



JAMES CITY COUNTY, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

jamescitycountyva.gov

Prepared by the Department of Financial & Management Services

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

For the Fiscal Year Ended
June 30, 2023

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

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Introductory Section

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County of James City, Virginia

Table of Contents

	<u>Page</u>
<u>Introductory Section</u>	
Table of Contents	i-ii
County Officials	iii
Organization Chart	iv
Letter of Transmittal	v-viii
Certificate of Achievement for Excellence in Financial Reporting	ix
<u>Financial Section</u>	
Report of Independent Auditor	1-3
Management's Discussion and Analysis (MD&A)	4-9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	12-13
Statement of Revenues, Expenditures and Changes in Fund Balances	14-15
Proprietary Funds:	
Statement of Net Position - Internal Service Fund	16
Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Fund	17
Statement of Cash Flows - Internal Service Fund	18
Fiduciary Funds:	
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
Notes to Basic Financial Statements	21-79
Required Supplementary Information Other than MD&A (Unaudited):	
Budgetary Comparison Schedule - General Fund	80-83
Budgetary Comparison Schedule - Grants and Special Projects Fund	84-85
Schedule of Changes in the Net Pension Liability and Related Ratios	86-87
Schedule of Employer's Share of Net Pension Liability	88
Schedule of Employer Pension Contributions	89
Schedule of Employer's Share of Retiree Healthcare OPEB Liability	90-91
Schedule of Changes in Net OPEB-Health Insurance Credit Liability	92-93
Schedule of Employer's Share of Net OPEB-Group Life Insurance Liability	94-95
Schedule of Employer OPEB-Group Life Insurance Contributions	96
Schedule of Employer OPEB-Health Insurance Credit Contributions	97
Schedule of Employer's Share of Net OPEB-Health Insurance Credit Liability	98
Schedule of Employer's Share of Net OPEB-Virginia Local Disability Program Liability	99
Schedule of Employer OPEB-Virginia Local Disability Program Contributions	100
Notes to Required Supplementary Information	101-102
Other Supplementary Information:	
Nonmajor & Other Major Governmental Funds:	103
Combining Balance Sheet - Nonmajor Governmental Funds	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	105
Budgetary Comparison Schedule	106
Budgetary Comparison Schedule - Capital Projects Fund	107
Budgetary Comparison Schedule - Debt Service Fund	108
Fiduciary Funds:	109
Combining Statement of Fiduciary Net Position	110
Combining Statement of Changes in Fiduciary Net Position	111

County of James City, Virginia

Table of Contents

	<u>Page</u>
<u>Statistical Section (Unaudited)</u>	
Overview	112
Net Position by Component	113
Government-Wide Expenses and Program Revenues by Function	114
Fund Balances, Governmental Funds	115
Changes in Fund Balances, Governmental Funds	116
Assessed Value and Actual Value of Taxable Property	117
Tax Rates	118
Principal Tax Payers	119
Property Tax Levies and Collections	120
Taxable Sales by Category	121
Ratios of Outstanding Debt by Type	122
Debt Statistics	123
Pledged Revenue Coverage - James City Service Authority	124
Demographic and Economic Statistics	125-126
Principal Employers in James City County	127
Full-time County Government Employees by Function/Program	128
Operating Indicators by Function/Program	129
Capital Asset Statistics by Function/Program	130
<u>Compliance Section</u>	
Schedule of Expenditures of Federal Awards	131
Notes to Schedule of Expenditures of Federal Awards	132
Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	133-134
Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	135-137
Schedule of Findings and Questioned Costs	138-139

County of James City, Virginia
Principal Officials
For the Fiscal Year Ended June 30, 2023

Board of Supervisors

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

Officials

Holly B. Smith, Chief Judge - Circuit Court
Joshua P. DeFord, Presiding Judge - General District Court
Mara M. Matthews, Chief Judge - Juvenile and Domestic Relations Court
Elizabeth O'Connor, Clerk of the Circuit Court
Nathan R. Green, Commonwealth's Attorney
David Hardin, Sheriff
Richard W. Bradshaw, Commissioner of the Revenue
Jennifer D. Tomes, Treasurer
Scott Stevens, County Administrator
Adam R. Kinsman, County Attorney
Mark Jamison, Chief of Police

Board of Directors, James City Service Authority

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

Williamsburg-James City County Public Schools

D. Greg Dowell, Jr., Chair - School Board
Sarah Ortego, Vice Chair - School Board
James Beers - School Board
Andrea Donnor - School Board
Julie Hummel - School Board
Kimberley Hundley - School Board
Sandra Young - School Board
Dr. Olwen E. Herron, Superintendent of Schools

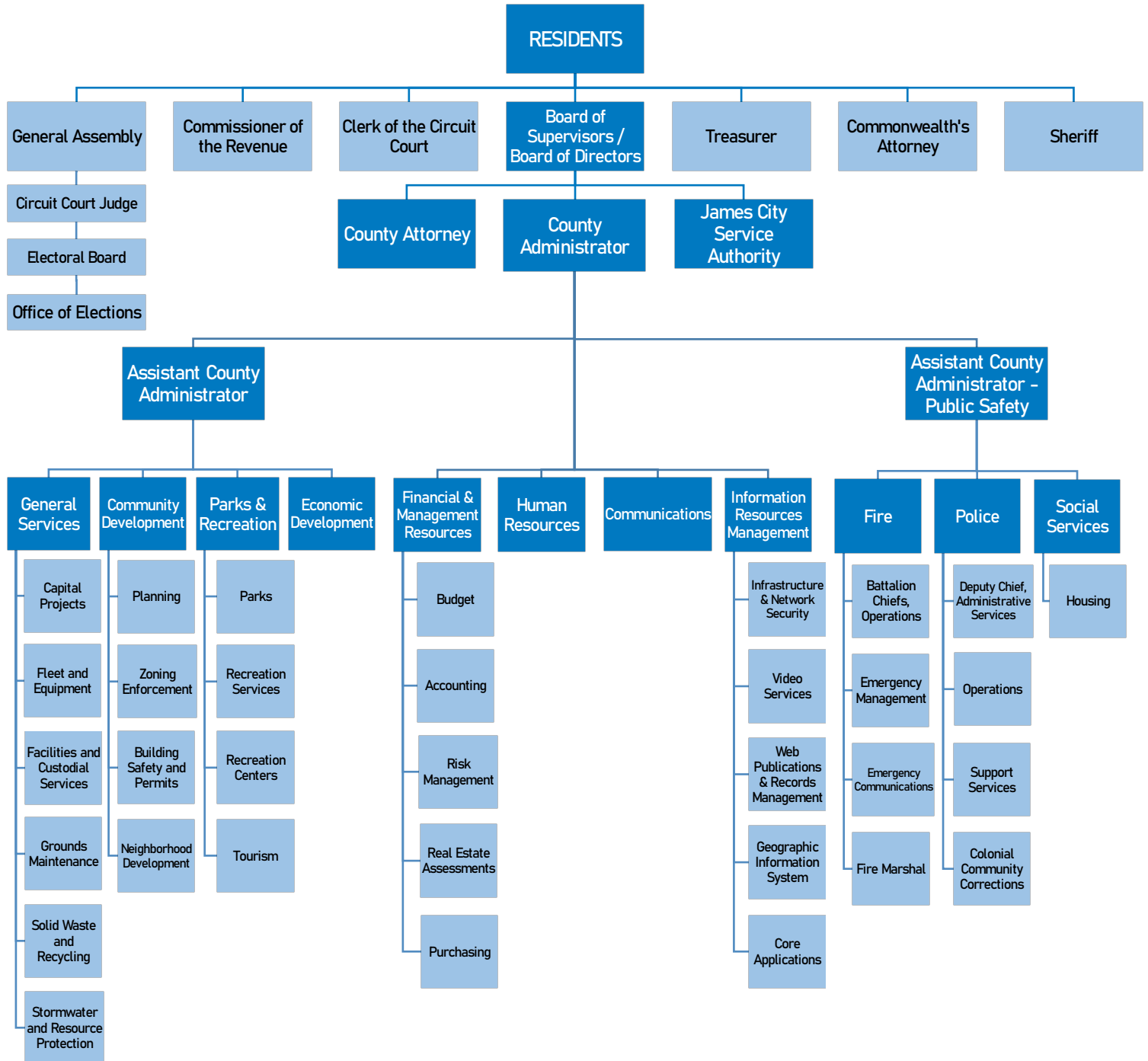
Board Members, Economic Development Authority

Ellen Smith Gajda, Chair
Lynn Meredith, Vice Chair
Vince Campana III
Rebecca Mulvain
Brandon Nice
Joseph Stanko
William Turner



Organizational Chart

Updated as of 03/01/2023





Financial and Management Services
101-F Mounts Bay Road
P.O. Box 8784
Williamsburg, VA 23187
P: 757-253-6630
jamescitycountyva.gov

January 8, 2024

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

We are pleased to submit to you the Annual Comprehensive Financial Report of James City County, Virginia (the County), for the fiscal year ended June 30, 2023, as required by the *Code of Virginia*. The Department of Financial and Management Services has prepared this report in accordance with accounting principles generally accepted in the United States of America, the standards of financial reporting prescribed by the Governmental Accounting Standards Board, and specifications of the Auditor of Public Accounts of the Commonwealth of Virginia. Section 15.1-67 of the *Code of Virginia* (1950, as amended) requires the County to have an annual audit of the books of account, financial records, and the transactions of the County. Cherry Bekaert, LLP was selected to perform the required audit. The unmodified report of Cherry Bekaert, LLP, the highest possible result of the audit process, accompanies the financial statements in this report.

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

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

Accounting principles generally accepted in the United States requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditor beginning on page 4 of this report.

Profile of the Government

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

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

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

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

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

Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund and function level. The appropriation for each fund and function can be revised only by the Board of Supervisors; however, the County Administrator may amend the budget within functions. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The General Fund's and Grants and Special Projects Fund's comparison is on pages 80-81, and 82, respectively as part of the required supplementary information other than management's discussion and analysis. For governmental funds other than the General Fund with appropriated budgets, these comparisons are presented in the other supplementary information subsection of this report which starts on page 103.

Economic Condition and Outlook

James City County has experienced a gradual increase in economic activity after the impacts from the COVID-19 pandemic in prior fiscal years. Overall, General Fund revenues increased 6.3% from last year. The majority of the increase was in general property taxes due to the reassessment and other local taxes due to recovery following the pandemic. The General Fund's revenues are expected to increase by approximately 6.4% in the fiscal year 2024 budget compared to the 2023 budget, primarily due to sales, lodging, and meals taxes returning to the pre-pandemic levels as well as charges for services, particularly in Parks & Recreation. In addition, for calendar year 2023, the assessed valuation on used cars was lowered to 75% for taxation purposes, resulting in lower personal property taxes. The assessed valuations were brought back to 100% for calendar year 2024. On the expenditure side, capital funding was restored, and a 5% raise is funded for staff.

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

Long-Term Financial Planning and Major Initiatives

According to its fiscal policies, the County shall maintain a General Fund Unassigned Fund Balance at the end of the fiscal year in an amount equal to or greater than 12%, with a target of 15% of the total governmental expenditures including the County's share of WJCC Schools' operating expenditures. At the end of fiscal year 2023, that percentage was 26.7%, which meets the requirement set by the Board of Supervisors. The County experienced an increase in the General Fund's fund balance of \$16,851,755 for fiscal year 2023, primarily due to increases in certain revenues as well as personnel savings from turnover and vacancies.

The County's budget supports its Strategic Plan, which serves as guidance between the budget and the long-range plans proposed by the County. The goals of the County's Strategic Plan are as follows:

- Modern infrastructure, facilities, and technology systems
- Expanding and diversifying the local economy
- Protected community character and an enhanced built environment
- Exceptional public services
- High quality education
- Fiscally efficient government
- Sustainable long-term water supply

These goals, and the initiatives developed to support them, allows the Board of Supervisors to prioritize initiatives, plan for the future, and allocate resources through the budget process, including developing a capital improvement program for the next five years.

The fiscal year 2024 budget includes no change in the tax rates. Revenues include modest increases in the County's Recreation Center and before and after school programs, as well as increases related to ambulance transport services, which are impacted by Medicare rates. The fiscal year 2024 budget supports a 5% salary increase for staff, a \$4 million increase in funding for school operations, and increased funding for capital projects.

Capital Improvement Program

Capital outlay expenditures (including County and school projects) totaled \$12,605,501 in fiscal year 2023. The largest capital expenditures were for capital maintenance projects whose purpose is to improve and extend the useful life of County or School buildings and to replace major pieces of equipment. In fiscal year 2023, major projects included park improvements at the Warhill Complex, Chickahominy Riverfront Park, and Jamestown Marina, and various stormwater projects. In addition, a medic unit was replaced, and a fire boat was purchased, which was partially funded by a grant. Significant school expenditures included safety and security upgrades, HVAC replacements, bus replacements, and costs for an auxiliary gym and shelter at Warhill High School.

James City County will continue to face challenges over the next several years. A steady growth in population has produced demands for public services and facilities. The five-year Capital Improvement Program totals approximately \$347 million and focuses on a wide variety of needs. In fiscal year 2024, significant projects include construction of Pre-K space for the school division, construction of a new General Services building, and design and land preparedness for a government complex. Future planning includes construction of the government complex, a new library, major park improvements, drainage projects, equipment and vehicle replacements, and other building maintenance projects. Anticipated impacts are included in the adopted budget for the fiscal year beginning July 1, 2023.

Economic Development

James City County continues to benefit from a diversified tax base, which includes sales, lodging, and prepared meals revenue from retail, hotels, and restaurants; machinery and tools revenue from manufacturing operations; and business personal property revenue from professional service providers.

Launchpad, the Greater Williamsburg Business Incubator, an entrepreneurial ecosystem partnership between James City County, York County, the City of Williamsburg, and William & Mary, continues to support regional economic development through unique events, speaker programs, mentorships, and other resources to support entrepreneurs looking to start, expand, and grow their business in the Greater Williamsburg region. James City County is a locality sponsor of the Hampton Roads Alliance, a regional economic development organization of 14 cities and counties, which leads the region in attracting, growing, and retaining companies and talent to create a more resilient, inclusive, and equitable region of choice.

The fiscal year 2024 budget also includes economic development initiatives. In the Capital Projects Fund, support is provided to conduct due diligence studies on select industrial and commercial sites to enhance site readiness for targeted development opportunities. Increasing the inventory of construction-ready sites helps make the County more competitive for economic development projects, which brings capital investment and high-wage jobs. In addition, a business investment grant program will begin in fiscal year 2024 to encourage private capital investment in existing commercial and industrial properties located along Community Character Corridors identified in the adopted Comprehensive Plan.

Awards of Achievement

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to James City County, Virginia for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 38th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

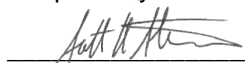
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments


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

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

Respectfully submitted,



Scott A. Stevens
County Administrator



Sharon B. McCarthy, CPA
Director of Financial and Management Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of James City
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Executive Director/CEO

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Financial Section

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Report of Independent Auditor

To the Honorable Members of the Board of Supervisors
County of James City, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of James City, Virginia (the "County"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 18 to the financial statements, the beginning net position of the aggregate remaining fund information has been restated from the previously issued financial statements to reflect the correction of an error. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Specifications, we:

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

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

Required Supplementary Information

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

Other Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Richmond, Virginia
January 8, 2024

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2023

As management of James City County (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County, as of and for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information in our letter of transmittal at the front of this report and the County's financial statements, which follow this analysis.

Financial Highlights

- The County's total net position increased by approximately \$51.7 million over the course of this year's operations, which represents a 13.3% increase from fiscal year 2022.
- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources as of June 30, 2023, by approximately \$439.5 million. Of this amount, approximately \$246.9 million, or 56.2% is the net investment in capital assets.
- General Fund revenues were \$16.7 million or 7.6% higher than the final budget. The increase primarily related to growth in personal property and other local taxes, which are reflective of area's economic recovery from the novel coronavirus (COVID-19).

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

- *Governmental activities:* Most of the County's basic services are included here, such as the police, fire, parks and recreation, and general administration. Property taxes and state and federal funding finance most of these activities.
- *Component units:* The County includes three other entities in its report, the James City Service Authority, the Public Schools, and the Economic Development Authority. Although legally separate, these "component units" are important because of the County's financial accountability or financial integration with these entities.

Fund Financial Statements

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

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

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2023

The County has three kinds of funds:

- *Governmental funds:* Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps in determining whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, further details are provided at the bottom of the governmental funds statement or on the subsequent page that explain the relationship (or differences) between them.
- *Proprietary fund:* Services for which the County charges customers and users a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The County has one proprietary fund, which is an internal service fund, the Health and Dental Insurance fund, which provides for the revenues and expenses of the health and dental programs.
- *Fiduciary funds:* The County's fiduciary activities are reported in the custodial fund Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. Custodial funds are used to provide accountability of client monies for which the County is the custodian. These activities are excluded from the County's government-wide financial statements because the County cannot use their assets to finance its operations.

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's General Fund budget and the County's obligation to provide pension and other post-employment benefits to its employees. The combining statements for nonmajor governmental funds are presented immediately following the required supplementary information.

Financial Analysis

Statements of Net Position

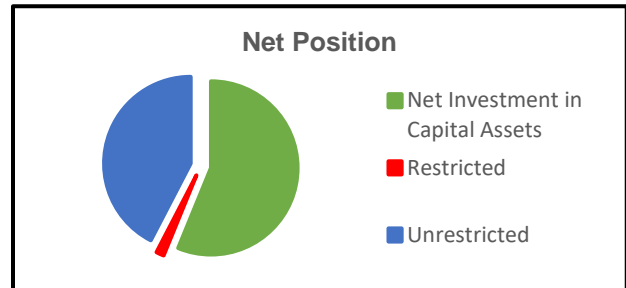
	Governmental activities (condensed)	
	6/30/2023	6/30/2022
Current and other assets	\$ 247,121,745	\$ 205,479,347
Capital assets, net	345,953,485	347,679,452
Total assets	593,075,230	553,158,799
Deferred outflows of resources	11,123,834	15,105,027
Total assets and deferred outflows	\$ 604,199,064	\$ 568,263,826
Long-term liabilities	\$ 129,539,539	\$ 124,101,177
Other liabilities	21,658,003	24,813,716
Total liabilities	151,197,542	148,914,893
Deferred inflows of resources	13,470,678	31,534,653
Net investment in capital assets	246,942,356	240,797,862
Restricted net position	6,314,526	1,276,896
Unrestricted net position	186,273,962	145,739,522
Total net position	439,530,844	387,814,280
Total liabilities, deferred inflows and net position	\$ 604,199,064	\$ 568,263,826

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2023

The County's net position was \$439,530,844 at the close of fiscal year 2023. The largest portion of the County's net position at June 30, 2023 (56.2%) reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, given that the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position (1.4%) is restricted for specific purposes. The unrestricted portion of net position (42.4%) may be used to meet the County's ongoing obligations to citizens and creditors. At the end of fiscal year 2023, the County reported positive balances in all three categories of net position.

The County's overall net position increased 13.3% from last year. The reasons for the overall increase are discussed in the following sections.



Statement of Activities

	Governmental activities (condensed)	
	6/30/2023	6/30/2022
Program revenues:		
Charges for services	\$ 13,602,751	\$ 20,945,425
Operating grants and contributions	27,167,341	26,916,551
Capital grants and contributions	1,093,064	169,569
General revenues:		
Property taxes	164,168,554	149,086,210
Other taxes	46,736,083	38,372,537
Interest and investment earnings	3,877,227	444,493
Miscellaneous	3,476,055	5,433,116
Total revenues	<u>260,121,075</u>	<u>241,367,901</u>
Expenses:		
General government administration	14,403,721	17,494,683
Judicial administration	7,021,177	6,806,106
Public safety	37,517,274	38,479,969
Public works	13,788,008	12,068,804
Health and human services	11,381,315	10,013,082
Education	92,152,089	90,097,401
Parks, recreation, and cultural	12,934,278	13,648,175
Community development	16,863,754	12,755,621
Interest on long-term debt	2,342,895	2,718,104
Total expenses	<u>208,404,511</u>	<u>204,081,945</u>
Change in net position	51,716,564	37,285,956
Net position, beginning of year (as restated)	387,814,280	350,528,324
Net position, end of year	<u><u>\$ 439,530,844</u></u>	<u><u>\$ 387,814,280</u></u>

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2023

Governmental Activities

As of June 30, 2023, net position for governmental activities was \$439,530,844, which represents an increase of \$51,716,564 from last year.

The County experienced growth in property tax revenues during fiscal year 2023, primarily due to higher real estate and personal property tax revenues. Real estate taxes were higher due to the bi-annual reassessment, which resulted in an 8% average increase in values. Personal property taxes were up due to higher assessed values for used vehicles, in particular. Other local taxes from sales, meals, and lodging taxes increased as the economy continued to recover from the negative financial impacts of the COVID-19 pandemic. Charges for services and certain fee revenue improved as participation in the County's programs, such as parks and recreation, returned to their pre-pandemic levels.

On the expense side, the County experienced savings mainly due to continued turnover and vacant positions as the County continues to experience challenges in the labor market and maintaining full staff levels.

For the fiscal year ended June 30, 2023, revenues from governmental activities totaled \$260,121,075. Of this amount, \$49,216,438, or 18.9%, is received from sources other than local tax revenue.

Real estate tax revenues, the County's largest single revenue source, totaled \$112,488,283. The County's assessed real property tax base for fiscal year 2023 was \$13,931,469,542, which was an increase of 9.2% from fiscal year 2022.

In fiscal year 2023, the County's collected \$36,130,681 in personal property taxes and received reimbursement from the Commonwealth of Virginia of \$9,770,137. Under the Personal Property Tax Relief Act (PPTRA), the state's share of local personal property tax was approximately 27.0% of taxpayer's payments.

For the fiscal year ended June 30, 2023, expenses for governmental activities totaled \$208,404,511, including \$92,152,089 for Education for the public school system. Total expenses had a net increase of 2.1% over fiscal year 2022, primarily due to an increase in funding to the public school system.

Financial Analysis

Governmental Funds

General Fund: The County's General Fund is the chief operating fund of the County. At the end of fiscal year 2023, the General Fund had an overall increase in fund balance of \$16,851,755. This was primarily due to increases in general property taxes and other local tax revenues. The portion of the unassigned fund balance for fiscal liquidity totaled \$79,210,200, which was 26.7% of the total general governmental expenditures (from Table 11 in the Statistical section), including the County's share of the Public Schools' operating expenditures. The County's goal is to maintain a fund balance for fiscal liquidity between 12% and 15% of total general governmental expenditures.

Capital Projects Fund: The Capital Projects Fund is used by the County to account for the financing sources used to acquire and construct major capital projects for the general government. At the end of fiscal year 2023, the Capital Projects Fund's fund balance increased by \$13,569,165, primarily due to an increase in revenues from the use of money and property and transfers from the General Fund of \$21,392,134 to fund multi-year projects not fully expended at the end of fiscal year 2023. During the year, capital project expenditures of \$12,605,501 included maintenance projects whose purpose is to improve and extend the useful life of County and School buildings and to replace major pieces of equipment. Major projects included park improvements at the Warhill Complex, Chickahominy Riverfront Park, and Jamestown Marina, and various stormwater projects. In addition, a medic unit was replaced, and a fire boat was purchased. Significant school expenditures included safety and security upgrades, HVAC replacements, bus replacements, and an auxiliary gym and shelter at Warhill High School.

Debt Service Fund: The Debt Service Fund is used by the County to account for the accumulation of resources for the repayment of long-term debt of the governmental funds. The primary source of funding is transfers from the General Fund.

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2023

Grants and Special Projects Fund: The Grants and Special Projects Fund is used by the County to account for revenues and expenditures related to grant programs and special projects. This fund also includes activity supported by the County's allocation of American Rescue Plan Act funds. During fiscal year 2023, the Grants and Special Projects Fund's fund balance increased by \$368,010, primarily due transfers from the General Fund for grants and special projects whose expenditures expand over multiple years.

Non-major Governmental Funds: The County maintains five non-major governmental funds. Information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances for all funds, located on pages 101-102. The non-major governmental funds had an increase in fund balance of \$768,422 in fiscal year 2023.

Proprietary Fund

The County has one proprietary fund type, an internal service fund, which accounts for the charges to users and expenses of the health and dental programs. This was a new fund for the County in fiscal year 2023 as the activity had been accounted for in the General Fund in previous years.

General Fund Budgetary Highlights

General Fund revenues were 7.6% or \$16,653,322 higher than the final budget. Much of this increase (\$8.3 million) was from personal property taxes, and meals taxes and business licenses were also major contributors. These revenue sources were budgeted conservatively at the time of the budget preparation due to the lack of economic uncertainty. The County also had a major sale of property, which was not budgeted and added to the revenue surplus.

General Fund expenditures were 7.9% below the final budget, or \$14,689,510, which included a surplus of \$8.7 million for fiscal year 2023 returned by the School Division to the County. By agreement, 90% of this amount is set aside for future school purposes. Also contributing to the savings in spending was significant staff turnover and vacancies in the departments, particularly in General Services and the Police.

As a result of revenues exceeding budget and underspending, the fund balance increased by \$16,851,755, to \$113,527,060 at the end of fiscal year 2023.

Capital Assets

At the end of fiscal year 2023, the County's investment in capital assets for its governmental activities totaled \$345,953,485 (net of accumulated depreciation). This total includes land and land improvements, construction in progress, intangibles, buildings, improvements, infrastructure, equipment, vehicles, and leases. In addition, the County implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023, and consequently, the County's investment in capital assets includes subscriptions, net of accumulated amortization. The County does not own its roads, and therefore they are not included in capital assets. In addition, the Public Schools own the school buildings and the related debt is County debt. The value associated with the purchase and/or construction of the Public Schools' buildings is reported as capital assets in the governmental activities of the County to properly match with the associated debt, as allowed by Virginia state law. In fiscal year 2023, the net value of school buildings and related construction reflected in the governmental activities of the County equals \$195,381,669, and the associated current year's depreciation expense of \$6,702,194 is reflected in Education expense in the County's governmental activities in the statement of net position.

Summary of Capital Assets, Net		
Governmental activities		
	6/30/2023	6/30/2022
Non-depreciable	\$ 51,363,237	\$ 54,485,711
Depreciable	294,590,248	293,193,741
Total	<u>\$ 345,953,485</u>	<u>\$ 347,679,452</u>

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

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2023

Long-Term Debt

Below is a summary of the County's long-term debt as of June 30, 2023, and 2022, respectively.

