



**WILLIAMSBURG
JAMES CITY COUNTY**
PUBLIC SCHOOLS

(Serving the City of Williamsburg and the County of James City)

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For the Fiscal Year Ended June 30, 2019
(With Independent Auditors' Report thereon)

Prepared By:
WJCC Department of Finance
117 Ironbound Road
P.O. Box 8783
Williamsburg, Virginia 23187-8783
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www.wjccschools.org

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)
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COMPREHENSIVE ANNUAL FINANCIAL REPORT
WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Members of the School Board and School Board Officials as of July 1, 2019

City of Williamsburg

Ms. Kyra Cook.....School Board Member
Ms. Julie Hummel..... Vice-Chair

James City County

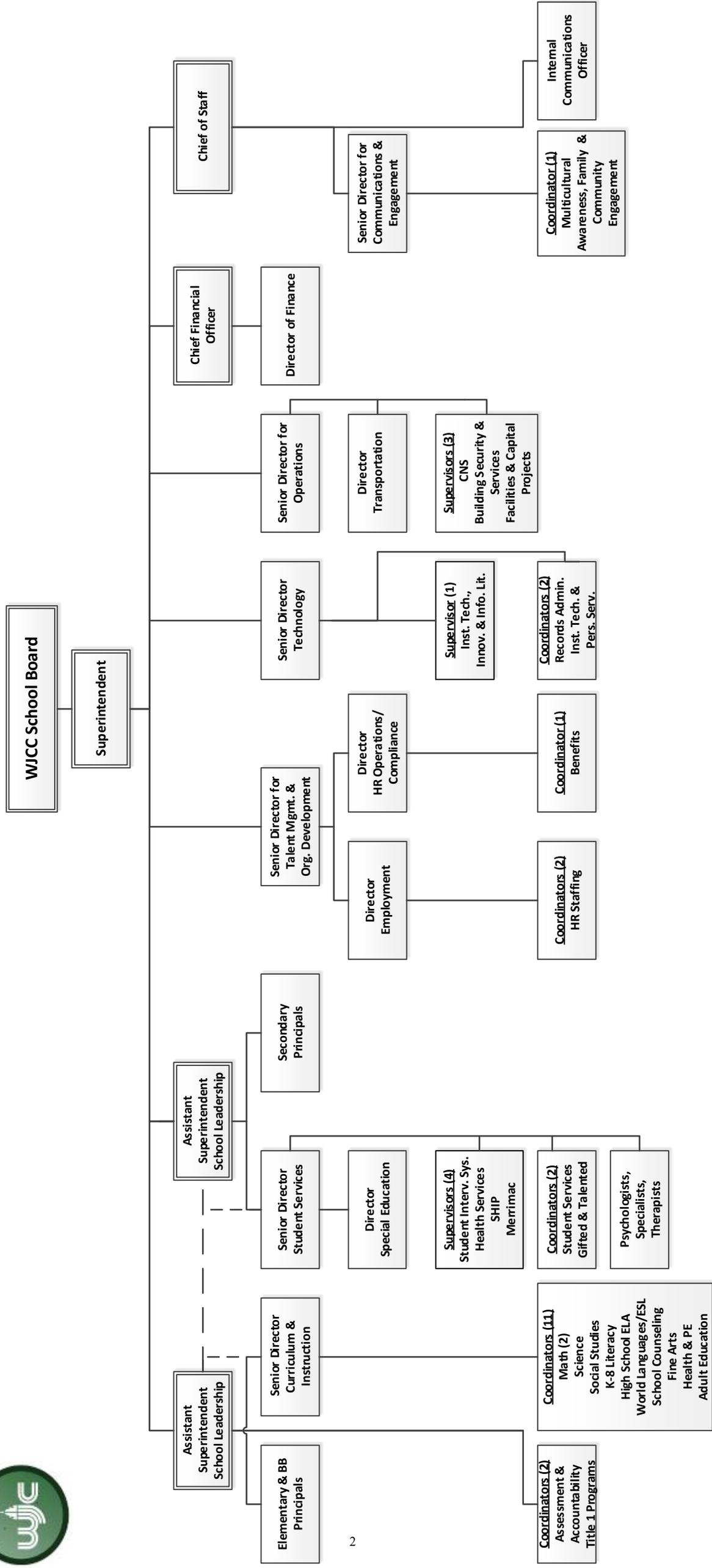
Mr. James KellySchool Board Member
Mr. James Beers.....School Board Member
Ms. Lisa Ownby..... Chair
Ms. Holly Taylor.....School Board Member
Ms. Sandra YoungSchool Board Member

Officials

Dr. Olwen E. Herron.....Superintendent of Schools
Ms. Y. Rene Ewing.....Chief Financial Officer
Ms. Kelsie Bowen.....Director of Finance
Ms. Janet L. Cerza Clerk
Ms. Jennifer D. Tomes.....Treasurer



WJCC Organizational Chart





Williamsburg-James City County Public Schools

School Board & Central Office

P.O. Box 8783 • Williamsburg, VA 23187

Phone: (757) 603-6400 | wjccschools.org

WJCC School Board

Lisa Ownby, M.S.W.

Chair

Powhatan District

Julie Y. Hummel, M.Ed.

Vice Chair

City of Williamsburg

Jim Kelly, PE

Parliamentarian

Jamestown District

James W. Beers, Ph.D.

Roberts District

Kyra Cook

City of Williamsburg

Holly A. Taylor, M.S.Ed.

Stonehouse District

Sandra S. Young, M.S.Ed.

Berkeley District

Superintendent

Olwen E. Herron, Ed.D.

November 26, 2019

To Citizens
of James City County, Virginia:

To Citizens
of the City of Williamsburg, Virginia:

To School Board Members
of Williamsburg-James City County Public Schools:

The Comprehensive Annual Financial Report (CAFR) of Williamsburg-James City County Public Schools (WJCC, or the School Division), a component unit of James City County, Virginia, for the fiscal year that ended June 30, 2019, is hereby submitted. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and includes all disclosures necessary to understand the School Division's financial activities. The responsibility for the accuracy, completeness and fairness of the data presented, as well as all accompanying disclosures, rests with the School Division.

This report is prepared in conformity with accounting principles generally accepted in the United States of America for governments as promulgated by the Governmental Accounting Standards Board (GASB). This report is intended to present a comprehensive summary of significant financial data to meet the needs of the citizens, taxpayers, financial institutions, and the Williamsburg-James City County School Board (the School Board). Generally accepted accounting principles (GAAP) require that management provide a narrative introduction and an overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement and accompany the required MD&A. The MD&A can be found immediately following the independent auditors' report.

The firm of Brown, Edwards & Company, LLP performed the audit of Williamsburg-James City County Public Schools this year. They were awarded the contract to provide the annual financial audit through the year ended June 30, 2017, with an opportunity for five one year renewals, as part of a combined proposal between Williamsburg-James City County Public Schools, James City County, James City County Service Authority, James City County Economic Development Authority, Virginia Peninsula Regional Jail Authority, the Middle Peninsula Juvenile Detention Center, Williamsburg Area Transit Authority, and the Williamsburg Area Medical Association Corporation trading as Olde Towne Medical and Dental Center. The unmodified report of Brown, Edwards & Company, LLP, the highest possible result of the audit process, accompanies the financial statements in this report.

The School Division was developed as a result of an agreement of consolidation between the governing bodies and the school boards of the City of Williamsburg (the City) and James City County (the County) on January 14, 1954. The Division is considered a component unit of James City County.

This report includes all funds that are controlled by or dependent on the School Superintendent and School Board. Additional information regarding the School Division's financial reporting entity may be found in the notes to the basic financial statements. During school year 2018-2019, the School Division operated three high schools (Grades 9-12), four middle schools (Grades 6-8), and nine elementary schools (Grades K-5). The School Division served 11,461 K-12 students and 395 Pre-K students and provided a full range of educational services appropriate to grades Pre-K through 12, including regular and enriched academic education, specialized education, occupational education, and programs for those with limited English proficiency. These programs are supplemented by a wide variety of offerings in fine arts and athletics.

ECONOMIC OUTLOOK AND CONDITION

The School Division has seen a gradual increase in economic activity during the current fiscal year. Overall, total intergovernmental revenue increased 4.5% from last year. Of that amount, \$103.7 million was revenue from the City and the County, \$35.3 million represented aid from the Commonwealth of Virginia (the Commonwealth), and \$7.2 million was revenue from the federal government.

Projected enrollment for the 2020 fiscal year is 11,470, an increase of 9 students compared to September 2018, or an increase of 0.04%. FY2020 includes a net increase in staffing of 21.80 over FY2019 for a total of 1,714.71 Full Time Equivalent positions.

The School Division opened a new middle school, James Blair, at the beginning of the 2019 fiscal year. There are three elementary schools that were constructed over 35 years ago but have all undergone additions or renovations within the last 21 years. There are two secondary schools that were constructed over 35 years ago but both have undergone additions or renovations within the last two years.

MAJOR INITIATIVES

In FY2019, the School Division launched a new strategic plan for student success, *Elevate Beyond Excellence*. Highly focused through six strategic goals, the plan reflects the school division's priorities for education and the community's aspirations for students.

Goal 1: Academic Achievement/College & Career Readiness

Transform teaching and learning to prepare students for success in post-secondary education and careers.

Goal 2: Educational Equity

Foster a learning environment that respects the diversity of students and provides targeted, equitable opportunities for success.

Goal 3: Communication & Engagement

Cultivate a culture of open and effective communications to inform and engage all stakeholders.

Goal 4: Safety & Security

Ensure a fully integrated approach to safety and security that encompasses both the physical environment and the social/emotional needs of students.

Goal 5: Human Capital & Positive Culture

Recruit high-quality staff and retain the division's exemplary workforce by creating an environment where transparency and trust are the norm.

Goal 6: Organizational Efficiency & Effectiveness

Optimize division effectiveness and efficiency by establishing and strengthening processes and systems.

For the 13th consecutive year, all WJCC Schools are fully accredited by the Virginia Department of Education.

WJCC’s overall SOL pass rate for *all students* continues to exceed the state’s SOL pass rate in all subject areas. This table represents WJCC’s 2018-2019 SOL Performance in comparison to the state’s SOL Performance:

Content Area/Subject	WJCC SOL Overall Pass Rate	Virginia’s SOL Overall Pass Rate	Points Better than VA Mean
Reading	81	78	+3
Writing	80	76	+4
Math	86	82	+4
Social Studies/History	84	80	+4
Science	84	81	+3

WJCC’s on-time graduation rate remained stable at 92.6% for the graduating class of 2019. This rate outperformed Virginia’s on-time graduation rate average of 91.5%.

WJCC’s dropout rate increased from 2.8% for the cohort class of 2018 to 3.9% for the cohort class of 2019. Virginia’s average dropout rate for 2019 was 5.6%. WJCC’s dropout rate is lower than the Virginia’s dropout rate.

In the area of Reading, SOL performance of WJCC students outperformed the state, subgroup performance remains within the state averages and the English Learner pass rate increased by 5% from the previous year.

In the area of Math, SOL performance of WJCC students outperformed the state, subgroup performance exceeds state averages and a 10% increase was achieved for Black, Economically Disadvantaged, Students with Disabilities and English Learners.

FINANCIAL INFORMATION

Internal Controls

Internal controls are designed to provide reasonable assurance that assets of the reporting entity are protected from loss, theft, or misuse, and to ensure that reliable financial records are maintained for preparation of financial statements that are in conformity with generally accepted accounting principles.

Internal control evaluations occur with the above guidelines when the annual audit process is undertaken and they are felt to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. In addition, this internal control structure is subject to periodic evaluation by management of the School Division.

Budgetary Controls

Budgetary controls are maintained to ensure compliance with Virginia statutes governing public entities and school operations. These statutes provide legal standards for preparing, presenting, adopting, and administering the budget. The School Board presents a proposed budget to the City and the County governing bodies, who then adopt their own operating and capital project budgets incorporating their contributions to the School Division. The School Board makes any required adjustments, and then adopts an amended budget. The Superintendent is authorized to make expenditures and commitments of funds as approved by the School Board in the adopted annual budget in accordance with the School Board's policies and applicable state and federal regulations and laws. The legal level of budgetary control is at the fund level in regard to County and City appropriations (i.e., the level at which expenditures cannot legally exceed the appropriated amount). However, the School Board has established the function¹ level as their level of control over the budget.

The School Division also maintains an encumbrance accounting system as one method of accomplishing budgetary control. Outstanding encumbrances are reported as an assignment of fund balance of the General Fund at year end. Beginning with the 1996-1997 fiscal year, a contractual agreement exists with the City and County that documents the required disposition of unexpended appropriated School funds at year-end. The most recent amendment to the agreement was in April 2017.

Financial Highlights

The Williamsburg-James City County Public Schools continues to be in sound financial condition as demonstrated by the basic financial statements included in this report. As reflected in the reports:

- WJCC revenues increased by approximately \$6.2 million from the prior year;
- WJCC met its expense obligations and returned a total of \$2.5 million in unexpended appropriations to the City and County;
- Local tax resources from the City and County continue to be a major funding source for the division;
- WJCC financial health remains stable and there is measured optimism that the economic recovery will continue to strengthen.

Williamsburg-James City County Public Schools is a component unit of James City County, Virginia, and the County is the legal holder of debt related to the acquisition of school facilities.

While the School Division will continue to operate within a balanced budget, there is a high level of anticipation in regard to the State funding of K-12 education in the second year of the 2018-20 biennial budget. The City of Williamsburg and James City County have provided additional funding in support of the new school. Increased costs for fuel, utilities, and health insurance will also put greater strain on the budget. Developing a balanced budget that continues to provide for our number one priority of teaching and learning will remain a challenge.

¹ (Defined functional areas are: general and administrative, instruction, pupil transportation, attendance and health services, operations and maintenance, and technology).

Long-Term Financial Planning

The annual budget reflects WJCC's varied plans by allocating resources to carry out the goals defined through the division wide planning processes. The major planning activities are:

- **WJCC's Approved Budget** – adopted annually by the School Board and reflects ongoing programs as well as initiatives for the next fiscal year.
- **Capital Improvement Program** – adopted annually by the School Board and contains the ten-year capital improvement plans.
- **Enrollment Projections** – prepared annually based on the official fall enrollment to assist in facility planning.

WJCC is fiscally dependent (i.e., it does not have taxing or levying authority, or borrowing authority) and is required by state law to operate within a balanced budget. WJCC derives most of its funding from allocations from the City of Williamsburg, James City County, and the Commonwealth of Virginia. Long-term financial planning includes a five-year forecast submission to the governing bodies as part of the annual budget process which assesses the fiscal impact of the capital improvement program on the School Division's operations.

Relevant Financial Policies

As a component unit, WJCC is directly impacted by the County's Financial Policies that control fund balance, revenues and collections, debt management, cash management, and investments. These areas in particular have a long-term impact on the fiscal health of the County and WJCC.

Independent Audit

State statutes require an annual audit of the books of account financial records and transactions of the School Division. This requirement has been addressed. In addition, an unmodified opinion of Brown, Edwards and Company, LLP, an independent audit firm, has been included in this report.

Single Audit Act

The School Division is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' report on internal control and compliance with applicable laws regulations, contracts and grants, and a schedule of findings and questioned costs are included in this report.

Awards

This past year, the Government Finance Officers Association (GFOA) of the United States and Canada has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Williamsburg-James City County Public Schools for its FY 2017-2018 comprehensive annual financial report. The Association of School Business Officials International (ASBO) also recognized the School Division with its Certificate of Excellence in Financial Reporting.

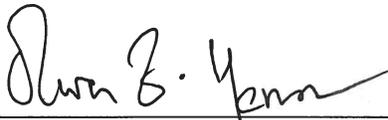
In order to be awarded a certificate, a reporting unit must publish an easily readable and efficiently organized comprehensive annual financial report, which generally conforms to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Although these certificates are only valid for a single year, it is our belief that the current report continues to adhere to the Certificate of Achievement and Certificate of Excellence standards established by these accrediting agencies. Therefore, we are submitting it to both the GFOA and ASBO for their review.

ACKNOWLEDGEMENTS

We would like to express appreciation to the members of the Williamsburg-James City County School Board for their dedication in providing fiscal responsibility and accurate reporting of financial data to the students, parents, staff, and general community of the School Division. We also would like to thank the members of the Department of Finance, who devote so many hours each year to the preparation of accurate payrolls, payables, financial reports, and statistical data. We would especially like to thank the members of the Financial Services Department of James City County for their assistance in the compilation of this document.

Respectfully submitted,



Olwen E. Herron, Ed.D.
Superintendent of Schools



Y. Rene Ewing, CPA
Chief Financial Officer



Kelsie M. Bowen, MAcc
Director of Finance



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

**Williamsburg-James City County
Public Schools**

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, appearing to read 'Tom Wohlleben'.

Tom Wohlleben, CSRM
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Williamsburg-James City County
Public Schools, Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the School Board
Williamsburg - James City County Public Schools
Williamsburg, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Williamsburg - James City County Public Schools, a component unit 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 Williamsburg - James City County Public Schools 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 opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Williamsburg - James City County Public Schools, as of June 30, 2019, and the respective changes in financial position, 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 on pages 14 through 23 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 Williamsburg - James City County Public Schools' basic financial statements. The introductory section, other supplementary information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information starting on page 121 is presented for purposes of additional analysis and is also not a required part of the 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 other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and 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 November 26, 2019, on our consideration of the Williamsburg - James City County Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Williamsburg - James City County Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Williamsburg - James City County Public Schools' internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
November 26, 2019

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Management's Discussion and Analysis (Unaudited)
Year ended June 30, 2019

This discussion and analysis of Williamsburg-James City County Public Schools' (the Schools) financial performance provides an overview of financial activities for the fiscal year ended June 30, 2019. The analysis focuses on the Schools' financial performance as a whole. Please read it in conjunction with the Schools' basic financial statements.

Financial Highlights

- For fiscal year 2019, the Schools' governmental activities' expenses of \$142.9 million exceeded charges for services and operating grants and contributions of \$22.7 million by \$120.3 million. General revenues of \$126.1 million, which are funds that are available for all educational purposes, were sufficient to cover the net program expenses. General revenues primarily include local appropriations from the City of Williamsburg (the City) and James City County (the County) and general contributions from the state and federal government.
- The Schools' total governmental funds' revenues exceeded expenditures by \$0.7 million for the year ended June 30, 2019.
- Total intergovernmental revenue for the governmental funds was \$146.2 million for the year ended June 30, 2019, reflecting an increase of 4.4% over 2018. Of that amount, \$102.8 million was revenue from the City and the County, \$36.2 million represented aid from the Commonwealth of Virginia (the Commonwealth), and \$7.2 million was revenue from the federal government.
- In the General Fund, the School Board returned unexpended appropriations for fiscal year 2019 to the County of James City and City of Williamsburg in the amount of \$2.5 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Schools' basic financial statements.

The basic financial statements consist of two kinds of statements that present different views of the Schools' financial activities.

- The Statement of Net Position and Statement of Activities provide information on a government-wide basis. The statements present an aggregate view of the Schools' finances. Government-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are fund financial statements that focus on individual parts of the Schools. Fund statements generally report operations in more detail than the government-wide statements.

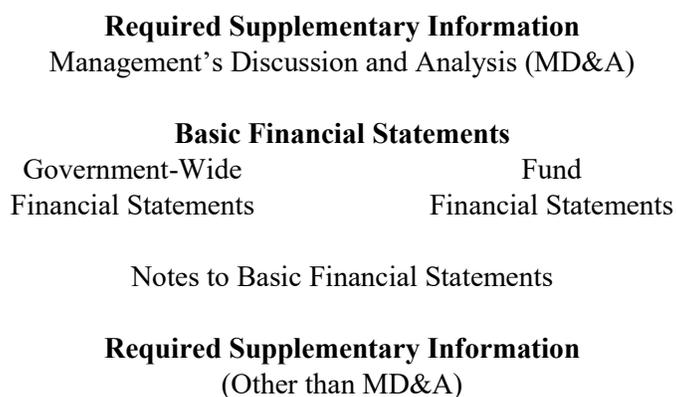
WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Management's Discussion and Analysis (Unaudited)
Year ended June 30, 2019

The notes to the financial statements explain some of the information in the statements and provide additional disclosures so that statement users have a complete picture of the Schools' financial activities and position. The required supplementary information further explains and supports the financial statements.

The following diagram shows how the various parts of the financial section are arranged and related to one another.

FINANCIAL SECTION



Government-Wide Financial Statements

The government-wide financial statements report information about the Schools as a whole using accounting methods similar to those used by private-sector companies. The two statements—Statement of Net Position and Statement of Activities—report the Schools' net position and how they have changed.

Net position, the difference between the Schools' assets and deferred outflows of resources and liabilities and deferred inflows of resources, are one way to measure the Schools' overall financial position.

- Increases or decreases in the Schools' net position are one indicator of whether its financial position is improving or worsening, respectively.
- To assess the overall financial position of the Schools, additional nonfinancial factors, such as changes in the City and the County's property tax base and the condition of school buildings and other facilities, should be considered.

In the government-wide financial statements, the activities are divided into two categories—governmental activities and business-type activities. The Schools report only activities related to governmental activities since the Schools do not have any business-type activities.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Management's Discussion and Analysis (Unaudited)
Year ended June 30, 2019

- **Governmental Activities:** The Schools' basic services are included here, such as general and administrative, instruction, attendance and health services, pupil transportation, operations and maintenance, technology, and food services. City and County appropriations and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Schools' funds, focusing on its most significant or "major" funds, not the district as a whole. Funds are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Schools, like other state and local governments, use fund accounting to demonstrate compliance with finance-related legal requirements. The Schools' fund financial statements provide detailed information about the Schools' most significant funds.

The Schools utilize two types of funds:

- **Governmental Funds:** Most of the Schools' activities are reported in governmental funds, which focus on (1) how money flows into and out of those funds and (2) the balances left at year-end available for spending in future periods. The governmental fund statements provide a detailed short-term view of the Schools' general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer resources that can be spent in the near future to finance educational programs. Governmental fund information does not report on long-term commitments as is reported on the government-wide statements. Therefore, the relationships (or differences) between the government-wide statements and the governmental funds are reconciled and explained at the bottom of the governmental funds statements.
- **Fiduciary Funds:** The Schools are a fiduciary for the monies in the School Activities Fund and the State Operated Educational Program because the Schools do not use these assets to finance its operations. The School Activities Fund and State Operated Educational Program monies are accounted for as an agency fund.

