



**WILLIAMSBURG  
JAMES CITY COUNTY**  
PUBLIC SCHOOLS

**C**

**OMPREHENSIVE**

**A**

**NNUAL**

**F**

**INANCIAL**

**R**

**EPORT**

*A Component Unit of James City County, Virginia*

**For the Fiscal Year Ended June 30, 2018**



**WILLIAMSBURG  
JAMES CITY COUNTY**  
PUBLIC SCHOOLS

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

**C**

**OMPREHENSIVE**

**A**

**NNUAL**

**F**

**INANCIAL**

**R**

**EPORT**

For the Fiscal Year Ended June 30, 2018  
*(With Independent Auditors' Report thereon)*

Prepared By:  
WJCC Department of Finance  
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Williamsburg, Virginia 23187-8783  
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[www.wjccschools.org](http://www.wjccschools.org)

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

	<u><b>Exhibit</b></u>	<u><b>Pages</b></u>
<b><u>INTRODUCTORY SECTION:</u></b>		
Members of the School Board and School Board Officials.....		1
Organizational Chart.....		2
Letter of Transmittal.....		3-8
Association of School Business Officials – Certificate of Excellence in Financial Reporting.....		9
The Government Finance Officers Association – Certificate of Achievement for Excellence in Financial Reporting.....		10
<b><u>FINANCIAL SECTION:</u></b>		
Independent Auditors’ Report.....		11-12
Management’s Discussion and Analysis .....		13-22
<b>Basic Financial Statements:</b>		
Government-Wide Financial Statements:		
Statement of Net Position – Governmental Activities.....	I	25
Statement of Activities – Governmental Activities.....	II	26
Fund Financial Statements:		
Balance Sheet – Governmental Funds.....	III	27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	IV	28-29
Statement of Fiduciary Assets and Liabilities – Agency Funds.....	V	30
Notes to Basic Financial Statements.....	VI	31-108
<b><u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT’S DISCUSSION AND ANALYSIS (unaudited):</u></b>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budget Basis): General Fund.....	VII	109
Schedule of Employer Contributions.....	VIII	110
Schedule of Changes in Net Pension Liability & Related Ratios- VRS Non Professional Plan.....	IX	111
Schedule of Employer’s Share of Net Pension Liability and Related Ratios – VRS Professional Plan.....	X	112
Schedule of Changes in Net OPEB Liability and Related Ratios – OPEB Retiree Healthcare.....	XI	113
Schedule of Employer's Share of Net OPEB Liability Group Life Insurance Program – Professional Employees.....	XII	114
Schedule of Employer’s Share of Net OPEB Liability Group Life Insurance Program – Non Professional Employees .....	XIII	115
Schedule of Employer OPEB Contributions – OPEB - Group Life Insurance Program.....	XIV	116

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

	<u><b>Exhibit</b></u>	<u><b>Pages</b></u>
<b><u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)</u></b>		
<b><u>(continued):</u></b>		
Schedule of Employer's Share of Net OPEB Liability – OPEB – Health Insurance Credit Program – Professional Employees.....	XV	117
Schedule of Changes in Net OPEB Liability & Related Ratios – OPEB – Health Insurance Credit – Non Professional Employees.....	XVI	118
Schedule of Employer OPEB Contributions – OPEB Health Insurance Credit...	XVII	119
Schedule of Employer's Share of Net OPEB Liability – OPEB – Virginia Local Disability Program (VLDP) – Professional Employees.....	XVIII	120
Schedule of Employer's Share of Net OPEB Liability – OPEB – Virginia Local Disability Program (VLDP) – Non Professional Employees.....	XIX	121
Schedule of Employer OPEB Contributions – OPEB – Virginia Local Disability Program (VLDP).....	XX	122
Notes to Required Supplementary Information.....	XXI	123-128
<b><u>OTHER SUPPLEMENTARY INFORMATION:</u></b>		
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	XXII	129
<b><u>STATISTICAL SECTION (unaudited):</u></b>		
Notes to Statistical Tables.....	<u><b>Table</b></u>	131
<b>Financial:</b>		
Net Position by Component – Last Ten Fiscal Years.....	I	132-133
Expenses, Program Revenues, Net (Expense)/Revenue, General Revenues, and Total Change in Net Position – Last Ten Fiscal Years.....	II	134-135
Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	III	136-137
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	IV	138-139
Government-Wide Expenses by Function – Last Ten Fiscal Years.....	V	140-141
Expenditures by Function and Per Pupil Cost – Last Ten Fiscal Years.....	VI	142-143
General Fund Expenditures by Function – Last Ten Fiscal Years.....	VII	144-145
<b>Revenue:</b>		
Government-Wide Revenue by Source – Last Ten Fiscal Years.....	VIII	146
Charges for Services Revenue by Source – Last Ten Fiscal Years.....	IX	147
Direct Tax Rates for James City County and the City of Williamsburg – Last Ten Fiscal Years.....	X	149
Source of Actual Receipts by Fiscal Year – Last Ten Fiscal Years.....	XI	150-151
<b>Debt Capacity:</b>		
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.....	XII	152-153
Capital Leases Debt to Assessed Value of Taxable Property in James City County and Debt per Capita – Ten Fiscal Years.....	XIII	154

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

	<u><b>Table</b></u>	<u><b>Pages</b></u>
<b>Debt Capacity (continued):</b>		
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Fiscal Years.....	XIV	155
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures – Last Ten Fiscal Years.....	XV	156
<b>Demographics:</b>		
General Statistical Data Encompassing School Division Area.....	XVI	157
Miscellaneous Statistical Data on Williamsburg-James City County Schools on School Facilities Owned by School Board as of June 30, 2016.....	XVII	158
Instructional Personnel Positions Per 1,000 Students in ADM – Ten Fiscal Years.....	XVIII	159
Changes in Student Membership Throughout School Year – Ten Fiscal Years.....	XIX	160
Enrollment Trends – Last Ten Fiscal Years.....	XX	161
Statistics on Federal Free/Reduced Lunch Program Participation.....	XXI	162
Food Sales – Meals Served Annually – Last Ten Fiscal Years.....	XXII	163
Food Service Sales Price Breakdown – Last Ten Fiscal Years.....	XXIII	164
Principal Employers – James City County.....	XXIV	165
Principal Employers – City of Williamsburg.....	XXV	166
Population and Personal Income for James City County – Last Ten Calendar Years	XXVI	167
Ratio of Outstanding Debt by Type for James City County and the City of Williamsburg – Last Ten Fiscal Years.....	XXVII	168
<b>Operating Information:</b>		
General Statistical Information on the Transportation Program – Last Ten Fiscal Years.....	XXVIII	169
Full Time Equivalent District Employees by Type – Last Ten Fiscal Years.....	XXIX	170-171
Schedule of Insurance Program Coverages.....	XXX	172-173
Operating Statistics – Last Ten Fiscal Years.....	XXXI	174-175
Adopted Teacher Salary Schedule – Fiscal Year 2016.....	XXXII	176
<b><u>COMPLIANCE SECTION:</u></b>		
Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		177-178
Independent Auditors’ Report on Compliance with Commonwealth of Virginia Laws, Regulations, Contracts and Grants.....		179-180
Schedule of Findings and Responses.....		181-184

**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, 2018

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**City of Williamsburg**

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

**James City County**

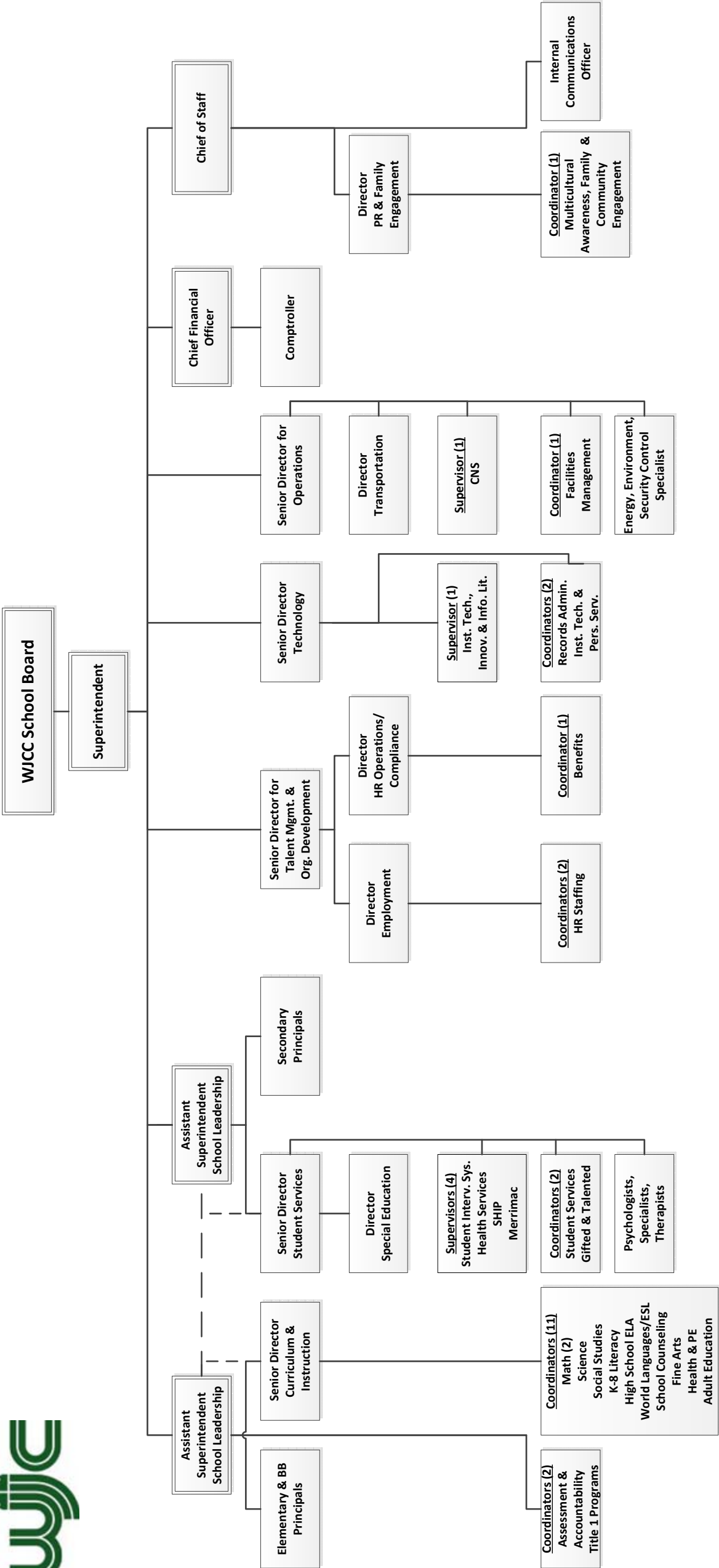
Mr. James Kelly.....School Board Member  
Mr. James Beers.....School Board Member  
Ms. Lisa Ownby..... Vice-Chair  
Ms. Holly Taylor.....School Board Member  
Ms. Sandra Young .....School Board Member

**Officials**

Dr. Olwen E. Herron.....Superintendent of Schools  
Ms. Monique G. Barnes.....Chief Financial Officer  
Ms. Janet L. Cerza .....Clerk  
Ms. Jennifer D. Tomes.....Treasurer



WJCC Organizational Chart





## Williamsburg-James City County Public Schools School Board & Central Office

P.O. Box 8783 • Williamsburg, VA 23187  
Phone: (757) 603-6400 | [wjccschools.org](http://wjccschools.org)

### WJCC School Board

January 17, 2019

Kyra Cook  
*Chair*  
*City of Williamsburg*

To Citizens  
of James City County, Virginia:

Holly A. Taylor, M.S.Ed.  
*Vice Chair*  
*Stonehouse District*

To Citizens  
of the City of Williamsburg, Virginia:

Julie Y. Hummel, M.Ed.  
*Parliamentarian*  
*City of Williamsburg*

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

James W. Beers, Ph.D.  
*Roberts District*

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, 2018, 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.

Jim Kelly, PE  
*Jamestown District*

Lisa Ownby, M.S.W.  
*Powhatan District*

Sandra S. Young, M.S.Ed.  
*Berkeley District*

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.

**Superintendent**  
Olwen E. Herron, Ed.D.

The firm of Dixon Hughes Goodman LLP began the audit of Williamsburg-James City County Public Schools for the twelfth time this year. They were awarded the contract to provide the annual financial audit through the year ended June 30, 2018, 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. On November 1, 2018, the Virginia governmental accounting division of the firm became part of the Brown, Edwards & Company, LLP and assumed the responsibility for completion of the FY2018 audit. The unmodified report of Brown, Edwards & Company, LLP, the highest possible result of the audit process, accompanies the financial statements in this report.

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



This report includes all funds that are controlled by or dependent on the School Superintendent and School Board. Additional information regarding the School Division's financial reporting entity may be found in the notes to the basic financial statements. During school year 2017-2018, 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 11,477 K-12 students and 359 Pre-K students and provided a full range of educational services appropriate to grades Pre-K through 12, including regular and enriched academic education, specialized education, occupational education, and programs for those with limited English proficiency. These programs are supplemented by a wide variety of offerings in fine arts and athletics.

## **ECONOMIC OUTLOOK AND CONDITION**

The School Division has seen a gradual increase in economic activity during the current fiscal year. Overall, total intergovernmental revenue increased 1.2% from last year. Of that amount, \$100.1 million was revenue from the City and the County, \$34.1 million represented aid from the Commonwealth of Virginia (the Commonwealth), and \$5.7 million was revenue from the federal government.

Projected enrollment for the 2019 fiscal year is 11,492, an increase of 15 students compared to September 2017, or an increase of 0.13%. FY2019 includes a net increase in staffing of 45.25 over FY2018 for a total of 1,692.91 full time equivalent positions.

In September 2018, the Division's fourth middle school, James Blair, opened. This brings the total number of schools to 16. There are three elementary schools that were constructed over 35 years ago but have all undergone additions or renovations within the last 15 years. In addition, there are two secondary schools that were constructed over 35 years ago but both have undergone additions and renovations within the last two years.

## **MAJOR INITIATIVES**

In FY2018, the School Division continued to rely upon the adopted Strategic Plan as a guiding document, while it engaged in the development of a new strategic plan. 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 21<sup>st</sup> 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 meet or exceed the state's SOL pass rate in all subject areas. This table represents WJCC's 2018 SOL Performance in comparison to the state's SOL Performance:

<b>Content Area/Subject</b>	<b>WJCC SOL Overall Pass Rate</b>	<b>Virginia's SOL Overall Pass Rate</b>	<b>Points Better than VA Mean</b>
Reading	82	79	+3
Writing	83	78	+5
Math	79	77	+2
Social Studies/History	84	84	-
Science	85	81	+4

WJCC's on-time graduation rate remained stable at 92.1% for the graduating class of 2018. This rate outperformed Virginia's on-time graduation rate average of 91.6%.

WJCC's dropout rate fell from 3.1% for the cohort class of 2017 to 2.8% for the class of 2018. Virginia's average dropout rate for 2018 was 5.5%.

In the area of Reading, SOL performance of WJCC students in the Hispanic reporting group decreased from 74% in 2017 to 69% in 2018, while the state average also decreased from 71% to 68%.

In the area of science, SOL performance of students in the African-American reporting group continues to outpace the Virginia average in this group – the Science SOL pass rate of African-Americans was 68% while the state average was 67%.

All fifteen WJCC schools earned "Fully Accredited" status by the Virginia Department of Education for the 12<sup>th</sup> year in a row. In the last six years, only 13 Virginia school divisions had all schools maintain full accreditation.

## **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 function<sup>1</sup> level as their level of control over the budget.

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<sup>1</sup> (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 2017.

### **Financial Highlights**

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

- WJCC revenues increased by approximately \$1.4 million from the prior year;
- WJCC met its expense obligations and returned a total of \$3.1 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 first year of the 2019 budget. The addition of a new middle school, James Blair Middle School, will have a substantial impact on the FY2019 budget. The City of Williamsburg and James City County have provided additional funding in support of the new school. Increased costs for fuel, utilities, and health insurance will also put greater strain on the budget. Developing a balanced budget that continues to provide for our number one priority of teaching and learning will remain a challenge.

### **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 Brown, Edwards and Company, LLP, an independent audit firm, has been included in this report.

### **Single Audit Act**

The School Division is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' report on internal control and compliance with applicable laws regulations, contracts and grants, and a schedule of findings and questioned costs are included in 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 2016-2017 comprehensive annual financial report. The Association of School Business Officials International (ASBO) also recognized the School Division with its Certificate of Excellence in Financial Reporting.

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

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

## ACKNOWLEDGEMENTS

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

Respectfully submitted,



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



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Y. Rene Ewing, CPA  
Chief Financial Officer



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Williamsburg-James City County Public Schools**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**

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



**Charles E. Peterson, Jr., SFO, RSBA, MBA**  
President

**John D. Musso, CAE**  
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, 2017**

*Christopher P. Morrell*

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, 2018, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions and Specifications for Audits of Counties, Cities and Towns as applicable to School Divisions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

### ***Opinion***

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, 2018, 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.

### ***Emphasis of Matter***

#### ***Changes in Accounting Principle***

As discussed in Notes 1 and 12 to the financial statements, during 2018 the Williamsburg - James City County Public Schools implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in a cumulative effect adjustment to net position as of the beginning of the year. Our opinion is not modified with respect to these changes.



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

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Williamsburg - James City County Public Schools' basic financial statements. The Introductory Section 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 starting on page 129 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 January 17, 2019, on our consideration of the Williamsburg - James City County Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Williamsburg - James City County Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Williamsburg - James City County Public Schools' internal control over financial reporting and compliance.



