborhood connections	2.0	-	-	-	-	-	-	-	-	-
Total general fund	<u>563.0</u>	<u>541.0</u>	<u>541.0</u>	<u>542.0</u>	<u>544.0</u>	<u>552.0</u>	<u>559.0</u>	<u>567.0</u>	<u>573.0</u>	<u>588.0</u>
Other services:										
Housing and neighborhood development	8.5	9.5	9.5	9.0	9.0	8.0	8.0	7.0	8.0	9.0
JCSA	90.0	86.0	89.0	89.0	89.0	89.0	89.0	89.0	91.0	96.0
Social services	52.5	52.5	52.5	52.0	51.0	51.0	51.0	52.0	53.0	53.0
Colonial community corrections	11.0	12.0	12.0	12.0	13.0	13.0	13.0	12.0	12.0	14.0
Special projects/grants	5.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	6.0	5.0
Grand total all funds	<u>730.0</u>	<u>704.0</u>	<u>707.0</u>	<u>707.0</u>	<u>709.0</u>	<u>716.0</u>	<u>723.0</u>	<u>730.0</u>	<u>743.0</u>	<u>765.0</u>

Source: Financial and Management Services

Table 16

County of James City, Virginia
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Calls for service	21,762	21,129	20,879	19,539	20,175	20,875	22,225	21,829	22,247	21,806
Major crimes reported	1,080	1,071	1,092	999	999	1,182	1,260	1,153	1,133	976
Major crimes cleared	396	325	324	317	247	335	390	335	374	343
Fire:										
Fire/other responses	2,922	2,786	3,178	2,822	3,065	3,153	3,302	4,010	3,774	3,978
Inspections	2,037	1,735	1,804	1,910	1,829	1,320	1,255	1,169	1,046	914
EMS responses	5,573	5,956	6,147	6,446	6,450	6,666	7,039	7,141	7,330	7,894
Refuse collection:										
Refuse collected (tons per day)	8	9	10	12	11	10	11	12	12	17
Recyclables collected (tons per day)	1	1	1	1	1	1	1	1	2	1
Recyclables collected curbside (tons per day)	N/A	23	22	22	22	23	24	23	23	24
Parks and recreation:										
Community center admissions	394,757	463,491	464,358	511,976	444,755	400,367	401,111	434,719	404,919	431,581
Park attendance	1,349,550	1,708,976	2,253,617	2,163,533	2,428,894	2,595,974	2,817,348	3,075,306	3,742,009	3,997,042
Participants in programs offered	384,650	395,789	378,733	371,959	404,023	441,969	463,319	508,776	528,703	505,780
Water:										
New connections	385	388	351	448	359	388	423	464	407	292
Water mains breaks	40	44	31	25	21	26	21	34	25	30
Sewer:										
New connections	380	375	296	347	261	380	447	470	414	287

Source: County operating departments

N/A: Information is not available.

Table 17

County of James City, Virginia
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	5	5	5	5	5	5	5	5	5	5
Parks and recreation:										
Acreage	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,592	1,592	1,592
Playgrounds	11	11	11	11	11	12	12	10	10	10
Ball fields maintained	58	65	65	65	65	65	65	70	70	68
Tennis courts maintained	5	5	5	5	5	4	4	4	4	4
Pickleball courts maintained	-	-	-	-	-	-	2	2	2	2
Community centers	2	2	2	2	2	2	2	2	2	2
Water:										
Water lines (miles)	344	393	390	393	400	402	407	409	410	414
Water customers	19,368	19,719	20,070	20,549	20,858	21,246	21,669	22,133	22,540	22,832
Storage tanks (greater than 250,000 gallons)	7	7	7	7	7	7	7	7	7	7
Average ERCs (1)	20,200	20,866	19,200	18,597	18,937	19,415	18,921	20,025	20,220	19,247
Wastewater:										
Sewer lines (miles)	382	419	423	425	430	435	439	440	440	446
Gallons collected (millions)	1,833	1,598	1,771	1,739	1,862	1,922	1,863	1,971	1,987	1,898
Sewer customers	18,860	21,127	21,488	21,962	22,575	22,955	23,402	23,872	24,286	24,573

Source: County operating departments

(1) Equivalent Residential Connections (ERCs) are determined based upon the rated capacity of a water meter (e.g., the average amount of water which can flow through such meter on a continuous basis) as compared to the rated capacity for a typical 5/8" residential water meter.

