



**WILLIAMSBURG
JAMES CITY COUNTY**
PUBLIC SCHOOLS

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EPORT

A Component Unit of James City County, Virginia

For the Fiscal Year Ended June 30, 2016



**WILLIAMSBURG
JAMES CITY COUNTY**
PUBLIC SCHOOLS

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

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INANCIAL

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EPORT

For the Fiscal Year Ended June 30, 2016
(With Independent Auditors' Report thereon)

Prepared By:
WJCC Department of Finance
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P.O. Box 8783
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**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, 2016

City of Williamsburg

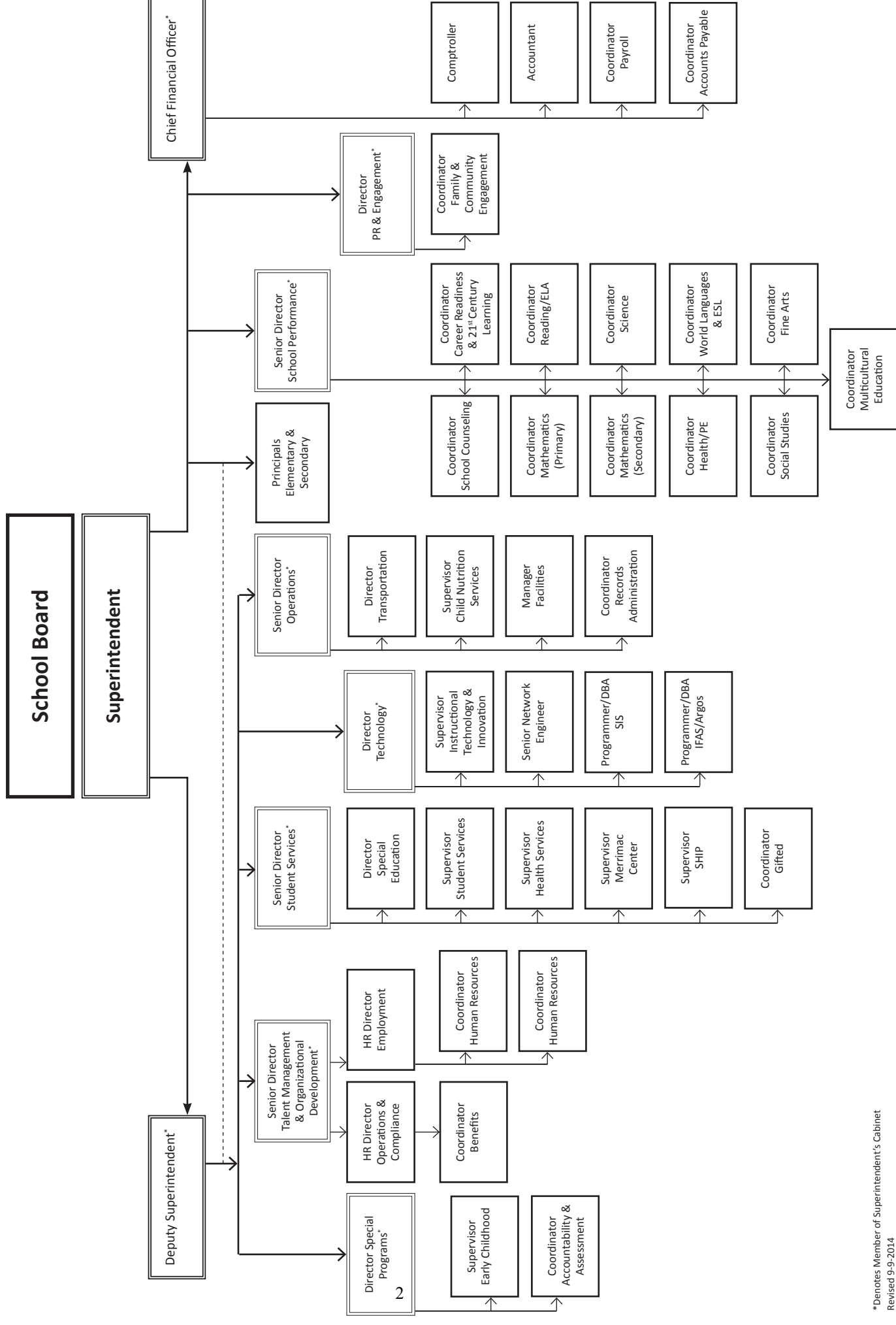
Ms. Kyra Cook..... Vice-Chair
Ms. Julie Hummel.....School Board Member

James City County

Mr. James Kelly..... Chair
Mr. James Beers.....School Board Member
Ms. Lisa Ownby.....School Board Member
Ms. Holly Taylor.....School Board Member
Ms. Sandra Young.....School Board Member

Officials

Dr. Olwen E. Herron..... Acting Superintendent of Schools
Ms. Christina P. Berta.....Chief Financial Officer
Ms. Y. Rene Ewing..... Comptroller
Ms. Janet L. Cerza..... Clerk
Ms. Jennifer D. Tomes.....Treasurer





Williamsburg – James City County Public Schools

School Board & Central Office at James Blair

P.O. Box 8783 | Williamsburg, VA 23187

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

WJCC School Board

Jim Kelly, PE

Chair

Jamestown District

Kyra Cook

Vice Chair

City of Williamsburg

James W. Beers, Ph.D.

Parliamentarian

Roberts District

Julie Y. Hummerl, M.Ed.

City of Williamsburg

Mary P. Minor

Powhatan District

Holly A. Taylor, M.S.Ed.

Stonehouse District

Sandra S. Young

Berkeley District

Acting Superintendent

Olwen E. Herron, Ed. D.

November 29, 2016

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, 2016, 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 Dixon Hughes Goodman LLP performed the audit of Williamsburg-James City County Public Schools for the tenth time this year. They were awarded the contract to provide the annual financial audit through the year ended June 30, 2017, with an opportunity for one five year renewal, 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 Dixon Hughes Goodman 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 2015-2016, the School Division operated three high schools (Grades 9-12), three middle schools (Grades 6-8), and nine elementary schools (Grades K-5). The School Division served 11,303 K-12 students and 295 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

James City County has seen a gradual increase in economic activity during the current fiscal year. Overall, general fund revenues increased 8.5% from last year. The majority of the increase was due to the 7 cent real estate tax increase. Revenues are expected to increase 3.3% during fiscal year 2017, due to the slow economic improvement.

In May 2016, Standard & Poor's Rating Service reaffirmed the County's AAA bond rating, which is the highest possible rating. This bond rating is based on analysts' recommendations after a review of economic and fiscal performance, strong liquidity, fiscal policies and practices, evidence of financial planning to meet future capital needs. This rating is excellent for a community the size of James City County and gives the County additional leverage in the bond market for potential bond buyers and investors.

MAJOR INITIATIVES

The School Division continues to rely upon the adopted Strategic Plan as a guiding document. The Plan's vision is "pursuing excellence and championing the success of all students." The direction and activities of WJCC are aligned with the Plan and the following five priorities:

1. High student achievement for 21st century success
2. Safe, secure and welcoming climate for learning
3. Rich, rewarding experience for professionals
4. Trust and authentic partnerships with families and the broader community
5. Accountable and trusted leadership

WJCC's overall SOL pass rate continues to exceed the state's SOL pass rate in all subject areas. This table represents WJCC's 2016 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	84	80	+4
Writing	85	77	+8
Math	84	80	+4
Social Studies/History	88	86	+2
Science	87	83	+4

WJCC's on-time graduation rate improved to 91.5% in 2015-2016. This rate was an improvement from 2014-2015 and outperformed Virginia's on-time graduation rate average of 91.3%.

In the area of reading, SOL performance of WJCC students in the African-American reporting group increased from 62% in 2015 to 66% in 2016.

In the area of math, SOL performance of students in the African-American reporting group continues to outpace the Virginia average in this group – the Math SOL pass rate of African-Americans was 69% while the state average was 67%.

All fifteen WJCC schools were awarded "Fully Accredited" status by the Virginia Department of Education. The school division was one of just 53 divisions across the state that received full accreditation for all schools.

During fiscal year 2016, the WJCC Schools Foundation was established with a mission to provide resources to enrich teaching, inspire learning and maximize innovative opportunities for all students in the school division. The Foundation awarded approximately \$27,000 in grants its first year.

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.

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

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 2012.

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 \$1.1 million from the prior year;
- WJCC met its expense obligations and returned a total of \$3.4 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 2016-18 biennial budget. Additionally, we expect increases in the Virginia Retirement System retirement rates as a result of pension reform. 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.

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 six 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 Dixon Hughes Goodman 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 a separately issued James City County and Williamsburg-James City County School Board combined single audit 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 2014-2015 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.

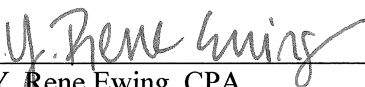
Respectfully submitted,



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



Christina P. Berta, MBA
Chief Financial Officer



Y. Rene Ewing, CPA
Comptroller



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting Award
is presented to**

Williamsburg-James City County Public Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
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, 2015

Executive Director/CEO



Independent Auditors' Report

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, 2016, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Williamsburg - James City County Public Schools, as of June 30, 2016, and the respective changes in financial position 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 13 through 22, the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on page 71, the Schedule of Funding Progress on page 73, the Schedule of Employer Contributions on pages 74 and 75, the Schedules of Changes in Net Pension Liabilities and Related Ratios - VRS Nonprofessional Plan on page 76 and the Schedule of Employer's Share of Net Pension Liability - VRS Teachers Retirement Plan on page 77, and the notes to required supplementary information on pages 78 and 79 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 and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information on page 81 is presented for purposes of additional analysis and is also not a required part of the financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is 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 29, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Williamsburg - James City County Public Schools' internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Newport News, Virginia
November 29, 2016

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2016 and 2015

This discussion and analysis of Williamsburg-James City County Public Schools' (the Schools) financial performance provides an overview of financial activities for fiscal years ended June 30, 2016 and 2015. 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 2016, the Schools' governmental activities' expenses of \$132.4 million exceeded charges for services and operating grants and contributions of \$19.7 million by \$112.7 million. General revenues of \$114.1 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' expenditures exceeded revenues and other financing sources by \$1.6 million for the year ended June 30, 2016. This is primarily related to the payment of purchase orders issued in fiscal year 2015 but the goods and services were not delivered nor paid for until fiscal year 2016.
- Total intergovernmental revenue for the governmental funds was \$130.2 million for the year ended June 30, 2016, reflecting an increase of 0.7% over 2015. Of that amount, \$91.2 million was revenue from the City and the County, \$32.7 million represented aid from the Commonwealth of Virginia (the Commonwealth), and \$6.3 million was revenue from the federal government.
- In the General Fund, the School Board returned unexpended appropriations for fiscal year 2016 to the County of James City and City of Williamsburg in the amount of \$3.4 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.

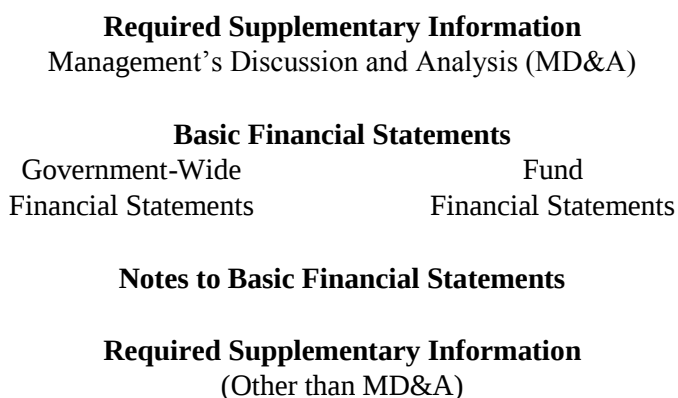
WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS
(Component Unit of James City County, Virginia)

Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2016 and 2015

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 liabilities, 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.

- **Governmental Activities:** The Schools' basic services are included here, such as general and administrative, instruction, attendance and health services, pupil transportation, operations and

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

Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2016 and 2015

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, 2016 and 2015.

Total net position increased by \$1.4 million or 2.3% over fiscal year 2015's deficit net position. Unrestricted net position totaled a deficit of \$113.2 million at June 30, 2016.