**Newport News, Virginia  
January 17, 2019**

## **WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

### Management's Discussion and Analysis Years ended June 30, 2018 and 2017

---

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, 2018 and 2017. 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 2018, the Schools' governmental activities' expenses of \$138.2 million exceeded charges for services and operating grants and contributions of \$21.9 million by \$116.3 million. General revenues of \$121.9 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 had a restatement of beginning net position in fiscal year 2018, due to the implementation of GASB 75. Additional information can be found in Notes 1 and 12 to the basic financial statements
- The Schools' total governmental funds' expenditures exceeded revenues by \$0.7 million for the year ended June 30, 2018, for which the schools division utilized the beginning fund balance.
- Total intergovernmental revenue for the governmental funds was \$139.9 million for the year ended June 30, 2018, reflecting an increase of 1.2% over 2017. Of that amount, \$100.1 million was revenue from the City and the County, \$34.1 million represented aid from the Commonwealth of Virginia (the Commonwealth), and \$5.7 million was revenue from the federal government.
- In the General Fund, the School Board returned unexpended appropriations for fiscal year 2018 to the County of James City and City of Williamsburg in the amount of \$3.1 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)

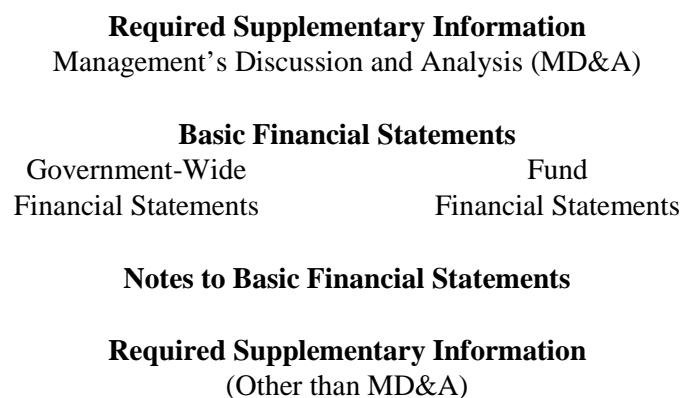
Management's Discussion and Analysis  
Years ended June 30, 2018 and 2017

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

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

**FINANCIAL SECTION**



**Government-Wide Financial Statements**

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

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

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

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

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

Management's Discussion and Analysis  
Years ended June 30, 2018 and 2017

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

**Fund Financial Statements**

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

The Schools utilize two types of funds:

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

**Financial Analysis of the Schools as a Whole**

**STATEMENT OF NET POSITION**

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

*Table 1 (from Exhibit I – Statement of Net Position - Governmental Activities) below shows total net position for governmental activities at June 30, 2018 and 2017.*

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

Management's Discussion and Analysis  
Years ended June 30, 2018 and 2017

<b>Table 1</b>				
<b>Condensed Summary of Net Position at June 30, 2018 and 2017</b>				
		<b>2018</b>	<b>2017</b>	<b>Variance</b>
Current assets	\$	19,778,041	19,295,167	482,874
Capital assets, net		58,909,826	56,749,297	2,160,529
Net pension asset - non-professional plan		1,382,027	-	1,382,027
Net OPEB asset - HIC - non-professional plan		4,505	-	4,505
Total assets	\$	<u>80,074,399</u>	<u>76,044,464</u>	<u>4,029,935</u>
Deferred outflows of resources	\$	<u>15,418,636</u>	<u>19,181,498</u>	<u>(3,762,862)</u>
Current liabilities	\$	18,788,259	18,168,744	619,515
Noncurrent liabilities		128,625,702	128,939,182	(313,480)
Total liabilities	\$	<u>147,413,961</u>	<u>147,107,926</u>	<u>306,035</u>
Deferred inflows of resources	\$	<u>14,968,744</u>	<u>5,273,099</u>	<u>9,695,645</u>
Net position:				
Net investment in capital assets	\$	58,877,527	56,647,755	2,229,772
Restricted		919,728	796,971	122,757
Unrestricted		<u>(126,686,925)</u>	<u>(114,599,789)</u>	<u>(12,087,136)</u>
Total net position (deficit)	\$	<u>(66,889,670)</u>	<u>(57,155,063)</u>	<u>(9,734,607)</u>

In 2018, the Schools adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The overall effect of this new standard is to reflect the Schools' long-term other postretirement benefit (OPEB) obligations directly in the financial statements. Under previous accounting guidance, these amounts were recorded incrementally over time, but were not recognized in their entirety. Instead, the total liability which has now been recorded, was only disclosed. The new standard not only changes certain measurement methodologies, but also requires certain new disclosures and that the Schools record a net OPEB liability directly on the statement of net position. Beginning net position has been restated as discussed in Note 12, and this has had a significant impact on the Schools' net position. However, because similar information has been disclosed in prior years, both in the notes to the financial statements and in required supplementary information, the effect of this new standard is not expected to negatively affect how most governmental entities are viewed by sophisticated readers of their financial statements. Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis has not been restated.

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

Management's Discussion and Analysis  
Years ended June 30, 2018 and 2017

**STATEMENT OF ACTIVITIES**

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

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

<b>Table 2</b> <b>Condensed Changes in Net Position – Governmental Activities</b> <b>Years ended June 30, 2018 and 2017</b>			
	<b>2018</b>	<b>2017</b>	<b>Variance</b>
Revenues:			
Program revenues:			
Charges for services	\$ 2,337,475	2,438,211	(100,736)
Operating grants and contributions	19,543,489	18,530,500	1,012,989
General revenue:			
Interest	808	934	(126)
Grants and contributions not restricted	121,671,393	120,453,016	1,218,377
Miscellaneous	180,324	263,111	(82,787)
Total revenues	<u>143,733,489</u>	<u>141,685,772</u>	<u>2,047,717</u>
Program expenses:			
General and administrative	3,050,749	2,760,208	290,541
Instruction	97,878,921	98,632,626	(753,705)
Attendance and health services	4,653,870	4,978,076	(324,206)
Pupil transportation	8,078,284	8,380,146	(301,862)
Operations and maintenance	11,779,208	11,789,775	(10,567)
Technology	8,642,673	8,906,750	(264,077)
Food services	4,089,610	4,764,562	(674,952)
Interest on long-term liabilities	7,020	13,562	(6,542)
Total program expenses	<u>138,180,335</u>	<u>140,225,705</u>	<u>(2,045,370)</u>
Increase in net position	<u>\$ 5,553,154</u>	<u>1,460,067</u>	<u>4,093,087</u>
Beginning net position (deficit) as restated	<u>\$ (72,442,824)</u>	<u>(58,615,130)</u>	<u>(13,827,694)</u>
Ending net position (deficit)	<u>\$ (66,889,670)</u>	<u>(57,155,063)</u>	<u>(9,734,607)</u>

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 \$1.0 million over fiscal year 2017. 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.

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

Management's Discussion and Analysis  
Years ended June 30, 2018 and 2017

There was an increase in grants and contributions not restricted of \$1.2 million or 1.0% from fiscal year 2017 as a result of increased contributions from the City and County.

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 2018, the majority of which were related to salary and benefit costs for instructional personnel.

Total net position increased by \$5.6 million or 7.7% over fiscal year 2017's net position, as restated. Unrestricted net position totaled a deficit of \$126.7 million at June 30, 2018. The primary reason for this deficit relates to the implementation of GASB 75, which requires that each locality recognize the future expense of its retirement plans.

**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, 2018 and 2017					
		2018		2017	
		Total cost of service	Net cost of service	Total cost of service	Net cost of service
General and administrative	\$	3,050,749	(3,050,749)	2,760,208	(2,760,208)
Instruction		97,878,921	(81,314,664)	98,632,626	(83,501,413)
Attendance and health services		4,653,870	(4,019,592)	4,978,076	(4,337,076)
Pupil transportation		8,078,284	(8,078,284)	8,380,146	(8,380,146)
Operations and maintenance		11,779,208	(11,379,209)	11,789,775	(11,370,657)
Technology		8,642,673	(8,642,673)	8,906,750	(8,466,750)
Food services		4,089,610	192,820	4,764,562	(427,182)
Interest on long-term liabilities		7,020	(7,020)	13,562	(13,562)
Total program expenses	\$	138,180,335	(116,299,371)	140,225,705	(119,256,994)

The net cost of all governmental activities in fiscal year 2018 was \$116.3 million, representing a 2.5% decrease over fiscal year 2017. The amount that the citizens of the City and the County paid for these activities in fiscal year 2018 through taxes was \$100.1 million, representing an increase of 1.3% over fiscal year 2017.

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

Management's Discussion and Analysis  
Years ended June 30, 2018 and 2017

**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 \$0.1 million. As school divisions in Virginia, by state code, may not carry a fund balance in the divisions General or Operating Funds, the fund balance that remains is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it is mostly reserved as follows: (1) to liquidate contracts and purchase orders of the prior period, (2) to account for reported inventories in the Schools' Food Service Fund, (3) to account for funding restricted for various grants and (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**

<b>Table 4</b> <b>General Fund Revenue, Other Financing Sources, Expenditures and Other Financing Uses</b> <b>Years ended June 30, 2018 and 2017</b>			
	<b>2018</b>	<b>2017</b>	<b>Variance</b>
Revenues:			
City of Williamsburg and James City Co. \$	95,007,500	93,940,603	1,066,897
Commonwealth of Virginia	33,049,130	31,770,364	1,278,766
Federal government	16,719	93,390	(76,671)
Charges for services, interest, and miscellaneous	686,500	829,328	(142,828)
Total revenues and other financing sources \$	<u>128,759,849</u>	<u>126,633,685</u>	<u>2,126,164</u>
Expenditures and other financing uses:			
General and administrative \$	3,122,087	2,729,936	392,151
Instruction	94,548,899	92,095,336	2,453,563
Attendance and health services	4,205,922	4,327,938	(122,016)
Pupil transportation	7,230,229	7,291,549	(61,320)
Operation and maintenance	10,948,073	10,763,530	184,543
Technology	7,465,437	7,385,045	80,392
Debt service/capital outlay	1,468,123	1,867,703	(399,580)
Total expenditures and other financing uses \$	<u>128,988,770</u>	<u>126,461,037</u>	<u>2,527,733</u>



## **WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Management's Discussion and Analysis  
Years ended June 30, 2018 and 2017

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The Schools' budget is prepared in accordance with Virginia School Laws. The General Fund is the primary fund for the Schools. On a fund basis, General Fund revenues (\$128.8 million), combined with the use of fund balance from FY2018 (\$0.2 million) exceeded expenditures (\$129.0 million) by \$0.2 million.

As compared to the original budget, actual intergovernmental revenue was approximately \$2.6 million less at June 30, 2018. This was due primarily to a decrease in revenue required from the City and County. Two amendments to the original revenue budget were made during the year for \$120,000 for the FY16 Year End Spending Plan and \$645,116 for the FY17 Year End Spending Plan. Regarding expenditures and other financing uses, the actual was approximately \$2.3 million less than the original budget. Several amendments to the original revenue budget were made during the year, these included \$120,000 for the FY16 Year End Spending Plan, \$645,116 for the FY17 Year End Spending Plan, and an amendment between major expense categories for \$171,000.

### **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 2018 totaled \$5.0 million. The majority of the revenue, \$3.3 million, was from federal grants. Expenditures for fiscal year 2018 totaled \$5.7 million. As a result, the Grants Fund ended the year with a decrease in fund balance of \$0.7 million.

### **The Schools' Food Services Fund Highlights**

The Schools' Food Services Fund is used to account for the operation of the Schools' cafeterias. Revenues for fiscal year 2018 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 \$2.4 million. Expenditures for the year totaled \$4.0 million in fiscal year 2018. As a result, the Schools' Food Services Fund ended the year with an increase in fund balance of \$0.2 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 2018, revenues totaled \$5.1 million while expenditures totaled \$5.1 million. As a result, the Capital Projects Fund ended with no significant change in fund balance.

### **Capital Assets**

At the end of fiscal year 2018, the Schools had \$58.9 million of capital assets (net of accumulated depreciation) invested in land, buildings, and furniture and equipment. This represented a 3.8% increase from fiscal year 2017 to fiscal year 2018. All capital assets are attributable to governmental activities. Total accumulated depreciation on these assets was approximately \$42.4 million at June 30, 2018.

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

Management's Discussion and Analysis  
Years ended June 30, 2018 and 2017

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

<b>Table 5</b> <b>Capital Assets, Net at June 30, 2018 and 2017</b>			
<b>Capital Asset Category</b>	<b>2018</b>	<b>2017</b>	<b>Variance</b>
Land	\$ 8,435,126	8,435,126	—
Buildings and building improvements	40,746,472	36,380,393	4,366,079
Furniture and equipment	2,580,324	2,685,039	(104,715)
Vehicles and buses	5,351,922	5,558,377	(206,455)
Construction in progress	1,795,982	3,690,362	(1,894,380)
Total capital assets, net	\$ 58,909,826	56,749,297	2,160,529

Major capital asset events during fiscal year 2018 included the following:

- Near completion of James Blair Middle School;
- Five school buses;
- Auxiliary Gym at Lafayette High School;
- Masonry work at Clara Byrd Baker Elementary School;
- Bus loop canopy and entrance redesign at D.J. Montague Elementary School;
- Window replacement and entrance redesign at Norge Elementary School;
- Bus loop canopy at Stonehouse Elementary School;
- HVAC Replacement at Norge Elementary School; and,
- Security card access system upgrades at Warhill High School and Matoaka Elementary School.

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

**Long-Term Liabilities**

Long-term liabilities at the end of fiscal year 2018 were \$129.2 million, with \$0.6 million due within one year and \$128.6 million due in greater than one year consisting of \$1.3 million in compensated absences. As a result from the implementation of GASB 75, localities must present the future obligations to support its post-employment benefits. \$106.2 million is recognized as net pension liability; \$21.7 million in net other post-employment benefits 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 and will terminate in FY2019.

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  
Years ended June 30, 2018 and 2017

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**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

**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.

## **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, 2018

## Assets:

Cash and temporary investments (note 2)	\$ 16,538,597
Receivables	273,273
Due from federal government	1,123,971
Due from Commonwealth of Virginia	5,278
Due from fiduciary funds (note 3)	192,837
Due from City of Williamsburg and James City County	1,607,424
Inventory	36,661
Capital assets, not being depreciated (note 4)	10,231,108
Capital assets, net of depreciation (note 4)	48,678,718
Net pension asset - non-professional plan	1,382,027
Net OPEB asset - health insurance credit, non-professional plan	4,505
Total assets	<u>80,074,399</u>

## Deferred outflows of resources:

Deferred pensions - professional plan	13,739,169
Deferred pensions - non-professional plan	224,276
Deferred OPEB - retiree healthcare plan	163,175
Deferred OPEB - group life insurance	378,100
Deferred OPEB - health insurance credit, professional plan	851,814
Deferred OPEB - health insurance credit, non-professional plan	11,165
Deferred OPEB - Virginia local disability program, professional plan	41,047
Deferred OPEB - Virginia local disability program, non-professional plan	9,890
Total deferred outflows of resources	<u>15,418,636</u>

Total assets and deferred outflows of resources

95,493,035

## Liabilities:

Accounts payable	3,422,759
Accrued payroll	7,204,328
Accrued benefits	7,410,488
Unearned revenue (note 10)	138,108
Compensated absences, due in less than one year (note 5)	580,277
Equipment capital leases, due in less than one year (note 5)	32,299
Noncurrent liabilities (notes 5, 6 and 7):	
Compensated absences, due in more than one year	709,227
Net pension liability - professional plan	106,201,000
Net OPEB liability - retiree healthcare plan	4,716,475
Net OPEB liability - group life insurance	6,029,000
Net OPEB liability - health insurance credit, professional plan	10,946,000
Net OPEB liability - Virginia local disability program, professional plan	20,000
Net OPEB liability - Virginia local disability program, non-professional plan	4,000
Total liabilities	<u>147,413,961</u>

## Deferred inflows of resources:

Deferred pensions - professional plan	13,103,000
Deferred pensions - non-professional plan	728,970
Deferred OPEB - retiree healthcare plan	209,791
Deferred OPEB - group life insurance	684,000
Deferred OPEB - health insurance credit, professional plan	222,000
Deferred OPEB - health insurance credit, non-professional plan	19,983
Deferred OPEB - Virginia local disability program, non-professional plan	1,000
Total deferred inflows of resources	<u>14,968,744</u>

## Net position:

Net investment in capital assets	58,877,527
Restricted for:	
Schools' food service	919,728
Unrestricted	(126,686,925)
Total net position (deficit)	<u>\$ (66,889,670)</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, 2018

Functions/programs	Expenses	Program revenues		Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	
Governmental activities:				
General and administrative	\$ 3,050,749	—	—	(3,050,749)
Instruction	97,878,921	201,866	16,362,391	(81,314,664)
Attendance and health services	4,653,870	—	634,278	(4,019,592)
Pupil transportation	8,078,284	—	—	(8,078,284)
Operations and maintenance	11,779,208	303,750	96,249	(11,379,209)
Technology	8,642,673	—	—	(8,642,673)
Food services	4,089,610	1,831,859	2,450,571	192,820
Interest on long-term liabilities	7,020	—	—	(7,020)
Total	\$ 138,180,335	2,337,475	19,543,489	(116,299,371)
General revenues:				
Interest				808
Grants and contributions not restricted to specific programs				121,671,393
Miscellaneous				180,324
Total				121,852,525
Change in net position				5,553,154
Net position (deficit) at beginning of year - as restated				(72,442,824)
Net position (deficit) at end of year				\$ (66,889,670)

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, 2018

	Major Funds				
	General	Grants	Schools' Food Services	Capital Projects	Total governmental funds
Assets					
Cash and temporary investments (note 2)	\$ 15,448,315	—	1,090,282	—	16,538,597
Receivables	163,754	96,111	13,408	—	273,273
Due from other funds (note 3)	2,907,902	—	—	—	2,907,902
Due from fiduciary funds (note 3)	192,837	—	—	—	192,837
Due from federal government	—	1,003,306	120,665	—	1,123,971
Due from Commonwealth of Virginia	—	5,278	—	—	5,278
Due from the City of Williamsburg and James City County	63,727	—	—	4,597,433	4,661,160
Inventory	—	—	36,661	—	36,661
Total assets	\$ 18,776,535	1,104,695	1,261,016	4,597,433	25,739,679
Liabilities					
Accounts payable	\$ 1,718,624	111,105	38,392	1,554,638	3,422,759
Accrued payroll	6,784,444	277,775	142,109	—	7,204,328
Accrued benefits	7,019,731	266,631	124,126	—	7,410,488
Due to the City of Williamsburg and James City County	3,053,736	—	—	—	3,053,736
Due to other funds (note 3)	—	314,447	—	2,593,455	2,907,902
Unearned revenue	—	138,108	—	—	138,108
Total liabilities	18,576,535	1,108,066	304,627	4,148,093	24,137,321
Deferred Inflow of Resources					
Unavailable revenue - grants (note 10)	—	622,031	—	—	622,031
Fund balances:					
Nonspendable:					
Inventory	—	—	36,661	—	36,661
Restricted	—	—	919,728	—	919,728
Committed	—	—	—	449,340	449,340
Unassigned	200,000	(625,402)	—	—	(425,402)
Total fund balances	200,000	(625,402)	956,389	449,340	980,327
Total liabilities, deferred inflow of resources and fund balances	\$ 18,776,535	1,104,695	1,261,016	4,597,433	
Adjustments for the statement of net position:					
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.					58,909,826
Some receivables are not available to pay for current period expenditures and therefore are unavailable revenue in the funds.					622,031
Long-term liabilities and the related deferred outflows and inflows are not reported in the governmental funds.					
Compensated absences			\$ (1,289,504)		
Equipment capital leases			(32,299)		
Net OPEB asset and liabilities and related deferred inflows and outflows of resources			(21,392,553)		
Net pension asset/liability and related deferred inflows and outflows of resources			(104,687,498)		(127,401,854)
Net position of governmental activities					\$ (66,889,670)

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, 2018

	<b>Major Funds</b>				
	<b>General</b>	<b>Grants</b>	<b>Schools' Food Services</b>	<b>Capital Projects</b>	<b>Total governmental funds</b>
Revenues:					
Intergovernmental:					
From City of Williamsburg and James City County	\$ 95,007,500	—	—	5,069,746	100,077,246
From Commonwealth of Virginia	33,049,130	1,013,561	57,272	—	34,119,963
From federal government	16,719	3,302,879	2,393,299	—	5,712,897
Total intergovernmental	128,073,349	4,316,440	2,450,571	5,069,746	139,910,106
Charges for services	505,616	—	1,831,859	—	2,337,475
Interest	560	—	248	—	808
Miscellaneous	180,324	682,745	—	—	863,069
Total revenues	128,759,849	4,999,185	4,282,678	5,069,746	143,111,458
Expenditures:					
Current:					
General and administrative	3,122,087	—	—	—	3,122,087
Instruction	94,548,899	4,434,887	—	—	98,983,786
Attendance and health services	4,205,922	586,076	—	—	4,791,998
Pupil transportation	7,230,229	—	—	—	7,230,229
Operations and maintenance	10,948,073	46,704	—	—	10,994,777
Technology	7,465,437	375,876	—	—	7,841,313
Food services	—	67,966	4,031,202	—	4,099,168
Debt service:					
Principal	69,243	—	—	—	69,243
Interest	7,020	—	—	—	7,020
Capital outlay	1,391,860	235,917	6,657	5,069,746	6,704,180
Total expenditures	128,988,770	5,747,426	4,037,859	5,069,746	143,843,801
Excess (deficiency) of revenues over expenditures	(228,921)	(748,241)	244,819	—	(732,343)
Fund balances at beginning of year	428,921	122,839	711,570	449,340	1,712,670
Fund balances at end of year	\$ 200,000	(625,402)	956,389	449,340	980,327

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, 2018

(Continued)

Net change in fund balances	\$	(732,343)
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		6,704,180
Depreciation expense		(4,501,572)
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.		(42,079)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		622,031
Repayment of debt principal is an expenditure in the governmental funds, but does not affect the statement of activities.		69,243
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	(140,606)	
Change in net OPEB liability and related deferred inflows and outflows of resources	38,508	
Change in net pension liability and related deferred inflows and outflows of resources	3,535,792	3,433,694
Change in net position of governmental activities	\$	<u>5,553,154</u>

See accompanying notes to basic financial statements.