Financial Analysis of the Schools as a Whole

STATEMENT OF NET POSITION

(What the district owns and owes at a point in time)

Table 1 (from Exhibit I – Statement of Net Position - Governmental Activities) below shows total net position for governmental activities at June 30, 2019 and 2018.

Total net position increased by \$5.8 million or 8.7% compared to fiscal year 2018's net position. Unrestricted net position totaled a deficit of \$122.8 million at June 30, 2019.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Management's Discussion and Analysis (Unaudited)
Year ended June 30, 2019

Table 1			
Condensed Statement of Net Position at June 30, 2019 and 2018			
	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Current assets	\$ 19,766,155	\$ 19,778,041	\$ (11,886)
Capital assets, net	58,994,587	58,909,826	84,761
Net pension asset-non-professional plan	1,819,117	1,382,027	437,090
Net OPEB asset-HIC-non-professional plan	22,499	4,505	17,994
Total assets	<u>\$ 80,602,358</u>	<u>\$ 80,074,399</u>	<u>\$ 527,959</u>
Deferred outflows of resources	<u>\$ 14,801,241</u>	<u>\$ 15,418,636</u>	<u>\$ (617,395)</u>
Current liabilities	\$ 18,588,031	\$ 18,788,259	\$ (200,228)
Noncurrent liabilities	122,346,997	128,625,702	(6,278,705)
Total liabilities	<u>\$ 140,935,028</u>	<u>\$ 147,413,961</u>	<u>\$ (6,478,933)</u>
Deferred inflows of resources	<u>\$ 15,544,012</u>	<u>\$ 14,968,744</u>	<u>\$ 575,268</u>
Net position:			
Net investment in capital assets	\$ 58,994,587	\$ 58,877,527	\$ 117,060
Restricted	2,710,448	2,306,260	404,188
Unrestricted (deficit)	<u>(122,780,476)</u>	<u>(128,073,457)</u>	<u>5,292,981</u>
Total net position	<u>\$ (61,075,441)</u>	<u>\$ (66,889,670)</u>	<u>\$ 5,814,229</u>

Table 2 (from Exhibit II – Statement of Activities - Governmental Activities) below shows the change in net position.

In the area of program revenues, the bulk of the funding was from operating grants and contributions. The majority of that funding was categorical revenue from the state and federal governments, which increased approximately \$0.9 million over fiscal year 2018. The majority of the charges for services revenue came from local lunch sales in the cafeterias (Schools' Food Services Fund).

In the area of general revenue, the majority of the funding came from the Commonwealth in the form of state basic aid and local funding from the City and the County. There was an increase in grants and contributions not restricted of \$4.3 million or 3.5% more than fiscal year 2018 as a result of increased contributions from the City and County.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Management's Discussion and Analysis (Unaudited)
Year ended June 30, 2019

School divisions are by nature a people intensive operation. As such, personnel related costs comprise the majority of program expenses. As would be expected, expenses for instruction were the largest category of expense in fiscal year 2019, the majority of which were related to salary and benefit costs for instructional personnel.

	2019	2018	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 2,248,258	\$ 2,337,475	\$ (89,217)
Operating grants and contributions	20,408,639	19,543,489	865,150
General revenue:			
Interest	1,284	808	476
Grants and contributions not restricted	125,940,236	121,671,393	4,268,843
Miscellaneous	131,595	180,324	(48,729)
Total revenues	148,730,012	143,733,489	4,996,523
Program expenses:			
General and administrative	3,162,678	3,050,749	111,929
Instruction	100,347,119	97,878,921	2,468,198
Attendance and health services	4,909,102	4,653,870	255,232
Pupil transportation	8,465,252	8,078,284	386,968
Operations and maintenance	12,385,954	11,779,208	606,746
Technology	9,302,266	8,642,673	659,593
Food services	4,341,995	4,089,610	252,385
Interest on long-term liabilities	1,417	7,020	(5,603)
Total program expenses	142,915,783	138,180,335	4,735,448
Increase in net position	5,814,229	5,553,154	261,074
Beginning net position	(66,889,670)	(72,442,824)	5,553,154
Ending net position	\$ (61,075,441)	\$ (66,889,670)	\$ 5,814,229

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Management's Discussion and Analysis (Unaudited)
Year ended June 30, 2019

STATEMENT OF ACTIVITIES

(What it costs to operate our schools and how much is supported by tax dollars)

Governmental Activities

Table 3 (*from Exhibit II – Statement of Activities - Governmental Activities*) presents the cost of the major Schools activities: general and administrative, instruction, attendance and health services, pupil transportation, operations and maintenance, technology, and food services. The table also shows each activity's net cost (total cost less fees generated by the charges for services, operating grants and contributions, and capital grants and contributions). The net cost identifies the cost of services supported by City and County tax revenues and unrestricted state and federal entitlements.

Table 3				
Total and Net Cost of Program Services				
Years ended June 30, 2019 and 2018				
	2019		2018	
	Total cost of service	Net cost of service	Total cost of service	Net cost of service
General and administrative	\$ 3,162,678	\$ (3,162,678)	\$ 3,050,749	\$ (3,050,749)
Instruction	100,347,119	(83,328,710)	97,878,921	(81,314,664)
Attendance and health services	4,909,102	(4,259,102)	4,653,870	(4,019,592)
Pupil transportation	8,465,252	(8,465,252)	8,078,284	(8,078,284)
Operations and maintenance	12,385,954	(12,151,825)	11,779,208	(11,379,209)
Technology	9,302,266	(8,874,667)	8,642,673	(8,642,673)
Food services	4,341,995	(15,235)	4,089,610	192,820
Interest on long-term liabilities	1,417	(1,417)	7,020	(7,020)
Total program expenses	\$ <u>142,915,783</u>	\$ <u>(120,258,886)</u>	\$ <u>138,180,335</u>	\$ <u>(116,299,371)</u>

The net cost of all governmental activities, in fiscal year 2019 was \$120.3 million, representing a 3.4% increase from fiscal year 2018. The amount that the citizens of the City and the County paid for these activities in fiscal year 2019 through taxes was \$102.8 million, representing an increase of 2.7% over fiscal year 2018.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
 (Component Unit of James City County, Virginia)

Management's Discussion and Analysis (Unaudited)
 Year ended June 30, 2019

Financial Analysis of the Schools in Parts

FUND STATEMENTS

(Breakdown of revenues and expenditures for the fiscal year by type and source)

Financial Analysis of the Schools' Funds

The focus of the Schools' governmental funds is on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of the Schools' net resources available for spending at the end of the fiscal year. As the Schools completed the year, its governmental funds reported combined fund balances of \$1.7 million. As school divisions in Virginia, by state code, may not carry a fund balance in the divisions General or Operating Funds, the fund balance that remains is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it is mostly reserved as follows: (1) to liquidate contracts and purchase orders of the prior period, (2) to account for reported inventories in the Schools' Food Service Fund, (3) to account for funding restricted for various grants and the net pension/OPEB asset and (4) to account for funding committed to capital projects. All of the governmental funds are accounted for using the modified accrual basis of accounting.

General Fund Highlights

Table 4			
General Fund Revenue, Expenditures and Other Financing Uses			
Years ended June 30, 2019 and 2018			
	2019	2018	Variance
Revenues:			
City of Williamsburg and James City Co.	\$ 102,312,629	\$ 95,007,500	\$ 7,305,129
Commonwealth of Virginia	34,294,385	33,049,130	1,245,255
Federal government	181,300	16,719	164,581
Charges for services, interest, and miscellaneous	550,952	686,500	(135,548)
Total revenues	<u>\$ 137,339,266</u>	<u>\$ 128,759,849</u>	<u>\$ 8,579,417</u>
Expenditures and other financing uses:			
General and administrative	\$ 3,286,405	\$ 3,122,087	\$ 164,318
Instruction	98,741,508	94,548,899	4,192,609
Attendance and health services	4,523,635	4,205,922	317,713
Pupil transportation	7,684,485	7,230,229	454,256
Operation and maintenance	11,573,849	10,948,073	625,776
Technology	8,509,159	7,465,437	1,043,722
Debt service/capital outlay	3,020,225	1,468,123	1,552,102
Total expenditures and other financing uses	<u>\$ 137,339,266</u>	<u>\$ 128,988,770</u>	<u>\$ 8,350,496</u>

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Management's Discussion and Analysis (Unaudited)
Year ended June 30, 2019

The Schools' budget is prepared in accordance with Virginia School Laws. The General Fund is the primary fund for the Schools. On a fund basis, General Fund revenues (\$137.3 million) and expenditures (\$137.3 million) were equal.

As compared to the original budget, actual intergovernmental revenue was approximately \$2.5 million less at June 30, 2019. This was due primarily to a decrease in revenue required from the City and County. Regarding expenditures and other financing uses, the actual was approximately \$2.5 million less than the original budget.

Grants Fund Highlights

The Grants Fund is used to record transactions related to the grants and self-supporting programs that are not specifically accounted for in another fund. Revenues for fiscal year 2019 totaled \$6.3 million. The majority of the revenue, \$4.6 million, was from federal grants. Expenditures for fiscal year 2019 totaled \$5.6 million. As a result, the Grants Fund ended the year with an increase of \$0.7 million.

The Schools' Food Services Fund Highlights

The Schools' Food Services Fund is used to account for the operation of the Schools' cafeterias. Revenues for fiscal year 2019 totaled \$4.3 million. Revenue in the amount of \$1.8 million was derived from lunch sales to students in the cafeterias. The other major source of revenue was aid from the federal government in the amount of \$2.4 million. Expenditures for the year totaled \$4.3 million in fiscal year 2019. As a result, the Schools' Food Services Fund ended the year with no significant change in fund balance.

Capital Projects Fund Highlights

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or maintenance of the school plant. Capital projects are funded by local appropriations from the City and County. During fiscal year 2019, revenues totaled \$1.4 million while expenditures also totaled \$1.4 million.

Capital Assets

At the end of fiscal year 2019, the Schools had \$59.0 million of capital assets (net of accumulated depreciation) invested in land, buildings, and furniture and equipment. This represented a 0.14% increase from fiscal year 2018 to fiscal year 2019. All capital assets are attributable to governmental activities. Total accumulated depreciation on these assets was approximately \$46.4 million at June 30, 2019.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Management’s Discussion and Analysis (Unaudited)
Year ended June 30, 2019

Below is a summary of the Schools’ net capital assets:

Table 5					
Capital Assets, Net at June 30, 2019 and 2018					
Capital Asset Category		2019		2018	Variance
Land	\$	8,435,126	\$	8,435,126	\$ —
Buildings and building improvements		40,095,824		40,746,472	(650,648)
Furniture and equipment		2,655,437		2,580,324	75,113
Vehicles and buses		6,439,843		5,351,922	1,087,921
Construction in progress		1,368,357		1,795,982	(427,625)
Total capital assets, net	\$	<u>58,994,587</u>	\$	<u>58,909,826</u>	<u>\$ 84,761</u>

Major capital asset events during fiscal year 2019 included the following:

- Masonry at Clara Byrd Baker Elementary School;
- Five school buses;
- HVAC replacement at Laurel Lane Elementary School;
- Entrance redesigns at D J Montague and Norge Elementary Schools;
- Electrical work at Berkeley Middle School;
- Refrigerator and freezer replacement at Toano Middle School;
- Auxiliary Gym at Lafayette High School;
- Construction of James Blair Middle School;
- EIFS repair at Jamestown High School;

Additional information on the Schools’ capital assets is presented in note 4 of this report.

Long-Term Liabilities

Long-term liabilities at the end of fiscal year 2019 were \$122.8 million, with \$0.5 million due within one year and \$122.3 million due in greater than one year consisting of \$1.1 million in compensated absences, \$21.9 million in net other post-employment benefits, and \$99.8 million in net pension liability.

Additional information on the Schools’ long-term liabilities is presented in notes 1, 5, 6 and 7 of this report.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Management's Discussion and Analysis (Unaudited)
Year ended June 30, 2019

Factors Influencing Future Budgets

The economy continues to show signs of a measured recovery after the national recession. With the current economic condition in mind, below is a list of factors that will likely influence future budgets:

- State funding as established by the Governor and the General Assembly
- Unfunded state and federal mandates
- Needed capital projects as a result of increasing enrollment
- Instructional program enhancements to address the achievement gap and in response to more rigorous State Standards
- Implementation of programs and initiatives that align and advance the WJCC Strategic Plan
- Maintaining competitive salaries
- Increasing VRS retirement contributions in response to pension reform and rising employee health insurance cost

Contacting the Williamsburg-James City County Public Schools Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Schools' finances and to show the Schools' accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Department at the Williamsburg-James City County Public Schools, 117 Ironbound Road, Williamsburg, Virginia 23185, and telephone 757-603-6400.

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BASIC FINANCIAL STATEMENTS

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WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Statement of Net Position – Governmental Activities

June 30, 2019

Assets:	
Cash and temporary investments (note 2)	\$ 15,499,159
Receivables	123,876
Due from federal government	3,392,327
Due from Commonwealth of Virginia	468,517
Due from fiduciary funds (note 3)	225,226
Inventory	57,050
Capital assets, not being depreciated (note 4)	9,803,483
Capital assets, net of depreciation (note 4)	49,191,104
Net pension asset - non-professional plan (note 6)	1,819,117
Net OPEB asset - health insurance credit, non-professional plan (note 7)	22,499
Total assets	<u>80,602,358</u>
Deferred outflows of resources:	
Deferred pensions - professional plan (note 6)	12,952,560
Deferred pensions - non-professional plan (note 6)	173,657
Deferred OPEB - retiree healthcare plan (note 7)	21,062
Deferred OPEB - group life insurance (note 7)	698,768
Deferred OPEB - health insurance credit, professional plan (note 7)	864,798
Deferred OPEB - health insurance credit, non-professional plan (note 7)	9,226
Deferred OPEB - Virginia local disability program, professional plan (note 7)	66,096
Deferred OPEB - Virginia local disability program, non-professional plan (note 7)	15,074
Total deferred outflows of resources	<u>14,801,241</u>
Total assets and deferred outflows of resources	<u>\$ 95,403,599</u>
Liabilities:	
Accounts payable	\$ 2,363,933
Accrued payroll	7,827,219
Accrued benefits	7,676,685
Due to the City of Williamsburg and James City County	119,519
Unearned revenue (note 10)	116,909
Compensated absences, due in less than one year (note 5)	483,767
Noncurrent liabilities (notes 5, 6 and 7):	
Compensated absences, due in more than one year	591,271
Net pension liability - professional plan	99,893,000
OPEB liability - retiree healthcare plan	5,093,726
Net OPEB liability - group life insurance	5,946,000
Net OPEB liability - health insurance credit, professional plan	10,793,000
Net OPEB liability - Virginia local disability program, professional plan	25,000
Net OPEB liability - Virginia local disability program, non-professional plan	5,000
Total liabilities	<u>140,935,028</u>
Deferred inflows of resources:	
Deferred pensions - professional plan (note 6)	13,423,000
Deferred pensions - non-professional plan (note 6)	610,805
Deferred OPEB - retiree healthcare plan (note 7)	418,897
Deferred OPEB - group life insurance (note 7)	686,000
Deferred OPEB - health insurance credit, professional plan (note 7)	373,000
Deferred OPEB - health insurance credit, non-professional plan (note 7)	29,310
Deferred OPEB - Virginia local disability program, professional plan (note 7)	2,000
Deferred OPEB - Virginia local disability program, non-professional plan (note 7)	1,000
Total deferred inflows of resources	<u>15,544,012</u>
Net position:	
Net investment in capital assets	58,994,587
Restricted for:	
Schools' food service	868,832
Net pension and OPEB asset	1,841,616
Unrestricted (deficit)	(122,780,476)
Total net position	<u>(61,075,441)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 95,403,599</u>

See accompanying notes to basic financial statements.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Statement of Activities – Governmental Activities

Year ended June 30, 2019

Functions/programs	Expenses	Program revenues		Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	
Governmental activities:				
General and administrative	\$ 3,162,678	—	—	(3,162,678)
Instruction	100,347,119	184,336	16,834,073	(83,328,710)
Attendance and health services	4,909,102	—	650,000	(4,259,102)
Pupil transportation	8,465,252	—	—	(8,465,252)
Operations and maintenance	12,385,954	234,129	—	(12,151,825)
Technology	9,302,266	—	427,599	(8,874,667)
Food services	4,341,995	1,829,793	2,496,967	(15,235)
Interest on long-term liabilities	1,417	—	—	(1,417)
Total	\$ <u>142,915,783</u>	<u>2,248,258</u>	<u>20,408,639</u>	<u>(120,258,886)</u>
General revenues:				
Interest				1,284
Grants and contributions not restricted to specific programs				125,940,236
Miscellaneous				131,595
Total				<u>126,073,115</u>
Change in net position				5,814,229
Net position at beginning of year				<u>(66,889,670)</u>
Net position at end of year				\$ <u><u>(61,075,441)</u></u>

See accompanying notes to basic financial statements.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Balance Sheet – Governmental Funds

June 30, 2019

	Major Funds				Total governmental funds
	General	Grants	Schools' Food Services	Capital Projects	
Assets					
Cash and temporary investments (note 2)	\$ 14,668,639	—	830,520	—	15,499,159
Receivables	117,222	—	6,654	—	123,876
Due from other funds (note 3)	3,246,780	—	—	—	3,246,780
Due from fiduciary funds (note 3)	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	794,637	—	—	1,626,982	2,421,619
Inventory	—	—	57,050	—	57,050
Total assets	\$ 19,062,775	3,480,385	1,264,412	1,626,982	25,434,554
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 (note 3)	—	2,857,521	—	389,259	3,246,780
Unearned revenue (note 10)	101,131	15,778	—	—	116,909
Total liabilities	18,862,775	3,393,717	338,530	1,177,642	23,772,664
Fund balances:					
Nonspendable:					
Inventory	—	—	57,050	—	57,050
Restricted	—	86,668	868,832	—	955,500
Committed	—	—	—	449,340	449,340
Unassigned	200,000	—	—	—	200,000
Total fund balances	200,000	86,668	925,882	449,340	1,661,890
Total liabilities, deferred inflow of resources 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 and the related deferred outflows and inflows are not reported in the governmental funds.					
Compensated absences			\$ (1,075,038)		
Net OPEB asset/liabilities and related deferred inflows and outflows of resources			(21,675,409)		
Net pension asset/liability and related deferred inflows and outflows of resources			(98,981,471)		(121,731,918)
Net position of governmental activities					\$ (61,075,441)

See accompanying notes to basic financial statements.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

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

Year ended June 30, 2019

	Major Funds				Total governmental funds
	General	Grants	Schools' Food Services	Capital Projects	
Revenues:					
Intergovernmental:					
City of Williamsburg and James City County	\$ 102,312,629	—	—	1,362,290	103,674,919
Commonwealth of Virginia	34,294,385	946,897	55,177	—	35,296,459
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:					
Current:					
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
Fund balances at beginning of year	200,000	(625,402)	956,389	449,340	980,327
Fund balances at end of year	\$ 200,000	86,668	925,882	449,340	1,661,890

See accompanying notes to basic financial statements.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

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

Year ended June 30, 2019

		(Continued)
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 capital outlay expenditures exceeded depreciation expense in the current period:		
Capital outlay		4,390,011
Depreciation expense		(4,284,099)
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 position 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 governmental 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>	<u>5,637,637</u>
Change in net position of governmental activities	\$	<u><u>5,814,229</u></u>

See accompanying notes to basic financial statements.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
 (Component Unit of James City County, Virginia)

Statement of Fiduciary Assets and Liabilities – Agency Funds

June 30, 2019

Assets:

Cash and temporary investments (note 2)	\$ 1,329,996
Receivables:	
Commonwealth of Virginia	<u>314,888</u>
Total assets	<u>\$ 1,644,884</u>

Liabilities:

Accounts payable	\$ 24
Accrued payroll	38,569
Accrued benefits	51,069
Due to General Fund (note 3)	225,226
Due to students	<u>1,329,996</u>
Total liabilities	<u>\$ 1,644,884</u>

See accompanying notes to basic financial statements.

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2019

1. Summary of Significant Accounting Policies**Narrative Profile**

Under the terms of an agreement dated January 14, 1954 (the Agreement) between the governing bodies and the School Board of the City of Williamsburg (the City) and James City County (the County), effective July 1, 1955, the localities consolidated the operations of their school systems (the Schools).

The Schools are responsible for elementary and secondary education for the City and the County. Two members of the Williamsburg – James City County School Board (School Board) are appointed by the City Council of the City. Five members of the School Board are elected by the citizens of the County. The School Board is fiscally dependent upon the governing bodies that levy the necessary taxes and provide the financial resources to be used for the operation of the Schools and acquisition or construction of facilities.

Local costs related to the operations of the Schools are apportioned between the two localities in accordance with the Agreement, as amended. For the fiscal year ended June 30, 2019, the apportionment of the Schools' costs to the County and the City was \$91,778,987 or 90.47%, and \$9,648,902, or 9.53%, respectively. According to the Agreement, as amended, a spending plan may be developed by the Schools if there are any unexpended appropriated funds. The spending plan must be approved by the governing bodies of both the City and the County.

The accounting policies of the Schools conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant accounting policies of the Schools:

(a) The Financial Reporting Model

In Fiscal Year 2003, the Schools implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement, known as the "Reporting Model" statement established new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

Management's Discussion and Analysis – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to the analysis the private sector provides in their annual reports.

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2019

Government-Wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all of the government’s activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position– The statement of net position is designed to display the financial position of the Schools. Governments report all capital assets in the government-wide statement of net position and report depreciation expense – the cost of “using up” capital assets—in the statement of activities. The net position of a government will be broken down into three categories: 1) net investment in capital assets; 2) restricted, and 3) unrestricted.

Statement of Activities – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Fund Financial Statements – These statements are, in substance, very similar to the financial statements presented in the previous financial reporting model. Emphasis here is on major funds.

As required by GAAP, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are 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. Because of the significance of the Schools’ financial relationship with the County, the Schools are considered a component unit of the County and, accordingly, the financial position and results of operations of the Schools are reflected in the financial statements included in the Comprehensive Annual Financial Report of the County. The Schools have no component units for financial reporting purposes.