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

Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2016 and 2015

Table 1			
Condensed Summary of Net Position at June 30, 2016 and 2015			
	2016	2015	Variance
Current assets	\$ 19,051,950	18,168,379	883,571
Capital assets, net	54,116,949	53,549,272	567,677
Total assets	<u>\$ 73,168,899</u>	<u>71,717,651</u>	<u>1,451,248</u>
Deferred outflows of resources	11,786,430	9,802,152	1,984,278
Current liabilities	\$ 18,030,609	15,666,099	2,364,510
Noncurrent liabilities	116,311,641	108,821,350	7,490,291
Total liabilities	<u>\$ 134,342,250</u>	<u>124,487,449</u>	<u>9,854,801</u>
Deferred inflows of resources	9,228,209	17,052,806	(7,824,597)
Net position:			
Net investment in capital assets	\$ 53,952,706	53,328,252	624,454
Restricted	619,624	382,866	236,758
Unrestricted	(113,187,460)	(113,731,570)	544,110
Total net position (deficit)	<u>\$ (58,615,130)</u>	<u>(60,020,452)</u>	<u>1,405,322</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 \$0.8 million over fiscal year 2015. 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 \$0.3 million or 0.3% over fiscal year 2015 as a result of increased allocations from the State.

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 2016, the majority of which were related to salary and benefit costs for instructional personnel.

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

Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2016 and 2015

Table 2 Condensed Changes in Net Position – Governmental Activities Years ended June 30, 2016 and 2015			
	2016	2015	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 2,406,885	2,314,333	92,552
Operating grants and contributions	17,326,000	16,483,871	842,129
General revenue:			
Interest	681	4,174	(3,493)
Grants and contributions not restricted	113,865,906	113,568,153	297,753
Miscellaneous	231,314	240,786	(9,472)
Total revenues	<u>133,830,786</u>	<u>132,611,317</u>	<u>1,219,469</u>
Program expenses:			
General and administrative	2,815,308	2,836,596	(21,288)
Instruction	92,997,202	91,646,778	1,350,424
Attendance and health services	4,702,668	4,666,999	35,669
Pupil transportation	8,156,425	8,568,121	(411,696)
Operations and maintenance	11,668,670	11,737,440	(68,770)
Technology	7,866,642	8,422,558	(555,916)
Food services	4,199,063	4,282,272	(83,209)
Interest on long-term liabilities	19,486	24,851	(5,365)
Total program expenses	<u>132,425,464</u>	<u>132,185,615</u>	<u>239,849</u>
Increase in net position	<u>\$ 1,405,322</u>	<u>425,702</u>	<u>979,620</u>
Beginning net position (deficit)	<u>\$ (60,020,452)</u>	<u>(60,446,154)</u>	<u>425,702</u>
Ending net position (deficit)	<u>\$ (58,615,130)</u>	<u>(60,020,452)</u>	<u>1,405,322</u>

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

Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2016 and 2015

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, 2016 and 2015					
		2016		2015	
		Total cost of service	Net cost of service	Total cost of service	Net cost of service
General and administrative	\$	2,815,308	(2,815,308)	2,836,596	(2,836,596)
Instruction		92,997,202	(78,924,548)	91,646,778	(78,227,126)
Attendance and health services		4,702,668	(4,076,668)	4,666,999	(4,050,216)
Pupil transportation		8,156,425	(8,156,425)	8,568,121	(8,568,121)
Operations and maintenance		11,668,670	(11,261,399)	11,737,440	(11,355,778)
Technology		7,866,642	(7,426,642)	8,422,558	(7,982,558)
Food services		4,199,063	(12,013)	4,282,272	(342,165)
Interest on long-term liabilities		19,486	(19,486)	24,851	(24,851)
Total program expenses	\$	132,425,464	(112,692,579)	132,185,615	(113,387,411)

The net cost of all governmental activities in fiscal year 2016 was \$112.7 million, representing a 0.6% decrease under fiscal year 2015. The amount that the citizens of the City and the County paid for these activities in fiscal year 2016 through taxes was \$91.2 million, representing a decrease of 0.4% under fiscal year 2015.

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

Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2016 and 2015

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 \$1.6 million. Approximately 12.5% of this amount (\$0.2 million) constitutes unassigned fund balance, which is available for spending at the Schools' discretion. The remainder of fund balance 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 (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, Other Financing Sources, Expenditures and Other Financing Uses Years ended June 30, 2016 and 2015			
	2016	2015	Variance
Revenues:			
City of Williamsburg and James City Co.	\$ 88,433,251	88,109,009	324,242
Commonwealth of Virginia	31,665,192	30,853,685	811,507
Federal government	98,906	87,634	11,272
Charges for services, interest, and miscellaneous	820,281	826,604	(6,323)
Other financing sources	—	98,861	(98,861)
Total revenues and other financing sources	\$ 121,017,630	119,975,793	1,041,837
Expenditures and other financing uses:			
General and administrative	\$ 2,857,644	2,847,306	10,338
Instruction	89,269,571	87,276,924	1,992,647
Attendance and health services	4,217,836	4,155,979	61,857
Pupil transportation	7,122,053	7,542,084	(420,031)
Operation and maintenance	10,779,477	10,950,273	(170,796)
Technology	6,501,215	7,125,095	(623,880)
Debt service/capital outlay	1,556,433	1,572,579	(16,146)
Total expenditures and other financing uses	\$ 122,304,229	121,470,240	833,989

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

Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2016 and 2015

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 expenditures (\$122.3 million) exceeded revenues and other financing sources (\$121.0 million) by \$1.3 million. The primary reason for the decline in fund balance is due to the payment of purchase orders issued in fiscal year 2015 but the goods and services were not delivered nor paid for until fiscal year 2016.

As compared to the original budget, actual intergovernmental revenue was approximately \$3.2 million less at June 30, 2016. This was due primarily to a decrease in revenue required from the City and County. No amendments to the original revenue budget were made during the year. Regarding expenditures and other financing uses, the actual was approximately \$3.0 million less than the original budget. No amendments to the original expenditures budget were made during the year.

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 2016 totaled \$5.6 million. The majority of the revenue, \$3.9 million, was from federal grants. Expenditures for fiscal year 2016 totaled \$5.6 million. As a result, the Grants Fund ended the year with no significant change in fund balance.

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 2016 totaled \$4.2 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 \$2.3 million. Expenditures for the year totaled \$4.1 million in fiscal year 2016. As a result, the Schools' Food Services Fund ended the year with an increase in fund balance of \$0.1 million.

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 2016, revenues totaled \$2.9 million while expenditures totaled \$3.2 million resulting in a decrease in fund balance of \$0.3 million.

Capital Assets

At the end of fiscal year 2016, the Schools had \$54.1 million of capital assets (net of accumulated depreciation) invested in land, buildings, and furniture and equipment. This represented a 1.1% increase from fiscal year 2015 to fiscal year 2016. All capital assets are attributable to governmental activities. Total accumulated depreciation on these assets was approximately \$34.4 million at June 30, 2016.

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

Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2016 and 2015

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

Table 5 Capital Assets, Net at June 30, 2016 and 2015			
Capital Asset Category	2016	2015 (as restated)*	Variance
Land	\$ 8,435,126	8,435,126	—
Buildings and building improvements	33,049,120	34,883,455	(1,834,335)
Furniture and equipment	2,869,845	3,241,029	(371,184)
Vehicles and buses	5,394,170	5,045,420	348,750
Construction in progress	4,368,688	1,944,242	2,424,446
Total capital assets, net	\$ 54,116,949	53,549,272	567,677

*The 2015 amounts have been restated to reflect the breakout of vehicles and buses from the furniture and equipment line.

Major capital asset events during fiscal year 2016 included the following:

- Tennis court resurfacing at Jamestown High School;
- Ten school buses;
- HVAC system at Lafayette High School;
- Practice field refurbishment at Lafayette High School; and,
- Security system camera conversion.

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 2016 were \$116.9 million, with \$0.5 million due within one year and \$116.4 million due in greater than one year consisting of \$1.1 million in compensated absences, \$0.2 million in capital lease obligations, \$5.6 million in other post-employment benefits, and \$110.0 million in net pension liability. The capital lease obligation consists of a lease-purchase agreement that the Schools entered to purchase GPS units and time and attendance tablets for school buses.

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)
Years ended June 30, 2016 and 2015

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
- 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
- Increasing VRS retirement contributions in response to pension reform and rising employee health insurance cost
- Restoration of previously reduced funding for equipment, professional development, and operating expenditures

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, 2016

Assets:	
Cash and temporary investments (note 2)	\$ 17,922,073
Receivables	79,931
Due from federal government	866,760
Due from Commonwealth of Virginia	166,661
Inventory	16,525
Capital assets, not being depreciated (note 4)	12,803,814
Capital assets, net of depreciation (note 4)	<u>41,313,135</u>
Total assets	<u>73,168,899</u>
Deferred outflows of resources:	
Deferred pension contributions	<u>11,786,430</u>
	<u>84,955,329</u>
Liabilities:	
Accounts payable	2,446,955
Accrued payroll	6,890,907
Accrued benefits	7,030,487
Due to the City of Williamsburg and James City County	1,038,021
Unearned revenue (note 10)	65,983
Compensated absences, due in less than one year (note 5)	495,555
Equipment capital leases, due in less than one year (note 5)	62,701
Noncurrent liabilities (notes 5, 6 and 7)	
Compensated absences, due in more than one year	605,678
Equipment capital leases, due in more than one year	101,542
Other postemployment benefits	5,562,300
Net pension liability	<u>110,042,121</u>
Total liabilities	<u>134,342,250</u>
Deferred inflows of resources:	
Deferred pension investment experience	<u>9,228,209</u>
Net position:	
Net investment in capital assets	53,952,706
Restricted for:	
Grants	138,254
Schools' food service	481,370
Unrestricted	<u>(113,187,460)</u>
Total net position (deficit)	<u>\$ (58,615,130)</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, 2016

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	\$ 2,815,308	—	—	(2,815,308)
Instruction	92,997,202	249,303	13,823,351	(78,924,548)
Attendance and health services	4,702,668	—	626,000	(4,076,668)
Pupil transportation	8,156,425	—	—	(8,156,425)
Operations and maintenance	11,668,670	339,217	68,054	(11,261,399)
Technology	7,866,642	—	440,000	(7,426,642)
Food services	4,199,063	1,818,365	2,368,595	(12,103)
Interest on long-term liabilities	19,486	—	—	(19,486)
Total	\$ 132,425,464	2,406,885	17,326,000	(112,692,579)
General revenues:				
Interest				681
Grants and contributions not restricted to specific programs				113,865,906
Miscellaneous				231,314
Total				114,097,901
Change in net position				1,405,322
Net position (deficit) at beginning of year				(60,020,452)
Net position (deficit) at end of year				\$ (58,615,130)

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, 2016

Assets	Major Funds				Total governmental funds
	General	Grants	Schools' Food Services	Capital Projects	
Cash and temporary investments (note 2)	\$ 16,971,480	(11,267)	631,262	330,598	17,922,073
Receivables	59,111	19,988	832	—	79,931
Due from federal government	386	694,898	171,476	—	866,760
Due from Commonwealth of Virginia	138,445	28,216	—	—	166,661
Due from the City of Williamsburg and James City County	253,968	—	—	2,200,605	2,454,573
Inventory	—	—	16,525	—	16,525
Total assets	\$ 17,423,390	731,835	820,095	2,531,203	21,506,523
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 507,294	26,691	68,942	1,844,028	2,446,955
Accrued payroll	6,505,002	260,155	125,750	—	6,890,907
Accrued benefits	6,662,227	240,752	127,508	—	7,030,487
Due to the City of Williamsburg and James City County	3,492,594	—	—	—	3,492,594
Unearned revenue	—	65,983	—	—	65,983
Total liabilities	17,167,117	593,581	322,200	1,844,028	19,926,926
Fund balances:					
Nonspendable:					
Inventory	—	—	16,525	—	16,525
Restricted	—	138,254	481,370	—	619,624
Committed	—	—	—	687,175	687,175
Assigned (note 1)	56,273	—	—	—	56,273
Unassigned	200,000	—	—	—	200,000
Total fund balances	256,273	138,254	497,895	687,175	1,579,597
Total liabilities and fund balances	\$ 17,423,390	731,835	820,095	2,531,203	
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.					54,116,949
Long-term liabilities are not reported as liabilities in the governmental funds.					
Compensated absences		(1,101,233)			
Equipment capital leases		(164,243)			
Other post employment benefits		(5,562,300)			
Net pension liability		(110,042,121)			(116,869,897)
Deferred outflows and inflows of resources are not current financial resources and therefore are not reported in the governmental funds.					2,558,221
Net position of governmental activities					\$ (58,615,130)