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

Statement of Fiduciary Assets and Liabilities – Agency Funds

June 30, 2018

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Assets:

Cash and temporary investments (note 2)	\$ 1,266,190
Receivables:	
Commonwealth of Virginia	<u>284,418</u>
Total assets	<u>\$ 1,550,608</u>

Liabilities:

Accrued payroll	\$ 37,126
Accrued benefits	54,455
Due to General Fund (note 3)	192,837
Due to students	<u>1,266,190</u>
Total liabilities	<u>\$ 1,550,608</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, 2018

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**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, 2018, the apportionment of the Schools' costs to the County and the City was \$86,025,771 or 90.54%, and \$8,981,729, or 9.46%, respectively. According to the Agreement, as amended, a spending plan may be developed by the Schools if there are any unexpended appropriated funds. The spending plan must be approved by the governing bodies of both the City and the County.

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

**(a) *The Financial Reporting Model***

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

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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

---

*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. Fiduciary funds and fiduciary-type component units are not included in the government-wide financial statements.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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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.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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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 unavailable revenue, and in the presentation of expenses versus expenditures.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Schools consider collections within 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.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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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. Fund balances at year end have been accordingly assigned, if applicable. Existing resources, rather than future revenues, have been assigned to satisfy the contracts, purchase orders, and commitments in progress and a liability is not reported for all or a portion of these items in a governmental fund.

***(e) Cash and Investments***

Cash and investments at June 30, 2018 are included in the various cash accounts reflected in the financial statements. Investments are stated at fair value.

***(f) Receivables and Due from Other Governments***

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

***(g) Inventory***

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



**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

***(h) Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are recorded at acquisition value on the date received. The Schools maintain a capitalization threshold of \$5,000 for equipment, improvements and buildings. Land is capitalized regardless of value. The Schools have no infrastructure assets. Under Virginia law, certain property maintained by the Schools is subject to tenancy-in-common with the County, if the County incurred a financial obligation for the property, which is payable over more than one fiscal year. The Schools and the County have agreed that such property will be carried on the County's financial statements until the outstanding debt is repaid. At June 30, 2018, the County holds capital assets related to school property with a net book value of \$ 211,832,290.

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, 2018, the liability for sick leave that will be ultimately paid upon retirement is not determinable but is considered immaterial based upon amounts actually paid in prior years.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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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 Schools' Food Services fund has \$919,728 in restricted balances for the purpose of providing nutritional meals to students.
- Committed – balances that can only be used for specific purposes pursuant to constraints imposed by a formal action of the School Board, the School's highest level of decision-making authority prior to the close of the fiscal year. Any modifications or rescissions of fund balance commitments in this category also requires formal action of the School Board resulting in a resolution to commit balances, modify amounts, or rescind recommendations.
  - The Capital Projects fund has \$449,340 in committed balance at June 30, 2018 committed to capital outlay projects.
- Assigned – balances that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the School Board delegating this responsibility to the School's management through the budgetary process. Assigned amounts represent intended uses established by the School Board. The Superintendent is authorized to make assignments of fund balances.
- Unassigned – all spendable amounts not contained in the four categories described above. The General Fund is the only fund that would report a positive amount in unassigned fund balance.
  - The General fund has \$200,000 in unassigned fund balance.

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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

***(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 January 17, 2019, 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	\$	13,963,445
Deferred contributions from OPEB		1,455,191
Total Deferred Outflows of Resources		<u>15,418,636</u>
Deferred Inflows of Resources:		
Deferred pension investment experience		13,831,970
Deferred OPEB investment experience		1,136,774
Total Deferred Inflows of Resources	\$	<u>14,968,744</u>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

***(n) Pensions and Other Postemployment Benefits (OPEB)***

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the School's plans and the additions to/deductions from the School's plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***(o) Adoption of New Accounting Statement***

Effective for the fiscal year ended June 30, 2018, the Schools adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans*.

Statement No. 75 addresses accounting and financial reporting for other post-employment benefits (OPEB) that are provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

**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	\$	17,584,844
Certificates of deposit		29,582
Investment in the Treasurer of the Commonwealth of Virginia's Local Government Investment Pool (LGIP)		190,361
	\$	<u>17,804,787</u>

The totals above include Agency Funds in the amount of \$1,266,190 which are not a part of the governmental fund financial statements.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

***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 \$22,122,223. The entire bank balance was covered by the Federal Depository Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. If any member financial institution fails, the entire collateral becomes available to satisfy the claims of the Schools. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members (banks and savings and loans) of the pool; therefore, these deposits are considered collateralized and as a result are insured. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. Therefore, these deposits are considered collateralized and as a result, are considered insured.

***Investments*****Investment Policy**

The Schools utilize the policies and procedures of the James City County Treasurer (the Treasurer); therefore, the Investment Policy (Policy) of James City County is used. In accordance with the Code of Virginia and other applicable law, including regulations, the Policy permits investments in U.S. government obligations, municipal obligations, prime quality commercial paper, and certain corporate notes, bankers' acceptances, repurchase agreements, negotiable certificates of deposit, bank deposit notes, mutual funds that invest exclusively in securities specifically permitted under the Policy, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a-7 like pool, rated 'AAAm' by Standard & Poor's rating service). Although the LGIP is not registered with the Securities and Exchange Commission (SEC) as an investment company, it operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940 and in accordance with the Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, definition of "2a-7 like pools." The Policy establishes limitations on the holdings of non-U.S. government obligations.

The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each security is as follows:

Registered money market mutual funds	100% maximum
Commonwealth of Virginia LGIP	100% maximum
Repurchase agreements	50% maximum
Bankers' acceptances	40% maximum
Commercial paper	35% maximum
Negotiable certificates of deposit/bank notes	20% maximum
Municipal obligations	20% maximum
Corporate notes	15% maximum
Bank deposits	25% maximum

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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*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, 2018, 100% of the Schools’ portfolio was invested in the Commonwealth of Virginia LGIP account, certificates of deposit with several local banks, money market accounts with several local banks, and a bank deposit with a local bank.

*Concentration of Credit Risk*

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

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

*Interest Rate Risk*

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

*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, 2018, all of the Schools’ deposits and investments are held in a bank’s trust department in the Schools’ name.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

*Fair Value Measurement*

The Schools categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The schools do not have any investments reported by fair value level, the investment in LGIP is reported at amortized cost.

**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, 2018, the balances are as follows:

		<b>Interfund Receivables</b>	<b>Interfund Payables</b>
Fund:			
General	\$	2,907,902	—
Grants		—	314,447
Capital Projects		—	2,593,455
Total	\$	<u>2,907,902</u>	<u>2,907,902</u>

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

The General fund due from fiduciary fund at June 30, 2018 is \$192,837.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**4. Capital Assets, Net**

A summary of changes in capital assets follows:

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2018</b>
Capital assets not being depreciated:				
Land	\$ 8,435,126	—	—	8,435,126
Construction in progress	3,690,362	5,074,496	6,968,876	1,795,982
Total capital assets not being depreciated	12,125,488	5,074,496	6,968,876	10,231,108
Other capital assets:				
Buildings and building improvements	57,637,333	7,181,574	—	64,818,907
Furniture and equipment	9,602,768	664,587	—	10,267,355
Vehicles and buses	15,340,289	752,399	97,857	15,994,831
Total other capital assets	82,580,390	8,598,560	97,857	91,081,093
Less accumulated depreciation for:				
Buildings and building improvements	21,256,940	2,815,495	—	24,072,435
Furniture and equipment	6,917,729	769,302	—	7,687,031
Vehicles and buses	9,781,912	916,775	55,778	10,642,909
Total accumulated depreciation	37,956,581	4,501,572	55,778	42,402,375
Other capital assets, net	44,623,809	4,096,988	42,079	48,678,718
Totals	\$ 56,749,297	9,171,484	7,010,955	58,909,826

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,599,968
General and administrative	3,533
Pupil transportation	975,516
Operations and maintenance	960,202
Technology	915,875
Food services	46,478
Total governmental activities depreciation expense	\$ 4,501,572

At June 30, 2018 the Schools had contractual commitments of approximately \$12.7 million for work remaining to be performed under capital projects. These expenditures are expected to be funded in fiscal year 2019 through contributions from the County and City.



**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**5. Long-Term Liabilities**

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

		Balance July 1, 2017, as restated	Additions	Deletions	Balance June 30, 2018	Amounts due in one year
Compensated absences	\$	1,148,898	1,107,471	966,865	1,289,504	580,277
Equipment capital leases		101,542	—	69,243	32,299	32,299
Other postemployment benefits		6,143,300	15,572,175		21,715,475	—
Net pension liability		122,131,689		15,930,689	106,201,000	—
	\$	<u>129,525,429</u>	<u>16,675,141</u>	<u>18,348,824</u>	<u>129,238,278</u>	<u>612,576</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, 2018 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, 2018, \$299,344 and \$126,560 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 \$69,243 was recognized during the year ended June 30, 2018 and the amortization charge of \$29,934 is included in depreciation expense.

The future minimum lease payment for this lease is as follows:

	Year ending June 30:	
	2019	\$ 33,716
Total future minimum lease payment		<u>33,716</u>
Less amount representing interest		<u>(1,417)</u>
Capital lease obligation	\$	<u><u>32,299</u></u>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**(b) Operating Leases**

The Schools lease equipment and buildings under noncancelable operating leases. Total costs for such leases were approximately \$295,270 for the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

Years ending June 30:	
2019	\$267,804
2020	183,990
2021	107,225
2022	46,495
2023	-
	<u>\$605,514</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)

**Plan Description**

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each plan has different eligibility and benefit structures as set out in the table below:

<b>RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE</b>		
<b>VRS PLAN 1</b>	<b>VRS PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<b>About VRS Plan 1</b> VRS Plan 1 is a defined benefit plan. The retirement benefit is	<b>About VRS Plan 2</b> VRS Plan 2 is a defined benefit plan. The retirement benefit is	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

based on a member's age, creditable service and average final compensation at retirement using a formula.	based on a member's age, creditable service and average final compensation at retirement using a formula.	<p>Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• 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.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members</b> Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013 and they have not taken a refund.</p> <p><b>Hybrid Opt-In Election</b> 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</p>	<p><b>Eligible Members</b> Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• State employees*</li> <li>• School division employees</li> <li>• Political subdivision employees*</li> <li>• Judges appointed or elected to an original</li> </ul>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

<p>election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.</p>	<p>election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.</p>	<p>term on or after January 1, 2014</p> <ul style="list-style-type: none"> <li>• 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</li> </ul> <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Members of the State Police Officers' Retirement System (SPORS)</li> <li>• Members of the Virginia Law Officers' Retirement System (VaLORS)</li> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under 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.</p>
<p><b>Retirement Contributions</b> Members contribute up to 5% of</p>	<p><b>Retirement Contributions</b> Employees contribute 5% of their</p>	<p><b>Retirement Contributions</b> A member's retirement</p>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

<p>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.</p>	<p>compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b>Creditable Service</b> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b> Same as VRS Plan 1.</p>	<p><b>Creditable Service</b> <b><u>Defined Benefit Component:</u></b> 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</p>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

		<p>may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b><u>Defined Contributions Component:</u></b> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as VRS Plan 1.</p>	<p><b><u>Vesting Defined Benefit Component:</u></b> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. 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.</p> <p><b><u>Defined Contributions Component:</u></b> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions</p>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

		<p>from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b> The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic</p>	<p><b>Calculating the Benefit</b> See definition under VRS Plan 1.</p>	<p><b>Calculating the Benefit</b> <b><u>Defined Benefit Component:</u></b> See definition under VRS Plan 1.</p> <p><b><u>Defined Contribution Component:</u></b> The benefit is based on contributions made by the member and any matching contributions made by the</p>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.		employer, plus net investment earnings on those contributions.
<b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
<b>Service Retirement Multiplier</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for members is 1.70%.	<b>Service Retirement Multiplier</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	<b>Service Retirement Multiplier Defined Benefit Component:</b> The retirement multiplier for the defined benefit component is 1.00%.  For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.  <b>Defined Contribution Component:</b> Not applicable.
<b>Normal Retirement Age</b> Age 65.	<b>Normal Retirement Age</b> Normal Social Security retirement age.	<b>Normal Retirement Age Defined Benefit Component:</b> Same as VRS Plan 2.  <b>Defined Contribution Component:</b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Unreduced</b>	<b>Earliest Unreduced Retirement</b>	<b>Earliest Unreduced</b>



**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

<p><b>Retirement Eligibility</b> 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.</p> <p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Eligibility</b> 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.</p> <p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Retirement Eligibility</b> <b><u>Defined Benefit</u></b> <b><u>Component:</u></b> 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.</p> <p><b><u>Defined Contribution</u></b> <b><u>Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b> 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.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivision hazardous duty employees: 50 with at least five years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <b><u>Defined Benefit</u></b> <b><u>Component:</u></b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><b><u>Defined Contribution</u></b> <b><u>Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <b><u>Defined Benefit</u></b> <b><u>Component:</u></b> Same as VRS Plan 2.</p> <p><b><u>Defined Contribution</u></b> <b><u>Component:</u></b></p>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

<p><b><u>Eligibility:</u></b> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a</li> </ul>	<p><b><u>Eligibility:</u></b> Same as VRS Plan 1</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as VRS Plan 1</p>	<p>Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as VRS Plan 1 and VRS Plan 2.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as VRS Plan 1 and VRS Plan 2.</p>
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**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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.		
<b>Disability Coverage</b> N/A	<b>Disability Coverage</b> N/A	<p><b>Disability Coverage</b> Employees of school divisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase</p>	<p><b>Purchase of Prior Service</b> Same as VRS Plan 1.</p>	<p><b>Purchase of Prior Service</b> <b><u>Defined Benefit</u></b> <b><u>Component:</u></b> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final</li> </ul>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

periods of leave without pay.		<p>compensation.</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>
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<p><b>Earliest Reduced Retirement Eligibility</b> 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.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivision hazardous duty employees: 50 with at least five years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <b><u>Defined Benefit Component:</u></b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%),</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <b><u>Defined Benefit Component:</u></b> Same as VRS Plan 2.</p>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

<p>(CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b><u>Eligibility:</u></b> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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</li> </ul>	<p>for a maximum COLA of 3%.</p> <p><b><u>Eligibility:</u></b> Same as VRS Plan 1</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as VRS Plan 1</p>	<p><b><u>Defined Contribution Component:</u></b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as VRS Plan 1 and VRS Plan 2.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as VRS Plan 1 and VRS Plan 2.</p>
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**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

<p>Program.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>		
<p><b>Disability Coverage</b> N/A</p>	<p><b>Disability Coverage</b> N/A</p>	<p><b>Disability Coverage</b> Employees of school divisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must</p>	<p><b>Purchase of Prior Service</b> Same as VRS Plan 1.</p>	<p><b>Purchase of Prior Service</b> <b><u>Defined Benefit</u></b> <b><u>Component:</u></b> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of</li> </ul>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

<p>purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>		<p>4% of creditable compensation or average final compensation.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>
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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: <https://www.varetire.org/Pdf/Publications/2017-annual-report.pdf> or by writing to VRS'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 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.

The school division's contractually required contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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from an actuarial valuation as of June 30, 2017 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 16.32%. 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 89.84% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the school division were \$10,992,169 and \$9,829,909 for the years ended June 30, 2018 and June 30, 2017, respectively.

The school division's required contribution rate for the year ended June 30, 2018 for the non-professional group was 4.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016. 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 \$224,276 and \$233,512 for the years ended June 30, 2018 and 2017, respectively.

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

**Teacher Retirement Plan (Professional Plan)**

At June 30, 2018, the school division reported a liability of \$106,201,000 for its proportionate share of the Net Pension Liability of the Teacher Retirement Plan. The Net Pension Liability was measured as of June 30, 2017 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, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 0.86356% as compared to 0.87104% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized pension expense of \$7,793,000. 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, 2018, 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:



**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	7,520,000
Change in assumptions	1,550,000	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,197,000	1,725,000
Differences between expected and actual investment Earnings on Pension Plan Investments	—	3,858,000
Employer contributions subsequent to the measurement date	10,992,169	—
Total	<u>\$13,739,169</u>	<u>\$13,103,000</u>

Deferred outflows of resources reported in the amount of \$10,992,169 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, 2018.

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:		
2019	\$	(4,214,000)
2020		(278,000)
2021		(1,522,000)
2022		(3,850,000)
2023		(492,000)
Total	\$	<u>(10,356,000)</u>

**Net Pension Liability**

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<b>Teacher Employee Retirement Plan</b>
Total Pension Liability	\$ 45,417,520
Plan Fiduciary Net Position	<u>33,119,545</u>
Employers' Net Pension Liability (Asset)	<u>\$12,297,975</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**Non Professional Plan**

At June 30, 2018, the school division reported an asset of \$1,382,027 from its non-professional group. The Net Pension Asset was measured as of June 30, 2017 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017. For the year ended June 30, 2018, the school division recognized pension expense of (\$114,268), primarily due to the reduction of the expensed portion of the current period differences between actual and projected earnings on plan investments.

Changes in Net Pension 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, 2016	\$ 17,783,291	\$ 17,720,602	\$ 62,689
Changes for the year:			
Service cost	523,460	-	523,460
Interest	1,222,200	-	1,222,200
Changes of Assumptions	(236,957)		(236,957)
Difference between expected and actual experience	(318,599)	-	(318,599)
Contributions – employer	-	233,501	(233,501)
Contributions – employee	-	257,483	(257,483)
Net investment income	-	2,158,117	(2,158,117)
Benefit payments, including refunds of employee contributions	(646,577)	(646,577)	-
Administrative expense	-	(12,355)	12,355
Other changes	-	(1,926)	1,926
Net changes	543,527	1,988,243	(1,444,716)
Balances at June 30, 2017	\$ 18,326,818	\$ 19,708,845	\$ (1,382,027)

**Employees Covered By Benefit Terms (Non Professional Plan)**

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

	Number
Inactive members or their beneficiaries currently receiving benefits	96
Inactive members:	
Vested	21
Non-vested	71
Active elsewhere in VRS	45
Total inactive members	137
Active members	217
Total covered employees	450

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

At June 30, 2018, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	280,245
Change in Assumptions	—	164,047
Net difference between projected and actual earnings on pension plan investments	—	284,678
Employer contributions subsequent to the measurement date	224,276	—
Total	\$ 224,276	728,970

Deferred outflows of resources reported in the amount of \$224,276 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, 2019. Other amounts reported as deferred inflows of resources related to pensions as of June 30, 2018 will be recognized in pension expense as follows:

Years ending June 30:		
2019	\$	(381,215)
2020		(117,624)
2021		(45,406)
2022		(184,725)
Total	\$	(728,970)

**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, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

\* 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, 2015 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

Mortality rates: General employees - 14% of deaths are assumed to be service related. Public Safety Employees – 60% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2000 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

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

General Employees - Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; lowered disability rates, no change to salary scale, increased rate of line of duty from 14% to 20%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjustment to rates of retirement by increasing rate at 50 and lowering rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, and no changes to salary scale.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**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:

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

- \* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the 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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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.