Summary of Long-Term Debt		
Governmental activities		
	6/30/2023	6/30/2022 (as restated)
General obligation bonds, net	\$ 18,835,000	\$ 21,720,000
EDA payable, net	71,645,924	81,652,047
Bond premiums, net	1,396,931	1,684,288
Financed purchases	4,488,517	1,015,683
Leases payable	996,926	779,568
Subscriptions liability	1,551,700	-
Pension	19,855,824	7,716,325
OPEB	6,296,811	6,501,747
Compensated absences	4,471,906	4,577,962
Total	<u>\$ 129,539,539</u>	<u>\$ 125,647,620</u>

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

Economic Factors and Next Year's Budget and Tax Rates

The County has a two-year budget cycle. The first year of a two-year cycle is adopted and appropriated and the second year is adopted for planning purposes. Fiscal year 2023 was the first year of the current two-year cycle. The fiscal year 2023 approved budget for the General Fund was \$217,100,000.

Fiscal year 2024 is the second year of the two-year cycle. The General Fund's fiscal year 2024 approved budget is \$231,100,000. This budget was adopted on May 9, 2023, and reflects a \$14,000,000, or a 6.4%, increase over the fiscal year 2023 budget. Part of the increase is due to the expectation that revenue from personal property will be higher with the assessed values of used vehicles returning to 100%, which had been reduced to 75% in calendar year 2022 (partially impacting fiscal year 2023). In addition, local excise taxes from sales, meals, and lodging taxes are projected to return to pre-pandemic levels, with sales tax increasing more due to the tax now being imposed on internet sales as well. Much of the increase in revenue will be used to invest in education, infrastructure and capital, and employee retention and recruitment initiatives to attract and a maintain qualified workforce.

Contacting the County's Financial Management

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

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County of James City, Virginia
Statement of Net Position
June 30, 2023

	Primary Government	Discretely Presented Component Units		
	Governmental Activities	James City Service Authority	Public schools	Economic Development Authority
Assets				
Cash and cash equivalents (note 2)	\$ 133,950,956	\$ 15,101,121	\$ 32,205,030	\$ 1,505,938
Investments (note 2)	33,297,222	43,183,250	-	-
Restricted cash and cash equivalents (note 2)	15,685,448	1,807,604	-	-
Receivables, net of allowance for uncollectibles:				
Taxes, including penalties	36,862,718	-	-	-
Accounts	-	2,980,594	42,931	-
Interest	174,572	87,812	-	3,024
Loans (note 3)	368,217	-	-	-
Leases (note 16)	3,375,918	286,134	412,525	718,026
Miscellaneous (note 3)	7,475,438	6,913	-	72,659
Due from component units, net (note 7)	6,862,884	-	-	-
Due from other governments, net (note 5)	8,698,154	-	6,727,613	71,645,924
Inventory	282,519	1,884,966	67,166	-
Prepaid items	26,599	-	-	-
Other assets	61,100	-	-	-
Net pension asset (note 10)	-	-	1,976,129	-
Net OPEB assets (note 11)	-	-	6,971	-
Capital assets, net (note 6):				
Non-depreciable	51,363,237	11,643,320	14,097,757	549,956
Depreciable	294,590,248	145,544,772	48,652,021	566,337
Net capital assets	345,953,485	157,188,092	62,749,778	1,116,293
Total assets	593,075,230	222,526,486	104,188,143	75,061,864
Deferred Outflows of Resources				
Deferred charge on refundings, net	-	1,282,221	-	-
Deferred pensions (note 10)	9,846,931	989,778	24,432,513	-
Deferred OPEB retiree healthcare (note 11)	460,836	24,747	165,967	-
Deferred OPEB group life insurance (note 11)	557,022	82,198	1,219,173	-
Deferred OPEB health insurance credit (note 11)	259,045	11,896	1,759,711	-
Deferred OPEB Virginia local disability program (note 11)	-	-	233,707	-
Total deferred outflows of resources	11,123,834	2,390,840	27,811,071	-
Total assets and deferred outflows of resources	\$ 604,199,064	\$ 224,917,326	\$ 131,999,214	\$ 75,061,864
Liabilities				
Accounts payable	\$ 4,576,265	\$ 1,152,175	\$ 2,309,568	\$ -
Accrued liabilities	2,003,838	551,351	17,307,176	-
Liabilities payable from restricted assets	1,532,978	-	-	-
Due to Primary Government, net (note 7)	-	729,267	6,133,617	-
Due to other governments	4,173	50	732,682	-
Advances for construction	-	32,902	-	-
Amounts held for others	-	829,924	-	-
Unearned revenues (note 8)	13,540,749	-	3,970,517	-
Long-term liabilities (notes 9, 10, 11, 16, and 17):				
Due within one year	18,577,318	1,852,551	1,142,320	10,106,210
Due in more than one year	110,962,221	26,721,611	103,852,106	60,237,568
Total liabilities	151,197,542	31,869,831	135,447,986	70,343,778
Deferred Inflows of Resources				
Deferred charge on refundings, net	124,869	-	-	1,302,147
Deferred leases (note 16)	3,218,066	281,996	388,794	676,111
Deferred pensions (note 10)	7,559,069	658,780	19,385,992	-
Deferred OPEB retiree healthcare (note 11)	1,841,069	175,719	1,719,052	-
Deferred OPEB group life insurance (note 11)	599,792	58,689	1,133,209	-
Deferred OPEB health insurance credit (note 11)	127,813	17,049	910,235	-
Deferred OPEB Virginia local disability program (note 11)	-	-	24,527	-
Total deferred inflows of resources	13,470,678	1,192,233	23,561,809	1,978,258
Net Position				
Net position:				
Net investment in capital assets	246,942,356	132,964,313	61,671,700	1,116,293
Restricted:				
Debt service	-	882,704	-	-
Net pension and OPEB asset	-	-	1,983,100	-
Other	6,314,526	-	7,194,830	-
Unrestricted	186,273,962	58,008,245	(97,860,211)	1,623,535
Total net position (deficit)	439,530,844	191,855,262	(27,010,581)	2,739,828
Total liabilities, deferred inflows of resources and net position	\$ 604,199,064	\$ 224,917,326	\$ 131,999,214	\$ 75,061,864

See accompanying notes to basic financials statements

County of James City, Virginia
Statement of Activities
Year ended June 30, 2023

Functions/programs	Expenses	Program revenues			Net (expenses) revenues and changes in net position			
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government	Discretely Presented Component Units		
					Governmental activities	James City Service Authority	Public schools	Economic Development Authority
Primary Government:								
Governmental activities:								
General government administration	\$ 14,403,721	\$ 723,447	\$ 11,194,120	\$ -	\$ (2,486,154)	\$ -	\$ -	\$ -
Judicial administration	7,021,177	2,578,045	1,573,299	-	(2,869,833)	-	-	-
Public safety	37,517,274	2,530,564	3,814,871	305,825	(30,866,014)	-	-	-
Public works	13,788,008	2,393,552	47,725	80,398	(11,266,333)	-	-	-
Health and human services	11,381,315	-	5,853,668	-	(5,527,647)	-	-	-
Education (including School system)	92,152,089	-	-	-	(92,152,089)	-	-	-
Parks, recreation, and cultural	12,934,278	3,961,768	358,193	706,841	(7,907,476)	-	-	-
Community development	16,863,754	1,415,375	4,325,465	-	(11,122,914)	-	-	-
Interest on long-term debt	2,342,895	-	-	-	(2,342,895)	-	-	-
Total governmental activities	208,404,511	13,602,751	27,167,341	1,093,064	(166,541,355)	-	-	-
Total Primary Government	\$ 208,404,511	\$ 13,602,751	\$ 27,167,341	\$ 1,093,064	\$ (166,541,355)	\$ -	\$ -	\$ -
Component units:								
Economic Development Authority	\$ 3,126,268	\$ 47,725	\$ 3,020,496	\$ -	\$ -	\$ -	\$ -	\$ (58,047)
James City Service Authority	24,616,714	20,639,771	-	4,068,010	-	91,067	-	-
Public Schools	166,393,226	2,294,638	29,971,851	1,267,535	-	-	(132,859,202)	-
Total component units	\$ 194,136,208	\$ 22,982,134	\$ 32,992,347	\$ 5,335,545	\$ -	\$ 91,067	\$ (132,859,202)	\$ (58,047)
General revenues:								
Property taxes, levied for general purposes					\$ 164,168,554	\$ -	\$ -	\$ -
Local sales and use taxes					21,199,519	-	-	-
Franchise license taxes					887,994	-	-	-
Taxes on recordation and wills					1,402,986	-	-	-
Hotel and motel room taxes					4,637,716	-	-	-
Restaurant food taxes					8,839,539	-	-	-
Cigarette tax					560,442	-	-	-
Business license taxes					8,602,096	-	-	-
Deeds of conveyance					462,678	-	-	-
Penalties and interest					143,113	-	-	-
Grants and contributions not restricted to specific programs					-	-	146,957,626	-
Interest and investment earnings					3,877,227	689,902	250,908	45,801
Miscellaneous					3,476,055	562,421	2,312,497	654,621
Total general revenues and transfers					218,257,919	1,252,323	149,521,031	700,422
Change in net position					51,716,564	1,343,390	16,661,829	642,375
Net position (deficit), beginning of year					387,814,280	190,511,872	(43,672,410)	2,097,453
Net position (deficit), end of year					\$ 439,530,844	\$ 191,855,262	\$ (27,010,581)	\$ 2,739,828

See accompanying notes to basic financials statements.

County of James City, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds				Nonmajor governmental funds	Total governmental funds
	General	Capital projects	Debt service	Grants and special projects		
Assets						
Cash and cash equivalents (note 2)	\$ 52,362,786	\$ 55,827,498	\$ -	\$ 8,075,776	\$ 8,263,865	\$ 124,529,925
Investments (note 2)	33,297,222	-	-	-	-	33,297,222
Restricted cash and cash equivalents (note 2)	1,325,058	267,738	-	14,092,652	-	15,685,448
Receivables, net of allowance:						
Taxes	36,771,606	-	-	-	91,112	36,862,718
Interest	6,873	167,699	-	-	-	174,572
Leases (note 16)	3,375,918	-	-	-	-	3,375,918
Loans, net (note 3)	-	-	-	-	368,217	368,217
Miscellaneous (note 3)	6,052,188	-	-	683,572	21,172	6,756,932
Due from component units (note 7)	9,402,356	-	-	-	-	9,402,356
Due from other governments (note 5)	5,953,069	770,895	-	1,252,548	721,642	8,698,154
Inventory	276,396	-	-	-	6,123	282,519
Prepaid items	26,599	-	-	-	-	26,599
Total assets	<u>\$ 148,850,071</u>	<u>\$ 57,033,830</u>	<u>\$ -</u>	<u>\$ 24,104,548</u>	<u>\$ 9,472,131</u>	<u>\$ 239,460,580</u>
Liabilities						
Liabilities:						
Accounts payable	\$ 2,405,607	\$ 769,802	\$ -	\$ 1,189,733	\$ 162,133	\$ 4,527,275
Accrued liabilities	553,482	70,175	-	11,648	100,343	735,648
Payables from restricted assets	1,293,978	239,000	-	-	-	1,532,978
Due to component units (note 7)	21,135	2,354,234	-	164,103	-	2,539,472
Due to other governments (note 5)	4,173	-	-	-	-	4,173
Unearned revenues (note 8)	453,893	111,007	-	12,893,675	82,174	13,540,749
Total liabilities	<u>4,732,268</u>	<u>3,544,218</u>	<u>-</u>	<u>14,259,159</u>	<u>344,650</u>	<u>22,880,295</u>
Deferred Inflows of Resources						
Unavailable revenue (note 8)	27,372,677	64,054	-	1,673,990	30,466	29,141,187
Leases (note 16)	3,218,066	-	-	-	-	3,218,066
Total deferred inflows of resources	<u>30,590,743</u>	<u>64,054</u>	<u>-</u>	<u>1,673,990</u>	<u>30,466</u>	<u>32,359,253</u>
Fund Balances						
Fund balances:						
Nonspendable:						
Inventory	276,396	-	-	-	-	276,396
Prepaid items	26,599	-	-	-	-	26,599
Restricted:						
Debt service - bond proceeds held in escrow	-	28,738	-	-	-	28,738
Grants and special projects	-	-	-	1,984,281	-	1,984,281
Other governmental funds	-	-	-	-	4,330,245	4,330,245
Committed:						
Public Schools	7,805,781	-	-	-	-	7,805,781
Grants and special projects	-	-	-	6,187,118	-	6,187,118
Other governmental funds	-	-	-	-	1,390,129	1,390,129
Assigned:						
General	1,910,388	-	-	-	-	1,910,388
Capital projects	8,644,565	53,396,820	-	-	-	62,041,385
Debt service	15,653,131	-	-	-	-	15,653,131
Other governmental funds	-	-	-	-	3,376,641	3,376,641
Unassigned	79,210,200	-	-	-	-	79,210,200
Total fund balances	<u>113,527,060</u>	<u>53,425,558</u>	<u>-</u>	<u>8,171,399</u>	<u>9,097,015</u>	<u>184,221,032</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 148,850,071</u>	<u>\$ 57,033,830</u>	<u>\$ -</u>	<u>\$ 24,104,548</u>	<u>\$ 9,472,131</u>	<u>\$ 239,460,580</u>

See accompanying notes to basic financials statements.

County of James City, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

Reconciliation of the Balance Sheet for governmental funds to the government-wide statement of net position:

Ending fund balance, governmental funds		\$ 184,221,032
Amounts reported for governmental activities in the Balance Sheet are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		345,953,485
Land held for resale and future development used in governmental activities are not financial resources and, therefore, are not reported in the funds.		61,100
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds.		29,141,187
Deferred outflows of resources represent a consumption of net position applying to future periods and, therefore, are not reported in the governmental funds.		
Deferred pension	\$ 9,846,931	
Deferred OPEB retiree healthcare	460,836	
Deferred OPEB group life insurance	557,022	
Deferred OPEB health insurance credit	259,045	11,123,834
Unmatured interest payable reported in governmental activities will not be paid with current financial resources and, therefore, is not reported in the funds.		(110,190)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	(18,835,000)	
EDA payable (lease revenue bonds), net	(71,645,924)	
Unamortized bond premiums, net	(1,396,931)	
Financed purchases	(4,488,517)	
Lease payable	(996,926)	
Subscription liability	(1,551,700)	
Net pension liability	(19,855,824)	
Net OPEB liabilities	(6,296,811)	
Compensated absences	(4,471,906)	(129,539,539)
Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period and, therefore, is not reported in the governmental funds.		
Deferred charge on refundings, net	(124,869)	
Deferred pension	(7,559,069)	
Deferred OPEB retiree healthcare	(1,841,069)	
Deferred OPEB GLI	(599,792)	
Deferred OPEB HIC	(127,813)	(10,252,612)
The Internal Service Fund is used by management to provide certain goods and services to governmental funds. The assets and liabilities of the Internal Service Fund is included in the governmental activities in the Statement of Net Position.		8,932,547
Net position, governmental activities		<u>\$ 439,530,844</u>

See accompanying notes to basic financials statements.

County of James City, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2023

	Major Funds				Nonmajor governmental funds	Total governmental funds
	General	Capital projects	Debt service	Grants and special projects		
Revenues:						
General property taxes	\$ 160,843,816	\$ -	\$ -	\$ -	\$ -	\$ 160,843,816
Other local taxes	46,005,290	-	-	-	899,654	46,904,944
Permits, privilege fees and regulatory licenses	2,227,922	-	-	-	-	2,227,922
Fines and forfeitures	188,209	-	-	-	-	188,209
Use of money and property	798,462	3,054,069	24,696	-	-	3,877,227
Charges for services	8,232,122	-	-	-	-	8,232,122
Miscellaneous	1,829,026	635,399	40,078	545,738	382,737	3,432,978
Intergovernmental:						
Local	-	-	-	-	217,531	217,531
Commonwealth	15,844,523	80,398	-	1,665,185	2,417,019	20,007,125
Federal	9,164	1,012,666	-	3,352,908	5,906,373	10,281,111
Total revenues	235,978,534	4,782,532	64,774	5,563,831	9,823,314	256,212,985
Expenditures:						
Current:						
General government administration	16,756,192	-	49,152	152,178	-	16,957,522
Judicial administration	5,122,525	-	-	412,145	1,397,663	6,932,333
Public safety	35,289,561	-	4,708,260	1,883,507	8,399	41,889,727
Public works	10,984,516	-	-	73,220	-	11,057,736
Health and human services	3,179,433	-	-	2,181,275	5,919,839	11,280,547
Education	78,622,373	-	-	-	-	78,622,373
Parks, recreation and cultural	13,253,644	-	-	353,693	31,571	13,638,908
Community development	6,480,640	-	-	2,251,638	5,888,785	14,621,063
Debt service:						
Principal	-	-	12,770,426	-	-	12,770,426
Interest and other fiscal charges	-	-	3,927,359	-	-	3,927,359
Lease financing - principal	257,578	-	-	-	36,040	293,618
Lease financing - interest	20,354	-	-	-	451	20,805
Subscription financing - principal	681,158	-	-	-	6,293	687,451
Capital outlay - County activities	-	5,777,979	-	-	-	5,777,979
Capital outlay - School activities	-	6,827,522	-	-	-	6,827,522
Total expenditures	170,647,974	12,605,501	21,455,197	7,307,656	13,289,041	225,305,369
Excess (deficiency) of revenues over (under) expenditures	65,330,560	(7,822,969)	(21,390,423)	(1,743,825)	(3,465,727)	30,907,616
Other financing sources (uses):						
Transfers in (note 4)	454,797	21,392,134	16,682,163	2,452,484	4,613,723	45,595,301
Transfers out (note 4)	(51,449,155)	-	-	(340,649)	(614,148)	(52,403,952)
Proceeds from financed purchase	-	-	4,708,260	-	-	4,708,260
Proceeds from leases	282,695	-	-	-	228,281	510,976
Proceeds from subscriptions	2,232,858	-	-	-	6,293	2,239,151
Total other financing sources (uses), net	(48,478,805)	21,392,134	21,390,423	2,111,835	4,234,149	649,736
Net change in fund balances	16,851,755	13,569,165	-	368,010	768,422	31,557,352
Fund balances, beginning of year	96,675,305	39,856,393	-	7,803,389	8,328,593	152,663,680
Fund balances, end of year	\$ 113,527,060	\$ 53,425,558	\$ -	\$ 8,171,399	\$ 9,097,015	\$ 184,221,032

See accompanying notes to basic financials statements.

County of James City, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2023

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of governmental funds to the Statement of Activities:

Net change in fund balances, governmental funds \$ 31,557,352

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

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the difference between depreciation expense and capital outlay expenditures. The details of this difference are as follows:

Depreciation and amortization expense	\$ (15,712,692)	
Capital outlay expenditures	14,135,272	
Loss on disposal of capital assets	<u>(148,547)</u>	(1,725,967)

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

3,908,090

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

Proceeds from financed purchase	(4,708,260)	
Proceeds from leases	(510,976)	
Proceeds from subscriptions	(2,239,151)	
Principal payments on bonds and financed purchases	12,770,426	
Principal payments on leases	293,618	
Principal payments on subscriptions	687,451	
Amortization on premium	1,488,876	
Amortization on deferred charge on refundings	<u>160,650</u>	7,942,634

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The details of this difference is as follows:

Compensated absences	106,056	
Interest payable	(44,257)	
Pension expense, net of employer contributions	595,016	
OPEB expense, net of employer contributions	<u>445,093</u>	1,101,908

The Internal Service Fund is used by management to charge the costs of certain activities to other funds. The net income of the Internal Service Fund is reported in governmental activities in the Statement of Activities.

8,932,547

Change in net position, governmental activities

\$ 51,716,564

See accompanying notes to basic financials statements.

County of James City, Virginia
Statement of Net Position
Proprietary Fund - Internal Service Fund
June 30, 2023

	<u>Health and Dental Claims</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 9,421,031
Miscellaneous receivables - rebates and refunds	<u>718,506</u>
Total current assets	<u>\$ 10,139,537</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 48,990
Claims payable	<u>1,158,000</u>
Total current liabilities	<u>1,206,990</u>
Net Position	
Net position - unrestricted	<u>8,932,547</u>
Total liabilities and net position	<u>\$ 10,139,537</u>

See accompanying notes to basic financials statements.

Exhibit 6

County of James City, Virginia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund - Internal Service Fund
Year ended June 30, 2023

	<u>Health and Dental Claims</u>
Operating revenues:	
Charges for services	<u>\$ 15,016,962</u>
Operating expenses:	
Personnel services	11,050,938
Contractual services	<u>1,842,128</u>
Total operating expenses	<u>12,893,066</u>
Operating income	2,123,896
Transfer in - General Fund	<u>6,808,651</u>
Change in net position	8,932,547
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ 8,932,547</u></u>

See accompanying notes to basic financials statements.

Exhibit 7

County of James City, Virginia
Statement of Cash Flows
Proprietary Fund - Internal Service Fund
Year ended June 30, 2023

	Health and Dental Claims
Cash flows from operating activities:	
Receipts from users	\$ 14,298,456
Payments for personnel services	(9,892,938)
Payments to suppliers of goods and services	(1,793,138)
Net cash provided by operating activities	<u>2,612,380</u>
Cash flows from noncapital financing activities	
Transfer in - General Fund	6,808,651
Net cash provided by operating activities	<u>6,808,651</u>
Increase in cash and cash equivalents	9,421,031
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	<u><u>\$ 9,421,031</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,123,896
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in operating assets and liabilities:	
(Increase) in miscellaneous receivables	(718,506)
Increase in accounts payable	48,990
Increase in claims payable	1,158,000
Net cash provided by operating activities	<u><u>\$ 2,612,380</u></u>

See accompanying notes to basic financials statements.

Exhibit 8

County of James City, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial funds
Assets	
Cash, cash equivalents and investments	\$ 15,986,923
Restricted cash, cash equivalents and investments	5,566,905
Accounts receivable	291,705
Due from other governmental units	3,471,818
Due from other funds	15,326
Total assets	<u>\$ 25,332,677</u>
Liabilities	
Accounts payable	\$ 1,263,716
Due to other governmental units	13,866
Accrued payroll and benefits	89,625
Total liabilities	<u>1,367,207</u>
Net Position	
Restricted:	
Individuals	19,641
Organizations	5,734,982
Other governments	18,210,847
Total net position	<u>23,965,470</u>
Total liabilities and net position	<u>\$ 25,332,677</u>

See accompanying notes to basic financials statements.

Exhibit 9

County of James City, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

	Custodial funds
	<hr/>
Additions	
Fees from members	\$ 9,797,913
Receipts from the Commonwealth	10,863,146
Receipts from the federal government	4,570,243
Operating grants and contributions	1,033,201
Charges for services	2,849,868
Use of money and property	713,035
Other	410,534
Total additions	<hr/> 30,237,940 <hr/>
Deductions	
Personnel expenses	16,820,858
Materials and contractual services	9,149,761
Furniture and equipment	2,199,177
Other	63,420
Total deductions	<hr/> 28,233,216 <hr/>
Net increase in fiduciary net position	2,004,724
Net position, beginning of year (as restated) (note 18)	21,960,746
Net position, end of year	<hr/> <u>\$ 23,965,470</u> <hr/>

See accompanying notes to basic financials statements.

1) Summary of Significant Accounting Policies

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

The accompanying financial statements of the County conform to accounting principles generally accepted in the United States of America (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The County's significant accounting and reporting policies are described below.

The Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of the Primary Government and its component units, which are legally separate organizations for which the Board of Supervisors of the County is financially accountable or closely related. 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. In addition, an organization that is closely related to or financially integrated with a Primary Government should be reported as a component unit if the nature and significance of that relationship warrants the inclusion of the organization in the reporting entity.

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

Discretely Presented Component Units

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

The Authority serves all the citizens and businesses of the County and is governed by a Board of Directors that is comprised of the County's elected Board of Supervisors. The Authority is considered to be financially integrated with the County based on the nature and significance of its relationship with the County. The County's Strategic Plan includes a sustainable long-term water supply as a primary goal, which is to be achieved through the efforts of the Authority. In addition, the Authority has adopted other Strategic Plan goals in developing its initiatives. As a result, the County's Strategic Plan serves as the basis for budgetary and operational decisions of both the County and the Authority and financially integrates these entities.

The County does not have operational responsibility over the Authority, but the Authority remains financially integrated with the County. As a result, the Authority is included as a discretely presented component unit in the County's financial statements for reporting purposes.

Separate audited financial statements may be obtained from the Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

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

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

1) Summary of Significant Accounting Policies, Continued

Local costs related to operations and capital projects of the Public Schools are apportioned between the participating localities in accordance with the agreement, as amended. Per the agreement, the apportionment is based on school enrollment and for the fiscal year ended June 30, 2023, the County share was 90.02% and the City's share was 9.98%. Separate audited financial statements may be obtained from the Public Schools' Finance Department, 117 Ironbound Road, Williamsburg, Virginia 23185.

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

From time to time, the EDA has issued Industrial Revenue Bonds (the Bonds) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the Bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the state, nor any political subdivision thereof is obligated in any manner for repayment of the Bonds. Accordingly, the Bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2023, there were 6 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$143.9 million.

Separate audited financial statements may be obtained from the Director of Economic Development, 101-D Mounts Bay Road, Williamsburg, Virginia 23185.

Joint Venture Government Organizations

The County participates in several governmental organizations created as separate legal entities under the laws of the Commonwealth of Virginia. These entities have sufficient autonomy in the management of their affairs to distinguish them as separate from the administrative organization of the County although the County Board of Supervisors appoints certain members of their governing bodies. While the County may have some reversionary interest in the assets of these entities in the event they are dissolved, the nature and extent of that interest would be subject to negotiation at the time of dissolution. Separate audited financial statements for these entities may be obtained from the Department of Financial and Management Services of James City County, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784, except for the Colonial Community Corrections Program, Inc., the Virginia Peninsulas Public Service Authority, and the Williamsburg Regional Library.

Williamsburg Area Medical Assistance Corporation (the Corporation): The Corporation was incorporated on February 19, 1993. The Corporation provides a primary medical care clinic to economically disadvantaged persons in the Counties of James City and York and the City of Williamsburg. The County appoints two board members to the Corporation. The Corporation is a legally separate organization, and the County cannot impose its will on the Corporation. The program is fiscally independent, and there is no financial benefit or burden relationship with the County. However, the County is fiscal agent for the Corporation and has control over the Corporation's assets. These assets are not derived solely from the County's revenues, from the County's mandated or voluntary nonexchange transactions, or from the County's provision of goods or services to the Corporation. Instead, these assets are for the benefit of the Corporation. As a result, the Corporation's financial transactions are included as a custodial fund in the County's fiduciary financial statements.