Compliance Section

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County of James City, Virginia
Schedule of Expenditures of Federal Awards - Primary Government
Year ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Cluster/Program Title	Federal catalog number	Pass-through entity identifying number	Expenditures
Primary Government - Governmental Activities:			
Department of Agriculture:			
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants - Supplemental Nutrition Assistance Program	10.561	**	\$ 582,034
Department of Health and Human Services:			
Virginia Department of Social Services:			
Promoting Safe and Stable Families	93.556	**	16,573
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	**	331,375
Refugee and Entrant Assistance - State Administered Programs	93.566	**	149
Low-Income Home Energy Assistance	93.568	**	45,929
Child Welfare Services	93.645	**	315
Foster Care - Title IV-E	93.658	**	230,002
Adoption Assistance	93.659	**	309,326
Social Services Block Grant	93.667	**	233,051
Chafee Foster Care Independent Living	93.674	**	3,166
State Children's Insurance Program	93.767	**	12,661
Medicaid Cluster:			
Medical Assistance Program	93.778	**	639,239
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	**	54,211
Chafee Education and Training Vouchers Program	93.599	**	1,223
Total Department of Health and Human Services			1,877,220
Department of Interior:			
Bureau of Cash Management Payment in Lieu of Taxes	15.000	N/A	8,057
Department of Treasury:			
Equitable Sharing Program	21.016	N/A	15,839
Department of Homeland Security:			
Virginia Department of Emergency Management:			
Homeland Security Grant Program	97.067	**	4,000
Homeland Security Grant Program	97.067	EMW-2017-SS-00088	35,063
Homeland Security Grant Program	97.067	EMW-2018-SS-00093-S01	4,641
Emergency Management Performance Grants	97.042	EMP-2017-EP-00006	2,068
Emergency Management Performance Grants	97.042	EMP-2018-EP-00007-S01	39,975
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-03-VA-4411	50,829
Total Department of Homeland Security			136,576
Department of Housing and Community Development:			
Virginia Department of Housing and Community Development:			
Section 8 Housing Choice Vouchers	14.871	**	1,034,507
Housing Counseling Assistance Program	14.169	**	20,909
HOME Investment Partnerships Program	14.239	**	260,437
Total Department of Housing and Community Development			1,315,853
Department of Transportation:			
Highway Safety Cluster:			
I National Highway Traffic Safety Administration - Highway Safety Grant	20.600	18X9205464VA17	14,977
I National Highway Traffic Safety Administration - Highway Safety Grant	20.600	18X9204020VA18	4,701
I National Highway Traffic Safety Administration - Highway Safety Grant	20.600	69A37518300004010VA0	15,908
I National Highway Traffic Safety Administration - Highway Safety Grant	20.600	69A37518300004020VA0	5,256
I National Highway Traffic Safety Administration - Highway Safety Grant	20.607	18X9205464VA18	5,498
Total Highway Safety Cluster, Department of Transportation			46,340
Department of Justice:			
Equitable Sharing Program	16.922	N/A	1,341
Bureau of Justice Administration:			
BJA - Bulletproof Vests Partnership	16.607	N/A	12,172
Office of Justice Programs			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18-B6074AD15	4,882
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18-B4040AD11	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18-B6075AD15	11,200
Edward Byrne Memorial Justice Assistance Grant Program	16.738	**	10,443
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18-B4040AD11	2,025
Edward Byrne Memorial Justice Assistance Grant Program	16.738	19-C4040AD15	2,025
Total Office of Justice Programs			30,575
Virginia Department of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	18-V9412VA17	22,076
Violence Against Women Formula Grants	16.588	19-W9412VA18	22,989
Violence Against Women Formula Grants	16.590	2015-WE-AX-0009	124,706
Crime Victim Assistance	16.575	19-Y8579VW17	127,876
Total Department of Criminal Justice Services			297,647
Total Department of Justice			341,735
Total federal awards, primary government - governmental activities			\$ 4,323,654

N/A Not applicable; direct funding

** Information is not available.

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report.

County of James City, Virginia
Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2019

1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the County of James City, Virginia (the County). The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

2) Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3) Indirect Cost Rate

The County has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

4) Sub-recipient Payments

There were no awards passed-through to sub-recipients during the fiscal year ended June 30, 2019.

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

To the Board of Supervisors
County of James City, Virginia
Williamsburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of James City, Virginia, (the "County") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 27, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
November 27, 2019

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

To the Board of Supervisors
County of James City, Virginia
Williamsburg, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of James City, Virginia's (the "County") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
November 27, 2019

COUNTY OF JAMES CITY, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2019

As more fully described in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the County's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Comprehensive Services Act

Uniform Disposition of Unclaimed Property Act

Sheriff Internal Controls

State Agency Requirements

Social Services

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

COUNTY OF JAMES CITY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

Summary of Auditor's Results

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The program tested as major was:

Name of Program	CFDA #
Housing Voucher Cluster: Section 8 Housing Choice Vouchers	14.871

8. The threshold for distinguishing Type A and B programs was **\$750,000**.
9. The County was determined to be a **low-risk auditee**.

COUNTY OF JAMES CITY, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2019

State Compliance Finding 2018-001: Reporting Deadline

Condition:

The Comprehensive Annual Financial Report (CAFR) and Comparative Report Transmittal Forms were not submitted to the Auditor of Public Accounts (APA) by the November 30, 2018, deadline. The County did submit a written statement to the (APA) by November 30, as required. However, the APA does not have authority to grant an extension as the deadline is mandated by the *Code of Virginia*. The audited financial reports were not presented to the local governing body at a public session by the December 31, 2018, deadline.

Recommendation:

As the County's reports were completed timely with the exception of the Schools' delays, a recommendation was made to the Schools that they should implement monitoring controls by management outside of the finance department to ensure accurate and timely information is available. This monitoring control could help prevent or detect noncompliance from occurring.

Current Status:

The corrective action outlined in the June 30, 2018, schedule of findings and questioned costs was implemented during fiscal year 2019. The CAFR and the Comparative Report Transmittal Forms are expected to be submitted by November 30, 2019, for the current fiscal year.