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:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
<b>Retirement Plan</b>			
School division's proportionate share of the VRS Teacher Employee Retirement Plan (Professional Plan)			
Net Pension Liability	\$158,593,000	\$106,201,000	\$62,861,000
School division's Non-Professional Employee Retirement Plan Net Pension Liability (Asset)	\$812,045	\$(1,382,027)	\$(3,231,805)

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be requested from VRS's Chief Financial Officer in writing at P.O. Box 2500, Richmond, VA 23218-2500 or by downloading a copy from the VRS website at: <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>.

***Payables to the Pension Plan***

At June 30, 2018, the school division reported a payable of \$1.4 million to the retirement plan.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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**7. Other Post-Employment Benefits (OPEB)****Multiple Employer Agent Plan - Retiree Healthcare*****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 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 35.

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.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

***d) Employees Covered by Benefit Terms***

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

	Number of participants
Active employees	1,148
Retirees	30
Total	1,178

***e) Actuarial Methods and Assumptions***

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

The actuarial assumptions included calculations based on a discount rate of 3.58% for the unfunded liability. Benefits are discounted based on an index rate for 20-year tax exempt general obligation (GO) municipal bonds with an average rating of AA/Aa or higher. For this valuation, the Bond Buyer GO 20-year Bond Municipal Bond Index was used.

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

Inflation	2.8%
Rate of growth in real income/GDP per capita	1.5%
Income multiplier for health spending	1.3
Extra trend due to technology and other factors	1.1%
Health share of GDP resistance point	23.0%
Year for limiting cost growth to GDP growth	2060

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



**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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

Mortality decrements:

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

**f) Changes in Assumptions Since Prior Valuation**

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

**g) Changes in Net OPEB Liability**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2016 (as restated)	\$ 4,504,186	\$ -	\$ 4,504,186
Changes for the year:			
Service cost	457,670	-	457,670
Interest	126,557	-	126,557
Changes of benefit terms	-	-	-
Experience losses	-	-	-
ER contribution	-	206,794	(206,794)
Net investment income	-	-	-
Changes in assumptions	(244,756)	-	(244,756)
Benefit payments	(127,182)	(206,794)	79,612
Administrative expense	-	-	-
Net changes	212,289	-	212,289
Balances at June 30, 2017	\$ 4,716,475	\$ -	\$ 4,716,475

**h) Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability using the discount rate of 3.58%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate:

	1.00% Decrease (2.58%)	Current Discount Rate (3.58%)	1.00% Increase (4.58%)
Total and Net OPEB Liability	\$5,053,923	\$4,716,475	\$4,396,760

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**i) Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate**

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

	<b>1.00% Decrease (3.10%)</b>	<b>Current Discount Rate (4.10%)</b>	<b>1.00% Increase (5.10%)</b>
Total and Net OPEB Liability	\$4,219,091	\$4,716,475	\$5,304,906

**j) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2018, the Schools recognized OPEB expense of \$549,262. At June 30, 2018 deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources were reported:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	-
Change in assumptions	-	209,791
Employer contributions subsequent to the measurement date	163,175	-
Total	<u>\$ 163,175</u>	<u>\$ 209,791</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

<b>Years Ending June 30</b>	
FY 2019	\$ (34,965)
FY 2020	(34,965)
FY 2021	(34,965)
FY 2022	(34,965)
FY 2023	(34,965)
Thereafter	(34,966)
Total	<u>\$ (209,791)</u>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**Multiple Employer Cost-Sharing Plan – Group Life Insurance Plan**

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

**a) *Plan Description***

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

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

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

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City Schools Board</li> </ul>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

**Benefit Amounts**

The benefits payable under the Group Life Insurance Program have several components.

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

**Reduction in benefit Amounts**

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

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.

**b) Contributions**

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate,

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity were \$378,100 and \$346,407 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the entities reported a liability of \$6,029,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the teacher employee plan's proportion was .37116% as compared to .37180% at June 30, 2016. At June 30, 2017, the non-professional plan's proportion was .02951% as compared to .02981% at June 30, 2016.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$65,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 133,000
Net difference between projected and actual earnings on GLI OPEB plan investments	-	227,000
Change in assumptions	-	311,000
Changes in proportion	-	13,000
Employer contributions subsequent to the measurement date	378,100	-
Total	<u>\$ 378,100</u>	<u>\$ 684,000</u>

\$378,100 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**Years Ending June 30**

FY 2019	\$ (141,000)
FY 2020	(141,000)
FY 2021	(141,000)
FY 2022	(141,000)
FY 2023	(82,000)
Thereafter	(38,000)
Total	<u>\$ ( 684,000)</u>

**d) Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation      2.5 percent

Salary increases, including inflation –

General state employees	3.5 percent – 5.35 percent
Teachers	3.5 percent – 5.95 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
JRS employees	4.5 percent
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent

Investment rate of return      7.0 Percent, net of investment expenses,  
including inflation\*

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

**Mortality rates – Teachers**

Pre-Retirement:

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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

***e) Net GLI OPEB Liability***

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	<b>Group Life Insurance OPEB Program</b>
Total GLI OPEB Liability	\$ 2,942,426
Plan Fiduciary Net Position	<u>1,437,586</u>
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,504,840</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%

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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**f) Long-Term Expected Rate of Return**

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

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

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**g) Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be



**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School division's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$7,799,000	\$6,029,000	\$4,596,000

***i) Group Life Insurance Program Fiduciary Net Position***

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the VRS's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

***j) Payables to the VRS Group Life Insurance OPEB Plan***

At June 30, 2018, the school division reported a payable of \$93,572 to the Group Life Insurance Program.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**Teacher Employee Health Insurance Credit Program**

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

***(a) Plan Description***

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

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

<b>TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</li> </ul>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**Benefit Amounts**

The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

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

**Health Insurance Credit Program Notes:**

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

**(b) Contributions**

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$851,814 and \$767,163 for the years ended June 30, 2018 and June 30, 2017, respectively.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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

At June 30, 2018, Williamsburg-James City County Public Schools reported a liability of \$10,946,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .86281% as compared to .87099% at June 30, 2016.

For the year ended June 30, 2018, Williamsburg-James City County Public Schools recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$876,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017 a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	—
Change in Assumptions	—	112,000
Net difference between projected and actual earnings on Teach HIC OPEB plan investments	—	20,000
Changes in proportionate share	—	90,000
Employer contributions subsequent to the measurement date	851,814	—
Total	\$ <u>851,814</u>	<u>222,000</u>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

\$851,814 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

**Years Ending June 30**

FY 2019	\$ (36,000)
FY 2020	(36,000)
FY 2021	(36,000)
FY 2022	(36,000)
FY 2023	(31,000)
Thereafter	(47,000)
Total	<u>\$ (222,000)</u>

**(d) Actuarial Assumptions**

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5 percent
Salary increases, including inflation – Teacher Employees	3.5 percent – 5.95 percent
Investment rate of return	7.0 percent, net of plan investment expenses, including inflation*

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

**(e) Mortality rates – Teachers**

Pre-Retirement:

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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

**(f) Net Teacher Employee HIC OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$ 1,364,702
Plan Fiduciary Net Position	<u>96,091</u>
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,268,611</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	7.04%

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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

***(g) Long-Term Expected Rate of Return***

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

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

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

***(h) Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

***(i) Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate***

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$12,217,000	\$10,946,000	\$9,866,000

***(j) Teacher Employee HIC OPEB Fiduciary Net Position***

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the VRS's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

At June 30, 2018, the school division reported a payable of \$81,645 to the teacher employee health insurance credit program plan.

**Non-Professional Group - Health Insurance Credit**

The Schools Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of



**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

measuring the net Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB, and the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**(a) Plan Description**

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

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

<b>POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees of participating are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.</li> </ul>
<p><b>Benefit Amounts</b></p> <p>The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <b>At Retirement</b> – For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.</li> <li>• <b>Disability Retirement</b> – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.</li> </ul>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**Health Insurance Credit Program Notes:**

- The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.
- No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for premiums paid for other qualified health plans.
- Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

**(b) Employees Covered by Benefit Terms**

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number of participants</u>
Inactive members or their beneficiaries currently receiving benefits	31
Inactive members:	
Vested	1
Non-vested	0
Active elsewhere in VRS	<u>0</u>
Total inactive members	32
Active members	<u>217</u>
Total	<u>249</u>

**(c) Contributions**

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The political subdivision's contractually required employer contribution rate for the year ended June 30, 2018 was 0.23% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Schools to the Health Insurance Credit Program were \$11,165 and \$11,391 for the years ended June 30, 2018 and June 30, 2017, respectively.

**(d) Net HIC OPEB liability**

The political subdivision's net Health Insurance Credit OPEB liability was measured as of June 30, 2017. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

***(e) Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5 percent
Salary increases, including inflation –	
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	7.0 percent, net of plan investment expenses, including inflation*

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

***(f) Mortality rates – Largest Ten Locality Employers - General Employees*****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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

***(g) Mortality rates – Non-Largest Ten Locality Employers - General Employees*****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

***(h) Long-Term Expected Rate of Return***

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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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:

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

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**(i) Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

***(j) Changes in Net HIC OPEB Liability:***

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2016 (as restated)	\$ 310,991	\$ 288,259	\$ 22,732
Changes for the year:			
Service cost	8,750	-	8,750
Interest	21,536	-	21,536
Changes of benefit terms	-	-	-
Changes in assumptions	(11,335)		(11,335)
Difference between expected and actual experience	-	-	-
Contributions – employer	-	11,391	11,391
Contribution - employee	-	-	-
Net investment income	-	33,666	(33,666)
Benefit payments, including refunds of employee contributions	(6,674)	(6,674)	-
Administrative expense	-	(552)	552
Other changes	-	1,683	(1,683)
Net changes	12,277	39,514	(27,237)
Balances at June 30, 2017	\$ 323,268	\$ 327,773	\$ (4,505)

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

The following presents the Political Subdivision Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the Political subdivision's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Net OPEB Liability (Asset)	\$27,293	\$(4,505)	\$(31,851)

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

For the year ended June 30, 2018, the political subdivision recognized Health Insurance Credit Program OPEB expense \$4,137. At June 30, 2018, the political subdivision reported deferred

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	—
Change in Assumptions	—	9,357
Net difference between projected and actual earnings on Non-professional HIC OPEB plan investments	—	10,626
Employer contributions subsequent to the measurement date	11,165	—
Total	\$ 11,165	19,983

\$11,165 reported as deferred outflows of resources related to the HIC OPEB resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

**Years Ending June 30**

FY 2019	\$ (4,635)
FY 2020	(4,635)
FY 2021	(4,635)
FY 2022	(4,633)
FY 2023	(1,445)
Total	\$ (19,983)

***(m) Health Insurance Credit Program Plan Data***

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at

<http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the VRS's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Teacher Employee Virginia Local Disability Program**

The Virginia Retirement System (VRS) Teacher Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Teacher Employee Virginia Local Disability Program OPEB liability, deferred outflows of resources and deferred inflows of

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

resources related to the Teacher Employee Virginia Local Disability Program OPEB, and the Teacher Employee Virginia Local Disability Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Teacher Employee Virginia Local Disability Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***a) Plan Description***

All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. School divisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP). The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

<b>TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Teacher Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits</p> <p>Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <p>Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.</p>



**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**Benefit Amounts**

The Teacher Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:

**Short-Term Disability –**

- The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
- During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability.
- Once the eligibility period is satisfied, employees are eligible for higher income replacement levels

**Long-Term Disability –**

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

**Virginia Local Disability Program Notes:**

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

***b) Contributions***

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 0.31% of covered employee compensation for employees in the VRS Teacher Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year,

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Virginia Local Disability Program were \$39,047 and \$20,000 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$20,000 for its proportionate share of the VRS Teacher Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Virginia Local Disability Program was 3.31886% as compared to 3.56179%.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Virginia Local Disability Program OPEB expense of \$22,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017 a portion of the VRS Teacher Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Virginia Local Disability Program OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on VLDP OPEB plan investments	-	-
Change in assumptions	2,000	-
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	39,047	-
Total	<u>\$ 41,047</u>	<u>\$ -</u>

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

\$39,047 reported as deferred outflows of resources related to the Teacher Employee VLDP OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB will be recognized in the Teacher Employee VLDP OPEB expense in future reporting periods as follows:

**Years Ending June 30**

FY 2019	\$	2,000
FY 2020		-
FY 2021		-
FY 2022		-
FY 2023		-
Thereafter		-
Total	\$	<u>2,000</u>

**d) Actuarial Assumptions**

The total Teacher Employee VLDP OPEB liability for the VRS Teacher Employee Virginia Local Disability Program was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5 percent
Salary increases, including inflation – Teacher Employees	3.5 percent – 5.95 percent
Investment rate of return	7.0 percent, net of plan investment expenses, including inflation*

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

**Mortality rates – Teachers**

Pre-Retirement:

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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

**e) Net Teacher Employee VLDP OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	<b>Teacher Employee VLDP OPEB Plan</b>
Total Teacher Employee VLDP OPEB Liability	\$ 873
Plan Fiduciary Net Position	<u>279</u>
Teacher Employee net VLDP OPEB Liability (Asset)	<u>\$ 594</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee VLDP OPEB Liability	31.96%

The total Teacher Employee VLDP OPEB liability is calculated by the Williamsburg-James City County's actuary, and the plan's fiduciary net position is reported in the Williamsburg-James City County's financial statements. The net Teacher Employee VLDP OPEB liability is disclosed in

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

accordance with the requirements of GASB Statement No. 74 in the Williamsburg-James City County's notes to the financial statements and required supplementary information.

***f) Long-Term Expected Rate of Return***

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

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

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

***g) Discount Rate***

The discount rate used to measure the total Teacher Employee VLDP OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee VLDP OPEB liability.

***h) Sensitivity of the School Division's Proportionate Share of the Teacher Employee VLDP Net OPEB Liability to Changes in the Discount Rate***

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School division's proportionate share of the VRS Teacher Employee VLDP OPEB Plan Net VLDP OPEB Liability	\$23,000	\$20,000	\$17,000

***i) Teacher Employee VLDP OPEB Fiduciary Net Position***

Detailed information about the VRS Teacher Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the VRS's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

At June 30, 2018, the school division reported a payable of \$3,879 to the Teacher Virginia Local Disability Program OPEB Plan.

**Non-professional Virginia Local Disability Program**

The Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Political Subdivision Employee Virginia Local Disability Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee Virginia Local Disability Program OPEB, and the Political Subdivision Employee Virginia Local Disability Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Political Subdivision Employee Virginia Local Disability.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**a) Plan Description**

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

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

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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

replacement levels

**Long-Term Disability –**

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

**Virginia Local Disability Program Notes:**

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

**b) Contributions**

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2018 was 0.60% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the political subdivision to the VRS Political Subdivision Employee Virginia Local Disability Program were \$9,890 and \$6,000 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the political subdivision reported a liability of \$4,000 for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2017 and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of that



**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

date. The political subdivision's proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the political subdivision's actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the political subdivision's proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was 0.75284% as compared to 0.86144%.

For the year ended June 30, 2018, the political subdivision recognized VRS Political Subdivision Employee Virginia Local Disability Program OPEB expense of \$8,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017 a portion of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on VLDP OPEB plan investments	-	-
Change in assumptions	-	1,000
Changes in proportion and difference between Employer contributions & proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	9,890	-
Total	<u>\$ 9,890</u>	<u>\$ 1,000</u>

\$9,890 reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as per the following page:

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**Years Ending June 30**

FY 2019	\$	(1,000)
FY 2020		-
FY 2021		-
FY 2022		-
FY 2023		-
Thereafter		-
Total	\$	<u>(1,000)</u>

***d) Actuarial Assumptions***

The total Political Subdivision Employee VLDP OPEB liability for the VRS Political Subdivision Employee Virginia Local Disability Program was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation     2.5 percent

Salary increases, including inflation –

Political Subdivision Employees	3.5 percent – 5.35 percent
Investment rate of return	7.0 percent, net of plan investment expenses, including inflation*

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

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

Pre-Retirement:

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

Post-Retirement:

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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**Post-Disablement:**

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

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

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Updated to a more current mortality table – RP2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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

**g) Net Political Subdivision Employee VLDP OPEB Liability**

The net OPEB liability (NOL) for the Political Subdivision Employee Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Political Subdivision Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	<b>Political Subdivision Employee VLDP OPEB Plan</b>
Total Political Subdivision VLDP OPEB Liability	\$ 914
Plan Fiduciary Net Position	<u>351</u>
Political Subdivision net VLDP OPEB Liability (Asset)	<u>\$ 563</u>

Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability 38.40%

**h) Long-Term Expected Rate of Return**

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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**i) Discount Rate**

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by the political subdivision for the VRS Political Subdivision Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Political Subdivision Employee VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Political Subdivision Employee VLDP OPEB liability.

**j) Sensitivity of the Political Subdivision's Proportionate Share of the Political Subdivision Employee VLDP Net OPEB Liability to Changes in the Discount Rate**

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

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

VLDP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School division's proportionate share of the VRS Political Subdivision VLDP OPEB Plan	\$4,000	\$4,000	\$3,000
Net VLDP OPEB Liability			

***k) Political Subdivision Employee VLDP OPEB Fiduciary Net Position***

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the VRS's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

***l) Payables to the Political Subdivision Employee Virginia Local Disability Program OPEB Plan***

At June 30, 2018, the school division reported a payable of \$962 to the Teacher Virginia Local Disability Program OPEB Plan.

**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.

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**9. Risk Management**

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

**10. Unavailable Revenue and Unearned Revenue**

Unavailable revenue represents amounts that have been earned but not yet received. Unavailable revenue consists of the following as of June 30, 2018:

	<b>Grants Fund</b>
Multiple mini-grants & donations	\$ 2,404
Special Education	29,737
Title VI-B	277,034
Title I	212,657
Teacher Quality	26,137
Carl Perkins Grant	45,845
Safe Routes to Schools	28,217
Total Unavailable Revenue	\$ 622,031

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, 2018:

	<b>Grants Fund</b>
Multiple mini-grants & donations	\$ 18,332
Health Initiatives	40,462
Career & Technical Programs	3,933
High school innovations grant	18,227
Bright Beginnings	1,153
Behavioral intervention grant	11,774
Mentor Teacher Program	10,123
Virginia Preschool Initiative	5,459
Special Education – Preschool	1,302
GED Prep Programs	3,837
Race to GED	3,636
Project Graduation	11,089
English as a Second Language	1,843
Impact Aid Grant	2,891
Teacher Quality	1,035
Adult Basic Education	2,960
State Technology Grant	52
Total Unearned Revenue	\$ 138,108

**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

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**11. Related Organizations and Related Parties**

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

In addition, the School Board is a member of the jointly governed New Horizons Education Center along with five other local school divisions. New Horizons is a jointly governed organization with each school division having one representative on the New Horizons Board. New Horizons is a separate legal entity with separately issued financial statements which provides special education services, career and technical education, and governor's school opportunities to our students. Contributions to New Horizons totaled \$1.8 million for the year ended June 30, 2018.

The Williamsburg-James City County Education Foundation is a non-profit organization established to receive private donations and contributions to be used for the benefit of the students of 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, 2018, the foundation disbursed approximately \$58,000 in grants for the benefit of WJCCPS.



**WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Basic Financial Statements

June 30, 2018

**12. Restatement – Net Position**

The Schools adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018. The Schools could not practically determine the period-specific details of the change on all prior periods presented; therefore, the cumulative effect of the change was applied to the beginning balances of the current year as follows:

	<b>Previously Reported 6/30/2017</b>	<b>Restatement</b>	<b>As Restated 6/30/2017</b>
Deferred outflow - OPEB GLI contribution	\$ -	\$384,303	\$384,303
Deferred outflow - OPEB HIC prof contribution	\$ -	\$755,834	\$755,834
Deferred outflow - OPEB HIC non-prof contribution	\$ -	\$11,391	\$11,391
Deferred outflow - OPEB VLDP prof contribution	\$ -	\$29,034	\$29,034
Deferred outflow - OPEB VLDP non-prof contribution	\$ -	\$8,295	\$8,295
OPEB liability - Retiree Healthcare	\$ (6,143,300)	\$1,639,114	\$(4,504,186)
OPEB liability - GLI	\$ -	\$ (7,027,000)	\$(7,027,000)
OPEB liability - HIC prof	\$ -	\$ (11,047,000)	\$(11,047,000)
OPEB liability - HIC non-prof	\$ -	\$ (22,732)	\$(22,732)
OPEB liability - VLDP prof	\$ -	\$ (16,000)	\$(16,000)
OPEB liability - VLDP non-prof	\$ -	\$ (3,000)	\$(3,000)
Net position	\$57,155,063	\$15,287,761	\$72,442,824

**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, 2018

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance from amended</u>
Revenues:				
Intergovernmental:				
Local sources	\$ 97,331,130	98,096,246	95,007,500	(3,088,746)
Commonwealth of Virginia	33,106,263	33,106,263	33,049,130	(57,133)
Federal government	225,000	225,000	16,719	(208,281)
Charges for services	550,000	550,000	505,616	(44,384)
Interest	2,000	2,000	560	(1,440)
Miscellaneous	78,000	78,000	180,324	102,324
Total revenues	<u>131,292,393</u>	<u>132,057,509</u>	<u>128,759,849</u>	<u>(3,297,660)</u>
Expenditures:				
Education:				
General and administrative	3,340,824	3,405,824	3,148,842	256,982
Instruction	95,923,609	96,016,725	94,821,926	1,194,799
Attendance and health services	4,476,267	4,476,267	4,205,922	270,345
Pupil transportation	8,180,683	8,616,683	7,989,904	626,779
Operations and maintenance	11,692,192	11,692,192	11,192,564	499,628
Technology	7,602,555	7,773,555	7,553,349	220,206
Total education	<u>131,216,130</u>	<u>131,981,246</u>	<u>128,912,507</u>	<u>3,068,739</u>
Debt service:				
Principal	69,243	69,243	69,243	—
Interest	7,020	7,020	7,020	—
Total debt service	<u>76,263</u>	<u>76,263</u>	<u>76,263</u>	<u>—</u>
Total expenditures	<u>131,292,393</u>	<u>132,057,509</u>	<u>128,988,770</u>	<u>3,068,739</u>
Excess of revenues under expenditures	<u>\$ —</u>	<u>—</u>	<u>(228,921)</u>	<u>(228,921)</u>
Fund balance at the beginning of year			<u>428,921</u>	
Fund balance at end of year			<u>\$ 200,000</u>	

See accompanying note to required supplementary information.

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

**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer Contributions (unaudited)

Last ten fiscal years

Virginia Retirement System - Professional Employees						
Fiscal year ended June 30	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll	
2018	\$ 10,992,169	\$ 10,992,169	\$ —	\$ 67,353,977	16.32%	
2017	9,829,909	9,829,909	—	67,052,585	14.66%	
2016	9,251,488	9,251,488	—	65,800,057	14.06%	
2015	9,430,011	9,430,011	—	65,034,559	14.50%	
2014	7,332,082	7,332,082	—	62,882,350	11.66%	
2013	7,243,298	7,243,298	—	62,120,905	11.66%	
2012	7,139,187	7,139,187	—	63,011,361	11.33%	
2011	5,661,047	5,661,047	—	63,393,663	8.93%	
2010	7,265,263	7,265,263	—	64,568,319	11.25%	
2009	8,975,969	8,975,969	—	64,980,992	13.81%	

Virginia Retirement System - Non Professional Employees						
Fiscal year ended June 30	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll	
2018	\$ 224,276	\$ 224,276	\$ —	\$ 4,802,484	4.67%	
2017	233,512	233,512	—	5,000,257	4.67%	
2016	369,942	369,942	—	5,123,850	7.22%	
2015	372,141	372,141	—	5,154,307	7.22%	
2014	435,519	435,519	—	4,812,365	9.05%	
2013	554,483	554,483	—	6,126,884	9.05%	
2012	566,011	566,011	—	4,896,290	11.56%	
2011	543,878	543,878	—	4,704,839	11.56%	
2010	568,724	568,724	—	4,901,372	11.60%	
2009	556,172	556,172	—	4,785,956	11.62%	

**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 Employees Plan

Year ended June 30, 2018, 2017, 2016, and 2015\*

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

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

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

**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

## Required Supplementary Information

## Schedule of Employer's Share of Net Pension Liability and Related Ratios

## VRS Professional Employees Retirement Plan

Year ended June 30, 2018, 2017, 2016, and 2015\*

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

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

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

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

Required Supplementary Information

Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB - Retiree Healthcare (RH)

Year ended June 30, 2018\*

	<b>2018</b>
Total OPEB - RH liability	
Service cost	\$ 457,670
Interest	126,557
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	(244,756)
Benefit payments	(127,182)
	<u>212,289</u>
Net change in total OPEB - RH liability	212,289
Total OPEB - RH liability - beginning	4,504,186
	<u>4,716,475</u>
	<u>\$ 4,716,475</u>
Plan fiduciary net position - RH	
Contributions - employer	\$ 206,794
Net investment income	-
Benefit payments	(206,794)
Administrative expenses	-
	<u>-</u>
Net change in plan fiduciary net position - RH	-
Plan fiduciary net position - RH, beginning	-
	<u>-</u>
Plan fiduciary net position - RH, ending (b)	<u>\$ -</u>
	<u>\$ -</u>
School's net OPEB - RH liability - ending (a) - (b)	<u>\$ 4,716,475</u>
	<u>\$ 4,716,475</u>
Plan fiduciary net position - RH as a percentage of the total OPEB - RH liability	0.0%
Expected average remaining service years of all participants	7

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

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

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

## Required Supplementary Information

## Schedule of Employer's Share of Net OPEB Liability

## OPEB - Group Life Insurance Program - Professional Employees

Year Ended June 30, 2018\*

---

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

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

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

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

Required Supplementary Information

Schedule of Employer's Share of Net OPEB Liability

OPEB - Group Life Insurance Program - Non Professional Employees

Year Ended June 30, 2018\*

---

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

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

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



**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer OPEB Contributions (unaudited)

OPEB - Group Life Insurance Program

Year ended June 30, 2018

OPEB - GLI - Professional Employees					
<b>Fiscal year ended June 30</b>	<b>Contractually required contribution</b>	<b>Contributions in relation to contractually required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a % of covered payroll</b>
2018	\$ 352,935	\$ 352,935	\$ -	\$ 67,353,977	0.52%

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

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

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

Required Supplementary Information

Schedule of Employer's Share of Net OPEB Liability

OPEB - Health Insurance Credit Program - Professional Employees

Year Ended June 30, 2018\*

---

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

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

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

**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

## Required Supplementary Information

## Schedule of Changes in Net OPEB Liability and Related Ratios

## OPEB - Health Insurance Credit - Non Professional Employees

Year ended June 30, 2018\*

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

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

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

**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer OPEB Contributions (unaudited)

OPEB - Health Insurance Credit

Year ended June 30, 2018

OPEB - HIC - Professional Employees					
<b>Fiscal year ended June 30</b>	<b>Contractually required contribution</b>	<b>Contributions in relation to contractually required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a % of covered payroll</b>
2018	\$ 851,814	\$ 851,814	\$ -	\$ 67,353,977	1.26%

OPEB - HIC - Non Professional Employees					
<b>Fiscal year ended June 30</b>	<b>Contractually required contribution</b>	<b>Contributions in relation to contractually required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a % of covered payroll</b>
2018	\$ 11,165	\$ 11,165	\$ -	\$ 4,802,484	0.23%

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

**Exhibit XVIII****WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer's Share of Net OPEB Liability

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

Year Ended June 30, 2018\*

---

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

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

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

**Exhibit XIX****WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

## Required Supplementary Information

## Schedule of Employer's Share of Net OPEB Liability

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

Year Ended June 30, 2018\*

---

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

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

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

**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Required Supplementary Information

Schedule of Employer OPEB Contributions (unaudited)

OPEB - Virginia Local Disability Program (VLDP)

Year ended June 30, 2018

OPEB - VLDP - Professional Employees					
<b>Fiscal year ended June 30</b>	<b>Contractually required contribution</b>	<b>Contributions in relation to contractually required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a % of covered payroll</b>
2018	\$ 39,047	\$ 39,047	\$ -	\$ 67,353,977	0.06%

OPEB - VLDP - Non Professional Employees					
<b>Fiscal year ended June 30</b>	<b>Contractually required contribution</b>	<b>Contributions in relation to contractually required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a % of covered payroll</b>
2018	\$ 9,890	\$ 9,890	\$ -	\$ 4,802,484	0.21%

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, 2018

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**(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, 2018

**(2) Pensions - 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 is still a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 is not material.

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

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

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

**(4) Pensions - Changes of Assumptions - Non-professional Plan**

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

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%

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

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

**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of the James City County, Virginia)

## Notes to Required Supplementary Information

Year ended June 30, 2018

**(5) OPEB Retiree Healthcare – Changes of Benefit Terms**

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

**(6) OPEB Retiree Healthcare – Change of Assumptions**

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

	Discount Rate
June 30, 2017	2.85%
June 30, 2018	3.58%

**(7) OPEB Group Life Insurance – Changes of Benefit Terms**

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

**(8) OPEB Group Life Insurance - Changes of Assumptions**

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

## Teachers

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

## Largest Ten Locality Employers - General Employees

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

**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of the James City County, Virginia)

## Notes to Required Supplementary Information

Year ended June 30, 2018

**(8) OPEB Group Life Insurance - Changes of Assumptions, Continued**

## Non-Largest Ten Locality Employers - General Employees

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

**(9) OPEB Health Insurance Credit – Changes of Benefit Terms**

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

**(10) OPEB Health Insurance Credit - Changes of Assumptions**

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

## Teachers

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

## Largest Ten Locality Employers - General Employees

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

**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of the James City County, Virginia)

## Notes to Required Supplementary Information

Year ended June 30, 2018

**(10) OPEB Health Insurance Credit - Changes of Assumptions, Continued**

## Non-Largest Ten Locality Employers - General Employees

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

**(11) OPEB Virginia Local Disability Program – Changes of Benefit Terms**

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

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

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

## Teachers

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

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

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

**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of the James City County, Virginia)

Notes to Required Supplementary Information

Year ended June 30, 2018

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

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

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

**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, 2018

	<b>Balance at July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at June 30, 2018</b>
<b>State Operated Educational Program:</b>				
Assets:				
Cash and temporary investments	\$ —	2,666,189	2,666,189	—
Due from Commonwealth of Virginia	279,355	356,317	351,254	284,418
Total assets	<u>\$ 279,355</u>	<u>3,022,506</u>	<u>3,017,443</u>	<u>284,418</u>
Liabilities:				
Accounts payable	\$ —	223,267	223,267	—
Accrued payroll	57,805	179,807	200,486	37,126
Accrued benefits	24,849	633,684	604,078	54,455
Due to other funds	196,701	192,837	196,701	192,837
Total liabilities	<u>\$ 279,355</u>	<u>1,229,595</u>	<u>1,224,532</u>	<u>284,418</u>
<b>School Activities Fund:</b>				
Assets -				
Cash and temporary investments	\$ <u>1,125,176</u>	<u>2,181,125</u>	<u>2,040,111</u>	<u>1,266,190</u>
Liability -				
Due to students	\$ <u>1,125,176</u>	<u>2,181,125</u>	<u>2,040,111</u>	<u>1,266,190</u>
<b>Total all agency funds:</b>				
Assets:				
Cash and temporary investments	\$ 1,125,176	4,847,314	4,706,300	1,266,190
Due from Commonwealth of Virginia	279,355	356,317	351,254	284,418
Total assets	<u>\$ 1,404,531</u>	<u>5,203,631</u>	<u>5,057,554</u>	<u>1,550,608</u>
Liabilities:				
Accounts payable	\$ —	223,267	223,267	—
Accrued payroll	57,805	179,807	200,486	37,126
Accrued benefits	24,849	633,684	604,078	54,455
Due to other funds	196,701	192,837	196,701	192,837
Due to students	1,125,176	2,181,125	2,040,111	1,266,190
Total liabilities	<u>\$ 1,404,531</u>	<u>3,410,720</u>	<u>3,264,643</u>	<u>1,550,608</u>

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## **WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Notes to Statistical Tables

June 30, 2018

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### **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 longterm debt nor does the School Division have any legal debt margin. WJCC PS does not have the authority to levy taxes or issue bonded debt in its name. Therefore, information on debt capacity is presented for James City County, Virginia which the Schools are a component unit of.

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

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



**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Net Position by Component

Last Ten Fiscal Years

*(accrual basis of accounting)*


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	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Governmental Activities					
Net investment in					
capital assets	\$ 58,877,527	\$ 56,647,755	\$ 53,952,706	\$ 53,328,252	\$ 52,273,671
Restricted	919,728	796,971	619,624	382,866	581,430
Unrestricted	<u>(126,686,925)</u>	<u>(114,599,789)</u>	<u>(113,187,460)</u>	<u>(113,731,570)</u>	<u>(113,301,255)</u>
Total net position	<u>\$ (66,889,670)</u>	<u>\$ (57,155,063)</u>	<u>\$ (58,615,130)</u>	<u>\$ (60,020,452)</u>	<u>\$ (60,446,154)</u>

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

**Table I**


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	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Governmental Activities					
Net investment in					
capital assets	\$ 49,897,556	\$ 47,957,321	\$ 44,767,708	\$ 37,866,251	\$ 32,421,545
Restricted	-	-	-	-	-
Unrestricted	(773,763)	(1,202,196)	424,395	2,850,898	2,939,967
Total net position	<u>\$ 49,123,793</u>	<u>\$ 46,755,125</u>	<u>\$ 45,192,103</u>	<u>\$ 40,717,149</u>	<u>\$ 35,361,512</u>

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**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)*

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Expenses:					
Governmental activities:					
General and administrative	\$ 3,050,749	\$ 2,760,208	\$ 2,815,308	\$ 2,836,596	\$ 2,297,396
Instruction	97,878,921	98,632,626	92,997,202	91,646,778	82,175,973
Attendance and health services	4,653,870	4,978,076	4,702,668	4,666,999	3,875,200
Pupil transportation	8,078,284	8,380,146	8,156,425	8,568,121	8,010,603
Operations and maintenance	11,779,208	11,789,775	11,668,670	11,737,440	11,259,563
Technology	8,642,673	8,906,750	7,866,642	8,422,558	6,909,909
Food services	4,089,610	4,764,562	4,199,063	4,282,272	4,037,217
Interest on long-term liabilities	7,020	13,562	19,486	24,851	15,635
Total expenses	<u>138,180,335</u>	<u>140,225,705</u>	<u>132,425,464</u>	<u>132,185,615</u>	<u>118,581,496</u>
Program Revenues:					
Governmental activities:					
Charges for services					
Instruction	201,866	200,884	249,303	211,468	377,606
Operations and maintenance	303,750	364,686	339,217	375,120	372,602
Food services	1,831,859	1,872,641	1,818,365	1,732,342	1,786,986
Operating grants and contributions	<u>19,543,489</u>	<u>18,530,500</u>	<u>17,326,000</u>	<u>16,479,274</u>	<u>16,091,244</u>
Total program revenues	<u>21,880,964</u>	<u>20,968,711</u>	<u>19,732,885</u>	<u>18,798,204</u>	<u>18,628,438</u>
Net Expense	<u>(116,299,371)</u>	<u>(119,256,994)</u>	<u>(112,692,579)</u>	<u>(113,387,411)</u>	<u>(99,953,058)</u>
General Revenues and Other Changes in					
Governmental activities:					
Interest	808	934	681	4,174	4,087
Grants and contributions not restricted to specific programs	121,671,393	120,453,016	113,865,906	113,568,153	109,960,252
Miscellaneous	<u>180,324</u>	<u>263,111</u>	<u>231,314</u>	<u>240,786</u>	<u>224,400</u>
Total	<u>121,852,525</u>	<u>120,717,061</u>	<u>114,097,901</u>	<u>113,813,113</u>	<u>110,188,739</u>
Change in Net Position	<u>\$ 5,553,154</u>	<u>\$ 1,460,067</u>	<u>\$ 1,405,322</u>	<u>\$ 425,702</u>	<u>\$ 10,235,681</u>

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

Table II

	2013	2012	2011	2010	2009
Expenses:					
Governmental activities:					
General and administrative	\$ 2,437,168	\$ 2,425,720	\$ 2,403,103	\$ 2,198,588	\$ 2,664,104
Instruction	87,380,735	87,034,927	86,617,095	87,194,611	88,965,658
Attendance and health services	4,115,553	4,309,939	4,096,464	4,392,898	4,442,265
Pupil transportation	7,978,013	8,130,530	7,506,922	7,030,487	6,733,896
Operations and maintenance	10,945,546	10,703,375	10,845,610	10,178,201	11,359,958
Technology	5,962,934	5,893,444	6,175,525	6,764,084	5,579,073
Food services	4,244,768	4,053,262	3,943,052	3,735,656	3,862,988
Interest on long-term liabilities	—	—	—	—	204
Total expenses	<u>123,064,717</u>	<u>122,551,197</u>	<u>121,587,771</u>	<u>121,494,525</u>	<u>123,608,146</u>
Program Revenues:					
Governmental activities:					
Charges for services					
Instruction	343,800	231,687	163,380	240,971	243,663
Operations and maintenance	315,677	268,087	300,248	340,909	60,244
Food services	1,870,898	2,068,379	1,995,521	1,922,919	2,050,686
Operating grants and contributions	<u>16,006,571</u>	<u>17,998,894</u>	<u>19,437,453</u>	<u>18,623,895</u>	<u>15,430,743</u>
Total program revenues	<u>18,536,946</u>	<u>20,567,047</u>	<u>21,896,602</u>	<u>21,128,694</u>	<u>17,785,336</u>
Net Expense	<u>(104,527,771)</u>	<u>(101,984,150)</u>	<u>(99,691,169)</u>	<u>(100,365,831)</u>	<u>(105,822,810)</u>
General Revenues and Other Changes in					
Governmental activities:					
Interest	2,568	8,454	3,661	6,021	41,697
Grants and contributions not restricted to specific programs	106,692,704	103,477,467	104,117,528	105,639,757	109,692,959
Miscellaneous	<u>201,167</u>	<u>61,251</u>	<u>44,934</u>	<u>75,690</u>	<u>88,243</u>
Total	<u>106,896,439</u>	<u>103,547,172</u>	<u>104,166,123</u>	<u>105,721,468</u>	<u>109,822,899</u>
Change in Net Position	<u>\$ 2,368,668</u>	<u>\$ 1,563,022</u>	<u>\$ 4,474,954</u>	<u>\$ 5,355,637</u>	<u>\$ 4,000,089</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)*


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	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
General Fund					
Committed	\$ —	\$ —	\$ —	\$ —	\$ —
Assigned	—	228,921	56,273	1,042,872	2,537,319
Unassigned	200,000	200,000	200,000	500,000	500,000
Total general fund	<u>200,000</u>	<u>428,921</u>	<u>256,273</u>	<u>1,542,872</u>	<u>3,037,319</u>
 All other governmental funds					
Nonspendable	36,661	37,438	16,525	35,675	52,094
Restricted	919,728	796,971	619,624	543,302	768,649
Committed	449,340	449,340	687,175	1,049,684	1,049,684
Assigned	—	—	—	—	—
Unassigned	<u>(625,402)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total all other governmental funds	<u>780,327</u>	<u>1,283,749</u>	<u>1,323,324</u>	<u>1,628,661</u>	<u>1,870,427</u>
Total governmental funds	<u>\$ 980,327</u>	<u>\$ 1,712,670</u>	<u>\$ 1,579,597</u>	<u>\$ 3,171,533</u>	<u>\$ 4,907,746</u>