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

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

1) Summary of Significant Accounting Policies, Continued

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

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

Virginia Peninsula Regional Jail Authority (the Jail Authority): The Jail Authority was organized and exists pursuant to resolutions adopted in 1993 by and between the Cities of Williamsburg and Poquoson and the Counties of James City and York. The Jail Authority is operated by a board. Each member jurisdiction appoints one member and the sheriff from that jurisdiction. The County, as fiscal agent, appoints one additional member. The Jail Authority is a legally separate organization, and the County cannot impose its will on the Jail Authority. The Jail Authority is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is charged user fees based on inmate population to cover direct and indirect costs of the Jail Authority. The County is fiscal agent for the Jail Authority and has control over the Jail Authority's assets. These assets are not derived solely from the County's revenues, from the County's mandated or voluntary nonexchange transactions, or from the County's provision of goods or services to the Jail Authority. Instead, these assets are for the benefit of the Jail Authority. As a result, the Jail Authority's financial transactions are included as a custodial fund in the County's fiduciary financial statements.

Middle Peninsula Juvenile Detention Commission (the Commission): The Commission was created as a political subdivision of the Commonwealth of Virginia by resolutions adopted in 1993. The member jurisdictions are as follows: Caroline County, Charles City County, Essex County, Gloucester County, Hanover County, James City County, King and Queen County, King William County, Lancaster County, Mathews County, Middlesex County, New Kent County, Northumberland County, City of Poquoson, Richmond County, Westmoreland County, City of Williamsburg, and York County. The Commission is operated by a board. Each member jurisdiction appoints one member. The Commission is a legally separate organization, and the County cannot impose its will on the Commission. The Commission is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is charged user fees based on juvenile population to cover direct and indirect costs of the Commission. The County is fiscal agent for the Commission and has control over the Commission's assets. These assets are not derived solely from the County's revenues, from the County's mandated or voluntary nonexchange transactions, or from the County's provision of goods or services to the Commission. Instead, these assets are for the benefit of the Commission. As a result, the Commission's financial statements are included as a custodial fund in the County's fiduciary financial statements.

Williamsburg Area Transit Authority (the Transit Authority): The Transit Authority was created as a political subdivision of the Commonwealth of Virginia by resolutions adopted in 2008. Members include the County, City of Williamsburg, County of York, and the Colonial Williamsburg Foundation. The Transit Authority is governed by a board, consisting of five representatives appointed by the members. The Transit Authority is a legally separate organization, and the County cannot impose its will on the Transit Authority. The Transit Authority is fiscally independent from the County, and there is no financial benefit or burden relationship with the County. The County is fiscal agent for the Transit Authority and has control over the Transit Authority's assets. These assets are not derived solely from the County's revenues, from the County's mandated or voluntary nonexchange transactions, or from the County's provision of goods or services to the Transit Authority. Instead, these assets are for the benefit of the Transit Authority. As a result, the Transit Authority's financial statements are included as a custodial fund in the County's fiduciary financial statements.

1) Summary of Significant Accounting Policies, Continued

Basis of Presentation

Government-Wide and Fund Financial Statements

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category that are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants and contributions. The program revenues must be directly associated with the function or a business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. Administrative overhead charges are allocated to the programs and included in direct expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The governmental funds' statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. Since the governmental funds' statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities' column, a reconciliation is presented which explains the adjustments necessary to reconcile the fund financial statements to the governmental activities' column of the government-wide financial statements. The County's fiduciary funds are presented in the fund financial statements. Given that, by definition, these assets are being held for the benefit of third parties and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

The County reports the following major governmental funds:

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

Capital Projects Fund: Accounts for financial resources to be used for the acquisition or construction of major capital facilities.

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

Grants and Special Projects Fund: Accounts for the financial resources to be used for grant programs and special projects, including American Rescue Plan Act funds and related projects.

1) Summary of Significant Accounting Policies, Continued

Additionally, the County reports the following fund types:

Internal Service Fund: accounts for the payment of claims and other expenses related to medical and dental benefits provided to employees and retirees.

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

Fiduciary Funds: used to account for assets held by the County in a trustee capacity or as a custodian for individuals, private organizations, other governmental units and/or other funds. The County's Fiduciary Funds consists of the following Custodial Funds: Special Welfare, Williamsburg Area Medical Assistance Corporation, Regional Jail, Juvenile Detention, and Williamsburg Area Transit Authority.

Basis of Accounting and Measurement Focus

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

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

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

Real estate and personal property taxes are recorded as revenues and receivables when levied and billed, net of allowances for uncollectible amounts. Property taxes levied but not collected within 45 days after year end are reflected as deferred revenues. Sales taxes, which are collected by the state and subsequently remitted to the County, are recognized as revenues and receivables upon execution of the sale, which is generally two months preceding receipt by the County. License and permits, fines and rents are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded at fair value as earned since they are measurable and available.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

1) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value except for the position in Virginia's Local Government Investment Pool (LGIP) which in accordance with state law, is reported at amortized cost. The County determines fair value in accordance with GAAP, which requires the use of valuation techniques, which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach. GAAP establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The County uses a market approach as the valuation technique for Level 2 inputs. Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. GAAP contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements.

Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and specific account analysis.

Inventory

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

Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the accompanying government-wide financial statements to the extent the County's capitalization threshold of \$5,000 is met. Depreciation is recorded on capital assets on a government-wide basis. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Contributed capital assets are valued at their acquisition value on the date donated.

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

Depreciation of capital assets and right-to-use assets are calculated on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10 to 50 years
Improvements other than buildings	6 to 40 years
Equipment and vehicles	3 to 20 years
Infrastructure	20 to 40 years
Leased buildings	3 to 33 years
Leased equipment	2 to 5 years

1) Summary of Significant Accounting Policies, Continued

Compensated Absences

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

Property Taxes

Real property taxes are recognized as receivables when levied. Real property taxes attach as an enforceable lien on property automatically. Taxes are levied no later than October 1 and are due by December 5 and June 5. Property taxes levied in the current and prior year have been recorded in governmental activities as receivables as of the date the County has the legal right to receive payments thereon. Personal property taxes create a lien on the assessed property. The receivables collected during the fiscal year and during the first 45 days of the succeeding fiscal year are recognized in the General Fund as revenues in the current fiscal year. A penalty of 10% of the tax is assessed the business day after the due date on taxes outstanding as of those dates and interest at 10% per annum is added.

Bond Premiums, Discounts, and Issuance Costs

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

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

Interfund Transactions

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

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then. Deferred inflows represent an acquisition of net assets that applies to future periods and, therefore, will not be recognized as an inflow of resources until that time. The County has the following items that qualify for reporting in these categories:

Deferred gain/loss on refunding: A deferred amount on refunding is a deferred outflows/inflows, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Contributions subsequent to the measurement date for pensions and OPEB: These contributions are always a deferred outflow, which will be applied to the net pension or OPEB liability in the next fiscal year.

Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability: This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as deferred inflows or outflows as appropriate.

1) Summary of Significant Accounting Policies, Continued

Differences resulting from a change in proportion of the collective net pension and OPEB liabilities: This difference will be recognized in pension and OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.

Net difference between projected and actual earnings on pension and OPEB plan investments: This difference will be recognized in pension or OPEB expense over the closed five-year period and may be reported as a deferred outflow or inflow as appropriate.

Differences resulting from changes in assumptions on pension plan or OPEB investments: These differences will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan.

Value of lease receivables plus any payments received at or before the commencement of the lease term that relate to future periods: These values will be recognized as inflows of resources systematically over the term of the lease.

Encumbrances

Encumbrance accounting in which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration. Outstanding encumbrances at year-end are reported in their appropriate fund balance classification in accordance with GAAP.

Fund Balances

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

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

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

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

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

Unassigned: Includes the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications. Only the General Fund can report a positive unassigned fund balance. This includes the County's goal of maintaining a fiscal liquidity balance between 12%-15% of the total general governmental expenditures. The County's policy is to apply expenditures against restricted resources first when either restricted or unrestricted amounts are available. Within unrestricted fund balance, it is the County's policy to apply expenditures against committed amounts first, followed by assigned, and then unassigned amounts.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

1) Summary of Significant Accounting Policies, Continued

In a governmental fund other than the General Fund, a negative unassigned fund balance could result if expenditures incurred for a specific purpose exceed the amounts in the fund that are restricted, committed, and assigned for that purpose. The use of the General Fund's unassigned fund balance may be necessary from time to time to meet unexpected events including, but not limited to: catastrophic (emergency funds in the event of natural or man-made disasters); financial opportunity (to enhance the well-being of the County or other such global purpose to protect its long-term fiscal security); operational (provide additional funds for limited unexpected needs); and revenue shortfalls (to provide limited funds to smooth fluctuations caused by changes in economic conditions). It is the County's policy that if the use of the General Fund's unassigned fund balance causes the balance to fall below the minimum fiscal liquidity balance of 12%, the Board of Supervisors will adopt a plan and a timeline for replenishing the balance to its minimum level.

The constraints placed on fund balance at June 30, 2023, were as follows:

	General	Capital projects	Grants and special projects	Nonmajor governmental
Nonspendable:				
Inventory	\$ 276,396	\$ -	\$ -	\$ -
Prepaid items	26,599	-	-	-
	<u>302,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted:				
Bond proceeds held in escrow	-	28,738	-	-
Public safety	-	-	235,206	-
Education	-	-	250,000	-
Community development	-	-	-	4,274,957
Encumbrances	-	-	1,499,075	55,288
Total restricted	<u>-</u>	<u>28,738</u>	<u>1,984,281</u>	<u>4,330,245</u>
Committed:				
School operations	7,805,781	-	-	-
Education	-	-	427,081	-
Community development	-	-	5,760,037	1,386,539
Encumbrances	-	-	-	3,590
Total committed	<u>7,805,781</u>	<u>-</u>	<u>6,187,118</u>	<u>1,390,129</u>
Assigned:				
General government	-	5,584,745	-	-
Judicial administration	-	-	-	625,399
Public safety	-	2,916,206	-	85,459
Public works	-	17,269,322	-	-
Health and welfare	-	-	-	1,695,914
Education	-	17,175,400	-	-
Parks, recreation and cultural	-	3,016,426	-	14,432
Community development	-	3,442,506	-	946,131
Encumbrances	1,910,388	3,992,215	-	9,306
Capital projects	8,644,565	-	-	-
Debt service reserve	15,653,131	-	-	-
Total assigned	<u>26,208,084</u>	<u>53,396,820</u>	<u>-</u>	<u>3,376,641</u>
Unassigned	<u>79,210,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 113,527,060</u>	<u>\$ 53,425,558</u>	<u>\$ 8,171,399</u>	<u>\$ 9,097,015</u>

1) Summary of Significant Accounting Policies, Continued

Estimates

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

Leases

Lessee: The County is a lessee for noncancellable leases of equipment and property. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. In addition, the likelihood of any extension, renewal, or termination option is assessed in determining the lease term.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The County is a lessor for noncancellable leases of property. The County recognizes a lease receivable and deferred inflows of resources in the government-wide and governmental funds' financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses the interest rate included in the lease as the discount rate. When the interest rate is not provided, the interest rate implicit in the lease is determined and used as the discount rate.
- The lease term includes the non-cancellable period of the lease. In addition, the likelihood of any extension, renewal, or termination option is assessed in determining the lease term.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

1) Summary of Significant Accounting Policies, Continued

Adoption of New Accounting Statement

For fiscal year 2023, the County implemented GASB Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The adoption of the new standard did not result in any restatement of net position, but the County has reclassified certain liabilities and deferred inflows of resources related to lease revenue bonds, as discussed further in Note 18, to reflect the change in definition of conduit debt.

The County also implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) for fiscal year 2023. This statement provides guidance on the accounting and financial reporting for SBITAs for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The objective of this statement is to improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition, which will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The implementation of this statement resulted in the County recognizing new assets and liabilities related to its SBITAs, as well as the amortization of the subscription assets over the subscription term and the reduction of the subscription liabilities for the portion of principal payments made.

Subscription-Based Information Technology Arrangements

The County has entered certain SBITAs. The County recognizes a subscription liability and an intangible right-to-use subscription asset in the Statement of Net Position.

At the commencement of a subscription, the County initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The right-to-use subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the subscription commencement date, plus certain initial implementation stage costs. Subsequently, the right-to-use subscription asset is amortized on a straight-line basis over the subscription term.

Key estimates and judgments related to SBITAs include how the County determines (1) the discount rate used to discount expected SBITA payments to present value, (2) subscription term, and (3) SBITA payments.

- The County uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period in which the County has the right to use the underlying subscription asset. In addition, the likelihood of any extension or termination option is assessed in determining the subscription term.

The County monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription liabilities and right-to-use subscription assets if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use subscription assets are reported with other depreciable capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Position.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

2) Cash, Cash Equivalents, and Investments

Primary Government

Cash, cash equivalents and investments at June 30, 2023, consisted of the following:

	Primary Government	Fiduciary Funds	Totals
Bank deposits	\$ 30,622,059	\$ 7,877,338	\$ 38,499,397
Petty cash	7,500	964	8,464
Amounts held for others	-	135	135
Money market	119,006,845	8,108,486	127,115,331
Investments	33,297,222	5,566,905	38,864,127
Total	<u>\$ 182,933,626</u>	<u>\$ 21,553,828</u>	<u>\$ 204,487,454</u>
Per Exhibit 1:			
Cash and cash equivalents	\$ 133,950,956	\$ -	\$ 133,950,956
Investments	33,297,222	-	33,297,222
Restricted cash and cash equivalents	15,685,448	-	15,685,448
Per Exhibit 8:			
Cash, cash equivalents and investments	-	15,986,923	15,986,923
Restricted cash and investments	-	5,566,905	5,566,905
Total	<u>\$ 182,933,626</u>	<u>\$ 21,553,828</u>	<u>\$ 204,487,454</u>

The Fiduciary Funds balance of \$21,553,828 is not a part of the government-wide financial statements.

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

Restricted cash, cash equivalents and investments at June 30, 2023, was:

Fund	Purpose	Amount	Total
Major governmental funds:			
General	Subdivision escrow	\$ 1,298,728	
	Non-Judicial Sales	26,330	\$ 1,325,058
Capital projects	Unspent bond proceeds	28,738	
	Developer escrow	239,000	267,738
Grants and special projects	ARPA grant	12,634,148	
	Other grants	1,458,504	14,092,652
	Total		<u>\$ 15,685,448</u>

Fair Value Hierarchy

GAAP establishes a hierarchy of valuation techniques based on inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs. The County uses a market approach as the valuation technique for Level 2 inputs.

As of June 30, 2023, investments valued at fair value were as follows:

Investment Type	Cost	Fair value	Level 1	Level 2	Level 3
U.S. Treasury securities	\$ 18,649,167	\$ 18,242,944	\$ -	\$ 18,242,944	\$ -
Federal agency notes and bonds	2,423,286	2,390,086	-	2,390,086	-
Corporate notes and bonds	4,432,370	4,337,928	-	4,337,928	-
Commercial paper	2,214,979	2,222,765	-	2,222,765	-
Certificates of deposit	2,175,000	2,169,118	-	2,169,118	-
Municipal notes and bonds	539,925	530,339	-	530,339	-
Federal agency commercial mortgage-backed security	2,426,508	2,383,106	-	2,383,106	-
Federal agency CMO	148,371	145,821	-	145,821	-
Supra-National agency bond/note	903,638	875,115	-	875,115	-
Total	<u>\$ 33,913,244</u>	<u>\$ 33,297,222</u>	<u>\$ -</u>	<u>\$ 33,297,222</u>	<u>\$ -</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

2) Cash, Cash Equivalents, and Investments, Continued

	Fair value	Investment maturity (in years)		
		Less than 1	1-2	2-7
U.S. Treasury securities	\$ 18,242,944	\$ 600,807	\$ 14,193,348	\$ 3,448,789
Federal agency notes and bonds	2,390,086	565,308	1,558,746	266,032
Corporate notes and bonds	4,337,928	-	1,658,438	2,679,490
Commercial paper	2,222,765	2,222,765	-	-
Certificates of deposit	2,169,118	1,772,601	-	396,517
Municipal notes and bonds	530,339	309,309	-	221,030
Federal agency collateralized mortgage obligation	2,383,106	103,041	1,145,459	1,134,606
Federal agency CMO	145,821	-	145,821	-
Supra-National agency bond/note	875,115	-	612,203	262,912
Total	<u>\$ 33,297,222</u>	<u>\$ 5,573,831</u>	<u>\$ 19,314,015</u>	<u>\$ 8,409,376</u>

Investment Policy

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

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

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

Credit Risk

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

The County's investments and cash equivalents as of June 30, 2023, were rated by Standard & Poor's, Moody's, and Fitch and/or an equivalent national rating organization, and the ratings are as follows:

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

2) Cash, Cash Equivalents, and Investments, Continued

	Unrated	AAA	AA+	AA	AA-	A+	A-1
Federal agency notes and bonds	\$ -	\$ -	\$ 2,390,086	\$ -	\$ -	\$ -	\$ -
Corporate notes and bonds	-	274,279	387,977	809,695	2,631,213	234,764	-
Commercial paper	-	-	-	-	-	-	2,222,765
Certificates of deposit	-	-	396,517	-	-	-	1,772,601
Municipal notes and bonds	-	215,195	-	54,138	261,006	-	-
Federal agency commercial mortgage-backed security	-	-	2,383,106	-	-	-	-
Federal agency CMO	-	-	145,821	-	-	-	-
Supra-National agency bond and notes	-	875,115	-	-	-	-	-
US Treasury securities	-	-	18,242,944	-	-	-	-
LGIP	-	37,939,350	-	-	-	-	-
Money market	28,738	81,038,757	-	-	-	-	-
Total	\$ 28,738	\$ 120,342,696	\$ 23,946,451	\$ 863,833	\$ 2,892,219	\$ 234,764	\$ 3,995,366

Concentration of Credit Risk

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

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

As of June 30, 2023, the portion of the County's portfolio, excluding U.S. Treasury securities, which exceed 5% of the total portfolio was Freddie MAC at 10.4%.

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the County's Policy limits the investment of short-term operating funds to an average weighted maturity of no more than 180 days, with a portion of the portfolio continuously invested in readily available funds. The operating fund core portfolio will be invested in permitted investments with a stated maturity of no more than five years from the date of purchase.

To control the volatility of the core portfolio, the Treasurer will determine a duration target, not to exceed three years. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities, so long as the maturity does not exceed the expected disbursement date of those funds.

Custodial Credit Risk

The Policy requires that all investment securities purchased by the County or held as collateral on deposits or investments shall be held by the County or by a third-party custodial agent who may not otherwise be a counterparty to the investment transaction. As of June 30, 2023, all the County's investments are held in a bank's trust department in the name of the County.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

2) Cash, Cash Equivalents, and Investments, Continued

Component Units

The component units' cash, cash equivalents and investments at June 30, 2023, consisted of the following:

	Component unit -		
	Authority	Public Schools	EDA
Bank deposits	\$ 1,045,606	\$ 26,685,818	\$ 803,856
Petty cash	700	-	-
Money market	1,996,687	-	-
Investments, LGIP	13,865,732	5,488,515	702,082
Investments, other	43,183,250	30,697	-
Total	<u>\$ 60,091,975</u>	<u>\$ 32,205,030</u>	<u>\$ 1,505,938</u>

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

3) Receivables

Amounts due from miscellaneous sources at June 30, 2023, are detailed as follows:

	General	Grants and special projects	Nonmajor governmental	Total governmental activities
Sales tax	\$ 2,579,225	\$ -	\$ -	\$ 2,579,225
Historic 1% sales tax	1,130,422	-	-	1,130,422
Meals tax	966,266	-	-	966,266
Medical transport services, net allowance for doubtful accounts of \$338,276	601,381	-	-	601,381
National opioid settlement	-	565,778	-	565,778
Business license	238,852	-	-	238,852
Recordation tax	138,277	-	-	138,277
Charges for services	109,028	-	-	109,028
Deeds of conveyance	51,528	-	-	51,528
Cigarette tax	39,900	-	-	39,900
Motor vehicle licenses	31,516	-	-	31,516
Utility consumption fee	22,140	-	-	22,140
Other	143,653	117,794	21,172	282,619
Total	<u>\$ 6,052,188</u>	<u>\$ 683,572</u>	<u>\$ 21,172</u>	<u>\$ 6,756,932</u>

The Housing and Neighborhood Development Fund provides loans related to certain programs. The net balance as of June 30, 2023, as presented on the Balance Sheet is comprised of net of an allowance for forgiven and deferred loans, as shown below:

Gross loan balances outstanding	\$ 2,266,775
Less allowance for forgiven and deferred loans	<u>(1,898,558)</u>
Loans receivable, net	<u>\$ 368,217</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

4) Interfund 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, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2023, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 454,797	\$ (51,449,155)
Capital projects	21,392,134	-
Debt service	16,682,163	-
Grants and special projects	2,452,484	(340,649)
Nonmajor governmental	4,613,723	(614,148)
Internal Service	6,808,651	-
Total	<u>\$ 52,403,952</u>	<u>\$ (52,403,952)</u>

Transfers from the General Fund of \$51,449,155 consisted of the following: \$20,892,134 to the Capital Projects fund for pay-as-you-go project funding; \$16,682,163 to the Debt Service fund for the repayment of outstanding debt as the payments became due; \$2,452,484 to the Grants and Special Projects fund for the local portion of grants and to fund other special projects; transfers of \$4,613,723 to the Nonmajor governmental funds for the local share of grants and for the portion of the lodging tax required to be used for tourism related purposes; and transfers of \$6,808,651 to the Internal Service Fund for the accumulation of health and dental employer and employee contributions in excess of claims in prior years.

The transfer of \$340,649 from the Grants and special projects fund was to return remaining local funds from expired and/or closed grants and projects.

The transfer from the nonmajor governmental funds of \$614,148 consisted of \$114,148 to the General Fund to partially fund tourism-related positions and \$500,000 to the Capital Projects Fund for tourism-related capital projects.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

5) Due from/to Other Governments

Details of amounts due from other governments as of June 30, 2023, are as follows:

Primary Government	General	Capital projects	Grants & special projects	Nonmajor governmental	Total
Local:					
City of Williamsburg	\$ 129,168	\$ 64,054	\$ -	\$ -	\$ 193,222
Other	32,135	-	-	-	32,135
WJCC Schools - Services Provided	171,320	-	-	-	171,320
Wmbg. Regional Library	256,599	-	-	-	256,599
Commonwealth of Virginia:					
Car rental tax	7,659	-	-	-	7,659
CMAQ Incentive program	-	-	9,040	-	9,040
Communications sales and use tax	187,808	-	-	-	187,808
Compensation Board	227,835	-	229	-	228,064
Personal property tax relief	4,836,856	-	-	-	4,836,856
E911 Wireless Board	23,271	-	2,753	-	26,024
Mobile Home Tax Commission	20,644	-	-	-	20,644
Office of Children's Services	-	-	571,656	-	571,656
Rolling stock tax	18,559	-	-	-	18,559
Virginia Employment Commission	4,569	-	-	-	4,569
Virginia Housing Development Authority	-	-	-	31,484	31,484
Virginia Supreme Court	5,610	-	-	-	5,610
Virginia Dept. of Environmental Quality	-	-	9,750	-	9,750
Virginia Dept. of Motor Vehicles	8,751	-	-	-	8,751
Virginia Dept. of Social Services	-	-	-	134,114	134,114
Virginia Dept. of Criminal Justice Services	-	-	20,704	-	20,704
Virginia Dept. of Transportation	-	-	506,362	-	506,362
Federal:					
CMAQ Incentive Program	-	-	36,160	-	36,160
Dept. of Emergency Management	-	-	40,543	-	40,543
Dept. of Criminal Justice Services	-	-	30,346	-	30,346
Dept. of Housing & Community Development	-	-	-	288,461	288,461
Dept. of Social Services	-	-	1,312	267,583	268,895
Dept. of Transportation	-	-	3,738	-	3,738
FEMA	22,285	-	16,370	-	38,655
US Land & Water Conservation	-	706,841	3,585	-	710,426
Total	\$ 5,953,069	\$ 770,895	\$ 1,252,548	\$ 721,642	\$ 8,698,154

Component unit - Public Schools

Federal government	\$ 3,449,911
Commonwealth of Virginia	3,277,702
Total	\$ 6,727,613

Details of amounts due to other governments as of June 30, 2023, are as follows:

Primary Government	General
Virginia Peninsula Regional Jail	\$ (1,630)
Williamsburg Area Transit Authority	(459)
Middle Peninsula Juvenile Detention Center	(2,084)
Total	\$ (4,173)

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

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

6) Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balances July 1, 2022	Increases	Decreases	Balances June 30, 2023
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 33,451,861	\$ 312,216	\$ -	\$ 33,764,077
Construction in progress	10,207,501	4,651,600	8,086,290	6,772,811
Intangible assets - easements	10,826,349	-	-	10,826,349
Total capital assets not being depreciated	<u>54,485,711</u>	<u>4,963,816</u>	<u>8,086,290</u>	<u>51,363,237</u>
Capital assets being depreciated:				
Depreciable land improvements	7,132,877	4,060,856	-	11,193,733
Right-to-use lease land	-	228,281	-	228,281
Intangible assets	5,493,157	8,999	72,041	5,430,115
Buildings	380,883,975	1,821,331	-	382,705,306
Right-to-use lease buildings	687,807	221,885	249,695	659,997
Improvements other than buildings	47,401,016	81,867	-	47,482,883
Infrastructure	12,209,410	69,300	-	12,278,710
Equipment and vehicles	57,991,401	8,465,265	1,288,044	65,168,622
Right-to-use subscription asset*	-	2,239,151	-	2,239,151
Right-to-use lease equipment	259,225	60,811	34,764	285,272
Total capital assets being depreciated	<u>512,058,868</u>	<u>17,257,746</u>	<u>1,644,544</u>	<u>527,672,070</u>
Less accumulated depreciation for:				
Depreciable land improvements	1,140,160	529,005	-	1,669,165
Right-to-use lease land	-	22,828	-	22,828
Intangible assets	4,665,207	361,133	72,041	4,954,299
Buildings	140,183,644	8,366,799	-	148,550,443
Right-to-use lease buildings	96,508	83,556	138,719	41,345
Improvements other than buildings	21,904,003	2,109,159	-	24,013,162
Infrastructure	6,404,608	427,352	-	6,831,960
Equipment and vehicles	44,391,010	3,150,651	1,250,473	46,291,188
Right-to-use subscription asset*	-	578,673	-	578,673
Right-to-use lease equipment	79,987	83,536	34,764	128,759
Total accumulated depreciation	<u>218,865,127</u>	<u>15,712,692</u>	<u>1,495,997</u>	<u>233,081,822</u>
Total capital assets being depreciated, net	<u>293,193,741</u>	<u>1,545,054</u>	<u>148,547</u>	<u>294,590,248</u>
Total	<u>\$ 347,679,452</u>	<u>\$ 6,508,870</u>	<u>\$ 8,234,837</u>	<u>\$ 345,953,485</u>

*The right-to-use subscription asset and related amortization resulted from the implementation of GASB Statement No. 96. Additional information on this asset can be found in Note 17.