(b) Basis of Presentation

The Schools’ basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements: The statement of net position and the statement of activities display information about the Schools as a whole. These statements are reflected on a full accrual basis of accounting and economic resource measurement focus, which incorporates long-term assets as well as long-term liabilities. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Fiduciary funds and fiduciary-type component units are not included in the government-wide financial statements.

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2019

The statement of net position presents the financial condition of the governmental activities of the Schools at year end. The Schools do not have any business-type activities. The statement of activities presents a comparison between direct expenses and program revenues for each function of the Schools' governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore identifiable to a particular function. Expenses are grouped in the following categories: general and administrative, instruction, attendance and health services, pupil transportation, operations and maintenance, technology, and food services.

Program revenues include charges paid by the recipient of the goods or services offered by the program or from grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Charges for services include adult education, regular day school tuition, summer school tuition, cafeteria sales, building rental, and communications tower leases. Revenues not classified as program revenues are presented as general revenues of the Schools. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of the Schools. The Schools do not allocate indirect expenses. When both restricted and unrestricted resources are available for use, it is the Schools' policy to use restricted resources first, then unrestricted resources, as they are needed. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements but interfund services provided and used are not eliminated in the process of consolidation.

Fund Financial Statements: During the year, the Schools segregate transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements present financial information of the Schools at this more detailed level. The focus of governmental fund financial statements is on major funds, each displayed in a separate column. The Schools have identified all of its governmental funds as major. The fiduciary fund is reported by type.

The accounts of the Schools are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The fund statements are presented on a current financial resources measurement focus and the modified accrual basis of accounting. The acquisition, use and balances of the Schools' expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is based upon the determination of changes in financial position, rather than upon net income determination.

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2019

The Schools report the following major governmental funds:

- *General Fund* – The General Fund is the general operating fund of the Schools. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are primarily from intergovernmental revenues.
- *Grants Fund* – The Grants Fund is used to record transactions related to the grants and self-supporting programs that are not specifically accounted for in another fund. Revenues are primarily from intergovernmental revenues for Federal and State grants.
- *Schools' Food Services Fund* – The Schools' Food Services Fund is used to account for the operation of the Schools' cafeterias. Revenues are primarily from food sales and the Federal government for the National School Lunch program.
- *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 or maintenance of the school plant (other than those financed by the other funds).

Additionally, the Schools report the following fund:

- *Fiduciary Fund* – Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. Accordingly, the measurement focus is upon determination of changes in financial position rather than upon net income determination. The Schools' two Agency Funds are the State Operated Educational Program, which is used to account for the funding of the education programs at Eastern State Hospital and the Merrimac Center; and the School Activities Funds, which is used to account for student funds for various extracurricular activities in each of the schools. Fiduciary funds are not included in the government-wide financial statements.

(c) Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unavailable revenue, and in the presentation of expenses versus expenditures.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Schools consider collections within 120 days of year end as available. Expenditures, other than principal and interest on long-term debt which is recorded when due, are recorded when the related fund liability is incurred.

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2019

In applying the susceptible to 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 these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Schools, which is usually within 120 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 accrual criteria are met.

Under the accrual basis of accounting, revenues are recognized when earned. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Expenses are recognized at the time they are incurred.

The following is a list of the major revenue sources which meet the susceptible to accrual criteria: (1) Commonwealth of Virginia, (2) state sales taxes, (3) federal government, (4) interest on deposits, and (5) insurance proceeds.

(d) Encumbrances

Encumbrances outstanding at year end represent the estimated amount of the expenditures required to complete contracts, purchase orders, and commitments in process at year end. Encumbrances outstanding at year end do not constitute expenditures or liabilities. Fund balances at year end have been accordingly assigned, if applicable. Existing resources, rather than future revenues, have been assigned to satisfy the contracts, purchase orders, and commitments in progress and a liability is not reported for all or a portion of these items in a governmental fund.

(e) Cash and Investments

Cash and investments at June 30, 2019 are included in the various cash accounts reflected in the financial statements. Investments are stated at fair value.

(f) Receivables and Due from Other Governments

Amounts due from the Commonwealth of Virginia consist primarily of receivables from state entitlements and reimbursement of grants expenditures. Amounts due from the federal government are for reimbursement of grants expenditures. Amounts due from the City and the County are primarily related to reimbursement of capital project expenditures. Receivables consist primarily of amounts due from students and other customers of the Schools. All receivables are expected to be collected within one year from the end of the fiscal year.

(g) Inventory

All inventory reported in the Schools' Food Services Fund is stated at cost using the first-in, first-out inventory method. Inventory consists principally of food and other items held for resale and is considered expended when used (consumption method). The inventory is offset by fund balance, which indicates that the inventory does not constitute available, expendable resources.

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2019

(h) Capital Assets

General capital assets have been acquired for general school purposes. Capital outlays are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements to the extent the Schools’ capitalization threshold is met.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are recorded at acquisition value on the date received. The Schools maintain a capitalization threshold of \$5,000 for equipment, improvements and buildings. Land is capitalized regardless of value. The Schools have no infrastructure assets. Under Virginia law, certain property maintained by the Schools is subject to tenancy-in-common with the County, if the County incurred a financial obligation for the property, which is payable over more than one fiscal year. The Schools and the County have agreed that such property will be carried on the County’s financial statements until the outstanding debt is repaid. At June 30, 2019, the County holds capital assets related to school property with a net book value of \$217,880,216.

Depreciation is recorded on general capital assets on a government-wide basis. All reported capital assets except for land are depreciated. Depreciation is computed using the straight-line method with full month convention over the following useful lives:

Description	Estimated lives
Buildings	50 years
Improvements	7 – 20 years
Furniture and equipment	5 – 20 years
Modulars	15 years

(i) Compensated Absences

School employees are granted vacation pay in varying amounts as services are provided. Employees may accumulate, subject to certain limitations, unused vacation pay earned and, upon retirement, termination or death, may be compensated for certain amounts at their most current rate of pay. The cost of accumulated vacation is accrued as a liability in the government-wide financial statements as the benefits are earned by employees if attributable to services already rendered and compensation through paid time off or some other means is probable. Compensated absences are reported in the governmental funds only if they have matured. Upon termination, for reasons other than retirement, school employees are not paid for accumulated sick leave. Employees who retire will receive payment for any unused sick leave days at a rate of 25% of the employees’ daily rate of pay at retirement or a minimum of \$25 per day, whichever is higher. The sick leave compensation amount shall not exceed \$5,000. At June 30, 2019, the liability for sick leave that will be ultimately paid upon retirement is not determinable but is considered immaterial based upon amounts actually paid in prior years.

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2019

(j) Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the School Board is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The classifications are as follows:

- Nonspendable – items that cannot be spent. This includes activity that is not in a spendable form like inventories.
- Restricted – balances which have constraints placed upon the use of the resources either by an external party, like grantors, or imposed by law through enabling legislation. Grant funds received by the Schools for which eligibility requirements other than time have not been met are restricted by the grantor for use for specific purposes, as applicable to the specific grant.
 - The Grants fund has \$86,668 in restricted balances.
 - The Schools' Food Services fund has \$868,832 in restricted balances for the purpose of providing nutritional meals to students.
- Committed – balances that can only be used for specific purposes pursuant to constraints imposed by a formal action of the School Board, the School's highest level of decision-making authority prior to the close of the fiscal year. Any modifications or rescissions of fund balance commitments in this category also requires formal action of the School Board resulting in a resolution to commit balances, modify amounts, or rescind recommendations.
 - The Capital Projects fund has \$449,340 in committed balance at June 30, 2019 committed to capital outlay projects.
- Assigned – balances that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the School Board delegating this responsibility to the School's management through the budgetary process. Assigned amounts represent intended uses established by the School Board. The Superintendent is authorized to make assignments of fund balances.
- Unassigned – all spendable amounts not contained in the four categories described above. The General Fund is the only fund that would report a positive amount in unassigned fund balance.
 - The General fund has \$200,000 in unassigned fund balance.

The Schools will typically use restricted fund balance first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserve the right to selectively spend unassigned resources first to defer the use of these other classified funds.

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2019

(k) Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All interfund transactions, except interfund services provided and used, are reported as transfers. 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 and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transactions occur only at year-end for financial statement presentations. Williamsburg-James City County Public School's General Fund advances money to other funds as needed to offset year-end cash deficits. The deficits occur due to timing differences between payments for expenditures and the receipt of cash to cover them.

(l) Deferred Outflows and Inflows of Resources

In accordance with Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the School Board report deferred outflows of resources in the Statement of Net Position in a separate section following assets. Similarly, the School Board reports deferred inflows of resources in the Statement of Net Position in a separate section following liabilities.

(m) Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the School's plans and the additions to/deductions from the School's plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (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.

2. Cash and Temporary Investments

The Schools maintain individual segregated bank accounts for all of its funds.

The components of the Schools' cash and temporary investments are as follows:

Bank deposits	\$ 6,603,730
Certificates of deposit	29,793
Investment in the Treasurer of the Commonwealth of Virginia's Local Government Investment Pool (LGIP)	10,195,632
	<u>\$ 16,829,155</u>

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2019

The totals above include Agency Funds in the amount of \$1,329,996 which are not a part of the governmental fund financial statements.

Deposits

The bank balance of the Schools' deposits with banks and savings institutions, which is different from the carrying value because of reconciling items such as outstanding checks and deposits in transit, was \$10,503,048. The entire bank balance was covered by the Federal Depository Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. If any member financial institution fails, the entire collateral becomes available to satisfy the claims of the Schools. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members (banks and savings and loans) of the pool; therefore, these deposits are considered collateralized and as a result are insured. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. Therefore, these deposits are considered collateralized and as a result, are considered insured.

Investments***Investment Policy***

The Schools utilize the policies and procedures of the James City County Treasurer (the Treasurer); therefore, the Investment Policy (Policy) of James City County is used. In accordance with the Code of Virginia and other applicable law, including regulations, 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 that invest exclusively in securities specifically permitted under the Policy, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a-7 like pool, rated 'AAAm' by Standard & Poor's rating service). Although the LGIP is not registered with the Securities and Exchange Commission (SEC) as an investment company, it operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940 and in accordance with the Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, definition of "2a-7 like pools." 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:

Registered money market mutual funds	100% maximum
Commonwealth of Virginia LGIP	100% maximum
Repurchase agreements	50% maximum
Bankers' acceptances	40% maximum
Commercial paper	35% maximum

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

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Notes to Basic Financial Statements

June 30, 2019

Negotiable certificates of deposit/bank notes	20% maximum
Municipal obligations	20% maximum
Corporate notes	15% maximum
Bank deposits	25% maximum

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 and Fitch Investor’s Service. 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 Investor Service. Notes having a maturity of greater than one year must be rated “AA” by Standard & Poor’s and “Aa” by Moody’s Investor Service.

Although state statute does not impose credit standards on repurchase agreement counterparties, bankers’ acceptances or money market mutual funds, the Schools’ have established stringent credit standards for these investments to minimize portfolio risk.

As of June 30, 2019, 100% of the Schools’ portfolio was invested in the Commonwealth of Virginia LGIP account, certificates of deposit with several local banks, money market accounts with several local banks, and a bank deposit with a local bank.

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 Schools’ portfolio will be invested in the securities of any single issuer with following exceptions:

U.S. Treasury	100% maximum
Each money market mutual fund	50% maximum
Each federal agency	35% maximum
Each repurchase agreement counterparty	25% maximum

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the Schools’ 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.

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

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Notes to Basic Financial Statements

June 30, 2019

Custodial Credit Risk

The Policy requires that all investment securities purchased by the Schools or held as collateral on deposits or investments shall be held by the Schools 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 Schools’ deposits and investments are held in a bank’s trust department in the Schools’ name.

Fair Value Measurement

The Schools categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Schools do not have any investments reported by fair value level. The investment in LGIP is reported at amortized cost and there are no limitations or restrictions on withdrawals.

3. 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 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Fund:		
General	\$ 3,246,780	—
Grants	—	2,857,521
Capital Projects	—	389,259
Total	<u>\$ 3,246,780</u>	<u>3,246,780</u>

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, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The General fund due from fiduciary fund at June 30, 2019 is \$225,226.

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2019

4. Capital Assets, Net

A summary of changes in capital assets follows:

	Balance			Balance
	July 1, 2018	Additions	Deletions	June 30, 2019
Capital assets not being depreciated:				
Land	\$ 8,435,126	\$ —	\$ —	\$ 8,435,126
Construction in progress	<u>1,795,982</u>	<u>2,151,277</u>	<u>2,578,902</u>	<u>1,368,357</u>
Total capital assets not being depreciated	<u>10,231,108</u>	<u>2,151,277</u>	<u>2,578,902</u>	<u>9,803,483</u>
Other capital assets:				
Buildings and building improvements	64,818,907	2,043,408	9,504	66,852,811
Furniture and equipment	10,267,355	616,490	39,962	10,843,883
Vehicles and buses	<u>15,994,831</u>	<u>2,157,738</u>	<u>281,268</u>	<u>17,871,301</u>
Total other capital assets	<u>91,081,093</u>	<u>4,817,636</u>	<u>330,734</u>	<u>95,567,995</u>
Less accumulated depreciation for:				
Buildings and building improvements	24,072,435	2,686,968	2,416	26,756,987
Furniture and equipment	7,687,031	541,377	39,962	8,188,446
Vehicles and buses	<u>10,642,909</u>	<u>1,055,754</u>	<u>267,205</u>	<u>11,431,458</u>
Total accumulated depreciation	<u>42,402,375</u>	<u>4,284,099</u>	<u>309,583</u>	<u>46,376,891</u>
Other capital assets, net	<u>48,678,718</u>	<u>533,537</u>	<u>21,151</u>	<u>49,191,104</u>
Totals	<u>\$ 58,909,826</u>	<u>\$ 2,684,814</u>	<u>\$ 2,600,053</u>	<u>\$ 58,994,587</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,589,476
General and administrative	4,007
Pupil transportation	1,047,405
Operations and maintenance	1,051,943
Technology	544,609
Food services	<u>46,659</u>
Total governmental activities depreciation expense	<u>\$ 4,284,099</u>

At June 30, 2019 the Schools had contractual commitments of approximately \$4.4 million for work remaining to be performed under capital projects. These expenditures are expected to be funded in fiscal year 2020 through contributions from the County and City.

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5. Long-Term Liabilities

A summary of changes in long-term liabilities for the Schools follows:

	Balance			Balance		Amounts
	July 1, 2018	Additions	Deletions	June 30, 2019		due in one
						year
Compensated absences	\$ 1,289,504	\$ 988,015	\$1,202,481	\$ 1,075,038	\$ 483,767	
Equipment capital leases	32,299	—	32,299	—	—	
Other postemployment benefits	21,715,475	147,251	—	21,862,726	—	
Net pension liability	106,201,000	—	6,308,000	99,893,000	—	
	<u>\$ 129,238,278</u>	<u>\$1,135,266</u>	<u>\$7,542,780</u>	<u>\$122,830,764</u>	<u>\$ 483,767</u>	

The liability for compensated absences is generally liquidated by the fund for which the employee works, typically that is the General Fund. The equipment capital lease obligation will be liquidated from the General Fund.

The future payments by year of compensated absences are not determinable.

(a) Equipment Capital Leases

During fiscal year 2014, the Schools executed two lease financing the acquisition of GPS units for school buses and for the acquisition of time and attendance tablets for school buses for which the leases qualified for capital lease accounting.

At June 30, 2019, \$299,344 and \$156,493 of equipment and accumulated amortization, respectively, for equipment financed under capital leases is included in capital assets on the statement of net position. A reduction in principal of \$32,299 was recognized during the year ended June 30, 2019 and the amortization charge of \$29,933 is included in depreciation expense. The leases were paid off as of June 30, 2019.

(b) Operating Leases

The 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:

Years ending June 30:	
2020	\$228,711
2021	143,305
2022	89,639
2023	15,055
2024	224
	<u>\$476,934</u>

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6. Defined Benefit Pension Plan

Virginia Retirement System:

a) Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Benefit Pension Plan

Administering Entity: Virginia Retirement System (the System)

Plan Description

All full-time, salaried permanent employees of the Schools, are automatically covered by VRS Retirement Plan (Professional or Non-professional) upon employment. These plans are administered by 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 plan has different eligibility and benefit structures as set out in the table below:

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
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

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		<p>employer contributions made to the plan and the investment performance of those contributions.</p> <ul style="list-style-type: none"> • 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.
<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 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 VRS 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</p>	<p>Eligible Members Employees are in VRS 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 VRS 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</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* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014. <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

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<p>elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<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 Members contribute up to 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>
<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</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</p>

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<p>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>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><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</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</p>

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<p>refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>		<p>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> <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.
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		Distribution is not required by law until age 70½.
<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 Contribution 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>
<p>Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for members is 1.70%.</p>	<p>Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> 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><u>Defined Contribution Component:</u> Not applicable.</p>

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<p>Normal Retirement Age Age 65.</p>	<p>Normal Retirement Age Normal Social Security retirement age.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility 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>Earliest Unreduced Retirement Eligibility 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>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> 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><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility 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>Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> Age 60 with at least five years (60 months) of creditable service.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p>	<p>Cost-of-Living Adjustment (COLA) in</p>

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<p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> 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.</p> <p>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><u>Exceptions to COLA Effective Dates:</u> 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. • 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 	<p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Retirement <u>Defined Benefit</u> <u>Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution</u> <u>Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
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<p>performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</p> <ul style="list-style-type: none"> • 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 school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</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,</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit</u> <u>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.

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<p>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><u>Defined Contribution Component:</u> Not applicable.</p>
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b) 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 5.00% of their compensation toward their retirement.

The Schools’ contractually required contribution rate for the year ended June 30, 2019 for the professional group 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 actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Schools were \$11,047,560 and \$10,992,169 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Schools’ contractually required employer contribution rate for the year ended June 30, 2019 for the non- professional group was 3.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Schools were \$173,657 and \$224,276 for the years ended June 30, 2019 and 2018, respectively.

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

Teacher Retirement Plan (Professional Plan)

At June 30, 2018, the 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. The Schools’ proportion of the Net pension liability was based on the 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 Schools’ proportion was 0.84943% as compared to 0.86356% at June 30, 2017.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
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
Net differences between projected and actual 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 reported in the amount of \$11,047,560 related to pensions resulting from the Schools' contributions subsequent to the measurement date 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 in future reporting periods as follows:

Year ending June 30:		
2020	\$	(1,502,000)
2021		(2,729,000)
2022		(5,021,000)
2023		(1,717,000)
2024		<u>(549,000)</u>
Total	\$	<u>(11,518,000)</u>

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):

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

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.

Non-Professional Plan**Net Pension Liability (asset)**

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

Pension Expense

For the year ended June 30, 2019, the Schools' recognized pension expense recovery of (\$330,979), primarily due to the reduction of the expensed portion of the current period differences between actual and projected earnings on plan investments.

Changes in Net Pension Asset for the non-professional group:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) – (b)
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 expense	-	(12,546)	12,546
Other changes	-	(1,291)	1,291
Net changes	<u>660,768</u>	<u>1,097,858</u>	<u>(437,090)</u>
Balances at June 30, 2018	\$ 18,987,586	\$ 20,806,703	\$ (1,819,117)

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Employees Covered By Benefit Terms (Non-Professional Plan)

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	101
Inactive members:	
Vested	23
Non-vested	79
Active elsewhere in VRS	48
Total inactive members	<u>150</u>
Active members	<u>229</u>
Total covered employees	<u>480</u>

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

At June 30, 2019, the Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the non-professional group:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ —	\$ 342,708
Change in assumptions	—	91,137
Net difference between projected and actual earnings on pension plan investments	—	176,960
Employer contributions subsequent to the measurement date	<u>173,657</u>	—
Total	<u>\$ 173,657</u>	<u>\$ 610,805</u>

Deferred outflows of resources reported in the amount of \$173,657 related to pensions resulting from the schools' contributions subsequent to the measurement date will be recognized as a reduction of (increase to) the net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions as of June 30, 2019 will be recognized in pension expense (recovery) in future reporting periods as follows:

Year ending June 30:	
2020	\$ (225,954)
2021	(153,736)
2022	(214,328)
2023	<u>(16,787)</u>
Total	<u>\$ (610,805)</u>

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Non-Professional Plan and Professional Plan

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan and the schools' non-professional employee 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	
Teacher Retirement Plan:	3.5% - 5.95%
Non-professional plan:	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for 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 - Teacher Retirement Plan

Pre Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020.

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

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

Mortality rates - Non-Professional Plan

Mortality rates: General employees - Largest 10 – Non-Hazardous Duty and All Others (Non 10 largest): 20% and 15% of deaths are assumed to be service related, respectively.

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 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.

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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 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:

- Update 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
- Adjusted disability rates to better match experience
- Increase line of duty disability rate from 14% to 20% and 14% to 15%, respectively, for the Largest 10-Non-Hazardous Duty and All Others (Non 10 Largest). (Non-Professional Plan Only)

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	<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 for 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

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expected rate of 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 2.5%.

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 schools for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, schools 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.

Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the schools were also provided with an opportunity to use an alternate employer contribution rate. For the fiscal year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on these assumptions, the pensions 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 Schools' Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the schools' proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the 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:

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	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Retirement Plan			
Schools’ proportionate share of the VRS Teacher Employee Retirement Plan (Professional Plan) Net Pension Liability	\$152,589,000	\$99,893,000	\$56,275,000
Schools’ Non-Professional Employee Retirement Plan Net Pension Liability (Asset)	\$425,549	\$(1,819,117)	\$(3,714,586)

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 VRS’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://employers.varetire.org/pdf/publications/2018-annual-report.pdf>.

Payables to the Pension Plan

At June 30, 2019, the Schools reported a payable of approximately \$1.4 million to the retirement plan.

7. Other Post-Employment Benefits (OPEB)

Single Employer Plan - Retiree Healthcare

a) Plan Description

Other postemployment benefits provided by the Schools include a single-employer medical plan and a retiree health insurance premium contribution plan that cover 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 School Board; any amendments to the plans must be approved by the School Board.

The Schools’ single-employer medical 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 with WJCC PS 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 any applicable \$62.50 monthly contribution described below. Current membership is 23.