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

**Table III**


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	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
General Fund					
Committed	\$ —	\$ 685,097	\$ 1,240,227	\$ 3,938,395	\$ 2,723,770
Assigned	1,330,013	256,892	238,241	960,195	1,619,061
Unassigned	500,000	500,000	400,000	400,000	400,000
Total general fund	<u>1,830,013</u>	<u>1,441,989</u>	<u>1,878,468</u>	<u>5,298,590</u>	<u>4,742,831</u>
All other governmental funds					
Nonspendable	76,244	40,532	43,319	39,775	55,484
Restricted	190,845	224,282	217,763	168,270	79,888
Committed	1,460,280	936,976	1,780,805	67,874	67,874
Assigned	672,806	653,864	414,557	292,377	132,180
Unassigned	—	—	—	—	—
Total all other governmental funds	<u>2,400,175</u>	<u>1,855,654</u>	<u>2,456,444</u>	<u>568,296</u>	<u>335,426</u>
Total governmental funds	<u>\$ 4,230,188</u>	<u>\$ 3,297,643</u>	<u>\$ 4,334,912</u>	<u>\$ 5,866,886</u>	<u>\$ 5,078,257</u>

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**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)*

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Revenues:					
From City of Williamsburg and James City County	\$ 100,077,246	\$ 98,780,879	\$ 91,241,881	91,629,884	\$ 89,714,366
From Commonwealth of Virginia	34,119,963	32,862,110	32,741,420	31,895,780	29,719,338
From federal government	5,712,897	6,596,812	6,254,627	5,800,936	5,922,208
Charges for services	2,337,475	2,438,211	2,406,885	2,318,930	2,537,194
Interest	808	934	681	4,174	4,087
Miscellaneous	863,069	1,006,825	1,024,855	934,829	916,358
Total revenues	<u>143,111,458</u>	<u>141,685,771</u>	<u>133,670,349</u>	<u>132,584,533</u>	<u>128,813,551</u>
Expenditures:					
General and administrative	3,122,087	2,729,936	2,857,644	2,847,306	2,441,253
Instruction	98,983,786	96,691,285	93,630,655	91,375,915	87,245,042
Attendance and health services	4,791,998	4,931,833	4,807,927	4,718,015	4,207,389
Pupil transportation	7,230,229	7,291,549	7,122,053	7,542,084	7,178,735
Operations and maintenance	10,994,777	10,822,595	10,821,632	10,976,451	10,763,717
Technology	7,841,313	7,872,173	6,893,598	7,428,633	6,203,443
Food services	4,099,168	4,214,982	4,167,372	4,241,358	4,059,133
Capital outlay	6,704,180	6,922,082	4,885,141	5,213,582	6,195,217
Debt service:					
Principal	69,243	62,701	56,777	51,412	26,912
Interest	7,020	13,562	19,486	24,851	15,635
Total expenditures	<u>143,843,801</u>	<u>141,552,698</u>	<u>135,262,285</u>	<u>134,419,607</u>	<u>128,336,476</u>
Revenues over/(under) expenditures	<u>(732,343)</u>	<u>133,073</u>	<u>(1,591,936)</u>	<u>(1,835,074)</u>	<u>477,075</u>
Other Finance Sources (uses):					
Transfers in	—	—	—	—	—
Transfers out	—	—	—	—	—
Proceeds from capital lease obligations	—	—	—	98,861	200,483
Total other financing sources	<u>—</u>	<u>—</u>	<u>—</u>	<u>98,861</u>	<u>200,483</u>
Net change in fund balances	\$ <u>(732,343)</u>	\$ <u>133,073</u>	\$ <u>(1,591,936)</u>	<u>(1,736,213)</u>	\$ <u>677,558</u>
Debt service as a percentage of noncapital expenditures	0.06%	0.06%	0.06%	0.06%	0.03%

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

Table IV

	2013	2012	2011	2010	2009
Revenues:					
From City of Williamsburg and James City County	\$ 87,464,236	\$ 84,705,864	\$ 86,245,980	\$ 85,992,454	\$ 85,926,730
From Commonwealth of Virginia	28,322,908	27,410,306	26,971,781	28,422,738	33,447,751
From federal government	6,245,815	8,761,493	9,807,806	9,036,851	4,887,265
Charges for services	2,530,375	2,568,153	2,409,113	2,504,799	2,354,593
Interest	2,568	8,454	3,661	6,021	41,697
Miscellaneous	834,046	666,468	673,877	975,682	520,741
Total revenues	<u>125,399,948</u>	<u>124,120,738</u>	<u>126,112,218</u>	<u>126,938,545</u>	<u>127,178,777</u>
Expenditures:					
General and administrative	2,413,378	2,399,471	2,375,576	2,172,101	2,627,079
Instruction	85,988,849	85,847,899	85,268,770	85,928,824	87,250,725
Attendance and health services	4,093,333	4,285,961	4,063,102	4,363,706	4,393,181
Pupil transportation	7,033,259	7,181,689	6,494,969	6,232,341	5,972,410
Operations and maintenance	10,148,781	10,089,434	10,352,343	9,880,780	11,163,348
Technology	5,316,237	5,234,880	5,628,007	6,376,540	5,261,115
Food services	4,193,745	3,994,711	3,879,924	3,684,807	3,810,598
Capital outlay	5,279,821	6,123,962	9,581,501	7,510,817	5,265,395
Debt service:					
Principal	—	—	—	—	24,605
Interest	—	—	—	—	204
Total expenditures	<u>124,467,403</u>	<u>125,158,007</u>	<u>127,644,192</u>	<u>126,149,916</u>	<u>125,768,660</u>
Revenues over/(under) expenditures	<u>932,545</u>	<u>(1,037,269)</u>	<u>(1,531,974)</u>	<u>788,629</u>	<u>1,410,117</u>
Other Finance Sources (uses):					
Transfers in	685,097	1,140,227	2,569,449	—	—
Transfers out	(685,097)	(1,140,227)	(2,569,449)	—	—
Proceeds from capital lease obligations	—	—	—	—	—
Total other financing sources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>\$ 932,545</u>	<u>\$ (1,037,269)</u>	<u>\$ (1,531,974)</u>	<u>\$ 788,629</u>	<u>\$ 1,410,117</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.02%



**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

## Government-Wide Expenses by Function

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>General and administrative</b>	<b>Instruction</b>	<b>Attendance and health services</b>	<b>Pupil transportation</b>	<b>Operations and maintenance</b>
2018 \$	3,050,749 \$	97,878,921 \$	4,653,870 \$	8,078,284 \$	11,779,208 \$
2017	2,760,208	98,632,626	4,978,076	8,380,146	11,789,775
2016	2,815,308	92,997,202	4,702,668	8,156,425	11,668,670
2015	2,836,596	91,646,778	4,666,999	8,568,121	11,737,440
2014	2,297,396	82,175,973	3,875,200	8,010,603	11,259,563
2013	2,437,168	87,380,735	4,115,553	7,978,013	10,945,546
2012	2,425,720	87,034,927	4,309,939	8,130,530	10,703,375
2011	2,403,103	86,617,095	4,096,464	7,506,922	10,845,610
2010	2,198,588	87,194,611	4,392,898	7,030,487	10,178,201
2009	2,664,104	88,965,658	4,442,265	6,733,896	11,359,958

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

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

Table V

Fiscal Year	March Average					
	Technology	Food services	Interest on long-term liabilities	Total expenses (*)	Daily Membership (ADM) determining cost per pupil (*)	Per pupil expenses
2018	\$ 8,642,673	\$ 4,089,610	\$ 7,020	\$ 138,180,335	11,421	\$ 12,099
2017	8,906,750	4,764,562	13,562	140,225,705	11,470	12,225
2016	7,866,642	4,199,063	19,486	132,425,464	11,246	11,775
2015	8,422,558	4,282,272	24,851	132,185,615	11,061	11,951
2014	6,909,909	4,037,217	15,635	118,581,496	10,954	10,825
2013	5,962,934	4,244,768	—	123,064,717	10,715	11,485
2012	5,893,444	4,053,262	—	122,551,197	10,602	11,559
2011	6,175,525	3,943,052	—	121,587,771	10,488	11,593
2010	6,764,084	3,735,656	—	121,494,525	10,486	11,586
2009	5,579,073	3,862,988	204	123,608,146	10,236	12,076

**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

**Expenditures by Function and Per Pupil Cost****Last Ten Fiscal Years**

<b>Fiscal year</b>		<b>General and administrative</b>		<b>Instruction</b>		<b>Attendance and health services</b>		<b>Pupil transportation</b>		<b>Operations and maintenance</b>
2018	\$	3,148,842	\$	94,821,926	\$	4,205,922	\$	7,989,904	\$	11,192,564
2017		2,756,691		92,290,584		4,327,938		8,411,442		11,203,740
2016		2,857,644		89,083,820		4,217,836		7,608,205		10,988,255
2015		2,824,946		87,543,866		4,155,979		9,058,419		11,138,915
2014		2,452,122		83,074,564		3,790,460		8,142,394		10,930,579
2013		2,338,775		81,505,993		3,868,988		7,553,582		10,222,502
2012		2,461,487		80,617,816		3,879,999		7,689,497		10,320,259
2011		2,444,129		80,240,364		3,643,755		8,035,887		10,413,376
2010		2,172,998		81,261,484		3,440,973		6,349,759		10,141,525
2009		2,616,361		83,567,276		3,552,281		8,141,341		11,126,233

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

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

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

Table VI

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<b>Fiscal year</b>		<b>Technology</b>		<b>Total cost – regular day school (*)</b>	<b>March Average Daily membership for (ADM) determining cost per pupil (*)</b>		<b>Per pupil expenditures</b>
2018	\$	7,553,349	\$	128,912,507	11,421	\$	11,287
2017		7,581,714		126,572,109	11,295		11,206
2016		6,456,282		121,212,042	11,246		10,778
2015		6,898,359		121,620,484	11,061		10,995
2014		6,559,148		114,949,267	10,954		10,494
2013		5,274,557		110,764,397	10,715		10,337
2012		4,915,398		109,884,456	10,602		10,365
2011		5,287,248		110,064,759	10,488		10,494
2010		6,835,208		110,201,947	10,486		10,509
2009		4,856,054		113,859,546	10,236		11,123

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**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

## General Fund Expenditures by Function

Last Ten Fiscal Years

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<b>Fiscal year</b>		<b>General and administrative</b>		<b>Instruction</b>		<b>Attendance and health services</b>		<b>Pupil transportation</b>
2018	\$	3,148,842	\$	94,821,926	\$	4,205,922	\$	7,989,904
2017		2,756,691		92,290,584		4,327,938		8,411,442
2016		2,857,644		89,083,820		4,217,836		7,608,205
2015		2,824,946		87,543,866		4,155,979		9,058,419
2014		2,452,122		83,074,564		3,790,460		8,142,394
2013		2,338,775		81,505,993		3,868,988		7,553,582
2012		2,461,487		80,617,816		3,879,999		7,689,497
2011		2,444,129		80,240,364		3,643,755		8,035,887
2010		2,172,998		81,261,484		3,440,973		6,349,759
2009		2,616,361		83,567,276		3,552,281		8,141,341

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

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

**Table VII**


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<b>Fiscal year</b>		<b>Operations and maintenance</b>		<b>Technology</b>		<b>Debt Service</b>		<b>Total expenditures</b>
2018	\$	11,192,564	\$	7,553,349	\$	76,263	\$	128,988,770
2017		11,203,740		7,581,714		76,263		126,648,372
2016		10,988,255		6,456,282		76,263		121,288,305
2015		11,138,915		6,898,359		76,263		121,696,747
2014		10,930,579		6,559,148		42,547		114,991,814
2013		10,222,502		5,274,557		—		110,764,397
2012		10,320,259		4,915,398		—		109,884,456
2011		10,413,376		5,287,248		—		110,064,759
2010		10,141,525		6,835,208		—		110,201,947
2009		11,126,233		4,856,054		24,809		113,884,355

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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.	
2018	\$ 2,337,475	\$ 19,543,489	\$ 808	\$ 121,671,393	\$ 180,324	\$ 143,733,489
2017	2,438,211	18,530,500	934	120,453,016	263,111	141,685,772
2016	2,406,885	17,326,000	681	113,865,906	231,314	133,830,786
2015	2,318,930	16,479,274	4,174	113,568,153	240,786	132,611,317
2014	2,537,194	16,091,244	4,087	109,960,252	224,400	128,817,177
2013	2,530,375	16,006,571	2,568	106,692,704	201,167	125,433,385
2012	2,568,153	17,998,894	8,454	103,477,467	61,251	124,114,219
2011	2,459,149	19,437,453	3,661	104,117,528	44,934	126,062,725
2010	2,504,799	18,623,895	6,021	105,639,757	75,690	126,850,162
2009	2,354,593	15,430,743	41,697	109,692,959	88,243	127,608,235

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

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<b>Fiscal year</b>		<b>Tuition and fees</b>	<b>Percentage</b>		<b>Food Sales</b>	<b>Percentage</b>		<b>Total</b>
2018	\$	505,616	21.6	%	\$ 1,831,859	78.4	%	\$ 2,337,475
2017		565,570	23.2		1,872,641	76.8		2,438,211
2016		588,520	24.5		1,818,365	75.5		2,406,885
2015		586,588	25.3		1,732,342	74.7		2,318,930
2014		750,208	29.6		1,786,986	70.4		2,537,194
2013		659,477	26.1		1,870,898	73.9		2,530,375
2012		499,774	19.5		2,068,379	80.5		2,568,153
2011		454,799	18.9		1,954,314	81.1		2,409,113
2010		581,880	23.2		1,922,919	76.8		2,504,799
2009		303,907	12.9		2,050,686	87.1		2,354,593

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.

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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:**

<b>Fiscal year</b>		<b>Real Estate Tax<sup>1</sup></b>		<b>Personal Property Tax<sup>1</sup></b>	<b>Room Tax</b>	<b>Meal Tax</b>	<b>Retail Sales Tax<sup>2</sup></b>
2018	\$	0.57	\$	3.50	5%	5%	1%
2017		0.57		3.50	5%	5%	1%
2016		0.57		3.50	5%	5%	1%
2015		0.57		3.50	5%	5%	1%
2014		0.57		3.50	5%	5%	1%
2013		0.57		3.50	5%	5%	1%
2012		0.54		3.50	5%	5%	1%
2011		0.54		3.50	5%	5%	1%
2010		0.54		3.50	5%	5%	1%
2009		0.54		3.50	5%	5%	1%

1) per \$100 assessed value

2) Collected by the Commonwealth, remitted monthly to City

**James City County:**

<b>Fiscal year</b>		<b>Real Estate Tax<sup>1</sup></b>		<b>Personal Property Tax<sup>1</sup></b>	<b>Room Tax</b>	<b>Meal Tax</b>	<b>Retail Sales Tax<sup>2</sup></b>
2018	\$	0.840	\$	4.00	5%	4%	1%
2017		0.840		4.00	5%	4%	1%
2016		0.840		4.00	5%	4%	1%
2015		0.770		4.00	5%	4%	1%
2014		0.770		4.00	5%	4%	1%
2013		0.770		4.00	5%	4%	1%
2012		0.770		4.00	5%	4%	1%
2011		0.770		4.00	5%	4%	1%
2010		0.770		4.00	5%	4%	1%
2009		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

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<b>Fiscal year</b>		<b>State sales tax receipts</b>	<b>State funds</b>	<b>Federal funds</b>		<b>Local funds</b>
2018	\$	12,201,274	35,265,279	5,540,277	\$	104,515,581
2017		12,649,969	34,124,157	6,314,012		94,041,402
2016		12,302,835	33,811,337	6,034,382		84,211,806
2015		11,796,847	32,882,170	5,585,814		83,196,575
2014		11,002,054	30,745,989	5,707,572		84,935,519
2013		10,635,953	29,317,038	6,027,531		79,033,063
2012		10,338,116	28,296,917	8,564,922		76,138,098
2011		9,895,154	27,838,623	9,751,924		87,136,982
2010		9,524,388	29,364,506	9,055,054		110,753,024
2009		8,958,284	34,703,901	4,887,265		91,911,839

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

**Table XI**


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<b>Fiscal year</b>		<b>Other funds</b>		<b>Total receipts</b>		<b>Beginning year balance</b>		<b>Total receipts and balances</b>
2018	\$	3,149,350	\$	160,671,761	\$	6,101,373	\$	166,773,134
2017		3,428,761		150,558,301		6,225,569		156,783,870
2016		3,454,505		139,814,865		4,193,191		144,008,056
2015		3,284,881		136,746,287		5,720,343		142,466,630
2014		3,460,415		135,851,549		5,337,008		141,188,557
2013		3,400,446		128,414,031		4,390,128		132,804,159
2012		3,254,176		126,592,229		5,328,843		131,921,072
2011		3,298,942		137,921,625		6,467,802		144,389,427
2010		3,636,502		162,333,474		4,359,303		166,692,777
2009		3,057,031		143,518,320		3,668,140		147,186,460

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**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

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<b>Fiscal year</b>	<b>Debt for education</b>	<b>Debt for all other uses or applications</b>	<b>Total debt</b>	<b>Debt interest for education</b>
2018	\$ **	\$ **	\$ **	\$ **
2017	10,633,800	5,471,002	16,104,802	4,743,674
2016	12,651,180	5,477,607	18,128,787	4,010,866
2015	12,525,890	5,324,952	17,850,842	5,215,363
2014	12,170,600	4,930,716	17,101,316	6,172,777
2013	11,655,185	12,576,881	24,232,066	6,613,640
2012	10,982,506	10,315,505	21,298,011	6,727,441
2011	10,936,524	6,418,694	17,355,218	7,139,441
2010	10,737,262	6,424,112	17,161,374	7,710,273
2009	11,543,170	4,001,011	15,544,181	8,314,606

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Source: Exhibit E (2013-2017) & Exhibit F (2012-2009) from the *Comparative Report of Local Government Revenues and Expenditures*, an annual report prepared by Auditor of Public Accounts, Commonwealth of Virginia, Richmond, Virginia.

\*\* Information is not available as the APA does not publish this report until 2019 for Fiscal Year 2018.

**Table XII**


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<b>Fiscal year</b>	<b>Debt interest for all other applications</b>	<b>Total debt interest</b>	<b>Total debt service for education</b>	<b>Total debt service</b>
2018	\$ **	\$ **	\$ **	\$ **
2017	2,301,398	7,045,072	15,377,474	23,149,874
2016	2,410,136	6,421,002	16,662,046	24,549,789
2015	2,824,413	8,039,776	17,741,253	25,890,618
2014	2,862,765	9,035,542	18,343,377	26,136,858
2013	3,048,833	9,662,473	18,268,825	33,894,539
2012	2,907,653	9,635,094	17,709,947	30,933,105
2011	2,989,372	10,128,813	18,075,965	27,484,031
2010	2,774,701	10,484,974	18,447,535	27,646,348
2009	2,647,068	10,961,674	19,857,776	26,505,855

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**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

<b>Fiscal year</b>	<b>(1) Population</b>	<b>(2) Assessed value</b>	<b>Capital lease payable debt</b>	<b>Ratio of debt to assessed value</b>
2018	**	\$ 13,065,070,419	\$ 32,299	**
2017	74,795	12,818,125,753	101,542	0.0008
2016	73,767	12,511,337,556	164,243	0.0013
2015	72,682	12,420,621,529	221,020	0.0018
2014	71,254	12,165,747,571	173,571	0.0014
2013	70,376	11,991,913,497	-	0.0000
2012	69,451	12,341,704,734	-	0.0000
2011	68,500	12,152,483,497	-	0.0000
2010	67,745	12,092,979,169	-	0.0000
2009	63,135	11,941,060,226	-	0.0000

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

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

\*\*Statistic not yet available.