Depreciation and amortization were charged to governmental functions as follows:

General government administration	\$ 1,605,909
Judicial administration	345,752
Public safety	3,417,207
Public works	639,979
Parks, recreation, and cultural	2,238,545
Community development	499,432
Education	6,702,194
Health and welfare	263,674
Total	<u>\$ 15,712,692</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

6) Capital Assets, Continued

Component unit - Authority:	Balances July 1, 2022	Increases	Decreases	Balances June 30, 2023
Capital assets not being depreciated:				
Land	\$ 1,740,391	\$ 7,399	\$ -	\$ 1,747,790
Land - utility plant	955,995	-	-	955,995
Land improvements	13,183	-	-	13,183
Construction in progress	8,753,533	6,435,317	6,267,068	8,921,782
Intangible assets - easements	4,570	-	-	4,570
Total capital assets not being depreciated	11,467,672	6,442,716	6,267,068	11,643,320
Capital assets being depreciated:				
Water and sewer systems - utility plant	278,188,208	10,134,938	-	288,323,146
Land improvements (depreciable)	63,370	-	-	63,370
Buildings and improvements	6,283,904	-	-	6,283,904
Right-to-use lease building	-	61,868	-	61,868
Office fixtures and equipment	4,495,367	144,488	138,213	4,501,642
Right-to-use lease equipment	11,661	23,382	-	35,043
Right-to-use subscription asset*	60,892	48,753	-	109,645
Automotive equipment	3,506,242	244,821	59,146	3,691,917
Water rights	25,000,000	-	-	25,000,000
Software	10,562	81,179	-	91,741
Infrastructure	91,798	-	-	91,798
Total capital assets being depreciated	317,712,004	10,739,429	197,359	328,254,074
Less accumulated depreciation for:				
Water and sewer systems - utility plant	159,685,491	6,927,545	-	166,613,036
Land improvements	1,938	3,171	-	5,109
Buildings and improvements	1,704,262	194,674	-	1,898,936
Right-to-use lease building	-	4,125	-	4,125
Office fixtures and equipment	2,240,239	235,611	131,968	2,343,882
Right-to-use lease equipment	6,655	5,666	-	12,321
Right-to-use subscription asset*	27,245	51,653	-	78,898
Automotive equipment	2,816,703	171,480	62,508	2,925,675
Water rights	8,164,503	631,331	-	8,795,834
Software	4,296	11,333	-	15,629
Infrastructure	12,788	3,069	-	15,857
Total accumulated depreciation	174,664,120	8,239,658	194,476	182,709,302
Total capital assets being depreciated, net	143,047,884	2,499,771	2,883	145,544,772
Total	\$ 154,515,556	\$ 8,942,487	\$ 6,269,951	\$ 157,188,092

*The right-to-use subscription asset and related amortization resulted from the implementation of GASB Statement No. 96. Additional information on this asset can be found in Note 17.

Depreciation was charged to the Authority's operations as follows:

Water	\$ 5,148,790
Sewer	3,090,868
Total	<u>\$ 8,239,658</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

6) Capital Assets, Continued

Component unit - Public Schools	Balances July 1, 2022	Increases	Decreases	Balances June 30, 2023
Capital assets not being depreciated:				
Land improvements	\$ 8,435,126	\$ -	\$ -	\$ 8,435,126
Construction in progress	2,312,906	6,474,877	3,125,152	5,662,631
Total capital assets not being depreciated	10,748,032	6,474,877	3,125,152	14,097,757
Capital assets being depreciated:				
Buildings and improvements	73,881,849	3,370,722	-	77,252,571
Furniture and equipment	30,744,419	2,566,243	50,144	33,260,518
Lease assets	1,908,011	155,467	51,752	2,011,726
Total capital assets being depreciated	106,534,279	6,092,432	101,896	112,524,815
Less accumulated depreciation for:				
Buildings and improvements	34,880,937	4,588,692	-	39,469,629
Furniture and equipment	21,923,999	1,564,104	50,144	23,437,959
Lease assets	492,203	524,755	51,752	965,206
Total accumulated depreciation	57,297,139	6,677,551	101,896	63,872,794
Total capital assets being depreciated, net	49,237,140	(585,119)	-	48,652,021
Total	\$ 59,985,172	\$ 5,889,758	\$ 3,125,152	\$ 62,749,778

Depreciation and amortization of \$6,677,551 was charged to the Public Schools' governmental functions.

For fiscal year 2023, there are no capital outlay expenditures presented in the County's construction in progress balance to match the corresponding debt, as a result of no new borrowings issued in the fiscal year.

Component unit - EDA	Balances July 1, 2022	Increases	Decreases	Balances June 30, 2023
Capital assets not being depreciated:				
Land	\$ 710,795	\$ -	\$ 195,039	\$ 515,756
Land improvements	34,200	-	-	34,200
Total capital assets not being depreciated	744,995	-	195,039	549,956
Capital assets being depreciated:				
Land improvements	237,988	-	-	237,988
Buildings and improvements	290,095	-	-	290,095
Infrastructure	182,379	-	-	182,379
Total capital assets being depreciated	710,462	-	-	710,462
Less accumulated depreciation for:				
Buildings and improvements	33,877	7,269	-	41,146
Land improvements	55,646	11,957	-	67,603
Infrastructure	29,124	6,252	-	35,376
Total accumulated depreciation	118,647	25,478	-	144,125
Total capital assets being depreciated, net	591,815	(25,478)	-	566,337
Total	\$ 1,336,810	\$ (25,478)	\$ 195,039	\$ 1,116,293

7) Due From and To Component Units

The Authority owed the County \$729,267 at June 30, 2023, which primarily represented payroll and purchase card expenses paid by the County on behalf of the Authority.

For fiscal year 2023, the Public Schools owed the County \$8,673,089 for local funds unexpended at year-end that are contractually required to be returned to the County. The County funds its share of the construction costs for the component unit - Public Schools through the Capital Projects Fund and owed the Public Schools \$2,354,234 for capital project work done in fiscal year 2023. In addition, the County owed the Public Schools \$185,238 for reimbursements from the State for Comprehensive Services Act expenditures and utilities. The net due from component unit – Public Schools was \$6,133,617 at June 30, 2023.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

8) Unavailable Revenues and Unearned Revenues

Unavailable revenues represent amounts that have been earned but that were not collected within the availability period. Details of unavailable revenue as of June 30, 2023, were:

Source	General	Capital projects	Grants and special projects	Nonmajor governmental	Total
Property taxes	\$ 26,857,581	\$ -	\$ -	\$ -	\$ 26,857,581
Medic transport and other fees	492,811	64,054	-	-	556,865
National opioid settlement	-	-	565,778	-	565,778
Grants	22,285	-	1,108,212	30,466	1,160,963
Total	<u>\$ 27,372,677</u>	<u>\$ 64,054</u>	<u>\$ 1,673,990</u>	<u>\$ 30,466</u>	<u>\$ 29,141,187</u>

Unearned revenues represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Details of unearned revenues as of June 30, 2023, were:

Primary Government						Component unit - Public Schools
Source	General	Capital projects	Grants and special projects	Nonmajor governmental	Total	Total
Prepaid property taxes and fees	\$ 427,563	\$ -	\$ -	\$ -	\$ 427,563	\$ -
Non-judicial sales	26,330	-	-	-	26,330	-
ARPA Relief	-	-	12,893,675	-	12,893,675	-
Grants received in advance	-	111,007	-	82,174	193,181	3,970,517
Total	<u>\$ 453,893</u>	<u>\$ 111,007</u>	<u>\$ 12,893,675</u>	<u>\$ 82,174</u>	<u>\$ 13,540,749</u>	<u>\$ 3,970,517</u>

9) Long-Term Liabilities

Primary Government

A summary of the County's long-term liability activity for governmental activities for the fiscal year ended June 30, 2023, is presented below:

Governmental activities	(As Restated)			Balance June 30, 2023	Due within one year
	Balance June 30, 2022	Additions	Reductions		
General obligation bonds	\$ 21,720,000	\$ -	\$ 2,885,000	\$ 18,835,000	\$ 2,985,000
EDA payable, net*: Lease revenue bonds	72,015,000	-	8,650,000	63,365,000	8,815,000
Premium, net	8,090,604	-	1,201,518	6,889,086	1,201,518
Deferred charge on refundings, net	1,441,985	-	139,839	1,302,146	-
Interest payable	104,458	-	14,766	89,692	89,692
Bond premiums, net	1,684,288	-	287,357	1,396,931	287,357
Financed purchases	1,015,683	4,708,260	1,235,426	4,488,517	1,260,961
Compensated absences	4,577,962	5,530,310	5,636,366	4,471,906	3,353,930
Lease payable	779,568	510,976	293,618	996,926	126,675
Subscription liability**	-	2,239,151	687,451	1,551,700	457,185
Net pension liability	7,716,325	12,139,499	-	19,855,824	-
Net OPEB retiree healthcare liability	3,598,216	-	334,000	3,264,216	-
Net OPEB group life insurance liability	2,310,729	80,486	-	2,391,215	-
Net OPEB health insurance credit liability	592,802	48,578	-	641,380	-
Total	<u>\$ 125,647,620</u>	<u>\$ 25,257,260</u>	<u>\$ 21,365,341</u>	<u>\$ 129,539,539</u>	<u>\$ 18,577,318</u>

*The EDA payable, net total was \$71,645,924 as of June 30, 2023 and is a reclassification due to the EDA's implementation of GASB Statement No. 91, *Conduit Debt Obligations*, which resulted in the EDA recognizing assets, liabilities, and deferred inflows/outflows of resources related to the County's lease revenue bonds issued by the EDA, which is not considered conduit debt. All costs and liabilities related to these bonds are the responsibility of the County and, as a result, the liabilities and costs reflected in the EDA's financial statements are fully offset by receivables and contributions from the County. The County previously reported these in the following categories: lease revenue/refunding bonds; bond premiums, net; deferred charge on refundings, net; and interest payable.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

9) Long-Term Liabilities, Continued

**The Subscription liability resulted from the implementation of GASB Statement No. 96. Additional information on this liability can be found in Note 17.

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

Arbitrage

Arbitrage is the difference between the yield on an issuer's tax-exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U.S. Treasury. As of June 30, 2023, there was no rebate liability.

Details of long-term bond indebtedness at June 30, 2023, for governmental activities were as follows:

	Sale date	Original borrowing	Interest rates	Final maturity	Balance June 30, 2023
General obligation bonds					
Virginia Public School Authority bonds (Series A)	2011	\$ 1,000,000	4.25%	2031	\$ 440,000
General obligation refunding bonds	2014	21,610,000	2.00-5.00%	2028	10,235,000
General obligation refunding bonds (Series A)	2015	11,280,000	2.50-5.00%	2030	8,160,000
				Total	<u>\$ 18,835,000</u>
Financed purchases					
Financed purchase - Portable radio	2020	\$ 1,693,311	2.140%	2024	\$ 684,266
Financed purchase - Motorola radio system upgrade	2023	4,708,260	2.040%	2027	3,804,251
				Total	<u>\$ 4,488,517</u>

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

Year ending June 30,	General obligation bonds	
	Principal	Interest
2024	\$ 2,985,000	\$ 645,288
2025	3,055,000	516,813
2026	3,115,000	405,713
2027	2,190,000	292,813
2028	2,250,000	227,988
2029-2031	5,240,000	335,750
Total	<u>\$ 18,835,000</u>	<u>\$ 2,424,365</u>

In July 2016, the County entered a Memorandum of Understanding with York County, Virginia to upgrade the joint public safety/public services radio communication system. The County's portion of \$4,736,044 is included in capital assets and accumulated depreciation was \$4,736,044 as of June 30, 2023.

An additional Memorandum of Understanding was entered into with York County, Virginia to upgrade the joint public safety/public services radio communication system, and the County's portion was \$4,708,260, which is included in capital assets. Depreciation expense and accumulated depreciation were \$313,884 as of and for the year ended June 30, 2023.

In November 2020, the County entered into a financed purchase agreement with Motorola to replace public safety portable radios. The amount included in capital assets was \$1,693,311 and accumulated depreciation was \$903,099 as of June 30, 2023. Depreciation expense was \$338,662 for the fiscal year ended June 30, 2023.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

9) Long-Term Liabilities, Continued

The present value of future minimum financed purchase payments of the County as of June 30, 2023 was:

Year ending June 30:	
2024	\$1,353,211
2025	1,353,211
2026	1,000,057
2027	1,000,057
Total minimum lease payments	4,706,536
Less amount representing interest	(218,019)
Present value of minimum financed purchase payments	<u>\$ 4,488,517</u>

Component Unit - Economic Development Authority

As a result of the implementation of GAAP required by GASB Statement No. 91, *Conduit Debt Obligations*, the EDA no longer presents the County's lease revenue bonds, which are issued by the EDA, as conduit debt. In fiscal year 2023, these bonds are now reflected as debt of the EDA along with related transactions. The Statement of Net Position also includes a corresponding receivable from the County, reflecting that these bonds and related transactions are the responsibility of the County. A summary of the EDA's long-term liability activity for the fiscal year ended June 30, 2023, is presented below:

	(As Restated) Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due within one year
Lease revenue/refunding bonds	\$ 72,015,000	\$ -	\$ 8,650,000	\$ 63,365,000	\$ 8,815,000
Bond premiums, net	8,090,604	-	1,201,518	6,889,086	1,201,518
Interest payable	104,458	-	14,766	89,692	89,692
Total	<u>\$ 80,210,062</u>	<u>\$ -</u>	<u>\$ 9,866,284</u>	<u>\$ 70,343,778</u>	<u>\$ 10,106,210</u>

Details of long-term bond indebtedness at June 30, 2023, for the EDA were as follows:

	Sale date	Original borrowing	Interest rates	Final maturity	Balance June 30, 2023
Lease revenue refunding bonds	2014	\$ 12,575,000	3.00-4.00%	2026	\$ 3,960,000
Lease revenue refunding bonds	2015	49,815,000	4.00-5.00%	2026	13,260,000
Lease revenue bonds	2016	26,750,000	2.00-5.00%	2036	19,475,000
Lease revenue refunding bonds	2018	21,015,000	4.00-5.00%	2039	17,045,000
Lease revenue refunding bonds	2021	11,030,000	3.00-5.00%	2033	9,625,000
				Total	<u>\$ 63,365,000</u>

The debt service requirements for the EDA's bond obligations are as follows:

Year ending June 30,	Lease revenue/refunding bonds	
	Principal	Interest
2024	\$ 8,815,000	\$ 2,623,738
2025	8,995,000	2,195,737
2026	9,165,000	1,772,488
2027	3,585,000	1,341,437
2028	3,715,000	1,204,188
2029-2033	18,305,000	3,811,688
2034-2038	9,755,000	1,083,500
2039	1,030,000	41,200
Total	<u>\$ 63,365,000</u>	<u>\$ 14,073,976</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

9) Long-Term Liabilities, Continued

Component Unit - James City Service Authority

A summary of the Authority's long-term liability activity for the fiscal year ended June 30, 2023, is as follows:

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023	Due within one year
Refunding revenue bonds	\$ 18,510,000	\$ -	\$ 745,000	\$ 17,765,000	\$ 785,000
Revenue bonds	8,025,000	-	538,000	7,487,000	550,000
Premium, refunding revenue bonds	1,139,667	-	63,907	1,075,760	63,907
Lease liability	5,143	85,250	9,651	80,742	18,100
Subscription liability*	30,950	48,753	57,305	22,398	10,820
Net pension liability	-	1,002,620	-	1,002,620	-
Net retiree healthcare OPEB liability	284,440	-	26,402	258,038	-
Net GLI OPEB liability	263,708	24,071	-	287,779	-
Net HIC OPEB liability	22,074	6,453	-	28,527	-
Compensated absences	554,285	672,590	660,577	566,298	424,724
Total	\$ 28,835,267	\$ 1,839,737	\$ 2,100,842	\$ 28,574,162	\$ 1,852,551

*The Subscription liability resulted from the implementation of GASB Statement No. 96. Additional information on this liability can be found in Note 17.

Details of long-term bond indebtedness at June 30, 2023, for the Authority were as follows:

	Sale date	Original borrowing	Interest rates	Final maturity	Balance June 30, 2023
Revenue refunding bonds					
Water and sewer system revenue refunding bonds	2016	\$ 22,595,000	3.00-5.00%	2040	\$ 17,765,000
Water and sewer system revenue bonds	2020	9,135,000	2.26%	2035	7,487,000

The debt service requirements for the Authority's debt obligations are as follows:

Year Ended June 30	Revenue refunding bonds		Revenue bonds	
	Principal	Interest	Principal	Interest
2024	\$ 785,000	\$ 573,950	\$ 550,000	\$ 169,506
2025	820,000	534,700	562,000	157,054
2026	855,000	501,900	575,000	144,330
2027	895,000	459,150	588,000	131,312
2028	925,000	432,300	602,000	118,000
2029-2033	5,040,000	1,729,500	3,218,000	379,422
2034-2038	5,855,000	926,250	1,392,000	47,452
2039-2040	2,590,000	117,150	-	-
Total	\$ 17,765,000	\$ 5,274,900	\$ 7,487,000	\$ 1,147,076

Component Unit - Public Schools

A summary of the Public Schools' long-term liability activity for the fiscal year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due within one year
Net pension liability	\$ 64,726,377	\$ 16,880,386	\$ -	\$ 81,606,763	\$ -
Other postemployment benefits	20,396,536	419,345	-	20,815,881	-
Leases	1,435,317	155,467	512,706	1,078,078	470,153
Compensated absences	1,430,816	1,267,045	1,204,157	1,493,704	672,167
Total	\$ 87,989,046	\$ 18,722,243	\$ 1,716,863	\$ 104,994,426	\$ 1,142,320

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement plans and the additions to/deductions from the retirement plans' net fiduciary position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

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

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

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>

Agent Multiple-Employer Political Subdivision Retirement Plan
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Employees Covered by Benefit Terms

As of the June 30, 2021, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Governmental activities Number	Component unit-	
		Authority Number	Public Schools (non-professional) Number
Inactive members or their beneficiaries currently receiving benefits	556	61	130
Inactive members:			
Vested	153	15	30
Non-vested	262	34	124
Long-term disability	-	-	1
Active elsewhere in VRS	281	38	58
Total inactive members	1,252	148	343
Active members	750	91	200
Total	2,002	239	543

10) Pension Plan, Continued

Contributions

The contributions requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement.

The County's, Authority's and Public Schools' contractually required contribution rates for the year ended June 30, 2023, were 13.30%, 6.69% and 4.37%, respectively, of covered employee compensation. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2021.

These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Total contributions to the pension plan from the County were \$5,903,389 and \$4,743,535, the Authority were \$341,006 and \$295,888, and the Public Schools were \$206,318 and \$163,014 for years ended June 30, 2023, and 2022, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GAAP, less that employer's fiduciary net position. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total pension liability for general employees, public safety employees with hazardous duty benefits, and teachers was based on an actuarial valuation as of June 30, 2021, 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, 2022:

Inflation	2.50%
Salary increases, including inflation, general employees	3.5% – 5.35%
Salary increases, including inflation, public safety employees with hazardous duty benefits	3.5% – 4.75%
Salary increases, including inflation, teacher cost-sharing plan	3.5% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates, salary scale, line of duty disability, or discount rate.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan, Continued

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70; decreased withdrawal rates to better fit experience; no change to disability rates, salary scale, line of duty disability, or discount rate.

Long Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	5.71%	1.94%
Fixed income	15.00%	2.04%	0.31%
Credit strategies	14.00%	4.78%	0.67%
Real assets	14.00%	4.47%	0.63%
Private equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP- Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		**Expected arithmetic nominal return	7.83%

*The above allocation provides a one-year return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan, Continued

Changes in Net Pension Liability (Asset)

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net pension (b)	Net pension liability (asset) (a) - (b)
<u>Governmental activities:</u>			
Balances at June 30, 2021	\$ 229,872,735	\$ 222,156,410	\$ 7,716,325
Changes for the year:			
Service cost	4,837,048	-	4,837,048
Interest	15,493,524	-	15,493,524
Difference between expected and actual experience	(1,746,972)	-	(1,746,972)
Contributions - employer	-	4,743,535	(4,743,535)
Contributions - employee	-	2,057,224	(2,057,224)
Net investment income	-	(223,827)	223,827
Benefit payments, including refunds of employee contributions	(10,352,191)	(10,352,191)	-
Administrative expenses	-	(137,959)	137,959
Other changes	-	5,128	(5,128)
Net changes	8,231,409	(3,908,090)	12,139,499
Balances at June 30, 2022	\$ 238,104,144	\$ 218,248,320	\$ 19,855,824
<u>Component unit - Authority:</u>			
Balances at June 30, 2021	\$ 21,395,112	\$ 22,537,868	\$ (1,142,756)
Changes for the year:			
Service cost	387,269	-	387,269
Interest	1,441,308	-	1,441,308
Difference between expected and actual experience	817,428	-	817,428
Contributions - employer	-	295,888	(295,888)
Contributions - employee	-	241,614	(241,614)
Net investment income	-	(23,391)	23,391
Benefit payments, including refunds of employee contributions	(859,354)	(859,354)	-
Administrative expenses	-	(14,003)	14,003
Other changes	-	521	(521)
Net changes	1,786,651	(358,725)	2,145,376
Balances at June 30, 2022	\$ 23,181,763	\$ 22,179,143	\$ 1,002,620
<u>Component unit - Public Schools (non-professional):</u>			
Balances at June 30, 2021	\$ 22,770,941	\$ 26,564,585	\$ (3,793,644)
Changes for the year:			
Service cost	477,779	-	477,779
Interest	1,530,373	-	1,530,373
Difference between expected and actual experience	202,069	-	202,069
Contributions - employer	-	163,014	(163,014)
Contributions - employee	-	266,640	(266,640)
Net investment income	-	(20,911)	20,911
Benefit payments, including refunds of employee contributions	(1,153,064)	(1,153,064)	-
Administrative expenses	-	(16,643)	16,643
Other changes	-	606	(606)
Net changes	1,057,157	(760,358)	1,817,515
Balances at June 30, 2022	\$ 23,828,098	\$ 25,804,227	\$ (1,976,129)

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan, Continued

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

The following presents the net pension liability using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<u>Governmental activities:</u>			
Net pension liability (asset)	\$ 52,458,866	\$ 19,855,824	\$ (6,755,698)
<u>Component unit - Authority:</u>			
Net pension liability (asset)	\$ 4,128,883	\$ 1,002,620	\$ (1,534,010)
<u>Component unit - Public Schools (non-professional):</u>			
Net pension liability (asset)	\$ 890,949	\$ (1,976,129)	\$ (4,338,823)

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

For the year ended June 30, 2023, the County, Authority, and Public Schools (non-professional) recognized pension expense of \$5,308,373, \$346,693, and \$197,037, respectively. At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

	Deferred outflows of resources	Deferred inflows of resources
<u>Governmental activities:</u>		
Differences between expected and actual experience	\$ 412,732	\$ 1,206,114
Changes of assumptions	3,530,810	-
Net difference between projected and actual earnings on pension plan investments	-	6,352,955
Employer contributions subsequent to the measurement date	5,903,389	-
Total	<u>\$ 9,846,931</u>	<u>\$ 7,559,069</u>
<u>Component unit - Authority:</u>		
Differences between expected and actual experience	\$ 504,237	\$ 18,498
Changes of assumptions	144,535	-
Net difference between projected and actual earnings on pension plan investments	-	640,282
Employer contributions subsequent to the measurement date	341,006	-
Total	<u>\$ 989,778</u>	<u>\$ 658,780</u>
<u>Component unit - Public Schools (non-professional):</u>		
Differences between expected and actual experience	\$ 205,223	\$ -
Changes of assumptions	215,241	-
Net difference between projected and actual earnings on pension plan investments	-	769,711
Employer contributions subsequent to the measurement date	206,318	-
Total	<u>\$ 626,782</u>	<u>\$ 769,711</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan, Continued

The County, Authority, and Public Schools reported deferred outflows of resources of \$5,903,389, \$341,006, and \$206,318, respectively, related to pensions resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	Governmental Activities	Component unit - Authority	Component unit - Public Schools (non-professional)
2024	\$ 163,998	\$ 187,037	\$ 85,657
2025	(2,395,723)	(70,918)	(274,411)
2026	(4,402,811)	(432,802)	(518,305)
2027	3,019,009	306,675	357,812
Total	<u>\$ (3,615,527)</u>	<u>\$ (10,008)</u>	<u>\$ (349,247)</u>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS's 2022 Annual Comprehensive Annual Report, which can be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement. The Public Schools' contractually required contribution rate for the year ended June 30, 2023, was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Public Schools were \$13,448,721 and \$12,731,972 for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

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

At June 30, 2023, the Public Schools' reported a liability of \$81,606,763 for its proportionate share of the Net Pension Liability of the Teacher Retirement Plan. The Net Pension Liability was measured as of June 30, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

The Public Schools' proportion of the Net Pension Liability was based on the Public Schools' actuarially determined employer contributions to the pension plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Public Schools' proportion was 0.85716% as compared to 0.83377% at June 30, 2021.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan, Continued

For the year ended June 30, 2023, the Public Schools recognized pension expense of \$3,893,388. Given that there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2023, the Public Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Teacher Retirement Plan:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
<u>Component unit - Public Schools (professional plan):</u>		
Differences between expected and actual experience	\$ -	\$ 5,627,109
Change in assumptions	7,693,874	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,663,136	2,349,359
Differences between expected and actual investment earnings on pension plan investments	-	10,639,813
Employer contributions subsequent to the measurement date	13,448,721	-
Total	<u>\$ 23,805,731</u>	<u>\$ 18,616,281</u>

Deferred outflows of resources report in the amount of \$13,448,721 related to pensions resulting from the Public Schools' contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (recovery) in future reporting periods as follows:

<u>Year ended</u>	<u>Component unit - Public Schools (professional plan)</u>
2024	\$ (2,752,470)
2025	(3,700,178)
2026	(7,129,520)
2027	5,322,897
Total	<u>\$ (8,259,271)</u>

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation:	
Teacher cost-sharing plan	3.50% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan, Continued

Mortality rates

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – PUB2010 public sector
Retirement Rates	Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service year through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GAAP, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	45,211,731
Employers' Net Pension Liability	<u>\$ 9,520,598</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	82.61%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan, Continued

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	5.71%	1.94%
Fixed income	15.00%	2.04%	0.31%
Credit strategies	14.00%	4.78%	0.67%
Real assets	14.00%	4.47%	0.63%
Private equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP- Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%	Total	5.33%
		Inflation	2.50%
		**Expected arithmetic nominal return	7.83%

* The above allocation provides a one-year return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS 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, 2022, 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 which was 100% of the actuarially determined contribution rate. From July 1, 2022, on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the Public Schools' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<u>Component unit - Public Schools (professional plan):</u>			
Net pension liability	\$ 145,755,927	\$ 81,606,763	\$ 29,375,238

10) Pension Plan, Continued

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

11) Other Post Employment Benefits (OPEB)

Multiple Employer Cost-Sharing Plan - Retiree Healthcare

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

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

Plan Description

Participants must be eligible to retire under VRS and must be full-time active employees who retire directly from the County or Authority and are at least 55 years of age with 15 years of service. Each year, retirees participating in the County or Authority's sponsored plans will be given the opportunity to change plans or drop coverage during an open enrollment period. For fiscal year 2023, the pre-Medicare retirees have a choice of two plans offered by Optima. Dental plans are available at the retiree's cost and therefore, have no employer obligation. There is no coverage for post-Medicare retirees.