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, 2016

	Major Funds				
	General	Grants	Schools' Food Services	Capital Projects	Total governmental funds
Revenues:					
Intergovernmental:					
From City of Williamsburg and James City County	\$ 88,433,251	—	—	2,808,630	91,241,881
From Commonwealth of Virginia	31,665,192	953,592	54,582	68,054	32,741,420
From federal government	98,906	3,870,398	2,285,323	—	6,254,627
Total intergovernmental	120,197,349	4,823,990	2,339,905	2,876,684	130,237,928
Charges for services	588,520	—	1,818,365	—	2,406,885
Interest	447	—	234	—	681
Miscellaneous	231,314	793,541	—	—	1,024,855
Total revenues	121,017,630	5,617,531	4,158,504	2,876,684	133,670,349
Expenditures:					
Current:					
General and administrative	2,857,644	—	—	—	2,857,644
Instruction	89,269,571	4,361,084	—	—	93,630,655
Attendance and health services	4,217,836	590,091	—	—	4,807,927
Pupil transportation	7,122,053	—	—	—	7,122,053
Operations and maintenance	10,779,477	42,155	—	—	10,821,632
Technology	6,501,215	392,383	—	—	6,893,598
Food services	—	102,802	4,064,570	—	4,167,372
Debt service:					
Principal	56,777	—	—	—	56,777
Interest	19,486	—	—	—	19,486
Capital outlay	1,480,170	151,198	14,580	3,239,193	4,885,141
Total expenditures	122,304,229	5,639,713	4,079,150	3,239,193	135,262,285
Excess (deficiency) of revenues over expenditures	(1,286,599)	(22,182)	79,354	(362,509)	(1,591,936)
Fund balances at beginning of year	1,542,872	160,436	418,541	1,049,684	3,171,533
Fund balances at end of year	\$ 256,273	138,254	497,895	687,175	1,579,597

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, 2016

(Continued)

Net change in fund balances	\$	(1,591,936)
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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 expenditures exceeded capital assets in the current period:

Capital outlay	4,885,141	
Depreciation expense	(4,259,185)	
		<u>625,956</u>

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.

(58,279)

Repayment of debt principal is an expenditure in the governmental funds, but does not affect the statement of activities.

56,777

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	(96,700)	
Change in net OPEB obligation	(566,000)	
Change in net pension liability	<u>2,875,068</u>	2,212,368

Governmental funds recognize revenues when they are both measurable and available, that is collected during the current period or within two months after year end. However, they are recognized in full for the period they are earned in the statement of activities.

160,436

Change in net position of governmental activities	\$	<u><u>1,405,322</u></u>
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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, 2016

Assets:

Cash and temporary investments (note 2)	\$ 1,036,382
Receivables:	
Commonwealth of Virginia	<u>271,448</u>
Total assets	<u>\$ 1,307,830</u>

Liabilities:

Accounts payable	\$ 406
Accrued payroll	40,064
Accrued benefits	43,710
Due to students	<u>1,223,650</u>
Total liabilities	<u>\$ 1,307,830</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, 2016

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 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, 2016, the apportionment of the Schools' costs to the County and the City was \$79,935,464 or 90.39%, and \$8,497,787, or 9.61%, 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.

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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 new 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.

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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.

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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 unearned 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 45 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.

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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; 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. However, fund balances at year end have been accordingly assigned. 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, 2016 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 non spendable fund balance, which indicates that the inventory does not constitute available, expendable resources.

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(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 assets are recorded at estimated fair market 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, 2016, the County holds capital assets related to school property with a net book value of \$195,638,419.

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, 2016, 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.

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(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 \$138,254 in restricted balances for various grants at June 30, 2016.
 - The Schools' Food Services fund has \$481,370 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 \$687,175 in committed balance at June 30, 2016 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.
 - The General Fund has \$56,273 in assigned fund balance to support the implementation of a new Human Resources/Financial system.
- 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.

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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.

(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. WJCC PS' 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) Subsequent Events

In preparing these financial statements, the Schools have evaluated events and transactions for potential recognition or disclosure through November 29, 2016, the date the financial statements were available to be issued.

(m) 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 reports 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.

The Components of the deferred outflows of resources and deferred inflows of resources are as follows:

Deferred outflows of resources:	
Deferred contributions from pension	\$ 11,786,430
Total Deferred Outflows of Resources	<u>11,786,430</u>
Deferred Inflows of Resources:	
Deferred pension investment experience	9,228,209
Total Deferred Inflows of Resources	\$ <u>9,228,209</u>

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(n) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the School Board's retirement plan for non-professional employees and of the Virginia Retirement System (VRS) Teacher Retirement Plan and the additions to/deductions from these plans' net fiduciary position have been determined on the same basis as they were reported by 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	\$	18,721,860
Certificates of deposit		29,325
Investment in the Treasurer of the Commonwealth of Virginia's Local Government Investment Pool (LGIP)		207,270
	\$	<u>18,958,455</u>

The totals above include Agency Funds in the amount of \$1,036,382 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 \$21,417,366. 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.

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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
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, 2016, 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.

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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

As of June 30, 2016, 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.

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.

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, 2016, all of the Schools' deposits and investments are held in a bank's trust department in the Schools' name.

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, 2016, there were no interfund receivables or payables.

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. At June 30, 2016, there were no interfund transfers.

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4. Capital Assets, Net

A summary of changes in capital assets follows:

	Balance July 1, 2015 (as restated)	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 8,435,126	—	—	8,435,126
Construction in progress	1,944,242	3,239,193	814,747	4,368,688
Total capital assets not being depreciated	<u>10,379,368</u>	<u>3,239,193</u>	<u>814,747</u>	<u>12,803,814</u>
Other capital assets:				
Buildings and building improvements	51,140,524	650,545	—	51,791,069
Furniture and equipment	8,485,990	503,434	15,882	8,973,542
Vehicles and buses	14,813,004	1,306,716	1,165,560	14,954,160
Total other capital assets	<u>74,439,518</u>	<u>2,460,695</u>	<u>1,181,442</u>	<u>75,718,771</u>
Less accumulated depreciation for:				
Buildings and building improvements	16,257,069	2,484,880	—	18,741,949
Furniture and equipment	5,244,961	874,617	15,881	6,103,697
Vehicles and buses	9,767,584	899,688	1,107,282	9,559,990
Total accumulated depreciation	<u>31,269,614</u>	<u>4,259,185</u>	<u>1,123,163</u>	<u>34,405,636</u>
Other capital assets, net	<u>43,169,904</u>	<u>(1,798,490)</u>	<u>58,279</u>	<u>41,313,135</u>
Totals	<u>\$ 53,549,272</u>	<u>1,440,703</u>	<u>873,026</u>	<u>54,116,949</u>

The beginning balances have been restated to reflect the breakout of vehicles and buses from the furniture and equipment line. This restatement had no effect on total net capital assets previously reported.

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,248,921
General and administrative	10,881
Pupil transportation	1,002,845
Operations and maintenance	898,349
Technology	1,052,999
Food services	45,190
Total governmental activities depreciation expense	<u>\$ 4,259,185</u>

At June 30, 2016, the Schools had contractual commitments of approximately \$5.3 million for work remaining to be performed under capital projects.

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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, 2015	Additions	Deletions	June 30, 2016	due in
					one year
Compensated absences	\$ 1,004,533	1,014,217	917,517	1,101,233	495,555
Equipment capital leases	221,020	—	56,777	164,243	62,701
Other postemployment benefits	4,996,300	825,000	259,000	5,562,300	—
Net pension liability	103,108,314	6,933,807	—	110,042,121	—
	<u>\$ 109,330,167</u>	<u>8,773,024</u>	<u>1,233,294</u>	<u>116,869,897</u>	<u>558,256</u>

The liability for compensated absences is generally liquidated by the fund for which the employee works, typically that is the General Fund. The other postemployment benefit obligations and net pension liability are normally liquidated from 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

The School Board has two lease agreements at June 30, 2016 for 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 qualify for capital lease accounting; therefore, the transactions have been recorded at the present value of their future minimum lease payments at their inception dates.

At June 30, 2016, \$299,344 and \$66,690 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 \$56,777 was recognized during the year ended June 30, 2016 and the amortization charge of \$29,935 is included in depreciation expense.

The future minimum lease payments for this lease are as follows:

Years ending June 30:	
2017	\$ 76,263
2018	76,263
2019	<u>33,716</u>
Total future minimum lease payments	186,242
Less amounts representing interest	<u>(21,999)</u>
Capital lease obligation	<u>\$ 164,243</u>

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(b) Operating Leases

The Schools lease equipment and buildings under noncancelable operating leases. Total costs for such leases were approximately \$272,009 for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

Years ending June 30:

2017	\$	215,723
2018		161,761
2019		138,471
2020		74,199
2021		24,517
	\$	<u>614,671</u>

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 (System)

All full-time, salaried permanent employees of participating employers are automatically covered by VRS upon employment. This plan is administered by the VRS (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service based on criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan. Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and Hybrid. Each plan has different eligibility and benefit structures as set out in the table below:

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VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
About VRS Plan 1 VRS 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. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About VRS Plan 2 VRS 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. Employees are eligible for 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.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions

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		from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.	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. Hybrid Opt-In Election VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • State employees* • School division employees • Political subdivision employees* • Judges appointed or elected to an original term on or after January 1, 2014 • Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Members of the State Police Officers' Retirement System (SPORS) • Members of the Virginia Law Officers' Retirement System (VaLORS) • Political subdivision

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		employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.
Retirement Contributions Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Same as VRS Plan 1.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

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Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Creditable Service Same as VRS Plan 1.	Creditable Service <u>Defined Benefit</u> <u>Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. <u>Defined Contributions</u> <u>Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members	Vesting Same as VRS Plan 1.	Vesting <u>Defined Benefit</u> <u>Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit.

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are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.		Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. <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. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions.
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		• 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. Distribution is not required by law until age 70½.
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. 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.	Calculating the Benefit See definition under VRS Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under VRS Plan 1. <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.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

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Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.	Service Retirement Multiplier Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Normal Retirement Age Age 65.	Normal Retirement Age Normal Social Security retirement age.	Normal Retirement Age <u>Defined Benefit</u> <u>Component:</u> Same as VRS Plan 2. <u>Defined Contribution</u> <u>Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Hazardous duty members are eligible for an unreduced	Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty members are eligible for an unreduced	Earliest Unreduced Retirement Eligibility <u>Defined Benefit</u> <u>Component:</u> Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

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retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	<u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Political subdivision hazardous duty employees: 50 with at least five years of creditable service.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. <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.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. <u>Eligibility:</u> Same as VRS Plan 1	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as VRS Plan 2. <u>Defined Contribution Component:</u> Not applicable. <u>Eligibility:</u> Same as VRS Plan 1 and VRS Plan 2.

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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. <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: • 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 performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	<u>Exceptions to COLA Effective Dates:</u> Same as VRS Plan 1	<u>Exceptions to COLA Effective Dates:</u> Same as VRS Plan 1 and VRS Plan 2.
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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. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	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. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Disability Coverage Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. State employees (including VRS Plan 1 and VRS Plan2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the	Purchase of Prior Service Same as VRS Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: ☐ Hybrid Retirement Plan members are

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health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.		ineligible for ported service. ☐ The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. ☐ Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that on-year period, the rate for most categories of service will change to actuarial cost. <u>Defined Contribution Component:</u> Not applicable.
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The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by the VRS. A copy of the report may be obtained from the VRS Web site at: <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(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. Prior to July 1, 2012, all or part of the 5.00% member contribution may

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have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

Each school division's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. 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. Based on the provisions of §51.1-145 of the Code of Virginia, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the school division were \$9,251,488 and \$9,430,011 for the years ended June 30, 2016 and June 30, 2015, respectively.

The school division's required contribution rate for the year ended June 30, 2016 for the non-professional group was 7.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$369,942 and \$372,141 for the years ended June 30, 2016 and 2015, 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, 2016, the school division reported a liability of \$110,629,000 for its proportionate share of the Net Pension Liability of the Teacher Retirement Plan. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 0.87896% as compared to 0.85987% at June 30, 2014.