The Schools’ retiree health insurance premium contribution plan allows eligible retirees to receive a \$750 contribution annually toward their health insurance premium. The retiring employee must have a minimum of twelve (12) continuous years of service with Williamsburg – James City County Public Schools.

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b) Funded Status and Funding Policy

The School Board establishes employer contribution rates for plan participants and determines how the plan will be funded as part of the budgetary process each year. Retirees pay the full rate for coverage under the medical plan. The School Board has chosen to fund the healthcare benefits on a pay-as-you-go basis.

c) 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:

	<u>Number of participants</u>
Active employees	1,148
Retirees	<u>30</u>
Total	<u><u>1,178</u></u>

d) Actuarial Methods and Assumptions

For the actuarial valuation at March 1, 2018 (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 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	2.8%
Rate of growth in real income/GDP per capita	1.5%
Income multiplier for health spending	1.3
Extra trend due to technology and other factors	1.1%
Health share of GDP resistance point	23.0%
Year for limiting cost growth to GDP growth	2060

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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 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

e) Changes in Assumptions Since Prior Valuation

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

f) Change in OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	OPEB Liability (a) – (b)
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	-
Net changes	377,251	-	377,251
Balances at June 30, 2018	\$ 5,093,726	\$ -	\$ 5,093,726

g) Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability using the discount rate of 3.62%, as well as what the net 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:

	1.00% Decrease (2.62%)	Current Discount Rate (3.62%)	1.00% Increase (4.62%)
Total OPEB Liability	\$5,457,318	\$5,093,726	\$4,750,330

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h) Sensitivity of the OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the OPEB liability using the health care cost trend rate of 4.10%, as well as what the net 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:

	1.00% Decrease (3.10%)	Health Care Cost Trend Rate (4.10%)	1.00% Increase (5.10%)
Total OPEB Liability	\$4,536,289	\$5,093,726	\$5,755,491

i) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the Schools recognized OPEB expense of \$749,532. At June 30, 2019 deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources were reported:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 232,206
Change in assumptions	-	186,691
Employer contributions subsequent to the measurement date	21,062	-
Total	\$ 21,062	\$ 418,897

\$21,062 reported as deferred outflows of resources related to the OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense in future reporting periods as follows:

Years ending June 30:	
2020	\$ (75,644)
2021	(75,644)
2022	(75,644)
2023	(75,644)
2024	(75,645)
Thereafter	(40,676)
Total	\$ (418,897)

Multiple Employer Cost-Sharing Plan – Group Life Insurance Plan

The VRS Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*,

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as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees or participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB’s net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

a) Plan Description

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	
Eligible Employees	<p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
Benefit Amounts	<p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> • Natural Death Benefit – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled.

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<ul style="list-style-type: none"> • <u>Accidental Death Benefit</u> – The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in benefit Amounts</p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.</p>

b) Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the Schools were \$407,768 and \$378,100 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the Schools reported a liability of \$5,946,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial

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valuation as of that date. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the Group Life Insurance Program 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 teacher employee plan’s proportion was .36332% as compared to .37116% at June 30, 2017. At June 30, 2018, the non-professional plan’s proportion was .02817% as compared to .02951% at June 30, 2017.

For the year ended June 30, 2019, the Schools recognized GLI OPEB expense of \$6,100. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the Schools reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 291,000	\$ 105,000
Net difference between projected and actual earnings on GLI OPEB plan investments	-	194,000
Change in assumptions	-	248,000
Changes in proportion	-	139,000
Employer contributions subsequent to the measurement date	407,768	-
Total	\$ 698,768	\$ 686,000

\$407,768 reported as deferred outflows of resources related to the GLI OPEB resulting from the Schools’ contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Years ending June 30:	
2020	\$ (114,000)
2021	(114,000)
2022	(114,000)
2023	(57,000)
2024	(6,000)
Thereafter	<u>10,000</u>
Total	<u>\$ (395,000)</u>

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d) Actuarial Assumptions

The total GLI OPEB liability 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 percent
Salary increases, including inflation – Teachers	3.5 percent – 5.95 percent
Locality – General employees	3.5 percent – 5.35 percent
Investment rate of return	7.0 Percent, 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 the OPEB liabilities.

Mortality rates – Teachers

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health 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 rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service

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Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

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

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, Health 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 Table projected with Scale BB to 2020; males set forward 2 years, 100% 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 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 rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

e) Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	<u>1,594,773</u>
Employers’ Net GLI OPEB Liability (Asset)	<u>\$ 1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

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

f) Long-Term Expected Rate of Return

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

<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	<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%.

g) Discount Rate

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

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the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the Schools’ proportionate share of the net GLI 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:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Schools' proportionate share of the Group Life Insurance Program Net OPEB Liability	\$7,770,000	\$5,946,000	\$4,464,000

i) Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program’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 downloaded from the VRS website at <https://employers.varetire.org/pdf/publications/2018-annual-report.pdf>, or by writing to the VRS’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

j) Payables to the VRS Group Life Insurance OPEB Plan

At June 30, 2019, the Schools reported a payable of \$99,459 to the Group Life Insurance Program.

Teacher Employee Health Insurance Credit Program

The VRS Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. The Teacher Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee Health Insurance Credit Program OPEB, and the Teacher Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the VRS Teacher Employee Health Insurance Credit Program; and the additions to/deductions from the VRS Teacher Employee Health Insurance Credit Program’s net fiduciary position have been determined on

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the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

a) Plan Description

All full-time, salaried permanent (professional) employees of the Schools are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This plan is administered by the System, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The 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.

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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p>Benefit Amounts</p> <p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> – For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • <u>Disability Retirement</u> – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> • \$4.00 per month, multiplied by twice the amount of service credit, or • \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

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Health Insurance Credit Program Notes:

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

b) Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Schools to the VRS Teacher Employee Health Insurance Credit Program were \$864,798 and \$851,814 for the years ended June 30, 2019 and June 30, 2018, respectively.

c) Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee Health Insurance Credit Program OPEB

At June 30, 2019, the Schools' reported a liability of \$10,793,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The Schools' proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the Schools' actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB 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 Schools' proportion of the VRS Teacher Employee Health Insurance Credit Program was .85004% as compared to .86281% at June 30, 2017.

For the year ended June 30, 2019, the Schools recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$849,814. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

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At June 30, 2019, the Schools reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	53,000
Change in Assumptions	—	94,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	—	8,000
Changes in proportionate share	—	218,000
Employer contributions subsequent to the measurement date	<u>864,798</u>	<u>—</u>
Total	<u>\$ 864,798</u>	<u>373,000</u>

\$864,798 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the schools' contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Years ending June 30:	
2020	\$ (64,000)
2021	(64,000)
2022	(64,000)
2023	(59,000)
2024	(61,000)
Thereafter	<u>(61,000)</u>
Total	<u>\$ (373,000)</u>

d) Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program 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 percent
Salary increases, including inflation – Teacher Employees	3.5 percent – 5.95 percent

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Investment rate of return	7.0 percent, net of plan investment expenses, including inflation*
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* 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.

e) Mortality rates – Teachers

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

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

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

The actuarial assumptions used in the June 30, 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, postretirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

f) Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the

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associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,381,313
Plan Fiduciary Net Position	<u>111,639</u>
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,269,674</u>
 Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	 8.08%

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

g) Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS 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	<u>15.00</u>	9.53	<u>1.43</u>
Total	<u>100.00 %</u>		<u>4.80 %</u>
	Inflation		<u>2.50 %</u>
	*Expected arithmetic nominal return		<u>7.30 %</u>

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* 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%.

h) Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB 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 Teacher Employee HIC OPEB liability.

i) Sensitivity of the Schools’ Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Schools’ proportionate share of the VRS Teacher Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the Schools’ proportionate share of the net HIC 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:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Schools’ proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$12,055,000	\$10,793,000	\$9,720,000

j) Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program’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 downloaded from the VRS website at

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<http://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.

k) Payables to the Teacher Employee Health Insurance Credit Program OPEB Plan

At June 30, 2019, the Schools reported a payable of \$83,853 to the teacher employee health insurance credit program plan.

Non-Professional Group - Health Insurance Credit

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

(a) Plan Description

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is administered by the System, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The 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.

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

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<p>POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS</p>
<p>Eligible Employees The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees of participating are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
<p>Benefit Amounts The political subdivision’s Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • At Retirement – For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • Disability Retirement – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

(b) Employees Covered by Benefit Terms

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

	Number of participants
Inactive members or their beneficiaries currently receiving benefits	33
Inactive members:	
Vested	1
Non-vested	0
Active elsewhere in VRS	0
Total inactive members	34
Active members	229
Total	263

(c) Contributions

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political

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subdivisions by the Virginia General Assembly. The Schools’ contractually required employer contribution rate for the year ended June 30, 2019 was 0.16% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Schools to the Health Insurance Credit Program were \$9,226 and \$11,165 for the years ended June 30, 2019 and June 30, 2018, respectively.

(d) Net HIC OPEB liability

The Schools’ net Health Insurance Credit OPEB liability was measured as of June 30, 2018. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

(e) Actuarial Assumptions

The total HIC OPEB liability 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 percent
Salary increases, including inflation – Locality – General employees	3.5 percent – 5.35 percent
Investment rate of return	7.0 percent, net of plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the 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 the OPEB liabilities.

(f) Mortality rates – Largest Ten Locality Employers - General Employees

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

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

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

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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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

(g) Mortality rates – Non-Largest Ten Locality Employers - General Employees

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

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

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

The actuarial assumptions used in the June 30, 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:

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

(h) Long-Term Expected Rate of Return

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

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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	<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%.

(i) Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

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(j) Changes in Net HIC OPEB Asset:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) – (b)
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
Difference between expected and actual experience	(16,514)	-	(16,514)
Contributions – employer	-	11,165	(11,165)
Net investment income	-	23,057	(23,057)
Benefit payments, including refunds of employee contributions	(20,665)	(20,665)	-
Administrative expense	-	(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)

(k) Sensitivity of the Schools Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

The following presents the Schools' Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the schools' net HIC 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:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Net HIC OPEB Liability (Asset)	\$10,127	\$(22,499)	\$(50,570)

(l) Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB

For the year ended June 30, 2019, the Schools recognized Health Insurance Credit Program OPEB expense \$2,498. At June 30, 2019, the Schools reported deferred outflows of resources and deferred inflows of resources related to the Schools' Health Insurance Credit Program from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	13,544
Change in assumptions	—	7,379
Net difference between projected and actual earnings on Non-professional HIC OPEB plan investments	—	8,387
Employer contributions subsequent to the measurement date	9,226	—
Total	\$ 9,226	29,310

\$9,226 reported as deferred outflows of resources related to the HIC OPEB resulting from the Schools’ contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Years ending June 30:	
2020	\$ (7,710)
2021	(7,710)
2022	(7,708)
2023	(4,518)
2024	<u>(1,664)</u>
Total	<u>\$ (29,310)</u>

(m) Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program 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 <http://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.

Teacher Employee Virginia Local Disability Program

The VRS Teacher Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Teacher Employee Virginia Local Disability Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee Virginia Local Disability Program OPEB, and the Teacher Employee Virginia Local Disability Program OPEB expense, information about the fiduciary net position of the VRS Teacher Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Teacher Employee Virginia Local Disability Program’s net fiduciary position have been determined on the

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same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

a) Plan Description

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. This plan is administered by the System, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. 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). The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN
<p>Eligible Employees</p> <p>The Teacher Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits.</p> <p>Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <ul style="list-style-type: none"> • Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p>Benefit Amounts</p> <p>The Teacher Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:</p> <p><u>Short-Term Disability –</u></p> <ul style="list-style-type: none"> • The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. • During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. • Once the eligibility period is satisfied, employees are eligible for higher income replacement levels

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Long-Term Disability –

- The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.
- Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

Virginia Local Disability Program Notes:

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

b) Contributions

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) 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. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 0.41% of covered employee compensation for employees in the VRS Teacher Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the schools to the VRS Teacher Employee Virginia Local Disability Program were \$64,096 and \$39,047 for the years ended June 30, 2019 and June 30, 2018, respectively.

c) Teacher Employee Virginia Local Disability Program OPEB Liabilities, Teacher Employee Virginia Local Disability Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee Virginia Local Disability Program OPEB

At June 30, 2019, the Schools reported a liability of \$25,000 for its proportionate share of the VRS Teacher Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of that date. The schools' proportion of the Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was based on the schools' actuarially determined employer contributions to the VRS Teacher Employee Virginia Local Disability Program OPEB 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 Schools' proportion of the VRS Teacher Employee Virginia Local Disability Program was 3.37801% as compared to 3.31886% at June 30, 2017.

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For the year ended June 30, 2019, the Schools recognized VRS Teacher Employee Virginia Local Disability Program OPEB expense of \$46,047. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the Schools reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Virginia Local Disability Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,000
Change in assumptions	2,000	-
Employer contributions subsequent to the measurement date	64,096	-
Total	\$ 66,096	\$ 2,000

\$64,096 reported as deferred outflows of resources related to the Teacher Employee VLDP OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee VLDP OPEB Liability in the fiscal year ending June 30, 2020.

d) Actuarial Assumptions

The total Teacher Employee VLDP OPEB liability for the VRS Teacher Employee Virginia Local Disability Program 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 percent
Salary increases, including inflation – Teacher Employees	3.5 percent – 5.95 percent
Investment rate of return	7.0 percent, net of plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the 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.

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Mortality rates – Teachers

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health 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 rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

e) Net Teacher Employee VLDP OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Virginia Local Disability Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	Teacher Employee VLDP OPEB Plan
Total Teacher Employee VLDP OPEB Liability	\$ 1,401
Plan Fiduciary Net Position	<u>647</u>
Teacher Employee net VLDP OPEB Liability (Asset)	<u>\$ 754</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee VLDP OPEB Liability	46.18%

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

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f) Long-Term Expected Rate of Return

The long-term expected rate of return on VRS 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 VRS 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 page:

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	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%.

g) Discount Rate

The discount rate used to measure the total Teacher Employee VLDP OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by the schools for the VRS Teacher Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current

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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 Teacher Employee VLDP OPEB liability.

h) Sensitivity of the Schools’ Proportionate Share of the Teacher Employee VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the Schools’ proportionate share of the VRS Teacher Employee Virginia Local Disability Program net VLDP OPEB liability using the discount rate of 7.00%, as well as what the Schools’ proportionate share of the net VLDP 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:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Schools’ proportionate share of the VRS Teacher Employee VLDP OPEB Plan Net VLDP OBPEB Liability	\$31,000	\$25,000	\$20,000

i) Teacher Employee VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Virginia Local Disability Program’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 downloaded from the VRS website at <http://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.

j) Payables to the Teacher Employee Virginia Local Disability Program OPEB Plan

At June 30, 2019, the schools reported a payable of \$6,367 to the Teacher Virginia Local Disability Program OPEB Plan.

Non-professional Virginia Local Disability Program

The VRS Political Subdivision Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Political Subdivision Employee Virginia Local Disability Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee Virginia Local Disability Program OPEB, and the Political Subdivision Employee Virginia Local Disability Program OPEB expense, information about the fiduciary net position of the VRS Political Subdivision Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Political Subdivision Employee Virginia Local Disability Program’s net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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a) Plan Description

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. This plan is administered by the System, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. 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).

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

POLITICAL SUBDIVISION EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS
<p>Eligible Employees The Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits</p> <p>Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <ul style="list-style-type: none"> • Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.
<p>Benefit Amounts The Political Subdivision Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:</p> <p><u>Short-Term Disability</u> –</p> <ul style="list-style-type: none"> • The program provides a short-term disability benefit beginning after a seven calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. • During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. • Once the eligibility period is satisfied, employees are eligible for higher income replacement levels <p><u>Long-Term Disability</u> –</p> <ul style="list-style-type: none"> • The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working

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fewer than 20 hours per week.

- Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

Virginia Local Disability Program Notes:

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

b) Contributions

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2019 was 0.72% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Schools to the VRS Political Subdivision Employee Virginia Local Disability Program were \$15,074 and \$9,890 for the years ended June 30, 2019 and June 30, 2018, respectively.

c) Political Subdivision Employee Virginia Local Disability Program OPEB Liabilities, Political Subdivision Employee Virginia Local Disability Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Political Subdivision Employee Virginia Local Disability Program OPEB

At June 30, 2019, the Schools reported a liability of \$5,000 for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2018 and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of that date. The schools' proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the Schools' actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB 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 Schools' proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was 0.67880% as compared to 0.75284% at June 30, 2017.

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For the year ended June 30, 2019, the Schools recognized VRS Political Subdivision Employee Virginia Local Disability Program OPEB expense of \$10,890. Since there was a change in proportionate share between measurement dates a portion of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the Schools reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ -	\$ 1,000
Employer contributions subsequent to the measurement date	15,074	-
Total	<u>\$ 15,074</u>	<u>\$ 1,000</u>

\$15,074 reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in the fiscal year ending June 30, 2020.

d) Actuarial Assumptions

The total Political Subdivision Employee VLDP OPEB liability for the VRS Political Subdivision Employee Virginia Local Disability Program 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 percent
Salary increases, including inflation – Political Subdivision Employees	3.5 percent – 5.35 percent
Investment rate of return	7.0 percent, net of plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the 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

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long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

e) Mortality rates – Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees

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

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

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

The actuarial assumptions used in the June 30, 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 per the following page:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Updated to a more current mortality table – RP2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14 to 15%

f) Net Political Subdivision Employee VLDP OPEB Liability

The net OPEB liability (NOL) for the Political Subdivision Employee Virginia Local Disability Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Political Subdivision Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

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	Political Subdivision Employee VLDP OPEB Plan
Total Political Subdivision VLDP OPEB Liability	\$ 1,588
Plan Fiduciary Net Position	<u>816</u>
Political Subdivision net VLDP OPEB Liability (Asset)	<u>\$ 772</u>
 Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability	 51.22%

The total Political Subdivision Employee VLDP OPEB liability is calculated by VRS’s actuary, and the plan’s fiduciary net position is reported in VRS’s financial statements. The net political subdivision employee VLDP OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in VRS’s notes to the financial statements and required supplementary information.

g) Long-Term Expected Rate of Return

The long-term expected rate of return on VRS 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 VRS 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	 <u>100.00 %</u>		 <u>4.80 %</u>
	Inflation		<u>2.50 %</u>
	*Expected arithmetic nominal return		<u>7.30 %</u>

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* 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%.

h) Discount Rate

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by the political subdivision for the VRS Political Subdivision Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Political Subdivision Employee VLDP OPEB 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 Political Subdivision Employee VLDP OPEB liability.

i) Sensitivity of the Schools’ Proportionate Share of the Political Subdivision Employee VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the Schools’ proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program net VLDP OPEB liability using the discount rate of 7.00%, as well as what the Schools’ proportionate share of the net VLDP 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:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Schools’ proportionate share of the VRS Political Subdivision VLDP OPEB Plan Net VLDP OPEB Liability	\$6,000	\$5,000	\$4,000

j) Political Subdivision Employee VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program’s Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive

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Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://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.

8. Contingent Liabilities**a) Litigation**

Various claims and lawsuits are pending against the Schools. In the opinion of management, resolution of these cases would not involve a significant liability to the Schools.

b) Federal Award Programs

The Schools participate in a number of federal award programs. Although the Schools were audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), in conjunction with the audit of James City County, these programs are still subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Based on prior experience, the Schools' management believes such disallowances, if any, will not be significant. A schedule of findings and questioned costs, if any, is included in a separately issued James City County and Williamsburg-James City County School Board combined single audit report in the Comprehensive Annual Financial Report of James City County.

9. Risk Management

The Schools are 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. The Schools report all of its risk management activities in the General Fund and pay all claims for retained risks with commercial insurance companies. All premiums are budgeted for and paid with General Fund resources. All unemployment and health care claims are paid through a third-party administrator with resources from the General Fund. For all retained risks and claims expenditures, liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. There have been no reductions in insurance coverage from the prior year, and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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10. Unearned Revenue

Unearned revenue represents amounts for which asset recognition criteria have been met, but revenue recognition criteria has not been met. Unearned revenue consists of \$101,131 in the General Fund for an insurance reimbursement and the Grants Fund amount consisted of the following as of June 30, 2019:

	<u>Grants Fund</u>
Behavioral intervention grant	\$ 9,124
Outdoor science grant	4,301
Math grant	2,353
Total Unearned Revenue	<u>\$ 15,778</u>

11. Related Organizations and Related Parties

Not included in the School Board's financial statements are certain Parent-Teacher Associations (PTAs), Parent-Teacher-Student Associations (PTSAs), athletic booster clubs, and band booster clubs. These organizations provide services to students and employees of the School Board, but are separate legal entities having sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the School Board. The School Board does not account for these entities as component units or joint ventures as these entities are not material to the School Board, it does not maintain an ongoing financial interest or have responsibility for these entities.

In addition, the School Board is a member of the jointly governed New Horizons Education Center along with five other local school divisions. New Horizons is a jointly governed organization with each school division having one representative on the New Horizons Board. New Horizons is a separate legal entity with separately issued financial statements which provides special education services, career and technical education, and governor's school opportunities to our students. Contributions to New Horizons totaled \$1.6 million for the year ended June 30, 2019.

The Williamsburg-James City County Education Foundation is a non-profit organization established to receive private donations and contributions to be used for the benefit of the students of Williamsburg-James City County Public Schools and is jointly governed by the citizens of James City County, citizens of the City of Williamsburg, and the school board. The Foundation is a separate legal entity with separately issued financial statements. The Foundation does not meet the definition of a component unit but is considered a related party of Williamsburg – James City County Public Schools as one of the twenty-two board seats available is occupied by a member of the WJCCPS Board. For the year ended June 30, 2019, the foundation disbursed approximately \$34,576 in grants for the benefit of WJCCPS.