The Public Schools provides a single-employer medical plan and a retiree health insurance premium contribution plan that covers retirees until they reach 65 years of age. There is no coverage for retirees or their spouses once they reach the age of 65 and are eligible for Medicare. Both plans were established under the authority of the Williamsburg-James City County School Board and any amendments to the plans must be approved by the School Board. The Public Schools' 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 the Public Schools 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. The Public Schools' plan allows eligible retirees to receive a \$750 annual contribution toward their health insurance premium if they have a minimum of twelve continuous years of service. The Public Schools' current membership is 30.

Funding Policy

Retirees contribute towards their health insurance premiums based on a blended rate and therefore, the County and Authority have an implicit obligation. Retirees pay 100% of the published rates for individual and dependent coverage until age 65. The estimated contributions are based on the implicit rate subsidy payments made during the year by the retirees.

The County, Authority and Public Schools do not intend to establish a trust to pre-fund their obligations. The anticipated growth in the net retiree healthcare OPEB liability is based on contributions to the benefit plan on a pay-as-you-go cost basis. The data has been projected into the future based on the assumption that the current active population remains constant.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

Employees Covered by Benefit Terms - Component Unit - Public Schools

As of the March 1, 2022, actuarial valuation, the following employees were covered by the benefit terms of the Public Schools' retiree healthcare OPEB plan:

	Number
Active employees	1,340
Retirees	30
Total	<u>1,370</u>

Actuarial Methods and Assumptions

For the actuarial valuation at March 1, 2022, for the Public Schools and April 1, 2021, for the County and Authority (measurement date of June 30, 2022), 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 3.69% 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.

The medical trend assumption for the County and Authority were changed from the previous valuation to an assumption developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in October 2010 and updated on October 30, 2021. The following assumptions were used as input variables into this model:

Inflation	2.50%
Rate of growth in real income/ GDP per capita	1.40%
Extra trend due to technology and other factors	1.00%
Expected health share of GDP in 2029	19.00%
Health share of GDP resistance point	20.00%
Year for limiting cost growth to GDP growth	2075

The medical trend assumption for the Public Schools was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in October 2010 and updated in November 2021. The following assumptions were used as input variables into this model:

Inflation	2.50%
Rate of growth in real income/ GDP per capita	1.40%
Extra trend due to technology and other factors	1.00%
Expected health share of GDP in 2029	19.00%
Health share of GDP resistance point	20.00%
Year for limiting cost growth to GDP growth	2075

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, tolerance ranges and input variables have been developed under the guidance of an SOA Project Oversight Group.

The actuarial assumptions included calculations based on salary increases of 2.85%-1.00% (general) and 2.25%-1.00% (public safety) based on years of service. The valuation assumed that 40% of participants currently with coverage will elect coverage upon retirement, and that 30% of participants electing coverage at retirement will elect coverage for their spouse.

11) Other Post Employment Benefits (OPEB), Continued

Mortality decrements used in the April 1, 2021, valuation:

- Pre-Retirement
 - General: Pub-2010 General Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
 - LEOS: Pub-2010 Public Safety Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
- Post-Retirement
 - General: Pub-2010 General Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
 - LEOS: Pub-2010 Public Safety Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
- Disabled:
 - General: Pub-2010 General Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
 - LEOS: Pub-2010 Public Safety Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale

The actuarial assumptions for the Public Schools included calculations based on a net of 2.5% inflation assumption. The valuation assumed that 25% of participants currently with coverage will elect coverage upon retirement.

Mortality decrements:

- Healthy Pre-Retirement: Pub-2010 Teachers Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
- Healthy Post-Employment: Pub-2010 Teachers Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
- Healthy Surviving Spouses: Pub-2010 Teachers Contingent Survivors Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
- Disabled: Pub-2010 Teachers Disable Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale

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

- The discount rate was updated to 3.69% (the latest 20-year Municipal GO AA Index as of June 30, 2022).

Changes in Assumptions Since Prior Valuation for the Public Schools

- Discount rate was updated as required under the GASB 75 standard.
- Mortality improvement was updated to the latest improvement scale MP2021.
- Decrement and salary assumptions were updated to the latest Virginia Retirement System experience study rates.
- The medical trend was updated using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions.

Retiree Healthcare OPEB Liability for the County and the Authority

At June 30, 2023, the County reported a retiree healthcare OPEB liability of \$3,264,216 for its proportionate share of the County's retiree healthcare OPEB liability and the Authority reported a retiree healthcare OPEB liability of \$258,038 for its proportionate share of the County's retiree healthcare OPEB liability. The County's and the Authority's June 30, 2023, retiree healthcare OPEB liabilities were measured as of June 30, 2022, and were determined by an actuarial valuation performed April 1, 2022. The County's and the Authority's proportion of the County's retiree healthcare OPEB liability was based on each entity's projected long-term contribution effort to the OPEB plan as compared to the total projected long-term contribution effort of all contributing entities to determine each entity's proportion. At June 30, 2023, and 2022, the County's proportion of the County's retiree healthcare OPEB liability was 81.72% and 81.72%, respectively, and the Authority's proportion of the County's retiree healthcare OPEB liability was 6.46% and 6.46%, respectively.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

Changes in Retiree Healthcare OPEB Liability for the Component Unit - Public Schools

	Increase (decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a) - (b)
Balances at June 30, 2021	\$ 5,216,440	\$ -	\$ 5,216,440
Changes for the year:			
Service cost	551,331	-	551,331
Interest	98,456	-	98,456
Experience losses	(38,738)	-	(38,738)
Employer contribution	-	150,218	(150,218)
Changes in assumptions	(477,580)	-	(477,580)
Benefit payments	(138,264)	(138,264)	-
Administrative expenses	-	(11,954)	11,954
Net changes	(4,795)	-	(4,795)
Balances at June 30, 2022	\$ 5,211,645	\$ -	\$ 5,211,645

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

The following presents the retiree healthcare OPEB liability using the discount rate of 3.69%, as well as what the retiree healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
<u>Governmental activities:</u>			
Retiree Healthcare OPEB liability	\$ 3,575,156	\$ 3,264,216	\$ 2,980,463
<u>Component unit - Authority:</u>			
Retiree Healthcare OPEB liability	\$ 282,618	\$ 258,038	\$ 235,607
<u>Component unit - Public Schools:</u>			
Total and Net OPEB liability	\$ 5,482,890	\$ 5,211,645	\$ 4,942,383

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

The following presents the retiree healthcare OPEB liability using the health care cost trend rate of 3.94%, as well as what the retiree healthcare OPEB liability would be if it were calculated using a health cost trend rate that is one percentage point lower (2.94%) or one percentage point higher (4.94%) than the current rate:

	1% Decrease (2.94%)	Ultimate Trend Rate (3.94%)	1% Increase (4.94%)
<u>Governmental Activities:</u>			
Retiree Healthcare OPEB liability	\$ 2,891,097	\$ 3,264,216	\$ 3,701,401
<u>Component unit - Authority:</u>			
Retiree Healthcare OPEB liability	\$ 228,543	\$ 258,038	\$ 292,597
<u>Component unit - Public Schools:</u>			
Total and Net OPEB liability	\$ 4,710,761	\$ 5,211,645	\$ 5,792,918

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

For the year ended June 30, 2023, the County, Authority, and Public Schools recognized retiree healthcare OPEB expense (recovery) of (\$190,546), (\$29,301), and \$222,899, respectively.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to retiree healthcare OPEB from the following sources were reported:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
<u>Governmental activities:</u>		
Differences between expected and actual experience	\$ 168,188	\$ 1,207,580
Change of assumptions	144,575	620,723
Change in proportion	148,073	12,766
Total	<u>\$ 460,836</u>	<u>\$ 1,841,069</u>
<u>Component unit - Authority:</u>		
Differences between expected and actual experience	\$ 13,295	\$ 95,460
Change of assumptions	11,428	49,068
Change in proportion	24	31,191
Total	<u>\$ 24,747</u>	<u>\$ 175,719</u>
<u>Component unit - Public Schools:</u>		
Differences between expected and actual experience	\$ -	\$ 669,230
Change of assumptions	142,342	1,049,822
Employer contributions subsequent to the measurement date	23,625	-
Total	<u>\$ 165,967</u>	<u>\$ 1,719,052</u>

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

<u>Year ended</u>	<u>Governmental activities</u>	<u>Component unit -</u>	
		<u>Authority</u>	<u>Public Schools</u>
2024	\$ (480,137)	\$ (52,193)	\$ (438,843)
2025	(431,929)	(48,382)	(403,874)
2026	(338,616)	(40,157)	(363,198)
2027	(129,551)	(10,240)	(284,742)
2028	-	-	(86,053)
Total	<u>\$ (1,380,233)</u>	<u>\$ (150,972)</u>	<u>\$ (1,576,710)</u>

Virginia Retirement System Plans

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

Plan Description

General Employee Health Insurance Credit (HIC) Program

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC upon employment. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents.

The credit cannot exceed the amount of the premiums and ends upon the retiree's death. This plan is a multi-employer agent plan.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

As of the June 30, 2021, actuarial valuation, the following employees were covered by the benefit terms of the General Employee HIC Program:

	Governmental activities Number	Component unit -	
		Authority	Public Schools (non-professional)
		Number	Number
Inactive members or their beneficiaries currently receiving benefits	184	17	49
Inactive members:			
Vested	11	1	1
Total inactive members	195	18	50
Active members	643	91	200
Total	838	109	250

The specific information for the General Employee HIC program is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

Group Life Insurance (GLI) Program

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI PEB. The specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Public Schools Professional Plan HIC Program

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC 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 Teacher HIC Program is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

Virginia Local Disability Program (VDLP) – Public Schools Non-Professional Plan

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee VLDP.

VDLP – Public Schools Professional Plan

All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee VLDP. 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 VLDP. The specific information about the VLDP is available at <https://www.varetirement.org/hybrid/benefits/disability/virginia-local-disability-program.html>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

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

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

General Employee HIC Program	Governmental activities	Component unit -	
		Authority	Public Schools' (non-professional)
Governed by	Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly		
Total rate of employee compensation	0.22%	0.10%	0.17%
June 30, 2023 Contribution	\$ 89,781	\$ 5,884	\$ 28,360

GLI Program	Governmental activities	Component unit -	
		Authority	Public Schools' (professional and non-professional)
Governed by	Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly		
Total rate of employee compensation*			1.34%
June 30, 2023 Contribution	\$ 251,200	\$ 31,526	\$ 491,663

*Rate is allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.

Component Unit - Public Schools' Professional Plan HIC Program

Governed by	Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate of employee compensation	1.21%
June 30, 2023 Contribution	\$ 1,026,696

Component Unit - Public Schools' VLDP Non-Professional Plan

Governed by	Code of Virginia 51.1-1178(C) and may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly.
Total rate of employee compensation	0.83%
June 30, 2023 Contribution	\$ 26,087

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

Component Unit - Public Schools' VLDP Professional Plan	
Governed by	<i>Code of Virginia 51.1-1178(C) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate of employee compensation	0.47%
June 30, 2023 Contribution	\$ 148,588

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

The net VRS OPEB liabilities were measured as of June 30, 2022, and the total VRS OPEB liabilities used to calculate the net VRS OPEB liabilities were determined by actuarial valuations performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

Changes in net OPEB liability of the General Employee HIC Program were as follows:

<u>Governmental activities:</u>			
Balances at June 30, 2021	\$ 1,498,244	\$ 905,442	\$ 592,802
Changes for the year:			
Service cost	46,706	-	46,706
Interest	100,817	-	100,817
Changes of assumptions	118,163	-	118,163
Difference between expected and actual experience	(112,702)	-	(112,702)
Contributions - employer	-	82,163	(82,163)
Net investment income	-	1,379	(1,379)
Benefit payments, including refunds of employee contributions	(102,727)	(102,727)	-
Administrative expenses	-	(1,555)	1,555
Other changes	-	22,419	(22,419)
Net changes	50,257	1,679	48,578
Balances at June 30, 2022	\$ 1,548,501	\$ 907,121	\$ 641,380
<u>Component unit - Authority:</u>			
Balances at June 30, 2021	\$ 167,455	\$ 145,381	\$ 22,074
Changes for the year:			
Service cost	2,822	-	2,822
Interest	11,172	-	11,172
Changes of assumptions	3,212	-	3,212
Difference between expected and actual experience	1,335	-	1,335
Contributions - employer	-	9,357	(9,357)
Net investment income	-	172	(172)
Benefit payments, including refunds of employee contributions	(9,518)	(9,518)	-
Administrative expenses	-	(256)	256
Other changes	-	2,815	(2,815)
Net changes	9,023	2,570	6,453
Balances at June 30, 2022	\$ 176,478	\$ 147,951	\$ 28,527
<u>Component unit - Public Schools (non-professional):</u>			
Balances at June 30, 2021	\$ 387,497	\$ 416,238	\$ (28,741)
Changes for the year:			
Service cost	5,774	-	5,774
Interest	25,358	-	25,358
Changes in benefit terms	199,383	-	199,383
Changes of assumptions	47,991	-	47,991
Difference between expected and actual experience	(76,824)	-	(76,824)
Contributions - employer	-	16,404	(16,404)
Net investment income	-	883	(883)
Benefit payments, including refunds of employee contributions	(35,205)	(35,205)	-
Administrative expenses	-	(693)	693
Other changes	-	9,500	(9,500)
Net changes	166,477	(9,111)	175,588
Balances at June 30, 2022	\$ 553,974	\$ 407,127	\$ 146,847

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

In addition, for the year ended June 30, 2023, the County, Authority, and Public Schools recognized OPEB expense (recovery) of \$74,981, (\$2,941), and \$183,553, respectively, related to the General Employee Health Insurance Credit Program. The covered employer's proportion of the net OPEB liabilities (assets) were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers.

GLI Program	Governmental activities	Component unit - Authority	Component unit - Public Schools'	
			Professional	Non-professional
June 30, 2023 proportionate share of liability	\$ 2,391,215	\$ 287,779	\$ 4,439,142	\$ 327,033
June 30, 2022 proportion	0.19859%	0.02390%	0.36867%	0.02716%
June 30, 2021 proportion	0.19847%	0.02265%	0.35894%	0.02735%
June 30, 2023 expense	\$ 50,132	\$ 12,693	\$139,810 (combined total)	

Component Unit - Public Schools' Professional Plan HIC Program

June 30, 2023 proportionate share of liability	\$ 10,691,214
June 30, 2022 proportion	0.85595%
June 30, 2021 proportion	0.83226%
June 30, 2023 expense	\$ 825,272

Component Unit - Public Schools' Non-Professional Plan VLDP

June 30, 2023 proportionate share of asset	\$ (3,302)
June 30, 2022 proportion	0.50142%
June 30, 2021 proportion	0.55743%
June 30, 2023 expense	\$ 17,801

Component Unit - Public Schools' Professional Plan VLDP

June 30, 2023 proportionate share of asset	\$ (3,669)
June 30, 2022 proportion	3.37952%
June 30, 2021 proportion	2.91940%
June 30, 2023 expense	\$ 93,231

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

At June 30, 2023, reported deferred outflows and inflows of resources related to VRS OPEB were as follows:

	Deferred outflows of resources	Deferred inflows of resources
General Employee HIC Program		
Governmental activities:		
Differences between expected and actual experience	\$ 34,771	\$ 103,245
Change of assumptions	134,493	1,539
Net difference between projected and actual earnings on OPEB plan investments	-	23,029
Employer contributions subsequent to the measurement date	89,781	-
Total	\$ 259,045	\$ 127,813
Component unit - Authority:		
Differences between expected and actual experience	\$ 1,098	\$ 12,960
Change of assumptions	4,914	581
Net difference between projected and actual earnings on OPEB plan investments	-	3,508
Employer contributions subsequent to the measurement date	5,884	-
Total	\$ 11,896	\$ 17,049
Component unit - Public Schools (non-professional):		
Differences between expected and actual experience	\$ 4,225	\$ 64,291
Change of assumptions	46,648	-
Net difference between projected and actual earnings on OPEB plan investments	-	11,038
Employer contributions subsequent to the measurement date	28,360	-
Total	\$ 79,233	\$ 75,329

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

GLI Program	Deferred outflows of resources	Deferred inflows of resources
<u>Governmental activities:</u>		
Differences between expected and actual experience	\$ 189,354	\$ 95,930
Change of assumptions	89,189	232,914
Net difference between projected and actual earnings on OPEB plan investments	-	149,416
Changes in proportionate share	27,279	121,532
Employer contributions subsequent to the measurement date	251,200	-
Total	<u>\$ 557,022</u>	<u>\$ 599,792</u>
<u>Component unit - Authority:</u>		
Differences between expected and actual experience	\$ 22,788	\$ 11,545
Change of assumptions	10,734	28,031
Net difference between projected and actual earnings on OPEB plan investments	-	17,982
Changes in proportionate share	17,150	1,131
Employer contributions subsequent to the measurement date	31,526	-
Total	<u>\$ 82,198</u>	<u>\$ 58,689</u>
<u>Component unit - Public Schools:</u>		
Differences between expected and actual experience	\$ 377,421	\$ 191,208
Change of assumptions	177,771	464,244
Net difference between projected and actual earnings on OPEB plan investments	-	297,816
Changes in proportionate share	172,318	179,941
Employer contributions subsequent to the measurement date	491,663	-
Total	<u>\$ 1,219,173</u>	<u>\$ 1,133,209</u>
Component Unit - Public Schools' Professional Plan HIC Program	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 435,791
Change of assumptions	312,345	27,302
Net difference between projected and actual earnings on OPEB plan investments	-	10,731
Changes in proportionate share	341,437	361,082
Employer contributions subsequent to the measurement date	1,026,696	-
Total	<u>\$ 1,680,478</u>	<u>\$ 834,906</u>
Component Unit - Public Schools' Non-Professional Plan VLDP	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 4,642	\$ 7,066
Change of assumptions	126	1,185
Net difference between projected and actual earnings on OPEB plan investments	-	14
Changes in proportionate share	41	974
Employer contributions subsequent to the measurement date	26,087	-
Total	<u>\$ 30,896</u>	<u>\$ 9,239</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

Component Unit - Public Schools' Professional Plan VLDP	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 43,268	\$ 11,131
Change of assumptions	10,944	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,020
Changes in proportionate share	11	3,137
Employer contributions subsequent to the measurement date	148,588	-
Total	\$ 202,811	\$ 15,288

The deferred outflows of resources related to VRS OPEB resulting from the County's, Authority's, and Public Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net VRS OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to VRS OPEB will be recognized in VRS OPEB expense (recovery) as follows:

General Employee HIC Program			
Year ended	Governmental activities	Component unit -	
		Authority	Public Schools (non-professional)
2024	\$ 9,658	\$ (4,462)	\$ (7,544)
2025	10,394	(3,953)	(6,862)
2026	(251)	(3,985)	(10,365)
2027	18,196	851	653
2028	2,823	512	(338)
Thereafter	631	-	-
Total	\$ 41,451	\$ (11,037)	\$ (24,456)

GLI Program			
Year ended	Governmental activities	Component unit -	
		Authority	Public Schools
2024	\$ (69,999)	\$ (1,296)	\$ (94,704)
2025	(73,488)	(955)	(76,550)
2026	(148,346)	(11,360)	(246,691)
2027	15,455	4,849	25,761
2028	(17,592)	745	(13,515)
Total	\$ (293,970)	\$ (8,017)	\$ (405,699)

Component Unit - Public Schools' Professional Plan HIC Program

Year ended	Amount
2024	\$ (61,778)
2025	(51,633)
2026	(31,390)
2027	2,268
2028	(41,763)
Thereafter	3,172
Total	\$ (181,124)

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

Component Unit - Public Schools' VLDP			
Year ended	Non-Professional Plan		Professional Plan
	Amount		Amount
2024	\$	(497)	\$ 2,535
2025		(544)	2,565
2026		(1,803)	1,863
2027		104	6,949
2028		(265)	3,733
Thereafter		(1,425)	21,290
Total	\$	(4,430)	\$ 38,935

Actuarial Assumptions

The total VRS OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation	2.50%
Salary increases, including inflation:	
Locality – General employees	3.50% – 5.35%
Locality – Hazardous duty employees	3.50% – 4.75%
Teachers	3.50% – 5.95%
Healthcare cost trend rates:	
Under age 65	7.00% – 4.75%
Ages 65 and older	5.375% – 4.75%
Investment rate of return	GLI & HIC: 6.75%; net of investment expenses, including inflation*

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

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail in Note 10.

Net VRS OPEB Liabilities

The net VRS OPEB liabilities represent each program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2022, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Component unit - Public Schools			
	GLI OPEB Program	Professional Plan HIC	Non-Professional Plan VLDP	Professional Plan VLDP
Total OPEB Liability	\$ 3,672,085	\$ 1,470,891	\$ 7,208	\$ 7,360
Plan Fiduciary Net Position	2,467,989	221,845	7,320	7,948
Employers' Net OPEB Liability (Asset)	\$ 1,204,096	\$ 1,249,046	\$ (112)	\$ (588)
Plan Fiduciary Net Position as a % of the Total OPEB Liability	67.21%	15.08%	101.56%	107.99%

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Onvestment Partnership	3.00%	6.55%	0.20%
Total	100.00%	Total	5.33%
		Inflation	2.50%
		** Expected arithmetic nominal return	7.83%

* The above allocation provides a one-year return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total VRS OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System 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, 2022, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

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

The following presents the employer's proportionate share of the net VRS OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net VRS OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<u>General Employee HIC Program</u>			
<u>Governmental activities:</u>			
Net OPEB liability	\$ 810,269	\$ 641,380	\$ 498,281
<u>Component unit - Authority:</u>			
Net OPEB liability	\$ 47,526	\$ 28,527	\$ 12,392
<u>Component unit - Public Schools (non-professional):</u>			
Net OPEB liability	\$ 208,073	\$ 146,847	\$ 94,564
 <u>GLI Program</u>			
<u>Governmental activities</u>			
Net OPEB liability	\$ 3,479,498	\$ 2,391,215	\$ 1,511,734
<u>Component unit - Authority</u>			
Net OPEB liability	\$ 418,752	\$ 287,779	\$ 181,935
<u>Component unit - Public Schools</u>			
Net OPEB liability	\$ 6,935,343	\$ 4,766,175	\$ 3,013,191
 <u>Component Unit - Public Schools' Professional Plan HIC</u>			
Net OPEB liability	\$ 12,049,121	\$ 10,691,214	\$ 9,540,150
 <u>Component Unit - Public Schools' Non-Professional Plan</u>			
Net OPEB liability (asset)	\$ 350	\$ (3,302)	\$ (6,473)
 <u>Component Unit - Public Schools' Professional Plan VLDP</u>			
Net OPEB liability (asset)	\$ 26,580	\$ (3,669)	\$ (29,830)

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS's 2022 Annual Comprehensive Financial Report, which can be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

Payables to the OPEB Plan

At June 30, 2023, the following amounts were payable to the VRS for the legally required contributions related to June 2023 payroll:

- Public Schools' GLI Program	\$117,854
- Public Schools' Professional Plan Teacher HIC Program	\$97,785
- Public Schools' Non-Professional Plan HIC Program	\$1,535
- Public Schools' Professional Teacher VLDP	\$14,341
- Public Schools' Non-Professional VLDP	\$2,401

<i>OPEB Expense – Aggregate Information</i>
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The total amount of expense (recovery) recognized by the County, the Authority, and the Public Schools for their OPEB plans is summarized below for fiscal year 2023:

	Governmental activities	Component unit -	
		Authority	Public Schools
Retiree healthcare	\$ (190,546)	\$ (29,301)	\$ 222,899
Group life insurance	50,132	12,693	139,810
General employee HIC program	74,981	(2,941)	183,553
Professional plan HIC program	-	-	825,272
Non-professional VLDP	-	-	17,801
Professional VLDP	-	-	93,231
Total	<u>\$ (65,433)</u>	<u>\$ (19,549)</u>	<u>\$ 1,482,566</u>

12) Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to permanent part-time and full-time County and Authority employees, permits them to defer 25% of their gross income up to the maximum allowable by the IRC (\$22,500 and \$20,500 in calendar years 2023 and 2022, respectively). The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the participants. The County sponsors the plan with the choice of investment options being made by the participants.

13) Related-Party Transactions

The County provides procurement, risk management, accounting, fleet maintenance, and other services to the Authority. Total charges for these services were \$1,100,704 for the year ended June 30, 2023. In addition, the County leases space in the Authority's buildings under a long-term agreement, which is discussed in Note 17.