Table XIV

## COUNTY OF JAMES CITY, VIRGINIA

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

Last Ten Fiscal Years

Fiscal year	(1) Population	(2) Assessed value	(3) (4) Gross bonded debt	(5) Less: Debt service monies available	Net bonded debt	Ratio of net general obligation debt to assessed value	Net bonded debt per capita
2018	**	\$ 13,065,070,419	\$ 38,348,323	\$ 1,226,463	\$ 37,121,860	0.28	**
2017	74,795	12,818,125,753	44,155,482	1,222,024	42,933,458	0.33	574
2016	73,767	12,511,337,556	49,844,842	1,221,521	48,623,321	0.39	659
2015	72,682	12,420,621,529	65,458,589	1,219,616	64,238,973	0.52	884
2014	71,254	12,165,747,571	72,164,244	2,920,369	69,243,875	0.57	972
2013	70,376	11,991,913,497	80,004,294	2,920,538	77,083,756	0.64	1,095
2012	69,451	12,341,704,734	86,134,103	2,920,981	83,213,122	0.67	1,198
2011	68,500	12,152,483,497	93,283,624	2,921,037	90,362,587	0.74	1,319
2010	67,745	12,092,979,169	101,414,765	2,921,044	98,493,721	0.81	1,454
2009	63,135	11,941,060,226	109,974,105	1,706,525	108,267,580	0.91	1,715

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

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

(3) Includes all long-term general obligation bonded debt, Bond Anticipation Notes, and Literary Fund loans

(4) Includes General Obligation Debt payable from enterprise revenues

(5) Debt service reserve funds held by a trustee

\*\*Statistics not yet available.



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

<b>Fiscal year</b>		<b>(5) Principal</b>		<b>(2) Interest</b>		<b>(4) Total debt service</b>		<b>(3) Total general governmental expenditures</b>		<b>Ratio of debt service to general debt to governmental expenditures</b>
2018	\$	16,284,125	\$	6,195,080	\$	22,479,205	\$	231,635,241	\$	9.70
2017		16,206,234		6,841,056		23,047,290		231,072,402		9.97
2016		17,122,377		6,188,222		23,310,599		226,845,449		10.28
2015		16,862,695		8,781,971		25,644,666		218,984,810		11.71
2014		16,417,326		8,822,326		25,239,652		211,866,777		11.91
2013		23,473,305		9,522,081		32,995,386		215,304,486		15.32
2012		14,787,955		9,384,810		24,172,765		201,078,316		12.02
2011		14,830,524		9,853,465		24,683,989		198,893,176		12.41
2010		15,077,900		10,147,353		25,225,253		198,552,653		12.70
2009		14,363,935		10,625,010		24,988,945		208,510,363		11.98

- (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 2017)	
Number of households	30,240	Unemployment rate	3.6%
Average household size	2.45	Civilian Labor Force	35,352
Household population	74,089	Employed	34,080
		Unemployed	1,271

(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
2017	0.5641	0.7747
2015	0.5632	0.8000
2013	0.5628	0.8000
2011	0.5668	0.8000
2009	0.5286	0.8000
2007	0.5499	0.8000
2005	0.5988	0.8000
2003	0.6228	0.8000
2001	0.6404	0.8000
1999	0.6088	0.8000

(Source: Virginia Department of Education)

**TAXABLE RETAIL SALES**

James City County		
2018	\$	1,089,716,000
2017		1,108,509,000
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

(Source: Treasurer, James City County)

**TRUE VALUE OF PROPERTY**

James City County		
2018	\$	13,065,070,419
2017		12,818,125,753
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

(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, 2018

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 2018 ADM): 11,421

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

Table XVIII

**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Instructional Personnel Positions Per 1,000 Students in ADM

Ten Fiscal Years

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<b>Fiscal year</b>	<b>Number of instructional personnel positions</b>	<b>End-of-year membership</b>	<b>Instructional personnel per 1,000 students</b>
2018	**	**	**
2017	1,219.89	11,910	102.43
2016	1,168.02	11,466	101.87
2015	1,140.25	11,246	101.39
2014	1,137.14	11,148	102.00
2013	1,126.04	10,918	103.14
2012	1,167.64	10,820	107.92
2011	1,172.04	10,708	109.45
2010	1,160.48	10,677	108.69
2009	1,138.83	10,457	108.90

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

\*\* Fiscal Year 2018 data will not be published by the Virginia Department of Education until January 2019.

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

<b>Fiscal year</b>	<b>Membership at September 30</b>	<b>Average daily membership at March 31</b>	<b>End-of-year membership</b>	<b>Percent of change</b>	<b>Annual retention rate</b>
2018	**	**	**	**	**
2017	11,468	11,470	11,498	0.26%	100.26%
2016	11,303	11,268	11,105	(1.75%)	98.25%
2015	11,116	11,061	11,034	(0.74%)	99.26%
2014	10,998	10,954	10,951	(0.43%)	99.57%
2013	10,748	10,715	10,689	(0.55%)	99.45%
2012	10,671	10,602	10,553	(1.11%)	98.89%
2011	10,549	10,488	10,410	(1.32%)	98.68%
2010	10,503	10,486	10,390	(1.08%)	98.92%
2009	10,249	10,236	10,174	(0.73%)	99.27%

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

\*\* Fiscal Year 2018 data will not be published by the Virginia Department of Education until January 2019.

Table XX

**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

Enrollment Trends

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>September 30<sup>th</sup> Enrollment</b>	<b>Elementary</b>	<b>Middle</b>	<b>High</b>
		<b>Grades K thru 5</b>	<b>Grades 6 thru 8</b>	<b>Grades 9 thru 12</b>
2018	11,477	5,018	2,640	3,819
2017	11,431	5,028	2,628	3,775
2016	11,303	4,979	2,619	3,705
2015	11,116	4,912	2,567	3,637
2014	10,998	4,903	2,546	3,549
2013	10,795	4,791	2,552	3,452
2012	10,671	4,712	2,560	3,399
2011	10,549	4,621	2,454	3,474
2010	10,503	4,675	2,350	3,478
2009	10,249	4,569	2,283	3,397

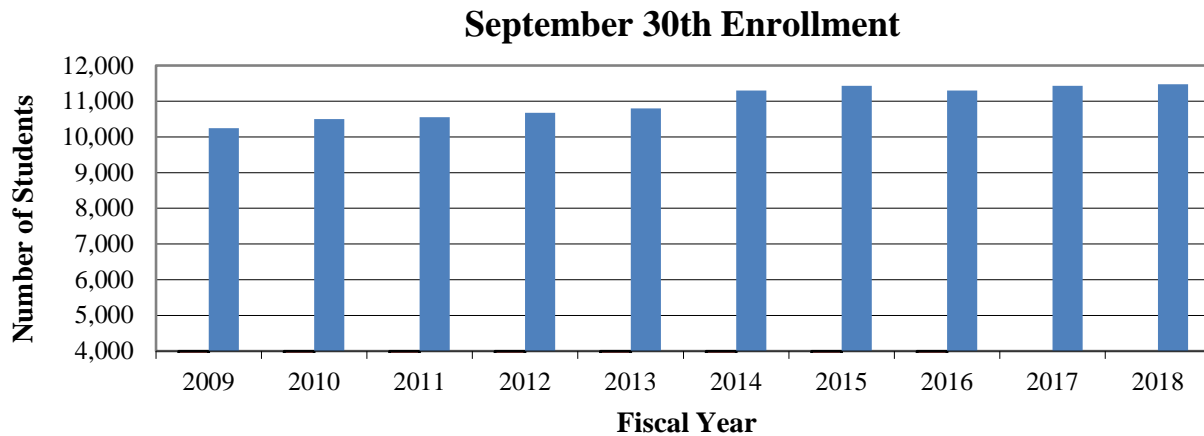


Table XXI

**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, 2017

<b>School</b>	<b>Free lunch</b>	<b>Reduced lunch</b>	<b>Total</b>	<b>September enrollment</b>	<b>Percentage of participants</b>
Clara Byrd Baker	166	47	213	512	41.60%
Clara Byrd Baker Preschool	37	4	41	76	53.95%
Laurel Lane	191	38	229	481	47.61%
Laurel Lane Preschool	30	12	42	75	56.00%
D. J. Montague	155	24	179	486	36.83%
Norge	219	43	262	585	44.79%
Norge Preschool	51	9	60	102	58.82%
Matthew Whaley	184	27	211	482	43.78%
James River	300	41	341	498	68.47%
Stonehouse	162	29	191	724	26.38%
Matoaka	145	25	170	755	22.52%
J Blaine Blayton	206	54	260	498	52.21%
J Blaine Blayton Preschool	44	8	52	95	54.74%
Berkeley Middle	395	85	480	878	54.67%
Toano	205	48	253	819	30.89%
Hornsby	157	43	200	944	21.19%
Lafayette	382	75	457	1,157	39.50%
Jamestown	238	51	289	1,334	21.66%
Warhill	340	65	405	1,379	29.37%
	<u>3,607</u>	<u>728</u>	<u>4,335</u>	<u>11,880</u>	*

Source: September 30, 2017 enrollment report and Child Nutrition Services

\* Total does not match September 30, 2017 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

<b>Fiscal Year</b>	<b>Student</b>			
	<b>Breakfasts Served Annually</b>	<b>Lunches Served Annually</b>	<b>Free and Reduced Eligibility</b>	<b>Free and Reduced Percentages</b>
2018	257,161	647,931	4,335	36.49%
2017	254,452	668,100	3,933	33.40%
2016	252,945	675,938	3,924	33.78%
2015	235,169	663,867	3,872	34.05%
2014	229,431	690,284	3,716	32.99%
2013	240,718	732,939	3,549	32.16%
2012	253,682	855,869	3,447	31.51%
2011	230,123	847,797	3,199	29.47%
2010	198,375	818,447	2,764	25.62%
2009	186,582	799,454	2,439	23.17%

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

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Fiscal year	Elementary		Middle		High		Adult
	Breakfast	Lunch	Breakfast	Lunch	Breakfast	Lunch	Breakfast/Lunch
2018	\$ 1.35	2.70	1.45	2.80	1.55	2.95-3.70	A-La-Carte
2017	1.30	2.60	1.40	2.70	1.50	2.85-3.60	A-La-Carte
2016	1.25	2.50	1.35	2.60	1.45	2.75-3.50	A-La-Carte
2015	1.25	2.40	1.35	2.50	1.45	2.65-3.40	A-La-Carte
2014	1.25	2.30	1.35	2.40	1.45	2.55-3.30	A-La-Carte
2013	1.25	2.20	1.35	2.30	1.45	2.45-3.20	A-La-Carte
2012	1.25	2.15	1.35	2.25	1.45	2.40-3.15	A-La-Carte
2011	1.25	2.05	1.35	2.15	1.45	2.30-3.05	A-La-Carte
2010	1.25	2.00	1.35	2.10	1.45	2.25-3.00	A-La-Carte
2009	1.25	2.00	1.35	2.10	1.45	2.25-2.75	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.

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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	2018			2009		
	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	19.13%
Williamsburg-James City County						
Public Schools	1000+	2	4.94%	1000+	2	5.74%
Wal-Mart Distribution Center	500-999	3	2.22%	500-999	7	1.76%
James City County	500-999	4	2.04%	500-999	5	2.83%
Kingsmill Resort	500-999	5	1.87%			
Eastern State Hospital	500-999	6	1.86%	1000+	3	3.39%
Anheuser-Busch, Inc.	500-999	7	1.65%	500-999	6	2.36%
Riverside Regional Medical Center	500-999	8	1.51%			
Jamestown-Yorktown Foundation	250-499	9	1.20%	250-499	9	1.63%
Owens & Minor	250-499	10	0.99%			
Williamsburg Landing				250-499	10	1.09%
Busch Properties, Inc.				500-999	4	2.97%
Avid Medical				250-499	8	1.64%
Total			<b>18.28%</b>			<b>42.54%</b>

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

\*\* Busch Gardens became publicly traded during Fiscal Year 2013, and information is not available.

Table XXV

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

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

Employer	2018			2009		
	Employees <sup>1</sup>	Rank	Percentage of total City employment	Employees <sup>1</sup>	Rank	Percentage of total City employment
College of William & Mary	1,000+	1	19.10%	1,000+	1	20.29%
Colonial Williamsburg Foundation	1,000+	2	11.53%	1,000+	2	9.82%
Colonial Williamsburg Company	250 to 499	3	7.36%	500 to 999	3	5.96%
Sodexo	250 to 499	4	3.06%			
Williamsburg-James City County Schools	250 to 499	5	2.58%			
Riverside Doctors' Hospital	100 to 249	6	1.99%			
City of Williamsburg	100 to 249	7	1.91%	250 to 499	5	1.25%
Red Lobster & The Olive Garden	100 to 249	8	1.26%	100 to 249	6	0.56%
National Center for State Courts	100 to 249	9	0.79%	100 to 249	8	0.56%
Walsingham Academy	100 to 249	10	0.76%	100 to 249	7	0.56%
Aramark				250 to 499	4	1.39%
Outback Steakhouse				50 to 99	9	0.28%
Yankee Candle				50 to 99	10	0.28%

<sup>1</sup> 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

<b>Calendar year</b>	<b>Population <sup>1</sup></b>	<b>Personal income <sup>2</sup></b>	<b>Per Capita personal income <sup>2</sup></b>	<b>Unemployment Percentage</b>
2018	**	\$ **	**	**
2017	74,795	**	**	3.8%
2016	73,767	5,344,090,000	59,632	4.1%
2015	72,682	5,160,028,000	58,504	4.3%
2014	71,254	4,954,338,000	56,960	4.9%
2013	70,376	4,745,679,000	55,550	5.3%
2012	69,451	4,703,429,000	55,990	5.7%
2011	68,500	4,474,583,000	54,224	6.1%
2010	67,745	4,196,931,000	51,538	6.3%
2009	63,135	4,078,729,000	51,109	5.4%

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

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

\*\* Statistics not yet available

Table XXVII

**WILLIAMSBURG-JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

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

Last Ten Fiscal Years

**City of Williamsburg:**

Fiscal year	Governmental Activities		Business-type Activities		Total Primary Government	Debt per Capita	Debt as Percentage of Personal Income
	General Obligation Bonds	Notes Payable	General Obligation Bonds				
2018	\$ 19,235,458	\$ —	\$ 5,033,028	\$	24,268,486	\$ 1,575	0.5%
2017	7,118,840	—	5,526,750	\$	12,645,590	820	0.2%
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%

**James City County**

Fiscal year	Governmental Activities		Business-type Activities		Total Primary Government	Net Bonded Debt per Capita	Debt as Percentage of Personal Income
	General Obligation Bonds	Other Debt	Revenue Bonds				
2018	\$ 38,348,323	\$ 112,253,125	\$ 22,600,295	\$	173,201,743	\$ **	**
2017	44,155,482	124,051,034	23,269,202		191,475,718	574	**
2016	49,844,842	131,180,008	24,118,109		205,142,959	659	26.05%
2015	65,458,589	104,462,833	24,115,000		194,036,422	884	26.59%
2014	72,164,244	115,400,528	24,660,000		212,224,772	972	23.34%
2013	80,004,294	124,132,854	25,185,000		229,322,148	1,095	20.69%
2012	86,134,103	113,707,074	32,938,174		232,779,351	1,198	20.21%
2011	93,283,624	114,340,522	34,469,298		242,093,444	1,319	18.48%
2010	101,414,765	120,444,895	35,950,422		257,810,082	1,454	16.28%
2009	109,974,105	112,765,533	37,386,546		260,126,184	1,715	15.68%

\*\* 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**


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<b>Fiscal year</b>	<b>Number of school buses</b>	<b>Number of mechanics</b>	<b>Total miles driven</b>
2018	155	6	2,548,105
2017	155	6	2,548,000
2016	155	6	2,574,194
2015	154	6	2,394,608
2014	154	6	2,438,163
2013	155	6	2,530,583
2012	155	6	2,607,890
2011	155	6	2,595,706
2010	145	6	2,654,309
2009	145	6	2,613,200