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WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

(unaudited)

General Fund

Required supplementary information

Year ended June 30, 2019

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance from amended</u>
Revenues:				
Intergovernmental:				
Local sources	\$ 103,157,616	105,209,085	102,312,629	(2,896,456)
Commonwealth of Virginia	33,959,328	33,959,328	34,294,385	335,057
Federal government	100,000	100,000	181,300	81,300
Charges for services	397,000	397,000	418,465	21,465
Interest	2,000	2,000	892	(1,108)
Miscellaneous	193,000	193,000	131,595	(61,405)
Total revenues	<u>137,808,944</u>	<u>139,860,413</u>	<u>137,339,266</u>	<u>(2,521,147)</u>
Expenditures:				
Education:				
General and administrative	3,472,615	3,472,615	3,292,086	180,529
Instruction	100,198,746	99,982,647	99,054,870	927,777
Attendance and health services	4,613,184	4,568,184	4,523,635	44,549
Pupil transportation	8,890,185	9,896,789	9,281,098	615,691
Operations and maintenance	12,603,625	13,148,289	12,626,492	521,797
Technology	7,996,873	8,758,173	8,527,369	230,804
Total education	<u>137,775,228</u>	<u>139,826,697</u>	<u>137,305,550</u>	<u>2,521,147</u>
Debt service:				
Principal	32,299	32,299	32,299	—
Interest	1,417	1,417	1,417	—
Total debt service	<u>33,716</u>	<u>33,716</u>	<u>33,716</u>	<u>—</u>
Total expenditures	<u>137,808,944</u>	<u>139,860,413</u>	<u>137,339,266</u>	<u>2,521,147</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance at the beginning of year			<u>200,000</u>	
Fund balance at end of year			<u>\$ 200,000</u>	

NOTE: Capital outlay is included in the applicable functional category for budget purposes whereas capital outlay is presented as a separate category for financial reporting purposes, per Exhibit IV.

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer Pension Contributions (unaudited)

Last ten fiscal years

Virginia Retirement System - Professional Employees						
Fiscal year ended June 30	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll	
2019	\$ 11,047,560	\$ 11,047,560	\$ —	\$ 70,456,378	15.68%	
2018	10,992,169	10,992,169	—	67,353,977	16.32%	
2017	9,829,909	9,829,909	—	67,052,585	14.66%	
2016	9,251,488	9,251,488	—	65,800,057	14.06%	
2015	9,430,011	9,430,011	—	65,034,559	14.50%	
2014	7,332,082	7,332,082	—	62,882,350	11.66%	
2013	7,243,298	7,243,298	—	62,120,905	11.66%	
2012	7,139,187	7,139,187	—	63,011,361	11.33%	
2011	5,661,047	5,661,047	—	63,393,663	8.93%	
2010	7,265,263	7,265,263	—	64,568,319	11.25%	

Virginia Retirement System - Non-Professional Employees						
Fiscal year ended June 30	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll	
2019	\$ 173,657	\$ 173,657	\$ —	\$ 4,905,565	3.54%	
2018	224,276	224,276	—	4,802,484	4.67%	
2017	233,512	233,512	—	5,000,257	4.67%	
2016	369,942	369,942	—	5,123,850	7.22%	
2015	372,141	372,141	—	5,154,307	7.22%	
2014	435,519	435,519	—	4,812,365	9.05%	
2013	554,483	554,483	—	6,126,884	9.05%	
2012	566,011	566,011	—	4,896,290	11.56%	
2011	543,878	543,878	—	4,704,839	11.56%	
2010	568,724	568,724	—	4,901,372	11.60%	

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios (unaudited)

VRS - Non-Professional Employees Plan

Years ended June 30, 2019, 2018, 2017, 2016, and 2015*

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 506,887	\$ 523,460	\$ 540,481	\$ 526,136	\$ 507,972
Interest	1,254,419	1,222,200	1,157,021	1,087,945	1,021,383
Changes of assumptions	-	(236,957)	-	-	-
Difference between expected and actual experience	(287,441)	(318,599)	(122,658)	(13,491)	-
Benefit payments, including refunds of employee contributions	(813,097)	(646,577)	(640,852)	(586,736)	(570,189)
Net change in total pension liability	660,768	543,527	933,992	1,013,854	959,166
Total pension liability - beginning	18,326,818	17,783,291	16,849,299	15,835,445	14,876,279
Total pension liability - ending (a)	\$18,987,586	\$18,326,818	\$17,783,291	\$16,849,299	\$15,835,445
Plan fiduciary net position					
Contributions - employer	\$ 224,276	\$ 233,501	\$ 369,942	\$ 372,141	\$ 435,519
Contributions - employee	249,325	257,483	256,786	256,454	237,728
Net investment income	1,451,191	2,158,117	309,381	764,646	2,265,304
Benefit payments, including refunds of employee contributions	(813,097)	(646,577)	(640,852)	(586,736)	(570,189)
Administrative expenses	(12,546)	(12,355)	(10,703)	(10,296)	(12,002)
Other changes	(1,291)	(1,926)	(130)	(162)	120
Net change in plan fiduciary net position	1,097,858	1,988,243	284,424	796,047	2,356,480
Plan fiduciary net position - beginning	19,708,845	17,720,602	17,436,178	16,640,131	14,283,651
Plan fiduciary net position - ending (b)	\$20,806,703	\$19,708,845	\$17,720,602	\$17,436,178	\$16,640,131
Schools' net pension liability (asset) - ending (a) - (b)	\$ (1,819,117)	\$ (1,382,027)	\$ 62,689	\$ (586,879)	\$ (804,686)
Plan fiduciary net position as a percentage of the total pension liability	109.6%	107.5%	99.6%	103.5%	105.1%
Covered payroll	\$4,802,484	\$5,000,257	\$5,123,850	\$5,154,307	\$4,812,365
Net pension liability (asset) as a percentage of covered payroll	(37.9%)	(27.6%)	1.2%	(11.4%)	(16.7%)

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer's Share of Net Pension Liability and Related Ratios (unaudited)

VRS - Professional Employees Retirement Plan

Years ended June 30, 2019, 2018, 2017, 2016, and 2015*

	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability	0.84943%	0.86356%	0.87104%	0.87896%	0.85987%
Employer's Proportionate Share of the Net Pension Liability	\$ 99,893,000	\$ 106,201,000	\$ 122,069,000	\$ 110,629,000	\$ 103,913,000
Employer's Covered Payroll	\$ 67,353,977	\$ 67,052,585	\$ 65,800,057	\$ 65,034,559	\$ 62,882,350
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	148.31%	158.38%	185.52%	170.11%	165.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Changes in OPEB Liability and Related Ratios (unaudited)

OPEB - Retiree Healthcare (RH)

Years ended June 30, 2019 and 2018*

	2019	2018
Total OPEB - RH liability		
Service cost	\$ 432,740	\$ 457,670
Interest	165,148	126,557
Difference between expected and actual experience	(270,907)	-
Changes in assumptions	(13,843)	(244,756)
Benefit payments	64,113	(127,182)
Net change in total OPEB - RH liability	377,251	212,289
Total OPEB - RH liability - beginning	4,716,475	4,504,186
Total OPEB - RH liability - ending (a)	<u>\$ 5,093,726</u>	<u>\$ 4,716,475</u>
Plan fiduciary net position - RH		
Contributions - employer	\$ (64,113)	\$ 206,794
Benefit payments	64,113	(206,794)
Net change in plan fiduciary net position - RH	-	-
Plan fiduciary net position - RH, beginning	-	-
Plan fiduciary net position - RH, ending (b)	<u>\$ -</u>	<u>\$ -</u>
School's OPEB - RH liability - ending (a) - (b)	<u>\$ 5,093,726</u>	<u>\$ 4,716,475</u>
Plan fiduciary net position - RH as a percentage of the total OPEB - RH liability	0.0%	0.0%
Expected average remaining service years of all participants	7	7

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

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

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
 (Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer's Share of Net OPEB Liability (unaudited)

OPEB - Group Life Insurance Program - Professional Employees

Years Ended June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
Employer's Proportion of the Net OPEB - GLI Liability	0.36332%	0.37116%
Employer's Proportionate Share of the Net OPEB - GLI Liability	\$ 5,518,000	\$ 5,585,000
Covered Payroll	\$ 67,353,977	\$ 67,052,585
Employer's Proportionate Share of the Net OPEB - GLI Liability as a Percentage of Covered Payroll	8.19%	8.33%
Plan Fiduciary Net Position as a Percentage of the Total OPEB - GLI Liability	51.22%	48.86%

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

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

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
 (Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer's Share of Net OPEB Liability (unaudited)

OPEB - Group Life Insurance Program - Non-Professional Employees

Years Ended June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
Employer's Proportion of the Net OPEB - GLI Liability	0.02817%	0.02951%
Employer's Proportionate Share of the Net OPEB - GLI Liability	\$ 428,000	\$ 444,000
Covered Payroll	\$ 4,802,484	\$ 5,000,257
Employer's Proportionate Share of the Net OPEB - GLI Liability as a Percentage of Covered Payroll	8.91%	8.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB - GLI Liability	51.22%	48.86%

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer OPEB Contributions (unaudited)

OPEB - Group Life Insurance Program

Years ended June 30, 2019 and 2018

OPEB - GLI - Professional Employees					
Fiscal year ended June 30	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll
2019	\$ 377,378	\$ 377,378	\$ —	\$ 72,572,692	0.52%
2018	352,935	352,935	—	67,353,977	0.52%

OPEB - GLI - Non-Professional Employees					
Fiscal year ended June 30	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll
2019	\$ 30,390	\$ 30,390	\$ —	\$ 5,844,231	0.52%
2018	25,165	25,165	—	4,802,484	0.52%

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
 (Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer's Share of Net OPEB Liability (unaudited)

OPEB - Health Insurance Credit Program - Professional Employees

Years Ended June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
Employer's Proportion of the Net OPEB - HIC Liability	0.85004%	0.86281%
Employer's Proportionate Share of the Net OPEB - HIC Liability	\$ 10,793,000	\$ 10,946,000
Covered Payroll	\$ 69,253,171	\$ 67,052,585
Employer's Proportionate Share of the Net OPEB - HIC Liability as a Percentage of Covered Payroll	15.58%	16.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB - HIC Liability	8.08%	7.04%

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Changes in Net OPEB Asset and Related Ratios (unaudited)

OPEB - Health Insurance Credit - Non-Professional Employees

Years ended June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
Total OPEB - HIC liability		
Service cost	\$ 8,619	\$ 8,750
Interest	21,905	21,536
Difference between expected and actual experience	(16,514)	-
Changes in assumptions	-	(11,335)
Benefit payments, including refunds of employee contributions	(20,665)	(6,674)
Net change in total OPEB - HIC liability	(6,655)	12,277
Total OPEB - HIC liability - beginning	323,268	310,991
Total OPEB - HIC liability - ending (a)	<u>\$ 316,613</u>	<u>\$ 323,268</u>
Plan fiduciary net position - HIC		
Contributions - employer	\$ 11,165	\$ 11,391
Net investment income	23,057	33,666
Benefit payments, including refunds of employee contributions	(20,665)	(6,674)
Administrative expenses	(535)	(552)
Other changes	(1,683)	1,683
Net change in plan fiduciary net position - HIC	11,339	39,514
Plan fiduciary net position - HIC, beginning	327,773	288,259
Plan fiduciary net position - HIC, ending (b)	<u>\$ 339,112</u>	<u>\$ 327,773</u>
School's net OPEB - HIC asset - ending (a) - (b)	<u>\$ (22,499)</u>	<u>\$ (4,505)</u>
Plan fiduciary net position - HIC as a percentage of the total OPEB - HIC liability	107.1%	101.4%
Covered payroll	\$ 4,854,348	\$ 5,000,257
Net OPEB - HIC asset as a percentage of the total covered payroll	-0.46%	-0.09%

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

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

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer OPEB Contributions (unaudited)

OPEB - Health Insurance Credit

Years ended June 30, 2019 and 2018

OPEB - HIC - Professional Employees					
Fiscal year ended June 30	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll
2019	\$ 864,798	\$ 864,798	\$ —	\$ 72,066,466	1.20%
2018	851,814	851,814	—	69,253,171	1.23%

OPEB - HIC - Non-Professional Employees					
Fiscal year ended June 30	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll
2019	\$ 9,226	\$ 9,226	\$ —	\$ 5,766,438	0.16%
2018	11,165	11,165	—	4,854,348	0.23%

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
 (Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer's Share of Net OPEB Liability (unaudited)

OPEB - Virginia Local Disability Program (VLDP) - Professional Employees

Years Ended June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
Employer's Proportion of the Net OPEB - VLDP Liability	3.37801%	3.31886%
Employer's Proportionate Share of the Net OPEB - VLDP Liability	\$ 25,000	\$ 20,000
Covered Payroll	\$ 12,595,806	\$ 67,052,585
Employer's Proportionate Share of the Net OPEB - VLDP Liability as a Percentage of Covered Payroll	0.20%	0.03%
Plan Fiduciary Net Position as a Percentage of the Total OPEB - VLDP Liability	46.18%	31.96%

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
 (Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer's Share of Net OPEB Liability (unaudited)

OPEB - Virginia Local Disability Program (VLDP) - Non-Professional Employees

Years Ended June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
Employer's Proportion of the Net OPEB - VLDP Liability	0.67880%	0.75284%
Employer's Proportionate Share of the Net OPEB - VLDP Liability	\$ 5,000	\$ 4,000
Covered Payroll	\$ 1,648,333	\$ 5,000,257
Employer's Proportionate Share of the Net OPEB - VLDP Liability as a Percentage of Covered Payroll	0.30%	0.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB - VLDP Liability	51.22%	38.40%

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer OPEB Contributions (unaudited)

OPEB - Virginia Local Disability Program (VLDP)

Years ended June 30, 2019 and 2018

OPEB - VLDP - Professional Employees					
Fiscal year ended June 30	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll
2019	\$ 64,096	\$ 64,096	\$ —	\$ 15,633,273	0.41%
2018	39,047	39,047	—	12,595,806	0.31%

OPEB - VLDP - Non-Professional Employees					
Fiscal year ended June 30	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll
2019	\$ 15,074	\$ 15,074	\$ —	\$ 2,093,665	0.72%
2018	9,890	9,890	—	1,648,333	0.60%

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of the James City County, Virginia)

Notes to Required Supplementary Information (unaudited)

Year ended June 30, 2019

(1) Budgetary Data

The budgetary data reflected in the required supplementary information was established by the Schools using the following procedures:

- (a) The Superintendent submits a proposed budget for the General Fund to the School Board, usually in February of each year. Budget schedules and deadlines are developed annually.
- (b) Following public hearing on the budget and Board discussion, the School Board adopts its annual budget for the General Fund and forwards it to the governing bodies for consideration, usually in March of each year.
- (c) The School Board makes any adjustments required to its adopted budget for the General Fund as a result of the actions of the governing bodies and adopts an amended budget.
- (d) The governing bodies appropriate the monies identified and budgeted by the School Board, as set forth in the Schools' amended budget.
- (e) For the General Fund, which has an annual adopted budget, the School Board is authorized to make transfers between budgetary line items; however, revisions that alter the total appropriations of the budget must be approved by the James City County Board of Supervisors and the Williamsburg City Council. Therefore, the legal level of budgetary control, that level where expenditures may not exceed appropriations in total, for the General Fund is the fund level. Expenditures may exceed budgeted levels when revenues exceed budgeted levels or the School Board authorizes use of prior year fund balance.
- (f) An encumbrance system is used to monitor purchases and contractual commitments during the fiscal year. Open encumbrances at year end are reported as an assignment of fund balance. Encumbrances do not constitute expenditures or liabilities of the current year. Appropriations with outstanding commitments or encumbrances are carried forward into the following year. Unexpended, unencumbered appropriations lapse (except for the Capital Projects Fund) and are closed to the proper fund balances at the end of each fiscal year (June 30). The contractual agreement, as amended, for funding with the County and the City permits the Schools to develop a spending plan if there are any unexpended appropriated funds. The spending plan must be approved by the governing bodies of both the City and the County.
- (g) The General Fund is the only governmental fund that has a legally adopted annual budget. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except that encumbrances are included as budgetary expenditures.
- (h) Program and project budgets are adopted for the Grants Fund, Schools' Food Services Fund and the Capital Projects fund. The Capital Projects budget is adopted on a project basis by the Board of Supervisors and the City Council upon the School Board's recommendation. The accounting, encumbering and controlling of funds for capital projects are based on the project length of each individual project which may be over several years. Since the budgets are not legally adopted, they are not included in the budget to actual comparisons.

See accompanying independent auditor's report.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of the James City County, Virginia)

Notes to Required Supplementary Information (unaudited)

Year ended June 30, 2019

(2) Pensions - Changes of benefit terms

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

(3) Pensions - Changes of assumptions - Teacher Employee Plan

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:

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

(4) Pensions - Changes of Assumptions - Non-Professional Plan

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:

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%

(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 – Change of Assumptions

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

	Discount Rate
June 30, 2017	3.58%
June 30, 2018	3.62%

See accompanying independent auditor’s report.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of the James City County, Virginia)

Notes to Required Supplementary Information (unaudited)

Year ended June 30, 2019

(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 Group Life Insurance - 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

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

Non-Largest Ten Locality Employers - General Employees

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

(9) 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.

(10) OPEB Health Insurance Credit - 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:

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of the James City County, Virginia)

Notes to Required Supplementary Information (unaudited)

Year ended June 30, 2019

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

(11) 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.

(12) 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

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

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of the James City County, Virginia)

Notes to Required Supplementary Information (unaudited)

Year ended June 30, 2019

(12) OPEB Virginia Local Disability Program – Changes of Assumptions

Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees

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

See accompanying independent auditor’s report.

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WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Grants Fund

Year ended June 30, 2019

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance from amended</u>
Revenues:				
Intergovernmental:				
Commonwealth of Virginia	\$ 905,270	905,270	946,897	41,627
Federal government	4,217,340	4,217,340	4,636,508	419,168
Miscellaneous	<u>650,000</u>	<u>650,000</u>	<u>739,932</u>	<u>89,932</u>
Total revenues	<u>5,772,610</u>	<u>5,772,610</u>	<u>6,323,337</u>	<u>550,727</u>
Expenditures:				
Education:				
Instruction	4,536,526	4,536,526	4,427,572	108,954
Attendance and health services	734,894	734,894	615,561	119,333
Operations and maintenance	51,190	51,190	51,190	—
Technology	450,000	450,000	446,554	3,446
Food services	<u>72,774</u>	<u>72,774</u>	<u>70,390</u>	<u>2,384</u>
Total education	<u>5,772,610</u>	<u>5,772,610</u>	<u>5,611,267</u>	<u>231,733</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>712,070</u>	<u>318,994</u>
Fund balance at the beginning of year			<u>(625,402)</u>	
Fund balance at end of year			<u>\$ 86,668</u>	

NOTE: Capital outlay is included in the applicable functional category for budget purposes whereas capital outlay is presented as a separate category for financial reporting purposes, per Exhibit IV.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Schools' Food Service Fund

Year ended June 30, 2019

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance from amended</u>
Revenues:				
Intergovernmental:				
Commonwealth of Virginia	\$ 59,075	59,075	55,177	(3,898)
Federal government	2,465,319	2,465,319	2,441,789	(23,530)
Charges for services	2,186,216	2,186,216	1,829,793	(356,423)
Interest	300	300	392	92
Total revenues	<u>4,710,910</u>	<u>4,710,910</u>	<u>4,327,151</u>	<u>(383,759)</u>
Expenditures:				
Education:				
Food services	4,710,910	4,710,910	4,357,658	(353,252)
Total education	<u>4,710,910</u>	<u>4,710,910</u>	<u>4,357,658</u>	<u>(353,252)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,710,910</u>	<u>4,710,910</u>	<u>(30,507)</u>	<u>(383,759)</u>
Fund balance at the beginning of year			956,389	
Fund balance at end of year			<u>\$ 925,882</u>	

NOTE: Capital outlay is included in the applicable functional category for budget purposes whereas capital outlay is presented as a separate category for financial reporting purposes, per Exhibit IV.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Capital Projects Fund

Year ended June 30, 2019

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance from amended</u>
Revenues:				
Intergovernmental:				
Local sources	\$ 15,544,380	15,544,380	1,362,290	(14,182,090)
Total revenues	<u>15,544,380</u>	<u>15,544,380</u>	<u>1,362,290</u>	<u>(14,182,090)</u>
Expenditures:				
Education:				
Capital Outlay	15,544,380	15,544,380	1,362,290	14,182,090
Total education	<u>15,544,380</u>	<u>15,544,380</u>	<u>1,362,290</u>	<u>14,182,090</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance at the beginning of year			449,340	
Fund balance at end of year			<u>\$ 449,340</u>	

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

Component Unit of James City County, Virginia

Agency Funds

Combining Statement of Changes in Fiduciary Assets and Liabilities

Year ended June 30, 2019

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2019</u>
State Operated Educational Program:				
Assets:				
Cash and temporary investments	\$ —	\$ 1,098,482	\$ 1,098,482	\$ —
Due from Commonwealth of Virginia	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	\$ 234,895	\$ 24
Accrued payroll	37,126	118,824	117,381	38,569
Accrued benefits	54,455	641,318	644,705	51,069
Due to other funds	192,837	32,390	—	225,226
Total liabilities	<u>\$ 284,418</u>	<u>\$ 1,027,451</u>	<u>\$ 996,981</u>	<u>\$ 314,888</u>
School Activities Fund:				
Assets -				
Cash and temporary investments	\$ 1,266,190	\$ 2,159,224	\$ 2,095,418	\$ 1,329,996
Liability -				
Due to students	\$ 1,266,190	\$ 2,159,224	\$ 2,095,418	\$ 1,329,996
Total all agency funds:				
Assets:				
Cash and temporary investments	\$ 1,266,190	\$ 3,257,706	\$ 3,193,900	\$ 1,329,996
Due from Commonwealth of Virginia	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	\$ 234,895	\$ 24
Accrued payroll	37,126	118,824	117,381	38,569
Accrued benefits	54,455	641,318	644,705	51,069
Due to other funds	192,837	32,390	—	225,226
Due to students	1,266,190	2,159,224	2,095,418	1,329,996
Total liabilities	<u>\$ 1,550,608</u>	<u>\$ 3,186,675</u>	<u>\$ 3,092,399</u>	<u>\$ 1,644,883</u>

See accompanying independent auditor's report.

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Notes to Statistical Tables

June 30, 2019

Statistical Section

The statistical section provides financial statement readers with additional historical perspective, context, and detail to assist in using the information in the financial statements, including the accompanying notes, and required supplementary information to understand and assess the School Division's economic condition. Information is presented in the following categories:

- Financial trends information is intended to assist readers in understanding and assessing how Williamsburg–James City County Public Schools' (WJCC PS's) financial position has changed over time.
- Revenue capacity information is intended to assist readers in understanding and assessing the School Division's ability to generate its own-source revenues.
- Debt capacity information is intended to assist readers in understanding and assessing WJCC PS's debt burden and its ability to issue additional debt.