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

14) Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Property, liability, and line of duty coverages are provided through a group self-insurance risk pool. Surety coverage for principal officials is provided under the general liability coverage with a limit of \$9,000,000. Elected officials, appointed officials, members of all appointed governing bodies, employees and volunteers are covered while acting within the scope of their duties with the County. The County's retention is through deductibles on a per-claim basis.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

14) Risk Management, Continued

Deductibles and coverage limits at June 30, 2023, are as follows:

	Deductibles	Liability Coverage Limits
Property insurance:		
Building and contents	\$ 10,000	Replacement cost
Inland marine	\$ 1,000	Replacement cost/ actual cash value
Flood/earthquake (outside 100 year flood plain)	\$ 25,000	\$ 100,000,000
Business interruption/extra expense	N/A	\$ 3,000,000
Property in transit	N/A	\$ 5,000,000
Increased cost of construction/ordinance/demolition	N/A	\$ 20,000,000
Back-up of sewers and drains	N/A	\$ 10,000,000
Debris removal	N/A	\$ 25,000,000
Pollutant clean-up and removal	N/A	\$ 500,000
Utility services time element	N/A	\$ 5,000,000
Newly acquired locations for up to 120 days	N/A	\$ 25,000,000
Boiler/equipment breakdown	\$ 1,000	\$ 100,000,000
General liability	\$ 100,000	\$ 2,000,000
Public officials liability	\$ 100,000	\$ 1,000,000
Law enforcement liability	\$ 100,000	\$ 2,000,000
Automobile liability	\$ 100,000	\$ 2,000,000
Automobile comprehensive/collision	\$ 1,000	Actual cash value/ repair cost
Crime	\$ 250	\$ 500,000
Cyber risk	\$ 100,000	\$ 5,000,000
Environmental liability	\$ 100,000	\$ 1,000,000
Excess liability - General; Automotive; Law enforcement	N/A	\$ 7,000,000
Excess liability - Public officials	N/A	\$ 8,000,000
Worker's compensation; Line of duty	\$ -	Statutory limits

The County reports its risk management expenditures in the General Fund. There have been no reductions in insurance coverages from the prior year and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

15) Commitments and Contingencies

Construction in Progress

At June 30, 2023, the County and Authority had several major projects under construction presented in the accompanying financial statements as construction in progress.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

15) Commitments and Contingencies, Continued

Below are the financial details.

<u>Project</u>	<u>Budget</u>	<u>Expenditures to date</u>	<u>Balance of contract</u>	<u>Budget balance</u>
Primary Government - Governmental activities				
General government admin.	\$ 9,014,476	\$ 283,833	\$ 219,090	\$ 8,511,553
Public safety	11,348,291	451,257	1,472,602	9,424,432
Public works	58,700	-	58,700	-
Judicial administration	10,262,667	797,384	771,909	8,693,374
Community development	4,950,711	1,096,849	2,247,817	1,606,045
Parks, recreation, and cultural	7,015,355	4,143,488	703,925	2,167,942
Total	<u>\$ 42,650,200</u>	<u>\$ 6,772,811</u>	<u>\$ 5,474,043</u>	<u>\$ 30,403,346</u>
Component unit - Authority				
Sewer improvements	\$ 7,020,809	\$ 1,498,893	\$ 963,973	\$ 4,557,943
Water supply	7,639,536	2,110,596	357,609	5,171,331
Water distribution	9,310,809	3,714,294	3,893,794	1,702,721
Water transmission	1,487,335	946,783	165,823	374,729
Water storage	285,620	79,620	2,330	203,670
Other	7,555,815	571,596	578,238	6,405,981
Total	<u>\$ 33,299,924</u>	<u>\$ 8,921,782</u>	<u>\$ 5,961,767</u>	<u>\$ 18,416,375</u>

Encumbrances

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

General fund	\$ 1,910,388
Capital projects	3,992,215
Grants and special projects	2,053,694
Nonmajor governmental	68,184
Internal service fund	40,958
Total	<u>\$ 8,065,439</u>

Other

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

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

16) Leases

Lease Receivables

The County leases approximately 155 acres of its property at 2285 Greensprings Road to Renwood Farms, Inc. The term of the previous lease for this property ran through December 2022, and a new lease agreement began on January 1, 2023. This lease will end on December 31, 2027, with the option of renewal for up to two additional five-year periods. The County receives annual payments of \$14,725 each year under both the original and new agreements. The original agreement's discount rate was 3.0% annually, and the new agreement's discount rate is 3.13% annually. The County recognized \$14,511 of lease revenue during fiscal year 2023 related to the original lease, which is included in revenues from use of money and property on the statement of revenues, expenditures, and changes in fund balance.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

16) Leases, Continued

As of June 30, 2023, the County had no remaining receivable for lease payments or deferred inflows of resources under the original lease. As of June 30, 2023, the County's receivable for lease payments under the new lease was \$179,595. Also, the County has a deferred inflows of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2023, the balance of the deferred inflows of resources was \$173,609. The future payments on the new lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 14,725	\$ -	\$ 14,725
2025	9,565	5,160	14,725
2026	9,864	4,861	14,725
2027	10,173	4,552	14,725
2028	10,491	4,234	14,725
2029-2033	57,591	16,034	73,625
2034-2038	67,186	6,439	73,625
Total	<u>\$ 179,595</u>	<u>\$ 41,280</u>	<u>\$ 220,875</u>

The County leases approximately 10,000 square feet of its property at 5249 Olde Towne Road to the Williamsburg Area Medical Assistance Corporation. The term of this lease is estimated to run through June 2024, and the County receives quarterly payments which increase by 10.0% each year. The discount rate for this lease is 3.0% annually. The County recognized \$126,541 of lease revenue and \$6,023 of interest revenue during fiscal year 2023 related to this lease, which is included in revenues from use of money and property on the Statement of Revenues, Expenditures, and Changes in Fund Balance. As of June 30, 2023, the County's receivable for lease payments was \$142,868, and the lease interest receivable was \$357. Also, the County has deferred inflows of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2023, the balance of the deferred inflows of resources was \$126,541. The future payments on this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 142,868	\$ 2,332	\$ 145,200

The County leases approximately 2.066 acres of its property at 5100 Warhill Trail to 757 Swim, Inc. The term of this lease is estimated to run through March 2051, and the County receives monthly payments, which increase as specified in the agreement over the term of the lease. The discount rate for this lease is 3.0% annually. The County recognized \$5,490 of lease revenue and \$4,835 of interest revenue during fiscal year 2023 related to this lease, which is included in revenues from use of money and property on the Statement of Revenues, Expenditures, and Changes in Fund Balance. As of June 30, 2023, the County's receivable for lease payments was \$160,635 and the lease interest receivable was \$402. Also, the County has deferred inflows of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2022, the balance of the deferred inflows of resources was \$152,352.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

16) Leases, Continued

The future payments on this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,197	\$ 4,803	\$ 6,000
2025	1,324	4,766	6,090
2026	1,550	4,723	6,273
2027	1,788	4,673	6,461
2028	2,039	4,616	6,655
2029-2033	14,451	21,940	36,391
2034-2038	23,019	19,168	42,187
2039-2043	33,965	14,941	48,906
2044-2048	47,831	8,864	56,695
2049-2051	33,471	1,462	34,933
Total	<u>\$ 160,635</u>	<u>\$ 89,956</u>	<u>\$ 250,591</u>

The County leases property at 5720 Warhill Trail to Williamsburg Indoor Sports Complex, LLC. The term of this lease is estimated to run through July 2059, and the County receives monthly payments which increase as specified in the agreement over the term of the lease. The discount rate for this lease is 1.0% annually. The County recognized \$13,179 of lease revenue and \$4,942 of interest revenue during fiscal year 2023 related to this lease, which is included in revenues from use of money and property on the Statement of Revenues, Expenditures, and Changes in Fund Balance. As of June 30, 2023, the County's receivable for lease payments was \$492,077, and the lease interest receivable was \$410. Also, the County has a deferred inflows of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2023, the balance of the deferred inflows of resources was \$475,534. The future payments on this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 4,769	\$ 4,899	\$ 9,668
2025	4,962	4,851	9,813
2026	5,308	4,800	10,108
2027	5,666	4,745	10,411
2028	6,036	4,687	10,723
2029-2033	36,216	22,421	58,637
2034-2038	47,639	20,337	67,976
2039-2043	61,171	17,951	79,122
2044-2048	77,162	14,192	91,354
2049-2053	96,022	9,883	105,905
2054-2058	118,221	4,552	122,773
2059	28,905	170	29,075
Total	<u>\$ 492,077</u>	<u>\$ 113,488</u>	<u>\$ 605,565</u>

The County leases approximately 0.2 acres of its property at 5300 Palmer Lane to the Virginia Department of General Services. The term of this lease is estimated to run through July 2028, and the County receives monthly payments of \$8,000. The discount rate for this lease is 2.32% annually based on the County's incremental borrowing rate. The County recognized \$78,358 of lease revenue and \$10,531 of interest revenue during fiscal year 2023 related to this lease, which is included in revenues from use of money and property on the Statement of Revenues, Expenditures, and Changes in Fund Balance. As of June 30, 2023, the County's receivable for lease payments was \$459,904, and the lease interest receivable was \$889. Also, the County has deferred inflows of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2023, the balance of the deferred inflows of resources was \$456,028.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

16) Leases, Continued

The future payments on this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 86,243	\$ 9,757	\$ 96,000
2025	88,266	7,734	96,000
2026	90,335	5,665	96,000
2027	92,454	3,546	96,000
2028	94,621	1,379	96,000
2029	7,985	15	8,000
Total	<u>\$ 459,904</u>	<u>\$ 28,096</u>	<u>\$ 488,000</u>

The County leases office space at its property at 109 Tewning Road to James City Service Authority. The term of this lease is estimated to run through February 2028, and the County receives monthly payments of \$1,029. The discount rate for this lease is 2.23% annually based on the County's incremental borrowing rate. The County recognized \$4,021 of lease revenue and \$441 of interest revenue during fiscal year 2023 related to this lease, which is included in revenues from use of money and property on the Statement of Revenues, Expenditures, and Changes in Fund Balance. As of June 30, 2023, the County's receivable for lease payments was \$57,847, and the lease interest receivable was \$108. Also, the County has deferred inflows of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2023, the balance of the deferred inflows of resources was \$57,743. The future payments on this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 11,895	\$ 1,169	\$ 13,064
2025	12,162	902	13,064
2026	12,437	627	13,064
2027	12,717	347	13,064
2028	8,636	72	8,708
Total	<u>\$ 57,847</u>	<u>\$ 3,117</u>	<u>\$ 60,964</u>

The County leases six cell towers on various properties to different communication companies. The terms of these leases are expected to run over varying periods of time, expiring as early as October 2023 and as late as April 2041. Payments are made monthly for each lease and increase by 3.0% annually. The discount rate for these leases is 3.0% annually. The County recognized \$172,974 of lease revenue and \$58,204 of interest revenue during fiscal year 2023 related to these leases, which is included in revenues from use of money and property on the statement of revenues, expenditures, and changes in fund balance. As of June 30, 2023, the County's receivable for lease payments related to the cell towers was \$1,882,992, and the lease interest receivable was \$4,707. Also, the County has a deferred inflow of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$1,776,259. The future payments on this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 116,647	\$ 54,834	\$ 171,481
2025	117,563	51,397	168,960
2026	126,278	47,752	174,030
2027	135,411	43,840	179,251
2028	144,982	39,646	184,628
2029-2033	736,337	127,840	864,177
2034-2038	306,708	53,881	360,589
2039-2041	199,066	8,464	207,530
Total	<u>\$ 1,882,992</u>	<u>\$ 427,654</u>	<u>\$ 2,310,646</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

16) Leases, Continued

Lease Payable

The County is a lessee of twenty-one copiers, the terms of which end at varying points from July 2023 through April 2028 depending on when the equipment was placed in service. During fiscal year 2023, eight copier leases ended, and six new copier leases were entered into by the County. The discount rate for these leases is 3.0% annually. As of June 30, 2023, the County has a lease liability for this copier equipment of \$109,588, and interest payable of \$265. The County is required to make monthly principal and interest payments of \$5,534 for the twenty-one copiers. The value of the right-to-use assets is \$108,134, which is net of accumulated amortization of \$92,677 as of June 30, 2023, and amortization expense of \$64,444 was recognized for the year ended June 30, 2023. The future principal and interest lease payments for this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 43,937	\$ 2,632	\$ 46,569
2025	27,215	1,594	28,809
2026	20,429	844	21,273
2027	11,502	369	11,871
2028	6,505	80	6,585
Total	<u>\$ 109,588</u>	<u>\$ 5,519</u>	<u>\$ 115,107</u>

The County is a lessee of two postage machines, the terms of which end in November 2025 and March 2026. During fiscal year 2023, one postage lease ended. The discount rate for these leases is 3.0% annually. As of June 30, 2023, the County has a lease liability for this equipment of \$28,533, and interest payable of \$71. The County is required to make monthly principal and interest payments of \$937 for the two postage machines. The value of the right-to-use assets is \$27,652, which is net of accumulated amortization of \$20,920 as of June 30, 2023, and amortization expense of \$10,460 was recognized for the year ended June 30, 2023. The future principal and interest lease payments for this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 10,533	\$ 712	\$ 11,245
2025	10,853	391	11,244
2026	7,147	82	7,229
Total	<u>\$ 28,533</u>	<u>\$ 1,185</u>	<u>\$ 29,718</u>

The County is a lessee of taser and camera equipment for public safety, and the terms of these leases run through May 2027 and April 2027, respectively. The discount rate for these leases is 3.0% annually. As of June 30, 2023, the County has a lease liability for this equipment of \$21,233, and interest payable of \$53. The County is required to make monthly principal and interest payments of \$483 for this equipment. The value of the right-to-use assets is \$20,942, which is net of accumulated amortization of \$5,992, and amortization expense of \$5,387 was recognized for the year ended June 30, 2023. The future principal and interest lease payments for this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 5,228	\$ 566	\$ 5,794
2025	5,387	407	5,794
2026	5,551	243	5,794
2027	5,067	74	5,141
Total	<u>\$ 21,233</u>	<u>\$ 1,290</u>	<u>\$ 22,523</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

16) Leases, Continued

The County is a lessee of approximately 3,600 square feet of property at 129 Industrial Boulevard. The term of this lease runs through June 2054. The discount rate for this lease is 3.0% annually. As of June 30, 2023, the County has a lease liability for this property of \$424,328, and interest payable of \$1,061. The County is required to make monthly principal and interest payments of \$1,606 for the property, and payments increase by 3.0% every five years. The value of the right-to-use assets is \$411,559, which is net of accumulated amortization of \$26,552 for the year ended June 30, 2023, and amortization expense of \$13,276 was recognized for the year ended June 30, 2023. The future principal and interest lease payments for this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 6,637	\$ 12,639	\$ 19,276
2025	7,425	12,429	19,854
2026	7,651	12,203	19,854
2027	7,883	11,971	19,854
2028	8,123	11,731	19,854
2029-2033	47,003	54,649	101,652
2034-2038	57,884	46,818	104,702
2039-2043	70,622	37,220	107,842
2044-2048	85,521	25,557	111,078
2049-2053	102,932	11,479	114,411
2054	22,647	370	23,017
Total	<u>\$ 424,328</u>	<u>\$ 237,066</u>	<u>\$ 661,394</u>

The County is the lessee of 9.5 acres of property from the Jamestown-Yorktown Foundation, the term of which runs through December 2032. The discount rate for this lease is 2.67% annually. As of June 30, 2023, the County has a lease liability of \$205,780, and interest payable of \$1,836. The County is required to make annual principal and interest payments starting at \$22,500 for 2023 and increasing by 3.0% each January. The value of the right-to-use assets is \$205,453, which is net of accumulated amortization and amortization expense of \$22,828, as of and for the year ended June 30, 2023. The future principal and interest lease payments for this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 17,681	\$ 5,494	\$ 23,175
2025	18,848	5,022	23,870
2026	20,067	4,519	24,586
2027	21,340	3,983	25,323
2028	22,670	3,413	26,083
2029-2032	105,174	7,222	112,396
Total	<u>\$ 205,780</u>	<u>\$ 29,653</u>	<u>\$ 235,433</u>

The County is a lessee of property at 107 Tewning Road from the Authority. The term of this lease was scheduled to continue through June 2024, with the County making monthly payments of \$7,140 and a discount rate of 2% annually. During fiscal year 2023, the County and the Authority entered into a new lease agreement whereby the County leases 107 Tewning Road from the Authority, and the Authority leases 109 Tewning Road from the County. At the termination of the original lease in fiscal year 2023, the remaining liability of \$112,638 and the remaining right-to-use lease asset of \$110,975 were written off, and a new liability and right-to-use lease asset were established under the terms of the new lease.

In March 2023, the County entered into a new agreement to lease 107 Tewning Road, and the term of this lease goes through February 2028 with the County making monthly payments of \$3,904 for this lease. The discount rate for this lease is the incremental borrowing rate of 2.23% annually. As of June 30, 2023, the County has a lease liability of \$207,464 and interest payable of \$386. The value of the right-to-use lease asset is \$207,093, which is net of accumulated amortization and amortization expense of \$14,792, as of and for the year ended June 30, 2023.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

16) Leases, Continued

The future principal and interest lease payments for this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 42,659	\$ 4,192	\$ 46,851
2025	43,620	3,231	46,851
2026	44,603	2,248	46,851
2027	45,607	1,244	46,851
2028	30,975	260	31,235
Total	<u>\$ 207,464</u>	<u>\$ 11,175</u>	<u>\$ 218,639</u>

17) Subscription-Based Information Technology Arrangements

The County implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. Information on the County's SBITAs is provided below.

In July 2022, the County entered a 36-month subscription for the use of Central Square One Solution Software. An initial subscription liability was recorded in the amount of \$487,010. As of June 30, 2023, there is a balance on this subscription liability of \$321,388. The County is required to make annual fixed payments of \$165,623 and the subscription has an interest rate of 2.04% annually. The value of the right-to-use asset as of June 30, 2023, is \$324,674 and had accumulated amortization of \$162,337.

In July 2022, the County entered a 36-month subscription for the use of CCG Systems Software. An initial subscription liability was recorded in the amount of \$18,508. As of June 30, 2023, there is a balance on this subscription liability of \$12,397. The County is required to make annual payments of \$6,112, increasing by 3.0% annually and the subscription has an interest rate of 2.04% annually. The value of the right-to-use asset as of June 30, 2023, is \$18,508 and had accumulated amortization of \$6,169.

In July 2022, the County entered a 72-month subscription for the use of CivicPlus Software. An initial subscription liability was recorded in the amount of \$198,376. As of June 30, 2023, there is a balance on this subscription liability of \$163,388. The County is required to make annual fixed payments of \$34,989 and the subscription has an interest rate of 2.32% annually. The value of the right-to-use asset as of June 30, 2023, is \$198,376 and had accumulated amortization of \$33,063.

In July 2022, the County entered a 72-month subscription for the use of ImageTrend Software. An initial subscription liability was recorded in the amount of \$120,803. As of June 30, 2023, there is a balance on this subscription liability of \$101,000. The County is required to make annual payments of \$19,803, increasing by 3.0%, and the subscription has an interest rate of 2.32% annually. The value of the right-to-use asset as of June 30, 2023, is \$120,803 and had accumulated amortization of \$20,134.

In July 2022, the County entered a 24-month subscription for the use of Stratus VMware Software. An initial subscription liability was recorded in the amount of \$15,891. As of June 30, 2023, there is a balance on this subscription liability of \$8,103. The County is required to make annual payments of \$7,788, increasing at 6.0% annually, and the subscription has an interest rate of 1.89% annually. The value of the right-to-use asset as of June 30, 2023, is \$15,891 and had accumulated amortization of \$7,945.

In July 2022, the County entered a 60-month subscription for the use of PowerDMS Software. An initial subscription liability was recorded in the amount of \$20,271. As of June 30, 2023, there is a balance on this subscription liability of \$16,820. The County is required to make annual payments of \$3,451 and the subscription has an interest rate of 2.19% annually. The value of the right-to-use asset as of June 30, 2023, is \$20,271 and had accumulated amortization of \$4,054.

17) Subscription-Based Information Technology Arrangements, Continued

In July 2022, the County entered a 72-month subscription for the use of LogRhythm Software. An initial subscription liability was recorded in the amount of \$59,933. As of June 30, 2023, there is a balance on this subscription liability of \$50,447. The County is required to make annual payments of \$9,486, increasing to \$10,803 in fiscal year 2024 and the subscription has an interest rate of 2.32% annually. The value of the right-to-use asset as of June 30, 2023, is \$59,933 and had accumulated amortization of \$9,989.

In July 2022, the County entered a 13-month subscription for the use of Microsoft Software. An initial subscription liability was recorded in the amount of \$196,091. As of June 30, 2023, there is no balance on this subscription liability. The County is required to make annual fixed payments of \$196,091 and the subscription has an interest rate of 1.89% annually. The value of the right-to-use asset as of June 30, 2023, is \$196,091 and had accumulated amortization of \$179,750.

In July 2022, the County entered a 60-month subscription for the use of Everbridge Software. An initial subscription liability was recorded in the amount of \$98,634. As of June 30, 2023, there is a balance on this subscription liability of \$78,045. The County is required to make annual fixed payments of \$20,589 and the subscription has an interest rate of 2.19% annually. The value of the right-to-use asset as of June 30, 2023, is \$98,634 and had accumulated amortization of \$19,727.

In July 2022, the County entered a 36-month subscription for the use of ESRI Software. An initial subscription liability was recorded in the amount of \$129,381. As of June 30, 2023, there is a balance on this subscription liability of \$85,381. The County is required to make annual fixed payments of \$44,000 and the subscription has an interest rate of 2.04% annually. The value of the right-to-use asset as of June 30, 2023, is \$129,381 and had accumulated amortization of \$43,127.

In October 2022, the County entered a 60-month subscription for the use of Sisense Software. An initial subscription liability was recorded in the amount of \$460,416. As of June 30, 2023, there is a balance on this subscription liability of \$362,525. The County is required to make annual fixed payments of \$97,891, and the subscription has an interest rate of 3.16% annually. The value of the right-to-use asset as of June 30, 2023, is \$460,416 and had accumulated amortization of \$69,062.

In January 2023, the County entered a 72-month subscription for the use of Symantec Software. An initial subscription liability was recorded in the amount of \$73,192. As of June 30, 2023, there is a balance on this subscription liability of \$60,203. The County is required to make annual fixed payments of \$12,989 and the subscription has an interest rate of 2.58% annually. The value of the right-to-use asset as of June 30, 2023, is \$73,192 and had accumulated amortization of \$6,099.

In February 2023, the County entered a 72-month subscription for the use of Adobe Creative Cloud Software. An initial subscription liability was recorded in the amount of \$40,680. As of June 30, 2023, there is a balance on this subscription liability of \$33,461. The County is required to make annual fixed payments of \$7,219, and the subscription has an interest rate of 2.58% annually. The value of the right-to-use asset as of June 30, 2023, is \$40,680 and had accumulated amortization of \$3,390.

In March 2023, the County entered a 48-month subscription for the use of Sharegate Software. An initial subscription liability was recorded in the amount of \$34,576. As of June 30, 2023, there is a balance on this subscription liability of \$25,634. The County is required to make annual fixed payments of \$8,942 and the subscription has an interest rate of 2.31% annually. The value of the right-to-use asset as of June 30, 2023, is \$34,576, and had accumulated amortization of \$2,881.

In May 2023, the County entered a 72-month subscription for the use of Aruba Software. An initial subscription liability was recorded in the amount of \$44,317. As of June 30, 2023, there is a balance on this subscription liability of \$36,518. The County is required to make annual fixed payments of \$7,799 and the subscription has an interest rate of 2.23% annually. The value of the right-to-use asset as of June 30, 2023, is \$44,317 and had accumulated amortization of \$1,847.

In May 2023, the County entered a 72-month subscription for the use of SHI VMware Software. An initial subscription liability was recorded in the amount of \$141,747.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

17) Subscription-Based Information Technology Arrangements, Continued

As of June 30, 2023, there is a balance on this subscription liability of \$116,801. The County is required to make annual fixed payments of \$24,946 and the subscription has an interest rate of 2.23% annually. The value of the right-to-use asset as of June 30, 2023, is \$141,747 and had accumulated amortization of \$3,937.

In May 2023, the County entered a 60-month subscription for the use of Recollect Software. An initial subscription liability was recorded in the amount of \$56,263. As of June 30, 2023, there is a balance on this subscription liability of \$44,509. The County is required to make annual fixed payments of \$11,754 and the subscription has an interest rate of 2.23% annually. The value of the right-to-use asset as of June 30, 2023, is \$56,263 and had accumulated amortization of \$1,875.

In May 2023, the County entered a 72-month subscription for the use of Bluebeam Revu Software. An initial subscription liability was recorded in the amount of \$25,187. As of June 30, 2023, there is a balance on this subscription liability of \$20,754. The County is required to make annual fixed payments of \$4,433 and the subscription has an interest rate of 2.23% annually. The value of the right-to-use asset as of June 30, 2023, is \$25,187 and had accumulated amortization of \$700.

In May 2023, the County entered a 72-month subscription for the use of Bluebeam Extreme Software. An initial subscription liability was recorded in the amount of \$5,740. As of June 30, 2023, there is a balance on this subscription liability of \$4,730. The County is required to make annual fixed payments of \$1,010 and the subscription has an interest rate of 2.23% annually. The value of the right-to-use asset as of June 30, 2023, is \$5,740 and had accumulated amortization of \$159.

In July 2022, the County entered a 60-month subscription for the use of Legal Files Software. An initial subscription liability was recorded in the amount of \$12,134. As of June 30, 2023, there is a balance on this subscription liability of \$9,599. The County is required to make annual fixed payments of \$2,535 and the subscription has an interest rate of 2.23% annually. The value of the right-to-use asset as of June 30, 2023, is \$12,134 and had accumulated amortization of \$2,427.

The future principal and interest payments on these subscriptions as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 457,185	\$ 37,722	\$ 494,907
2025	460,413	27,039	487,452
2026	255,739	16,237	271,976
2027	254,120	9,563	263,683
2028	124,243	2,902	127,145
Total	<u>\$ 1,551,700</u>	<u>\$ 93,463</u>	<u>\$ 1,645,163</u>

18) Restatement

In fiscal year 2021, the County implemented GASB Statement No. 84, *Fiduciary Activities*, which required an evaluation of activities to determine if they were fiduciary in nature and changed the reporting and presentation requirements of fiduciary activities. Based on the criteria, management has determined that certain assets are not controlled by the County and should have been excluded from the County's fiduciary fund statements. Consequently, the County's custodial funds' net position was restated as follows:

Net position	(As Previously Reported) 6/30/2022	Restatement	(As Restated) 7/1/2022
Net investment in capital assets	\$ 26,730,642	\$ (26,730,642)	\$ -
Restricted	9,634,473	12,326,273	21,960,746
Assigned	855	(855)	-
Unrestricted	14,620,752	(14,620,752)	-
Total	<u>\$ 50,986,722</u>	<u>\$ (29,025,976)</u>	<u>\$ 21,960,746</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

18) Restatement, Continued

In fiscal year 2023, the County implemented GASB Statement No. 91, *Conduit Debt Obligations*, which resulted in a restatement of the County's liabilities and deferred inflows of resources related to lease revenue bonds. Previously, the County reflected these **bonds** and the related deferred charge on refundings directly as liabilities and deferred inflows of resources on the County's Statement of Net Position and the EDA, which issued the bonds on the County's behalf, treated these bonds as conduit debt and did not report them on their Statement of Net Position. Under the new accounting standard, these bonds are not considered conduit debt of the EDA and the bonds and related deferred charge on refundings are now reflected on the EDA's Statement of Net Position. The repayment of these bonds remains the responsibility of the County, and as such, the County's liabilities now reflect amounts due to the EDA for the bonds, the related deferred charge on refundings, and associated accrued liabilities in long-term liabilities on the Statement of Net Position. The County's balances as of the start of fiscal year 2023 were restated as follows:

	(As Previously Reported) 6/30/2022	Restatement	(As Restated) 7/1/2022
Liabilities			
Accrued liabilities	\$ (639,446)	\$ 104,458	\$ (534,988)
Long-term liabilities	\$ (124,101,177)	\$ (1,546,443)	\$ (125,647,620)
Deferred Inflows of Resources			
Deferred charge on refundings, net	\$ (1,587,665)	\$ 1,441,985	\$ (145,680)

19) Subsequent Events

On June 13, 2023, the County entered into a Joint Exercise of Powers Agreement with York County, Virginia ("York") for the operation of a Regional 9-1-1 Emergency Communications Center ("Center") located in and managed by York. The agreement requires that the County and York jointly fund the Center, along with the Cities of Williamsburg and Poquoson, each of which are served by the Center.