For the year ended June 30, 2016, the school division recognized pension expense of \$8,415,011. 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, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Teacher Retirement Plan:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	1,523,000
Net difference between projected and actual earnings on pension plan investments	—	6,775,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,165,000	484,000
Employer contributions subsequent to the measurement date	9,251,488	—
Total	\$ 11,416,488	8,782,000

Deferred outflows of resources reported in the amount of \$9,251,488 related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. 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:

Years ending June 30:		
2017	\$	(2,673,000)
2018		(2,673,000)
2019		(2,673,000)
2020		1,332,000
2021		70,000
Total	\$	<u>(6,617,000)</u>

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Non Professional Plan

At June 30, 2016, the school division reported an asset of \$586,879 from its non professional group. The Net Pension Asset was measured as of June 30, 2015 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015. For the year ended June 30, 2016, the school division recognized pension expense of \$26,351.

Changes in Net Pension Liability for the Non Professional Group:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2014	\$ 15,835,445	\$ 16,640,131	\$ (804,686)
Changes for the year:			
Service cost	526,136	-	526,136
Interest	1,087,945	-	1,087,945
Difference between expected and actual experience	(13,491)	-	(13,491)
Contributions – employer	-	372,141	(372,141)
Contributions – employee	-	256,454	(256,454)
Net investment income	-	764,646	(764,646)
Benefit payments, including refunds of employee contributions	(586,736)	(586,736)	-
Administrative expense	-	(10,296)	10,296
Other changes	-	(162)	162
Net changes	1,013,854	796,047	217,807
Balances at June 30, 2015	\$ 16,849,299	\$ \$17,436,178	\$ (586,879)

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Employees Covered By Benefit Terms (Non Professional Plan)

As of the June 30, 2014, actuarial valuation, the following no professional employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>86</u>
Inactive members:	
Vested	17
Non-vested	72
Active elsewhere in VRS	<u>44</u>
Total inactive members	<u>133</u>
Active members	<u>226</u>
Total	<u>445</u>

At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Non Professional group:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	9,864
Net difference between projected and actual earnings on pension plan investments	—	436,345
Employer contributions subsequent to the measurement date	369,942	—
Total	\$ <u>369,942</u>	<u>446,209</u>

Deferred outflows of resources reported in the amount of \$369,942 related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions as of June 30, 2016 will be recognized in pension expense as follows:

Years ending June 30:		
2017	\$	(175,826)
2018		(175,826)
2019		(174,811)
2020		<u>80,254</u>
Total	\$	<u>(446,209)</u>

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(d) Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan and the school division's non professional employee plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates**Pre Retirement:**

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012.

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

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

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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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
	Inflation		2.50%
	*Expected arithmetic nominal return		8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

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

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(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

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

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Retirement Plan			
School division's proportionate share of the VRS Teacher Employee Retirement Plan (Professional Plan)			
Net Pension Liability	\$161,895,000	\$110,629,000	\$68,426,000
 School division's Non-Professional Employee Retirement Plan Net Pension Liability (Asset)	 \$1,479,598	 \$(586,879)	 \$(2,324,398)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be requested from the System's Chief Financial Officer in writing at P.O. Box 2500, Richmond, VA 23218-2500 or by downloading a copy from the VRS website at: <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>.

VRS Health Insurance Credit:

(a) Plan Description

Retirees who have 15 or more years of creditable VRS service are granted the option to participate in the VRS Health Insurance Credit program by paying 100% of their monthly health insurance premium less a \$1.50 per month per year of service however, such credit shall not exceed the health insurance premium for retiree. Disabled retirees are eligible to receive a maximum monthly credit of \$45. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns

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the authority to establish and amend the benefit provisions to the General Assembly of Virginia. The health insurance credit program is an agent, multiple-employer plan and is financed by payments from Williamsburg – James City County Public Schools for all active employees to the VRS. For fiscal year ended June 30, 2016, the contribution made by WJCC PS was \$716,078 for both professional and nonprofessional employees, of which \$12,157 was for nonprofessional employees. The surplus funds are not considered advance funded because WJCC PS, its employees, and retirees have no vested rights to access the excess funds. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and the plan members to that point. The actuarial valuations for the plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial calculations of the plan reflect a long-term perspective.

The VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the VRS. A copy of that report may be obtained by writing VRS at PO Box 2500, Richmond, Virginia 23218-2500 or by download from their website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>.

Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute an actuarial percentage of their annual reported compensation to the VRS for the retiree health insurance credit. WJCC PS has assumed this contribution. In addition, WJCC PS is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. WJCC PS' required contribution rate for the fiscal year ended June 30, 2016 was 0.23% of annual covered payroll (annual payroll of nonprofessional active employees covered by the plan).

(b) Annual Benefit Cost

For fiscal year 2016, the Schools' annual benefit cost of \$12,157 for nonprofessional employees was equal to the Schools' required and actual contributions. The required contributions were determined as part of the June 30, 2014, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included a 7.0% investment rate of return, projected salary increases of 3.0% per year, and a participation assumption that 85% of current employees will utilize the benefit program. The investment rate of return also included an inflation component of 2.5%. The actuarial value of the Schools' assets is equal to the market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five year period. The Schools' unfunded actuarial

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accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2015, was 19-28 years.

The trend information for the Schools' nonprofessional employees is as follows:

	Annual benefit cost (ABC)	Percentage of ABC contributed	Net benefit obligation
Fiscal year ended:			
June 30, 2016	\$12,157	100.0%	---
June 30, 2015	12,170	100.0%	---
June 30, 2014	13,968	100.0%	---

(c) Funded Status and Funding Progress

As of December 17, 2015, the most recent actuarial valuation date for fiscal year ending June 30, 2015, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 315,314
Less actuarial value of plan assets	(288,614)
Unfunded actuarial accrued liability (UAAL)	26,700
Funded ratio (actuarial value of plan assets/AAL)	91.53%
Covered Payroll	\$ 5,322,882
UAAL as a percentage of covered payroll	0.50%

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

7. Other Post Employment Benefit (OPEB) Plans**(a) Background**

Beginning in fiscal year 2009, the Williamsburg – James City County Public Schools implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to post employment health care and other non-pension benefits. Historically the School's subsidy was funded on a pay-as-you-go basis but GASB 45 requires that the Schools accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to

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accurately account for the total future cost of postemployment benefits and the financial impact on the Schools. This funding methodology mirrors the funding approach used for pension benefits.

(b) 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 Williamsburg – James City County 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 42.

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.

(c) 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.

As of June 16, 2016, the most recent actuarial valuation date for fiscal year ending June 30, 2016, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$	6,979,000
Less actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		6,979,000
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll	\$	79,000,900
UAAL as a percentage of covered payroll		8.8%

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(d) Annual OPEB Cost and Net OPEB Obligation

The Schools are required to contribute the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The current contribution rate for the Schools is 31.4%. The remaining amortization period at June 30, 2016 was 23 years.

The Schools' annual OPEB cost and the net OPEB obligation based on a 3.5% discount rate, a 2.8% inflation rate, and amortizing the initial unfunded actuarial liability over 30 years based on a level percent of payroll method for the year ending June 30, 2015 is as follows:

Discount Rate	3.5%
Annual Required Contribution (ARC)	\$ 887,000
Interest on Net OPEB Obligation	175,000
Adjustment to Annual Required Contribution	(237,000)
Annual OPEB Cost (expense)	\$ 825,000
Expected Pay-As-You-Go Annual Employer Contribution	(259,000)
Net Cash Contribution	-
Increase in net OPEB obligation	566,000
Net OPEB Obligation, June 30, 2015	4,996,300
Net OPEB Obligation, June 30, 2016	\$ 5,562,300
Actual Contribution rate	31.4%

The trend information for the Schools' OPEB plan is as follows:

Three-year trend information				
	Annual benefit cost (ABC)	Actual contribution ¹	Percentage of ABC contributed	Net benefit obligation
Fiscal year ended:				
June 30, 2016	\$ 825,000	\$ 259,000	31.4%	\$ 5,562,300
June 30, 2015	859,000	303,000	35.3%	4,996,300
June 30, 2014	804,000	242,000	30.1%	4,440,300

¹Sum of estimated retiree payments plus scheduled trust contributions.

(e) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used

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include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The valuation of the liabilities as of July 1, 2015 is based on a closed group. Current employees and retirees only are considered; no provision is made for future hires. Using the actuarial assumptions, the number of retired participants is projected each year in the future. Costs are projected for each future year at each age using the trend and aging assumptions. Retiree post employment benefit expenses are determined under the Projected Unit Credit Actuarial Cost Method. Under this method, benefits are projected for life and their present value is determined.

The healthcare cost trend rate assumption used for this valuation was 7.5%; trend rates for medical benefits, including prescription drugs, range from 6.5% in 2016 to 5.96% in 2017. It is assumed that 60% of active school employees will elect coverage at retirement, 40% of retirees electing coverage will also elect coverage for their spouse, and husbands are assumed to be three years older than the wife.

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

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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.

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 the following as of June 30, 2016:

	<u>Grants Fund</u>
High school innovations grant	\$ 29,218
Behavioral intervention grant	11,441
Outdoor science grant	20,332
Math grant	4,992
Total Unearned Revenue	<u>\$ 65,983</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 four 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 \$1.5 million for the year ended June 30, 2016.

During fiscal year 2016, the Williamsburg-James City County Education Foundation was created. The Foundation is a non-profit organization established to receive private donations and contributions to be used for the benefit of the students of WJCCPS and is jointly governed by the citizens of James City County, citizens of the City of Williamsburg, and the WJCCSB. 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, 2016, the foundation disbursed approximately \$27,000 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, 2016

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance from amended</u>
Revenues:				
Intergovernmental:				
Local sources	\$ 91,621,765	91,621,765	88,433,251	(3,188,514)
Commonwealth of Virginia	31,834,391	31,834,391	31,665,192	(169,199)
Federal government	110,000	110,000	98,906	(11,094)
Charges for services	564,000	564,000	588,520	24,520
Interest	3,000	3,000	447	(2,553)
Miscellaneous	126,000	126,000	231,314	105,314
Total revenues	<u>124,259,156</u>	<u>124,259,156</u>	<u>121,017,630</u>	<u>(3,241,526)</u>
Expenditures:				
Education:				
General and administrative	2,946,072	2,946,072	2,857,644	88,428
Instruction	90,742,409	90,522,409	89,083,820	1,438,589
Attendance and health services	4,467,776	4,467,776	4,217,836	249,940
Pupil transportation	8,605,504	8,605,504	7,608,205	997,299
Operations and maintenance	11,357,366	11,357,366	10,988,255	369,111
Technology	6,140,029	6,360,029	6,456,282	(96,253)
Total education	<u>124,259,156</u>	<u>124,259,156</u>	<u>121,212,042</u>	<u>3,047,114</u>
Debt service:				
Principal	—	—	56,777	(56,777)
Interest	—	—	19,486	(19,486)
Total debt service	<u>—</u>	<u>—</u>	<u>76,263</u>	<u>(76,263)</u>
Total expenditures	<u>124,259,156</u>	<u>124,259,156</u>	<u>121,288,305</u>	<u>2,970,851</u>
Excess of revenues under expenditures	<u>\$ —</u>	<u>—</u>	<u>(270,675)</u>	<u>(270,675)</u>
Fund balance at the beginning of year			1,542,872	
Cancellation of unexpended prior year encumbrances			26,948	
Decrease in reserve for encumbrances			(1,042,872)	
Fund balance at end of year			<u>\$ 256,273</u>	

See accompanying note to required supplementary information.