Except for obligations under capital leases, WJCC PS do not have a liability for any long-term debt nor does the School Division have any legal debt margin. WJCC PS does not have the authority to levy taxes or issue bonded debt in its name. Therefore, information on debt capacity is presented for James City County, Virginia which the Schools are a component unit of.

- Demographic and economic information is intended to assist readers in understanding the School Division's socioeconomic environment and to facilitate comparisons of financial statement information over time and among other governments.
- Operating information is intended to provide contextual information about WJCC PS's operations and resources to assist readers in using financial statement information to understand and assess the School Division's economic condition.

Note – statistical tables presenting government wide information have not been restated for years prior to 2014 to reflect the effect of GASB statements 68, 71 and have also not been restated to reflect the effect of GASB 75.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>
Governmental Activities									
Net investment in									
capital assets	\$ 58,994,587	\$	58,877,527	\$	56,647,755	\$	53,952,706	\$	53,328,252
Restricted	2,710,448		919,728		796,971		619,624		382,866
Unrestricted	<u>(122,780,476)</u>		<u>(126,686,925)</u>		<u>(114,599,789)</u>		<u>(113,187,460)</u>		<u>(113,731,570)</u>
Total net position	<u>\$ (61,075,441)</u>	<u>\$</u>	<u>(66,889,670)</u>	<u>\$</u>	<u>(57,155,063)</u>	<u>\$</u>	<u>(58,615,130)</u>	<u>\$</u>	<u>(60,020,452)</u>

Source: Amounts extracted from Exhibit I of the financial section of the respective Comprehensive Annual Financial Report.

Table I

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental Activities					
Net investment in					
capital assets	\$ 52,273,671	\$ 49,897,556	\$ 47,957,321	\$ 44,767,708	\$ 37,866,251
Restricted	581,430	-	-	-	-
Unrestricted	<u>(113,301,255)</u>	<u>(773,763)</u>	<u>(1,202,196)</u>	<u>424,395</u>	<u>2,850,898</u>
Total net position	<u>\$ (60,446,154)</u>	<u>\$ 49,123,793</u>	<u>\$ 46,755,125</u>	<u>\$ 45,192,103</u>	<u>\$ 40,717,149</u>

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Expenses, Program Revenues, Net (Expense)/Revenue, General Revenues, and

Total Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses:					
Governmental activities:					
General and administrative	\$ 3,162,678	\$ 3,050,749	\$ 2,760,208	\$ 2,815,308	\$ 2,836,596
Instruction	100,347,119	97,878,921	98,632,626	92,997,202	91,646,778
Attendance and health services	4,909,102	4,653,870	4,978,076	4,702,668	4,666,999
Pupil transportation	8,465,252	8,078,284	8,380,146	8,156,425	8,568,121
Operations and maintenance	12,385,954	11,779,208	11,789,775	11,668,670	11,737,440
Technology	9,302,266	8,642,673	8,906,750	7,866,642	8,422,558
Food services	4,341,995	4,089,610	4,764,562	4,199,063	4,282,272
Interest on long-term liabilities	1,417	7,020	13,562	19,486	24,851
Total expenses	<u>142,915,783</u>	<u>138,180,335</u>	<u>140,225,705</u>	<u>132,425,464</u>	<u>132,185,615</u>
Program Revenues:					
Governmental activities:					
Charges for services					
Instruction	184,336	201,866	200,884	249,303	211,468
Operations and maintenance	234,129	303,750	364,686	339,217	375,120
Food services	1,829,793	1,831,859	1,872,641	1,818,365	1,732,342
Operating grants and contributions	20,408,639	19,543,489	18,530,500	17,326,000	16,479,274
Total program revenues	<u>22,656,897</u>	<u>21,880,964</u>	<u>20,968,711</u>	<u>19,732,885</u>	<u>18,798,204</u>
Net Expense	<u>(120,258,886)</u>	<u>(116,299,371)</u>	<u>(119,256,994)</u>	<u>(112,692,579)</u>	<u>(113,387,411)</u>
General Revenues and Other Changes in					
Governmental activities:					
Interest	1,284	808	934	681	4,174
Grants and contributions not restricted to specific programs	125,940,236	121,671,393	120,453,016	113,865,906	113,568,153
Miscellaneous	131,595	180,324	263,111	231,314	240,786
Total	<u>126,073,115</u>	<u>121,852,525</u>	<u>120,717,061</u>	<u>114,097,901</u>	<u>113,813,113</u>
Change in Net Position	<u>\$ 5,814,229</u>	<u>\$ 5,553,154</u>	<u>\$ 1,460,067</u>	<u>\$ 1,405,322</u>	<u>\$ 425,702</u>

Source: Amounts extracted from Exhibit II of the financial section of the respective Comprehensive Annual Financial Report.

Table II

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenses:					
Governmental activities:					
General and administrative	\$ 2,297,396	\$ 2,437,168	\$ 2,425,720	\$ 2,403,103	\$ 2,198,588
Instruction	82,175,973	87,380,735	87,034,927	86,617,095	87,194,611
Attendance and health services	3,875,200	4,115,553	4,309,939	4,096,464	4,392,898
Pupil transportation	8,010,603	7,978,013	8,130,530	7,506,922	7,030,487
Operations and maintenance	11,259,563	10,945,546	10,703,375	10,845,610	10,178,201
Technology	6,909,909	5,962,934	5,893,444	6,175,525	6,764,084
Food services	4,037,217	4,244,768	4,053,262	3,943,052	3,735,656
Interest on long-term liabilities	15,635	—	—	—	—
Total expenses	<u>118,581,496</u>	<u>123,064,717</u>	<u>122,551,197</u>	<u>121,587,771</u>	<u>121,494,525</u>
Program Revenues:					
Governmental activities:					
Charges for services					
Instruction	377,606	343,800	231,687	163,380	240,971
Operations and maintenance	372,602	315,677	268,087	300,248	340,909
Food services	1,786,986	1,870,898	2,068,379	1,995,521	1,922,919
Operating grants and contributions	<u>16,091,244</u>	<u>16,006,571</u>	<u>17,998,894</u>	<u>19,437,453</u>	<u>18,623,895</u>
Total program revenues	<u>18,628,438</u>	<u>18,536,946</u>	<u>20,567,047</u>	<u>21,896,602</u>	<u>21,128,694</u>
Net Expense	<u>(99,953,058)</u>	<u>(104,527,771)</u>	<u>(101,984,150)</u>	<u>(99,691,169)</u>	<u>(100,365,831)</u>
General Revenues and Other Changes in					
Governmental activities:					
Interest	4,087	2,568	8,454	3,661	6,021
Grants and contributions not restricted to specific programs	109,960,252	106,692,704	103,477,467	104,117,528	105,639,757
Miscellaneous	224,400	201,167	61,251	44,934	75,690
Total	<u>110,188,739</u>	<u>106,896,439</u>	<u>103,547,172</u>	<u>104,166,123</u>	<u>105,721,468</u>
Change in Net Position	<u>\$ 10,235,681</u>	<u>\$ 2,368,668</u>	<u>\$ 1,563,022</u>	<u>\$ 4,474,954</u>	<u>\$ 5,355,637</u>

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund					
Committed	\$ —	\$ —	\$ —	\$ —	\$ —
Assigned	—	—	228,921	56,273	1,042,872
Unassigned	200,000	200,000	200,000	200,000	500,000
Total general fund	<u>200,000</u>	<u>200,000</u>	<u>428,921</u>	<u>256,273</u>	<u>1,542,872</u>
All other governmental funds					
Nonspendable	57,050	36,661	37,438	16,525	35,675
Restricted	955,500	919,728	796,971	619,624	543,302
Committed	449,340	449,340	449,340	687,175	1,049,684
Assigned	—	—	—	—	—
Unassigned	—	(625,402)	—	—	—
Total all other governmental funds	<u>1,461,890</u>	<u>780,327</u>	<u>1,283,749</u>	<u>1,323,324</u>	<u>1,628,661</u>
Total governmental funds	<u>\$ 1,661,890</u>	<u>\$ 980,327</u>	<u>\$ 1,712,670</u>	<u>\$ 1,579,597</u>	<u>\$ 3,171,533</u>

Source: Amounts extracted from Exhibit III of the financial section of the respective Comprehensive Annual Financial Report.

Table III

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund					
Committed	\$ —	\$ —	\$ 685,097	\$ 1,240,227	\$ 3,938,395
Assigned	2,537,319	1,330,013	256,892	238,241	960,195
Unassigned	500,000	500,000	500,000	400,000	400,000
Total general fund	<u>3,037,319</u>	<u>1,830,013</u>	<u>1,441,989</u>	<u>1,878,468</u>	<u>5,298,590</u>
All other governmental funds					
Nonspendable	52,094	76,244	40,532	43,319	39,775
Restricted	768,649	190,845	224,282	217,763	168,270
Committed	1,049,684	1,460,280	936,976	1,780,805	67,874
Assigned	—	672,806	653,864	414,557	292,377
Unassigned	—	—	—	—	—
Total all other governmental funds	<u>1,870,427</u>	<u>2,400,175</u>	<u>1,855,654</u>	<u>2,456,444</u>	<u>568,296</u>
Total governmental funds	<u>\$ 4,907,746</u>	<u>\$ 4,230,188</u>	<u>\$ 3,297,643</u>	<u>\$ 4,334,912</u>	<u>\$ 5,866,886</u>

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:					
From City of Williamsburg and James City County	\$ 103,674,919	\$ 100,077,246	\$ 98,780,879	\$ 91,241,881	91,629,884
From Commonwealth of Virginia	35,296,459	34,119,963	32,862,110	32,741,420	31,895,780
From federal government	7,259,597	5,712,897	6,596,812	6,254,627	5,800,936
Charges for services	2,248,258	2,337,475	2,438,211	2,406,885	2,318,930
Interest	1,284	808	934	681	4,174
Miscellaneous	871,527	863,069	1,006,825	1,024,855	934,829
Total revenues	<u>149,352,044</u>	<u>143,111,458</u>	<u>141,685,771</u>	<u>133,670,349</u>	<u>132,584,533</u>
Expenditures:					
General and administrative	3,286,405	3,122,087	2,729,936	2,857,644	2,847,306
Instruction	103,162,153	98,983,786	96,691,285	93,630,655	91,375,915
Attendance and health services	5,139,196	4,791,998	4,931,833	4,807,927	4,718,015
Pupil transportation	7,684,485	7,230,229	7,291,549	7,122,053	7,542,084
Operations and maintenance	11,625,039	10,994,777	10,822,595	10,821,632	10,976,451
Technology	8,955,713	7,841,313	7,872,173	6,893,598	7,428,633
Food services	4,393,763	4,099,168	4,214,982	4,167,372	4,241,358
Capital outlay	4,390,011	6,704,180	6,922,082	4,885,141	5,213,582
Debt service:					
Principal	32,299	69,243	62,701	56,777	51,412
Interest	1,417	7,020	13,562	19,486	24,851
Total expenditures	<u>148,670,481</u>	<u>143,843,801</u>	<u>141,552,698</u>	<u>135,262,285</u>	<u>134,419,607</u>
Revenues over/(under) expenditures	<u>681,563</u>	<u>(732,343)</u>	<u>133,073</u>	<u>(1,591,936)</u>	<u>(1,835,074)</u>
Other Financing Sources (uses):					
Transfers in	—	—	—	—	—
Transfers out	—	—	—	—	—
Proceeds from capital lease obligations	—	—	—	—	98,861
Total other financing sources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>98,861</u>
Net change in fund balances	<u>\$ 681,563</u>	<u>\$ (732,343)</u>	<u>\$ 133,073</u>	<u>\$ (1,591,936)</u>	<u>(1,736,213)</u>
Debt service as a percentage of noncapital expenditures	0.02%	0.06%	0.06%	0.06%	0.06%

Source: Amounts extracted from Exhibit IV of the financial section of the respective Comprehensive Annual Financial Report.

Table IV

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues:					
From City of Williamsburg and James City County	\$ 89,714,366	\$ 87,464,236	\$ 84,705,864	\$ 86,245,980	\$ 85,992,454
From Commonwealth of Virginia	29,719,338	28,322,908	27,410,306	26,971,781	28,422,738
From federal government	5,922,208	6,245,815	8,761,493	9,807,806	9,036,851
Charges for services	2,537,194	2,530,375	2,568,153	2,409,113	2,504,799
Interest	4,087	2,568	8,454	3,661	6,021
Miscellaneous	916,358	834,046	666,468	673,877	975,682
Total revenues	<u>128,813,551</u>	<u>125,399,948</u>	<u>124,120,738</u>	<u>126,112,218</u>	<u>126,938,545</u>
Expenditures:					
General and administrative	2,441,253	2,413,378	2,399,471	2,375,576	2,172,101
Instruction	87,245,042	85,988,849	85,847,899	85,268,770	85,928,824
Attendance and health services	4,207,389	4,093,333	4,285,961	4,063,102	4,363,706
Pupil transportation	7,178,735	7,033,259	7,181,689	6,494,969	6,232,341
Operations and maintenance	10,763,717	10,148,781	10,089,434	10,352,343	9,880,780
Technology	6,203,443	5,316,237	5,234,880	5,628,007	6,376,540
Food services	4,059,133	4,193,745	3,994,711	3,879,924	3,684,807
Capital outlay	6,195,217	5,279,821	6,123,962	9,581,501	7,510,817
Debt service:					
Principal	26,912	—	—	—	—
Interest	15,635	—	—	—	—
Total expenditures	<u>128,336,476</u>	<u>124,467,403</u>	<u>125,158,007</u>	<u>127,644,192</u>	<u>126,149,916</u>
Revenues over/(under) expenditures	<u>477,075</u>	<u>932,545</u>	<u>(1,037,269)</u>	<u>(1,531,974)</u>	<u>788,629</u>
Other Financing Sources (uses):					
Transfers in	—	685,097	1,140,227	2,569,449	—
Transfers out	—	(685,097)	(1,140,227)	(2,569,449)	—
Proceeds from capital lease obligations	200,483	—	—	—	—
Total other financing sources	<u>200,483</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>\$ 677,558</u>	<u>\$ 932,545</u>	<u>\$ (1,037,269)</u>	<u>\$ (1,531,974)</u>	<u>\$ 788,629</u>
Debt service as a percentage of noncapital expenditures	0.03%	0.00%	0.00%	0.00%	0.00%

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Government-Wide Expenses by Function

Last Ten Fiscal Years

Fiscal Year	General and administrative	Instruction	Attendance and health services	Pupil transportation	Operations and maintenance
2019 \$	3,162,678	\$ 100,347,119	\$ 4,909,102	\$ 8,465,252	\$ 12,385,954
2018	3,050,749	97,878,921	4,653,870	8,078,284	11,779,208
2017	2,760,208	98,632,626	4,978,076	8,380,146	11,789,775
2016	2,815,308	92,997,202	4,702,668	8,156,425	11,668,670
2015	2,836,596	91,646,778	4,666,999	8,568,121	11,737,440
2014	2,297,396	82,175,973	3,875,200	8,010,603	11,259,563
2013	2,437,168	87,380,735	4,115,553	7,978,013	10,945,546
2012	2,425,720	87,034,927	4,309,939	8,130,530	10,703,375
2011	2,403,103	86,617,095	4,096,464	7,506,922	10,845,610
2010	2,198,588	87,194,611	4,392,898	7,030,487	10,178,201

(*) Total expenses include Pre-K education; March ADM does not include Pre-K students.

Source: Amounts extracted from Exhibit II of the financial section of the respective Comprehensive Annual Financial Report.

Table V

Fiscal Year	Technology	Food services	Interest on long-term liabilities	Total expenses (*)	March Average Daily Membership (ADM) determining cost per pupil (*)	Per pupil expenses
2019	\$ 9,302,266	\$ 4,341,995	\$ 1,417	\$ 142,915,783	11,429	\$ 12,505
2018	8,642,673	4,089,610	7,020	138,180,335	11,421	12,099
2017	8,906,750	4,764,562	13,562	140,225,705	11,470	12,225
2016	7,866,642	4,199,063	19,486	132,425,464	11,246	11,775
2015	8,422,558	4,282,272	24,851	132,185,615	11,061	11,951
2014	6,909,909	4,037,217	15,635	118,581,496	10,954	10,825
2013	5,962,934	4,244,768	—	123,064,717	10,715	11,485
2012	5,893,444	4,053,262	—	122,551,197	10,602	11,559
2011	6,175,525	3,943,052	—	121,587,771	10,488	11,593
2010	6,764,084	3,735,656	—	121,494,525	10,486	11,586

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Expenditures by Function and Per Pupil Cost

Last Ten Fiscal Years

Fiscal year	General and administrative	Instruction	Attendance and health services	Pupil transportation	Operations and maintenance
2019	\$ 3,292,086	\$ 99,054,870	\$ 4,523,635	\$ 9,281,098	\$ 12,626,492
2018	3,148,842	94,821,926	4,205,922	7,989,904	11,192,564
2017	2,756,691	92,290,584	4,327,938	8,411,442	11,203,740
2016	2,857,644	89,083,820	4,217,836	7,608,205	10,988,255
2015	2,824,946	87,543,866	4,155,979	9,058,419	11,138,915
2014	2,452,122	83,074,564	3,790,460	8,142,394	10,930,579
2013	2,338,775	81,505,993	3,868,988	7,553,582	10,222,502
2012	2,461,487	80,617,816	3,879,999	7,689,497	10,320,259
2011	2,444,129	80,240,364	3,643,755	8,035,887	10,413,376
2010	2,172,998	81,261,484	3,440,973	6,349,759	10,141,525

(*) Total cost-regular day school includes expenditures for Pre-K education; March ADM does not include pre-K students.

The amounts represent data of the General Fund and are presented on the budgetary basis.

Source: Amounts extracted from Exhibit VII in the required supplementary information section of the Comprehensive Annual Financial Report.

Table VI

Fiscal year	Technology	Total cost – regular day school (*)	March Average Daily membership for (ADM) determining cost per pupil (*)	Per pupil expenditures
2019	\$ 8,527,369	\$ 137,305,550	11,429	\$ 12,014
2018	7,553,349	128,912,507	11,421	11,287
2017	7,581,714	126,572,109	11,295	11,206
2016	6,456,282	121,212,042	11,246	10,778
2015	6,898,359	121,620,484	11,061	10,995
2014	6,559,148	114,949,267	10,954	10,494
2013	5,274,557	110,764,397	10,715	10,337
2012	4,915,398	109,884,456	10,602	10,365
2011	5,287,248	110,064,759	10,488	10,494
2010	6,835,208	110,201,947	10,486	10,509

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

General Fund Expenditures by Function

Last Ten Fiscal Years

Fiscal year	General and administrative	Instruction	Attendance and health services	Pupil transportation
2019	\$ 3,292,086	\$ 99,054,870	\$ 4,523,635	\$ 9,281,098
2018	3,148,842	94,821,926	4,205,922	7,989,904
2017	2,756,691	92,290,584	4,327,938	8,411,442
2016	2,857,644	89,083,820	4,217,836	7,608,205
2015	2,824,946	87,543,866	4,155,979	9,058,419
2014	2,452,122	83,074,564	3,790,460	8,142,394
2013	2,338,775	81,505,993	3,868,988	7,553,582
2012	2,461,487	80,617,816	3,879,999	7,689,497
2011	2,444,129	80,240,364	3,643,755	8,035,887
2010	2,172,998	81,261,484	3,440,973	6,349,759

The amounts represent data of the General Fund and are presented on the budgetary basis.

Source: Amounts extracted from Exhibit VII in the required supplementary information section of the Comprehensive Annual Financial Report.

Table VII

Fiscal year	Operations and maintenance	Technology	Debt Service	Total expenditures
2019	\$ 12,626,492	\$ 8,527,369	\$ 33,716	\$ 137,339,266
2018	11,192,564	7,553,349	76,263	128,988,770
2017	11,203,740	7,581,714	76,263	126,648,372
2016	10,988,255	6,456,282	76,263	121,288,305
2015	11,138,915	6,898,359	76,263	121,696,747
2014	10,930,579	6,559,148	42,547	114,991,814
2013	10,222,502	5,274,557	—	110,764,397
2012	10,320,259	4,915,398	—	109,884,456
2011	10,413,376	5,287,248	—	110,064,759
2010	10,141,525	6,835,208	—	110,201,947

Table VIII

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Government-Wide Revenue by Source

Last Ten Fiscal Years

Fiscal Year	Program revenues		General revenues			Total revenues
	Charges for services	Operating grants and contributions	Interest	Grant and contributions not restricted to specific programs	Misc.	
2019	\$ 2,248,258	\$ 20,408,639	\$ 1,284	\$ 125,940,236	\$ 131,595	\$ 148,730,012
2018	2,337,475	19,543,489	808	121,671,393	180,324	143,733,489
2017	2,438,211	18,530,500	934	120,453,016	263,111	141,685,772
2016	2,406,885	17,326,000	681	113,865,906	231,314	133,830,786
2015	2,318,930	16,479,274	4,174	113,568,153	240,786	132,611,317
2014	2,537,194	16,091,244	4,087	109,960,252	224,400	128,817,177
2013	2,530,375	16,006,571	2,568	106,692,704	201,167	125,433,385
2012	2,568,153	17,998,894	8,454	103,477,467	61,251	124,114,219
2011	2,459,149	19,437,453	3,661	104,117,528	44,934	126,062,725
2010	2,504,799	18,623,895	6,021	105,639,757	75,690	126,850,162

Source: Amounts extracted from Exhibit II of the financial section of the respective Comprehensive Annual Financial Report.