A Memorandum of Understanding (MOU) was entered into on July 17, 2023, with York. Under the terms of the MOU, York shall be the employer for all Center employees, employees will be subject to York's personnel policies, and their salaries and benefits will be paid by York. For fiscal year 2024, the County will compensate York for the actual compensation of County employees plus \$58,524 for the proportion of vacant positions for the year plus 6%. The County is responsible for a portion of the Center's non-personnel costs not to exceed \$327,000 in fiscal year 2024.

In addition, the County is responsible for paying certain one-time implementation costs including:

- A building and technology contribution not to exceed \$2,250,000. This amount is to be reduced by \$750,000 upon York's acceptance of grant funding from the Virginia 9-1-1 Services Board.
- A labor contribution not to exceed \$321,300.
- A health insurance premium payment for each County employee employed by York on July 17, 2023 or August 14, 2023 equal to one month's premium cost estimated to be \$17,474.
- A retirement health benefits contribution of \$15,000 per County employee hired by York.
- A carryover leave balance of \$175,470 for sick, vacation, paid time off, and comp. time credited for each County employee hired by York.

For health insurance utilization, the County will contribute to York's self-insured medical and dental fund a yearly contribution for 10 years equal to net per employee per year cost averaged trended cost for the last 3 years, as calculated by the County's benefits consultants times 23 positions. For fiscal year 2024, the amount is \$26,758. As additional implementation costs arise, the County shall pay additional contributions not to exceed \$300,000 and this contingency funding is available until June 30, 2024. The County is responsible for contributing its proportionate share of capital improvements approved and recommended in conformance with the agreement.

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Required Supplementary Information Other Than MD&A

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County of James City, Virginia
Budgetary Comparison Schedule
General Fund

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

County of James City, Virginia
Budgetary Comparison Schedule - General Fund (Unaudited)
Year ended June 30, 2023

Fund, major and minor revenue source	Original budget	Final budget	Actual	Variance positive (negative)
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 113,400,000	\$ 113,400,000	\$ 112,488,283	\$ (911,717)
Real and personal public service corporation property taxes	4,000,000	4,000,000	4,348,034	348,034
Personal property taxes	27,868,000	27,868,000	36,130,681	8,262,681
Machinery and tools taxes	6,000,000	6,000,000	6,551,940	551,940
Penalties	600,000	600,000	973,834	373,834
Interest	350,000	350,000	351,044	1,044
Total general property taxes	<u>152,218,000</u>	<u>152,218,000</u>	<u>160,843,816</u>	<u>8,625,816</u>
Other local taxes:				
Local sales and use taxes	18,750,000	20,571,933	21,199,519	627,586
Franchise license taxes	800,000	800,000	887,994	87,994
Taxes on recordation and wills	1,500,000	1,500,000	1,402,986	(97,014)
Hotel and motel room taxes	3,000,000	3,442,837	3,738,062	295,225
Restaurant food taxes	7,200,000	7,200,000	8,839,539	1,639,539
Cigarette taxes	600,000	560,442	560,442	-
Business licenses	6,700,000	6,700,000	8,602,096	1,902,096
Motor vehicle licenses	175,000	175,000	168,861	(6,139)
Deeds of conveyance	550,000	550,000	462,678	(87,322)
Penalties	-	-	94,494	94,494
Interest	-	-	48,619	48,619
Total other local taxes	<u>39,275,000</u>	<u>41,500,212</u>	<u>46,005,290</u>	<u>4,505,078</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	12,000	12,000	9,865	(2,135)
Building permits	950,000	950,000	1,276,803	326,803
Permits and other licenses	820,000	820,000	941,254	121,254
Total permits, privilege fees and regulatory licenses	<u>1,782,000</u>	<u>1,782,000</u>	<u>2,227,922</u>	<u>445,922</u>
Fines and forfeitures	217,000	217,000	188,209	(28,791)
Use of money and property	337,000	337,000	798,462	461,462
Charges for services:				
Court related costs	384,000	384,000	255,911	(128,089)
Law enforcement and traffic control	6,000	6,000	5,080	(920)
Emergency medical services	2,200,000	2,200,000	2,358,169	158,169
Parks and recreation	3,349,000	3,349,000	3,961,769	612,769
Recycling fees	925,000	925,000	1,014,112	89,112
Landfill user fees	475,000	475,000	570,588	95,588
Other fees	57,000	57,000	66,493	9,493
Total charges for services	<u>7,396,000</u>	<u>7,396,000</u>	<u>8,232,122</u>	<u>836,122</u>
Miscellaneous revenue:				
Sale of property	85,000	85,000	1,547,761	1,462,761
Miscellaneous	100,000	100,000	281,265	181,265
Total miscellaneous revenue	<u>185,000</u>	<u>185,000</u>	<u>1,829,026</u>	<u>1,644,026</u>
Total revenue from local sources	<u>201,410,000</u>	<u>203,635,212</u>	<u>220,124,847</u>	<u>16,489,635</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	40,000	40,000	60,352	20,352
Railroad rolling stock taxes	55,000	55,000	62,159	7,159
Personal property tax relief	9,770,000	9,770,000	9,770,137	137
Communications sales and use tax	1,220,000	1,220,000	1,182,807	(37,193)
Car rental tax	80,000	80,000	89,398	9,398
Total noncategorical aid	<u>11,165,000</u>	<u>11,165,000</u>	<u>11,164,853</u>	<u>(147)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	665,000	665,000	665,032	32
Sheriff	835,000	835,000	854,938	19,938
Commissioner of the Revenue	210,000	210,000	226,487	16,487
Treasurer	240,000	240,000	236,067	(3,933)
Registrar/Electoral Board	88,000	88,000	92,380	4,380
Clerk of the Circuit Court	595,000	595,000	613,955	18,955
Total shared expenses	<u>2,633,000</u>	<u>2,633,000</u>	<u>2,688,859</u>	<u>55,859</u>
Other categorical aid:				
Wireless Board	280,000	280,000	262,395	(17,605)
Commission of the arts	4,500	4,500	4,500	-
Spay and Neuter animal support	-	-	2,790	2,790
HB 599 payments	1,469,000	1,469,000	1,614,622	145,622
DMV Select	130,000	130,000	106,504	(23,496)
Total other categorical aid	<u>1,883,500</u>	<u>1,883,500</u>	<u>1,990,811</u>	<u>107,311</u>
Total categorical aid	<u>4,516,500</u>	<u>4,516,500</u>	<u>4,679,670</u>	<u>163,170</u>
Total from the Commonwealth	<u>15,681,500</u>	<u>15,681,500</u>	<u>15,844,523</u>	<u>163,023</u>
Revenue from the federal government:				
Payments in lieu of taxes	8,500	8,500	9,164	664
Total from the federal government	<u>8,500</u>	<u>8,500</u>	<u>9,164</u>	<u>664</u>
Total revenues	<u>\$ 217,100,000</u>	<u>\$ 219,325,212</u>	<u>\$ 235,978,534</u>	<u>\$ 16,653,322</u>

(Continued)

County of James City, Virginia
 Budgetary Comparison Schedule - General Fund (Unaudited)
 Year ended June 30, 2023

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
General government administration:				
Legislative:				
Board of supervisors	\$ 190,980	\$ 190,980	\$ 187,260	\$ 3,720
General and financial administration:				
County administrator	1,337,410	1,356,954	1,316,791	40,163
County Attorney	583,410	693,200	586,432	106,768
Human resources	854,565	1,108,172	828,250	279,922
Commissioner of the Revenue	1,063,310	1,083,038	1,024,598	58,440
Real estate assessments	880,710	895,777	807,980	87,797
Treasurer	1,630,505	1,646,272	1,367,097	279,175
Financial management services	1,545,880	747,545	666,741	80,804
Accounting	418,975	329,568	223,507	106,061
Purchasing	355,230	369,316	356,948	12,368
Risk management	-	920,399	803,630	116,769
Information Resource Management	5,489,830	5,066,662	6,396,175	(1,329,513)
Fleet maintenance	1,322,100	1,369,486	1,463,721	(94,235)
Total general and financial administration	15,481,925	15,586,389	15,841,870	(255,481)
Board of elections:				
Office of Elections	915,820	918,252	727,062	191,190
Total general government administration	16,588,725	16,695,621	16,756,192	(60,571)
Judicial administration:				
Courts:				
Circuit court and judicial services	173,315	175,049	148,309	26,740
General district court	50,775	47,276	14,845	32,431
Juvenile and domestic relations district court	29,045	26,296	15,576	10,720
Clerk of the circuit court	1,089,140	1,105,795	1,047,448	58,347
Sheriff	1,640,205	1,665,974	1,511,817	154,157
9th judicial district	7,035	7,583	10,541	(2,958)
Court services and juvenile detention	320,815	320,267	321,042	(775)
Courthouse	721,570	868,137	613,727	254,410
Total courts	4,031,900	4,216,377	3,683,305	533,072
Commonwealth's attorney	1,355,845	1,376,157	1,439,220	(63,063)
Total judicial administration	5,387,745	5,592,534	5,122,525	470,009
Public safety:				
Law enforcement and traffic control:				
Police department	13,130,855	13,583,233	12,005,312	1,577,921
Emergency communications	3,733,235	3,739,208	3,296,315	442,893
Total law enforcement and traffic control	16,864,090	17,322,441	15,301,627	2,020,814
Fire and rescue services:				
Fire department and emergency medical services	14,967,645	15,287,155	15,946,054	(658,899)
Correction and detention:				
Regional jail	2,210,060	2,182,524	1,995,991	186,533
Inspections:				
Building and safety permits	1,587,810	1,801,684	1,436,711	364,973
Other protection:				
Animal control	244,305	298,987	244,624	54,363
Emergency management	294,675	291,654	364,554	(72,900)
Total other protection	538,980	590,641	609,178	(18,537)
Total public safety	36,168,585	37,184,445	35,289,561	1,894,884

(Continued)

County of James City, Virginia
Budgetary Comparison Schedule - General Fund (Unaudited)
Year ended June 30, 2023

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
Public works:				
Sanitation and waste removal:				
Grounds maintenance	\$ 3,294,170	\$ 3,731,658	\$ 2,660,114	\$ 1,071,544
Solid waste and recycling	2,587,905	2,698,301	2,442,742	255,559
Total sanitation and waste removal	5,882,075	6,429,959	5,102,856	1,327,103
Maintenance of general buildings and grounds:				
Facilities management	6,292,670	6,402,663	5,881,660	521,003
Total public works	12,174,745	12,832,622	10,984,516	1,848,106
Health and human services:				
Local health department	399,945	427,481	427,481	-
Behavioral health and development services	2,741,200	2,751,950	2,751,952	(2)
Total health and human services	3,141,145	3,179,431	3,179,433	(2)
Education:				
School board administration	87,304,835	87,304,835	78,622,373	8,682,462
Parks, recreation and cultural:				
Parks and recreation:				
Administration and recreation services	7,137,505	7,361,392	6,811,779	549,613
Community centers	495,980	507,382	385,199	122,183
Park operations	554,945	744,545	491,866	252,679
Total parks and recreation	8,188,430	8,613,319	7,688,844	924,475
Library:				
Regional library	5,564,800	5,564,800	5,564,800	-
Total parks, recreation and cultural	13,753,230	14,178,119	13,253,644	924,475
Community development:				
Planning and community development:				
Planning	1,020,105	1,184,331	1,074,972	109,359
Community Development	589,365	647,587	587,820	59,767
Zoning enforcement	372,380	353,086	318,321	34,765
Economic development	612,310	614,166	316,981	297,185
Contributions to Outside Agencies	1,174,735	1,174,735	1,148,020	26,715
Regional transportation	708,760	708,760	708,760	-
Total planning and community development	4,477,655	4,682,665	4,154,874	527,791
Environmental management:				
Stormwater & Resource protection	2,406,835	2,601,057	2,325,766	275,291
Total community development	6,884,490	7,283,722	6,480,640	803,082
Nondepartmental:				
Miscellaneous	147,815	127,065	-	127,065
Total nondepartmental	147,815	127,065	-	127,065
Debt service:				
Lease financing - principal	-	257,578	257,578	-
Lease financing - interest	-	20,354	20,354	-
Subscription financing - principal	-	681,158	681,158	-
Total debt service	-	959,090	959,090	-
Total expenditures	181,551,315	185,337,484	170,647,974	14,689,510
Excess of revenues over expenditures	35,548,685	33,987,728	65,330,560	31,342,832
Other financing sources (uses):				
Transfers in	108,100	108,100	454,797	346,697
Transfers out	(35,656,785)	(48,540,282)	(51,449,155)	(2,908,873)
Proceeds from leases	-	-	282,695	282,695
Proceeds from subscriptions	-	-	2,232,858	2,232,858
Total other financing uses, net	(35,548,685)	(48,432,182)	(48,478,805)	(46,623)
Net change in fund balance	-	(14,444,454)	16,851,755	31,296,209
Fund balance, beginning of year	-	14,444,454	96,675,305	82,230,851
Fund balance, end of year	\$ -	\$ -	\$ 113,527,060	\$ 113,527,060

County of James City, Virginia
Budgetary Comparison Schedule
Grants and Special Projects Fund

The Grants and Special Projects Fund is a special revenue fund used to account for the financial resources related to grants and special projects. Revenues are primarily derived from intergovernmental grants awarded to the County as well as funding from local and other sources to support special projects. Primary expenditures are as allowed under the specific grant or project requirements and relate to public safety; public works; health and human services; parks, recreation, and culture; judicial administration; community development; education; and the general administration of the County.

County of James City, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)
Grants and Special Projects Fund
Year ended June 30, 2023

	Original Budget	Revised Budget	Actual	Variance positive (negative)
Revenues:				
Miscellaneous	\$ -	\$ 963,986	\$ 545,738	\$ (418,248)
Intergovernmental:				
Commonwealth	1,303,000	4,213,778	1,665,185	(2,548,593)
Federal	39,978	16,152,342	3,352,908	(12,799,434)
Total revenues	<u>1,342,978</u>	<u>21,330,106</u>	<u>5,563,831</u>	<u>(15,766,275)</u>
Expenditures:				
Current:				
General government administration	50,000	2,185,804	152,178	2,033,626
Judicial administration	233,000	591,113	412,145	178,968
Public safety	39,978	2,650,078	1,883,507	766,571
Public works	-	633,791	73,220	560,571
Health and human services	1,455,000	2,382,220	2,181,275	200,945
Education	-	677,081	-	677,081
Parks, recreation and cultural	-	9,243,666	353,693	8,889,973
Community development	1,750,000	13,120,515	2,251,638	10,868,877
Total expenditures	<u>3,527,978</u>	<u>31,484,268</u>	<u>7,307,656</u>	<u>24,176,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,185,000)</u>	<u>(10,154,162)</u>	<u>(1,743,825)</u>	<u>8,410,337</u>
Other financing sources (uses):				
Transfers in	2,165,000	2,452,484	2,452,484	-
Transfers out	-	-	(340,649)	(340,649)
Total other financing sources (uses), net	<u>2,165,000</u>	<u>2,452,484</u>	<u>2,111,835</u>	<u>(340,649)</u>
Net change in fund balance	<u>(20,000)</u>	<u>(7,701,678)</u>	<u>368,010</u>	<u>(8,069,688)</u>
Fund balance, beginning of year	20,000	7,701,678	7,803,389	(101,711)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,171,399</u>	<u>\$ (8,171,399)</u>

See accompanying report of independent auditor.

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

County of James City, Virginia
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (1)
Required Supplementary Information (Unaudited)

Year ended June 30,*	Component unit - Public Schools' Non-professional								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability									
Service cost	\$ 507,972	\$ 526,136	\$ 540,481	\$ 523,460	\$ 506,887	\$ 485,858	\$ 552,167	\$ 545,063	\$ 477,779
Interest	1,021,383	1,087,945	1,157,021	1,222,200	1,254,419	1,297,224	1,309,428	1,366,821	1,530,373
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(13,491)	(122,658)	(318,599)	(287,441)	(426,300)	78,555	324,773	202,069
Changes in assumptions	-	-	-	(236,957)	-	528,041	-	813,135	-
Benefit payments, including refunds of employee contributions	(570,189)	(586,736)	(640,852)	(646,577)	(813,097)	(911,625)	(1,123,687)	(1,056,098)	(1,153,064)
Net change in total pension liability	959,166	1,013,854	933,992	543,527	660,768	973,198	816,463	1,993,694	1,057,157
Total pension liability, beginning	14,876,279	15,835,445	16,849,299	17,783,291	18,326,818	18,987,586	19,960,784	20,777,247	22,770,941
Total pension liability, ending (a)	<u>\$ 15,835,445</u>	<u>\$ 16,849,299</u>	<u>\$ 17,783,291</u>	<u>\$ 18,326,818</u>	<u>\$ 18,987,586</u>	<u>\$ 19,960,784</u>	<u>\$ 20,777,247</u>	<u>\$ 22,770,941</u>	<u>\$ 23,828,098</u>
Plan fiduciary net position									
Contributions - employer	435,519	372,141	369,942	233,501	224,276	173,657	172,426	158,331	163,014
Contributions - employee	237,728	256,454	256,786	257,483	249,325	268,278	279,227	255,416	266,640
Net investment income	2,265,304	764,646	309,381	2,158,117	1,451,191	1,377,110	404,254	5,804,084	(20,911)
Benefit payments, including refunds of employee contributions	(570,189)	(586,736)	(640,852)	(646,577)	(813,097)	(911,625)	(1,123,687)	(1,056,098)	(1,153,064)
Administrative expense	(12,002)	(10,296)	(10,703)	(12,355)	(12,546)	(13,730)	(14,290)	(14,667)	(16,643)
Other	120	(162)	(130)	(1,926)	(1,291)	(866)	(483)	545	606
Net change in plan fiduciary net position	2,356,480	796,047	284,424	1,988,243	1,097,858	892,824	(282,553)	5,147,611	(760,358)
Plan fiduciary net position, beginning	14,283,651	16,640,131	17,436,178	17,720,602	19,708,845	20,806,703	21,699,527	21,416,974	26,564,585
Plan fiduciary net position, ending (b)	<u>16,640,131</u>	<u>17,436,178</u>	<u>17,720,602</u>	<u>19,708,845</u>	<u>20,806,703</u>	<u>21,699,527</u>	<u>21,416,974</u>	<u>26,564,585</u>	<u>25,804,227</u>
Net pension liability (asset) (a) - (b)	<u>\$ (804,686)</u>	<u>\$ (586,879)</u>	<u>\$ 62,689</u>	<u>\$ (1,382,027)</u>	<u>\$ (1,819,117)</u>	<u>\$ (1,738,743)</u>	<u>\$ (639,727)</u>	<u>\$ (3,793,644)</u>	<u>\$ (1,976,129)</u>
Plan fiduciary net position as a percentage of the total pension liability	105.08%	103.48%	99.65%	107.54%	109.58%	108.71%	103.08%	116.66%	108.29%
Covered payroll	\$ 4,812,365	\$ 5,154,307	\$ 5,123,850	\$ 5,000,257	\$ 4,802,484	\$ 4,905,565	\$ 4,870,819	\$ 5,556,149	\$ 5,858,963
Net pension liability (asset) as a percentage of the total covered payroll	-16.72%	-11.39%	1.22%	-27.64%	-37.88%	-35.44%	-13.13%	-68.28%	-33.73%

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

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

County of James City, Virginia
Schedule of Employer's Share of Net Pension Liability (1)
Required Supplementary Information (Unaudited)

Year ended June 30,*	Component unit - Public Schools' Professional								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employer's proportion of the net pension liability	0.85987%	0.87896%	0.87104%	0.86356%	0.84943%	0.86221%	0.85779%	0.83377%	0.85716%
Employer's proportionate share of the net pension liability	\$ 103,913,000	\$ 110,629,000	\$ 122,069,000	\$ 106,201,000	\$ 99,893,000	\$ 113,471,736	\$ 124,830,972	\$ 64,726,377	\$ 81,606,763
Employer's covered payroll	\$ 62,882,350	\$ 65,034,559	\$ 65,800,057	\$ 67,052,585	\$ 67,353,977	\$ 70,456,378	\$ 72,905,344	\$ 73,604,525	\$ 79,775,536
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	165.25%	170.11%	185.52%	158.38%	148.31%	161.05%	171.22%	87.94%	102.30%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%	74.81%	73.51%	71.47%	85.46%	82.61%

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

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

County of James City, Virginia
Schedule of Employer Pension Contributions (1)
Required Supplementary Information (Unaudited)

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution		Contribution deficiency (excess)*		Employer's covered payroll		Contributions as a % of covered payroll	
	Component unit - Service Authority		Component unit - Service Authority		Component unit - Service Authority		Component unit - Service Authority		Component unit - Service Authority	
	County		County		County		County		County	
2015	\$ 4,090,933	\$ 330,920	\$ 4,091,153	\$ 330,920	\$ 220	-	\$ 36,788,968	\$ 3,897,762	11.12%	8.49%
2016	4,190,228	341,874	4,190,244	341,874	16	-	37,681,907	4,026,779	11.12%	8.49%
2017	3,640,607	297,668	3,640,677	297,668	70	-	38,853,860	4,083,082	9.37%	7.29%
2018	3,792,543	308,672	3,793,308	308,672	765	-	40,475,381	4,230,543	9.37%	7.30%
2019	3,814,569	250,534	3,816,392	250,534	1,823	-	40,710,451	4,445,820	9.37%	5.64%
2020	4,085,815	265,027	4,085,863	265,027	48	-	40,413,598	4,673,979	10.11%	5.67%
2021	4,535,863	271,540	4,535,863	271,540	-	-	40,918,484	4,675,862	11.09%	5.81%
2022	4,743,535	295,888	4,743,535	295,888	-	-	43,073,802	5,198,520	11.01%	5.69%
2023	5,903,389	341,006	5,903,389	341,006	-	-	46,865,712	5,881,716	12.60%	5.80%

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution		Contribution deficiency (excess)		Employer's covered payroll		Contributions as a % of covered payroll	
	Component unit - Public Schools		Component unit - Public Schools		Component unit - Public Schools		Component unit - Public Schools		Component unit - Public Schools	
	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional
2015	\$ 372,141	\$ 9,430,011	\$ 372,141	\$ 9,430,011	\$ -	\$ -	\$ 5,154,307	\$ 65,034,559	7.22%	14.50%
2016	369,942	9,251,488	369,942	9,251,488	-	-	5,123,850	65,800,057	7.22%	14.06%
2017	233,512	9,829,909	233,512	9,829,909	-	-	5,000,257	67,052,585	4.67%	14.66%
2018	224,276	10,992,169	224,276	10,992,169	-	-	4,802,484	67,353,977	4.67%	16.32%
2019	173,657	11,047,560	173,657	11,047,560	-	-	4,905,565	70,456,378	3.54%	15.68%
2020	172,427	11,431,558	172,427	11,431,558	-	-	4,870,819	72,905,344	3.54%	15.68%
2021	158,334	11,795,307	158,334	11,795,307	-	-	5,556,149	73,604,525	2.85%	16.03%
2022	163,014	12,731,972	163,014	12,731,972	-	-	5,858,963	79,775,536	2.78%	15.96%
2023	206,318	13,448,721	206,318	13,448,721	-	-	6,165,355	84,788,694	3.35%	15.86%

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

* Excess contributions are a result of an amount due for retroactive payment for a prior fiscal year.