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

Required Supplementary Information

Schedule of Funding Progress (unaudited)

Year ended June 30, 2016

Virginia Retirement System - Health Insurance Credit Program Schedule of Funding Progress - Nonprofessional Employees						
Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded (overfunded) actuarial accrued liability (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
June 30, 2015	\$ 288,614	315,314	26,700	91.53%	\$ 5,322,882	0.50%
June 30, 2014	278,988	307,285	28,297	90.79%	5,062,648	0.56%
June 30, 2013	243,050	288,738	45,688	84.18%	4,462,824	1.02%
June 30, 2012	220,170	280,038	59,868	78.62%	4,730,105	1.27%

Post Retirement Medical and Retiree Health Insurance Plan Schedule of Funding Progress						
Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded (overfunded) actuarial accrued liability (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
July 1, 2015	\$ —	6,979,000	6,979,000	—	\$ 79,000,900	8.8%
July 1, 2014	—	7,335,000	7,335,000	—	74,000,962	9.9%
July 1, 2013	—	6,782,000	6,782,000	—	71,291,388	9.5%
July 1, 2012	—	6,349,000	6,349,000	—	70,133,265	9.1%

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

Required Supplementary Information

Schedule of Employer Contributions (unaudited)

Year ended June 30, 2016

Virginia Retirement System - Health Insurance Credit Program		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2016	\$ 12,157	100%
2015	12,170	100%
2014	13,968	100%
2013	12,958	100%

Post Retirement Medical and Retiree Health Insurance Plan				
Year Ended June 30	Annual Benefit Cost (ABC)	Actual Contribution¹	Percentage of ABC Contributed	Net OPEB Obligation
2016	\$ 825,000	259,000	31.4% \$	5,562,300
2015	859,000	303,000	35.3%	4,996,300
2014	804,000	242,000	30.1%	4,440,300
2013	815,000	239,000	29.3%	3,878,300

¹Sum of estimated retiree payments plus scheduled trust contributions.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer Contributions (unaudited)

Last ten fiscal years

Virginia Retirement System - Professional Employees						
Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll	
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%	
2009	8,975,969	8,975,969	—	64,980,992	13.81%	
2008	9,437,666	9,437,666	—	61,683,251	15.30%	
2007	8,049,786	8,049,786	—	56,704,123	14.20%	

Virginia Retirement System - Non Professional Employees						
Year Ended June 30	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll	
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%	
2009	556,172	556,172	—	4,785,956	11.62%	
2008	580,324	580,324	—	4,492,909	12.92%	
2007	502,072	502,072	—	3,882,116	12.93%	

Note: The Schools have early implemented GASB 82 which changed the definition of covered employee payroll to be payroll on which contributions to a pension plan are based.

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

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

VRS - Non Professional Plan

Year ended June 30, 2016 and 2015

	2016	2015
Total pension liability		
Service cost	\$ 526,136	\$ 507,972
Interest	1,087,945	1,021,383
Difference between expected and actual experience	(13,491)	-
Benefit payments	(586,736)	(570,189)
Net change in total pension liability	1,013,854	959,166
Total pension liability - beginning	15,835,445	14,876,279
Total pension liability - ending (a)	<u>\$ 16,849,299</u>	<u>\$ 15,835,445</u>
Plan fiduciary net position		
Contributions - employer	\$ 372,141	\$ 435,519
Contributions - employee	256,454	237,728
Net investment income	764,646	2,265,304
Benefit payments	(586,736)	(570,189)
Administrative expenses	(10,296)	(12,002)
Other changes	(162)	120
Net change in plan fiduciary net position	796,047	2,356,480
Plan fiduciary net position - beginning	16,640,131	14,283,651
Plan fiduciary net position - ending (b)	<u>\$ 17,436,178</u>	<u>\$ 16,640,131</u>
School's net pension liability (asset) - ending (a) - (b)	<u>\$ (586,879)</u>	<u>\$ (804,686)</u>
Plan fiduciary net position as a percentage of the total pension liability	103.5%	105.1%
Covered-employee payroll	\$5,154,307	\$4,812,365
Net pension asset as a percentage of covered- employee payroll	(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.

Exhibit XI**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

VRS Teacher Retirement Plan

Year ended June 30, 2016 and 2015

	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.87896%	0.85987%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 110,629,000	\$ 103,913,000
Employer's Covered Employee Payroll	65,034,559	62,882,350
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	170.11%	165.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of the James City County, Virginia)

Notes to Required Supplementary Information

Year ended June 30, 2016

(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.

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

Notes to Required Supplementary Information

Year ended June 30, 2016

(2) Changes of benefit terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

(3) Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- a) Update mortality table
- b) Adjustments to the rates of service retirement
- c) Decrease in rates of withdrawals for 3 through 9 years of service
- d) Decrease in rates of disability
- e) Reduce rates of salary increase by 0.25% per year

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WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

Component Unit of James City County, Virginia

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2016

	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2016</u>
State Operated Educational Program:				
Assets:				
Cash and temporary investments	\$ (201,221)	1,224,499	1,210,546	(187,268)
Due from Commonwealth of Virginia	266,887	734,692	730,131	271,448
Total assets	<u>\$ 65,666</u>	<u>1,959,191</u>	<u>1,940,677</u>	<u>84,180</u>
Liabilities:				
Accounts payable	\$ (228)	200,289	199,655	406
Accrued payroll	37,118	1,207,298	1,204,352	40,064
Accrued benefits	28,776	584,144	569,210	43,710
Total liabilities	<u>\$ 65,666</u>	<u>1,991,731</u>	<u>1,973,217</u>	<u>84,180</u>
School Activities Fund:				
Assets -				
Cash and temporary investments	<u>\$ 1,271,617</u>	<u>2,043,557</u>	<u>2,091,524</u>	<u>1,223,650</u>
Liability -				
Due to students	<u>\$ 1,271,617</u>	<u>2,043,557</u>	<u>2,091,524</u>	<u>1,223,650</u>
Total all agency funds:				
Assets:				
Cash and temporary investments	\$ 1,070,396	3,268,056	3,302,070	1,036,382
Due from Commonwealth of Virginia	266,887	734,692	730,131	271,448
Total assets	<u>\$ 1,337,283</u>	<u>4,002,748</u>	<u>4,032,201</u>	<u>1,307,830</u>
Liabilities:				
Accounts payable	\$ (228)	200,289	199,655	406
Accrued payroll	37,118	1,207,298	1,204,352	40,064
Accrued benefits	28,776	584,144	569,210	43,710
Due to students	1,271,617	2,043,557	2,091,524	1,223,650
Total liabilities	<u>\$ 1,337,283</u>	<u>4,035,288</u>	<u>4,064,741</u>	<u>1,307,830</u>

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WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS

(Component Unit of James City County, Virginia)

Notes to Statistical Tables

June 30, 2016

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 and 71.

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities					
Net investment in					
capital assets	\$ 53,952,706	\$ 53,328,252	\$ 52,273,671	\$ 49,897,556	\$ 47,957,321
Restricted	619,624	382,866	581,430	—	—
Unrestricted	<u>(113,187,460)</u>	<u>(113,731,570)</u>	<u>(113,301,255)</u>	<u>(773,763)</u>	<u>(1,202,196)</u>
Total net position	<u>\$ (58,615,130)</u>	<u>\$ (60,020,452)</u>	<u>\$ (60,446,154)</u>	<u>\$ 49,123,793</u>	<u>\$ 46,755,125</u>

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

Note: FY2014 amounts have been restated to comply with GASB68/71.

Table I

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities					
Net investment in					
capital assets	\$ 44,767,708	\$ 37,866,251	\$ 32,421,545	\$ 30,745,916	\$ 28,358,026
Restricted	—	—	—	—	—
Unrestricted	<u>424,395</u>	<u>2,850,898</u>	<u>2,939,967</u>	<u>2,373,555</u>	<u>3,473,769</u>
Total net position	<u>\$ 45,192,103</u>	<u>\$ 40,717,149</u>	<u>\$ 35,361,512</u>	<u>\$ 33,119,471</u>	<u>\$ 31,831,795</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)

	2016	2015	2014	2013	2012
Expenses:					
Governmental activities:					
General and administrative	\$ 2,815,308	\$ 2,836,596	\$ 2,297,396	\$ 2,437,168	\$ 2,425,720
Instruction	92,997,202	91,646,778	82,175,973	87,380,735	87,034,927
Attendance and health services	4,702,668	4,666,999	3,875,200	4,115,553	4,309,939
Pupil transportation	8,156,425	8,568,121	8,010,603	7,978,013	8,130,530
Operations and maintenance	11,668,670	11,737,440	11,259,563	10,945,546	10,703,375
Technology	7,866,642	8,422,558	6,909,909	5,962,934	5,893,444
Food services	4,199,063	4,282,272	4,037,217	4,244,768	4,053,262
Interest on long-term liabilities	19,486	24,851	15,635	—	—
Total expenses	<u>132,425,464</u>	<u>132,185,615</u>	<u>118,581,496</u>	<u>123,064,717</u>	<u>122,551,197</u>
Program Revenues:					
Governmental activities:					
Charges for services					
Instruction	249,303	211,468	377,606	343,800	231,687
Operations and maintenance	339,217	375,120	372,602	315,677	268,087
Food services	1,818,365	1,732,342	1,786,986	1,870,898	2,068,379
Operating grants and contributions	<u>17,326,000</u>	<u>16,479,274</u>	<u>16,091,244</u>	<u>16,006,571</u>	<u>17,998,894</u>
Total program revenues	<u>19,732,885</u>	<u>18,798,204</u>	<u>18,628,438</u>	<u>18,536,946</u>	<u>20,567,047</u>
Net Expense	<u>(112,692,579)</u>	<u>(113,387,411)</u>	<u>(99,953,058)</u>	<u>(104,527,771)</u>	<u>(101,984,150)</u>
General Revenues and Other					
Governmental activities:					
Interest	681	4,174	4,087	2,568	8,454
Grants and contributions not restricted to specific programs	113,865,906	113,568,153	109,960,252	106,692,704	103,477,467
Miscellaneous	<u>231,314</u>	<u>240,786</u>	<u>224,400</u>	<u>201,167</u>	<u>61,251</u>
Total	<u>114,097,901</u>	<u>113,813,113</u>	<u>110,188,739</u>	<u>106,896,439</u>	<u>103,547,172</u>
Change in Net Position	\$ <u>1,405,322</u>	\$ <u>425,702</u>	\$ <u>10,235,681</u>	\$ <u>2,368,668</u>	\$ <u>1,563,022</u>

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

Table II

	2011	2010	2009	2008	2007
Expenses:					
Governmental activities:					
General and administrative	\$ 2,403,103	\$ 2,198,588	\$ 2,664,104	\$ 2,560,760	\$ 2,770,795
Instruction	86,617,095	87,194,611	88,965,658	85,970,956	76,988,775
Attendance and health services	4,096,464	4,392,898	4,442,265	4,079,417	3,544,904
Pupil transportation	7,506,922	7,030,487	6,733,896	6,938,199	5,810,148
Operations and maintenance	10,845,610	10,178,201	11,359,958	10,573,639	9,112,949
Technology	6,175,525	6,764,084	5,579,073	6,307,501	4,197,743
Food services	3,943,052	3,735,656	3,862,988	3,738,680	3,205,632
Interest on long-term liabilities	—	—	204	2,865	5,542
Total expenses	<u>121,587,771</u>	<u>121,494,525</u>	<u>123,608,146</u>	<u>120,172,017</u>	<u>105,636,488</u>
Program Revenues:					
Governmental activities:					
Charges for services					
Instruction	163,380	240,971	243,663	185,966	162,749
Operations and maintenance	300,248	340,909	60,244	51,341	116,770
Food services	1,995,521	1,922,919	2,050,686	2,055,487	2,039,364
Operating grants and contributions	<u>19,437,453</u>	<u>18,623,895</u>	<u>15,430,743</u>	<u>14,246,298</u>	<u>13,624,163</u>
Total program revenues	<u>21,896,602</u>	<u>21,128,694</u>	<u>17,785,336</u>	<u>16,539,092</u>	<u>15,943,046</u>
Net Expense	<u>(99,691,169)</u>	<u>(100,365,831)</u>	<u>(105,822,810)</u>	<u>(103,632,925)</u>	<u>(89,693,442)</u>
General Revenues and Other					
Governmental activities:					
Interest	3,661	6,021	41,697	279,854	281,474
Grants and contributions not restricted to specific programs	104,117,528	105,639,757	109,692,959	104,607,972	93,086,380
Miscellaneous	<u>44,934</u>	<u>75,690</u>	<u>88,243</u>	<u>32,775</u>	<u>29,030</u>
Total	<u>104,166,123</u>	<u>105,721,468</u>	<u>109,822,899</u>	<u>104,920,601</u>	<u>93,396,884</u>
Change in Net Position	<u>\$ 4,474,954</u>	<u>\$ 5,355,637</u>	<u>\$ 4,000,089</u>	<u>\$ 1,287,676</u>	<u>\$ 3,703,442</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund					
Committed	\$ —	\$ —	\$ —	\$ —	\$ 685,097
Assigned	56,273	1,042,872	2,537,319	1,330,013	256,892
Unassigned	<u>200,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total general fund	<u>256,273</u>	<u>1,542,872</u>	<u>3,037,319</u>	<u>1,830,013</u>	<u>1,441,989</u>
 All other governmental funds					
Nonspendable	16,525	35,675	52,094	76,244	40,532
Restricted	619,624	543,302	768,649	190,845	224,282
Committed	687,175	1,049,684	1,049,684	1,460,280	936,976
Assigned	<u>—</u>	<u>—</u>	<u>—</u>	<u>672,806</u>	<u>653,864</u>
Total all other governmental funds	<u>1,323,324</u>	<u>1,628,661</u>	<u>1,870,427</u>	<u>2,400,175</u>	<u>1,855,654</u>
Total governmental funds	\$ <u>1,579,597</u>	\$ <u>3,171,533</u>	\$ <u>4,907,746</u>	\$ <u>4,230,188</u>	\$ <u>3,297,643</u>

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

FY2007-FY2010 amounts have been restated to comply with GASB 54.