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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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General and Administrative</b>										
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
Chief Financial Officer	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—	—
Senior Director, Finance	—	—	—	—	—	—	1.00	1.00	—	—
Comptroller	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—	—
Senior Director, Human Resources	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00
Directors	2.00	2.00	2.00	—	—	—	—	—	—	—
Supervisors	—	—	—	1.00	1.00	1.00	1.00	1.00	1.00	—
Coordinators	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	5.50	6.00
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	2.00	2.00	1.00	1.00	—	—	—
Director of Public Relations	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—	—
Communications Specialist	—	—	—	—	—	—	1.00	1.00	1.00	1.00
Clerical	10.50	10.50	10.00	9.00	9.50	9.50	9.50	10.00	11.00	14.50
<b>Total General and Administrative</b>	<b>23.50</b>	<b>23.50</b>	<b>23.00</b>	<b>21.00</b>	<b>21.50</b>	<b>20.50</b>	<b>20.50</b>	<b>21.00</b>	<b>22.00</b>	<b>25.50</b>
<b>Instruction</b>										
Asst Superintendent-Academic Svcs	2.00	—	—	—	—	—	1.00	1.00	—	—
Deputy Superintendent	—	1.00	1.00	1.00	1.00	1.00	—	—	—	—
Senior Director, Student Svcs	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior Director, Academic Svcs	—	—	—	—	—	—	1.00	1.00	2.00	2.00
Senior Director, School Performance	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—	—
Senior Director, AQI	—	—	—	—	1.00	1.00	—	—	—	—
Director, Special Programs	1.00	1.00	1.00	1.00	—	—	—	—	—	—
Senior Director, Multicultural Services	—	—	—	—	—	—	1.00	—	—	—
Coordinator, Multicultural Services	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—	—
Supervisor-Accountability, Assessment	—	—	—	1.00	1.00	0.50	0.50	0.50	0.50	1.00
Curriculum Coordinators	10.40	11.75	11.75	11.76	6.75	4.75	5.25	6.50	6.50	7.00
Supervisors of Instruction	1.00	1.00	1.00	3.00	6.00	5.00	5.00	4.00	4.00	5.00
Instructional Specialist	7.00	7.00	7.00	6.00	6.00	5.00	3.00	3.00	3.00	3.00
Hearing Officer	—	—	—	1.00	1.00	1.00	1.00	1.00	—	1.00
Supervisor, Student Services	1.00	1.00	1.00	—	—	—	—	—	—	—
Coordinator, Student Interventions	1.00	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	1.00	1.00	—	—	—	—
Principals	16.00	15.00	15.00	15.00	15.00	15.00	15.00	16.00	16.00	15.00
Assistant Principals	19.00	19.00	19.00	19.00	19.00	18.00	18.00	18.00	17.00	17.00
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	28.00	28.00	29.50	29.50
Librarians	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	17.00	17.00
Classroom Teachers	686.00	676.95	662.45	662.84	648.67	648.10	658.59	673.91	668.98	643.00
Preschool Teachers	33.00	33.00	31.00	30.00	30.00	30.00	32.57	31.00	31.00	31.00
Special Education Teachers	96.00	93.00	93.00	91.00	91.00	96.00	99.00	89.00	88.00	106.50
Career and Technical Teachers	17.67	16.67	16.67	16.67	17.50	20.00	17.66	23.34	28.02	32.50
Gifted and Talented Teachers	13.50	13.00	13.00	13.00	13.00	16.00	16.00	16.00	15.00	15.00
Adult Education Teachers	2.00	2.00	2.00	2.00	3.00	4.00	4.00	4.00	4.00	4.00
Athletic Directors	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Athletic Trainers	3.00	3.00	3.00	3.00	—	—	—	—	—	—
Teacher Assistants	219.57	219.57	219.57	219.14	219.71	219.74	239.04	235.86	226.86	222.72
Social Workers	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00
Caseworker	0.71	0.71	0.71	0.57	—	—	0.57	0.43	0.43	1.00
Interpreters	2.00	2.00	2.00	2.00	2.00	3.00	4.00	2.00	5.00	5.00
Records Management Specialist	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clerical	79.00	80.07	80.07	80.80	81.50	81.00	84.50	84.62	84.00	92.50
<b>Total Instruction</b>	<b>1,272.85</b>	<b>1,259.72</b>	<b>1,242.22</b>	<b>1,241.78</b>	<b>1,225.13</b>	<b>1,231.09</b>	<b>1,266.68</b>	<b>1,270.16</b>	<b>1,260.79</b>	<b>1,264.72</b>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Attendance and Health Services</b>										
Supervisor, Health Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Nurses	17.38	18.11	18.11	16.91	17.00	17.00	17.00	16.00	14.54	14.75
Psychologists	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00
Occupational Therapists	9.50	9.50	9.50	9.50	9.50	9.50	9.00	8.00	7.50	7.50
Physical Therapists	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
Speech Therapists	16.69	20.90	20.90	19.91	18.41	18.55	17.22	16.60	15.60	15.50
Other Professional Staff	—	—	—	2.00	1.43	4.57	4.57	11.57	5.57	4.00
Clinic Assistants	—	—	—	—	—	—	5.00	4.50	4.50	4.00
Clerical	—	—	—	—	1.00	1.00	1.00	1.00	1.50	1.43
<b>Total Attendance &amp; Health Svcs</b>	<b>54.57</b>	<b>59.51</b>	<b>59.51</b>	<b>59.32</b>	<b>58.34</b>	<b>61.62</b>	<b>63.79</b>	<b>66.67</b>	<b>58.21</b>	<b>56.18</b>
<b>Pupil Transportation</b>										
Director of Transportation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Coordinators	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Technicians	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Clerical	5.00	5.00	5.00	4.00	4.00	3.00	4.00	4.00	4.00	4.00
Bus Drivers	101.93	101.93	98.13	98.13	97.80	97.80	99.60	99.60	96.60	87.63
Bus Aides	35.54	35.54	31.94	31.94	28.00	28.00	29.00	29.00	26.00	24.26
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
<b>Total Pupil Transportation</b>	<b>155.47</b>	<b>155.47</b>	<b>148.07</b>	<b>147.07</b>	<b>142.80</b>	<b>142.80</b>	<b>146.60</b>	<b>146.60</b>	<b>140.60</b>	<b>129.89</b>
<b>Operations and Maintenance</b>										
Asst Superintendent, Operations	—	—	—	—	—	—	—	—	1.00	1.00
Senior Director, Operations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	—	—
Supervisor, Maintenance	—	—	—	—	—	—	—	—	—	1.00
Custodial Services Coordinator	—	—	—	—	—	—	—	—	1.00	1.00
Facilities Coordinator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Energy Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	—
Trades	17.00	17.00	15.00	15.00	15.00	15.00	14.00	14.00	14.00	14.00
Security Guards	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Grounds Workers	3.00	3.00	4.00	4.00	5.00	5.00	5.00	6.00	6.00	7.00
Clerical	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
Custodians	87.31	87.31	87.31	85.81	85.81	84.81	84.81	81.75	81.75	89.75
<b>Total Operations &amp; Maintenance</b>	<b>122.31</b>	<b>122.31</b>	<b>121.31</b>	<b>119.81</b>	<b>120.81</b>	<b>119.81</b>	<b>118.81</b>	<b>116.75</b>	<b>117.75</b>	<b>127.75</b>
<b>Technology</b>										
Director, Technology	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Supervisor, Media/Technology	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Coordinator, Technology	1.00	1	—	—	—	—	—	—	—	—
ITRT Integration Specialist	11.00	11.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	9.00
LAN Administrator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Internetwork Administrator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Network Specialists	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	4.00
Programmer/Analyst	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00
IFAS Support Technician	—	—	—	—	—	—	—	1.00	1.00	—
Webmaster	—	—	—	—	—	—	1.00	1.00	1.00	1.00
Communications & Design Specialist	1.00	1.00	1.00	1.00	1.00	1.00	—	—	—	—
Technology Teachers	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	11.00	13.00
Technology Support	19.00	19.00	18.00	18.00	17.00	16.00	15.00	14.00	14.00	14.00
Clerical	2.00	2.00	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Total Technology</b>	<b>49.00</b>	<b>49.00</b>	<b>47.50</b>	<b>47.00</b>	<b>46.00</b>	<b>45.00</b>	<b>44.00</b>	<b>44.00</b>	<b>46.00</b>	<b>48.00</b>
<b>Food Services</b>										
Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other Professional	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clerical	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cafeteria Managers	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	14.00	14.00
Cafeteria Workers	44.44	44.44	44.44	44.44	44.44	44.44	44.44	44.44	44.03	44.72
<b>Total Food Services</b>	<b>62.44</b>	<b>62.44</b>	<b>62.44</b>	<b>62.44</b>	<b>62.44</b>	<b>62.44</b>	<b>62.44</b>	<b>62.44</b>	<b>61.03</b>	<b>61.72</b>
<b>Total</b>	<b>1,740.14</b>	<b>1,731.95</b>	<b>1,704.05</b>	<b>1,698.42</b>	<b>1,677.02</b>	<b>1,683.26</b>	<b>1,722.82</b>	<b>1,727.62</b>	<b>1,706.38</b>	<b>1,713.76</b>

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, 2018

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

<b>Coverage</b>	<b>Limits</b>	<b>Deductibles</b>
<b><u>A. Property</u></b>		\$ 5,000/5,000/25,000
Valuation:		
Buildings Contents - Replacement Cost, unless otherwise noted		
Inland Marine & Computers - Functional Replacement cost up to contract limits if 100% replacement cost values are reported, otherwise Actual Cash Value		
Flood (outside 100-year flood plain) and Earthquake up to contract limits		
Business Interruption/Extra Expense	\$ 8,100,000	
Property in Transit	5,000,000	
Increased Cost of Construction/Ordinance Demolition	20,000,000	
Back-up of Sewers and Drains	10,000,000	
Debris removal	25,000,000	
Pollutant clean-up and removal	500,000	
Utility Services Time Element	5,000,000	
Newly acquired locations (per occurrence up to 120 days)	25,000,000	
Boiler/Equipment Breakdown	50,000,000	
<b><u>B. General Liability</u></b>		—
Bodily injury and property damage	2,000,000	
Personal injury and advertising	2,000,000	
Products and completed operations	2,000,000	
Fire legal liability	5,000,000	
Employee benefits liability	2,000,000	
Premise medical payments	5,000 per person/10,000 per accident	
Broad form property damage	100,000	
Property in the care, custody, and control	100,000	
<b><u>C. Automobile Liability (Liability/Comprehensive/Collision)</u></b>		-/1,000/1,000
Bodily injury and property damage	2,000,000	
Non-owned liability	1,000,000	
Medical payments	5,000	
Automobile physical damage	Actual cash value or cost of repairs, less deductible	
Uninsured/underinsured motorists	Statutory	

Table XXX

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

<b>Fiscal year</b>	<b>March Average Daily Membership*</b>	<b>Operating Expenditures*</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Expenses*</b>
2018	11,421	\$ 137,063,358	\$ 12,001	1.86%	\$ 138,180,335
2017	11,470	134,554,353	11,731	3.26%	140,225,705
2016	11,246	130,300,881	11,586	0.91%	132,425,464
2015	11,061	129,129,762	11,674	5.76%	132,185,615
2014	10,954	122,098,712	11,146	2.44%	126,349,097
2013	10,715	119,187,582	11,123	0.13%	123,064,717
2012	10,602	119,034,045	11,228	0.82%	122,551,197
2011	10,488	118,062,691	11,257	-0.49%	121,587,771
2010	10,486	118,639,099	11,314	-1.53%	121,494,525
2009	10,236	120,478,456	11,770	1.73%	123,608,146

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**

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<b>Fiscal Year</b>		<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil- Teacher Ratio</b>
2018	\$	12,099	-1.46%	686.00	16.6
2017		12,225	5.89%	676.95	16.9
2016		11,775	0.18%	662.45	17.0
2015		11,951	4.62%	662.84	16.7
2014		11,535	2.67%	648.67	16.9
2013		11,485	0.42%	648.10	16.5
2012		11,559	0.79%	658.59	16.1
2011		11,593	0.08%	673.91	15.6
2010		11,586	-1.71%	668.98	15.7
2009		12,076	2.86%	643.00	15.9

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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, 2018

Step	Bachelor's Degree	Master's Degree	Master's Plus 30	Doctoral Degree
0	\$ 41,500	\$ 42,953	\$ 44,456	\$ 46,234
1	42,019	43,489	45,012	46,812
2	42,544	44,033	45,574	47,397
3	43,076	44,583	46,144	47,990
4	43,614	45,141	46,721	48,589
5	44,159	45,705	47,305	49,197
6	44,601	46,162	47,778	49,689
7	45,047	46,624	48,255	50,186
8	45,497	47,090	48,738	50,688
9	45,952	47,561	49,225	51,194
10	46,412	48,036	49,718	51,706
11	46,876	48,517	50,215	52,223
12	47,345	49,002	50,717	52,746
13	47,818	49,492	51,224	53,273
14	48,296	49,987	51,736	53,806
15	48,779	50,487	52,254	54,344
16	49,267	50,992	52,776	54,887
17	50,006	52,266	53,568	56,260
18	51,256	53,573	54,907	57,666
19	52,538	54,912	56,280	59,108
20	53,851	56,285	57,687	60,585
21	55,198	57,692	59,129	62,100
22	56,577	59,135	60,607	63,653
23	57,992	60,613	62,122	65,244
24	59,442	62,128	63,676	66,875
25	60,185	62,905	64,471	67,711
26	60,937	63,691	65,277	68,557
27	62,460	65,284	66,909	70,271
28		66,916	68,582	72,028
29		68,588	70,297	73,829
30		69,617	71,351	74,936
31		70,314	72,065	75,685
32		71,017	72,785	76,442
33		71,727	73,513	77,207
34		72,444	74,248	77,979
35		73,550	74,991	78,759
36			75,741	79,546
37			77,634	80,342
Number of Teachers:	304	496	116	13
% in each lane:	32.72%	53.39%	12.49%	1.40%

*\* 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, 2018, 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 January 17, 2019.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Williamsburg - James City County Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Williamsburg - James City County Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Williamsburg - James City County Public Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness (Finding IC-2018-001).

***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*.

***Williamsburg - James City County Public Schools' Response to Findings***

Williamsburg - James City County Public Schools' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Williamsburg - James City County Public Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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.



**Newport News, Virginia  
January 17, 2019**

## **Independent Auditors' Report on Compliance with Commonwealth of Virginia Laws, Regulations, Contracts and Grants**

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

We have audited the financial statements of the Williamsburg - James City County Public Schools, as of and for the year ended June 30, 2018, and have issued our report thereon January 17, 2019.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions*, and *Specifications for Audits of Counties, Cities, and Towns*, as applicable to School Divisions, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

Compliance with Commonwealth of Virginia laws, regulations, contracts and grants applicable to the, is the responsibility of the Williamsburg - James City County Public Schools's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Williamsburg - James City County Public Schools's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Following is a summary of the Commonwealth of Virginia's laws, regulations, contracts and grants for which we performed tests of compliance:

### Code of Virginia

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

### State Agency Requirements

- Education



The results of our tests disclosed four instances of noncompliance with the provisions referred to in the preceding paragraph. In a separate report dated November 29, 2018 for the VRS Examination, two findings related to the criteria set forth by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated by the Code of Virginia are disclosed. The other instances are discussed in the schedule of findings and responses as Finding VA-2018-001 and VA-2018-002. With respect to items not tested, nothing came to our attention that caused us to believe that the Williamsburg - James City County Public Schools had not complied, in all material respects, with those provisions.

This report is intended solely for the information and use of the Williamsburg - James City County Public Schools' board members, management, and the Auditor of Public Accounts and all applicable state agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

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

**Newport News, Virginia  
January 17, 2019**

# **WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

## **Schedule of Findings and Responses**

June 30, 2018

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### **1. Summary of Auditors' Results**

- a. An unmodified opinion was issued on the financial statements.
- b. There was a material weakness noted in internal control over financial reporting to disclose, as noted in Finding IC-2018-001. There were no significant deficiencies reported.
- c. The audit disclosed no items of noncompliance material to the financial statements.

### **2. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Government Auditing Standards**

#### ***Finding IC-2018-001 – Inadequate management oversight – Material Weakness***

##### ***Condition***

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

##### ***Criteria***

Financial statements should be prepared to communicate relevant, reliable and comparable information. Accordingly, the statements should be free of all errors that might affect a reader's ability to make confident and informed decisions.

##### ***Effect***

Because the Schools' controls did not prevent, or detect and correct, material misstatements in the trial balances that were originally provided to us, this is considered a material weakness in internal control over financial reporting.

As a result of the adjustments recorded to correct errors identified as a result of audit procedures performed and the reconciliations prepared by the Schools', the Schools' fiscal year 2018 CAFR can be relied upon.

##### ***Identification of a Repeat Finding***

Not a repeat finding.

##### ***Cause***

The need for material adjustments was a result of the following list of deficiencies in internal controls that, when taken together, represent a material weakness. The deficiencies in internal controls were noted during the time period of June 2018 – November 2018.

- Inadequate and untimely managerial reviews of all account balances and reconciliations;
- Inadequate segregation of duties, including system overrides and lack of proper review and approval;

## **WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

### **Schedule of Findings and Responses**

June 30, 2018

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- Multiple instances of transactions that were not properly recorded in subsidiary ledgers;
- A lack of supporting documentation for manual adjusting journal entries recorded; and
- A significant volume of year-end journal entries were recorded.

#### ***Recommendation***

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

#### ***Management's Response***

As soon as management became aware that the auditors were unable to obtain complete and accurate information from the Schools' Finance department to perform the annual audit, the following steps were taken:

- A meeting was called by the Superintendent to discuss concerns to include qualified staff from James City County's Finance department.
- The Superintendent immediately formed a qualified team to oversee the audit process and to correct known and material errors, inconsistencies and omissions. A daily communication was enacted to keep the Superintendent and all relevant staff members informed of the daily progress.

In December 2018, the search began for a new qualified School Chief Financial Officer (CFO). A new CFO was hired with a start date of January 16, 2019. The new CFO had previously worked for the Schools' as our Controller and left in May 2018. She is a Certified Public Accountant with over 20 years of experience in public school finance and direct knowledge of our school system's finances. During the transition, an interim CFO with over 30 years of school experience assisted the Schools' with their daily accounting and budget functions.

The search for a new qualified School Director of Finance is in progress. The position is expected to be filled in late January 2019.

As turnover occurs, future searches for the School CFO and Director of Finance will include verification of adequate accounting experience.

An internal oversight committee will be established to meet monthly to ensure the availability of timely and accurate information regarding the Schools' finances. The oversight team will include the Superintendent, Director of Human Resources, the Chief Financial Officer and the Director of Finance.

A schedule of bi-monthly meetings/conference calls will be established to provide regular financial updates and establish regular and ongoing communication with the Finance departments of both James City County and the City of Williamsburg.

An experienced and highly qualified former School Chief Financial Officer will serve in an advisory capacity to the Schools' Finance department during the current leadership transition.

Adequate training will be conducted for all members in the Schools' Finance department to ensure a proper segregation of duties is in place, including but not limited to having a separate preparer and reviewer for all material account balance reconciliations and journal entries. The Schools' will continue to

## **WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

### **Schedule of Findings and Responses**

June 30, 2018

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work with our Information Technology department and financial software vendor to ensure the proper utilization of the system and to implement a proper work flow of internal controls within the system.

The management of the Schools' is extremely grateful to select members of the James City County Finance department who provided their professional assistance to ensure the Schools' fiscal year 2018 CAFR was complete and accurate.

### **3. Findings for Commonwealth of Virginia Laws, Regulations, Contracts, and Grants**

#### ***Finding VA-2018-001 –Reporting Deadline***

##### ***Condition***

The audited Comprehensive Annual Financial Report (CAFR) was not submitted to the Auditor of Public Accounts (APA) by the November 30, 2018 deadline. The Schools did submit a written statement to the APA by November 30, as required. However, the APA does not have authority to grant an extension as the deadline is mandated by the Code of Virginia.

##### ***Criteria***

Section 15.2-2510 of the Code of Virginia requires local governments to submit the Comparative Report Transmittal Forms and their final, audited Annual Financial Reports to the Auditor of Public Accounts no later than November 30 each year. School Boards that issue separate financial statements are also required to submit these reports by November 30.

##### ***Effect***

The Auditor of Public Accounts will list localities that are delinquent in submitting financial reports and transmittals after November 30 in the Auditor of Public Accounts' Comparative Report footnotes. The Auditor of Public Accounts also reserves the right to exclude those localities that do not meet the November 30 deadline from the Comparative Report.

##### ***Cause***

The officials originally responsible for ensuring that financial information is reliable and properly reported lacked the qualifications and/or training to fulfill their assigned functions. This caused significant difficulties and delays in obtaining auditable information.

##### ***Recommendation***

The Schools should implement monitoring controls by management outside of the finance department to ensure accurate and timely information is available. This monitoring control could help prevent or detect noncompliance from occurring.

##### ***Management's Response***

Over the last two years, the Schools' Finance department has experienced significant changes in both processes and personnel. Twice within a 12 month period, the Schools' had to hire a new Chief Financial Officer and a new Director of Finance. Those transitions, coupled with the phased-in implementation of a new Finance and Human Resources/Payroll Management system, were directly related to the CAFR not being submitted by the November 30 deadline.

## **WILLIAMSBURG – JAMES CITY COUNTY PUBLIC SCHOOLS**

(Component Unit of James City County, Virginia)

### **Schedule of Findings and Responses**

June 30, 2018

---

Steps to ensure compliance include:

- An annual timetable of deliverables will be established to ensure the reporting deadline as stated in VA-2018-001 is met.
- An oversight committee will be established to meet monthly to ensure timely and accurate information regarding the Schools' finances is available. The oversight team will include the Superintendent, Director of Human Resources, Chief Financial Officer and Director of Finance.
- The appointment of a new Chief Financial Officer with the appropriate experience, proven capability and accounting background will ensure compliance and accurate and timely reporting moving forward.

#### ***Finding VA-2018-002 –Annual School Report***

##### ***Condition***

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

##### ***Criteria***

Section 22.1-81 of the Code of Virginia requires local school boards to submit an annual financial report (Annual School Report) no later than September 15th each year.

##### ***Effect***

The Schools were not in compliance with the Code of Virginia Section 22.1-81.

##### ***Cause***

Due to turnover and the time frame of the audit completion being past the window to re-submit the Annual School Report, a reconciliation was not feasible.

##### ***Recommendation***

The Schools should implement monitoring controls by management outside of the finance department to ensure accurate and timely information is available. This monitoring control could help prevent or detect noncompliance from occurring.

##### ***Management's Response***

The ASR submissions were balanced to the general ledger at the time of submission; however, due to the volume of journal entries subsequent to the filing, a reconciliation was not completed to the CAFR. A reconciliation has since been completed and adjustments to the beginning balances on the fiscal year 2019 ASR submission will be made; this is common practice for school divisions since ASR submissions are due prior to final audits being completed.

The hiring of a new Chief Financial Officer and Director of Finance with appropriate experience and knowledge will ensure compliance and accurate and timely reporting in the future.

#### **4. Status of Prior Year Findings**

None.