Table IX

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Charges for Services Revenue by Source

Last Ten Fiscal Years

Fiscal year	Tuition and fees	Percentage	Food Sales	Percentage	Total
2019	\$ 418,465	18.6 %	\$ 1,829,793	81.4 %	\$ 2,248,258
2018	505,616	21.6	1,831,859	78.4	2,337,475
2017	565,570	23.2	1,872,641	76.8	2,438,211
2016	588,520	24.5	1,818,365	75.5	2,406,885
2015	586,588	25.3	1,732,342	74.7	2,318,930
2014	750,208	29.6	1,786,986	70.4	2,537,194
2013	659,477	26.1	1,870,898	73.9	2,530,375
2012	499,774	19.5	2,068,379	80.5	2,568,153
2011	454,799	18.9	1,954,314	81.1	2,409,113
2010	581,880	23.2	1,922,919	76.8	2,504,799

Williamsburg - James City County Public Schools' main revenue source is a transfer from James City County, the primary government.

Charges for Services is the primary own source revenue, which consists of tuition, fees and food sales.

Source: Amounts extracted from Exhibit IV of the financial section of the respective Comprehensive Annual Financial Report.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Direct Tax Rates for James City County and the City of Williamsburg

Last Ten Fiscal Years

City of Williamsburg:

Fiscal year	Real Estate Tax¹	Personal Property Tax¹	Room Tax	Meal Tax	Retail Sales Tax²
2019	\$ 0.60	\$ 3.50	5%	5%	1%
2018	0.57	3.50	5%	5%	1%
2017	0.57	3.50	5%	5%	1%
2016	0.57	3.50	5%	5%	1%
2015	0.57	3.50	5%	5%	1%
2014	0.57	3.50	5%	5%	1%
2013	0.57	3.50	5%	5%	1%
2012	0.54	3.50	5%	5%	1%
2011	0.54	3.50	5%	5%	1%
2010	0.54	3.50	5%	5%	1%

1) per \$100 assessed value

2) Collected by the Commonwealth, remitted monthly to City

James City County:

Fiscal year	Real Estate Tax¹	Personal Property Tax¹	Room Tax	Meal Tax	Retail Sales Tax²
2019	\$ 0.840	\$ 4.00	5%	4%	1%
2018	0.840	4.00	5%	4%	1%
2017	0.840	4.00	5%	4%	1%
2016	0.840	4.00	5%	4%	1%
2015	0.770	4.00	5%	4%	1%
2014	0.770	4.00	5%	4%	1%
2013	0.770	4.00	5%	4%	1%
2012	0.770	4.00	5%	4%	1%
2011	0.770	4.00	5%	4%	1%
2010	0.770	4.00	5%	4%	1%

1) per \$100 assessed value

2) Collected by the Commonwealth, remitted monthly to the County

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WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Source of Actual Receipts by Fiscal Year

Last Ten Fiscal Years

Fiscal year	State sales tax receipts	State funds	Federal funds	Local funds
2019	\$ 13,286,481	\$ 36,357,381	\$ 6,419,494	\$ 104,601,624
2018	12,201,274	35,265,279	5,540,277	104,515,581
2017	12,649,969	34,124,157	6,314,012	94,041,402
2016	12,302,835	33,811,337	6,034,382	84,211,806
2015	11,796,847	32,882,170	5,585,814	83,196,575
2014	11,002,054	30,745,989	5,707,572	84,935,519
2013	10,635,953	29,317,038	6,027,531	79,033,063
2012	10,338,116	28,296,917	8,564,922	76,138,098
2011	9,895,154	27,838,623	9,751,924	87,136,982
2010	9,524,388	29,364,506	9,055,054	110,753,024

Source: Data extracted from *Superintendent's Annual Report for Virginia*, published by Virginia Department of Education, Richmond, Virginia.

Table XI

Fiscal year	Other funds	Total receipts	Beginning year balance	Total receipts and balances
2019	\$ 3,063,216	\$ 163,728,196	\$ 6,701,307	\$ 170,429,503
2018	3,149,350	160,671,761	6,101,373	166,773,134
2017	3,428,761	150,558,301	6,225,569	156,783,870
2016	3,454,505	139,814,865	4,193,191	144,008,056
2015	3,284,881	136,746,287	5,720,343	142,466,630
2014	3,460,415	135,851,549	5,337,008	141,188,557
2013	3,400,446	128,414,031	4,390,128	132,804,159
2012	3,254,176	126,592,229	5,328,843	131,921,072
2011	3,298,942	137,921,625	6,467,802	144,389,427
2010	3,636,502	162,333,474	4,359,303	166,692,777

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Debt Service and Application of Funds for Education and Other Purposes
for the City of Williamsburg and the County of James City – Combined

Ten Fiscal Years

Fiscal year	Debt for education	Debt for all other uses or applications	Total debt	Debt interest for education
2019	**	**	**	**
2018	11,404,940	10,321,264	21,726,204	4,397,976
2017	10,633,800	5,471,002	16,104,802	4,743,674
2016	12,651,180	5,477,607	18,128,787	4,010,866
2015	12,525,890	5,324,952	17,850,842	5,215,363
2014	12,170,600	4,930,716	17,101,316	6,172,777
2013	11,655,185	12,576,881	24,232,066	6,613,640
2012	10,982,506	10,315,505	21,298,011	6,727,441
2011	10,936,524	6,418,694	17,355,218	7,139,441
2010	10,737,262	6,424,112	17,161,374	7,710,273

Source: Exhibit E (2013-2018) & Exhibit F (2012-2010) from the *Comparative Report of Local Government Revenues and Expenditures*, an annual report prepared by Auditor of Public Accounts, Commonwealth of Virginia, Richmond, Virginia.

** Information is not available as the APA does not publish this report until 2020 for Fiscal Year 2019.

Table XII

Fiscal year	Debt interest for all other applications	Total debt interest	Total debt service for education	Total debt service
2019	**	**	**	**
2018	1,944,681	6,342,657	15,802,916	28,068,861
2017	2,301,398	7,045,072	15,377,474	23,149,874
2016	2,410,136	6,421,002	16,662,046	24,549,789
2015	2,824,413	8,039,776	17,741,253	25,890,618
2014	2,862,765	9,035,542	18,343,377	26,136,858
2013	3,048,833	9,662,473	18,268,825	33,894,539
2012	2,907,653	9,635,094	17,709,947	30,933,105
2011	2,989,372	10,128,813	18,075,965	27,484,031
2010	2,774,701	10,484,974	18,447,535	27,646,348

Table XIII**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Capital Leases Debt to Assessed Value of Taxable Property in James City County
and Debt per Capita

Ten Fiscal Years

Fiscal year	(1) Population	(2) Assessed value	Capital lease payable debt	Ratio of debt to assessed value
2019	**	\$ 13,407,219,197	\$ -	**
2018	75,776	13,065,070,419	32,299	0.0002
2017	74,795	12,818,125,753	101,542	0.0008
2016	73,767	12,511,337,556	164,243	0.0013
2015	72,682	12,420,621,529	221,020	0.0018
2014	71,254	12,165,747,571	173,571	0.0014
2013	70,376	11,991,913,497	-	0.0000
2012	69,451	12,341,704,734	-	0.0000
2011	68,500	12,152,483,497	-	0.0000
2010	67,745	12,092,979,169	-	0.0000

(1) Planning Division, James City County. Population figure is the estimate from the second quarter of the year.

(2) From Table 5, James City County Comprehensive Annual Financial Report

**Statistic not yet available.

Table XIV

COUNTY OF JAMES CITY, VIRGINIA

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

Last Ten Fiscal Years

Fiscal year	(1) Population	(2) Assessed value	(3) (4) Gross bonded debt	(5) Less: Debt service monies available	Net bonded debt	Ratio of net general obligation debt to assessed value	Net bonded debt per capita
2019	**	\$ 13,407,219,197	\$ 33,966,163	\$ -	\$ 33,966,163	0.25	**
2018	75,776	13,065,070,419	38,348,323	1,226,463	37,121,860	0.28	490
2017	74,795	12,818,125,753	44,155,482	1,222,024	42,933,458	0.33	574
2016	73,767	12,511,337,556	49,844,842	1,221,521	48,623,321	0.39	659
2015	72,682	12,420,621,529	65,458,589	1,219,616	64,238,973	0.52	884
2014	71,254	12,165,747,571	72,164,244	2,920,369	69,243,875	0.57	972
2013	70,376	11,991,913,497	80,004,294	2,920,538	77,083,756	0.64	1,095
2012	69,451	12,341,704,734	86,134,103	2,920,981	83,213,122	0.67	1,198
2011	68,500	12,152,483,497	93,283,624	2,921,037	90,362,587	0.74	1,319
2010	67,745	12,092,979,169	101,414,765	2,921,044	98,493,721	0.81	1,454

(1) Planning Division, James City County. Population figure is the estimate from the second quarter of the year.

(2) From Table 5, James City County Comprehensive Annual Financial Report

(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.

COUNTY OF JAMES CITY, VIRGINIA

Ratio of Annual Debt Service Expenditures for General Bonded Debt (1) to
Total General Governmental Expenditures

Last Ten Fiscal Years

Fiscal year	(5) Principal	(2) Interest	(4) Total debt service	(3) Total general governmental expenditures	Ratio of debt service to general debt to governmental expenditures
2019	\$ 17,078,182	\$ 6,119,092	\$ 23,197,274	\$ 251,898,565	9.21
2018	16,284,125	6,195,080	22,479,205	231,635,241	9.70
2017	16,206,234	6,841,056	23,047,290	231,072,402	9.97
2016	17,122,377	6,188,222	23,310,599	226,845,449	10.28
2015	16,862,695	8,781,971	25,644,666	218,984,810	11.71
2014	16,417,326	8,822,326	25,239,652	211,866,777	11.91
2013	23,473,305	9,522,081	32,995,386	215,304,486	15.32
2012	14,787,955	9,384,810	24,172,765	201,078,316	12.02
2011	14,830,524	9,853,465	24,683,989	198,893,176	12.41
2010	15,077,900	10,147,353	25,225,253	198,552,653	12.70

- (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 included in the General Fund, Debt Service Fund, all 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.

Table XVI**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**
(Component Unit of James City County, Virginia)

Local Composite Index

Last Ten Fiscal Years

Fiscal year	James City County	City of Williamsburg
2019	0.5657	0.7703
2017	0.5641	0.7747
2015	0.5632	0.8000
2013	0.5628	0.8000
2011	0.5668	0.8000
2009	0.5286	0.8000
2007	0.5499	0.8000
2005	0.5988	0.8000
2003	0.6228	0.8000
2001	0.6404	0.8000

(Source: Virginia Department of Education)

Table XVII

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Miscellaneous Statistical Data on Williamsburg-James City County Schools

on School Facilities Owned by School Board as of June 30, 2019

Form of Governance: Fiscally Dependent School System with elected (5 members) and appointed (2 members) School BoardGeographic Area: 176 Square MilesPopulation 2010: 81,077 (Most recent statistics: 14,068 in Williamsburg as of 2010; and 67,009 in James City County as of 2010)Student Membership (March 2019 ADM): 11,429

	Original construction date	Date(s) of additions/renovations	Building area (in square feet)	Acreage
Secondary schools:				
Berkeley	1966	1989, 1990, 1999, 2010, 2014	114,867	19.30
James Blair	2018	None	109,050	15.00
Toano	1992	2000, 2007, 2013	102,275	34.37
Lois Hornsby	2010	None	145,458	60.42
Jamestown	1997	2012, 2015	199,633	80.01
Lafayette	1973	1990, 1993, 1997, 2013, 2018	213,423	50.00
Warhill	2007	None	247,500	54.50
Elementary schools:				
Clara Byrd Baker	1989	1992, 1999, 2000, 2017	78,840	23.60
Laurel Lane	1966	1987, 1988, 1990, 1998, 2017	95,109	12.63
D. J. Montague	1989	1997, 1999, 2000, 2011	74,500	21.00
Norge	1967	1994, 1995, 1996, 2004, 2007	99,378	20.02
Matthew Whaley	1931	1988, 1997, 1998	67,950	8.47
James River	1993	2002, 2007	89,835	24.19
Stonehouse	2000	2007	90,851	26.00
Matoaka	2007	None	92,133	40.20
J Blaine Blayton	2010	None	93,247	20.12
Operations Center	1992	None	26,000	32.16
Central Office	1954	1989, 1990, 1996, 1998, 2003, 2010	51,605	Shared site with James Blair

Table XVIII

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Instructional Personnel Positions Per 1,000 Students in ADM

Ten Fiscal Years

Fiscal year	Number of instructional personnel positions	End-of-year membership	Instructional personnel per 1,000 students
2019	**	**	**
2018	1,217.81	11,537	105.55
2017	1,219.89	11,910	102.43
2016	1,168.02	11,466	101.87
2015	1,140.25	11,246	101.39
2014	1,137.14	11,148	102.00
2013	1,126.04	10,918	103.14
2012	1,167.64	10,820	107.92
2011	1,172.04	10,708	109.45
2010	1,160.48	10,677	108.69

Source: Data extracted from Table 17 of the *Superintendent's Annual Report for Virginia*, published by Virginia Department of Education

** Fiscal Year 2019 data will not be published by the Virginia Department of Education until January 2020

Table XIX

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Changes in Student Membership Throughout School Year

Ten Fiscal Years

Fiscal year	Membership at September 30	Average daily membership at March 31	End-of-year membership	Percent of change	Annual retention rate
2019	**	**	**	**	**
2018	11,514	11,421	11,199	(2.74%)	97.26%
2017	11,468	11,470	11,498	0.26%	100.26%
2016	11,303	11,268	11,105	(1.75%)	98.25%
2015	11,116	11,061	11,034	(0.74%)	99.26%
2014	10,998	10,954	10,951	(0.43%)	99.57%
2013	10,748	10,715	10,689	(0.55%)	99.45%
2012	10,671	10,602	10,553	(1.11%)	98.89%
2011	10,549	10,488	10,410	(1.32%)	98.68%
2010	10,503	10,486	10,390	(1.08%)	98.92%

Source: Data extracted from Table 1 of the *Superintendent's Annual Report for Virginia*, published by Virginia Department of Education, Richmond, Virginia

** Fiscal Year 2019 data will not be published by the Virginia Department of Education until January 2020.

Table XX

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
 (Component Unit of James City County, Virginia)

Enrollment Trends
 Last Ten Fiscal Years

Fiscal Year	September 30th Enrollment	Elementary Grades K thru 5	Middle Grades 6 thru 8	High Grades 9 thru 12
2019	11,461	5,024	2,641	3,796
2018	11,477	5,018	2,640	3,819
2017	11,431	5,028	2,628	3,775
2016	11,303	4,979	2,619	3,705
2015	11,116	4,912	2,567	3,637
2014	10,998	4,903	2,546	3,549
2013	10,795	4,791	2,552	3,452
2012	10,671	4,712	2,560	3,399
2011	10,549	4,621	2,454	3,474
2010	10,503	4,675	2,350	3,478

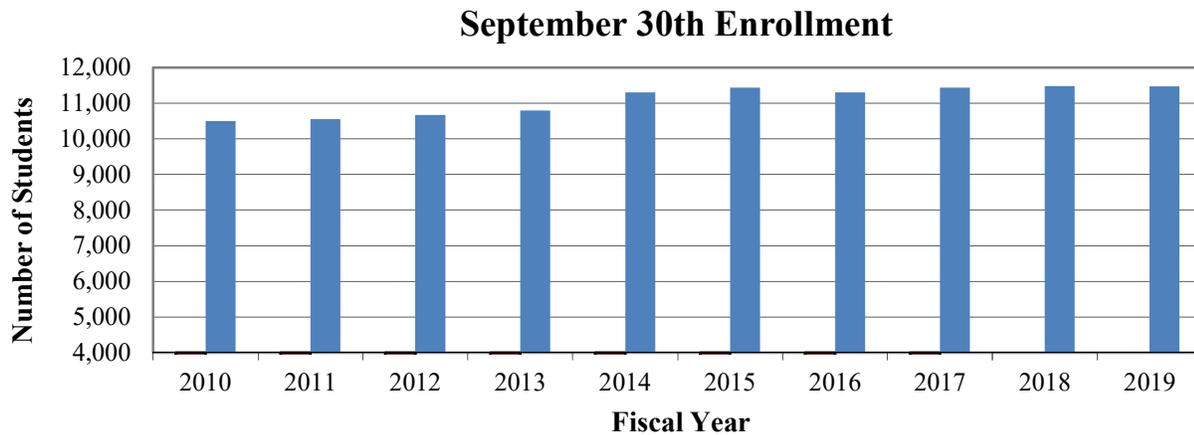


Table XXI

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Statistics on Federal Free/Reduced Lunch Program Participation
as of September 30, 2018

School	Free lunch	Reduced lunch	Total	September enrollment	Percentage of participants
Clara Byrd Baker	155	42	197	515	38.25%
Clara Byrd Baker Preschool	26	7	33	60	55.00%
Laurel Lane	172	35	207	465	44.52%
Laurel Lane Preschool	28	7	35	75	46.67%
D. J. Montague	137	34	171	503	34.00%
Norge	214	44	258	583	44.25%
Norge Preschool	38	10	48	109	44.04%
Matthew Whaley	232	25	257	541	47.50%
James River	268	50	318	448	70.98%
Stonehouse	172	37	209	745	28.05%
Matoaka	150	16	166	745	22.28%
J Blaine Blayton	129	42	171	479	35.70%
J Blaine Blayton Preschool	41	9	50	88	56.82%
Berkeley Middle	198	42	240	596	40.27%
James Blair	169	42	211	550	38.36%
Toano	181	38	219	701	31.24%
Hornsby	213	44	257	794	32.37%
Lafayette	358	50	408	1,112	36.69%
Jamestown	231	38	269	1,296	20.76%
Warhill	337	75	412	1,388	29.68%
	<u>3,449</u>	<u>687</u>	<u>4,136</u>	<u>11,793</u>	*

Source: September 30, 2018 enrollment report and Child Nutrition Services

* Total does not match September 30, 2018 enrollment report due to preschool being included in this table.

Table XXII

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Food Sales - Meals Served Annually

Last Ten Fiscal Years

Fiscal Year	Student			
	Breakfasts Served Annually	Lunches Served Annually	Free and Reduced Eligibility	Free and Reduced Percentages
2019	260,276	670,208	4,136	35.07%
2018	257,161	647,931	4,335	36.49%
2017	254,452	668,100	3,933	33.40%
2016	252,945	675,938	3,924	33.78%
2015	235,169	663,867	3,872	34.05%
2014	229,431	690,284	3,716	32.99%
2013	240,718	732,939	3,549	32.16%
2012	253,682	855,869	3,447	31.51%
2011	230,123	847,797	3,199	29.47%
2010	198,375	818,447	2,764	25.62%
2009	186,582	799,454	2,439	23.17%
2008	170,026	758,943	2,230	21.48%
2007	183,128	741,302	2,152	20.79%
2006	177,647	689,315	2,203	21.84%
2005	144,274	551,767	1,558	23.42%
2004	120,563	499,710	1,481	23.25%
2003	125,779	489,361	1,490	24.40%
2002	105,858	464,837	1,419	23.64%
2001	99,251	441,339	1,434	24.51%
2000	101,373	419,939	Not Available	Not Available
1999	101,321	417,228	Not Available	Not Available
1998	108,403	417,663	Not Available	Not Available

Source: Office of Child Nutrition Services

Table XXIII

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Food Service Sales Price Breakdown

Last Ten Fiscal Years

Fiscal year	Elementary		Middle		High		Adult
	Breakfast	Lunch	Breakfast	Lunch	Breakfast	Lunch	Breakfast/Lunch
2019	\$ 1.35	2.70	1.45	2.80	1.55	2.95-3.70	A-La-Carte
2018	1.35	2.70	1.45	2.80	1.55	2.95-3.70	A-La-Carte
2017	1.30	2.60	1.40	2.70	1.50	2.85-3.60	A-La-Carte
2016	1.25	2.50	1.35	2.60	1.45	2.75-3.50	A-La-Carte
2015	1.25	2.40	1.35	2.50	1.45	2.65-3.40	A-La-Carte
2014	1.25	2.30	1.35	2.40	1.45	2.55-3.30	A-La-Carte
2013	1.25	2.20	1.35	2.30	1.45	2.45-3.20	A-La-Carte
2012	1.25	2.15	1.35	2.25	1.45	2.40-3.15	A-La-Carte
2011	1.25	2.05	1.35	2.15	1.45	2.30-3.05	A-La-Carte
2010	1.25	2.00	1.35	2.10	1.45	2.25-3.00	A-La-Carte

Note: These prices are based on the normal cost of the meals and do not include the cost charged students who qualify for reduced price meals.