Table III

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund					
Committed	\$ 1,240,227	\$ 3,938,395	\$ 2,723,770	\$ 1,693,858	\$ 2,046,233
Assigned	238,241	960,195	1,619,061	527,776	915,642
Unassigned	400,000	400,000	400,000	500,000	237,402
Total general fund	<u>1,878,468</u>	<u>5,298,590</u>	<u>4,742,831</u>	<u>2,721,634</u>	<u>3,199,277</u>
All other governmental funds					
Nonspendable	43,319	39,775	55,484	34,343	63,893
Restricted	217,763	168,270	79,888	509,345	473,508
Committed	1,780,805	67,874	67,874	67,874	402,610
Assigned	<u>414,557</u>	<u>292,377</u>	<u>132,180</u>	<u>334,944</u>	<u>505,835</u>
Total all other governmental funds	<u>2,456,444</u>	<u>568,296</u>	<u>335,426</u>	<u>946,506</u>	<u>1,445,846</u>
Total governmental funds	<u>\$ 4,334,912</u>	<u>\$ 5,866,886</u>	<u>\$ 5,078,257</u>	<u>\$ 3,668,140</u>	<u>\$ 4,645,123</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)

	2016	2015	2014	2013	2012
Revenues:					
From City of Williamsburg and James City County	\$ 91,241,881	91,629,884	\$ 89,714,366	\$ 87,464,236	\$ 84,705,864
From Commonwealth of Virginia	32,741,420	31,895,780	29,719,338	28,322,908	27,410,306
From federal government	6,254,627	5,800,936	5,922,208	6,245,815	8,761,493
Charges for services	2,406,885	2,318,930	2,537,194	2,530,375	2,568,153
Interest	681	4,174	4,087	2,568	8,454
Miscellaneous	1,024,855	934,829	916,358	834,046	666,468
Total revenues	<u>133,670,349</u>	<u>132,584,533</u>	<u>128,813,551</u>	<u>125,399,948</u>	<u>124,120,738</u>
Expenditures:					
General and administrative	2,857,644	2,847,306	2,441,253	2,413,378	2,399,471
Instruction	93,630,655	91,375,915	87,245,042	85,988,849	85,847,899
Attendance and health services	4,807,927	4,718,015	4,207,389	4,093,333	4,285,961
Pupil transportation	7,122,053	7,542,084	7,178,735	7,033,259	7,181,689
Operations and maintenance	10,821,632	10,976,451	10,763,717	10,148,781	10,089,434
Technology	6,893,598	7,428,633	6,203,443	5,316,237	5,234,880
Food services	4,167,372	4,241,358	4,059,133	4,193,745	3,994,711
Capital outlay	4,885,141	5,213,582	6,195,217	5,279,821	6,123,962
Debt service:					
Principal	56,777	51,412	26,912	—	—
Interest	19,486	24,851	15,635	—	—
Total expenditures	<u>135,262,285</u>	<u>134,419,607</u>	<u>128,336,476</u>	<u>124,467,403</u>	<u>125,158,007</u>
Revenues over/(under) expenditures	<u>(1,591,936)</u>	<u>(1,835,074)</u>	<u>477,075</u>	<u>932,545</u>	<u>(1,037,269)</u>
Other Finance Sources (uses):					
Transfers in	—	—	—	685,097	1,140,227
Transfers out	—	—	—	(685,097)	(1,140,227)
Proceeds from capital lease obligations	—	98,861	200,483	—	—
Total other financing sources	<u>—</u>	<u>98,861</u>	<u>200,483</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>\$ (1,591,936)</u>	<u>(1,736,213)</u>	<u>\$ 677,558</u>	<u>\$ 932,545</u>	<u>\$ (1,037,269)</u>
Debt service as a percentage of noncapital expenditures	0.06%	0.06%	0.03%	0.00%	0.00%

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

Table IV

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues:					
From City of Williamsburg and James City County	\$ 86,245,980	\$ 85,992,454	\$ 85,926,730	\$ 84,390,540	\$ 72,999,457
From Commonwealth of Virginia	26,971,781	28,422,738	33,447,751	29,024,778	28,605,876
From federal government	9,807,806	9,036,851	4,887,265	4,709,693	4,273,434
Charges for services	2,409,113	2,504,799	2,354,593	2,292,794	2,318,882
Interest	3,661	6,021	41,697	279,854	281,474
Miscellaneous	673,877	975,682	520,741	797,871	676,448
Total revenues	<u>126,112,218</u>	<u>126,938,545</u>	<u>127,178,777</u>	<u>121,495,530</u>	<u>109,155,571</u>
Expenditures:					
General and administrative	2,375,576	2,172,101	2,627,079	2,548,428	2,759,069
Instruction	85,268,770	85,928,824	87,250,725	85,262,896	76,390,533
Attendance and health services	4,063,102	4,363,706	4,393,181	4,079,417	3,544,904
Pupil transportation	6,494,969	6,232,341	5,972,410	6,265,167	5,162,378
Operations and maintenance	10,352,343	9,880,780	11,163,348	10,521,160	9,065,984
Technology	5,628,007	6,376,540	5,261,115	6,052,181	3,987,006
Food services	3,879,924	3,684,807	3,810,598	3,702,625	3,171,979
Capital outlay	9,581,501	7,510,817	5,265,395	3,960,011	3,364,281
Debt service:					
Principal	—	—	24,605	77,763	68,884
Interest	—	—	204	2,865	5,542
Total expenditures	<u>127,644,192</u>	<u>126,149,916</u>	<u>125,768,660</u>	<u>122,472,513</u>	<u>107,520,560</u>
Revenues over/(under) expenditures	<u>(1,531,974)</u>	<u>788,629</u>	<u>1,410,117</u>	<u>(976,983)</u>	<u>1,635,011</u>
Other Finance Sources (uses):					
Transfers in	2,569,449	—	—	—	200,000
Transfers out	(2,569,449)	—	—	—	(200,000)
Proceeds from capital lease obligations	—	—	—	—	—
Total other financing sources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>\$ (1,531,974)</u>	<u>\$ 788,629</u>	<u>\$ 1,410,117</u>	<u>\$ (976,983)</u>	<u>\$ 1,635,011</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.02%	0.07%	0.07%

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
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
2009		2,664,104		88,965,658		4,442,265		6,733,896		11,359,958
2008		2,560,760		85,970,956		4,079,417		6,938,199		10,573,639
2007		2,770,795		76,988,775		3,544,904		5,810,148		9,112,949

(*) Total Expenses include expenses for 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.

Note: FY2014 amounts have been restated to comply with GASB68/71.

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
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
2009	5,579,073	3,862,988	204	123,608,146	10,236	12,076
2008	6,307,501	3,738,680	2,865	120,172,017	10,111	11,885
2007	4,197,743	3,205,632	5,542	105,636,488	10,050	10,511

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
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
2009		2,616,361		83,567,276		3,552,281		8,141,341		11,126,233
2008		2,559,129		81,322,409		3,342,063		6,299,564		10,785,264
2007		2,738,441		73,842,984		2,773,234		5,265,595		9,167,078

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

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

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

Table VI

Fiscal year		Technology		Total cost – regular day school (*)	March Average Daily membership for (ADM) determining cost per pupil (*)		Per pupil expenditures
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
2009		4,856,054		113,859,546	10,236		11,123
2008		5,956,180		110,264,609	10,111		10,905
2007		3,766,050		97,553,382	10,050		9,707

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
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
2009		2,616,361		83,567,276		3,552,281		8,141,341
2008		2,559,129		81,322,409		3,342,063		6,299,564
2007		2,738,441		73,842,984		2,773,234		5,265,595

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

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

Table VII

Fiscal year		Operations and maintenance		Technology		Debt Service		Total expenditures
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
2009		11,126,233		4,856,054		24,809		113,884,355
2008		10,785,264		5,956,180		80,628		110,345,237
2007		9,167,078		3,766,050		74,426		97,627,808

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.	
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
2009	2,354,593	15,430,743	41,697	109,692,959	88,243	127,608,235
2008	2,292,794	14,246,298	279,854	102,849,926	32,773	119,701,645
2007	2,318,883	13,624,163	281,474	93,086,380	29,030	109,339,930

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
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
2009		303,907	12.9		2,050,686	87.1		2,354,593
2008		237,307	10.4		2,055,487	89.6		2,292,794
2007		279,519	12.1		2,039,363	87.9		2,318,882

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.

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Table X

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 Tax²	Meal Tax²	Retail Sales Tax³
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%
2009		0.54		3.50	5%	5%	1%
2008		0.54		3.50	5%	5%	1%
2007		0.54		3.50	5%	5%	1%

1) per \$100 assessed value

2) Room & Meal tax rates increased to 5% January 1, 1999

3) 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
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%
2009		0.770		4.00	5%	4%	1%
2008		0.770		4.00	5%	4%	1%
2007		0.770		4.00	5%	4%	1%

1) per \$100 assessed value

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

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
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
2009	8,958,284	34,703,901	4,887,265	91,911,839
2008	9,351,386	30,214,812	4,709,710	90,830,982
2007	9,217,623	29,767,936	4,273,434	111,258,940

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
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		126,592,228		5,328,843		131,921,070
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
2009		3,057,031		143,518,320		3,668,140		147,186,460
2008		3,520,519		138,627,409		7,398,893		146,026,302
2007		3,418,067		157,936,000		5,724,188		163,660,188

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
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
2009		11,543,170		4,001,011		15,544,181		8,314,606
2008		11,368,365		5,066,141		16,434,506		8,834,585
2007		11,668,683		3,687,444		15,356,127		6,764,961
2006		4,635,313		8,327,326		12,962,639		4,856,090

Source: Exhibit E (2013-2015) & Exhibit F (2012-2006) from the *Comparative Report of Local Government Revenues and Expenditures*, an annual report prepared by Auditor of Public Accounts, Commonwealth of Virginia, Richmond, Virginia.

Note: Current year information is not available as the APA does not publish this report until 2017 for Fiscal Year 2016.

Table XII

Fiscal year	Debt interest for all other applications	Total debt interest	Total debt service for education	Total debt service
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
2009	2,647,068	10,961,674	19,857,776	26,505,855
2008	2,856,913	11,691,498	20,202,950	28,126,004
2007	2,558,927	9,323,888	18,433,644	24,680,015
2006	1,611,803	6,467,893	9,491,403	19,430,532

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
2016	74,289	\$ 12,511,337,556	\$ 164,243	0.0013
2015	72,187	12,420,621,529	221,020	0.0018
2014	70,711	12,165,747,571	173,571	0.0014
2013	69,945	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
2009	63,135	11,941,060,226	—	0.0000
2008	61,195	11,610,152,643	24,605	0.0002
2007	60,867	10,704,264,557	102,368	0.0010

(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

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
2016	74,289	\$ 12,511,337,556	\$ 49,844,842	\$ 1,221,521	\$ 48,623,321	0.39	655
2015	72,187	12,420,621,529	65,458,589	1,219,616	64,238,973	0.52	890
2014	70,711	12,165,747,571	72,164,244	2,920,369	69,243,875	0.57	979
2013	69,945	11,991,913,497	80,004,294	2,920,538	77,083,756	0.64	1,102
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
2009	63,135	11,941,060,226	109,974,105	1,706,525	108,267,580	0.91	1,715
2008	61,195	11,610,152,643	118,369,735	1,890,734	116,479,001	1.00	1,903
2007	60,867	10,704,264,557	126,590,560	1,832,039	124,758,521	1.17	2,050

(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.

Table XV

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	Principal	(2) Interest	(4) Total debt service	(3) Total general governmental expenditures	Ratio of debt service to general debt to governmental expenditures
2016	\$ 17,122,377	\$ 6,188,222	\$ 23,310,599	\$ 225,802,017	10.32
2015	16,737,000	8,781,971	25,518,971	218,984,810	11.65
2014	16,417,326	8,822,326	25,239,652	211,866,777	11.91
2013 (5)	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
2009	14,363,935	10,625,010	24,988,945	208,510,363	11.98
2008	14,245,257	11,253,935	25,499,192	212,383,260	12.01
2007	14,488,702	9,857,524	24,346,226	199,622,475	12.20

- (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)

General Statistical Data Encompassing School Division Area

POPULATION		EMPLOYMENT (for 2015)	
Number of households	30,986	Unemployment rate	4.3%
Average household size	2.33	Civilian Labor Force	34,406
Household population	72,187	Employed	32,924
		Unemployed	1,482

(Source: Planning Department, James City County, supplemented by data from the U.S. Bureau of the Census)

AGE			ROADS	
0 to 14 years old	11,608	17.3%	Interstate	11.04 miles
15 to 19 years old	4,120	6.1%	Secondary	55.85 miles
20 to 34 years old	9,741	14.5%	Primary	242.73 miles
35 to 44 years old	8,133	12.1%		
45 to 64 years old	19,537	29.2%		
65 and older	13,870	20.7%		
Total population	67,009			

(Source: 2010 U.S. Census)

LOCAL COMPOSITE INDEX

	JCC	City
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
1999	0.6088	0.8000
1997	0.5993	0.8000

TAXABLE RETAIL SALES

James City County		
2016	\$	1,119,348,000
2015		1,053,339,000
2014		999,911,900
2013		992,914,200
2012		932,214,200
2011		892,445,000
2010		842,195,600
2009		861,852,500
2008		892,444,900
2007		882,593,500

(Source: Virginia Department of Education)

(Source: Treasurer, James City County)

TRUE VALUE OF PROPERTY

James City County		
2016	\$	12,511,337,556
2015		12,420,621,529
2014		12,165,747,571
2013		11,991,913,497
2012		12,341,704,734
2011		12,152,483,497
2010		12,092,979,169
2009		11,941,060,226
2008		11,610,152,643
2007		10,704,264,557

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

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, 2015

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 2016 ADM): 11,246

	Original construction date	Date(s) of additions/renovations	Building area (in square feet)	Acreage
Secondary schools:				
Berkeley	1966	1989, 1990, 1999	114,867	19.30
James Blair	1954	1989, 1990, 1996, 1998, 2003	89,400	15.00
Toano	1992	2000, 2007	102,275	34.37
Lois Hornsby	2010	None	145,458	60.42
Jamestown	1997	None	193,094	80.01
Lafayette	1973	1990, 1993, 1997	202,500	50.00
Warhill	2007	None	240,750	54.50
Elementary schools:				
Clara Byrd Baker	1989	1992, 1999, 2000	78,840	23.60
Rawls Byrd	1966	1987, 1988, 1990, 1998	95,109	12.63
D. J. Montague	1989	1997, 1999, 2000	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	71,739	24.19
Stonehouse	2000	2007	83,000	26.00
Matoaka	2007	None	92,119	40.20
J Blaine Blayton	2010	None	93,247	20.12
Operations Center	1992	None	26,000	7.60

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
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
2009	1,138.83	10,457	108.90
2008	1,124.33	10,339	108.75
2007	1,047.71	10,272	102.00
2006	1,011.67	9,738	103.89

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

Note: Fiscal Year 2016 data will not be published by the Virginia Department of Education until 2017.

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
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%
2009	10,249	10,236	10,174	(0.73)%	99.27%
2008	10,137	10,111	10,002	(1.33)%	98.67%
2007	10,107	10,050	9,919	(1.86)%	98.14%
2006	9,820	9,823	9,810	(0.10)%	99.90%

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

Note: Fiscal Year 2016 data will not be published by the Virginia Department of Education until 2017.

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	Middle	High
		Grades K thru 5	Grades 6 thru 8	Grades 9 thru 12
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
2009	10,249	4,569	2,283	3,397
2008	10,137	4,444	2,327	3,366
2007	10,107	4,472	2,381	3,254

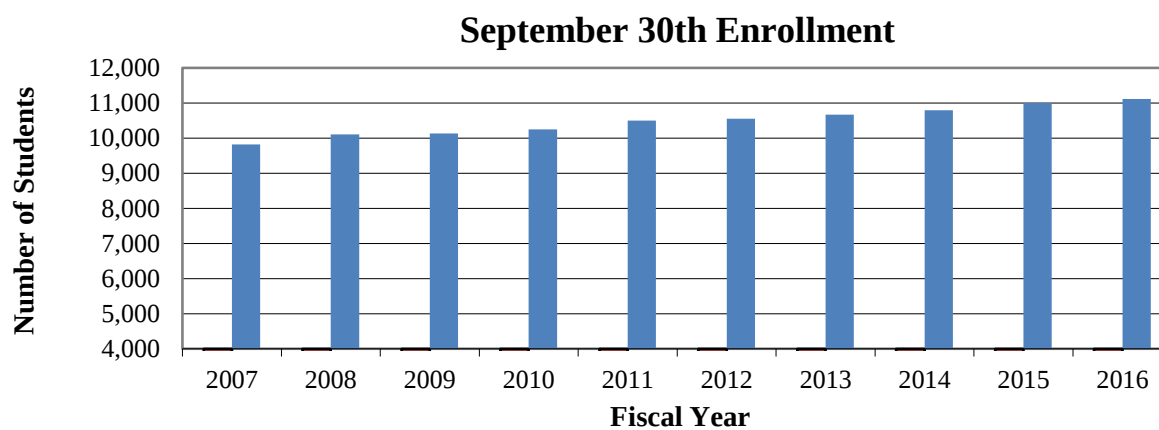


Table XXI

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, 2015

School	Free lunch	Reduced lunch	Total	September enrollment	Percentage of participants
Clara Byrd Baker	152	48	200	536	37.31%
Clara Byrd Baker Preschool	19	2	21	54	38.89%
Rawls Byrd	191	40	231	482	47.93%
Rawls Byrd Preschool	34	6	40	74	54.05%
D. J. Montague	124	29	153	438	34.93%
Norge	196	50	246	610	40.33%
Norge Preschool	35	12	47	86	54.65%
Matthew Whaley	204	23	227	512	44.34%
James River	270	51	321	492	65.24%
Stonehouse	160	45	205	714	28.71%
Matoaka	121	21	142	721	19.69%
J Blaine Blayton	149	32	181	474	38.19%
J Blaine Blayton Preschool	48	9	57	94	60.64%
Berkeley Middle	349	65	414	880	47.05%
Toano	155	70	225	803	28.02%
Hornsby	146	25	171	936	18.27%
Lafayette	353	84	437	1,209	36.15%
Jamestown	202	54	256	1,308	19.57%
Warhill	277	73	350	1,188	29.46%
	<u>3,185</u>	<u>739</u>	<u>3,924</u>	<u>11,611</u>	*

Source: September 30, 2015 enrollment report and Child Nutrition Services

* Note: Total does not match September 30, 2015 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
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%

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
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
2009	1.25	2.00	1.35	2.10	1.45	2.25-2.75	A-La-Carte
2008	1.05	1.90	1.15	2.00	1.25	2.15-2.65	A-La-Carte
2007	1.05	1.85	1.15	1.95	1.25	2.10-2.60	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	2016			2007		
	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	21.85%
Williamsburg-James City County						
Public Schools	1000+	2	4.86%	1,000+	2	6.23%
Eastern State Hospital	500-999	3	2.73%	1,000+	3	3.68%
James City County	500-999	4	2.28%	500-999	6	2.53%
Wal-Mart Distribution Center	500-999	5	1.82%	500-999	7	2.35%
Anheuser-Busch, Inc.	500-999	6	1.67%	500-999	5	3.08%
Riverside Regional Medical Center	500-999	7	1.52%			
Kingsmill Resort	250-499	8	1.37%			
Owens & Minor	250-499	9	1.21%			
Jamestown-Yorktown Foundation	250-499	10	0.91%	500-999	8	1.91%
Williamsburg Landing				250-499	10	1.03%
Busch Properties, Inc.				250-499	4	3.32%
Avid Medical				250-499	9	1.46%
Total	—		18.37%	—		47.44%

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

(1) 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	2016			2007		
	Employees ¹	Rank	Percentage of total City employment	Employees ¹	Rank	Percentage of total City employment
College of William & Mary	1,000+	1	19.06%	1,000+	1	19.54%
Colonial Williamsburg Foundation	1,000+	2	11.38%	1,000+	2	11.20%
Colonial Williamsburg Company	1,000+	3	7.62%	1,000+	3	8.34%
Williamsburg-James City County Schools	250 to 499	4	2.21%			
City of Williamsburg	250 to 499	5	1.84%	250 to 499	4	1.15%
Sodexo	100 to 249	6	1.05%			
Williamsburg Hospitality House				100 to 249	5	0.88%
Marriott Educational Services, Inc.				100 to 249	6	0.88%
Riverside Doctors' Hospital	100 to 249	7	0.99%			
Walsingham Academy	100 to 249	8	0.71%			
National Center for State Courts	100 to 249	9	0.71%	100 to 249	7	0.88%
Red Lobster & The Olive Garden	100 to 249	10	0.71%	100 to 249	8	0.88%
Yankee Candle				100 to 249	9	0.88%
Bluegreen				100 to 249	10	0.88%

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
2016	**	\$ **	**	**
2015	72,187	**	**	**
2014	70,711	**	**	5.0%
2013	70,376	**	**	4.6%
2012	69,451	4,610,247,000	54,796	5.1%
2011	68,500	4,408,223,000	53,364	5.3%
2010	67,745	4,037,513,000	49,563	5.5%
2009	63,135	3,840,912,000	48,129	5.5%
2008	61,195	3,985,612,000	51,274	3.2%
2007	60,867	3,641,841,000	47,825	2.5%

(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		Debt per Capita	Debt as Percentage of Personal Income
	General Obligation Bonds	Notes Payable	General Obligation Bonds	Total Primary Government		
2016	\$ 8,193,018	\$ —	\$ 6,184,269	\$ 14,377,287	\$ 968	0.3%
2015	9,241,038	—	6,819,945	16,060,983	1,066	0.4%
2014	10,270,795	—	7,446,884	17,717,679	1,190	0.4%
2013	5,997,390	—	8,051,980	14,049,370	969	0.3%
2012	6,796,767	—	8,643,971	15,440,738	1,080	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	0.5%
2009	9,497,443	—	10,433,333	19,930,776	1,492	0.5%
2008	10,534,146	—	566,666	11,100,812	836	0.3%
2007	11,548,396	1,300,000	700,000	12,248,396	925	0.3%

James City County

Fiscal year	Governmental Activities		Business-type Activities		Net Bonded Debt per Capita	Debt as Percentage of Personal Income ¹
	General Obligation Bonds	Other Debt	Revenue Bonds	Total Primary Government		
2016	\$ 49,844,842	\$ 131,180,008	\$ 22,595,000	\$ 203,619,850	\$ 655	**
2015	65,458,589	104,462,833	24,115,000	194,036,422	890	**
2014	72,164,244	115,400,528	24,660,000	212,224,772	979	**
2013	80,004,294	124,132,854	25,185,000	229,322,148	1,102	**
2012	86,134,103	113,707,074	32,938,174	232,779,351	1,198	19.3%
2011	93,283,624	114,340,522	34,469,298	242,093,444	1,319	17.6%
2010	101,414,765	120,444,895	35,950,422	257,810,082	1,454	15.2%
2009	109,974,105	112,765,533	37,386,546	260,126,184	1,715	14.8%
2008	118,369,735	119,326,298	11,212,670	248,908,703	1,903	16.0%
2007	126,590,560	125,943,190	12,133,794	264,667,544	2,050	13.8%