Source: Office of Child Nutrition Services

Table XXIV

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

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

Employer	2019			2010		
	Employees	Rank	Percentage of total County employment	Employees	Rank	Percentage of total County employment
Principal Public/Private Employers:						
Busch Gardens (1)	1000+	1	**	1,000+	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			19.48%			42.63%

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 XXV

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
 (Component Unit of James City County, Virginia)

Principal Employers in the City of Williamsburg
 Current Year and Nine Years Ago

Employer	2019			2010		
	Employees ¹	Rank	Percentage of total City employment	Employees ¹	Rank	Percentage of total City employment
College of William & Mary	1,000+	1	21.87%	1,000+	1	18.31%
Colonial Williamsburg Foundation	1,000+	2	8.52%	1,000+	2	9.23%
Colonial Williamsburg Company	250 to 499	3	6.46%	500 to 999	3	5.90%
W-JCC Schools		4	2.85%			
Sodexo		5	2.79%			
City of Williamsburg	100 to 249	6	2.39%	250 to 499	5	1.03%
Riverside Doctors' Hospital		7	1.97%			
Red Lobster & The Olive Garden	100 to 249	8	1.25%	100 to 249	6	0.56%
National Center for State Courts	100 to 249	9	1.23%	100 to 249	8	0.56%
Walsingham Academy	100 to 249	10	0.76%	100 to 249	7	0.56%
Aramark				250 to 499	4	1.39%
Outback Steakhouse				50 to 99	9	0.28%
Yankee Candle				50 to 99	10	0.28%

¹ Includes part-time and seasonal employees

Table XXVI

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
 (Component Unit of James City County, Virginia)

Population and Personal Income for James City County

Last Ten Calendar Years

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

(1) Planning Division, supplemented by data from Virginia Employment Commission

(2) Data from the Bureau of Economic Analysis, and has combined data for James City County
and the City of Williamsburg

** Statistics not yet available

Table XXVII

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Ratios of Outstanding Debt by Type for James City County and the City of Williamsburg

Last Ten Fiscal Years

City of Williamsburg:

Fiscal year	Governmental Activities		Business-type Activities		Total Primary Government	Debt per Capita	Debt as Percentage of Personal Income
	General Obligation Bonds	Notes Payable	General Obligation Bonds				
2019	\$ 18,256,137	\$ —	\$ 4,412,553	\$ —	\$ 22,668,690	\$ 1,493	0.4%
2018	19,235,458	—	5,033,028	—	24,268,486	1,598	0.4%
2017	7,118,840	—	5,526,750	—	12,645,590	821	0.2%
2016	8,193,018	—	6,184,269	—	14,377,287	932	0.3%
2015	9,241,038	—	6,819,945	—	16,060,983	1,081	0.3%
2014	10,270,795	—	7,446,884	—	17,717,679	1,176	0.4%
2013	5,997,390	—	8,051,980	—	14,049,370	943	0.3%
2012	6,796,767	—	8,643,971	—	15,440,738	1,065	0.3%
2011	7,306,844	—	9,231,593	—	16,538,437	1,160	0.4%
2010	8,432,627	—	9,808,700	—	18,241,327	1,297	0.4%

James City County

Fiscal year	Governmental Activities		Business-type Activities		Total Primary Government	Net Bonded Debt per Capita	Debt as Percentage of Personal Income
	General Obligation Bonds	Other Debt	Revenue Bonds				
2019	\$ 33,966,163	\$ 114,330,773	\$ 21,906,388	\$ —	\$ 170,203,324	**	**
2018	38,348,323	112,253,125	22,600,295	—	173,201,743	490	**
2017	44,155,482	124,051,034	23,269,202	—	191,475,718	496	**
2016	49,844,842	131,180,008	24,118,109	—	205,142,959	582	26.05%
2015	65,458,589	104,462,833	24,115,000	—	194,036,422	669	26.59%
2014	72,164,244	115,400,528	24,660,000	—	212,224,772	878	23.34%
2013	80,004,294	124,132,854	25,185,000	—	229,322,148	984	20.69%
2012	86,134,103	113,707,074	32,938,174	—	232,779,351	1,110	20.21%
2011	93,283,624	114,340,522	34,469,298	—	242,093,444	1,215	18.48%
2010	101,414,765	120,444,895	35,950,422	—	257,810,082	1,334	16.28%

** Income statistics not yet available

Table XXVIII**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**
(Component Unit of James City County, Virginia)

General Statistical Information on the Transportation Program

Last Ten Fiscal Years

Fiscal year	Number of school buses	Number of mechanics	Total miles driven
2019	160	6	2,441,057
2018	155	6	2,548,105
2017	155	6	2,548,000
2016	155	6	2,574,194
2015	154	6	2,394,608
2014	154	6	2,438,163
2013	155	6	2,530,583
2012	155	6	2,607,890
2011	155	6	2,595,706
2010	145	6	2,654,309

Source: Statistics maintained in School Division's Transportation Department
and used for both internal and external reporting purposes

Table XXIX

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Full-time-Equivalent District Employees by Type

Last Ten Fiscal Years

	Full-Time Equivalent Employees as of June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General and Administrative										
Superintendent	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Superintendent	—	—	—	—	—	—	—	1.00	1.00	0.75
Chief Financial Officer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—
Senior Director, Finance	—	—	—	—	—	—	—	1.00	1.00	—
Comptroller	—	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—
Senior Director, Human Resources	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75
Directors	3.00	2.00	2.00	2.00	—	—	—	—	—	—
Supervisors	—	—	—	—	1.00	1.00	1.00	1.00	1.00	1.00
Coordinators	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	5.50
Accountant	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Accountant	1.00	—	—	—	—	—	—	—	—	—
Human Resources Specialist	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	—	—
Director of Public Relations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—
Communications Specialist	—	—	—	—	—	—	—	1.00	1.00	1.00
Clerical	10.50	10.50	10.50	10.00	9.00	9.50	9.50	9.50	10.00	11.00
Total General and Administrative	24.50	23.50	23.50	23.00	21.00	21.50	20.50	20.50	21.00	22.00
Instruction										
Asst Superintendent-School Leadership	2.00	2.00	—	—	—	—	—	1.00	1.00	—
Deputy Superintendent	—	—	1.00	1.00	1.00	1.00	1.00	—	—	—
Senior Director, Student Svcs	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior Director, Academic Svcs	—	—	—	—	—	—	—	1.00	1.00	2.00
Senior Director, School Performance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—
Senior Director, AQI	—	—	—	—	—	1.00	1.00	—	—	—
Director, Special Programs	—	1.00	1.00	1.00	1.00	—	—	—	—	—
Senior Director, Multicultural Services	—	—	—	—	—	—	—	1.00	—	—
Coordinator, Multicultural Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—
Supervisor-Accountability, Assessment	—	—	—	—	1.00	1.00	0.50	0.50	0.50	0.50
Curriculum Coordinators	11.40	10.40	11.75	11.75	11.76	6.75	4.75	5.25	6.50	6.50
Supervisors of Instruction	1.00	1.00	1.00	1.00	3.00	6.00	5.00	5.00	4.00	4.00
Instructional Specialist	7.00	7.00	7.00	7.00	6.00	6.00	5.00	3.00	3.00	3.00
Hearing Officer	—	—	—	—	1.00	1.00	1.00	1.00	1.00	—
Supervisor, Student Services	1.00	1.00	1.00	1.00	—	—	—	—	—	—
Coordinator, Student Interventions	1.00	1.00	1.00	—	—	—	—	—	—	—
Student Services Data Manager	—	—	—	—	—	—	—	—	—	1.00
Spec Educ Parent Resource Coord	—	—	—	—	—	—	—	1.00	1.00	1.00
Coordinator, Family Engagement	1.00	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—
Principals	17.00	16.00	15.00	15.00	15.00	15.00	15.00	15.00	16.00	16.00
Assistant Principals	19.00	19.00	19.00	19.00	19.00	19.00	18.00	18.00	18.00	17.00
Supervisor, Preschool Instruction	—	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Guidance Counselors	30.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	29.50
Librarians	19.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	17.00
Classroom Teachers	703.00	686.00	676.95	662.45	662.84	648.67	648.10	658.59	673.91	668.98
Preschool Teachers	33.00	33.00	33.00	31.00	30.00	30.00	30.00	32.57	31.00	31.00
Special Education Teachers	101.00	96.00	93.00	93.00	91.00	91.00	96.00	99.00	89.00	88.00
Career and Technical Teachers	17.67	17.67	16.67	16.67	16.67	17.50	20.00	17.66	23.34	28.02
Gifted and Talented Teachers	14.50	13.50	13.00	13.00	13.00	13.00	16.00	16.00	16.00	15.00
Adult Education Teachers	2.00	2.00	2.00	2.00	2.00	3.00	4.00	4.00	4.00	4.00
Athletic Directors	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Athletic Trainers	3.00	3.00	3.00	3.00	3.00	—	—	—	—	—
Teacher Assistants	221.82	219.57	219.57	219.57	219.14	219.71	219.74	239.04	235.86	226.86
Social Workers	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00
Caseworker	0.71	0.71	0.71	0.71	0.57	—	—	0.57	0.43	0.43
Interpreters	2.00	2.00	2.00	2.00	2.00	2.00	3.00	4.00	2.00	5.00
Records Management Specialist	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clerical	81.00	79.00	80.07	80.07	80.80	81.50	81.00	84.50	84.62	84.00
Total Instruction	1,303.10	1,272.85	1,259.72	1,242.22	1,241.78	1,225.13	1,231.09	1,266.68	1,270.16	1,260.79

Table XXIX

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Full-time-Equivalent District Employees by Type

Last Ten Fiscal Years

	Full-Time Equivalent Employees as of June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Attendance and Health Services										
Supervisor, Health Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Nurses	18.38	17.38	18.11	18.11	16.91	17.00	17.00	17.00	16.00	14.54
Psychologists	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00
Occupational Therapists	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.00	8.00	7.50
Physical Therapists	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Speech Therapists	16.69	16.69	20.90	20.90	19.91	18.41	18.55	17.22	16.60	15.60
Other Professional Staff	—	—	—	—	2.00	1.43	4.57	4.57	11.57	5.57
Clinic Assistants	—	—	—	—	—	—	—	5.00	4.50	4.50
Clerical	—	—	—	—	—	1.00	1.00	1.00	1.00	1.50
Total Attendance & Health Svcs	55.57	54.57	59.51	59.51	59.32	58.34	61.62	63.79	66.67	58.21
Pupil Transportation										
Director of Transportation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Coordinators	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Technicians	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Clerical	5.00	5.00	5.00	5.00	4.00	4.00	3.00	4.00	4.00	4.00
Bus Drivers	106.93	101.93	101.93	98.13	98.13	97.80	97.80	99.60	99.60	96.60
Bus Aides	37.54	35.54	35.54	31.94	31.94	28.00	28.00	29.00	29.00	26.00
Shop Foreman	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Mechanics	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Total Pupil Transportation	162.47	155.47	155.47	148.07	147.07	142.80	142.80	146.60	146.60	140.60
Operations and Maintenance										
Asst Superintendent, Operations	—	—	—	—	—	—	—	—	—	1.00
Senior Director, Operations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	—
Supervisor, Maintenance	—	—	—	—	—	—	—	—	—	—
Custodial Services Coordinator	—	—	—	—	—	—	—	—	—	1.00
Facilities Coordinator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Energy Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Trades	19.00	17.00	17.00	15.00	15.00	15.00	15.00	14.00	14.00	14.00
Security Guards	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Grounds Workers	3.00	3.00	3.00	4.00	4.00	5.00	5.00	5.00	6.00	6.00
Clerical	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Custodians	88.31	87.31	87.31	87.31	85.81	85.81	84.81	84.81	81.75	81.75
Total Operations & Maintenance	125.31	122.31	122.31	121.31	119.81	120.81	119.81	118.81	116.75	117.75
Technology										
Director, Technology	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Supervisor, Media/Technology	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Coordinator, Technology	1.00	1.00	1.00	—	—	—	—	—	—	—
ITRT Integration Specialist	12.00	11.00	11.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
LAN Administrator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Internetwork Administrator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Network Specialists	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Programmer/Analyst	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
IFAS Support Technician	—	—	—	—	—	—	—	—	1.00	1.00
Webmaster	—	—	—	—	—	—	—	1.00	1.00	1.00
Communications & Design Specialist	1.00	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—
Technology Teachers	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	11.00
Technology Support	21.00	19.00	19.00	18.00	18.00	17.00	16.00	15.00	14.00	14.00
Clerical	1.00	2.00	2.00	1.50	1.00	1.00	1.00	1.00	1.00	1.00
Total Technology	51.00	49.00	49.00	47.50	47.00	46.00	45.00	44.00	44.00	46.00
Food Services										
Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other Professional	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clerical	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cafeteria Managers	16.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	14.00
Cafeteria Workers	48.63	44.44	44.44	44.44	44.44	44.44	44.44	44.44	44.44	44.03
Total Food Services	67.63	62.44	61.03							
Total	1,789.58	1,740.14	1,731.95	1,704.05	1,698.42	1,677.02	1,683.26	1,722.82	1,727.62	1,706.38

Source: Nonfinancial information from district records.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

Schedule of Insurance Program Coverages

For the Year ended June 30, 2019

Insurance Company/Carrier - Virginia Association of Counties (VaCo)

Coverage	Limits	Deductibles
<u>A. Property</u>		\$ 5,000/5,000/25,000
Valuation:		
Buildings Contents - Replacement Cost, unless otherwise noted		
Inland Marine & Computers - Functional Replacement cost up to contract limits if 100% replacement cost values are reported, otherwise Actual Cash Value		
Flood (outside 100-year flood plain) and Earthquake up to contract limits		
Business Interruption/Extra Expense	\$ 8,100,000	
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 (per occurrence up to 120 days)	25,000,000	
Boiler/Equipment Breakdown	50,000,000	
<u>B. General Liability</u>		—
Bodily injury and property damage	2,000,000	
Personal injury and advertising	2,000,000	
Products and completed operations	2,000,000	
Fire legal liability	5,000,000	
Employee benefits liability	2,000,000	
Premise medical payments	5,000 per person/10,000 per accident	
Broad form property damage	100,000	
Property in the care, custody, and control	100,000	
<u>C. Automobile Liability (Liability/Comprehensive/Collision)</u>		-/1,000/1,000
Bodily injury and property damage	2,000,000	
Non-owned liability	1,000,000	
Medical payments	5,000	
Automobile physical damage	Actual cash value or cost of repairs, less deductible	
Uninsured/underinsured motorists	Statutory	

Table XXX

Coverage	Limits	Deductibles
<u>D. School Leaders Liability</u>		
	\$	5,000
Wrongful act per occurrence	\$ 6,000,000	
Annual contract aggregate	6,000,000	
<u>E. Crime</u>		
		250
Employee dishonesty, faithful performance	500,000	
Broad form monies and securities-inside/outside	500,000	
Money orders, counterfeit, depositors forgery	500,000	
<u>F. Cyber Risk</u>		
		—
Limit of liability (\$5,000,000 Pool Aggregate)	500,000	
<u>G. Environmental Liability</u>		
		25,000
Each incident and aggregate (\$2,000,000 Pool Aggregate)	1,000,000	
<u>H. Workers' Compensation</u>		
		—
Coverage A	Statutory	
Coverage B	1,000,000	

Health insurance Carrier - Commonwealth of Virginia's
The Local Choice Program

Dental insurance (stand-alone) Carrier - Delta Dental of Virginia

Source: Williamsburg-James City County Public Schools, Finance Department

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
 (Component Unit of James City County, Virginia)

Operating Statistics

Last Ten Fiscal Years

Fiscal year	March Average Daily Membership*	Operating Expenditures*	Cost per Pupil	Percentage Change	Expenses*
2019	11,429	\$ 144,246,754	\$ 12,621	5.24%	\$ 142,915,783
2018	11,421	137,063,358	12,001	1.86%	138,180,335
2017	11,470	134,554,353	11,731	3.26%	140,225,705
2016	11,246	130,300,881	11,586	0.91%	132,425,464
2015	11,061	129,129,762	11,674	5.76%	132,185,615
2014	10,954	122,098,712	11,146	2.44%	126,349,097
2013	10,715	119,187,582	11,123	0.13%	123,064,717
2012	10,602	119,034,045	11,228	0.82%	122,551,197
2011	10,488	118,062,691	11,257	-0.49%	121,587,771
2010	10,486	118,639,099	11,314	-1.53%	121,494,525

Notes:

Operating expenditures are total expenditures less debt service and capital outlays.

(*) Operating expenditures and expenses include pre-K expenditures/expenses; March average daily membership does not include pre-K students.

Source:

Operating expenditure amounts extracted from Exhibit IV and Expenses from Exhibit II of the respective Comprehensive Annual Financial Report.

Table XXXI

Fiscal Year	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio
2019	\$ 12,505	3.43%	703.00	16.3
2018	12,099	-1.46%	686.00	16.6
2017	12,225	5.89%	676.95	16.9
2016	11,775	0.18%	662.45	17.0
2015	11,951	4.62%	662.84	16.7
2014	11,535	2.67%	648.67	16.9
2013	11,485	0.42%	648.10	16.5
2012	11,559	0.79%	658.59	16.1
2011	11,593	0.08%	673.91	15.6
2010	11,586	-1.71%	668.98	15.7

Table XXXII

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Adopted Teacher Salary Schedule
For the Year ended June 30, 2019

Step	Bachelor's Degree	Master's Degree	Master's Plus 30	Doctoral Degree
0	\$ 43,000	\$ 44,500	\$ 46,000	\$ 47,500
1	43,215	44,723	46,230	47,738
2	43,431	44,946	46,461	48,215
3	43,865	45,396	46,972	48,793
4	44,348	45,940	47,536	49,379
5	44,880	46,492	48,106	49,972
6	45,464	47,050	48,684	50,621
7	45,918	47,520	49,170	51,127
8	46,377	47,995	49,662	51,639
9	46,841	48,475	50,159	52,155
10	47,310	48,960	50,660	52,677
11	47,783	49,450	51,167	53,203
12	48,260	49,944	51,679	53,735
13	48,743	50,443	52,195	54,273
14	49,230	50,948	52,717	54,815
15	49,723	51,457	53,245	55,364
16	50,245	51,972	53,777	55,917
17	50,747	52,544	54,315	56,532
18	51,509	53,857	55,129	57,946
19	52,796	55,204	56,508	59,394
20	54,116	56,584	57,920	60,879
21	55,469	57,998	59,368	62,401
22	56,856	59,448	60,853	63,961
23	58,277	60,934	62,374	65,560
24	59,734	62,458	63,933	67,199
25	61,466	64,019	65,532	68,879
26	62,757	64,852	66,449	69,775
27	63,950	65,695	67,313	70,682
28		67,337	68,928	72,378
29		68,953	70,583	74,115
30		70,677	72,277	75,894
31		71,737	73,361	77,032
32		72,454	74,241	77,957
33		73,179	74,984	78,736
34		73,911	76,033	79,524
35		75,315	77,174	80,319
36			78,331	81,122
37			79,467	82,258
Number of Teachers:	296	541	98	14
% in each lane:	31.19%	57.01%	10.33%	1.48%

* Positions included on this schedule are teachers, librarians, guidance counselors, social workers, instructional technology resource teachers, math specialists, reading specialists, and grandfathered position(s) converted to student advancement coach.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Cluster/Program Title	Federal catalog number	Pass-through entity identifying number	Expenditures
Department of Agriculture:			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
Food Commodities	10.555	5180699	\$ 247,499
Virginia Department of Education:			
School Breakfast Program	10.553	16161VA307N1099	476,178
National School Lunch Program	10.555	16161VA307N1099	1,569,606
Total Child Nutrition Cluster, Department of Agriculture			<u>2,293,283</u>
Department of Education:			
Impact Aid	84.041	N/A	181,837
College of William and Mary - Project HOPE	84.196	S196A150048	23,186
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A150046/S010A1	1,408,280
Title I, Part D, Neglected and Delinquent Children	84.013	S013A150046	1,121
Vocational Education - Basic Grants to States	84.048	V048A130046	108,226
Title II, Part A, Supporting Effective Instruction State Grants	84.367	S367A150044/S367A1	209,832
Title III, Part A, English Language Acquisition Grants	84.365	S365A14140046/S365	46,971
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	S424A170048	13,659
Special Education Cluster:			
Special Education - Grants to States	84.027	11027A150107/11027	2,174,095
Special Education - Preschool Grants	84.173	H173A160112	16,838
Total Special Education Cluster			<u>2,190,933</u>
Total Department of Education			<u>4,184,045</u>
Department of Health and Human Services:			
Head Start Program Cluster:			
Williamsburg-James City County Community Action Agency - Head Start	93.600	**	148,507
Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	51SR7101M3001	51,190
Total federal awards			<u>\$ 6,677,025</u>

N/A Not applicable; direct funding

** Information is not available.

WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, 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 Williamsburg-James City County Public Schools (the School Division). 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 School Division, it is not intended to and does not present the financial position, changes in net position or cash flows of the School Division.

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 School Division 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 Honorable Members of the School Board
Williamsburg - James City County Public Schools
Williamsburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Williamsburg - James City County Public Schools, a component unit 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 Williamsburg - James City County Public Schools' basic financial statements, and have issued our report thereon dated November 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Williamsburg - James City County Public Schools' 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 Williamsburg - James City County Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Williamsburg - James City County Public Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Williamsburg - James City County Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
November 26, 2019

WILLIAMSBURG - JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, 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 Williamsburg - James City County Public Schools' compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

- Cash and Investments
- Retirement Systems
- Unclaimed Property
- Conflicts of Interest
- Procurement
- Reporting

State Agency Requirements

- Education

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.

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

To the Honorable Members of the School Board
Williamsburg - James City County Public Schools

Report on Compliance for Each Major Federal Program

We have audited the Williamsburg - James City County Public Schools (the "Schools") 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 Schools' major federal programs for the year ended June 30, 2019. The Schools' 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 Schools' 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 Schools' 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 Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, the Schools 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 Schools 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 Schools' 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 Schools' 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 26, 2019

WILLIAMSBURG - JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

A. 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 programs tested as major were:

Name of Program	CFDA #
Child Nutrition Cluster	10.553, 10.555
Special Education Cluster	84.027, 84.173

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Schools were not determined to be a **low-risk auditee**.

WILLIAMSBURG - JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2019

FINDING IC-2018-001 - INADEQUATE MANAGEMENT OVERSIGHT - MATERIAL WEAKNESS

Condition:

The Schools' year-end financial statements contained a number of errors, inconsistencies, and omissions. Therefore, as a result of our initial audit procedures in October 2018, we proposed numerous material adjustments that were subsequently made by the Schools. Initially, the auditors were unable to obtain complete and accurate information or support to perform audit test work. Subsequent to the initial audit work performed in October 2018 and with the assistance of James City County's Finance department, the Schools' Finance department reconciled the Schools' account balances. Consequently, material adjustments were recorded in the School's general ledger.

Recommendation:

The Superintendent and the School Board should monitor the competence of Finance Department management to oversee and review the financial records.

Current Status:

The corrective action outlined in the FY2018 schedule of findings and response was implemented during FY2019. Qualified, competent staff are now in place within the Finance Department and account reconciliations and reviews are being completed on a monthly basis. Regular meetings with County and City finance staff take place throughout the fiscal year.

FINDING VA-2018-001 - REPORTING DEADLINE

Condition:

The audited Comprehensive Annual Financial Report (CAFR) was not submitted to the Auditor of Public Accounts (APA) by the November 30, 2018 deadline. The Schools 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.

Recommendation:

The Schools 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 FY2018 schedule of findings and response was implemented during FY2019. We anticipate submission by November 30, 2019 for the current fiscal year.

**WILLIAMSBURG - JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2019**

FINDING VA-2018-002 - ANNUAL SCHOOL REPORT

Condition:

A reconciled Annual School Report (ASR) was not submitted to the State Board of Education by the September 15, 2018 deadline. Further, due to the significance of journal entries posted to the Schools records subsequent to the last ASR that was filed on November 1, 2018, it was not feasible for the auditor to test a reconciliation.

Recommendation:

The Schools 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 FY2018 schedule of findings and response was implemented during FY2019. The Annual School Report was submitted by the statutory deadline for FY2019.