(1) Based on personal income from Table XXVI

** 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
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
2009	145	6	2,613,200
2008	144	6	2,634,487
2007	152	6	2,123,622

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	1.00	1.00	1.00
Chief Financial Officer	1.00	1.00	1.00	1.00	—	—	—	—	—	—
Senior Director, Finance	—	—	—	—	1.00	1.00	—	—	—	—
Comptroller	1.00	1.00	1.00	1.00	—	—	—	—	—	—
Senior Director, Human Resources	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00
Directors	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	4.00	5.50	6.00	5.00	5.00
Accountant	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Human Resources Specialist	2.00	2.00	2.00	1.00	1.00	—	—	—	—	—
Director of Public Relations	1.00	1.00	1.00	1.00	—	—	—	—	—	—
Communications Specialist	—	—	—	—	1.00	1.00	1.00	1.00	1.00	1.00
Systems Specialist	—	—	—	—	—	—	—	—	1.00	1.00
Clerical	10.00	9.00	9.50	9.50	9.50	10.00	11.00	14.50	14.00	13.00
Total General and Administrative	23.00	21.00	21.50	20.50	20.50	21.00	22.00	25.50	25.00	24.00
Instruction										
Asst Superintendent-Academic Svcs	—	—	—	—	1.00	1.00	—	—	—	—
Deputy Superintendent	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	2.00	2.00	2.00
Senior Director, School Performance	1.00	1.00	1.00	1.00	—	—	—	—	—	—
Senior Director, AQI	—	—	1.00	1.00	—	—	—	—	—	—
Director, Special Programs	1.00	1.00	—	—	—	—	—	—	—	—
Senior Director, Multicultural Services	—	—	—	—	1.00	—	—	—	—	—
Coordinator, Multicultural Services	1.00	1.00	1.00	1.00	—	—	—	—	—	—
Supervisor-Accountability, Assessment	—	1.00	1.00	0.50	0.50	0.50	0.50	1.00	1.00	1.00
Curriculum Coordinators	11.75	11.76	6.75	4.75	5.25	6.50	6.50	7.00	5.00	3.00
Supervisors of Instruction	1.00	3.00	6.00	5.00	5.00	4.00	4.00	5.00	5.00	5.00
Instructional Specialist	7.00	6.00	6.00	5.00	3.00	3.00	3.00	3.00	2.00	2.00
Hearing Officer	—	1.00	1.00	1.00	1.00	1.00	—	1.00	1.00	1.00
Supervisor, Student Services	1.00	—	—	—	—	—	—	—	—	—
Student Services Data Manager	—	—	—	—	—	—	1.00	1.00	—	—
Spec Educ Parent Resource Coord	—	—	—	—	1.00	1.00	1.00	1.00	—	—
Coordinator, Family Engagement	1.00	1.00	1.00	1.00	—	—	—	—	—	—
Principals	15.00	15.00	15.00	15.00	15.00	16.00	16.00	15.00	15.00	14.50
Assistant Principals	19.00	19.00	19.00	18.00	18.00	18.00	17.00	17.00	17.00	16.00
Supervisor, Preschool Instruction	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Guidance Counselors	28.00	28.00	28.00	28.00	28.00	28.00	29.50	29.50	27.50	25.00
Librarians	18.00	18.00	18.00	18.00	18.00	18.00	17.00	17.00	17.00	14.00
Classroom Teachers	662.45	662.84	648.67	648.10	658.59	673.91	668.98	643.00	625.00	612.00
Preschool Teachers	31.00	30.00	30.00	30.00	32.57	31.00	31.00	31.00	30.00	23.00
Special Education Teachers	93.00	91.00	91.00	96.00	99.00	89.00	88.00	106.50	104.50	91.50
Career and Technical Teachers	16.67	16.67	17.50	20.00	17.66	23.34	28.02	32.50	39.00	29.00
Gifted and Talented Teachers	13.00	13.00	13.00	16.00	16.00	16.00	15.00	15.00	14.00	12.00
Adult Education Teachers	2.00	2.00	3.00	4.00	4.00	4.00	4.00	4.00	2.00	2.00
Athletic Directors	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50
Athletic Trainers	3.00	3.00	—	—	—	—	—	—	—	—
Teacher Assistants	219.57	219.14	219.71	219.74	239.04	235.86	226.86	222.72	220.72	187.49
Social Workers	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00
Caseworker	0.71	0.57	—	—	0.57	0.43	0.43	1.00	1.00	1.00
Interpreters	2.00	2.00	2.00	3.00	4.00	2.00	5.00	5.00	5.00	4.00
Records Management Specialist	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clerical	80.07	80.80	81.50	81.00	84.50	84.62	84.00	92.50	88.50	73.00
Total Instruction	1,242.22	1,241.78	1,225.13	1,231.09	1,266.68	1,270.16	1,260.79	1,264.72	1,234.22	1,129.99

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	18.11	16.91	17.00	17.00	17.00	16.00	14.54	14.75	14.75	12.80
Psychologists	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00
Occupational Therapists	9.50	9.50	9.50	9.50	9.00	8.00	7.50	7.50	6.00	6.00
Physical Therapists	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	3.00	2.00
Speech Therapists	20.90	19.91	18.41	18.55	17.22	16.60	15.60	15.50	15.20	11.50
Other Professional Staff		2.00	1.43	4.57	4.57	11.57	5.57	4.00	4.00	5.00
Clinic Assistants	—	—	—	—	5.00	4.50	4.50	4.00	4.00	2.00
Clerical	—	—	1.00	1.00	1.00	1.00	1.50	1.43	1.00	1.00
Total Attendance & Health Svcs	59.51	59.32	58.34	61.62	63.79	66.67	58.21	56.18	54.95	47.30
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	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Clerical	5.00	4.00	4.00	3.00	4.00	4.00	4.00	4.00	3.00	4.00
Bus Drivers	98.13	98.13	97.80	97.80	99.60	99.60	96.60	87.63	89.66	89.66
Bus Aides	31.94	31.94	28.00	28.00	29.00	29.00	26.00	24.26	22.70	22.70
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	148.07	147.07	142.80	142.80	146.60	146.60	140.60	129.89	129.36	130.36
Operations and Maintenance										
Asst Superintendent, Operations	—	—	—	—	—	—	1.00	1.00	1.00	1.00
Senior Director, Operations	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—	—
Supervisor, Maintenance	—	—	—	—	—	—	—	1.00	1.00	1.00
Custodial Services Coordinator	—	—	—	—	—	—	1.00	1.00	1.00	1.00
Facilities Coordinator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50	0.50
Energy Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—
Trades	15.00	15.00	15.00	15.00	14.00	14.00	14.00	14.00	14.00	12.00
Security Guards	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	7.00
Grounds Workers	4.00	4.00	5.00	5.00	5.00	6.00	6.00	7.00	8.00	8.00
Clerical	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	3.00
Custodians	87.31	85.81	85.81	84.81	84.81	81.75	81.75	89.75	89.75	73.25
Total Operations & Maintenance	121.31	119.81	120.81	119.81	118.81	116.75	117.75	127.75	128.25	106.75
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
ITRT Integration Specialist	12.00	12.00	12.00	12.00	12.00	12.00	12.00	9.00	8.00	3.00
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	4.00	4.00	4.00
Programmer/Analyst	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	1.00	1.00
IFAS Support Technician	—	—	—	—	—	1.00	1.00	—	—	—
Webmaster	—	—	—	—	1.00	1.00	1.00	1.00	1.00	1.00
Communications & Design Specialist	1.00	1.00	1.00	1.00	—	—	—	—	—	—
Technology Teachers	9.00	9.00	9.00	9.00	9.00	9.00	11.00	13.00	18.00	15.00
Technology Support	18.00	18.00	17.00	16.00	15.00	14.00	14.00	14.00	13.00	12.00
Clerical	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Total Technology	47.50	47.00	46.00	45.00	44.00	44.00	46.00	48.00	51.00	42.00
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	—
Clerical	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cafeteria Managers	15.00	15.00	15.00	15.00	15.00	15.00	14.00	14.00	14.00	12.00
Cafeteria Workers	44.44	44.44	44.44	44.44	44.44	44.44	44.03	44.72	42.02	34.86
Total Food Services	62.44	62.44	62.44	62.44	62.44	62.44	61.03	61.72	59.02	48.86
Total	1,704.05	1,698.42	1,677.02	1,683.26	1,722.82	1,727.62	1,706.38	1,713.76	1,681.80	1,529.26

Source: Nonfinancial information from district records.

Table XXX

WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS

Schedule of Insurance Program Coverages

For the Year ended June 30, 2016

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

Coverage	Limits	Deductibles
<u>A. Property</u>		\$5,000
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	1,000,000	
Debris removal	20,000,000	
Pollutant clean-up and removal	500,000	
Off premises power failure	2,000,000	
Newly acquired locations (per occurrence up to 120 days)	20,000,000	
Boiler/equipment breakdown, if applicable	50,000,000	
<u>B. General Liability</u>		\$0
Bodily injury and property damage	6,000,000	
Personal injury and advertising	6,000,000	
Products and completed operations	6,000,000	
Fire legal liability	5,000,000	
Employee benefits liability	6,000,000	
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/\$5,000
Bodily injury and property damage	6,000,000	
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>		\$0
Limit of liability (\$5,000,000 Pool Aggregate)	500,000	
<u>G. Environmental Liability</u>		\$25,000
Each incident and aggregate (\$1,000,000 Pool Aggregate)	1,000,000	
<u>H. Workers' Compensation</u>		\$0
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*
2016	11,246	\$ 130,300,881	\$ 11,586	6.72%	\$ 132,425,464
2015	11,061	129,129,762	11,674	8.34%	132,185,615
2014	10,954	122,098,712	11,146	2.57%	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
2009	10,236	120,478,456	11,770	1.73%	123,608,146
2008	10,111	118,431,874	11,713	13.79%	120,172,017
2007	10,050	104,081,853	10,356	9.17%	105,636,488

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
2016	\$	11,775	4.81%	662.45	17.0
2015		11,951	7.41%	662.84	16.7
2014		11,535	3.10%	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
2009		12,076	2.86%	643.00	15.9
2008		11,885	13.76%	625.00	16.2
2007		10,511	8.98%	612.00	16.4

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, 2016

Step	Bachelor's Degree	Bachelor's Plus 15	Master's Degree	Master's Plus 15	Master's Plus 30	Doctoral Degree
1	\$ 40,301	\$ 40,905	\$ 41,929	\$ 42,558	\$ 43,835	\$ 45,806
2	40,496	41,104	42,133	42,764	44,048	46,029
3	41,879	42,505	43,570	44,223	45,550	47,598
4	42,925	43,568	44,659	45,328	46,688	48,788
5	43,998	44,657	45,776	46,462	47,856	50,008
6	45,098	45,774	46,920	47,623	49,052	51,258
7	46,226	46,918	48,093	48,813	50,278	52,540
8	47,382	48,092	49,296	50,034	51,535	53,854
9	48,566	49,294	50,528	51,285	52,824	55,200
10	49,780	50,526	51,791	52,567	54,145	56,579
11	51,025	51,789	53,086	53,881	55,498	57,994
12	52,300	53,084	54,413	55,228	56,886	59,444
13	53,607	54,411	55,773	56,608	58,308	60,930
14	54,948	55,771	57,168	58,024	59,766	62,453
15		57,166	58,596	59,474	61,260	64,015
16		58,594	60,061	60,961	62,791	65,614
17		60,059	61,563	62,485	64,361	67,255
18		61,561	63,102	64,047	65,970	68,936
19			64,680	65,649	67,619	70,660
20			66,296	67,290	69,310	72,427
21			67,954	68,973	71,042	74,237
22				70,697	72,818	76,093
23				72,464	74,639	77,995
24					76,505	79,945
Number of Teachers:	216	94	398	69	123	11
% in each lane:	23.71%	10.35%	43.68%	7.55%	13.51%	1.21%

* 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.

Independent Auditors' 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*

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, 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, 2016, 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 29, 2016.

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.

Dixon Hughes Goodman LLP

**Newport News, Virginia
November 29, 2016**