County of James City, Virginia
Schedule of Employer's Share of Retiree Healthcare OPEB Liability (1) (2)
Required Supplementary Information (Unaudited)

Measurement date as of June 30,	Component unit - Service County Authority		Component unit - Service County Authority		Component unit - Service County Authority		Component unit - Service County Authority		Component unit - Service County Authority		Component unit - Service County Authority	
	2018		2019		2020		2021		2022		2023	
Employer's proportion of the County's Retiree Healthcare OPEB Liability	77.59%	7.35%	77.59%	7.35%	78.42%	7.30%	78.42%	7.30%	81.72%	6.46%	81.72%	6.46%
Employer's proportionate share of the County's Retiree Healthcare OPEB Liability	\$ 4,296,213	\$ 406,742	\$ 4,571,936	\$ 432,969	\$ 4,097,564	\$ 381,436	\$ 4,649,834	\$ 432,846	\$ 3,598,216	\$ 284,440	\$ 3,264,216	\$ 258,038
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected average remaining service years of all participants	7	7	7	7	6	6	6	6	5	5	5	5

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

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

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

County of James City, Virginia

Schedule of Changes in the Net OPEB - Retiree Healthcare (RH) Liability and Related Ratios (1) (2)
Required Supplementary Information (Unaudited)

Year ended June 30,*	Component Unit - Public Schools' Non-professional					
	2018	2019	2020	2021	2022	2023
Total OPEB - RH liability						
Service cost	\$ 457,670	\$ 432,740	\$ 448,112	\$ 580,721	\$ 657,420	\$ 551,331
Interest cost	126,557	165,148	180,316	158,452	142,801	98,456
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(270,907)	(487,307)	(180,989)	(370,916)	(38,738)
Changes in assumptions	(244,756)	(13,843)	(61,871)	249,100	(879,609)	(477,580)
Changes in proportions	-	-	-	-	-	-
Benefit payments	(127,182)	64,113	(9,510)	(21,200)	(282,806)	(138,264)
Net change in total OPEB - RH liability	212,289	377,251	69,740	786,084	(733,110)	(4,795)
Total OPEB - RH liability, beginning	4,504,186	4,716,475	5,093,726	5,163,466	5,949,550	5,216,440
Total OPEB - RH liability, ending (a)	\$ 4,716,475	\$ 5,093,726	\$ 5,163,466	\$ 5,949,550	\$ 5,216,440	\$ 5,211,645
Plan fiduciary net position - RH						
Contributions - employer	206,794	(64,113)	9,510	21,200	293,622	150,218
Net investment income	-	-	-	-	-	-
Benefit payments	(206,794)	64,113	(9,510)	(21,200)	(282,806)	(138,264)
Administrative expense	-	-	-	-	(10,816)	(11,954)
Net change in plan fiduciary net position - RH	-	-	-	-	-	-
Plan fiduciary net position - RH, beginning	-	-	-	-	-	-
Plan fiduciary net position - RH, ending (b)	-	-	-	-	-	-
OPEB - RH liability (a) - (b)	\$ 4,716,475	\$ 5,093,726	\$ 5,163,466	\$ 5,949,550	\$ 5,216,440	\$ 5,211,645
Plan fiduciary net position - RH as a percentage of the total OPEB - RH liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected average remaining service years of all participants	7	7	7	7	6	6

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

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

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

County of James City, Virginia
Schedule of Changes in the Net OPEB - Health Insurance Credit (HIC) Liability (1)
Required Supplementary Information (Unaudited)

	Component unit - County Service Authority		Component unit - County Service Authority		Component unit - County Service Authority		Component unit - County Service Authority		Component unit - County Service Authority		Component unit - County Service Authority	
Year ended June 30,*	2018		2019		2020		2021		2022		2023	
Total OPEB - HIC liability												
Service cost	\$ 29,486	\$ 3,682	\$ 29,285	\$ 3,588	\$ 31,239	\$ 3,579	\$ 28,624	\$ 3,812	\$ 29,856	\$ 3,338	\$ 46,706	\$ 2,822
Interest cost	84,387	10,769	86,675	11,121	89,705	11,031	91,010	11,040	94,908	11,465	100,817	11,172
Changes of benefit terms	-	-	-	-	(36,541)	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	12,586	(7,706)	32,810	(3,892)	32,494	(113)	(10,093)	(13,932)	(112,702)	1,335
Changes in assumptions	(10,761)	(3,953)	-	-	36,394	4,095	-	-	26,493	919	118,163	3,212
Benefit payments, including refunds of employee contributions	(53,124)	(3,508)	(87,727)	(7,440)	(82,782)	(9,131)	(90,830)	(8,554)	(97,936)	(8,357)	(102,727)	(9,518)
Net change in total OPEB - HIC liability	49,988	6,990	40,819	(437)	70,825	5,682	61,298	6,185	43,228	(6,567)	50,257	9,023
Total OPEB - HIC liability, beginning	1,232,086	155,602	1,282,074	162,592	1,322,893	162,155	1,393,718	167,837	1,455,016	174,022	1,498,244	167,455
Total OPEB - HIC liability, ending (a)	<u>\$ 1,282,074</u>	<u>\$ 162,592</u>	<u>\$ 1,322,893</u>	<u>\$ 162,155</u>	<u>\$ 1,393,718</u>	<u>\$ 167,837</u>	<u>\$ 1,455,016</u>	<u>\$ 174,022</u>	<u>\$ 1,498,244</u>	<u>\$ 167,455</u>	<u>\$ 1,548,501</u>	<u>\$ 176,478</u>
Plan fiduciary net position - HIC												
Contributions - employer	65,197	8,166	67,836	8,467	74,871	8,002	74,360	8,413	78,543	8,417	82,163	9,357
Contributions - employee	-	-	-	-	-	-	-	-	-	-	-	-
Net investment income	71,316	10,122	49,083	7,150	46,337	6,922	14,671	2,272	191,205	30,356	1,379	172
Benefit payments, including refunds of employee contributions	(53,124)	(3,508)	(87,727)	(7,440)	(82,782)	(9,131)	(90,830)	(8,554)	(97,936)	(8,357)	(102,727)	(9,518)
Administrative expense	(1,170)	(170)	(1,138)	(170)	(1,004)	(151)	(1,374)	(219)	(2,217)	(362)	(1,555)	(256)
Other	3,562	494	(3,562)	(494)	(19,114)	(8)	(2,240)	(1)	-	-	22,419	2,815
Net change in plan fiduciary net position - HIC	85,781	15,104	24,492	7,513	18,308	5,634	(5,413)	1,911	169,595	30,054	1,679	2,570
Plan fiduciary net position - HIC, beginning	612,679	85,165	698,460	100,269	722,952	107,782	741,260	113,416	735,847	115,327	905,442	145,381
Plan fiduciary net position - HIC, ending (b)	<u>698,460</u>	<u>100,269</u>	<u>722,952</u>	<u>107,782</u>	<u>741,260</u>	<u>113,416</u>	<u>735,847</u>	<u>115,327</u>	<u>905,442</u>	<u>145,381</u>	<u>907,121</u>	<u>147,951</u>
Net OPEB - HIC liability (a) - (b)	<u>\$ 583,614</u>	<u>\$ 62,323</u>	<u>\$ 599,941</u>	<u>\$ 54,373</u>	<u>\$ 652,458</u>	<u>\$ 54,421</u>	<u>\$ 719,169</u>	<u>\$ 58,695</u>	<u>\$ 592,802</u>	<u>\$ 22,074</u>	<u>\$ 641,380</u>	<u>\$ 28,527</u>
Plan fiduciary net position - HIC as a percentage of the total OPEB - HIC liability	54.48%	61.67%	54.65%	66.47%	53.19%	67.58%	50.57%	66.27%	60.43%	86.82%	58.58%	83.84%
Covered payroll	\$ 38,853,860	\$ 4,083,082	\$ 40,475,381	\$ 4,230,543	\$ 40,710,451	\$ 4,445,820	\$ 40,413,598	\$ 4,673,979	\$ 40,918,484	\$ 4,675,862	\$ 43,073,802	\$ 5,198,520
Net OPEB - HIC liability as a percentage of the total covered payroll	1.50%	1.53%	1.48%	1.29%	1.60%	1.22%	1.78%	1.26%	1.45%	0.47%	1.49%	0.55%

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

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

County of James City, Virginia
Schedule of Changes in the Net OPEB - Health Insurance Credit (HIC) Liability (1)
Required Supplementary Information (Unaudited)

Year ended June 30,*	Component Unit - Public Schools Non-professional					
	2018	2019	2020	2021	2022	2023
Total OPEB - HIC liability						
Service cost	\$ 8,750	\$ 8,619	\$ 7,967	\$ 8,604	\$ 8,696	\$ 5,774
Interest cost	21,536	21,905	21,557	21,755	23,703	25,358
Changes of benefit terms	-	-	-	23,639	-	199,383
Differences between expected and actual experience	-	(16,514)	(2,594)	(765)	6,777	(76,824)
Changes in assumptions	(11,335)	-	7,656	-	9,929	47,991
Benefit payments, including refunds of employee contributions	(6,674)	(20,665)	(17,320)	(23,176)	(25,544)	(35,205)
Net change in total OPEB - HIC liability	12,277	(6,655)	17,266	30,057	23,561	166,477
Total OPEB - HIC liability, beginning	310,991	323,268	316,613	333,879	363,936	387,497
Total OPEB - HIC liability, ending (a)	\$ 323,268	\$ 316,613	\$ 333,879	\$ 363,936	\$ 387,497	\$ 553,974
Plan fiduciary net position - HIC						
Contributions - employer	11,391	11,165	9,260	9,712	9,444	16,404
Contributions - employee	-	-	-	-	-	-
Net investment income	33,666	23,057	21,491	6,935	88,482	883
Benefit payments, including refunds of employee contributions	(6,674)	(20,665)	(17,320)	(23,176)	(25,544)	(35,205)
Administrative expense	(552)	(535)	(466)	(657)	(1,007)	(693)
Other	1,683	(1,683)	(25)	(3)	-	9,500
Net change in plan fiduciary net position - HIC	39,514	11,339	12,940	(7,189)	71,375	(9,111)
Plan fiduciary net position - HIC, beginning	288,259	327,773	339,112	352,052	344,863	416,238
Plan fiduciary net position - HIC, ending (b)	327,773	339,112	352,052	344,863	416,238	407,127
Net OPEB - HIC liability (asset) (a) - (b)	\$ (4,505)	\$ (22,499)	\$ (18,173)	\$ 19,073	\$ (28,741)	\$ 146,847
Plan fiduciary net position - HIC as a percentage of the total OPEB - HIC liability	101.39%	107.11%	105.44%	94.76%	107.42%	73.49%
Covered payroll	\$ 5,000,257	\$ 4,854,348	\$ 5,766,438	\$ 6,070,000	\$ 5,556,149	\$ 5,858,963
Net OPEB - HIC liability as a percentage of the total covered payroll	-0.09%	-0.46%	-0.32%	0.31%	-0.52%	2.51%

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

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

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

County of James City, Virginia
Schedule of Employer's Share of Net OPEB - Group Life Insurance (GLI) Liability (1)
Required Supplementary Information (Unaudited)

Year ended June 30,*	Component unit - County Service Authority		Component unit - County Service Authority		Component unit - County Service Authority		Component unit - County Service Authority		Component unit - County Service Authority		Component unit - County Service Authority	
	2018		2019		2020		2021		2022		2023	
Employer's proportionate share of the net OPEB - GLI liability	0.21149%	0.02217%	0.21342%	0.02234%	0.20827%	0.02269%	0.19670%	0.02274%	0.19847%	0.02265%	0.19859%	0.02390%
Employer's proportionate share of the net OPEB - GLI liability	\$ 3,183,000	\$ 333,000	\$ 3,241,000	\$ 340,000	\$ 3,389,000	\$ 369,227	\$ 3,282,601	\$ 379,494	\$ 2,310,729	\$ 263,708	\$ 2,391,215	\$ 287,779
Employer's covered payroll	\$ 38,853,860	\$ 4,083,082	\$ 40,475,381	\$ 4,230,543	\$ 40,710,451	\$ 4,445,820	\$ 40,413,598	\$ 4,673,979	\$ 40,918,484	\$ 4,675,862	43,073,802	5,198,520
Employer's proportionate share of the net OPEB - GLI liability as a percentage of its	8.19%	8.16%	8.01%	8.04%	8.32%	8.31%	8.12%	8.12%	5.65%	5.64%	5.55%	5.54%
Plan fiduciary net position as a % of total OPEB - GLI liability	48.86%	48.86%	51.22%	51.22%	52.00%	52.00%	52.64%	52.64%	67.45%	67.45%	67.21%	67.21%

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

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

County of James City, Virginia
Schedule of Employer's Share of Net OPEB - Group Life Insurance (GLI) Liability (1)
Required Supplementary Information (Unaudited)

Year ended June 30,*	Component Unit - Public Schools											
	Non-		Non-		Non-		Non-		Non-		Non-	
	professional	Professional	professional	Professional	professional	Professional	professional	Professional	professional	Professional	professional	Professional
	2018		2019		2020		2021		2022		2023	
Employer's proportion of the net OPEB - GLI liability	0.02951%	0.37116%	0.02817%	0.36332%	0.02987%	0.37153%	0.02965%	0.36879%	0.02735%	0.35894%	0.02716%	0.36867%
Employer's proportionate share of the net OPEB - GLI liability	\$ 444,000	\$ 5,585,000	\$ 428,000	\$ 5,518,000	\$ 486,064	\$ 6,045,782	\$ 494,810	\$ 6,154,501	\$ 318,428	\$ 4,179,035	\$ 327,033	\$ 4,439,142
Employer's covered payroll	\$ 5,000,257	\$ 67,052,585	\$ 4,802,484	\$ 67,353,977	\$ 5,844,231	\$ 72,572,692	\$ 6,149,423	\$ 76,495,192	\$ 5,645,747	\$ 74,108,820	\$ 5,907,714	\$ 80,195,631
Employer's proportionate share of the net OPEB - GLI liability as a percentage of its covered payroll	8.88%	8.33%	8.91%	8.19%	8.32%	8.33%	8.05%	8.05%	5.64%	5.64%	5.54%	5.54%
Plan fiduciary net position as a % of total OPEB - GLI liability	48.86%	48.86%	51.22%	51.22%	52.00%	52.00%	52.64%	52.64%	67.45%	67.45%	67.21%	67.21%

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

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

County of James City, Virginia
Schedule of Employer OPEB - Group Life Insurance Contributions (1)
Required Supplementary Information (Unaudited)

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution		Contribution (deficiency) excess *		Employer's covered payroll		Contributions as a % of covered payroll	
	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority
2018	\$ 210,472	\$ 21,999	\$ 212,091	\$ 22,168	\$ 1,619	\$ 169	\$ 40,475,381	\$ 4,230,543	0.52%	0.52%
2019	211,694	23,118	213,323	21,000	1,629	(2,118)	40,710,451	4,445,820	0.52%	0.47%
2020	210,151	23,131	211,767	24,492	1,616	1,361	40,413,598	4,673,979	0.52%	0.52%
2021	219,323	24,339	221,278	25,063	1,955	724	40,918,484	4,675,862	0.54%	0.54%
2022	230,876	25,250	230,876	27,864	-	2,614	43,073,802	5,198,520	0.54%	0.54%
2023	251,200	28,072	251,200	31,526	-	3,454	46,865,712	5,881,716	0.54%	0.54%

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution		Contribution deficiency		Employer's covered payroll		Contributions as a % of covered payroll	
	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional
2018	\$ 25,165	\$ 352,935	\$ 25,165	\$ 352,935	\$ -	\$ -	\$ 4,802,484	\$ 67,353,977	0.52%	0.52%
2019	30,390	377,378	30,390	377,378	-	-	5,844,231	72,572,693	0.52%	0.52%
2020	31,977	397,775	31,977	397,775	-	-	6,149,423	76,695,192	0.52%	0.52%
2021	30,260	397,270	30,260	397,270	-	-	5,645,747	74,108,820	0.54%	0.54%
2022	31,666	429,466	31,666	429,466	-	-	5,907,714	80,195,631	0.54%	0.54%
2023	33,422	458,241	33,422	458,241	-	-	6,189,259	84,859,444	0.54%	0.54%

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

* Excess contributions are a result of an amount due for retroactive payment for a prior fiscal year.

County of James City, Virginia
Schedule of Employer OPEB - Health Insurance Credit Program Contributions (1)
Required Supplementary Information (Unaudited)

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution		Contribution deficiency (excess)*		Employer's covered payroll		Contributions as a % of covered payroll	
	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority
2018	\$ 76,903	\$ 8,461	\$ 67,836	\$ 8,467	\$ (9,067)	\$ 6	\$ 40,475,381	\$ 4,230,543	0.17%	0.20%
2019	77,350	8,002	74,871	8,467	(2,479)	465	40,710,451	4,445,820	0.18%	0.19%
2020	76,786	8,413	74,360	8,413	(2,426)	-	40,413,598	4,673,979	0.18%	0.18%
2021	78,543	8,417	78,541	8,417	(2)	-	40,918,484	4,675,862	0.19%	0.18%
2022	82,163	9,358	82,163	9,358	-	-	43,073,802	5,198,520	0.19%	0.18%
2023	89,781	5,884	89,781	5,884	-	-	46,865,712	5,881,716	0.19%	0.10%

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution		Contribution deficiency (excess)		Employer's covered payroll		Contributions as a % of covered payroll	
	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional
2018	\$ 11,165	\$ 851,814	\$ 11,165	\$ 851,814	\$ -	\$ -	\$ 4,854,348	\$ 69,253,171	0.23%	1.23%
2019	9,226	864,798	9,226	864,798	-	-	5,766,438	72,066,466	0.16%	1.20%
2020	9,712	905,688	9,712	905,688	-	-	6,070,000	75,474,000	0.16%	1.20%
2021	9,444	890,724	9,444	890,724	-	-	5,556,149	73,604,525	0.17%	1.21%
2022	16,404	965,285	16,404	965,285	-	-	5,858,963	79,775,536	0.28%	1.21%
2023	28,360	1,026,696	28,360	1,026,696	-	-	6,165,217	84,850,909	0.46%	1.21%

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

* Excess contributions are a result of an amount due for retroactive payment for a prior fiscal year.

County of James City, Virginia
Schedule of Employer's Share of Net OPEB - Health Insurance Credit Program (HIC) Liability (1)
Required Supplementary Information (Unaudited)

Year ended June 30,*	Component Unit - Public Schools' Professional					
	2018	2019	2020	2021	2022	2023
Employer's proportion of the net OPEB - HIC liability	0.86281%	0.85004%	0.86297%	0.86058%	0.83226%	0.85595%
Employer's proportionate share of the net OPEB - HIC liability	\$ 10,946,000	\$ 10,793,000	\$ 11,297,117	\$ 11,226,409	\$ 10,682,633	\$ 10,691,214
Employer's covered payroll	\$ 67,052,585	\$ 69,253,171	\$ 72,066,466	\$ 75,474,000	\$ 73,604,525	\$ 79,775,536
Employer's proportionate share of the net OPEB - HIC liability as a percentage of its covered payroll	16.32%	15.58%	15.68%	14.87%	14.51%	13.40%
Plan fiduciary net position as a % of total OPEB - HIC liability	7.04%	8.08%	8.97%	9.95%	13.15%	15.08%

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

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

County of James City, Virginia
Schedule of Employer's Share of Net OPEB - Virginia Local Disability Program (VLDP) Liability (Asset) (1)
Required Supplementary Information (Unaudited)

Year ended June 30,*	Component unit - Public Schools											
	Non-		Non-		Non-		Non-		Non-		Non-	
	professional	Professional	professional	Professional	professional	Professional	professional	Professional	professional	Professional	professional	Professional
	2018		2019		2020		2021		2022		2023	
Employer's proportion of the net OPEB - VLDP liability (asset)	0.75284%	3.31886%	0.67880%	3.37801%	0.68330%	3.28952%	0.65040%	3.13334%	0.55743%	2.91940%	0.50142%	3.37952%
Employer's proportionate share of the net OPEB - VLDP liability (asset)	\$ 4,000	\$ 20,000	\$ 5,000	\$ 25,000	\$ 13,843	\$ 19,124	\$ 6,492	\$ 25,138	\$ (5,643)	\$ (20,553)	\$ (3,302)	\$ (3,669)
Employer's covered payroll	\$ 5,000,257	\$ 67,052,585	\$ 1,648,333	\$ 12,595,806	\$ 2,093,665	\$ 15,633,273	\$ 2,423,750	\$ 18,547,073	\$ 2,239,265	\$ 19,644,936	\$ 2,631,055	\$ 26,262,831
Employer's proportionate share of the net OPEB - VLDP liability (asset) as a percentage of its covered payroll	0.08%	0.03%	0.30%	0.20%	0.66%	0.12%	0.27%	0.14%	-0.25%	-0.10%	-0.13%	-0.01%
Plan fiduciary net position as a % of total OPEB - VLDP liability (asset)	38.40%	31.96%	51.22%	46.18%	49.19%	74.12%	76.84%	78.28%	119.59%	114.46%	107.99%	101.57%

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

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

County of James City, Virginia
Schedule of Employer OPEB - Virginia Local Disability Program Program Contributions (1)
Required Supplementary Information (Unaudited)

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution		Contribution deficiency (excess)		Employer's covered payroll		Contributions as a % of covered payroll	
	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional
Component unit - Public Schools										
2018	\$ 9,890	\$ 39,047	\$ 9,890	\$ 39,047	\$ -	\$ -	\$ 1,648,333	\$ 12,595,806	0.60%	0.31%
2019	15,074	64,098	15,074	64,098	-	-	2,093,665	15,633,273	0.72%	0.41%
2020	17,451	76,043	17,451	76,043	-	-	2,433,750	18,547,073	0.72%	0.41%
2021	18,585	92,336	18,585	92,336	-	-	2,239,265	19,644,936	0.83%	0.47%
2022	21,838	123,435	21,838	123,435	-	-	2,631,055	26,262,831	0.83%	0.47%
2023	26,087	148,588	26,087	148,588	-	-	3,069,059	31,614,468	0.85%	0.47%

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

* Excess contributions are a result of an amount due for retroactive payment for a prior fiscal year.

County of James City, Virginia
Notes to Required Supplementary Information (Unaudited)
June 30, 2023

1) Budgeting and Budgetary Accounting

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

Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget and capital budget include proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund and function level. The total appropriated budget for each fund can be revised only by the Board of Supervisors unless authority has been specifically delegated to the County Administrator in the Appropriations Resolution. However, the County Administrator may transfer budgets within and between the functions. Supplemental appropriations to the original budget were done throughout the year.

Formal budgetary integration is employed as a management control device during the year for those funds with legally adopted annual budgets, which are the General Fund, Debt Service Fund, Capital Projects Fund, and Special Projects Funds (except the Donation Trust Fund). Certain funds such as the Capital Projects Fund and Special Revenue Funds include projects and grants expanding greater than one year and those appropriations remain open and carry over to the succeeding years.

All budgets are adopted on the modified accrual basis of accounting. Appropriations lapse on June 30 for all County funds, except the funds referenced above. The budget presented in the accompanying basic financial statements represents the appropriated budget as of June 30, 2023, as adopted and amended by supplemental appropriations.

2) Pensions - Changes of Benefit Terms

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

3) Pensions, OPEB HIC and VLDP Political Subdivision Plan - Changes of Assumptions

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

4) OPEB GLI - Changes of Assumptions

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

County of James City, Virginia
Notes to Required Supplementary Information (Unaudited)
June 30, 2023

4) OPEB GLI, Continued

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest 10 Locality Employers - General Employees and Teachers:		Non-Largest 10 - Hazardous Duty:
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each age and servicedecrement through 9 years of service	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change	No change
Salary Scale	No change	No change
Line of Duty Disability	No change	No change
Discount Rate	No change	No change

5) OPEB Retiree Healthcare

Trust Arrangement and Funding Policy: The County, Authority, and Public Schools do not intend to establish a trust to pre-fund the obligation. The anticipated growth in the net OPEB liability is based on contributions to the benefit plan on a pay-as-you-go cost basis.

Changes of Benefit Terms: There have been no actuarially material changes to the benefit provisions since the prior actuarial valuation.

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

<u>Measurement Date</u>	<u>Discount Rate</u>
June 30, 2016	2.85%
June 30, 2017	3.58%
June 30, 2018	3.62%
June 30, 2019	3.13%
June 30, 2020	2.45%
June 30, 2021	1.92%
June 30, 2022	3.69%

6) OPEB GLI, HIC, and VLDP - Changes of Benefit Terms

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

7) OPEB Teacher VLDP Plan - Changes of Assumptions

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

See accompanying report of independent auditor.

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Supplementary Information

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County of James City, Virginia
Nonmajor & Other Major
Governmental Funds

Special Revenue Funds:

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

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

Housing and Neighborhood Development Fund - accounts for the revenues and expenditures that are utilized to improve targeted areas within the County.

Donation Trust Fund - accounts for monies and donations used for various special purposes.

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

Debt Service Fund - accounts for the receipt and payment of bonds and loans issued for the construction and maintenance of County and School facilities and equipment. This is a major governmental fund; however, it is shown here for budgetary comparison purposes.

Capital Projects Fund - accounts for the revenue and expenditures related to maintenance, construction, and acquisition of facilities and equipment in the general government areas such as public safety, parks and recreation, community development, public works, and schools. This is a major governmental fund; however, it is shown here for budgetary comparison purposes.

County of James City, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Housing & Neighborhood Development Fund	Donation Trust Fund	Tourism Fund	Total
Assets						
Cash and cash equivalents and investments	\$ 1,374,279	\$ 464,291	\$ 3,095,381	\$ 305,853	\$ 3,024,061	\$ 8,263,865
Taxes receivable	-	-	-	-	91,112	91,112
Loans receivable, net	-	-	368,217	-	-	368,217
Miscellaneous receivables	1,714	-	19,458	-	-	21,172
Due from other governments	401,697	-	319,945	-	-	721,642
Prepaid items	-	-	6,123	-	-	6,123
Total assets	<u>\$ 1,777,690</u>	<u>\$ 464,291</u>	<u>\$ 3,809,124</u>	<u>\$ 305,853</u>	<u>\$ 3,115,173</u>	<u>\$ 9,472,131</u>
Liabilities						
Liabilities:						
Accounts payable	\$ 29,959	\$ 10,915	\$ 67,848	\$ 9,592	\$ 43,819	\$ 162,133
Accrued liabilities	4,326	3,910	92,107	-	-	100,343
Unearned revenues	27,187	-	54,987	-	-	82,174
Total liabilities	<u>61,472</u>	<u>14,825</u>	<u>214,942</u>	<u>9,592</u>	<u>43,819</u>	<u>344,650</u>
Deferred Inflows of Resources						
Unavailable revenues - grants	<u>16,919</u>	<u>-</u>	<u>13,547</u>	<u>-</u>	<u>-</u>	<u>30,466</u>
Fund Balances						
Fund balances:						
Restricted	-	-	1,258,891	-	3,071,354	4,330,245
Committed	-	-	1,390,129	-	-	1,390,129
Assigned	1,699,299	449,466	931,615	296,261	-	3,376,641
Total fund balance	<u>1,699,299</u>	<u>449,466</u>	<u>3,580,635</u>	<u>296,261</u>	<u>3,071,354</u>	<u>9,097,015</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,777,690</u>	<u>\$ 464,291</u>	<u>\$ 3,809,124</u>	<u>\$ 305,853</u>	<u>\$ 3,115,173</u>	<u>\$ 9,472,131</u>

See accompanying report of independent auditor.

County of James City, Virginia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2023

	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Housing & Neighborhood Development Fund	Donation Trust Fund	Tourism Fund	Total
Revenues:						
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ 899,654	\$ 899,654
Miscellaneous	34,712	20,534	171,515	155,976	-	382,737
Intergovernmental:						
Local	-	217,531	-	-	-	217,531
Commonwealth	1,304,450	899,373	213,196	-	-	2,417,019
Federal	2,985,765	-	2,625,608	-	295,000	5,906,373
Total revenues	<u>4,324,927</u>	<u>1,137,438</u>	<u>3,010,319</u>	<u>155,976</u>	<u>1,194,654</u>	<u>9,823,314</u>
Expenditures:						
Current:						
Judicial administration	-	1,278,317	-	119,346	-	1,397,663
Public safety	-	-	-	8,399	-	8,399
Health and human services	5,919,839	-	-	-	-	5,919,839
Parks, recreation, and cultural	-	-	-	31,571	-	31,571
Community development	-	-	3,729,419	3,439	2,155,927	5,888,785
Debt service:						
Lease financing - principal	11,749	1,791	-	-	22,500	36,040
Lease financing - interest	210	241	-	-	-	451
Subscription financing - principal	-	6,293	-	-	-	6,293
Total expenditures	<u>5,931,798</u>	<u>1,286,642</u>	<u>3,729,419</u>	<u>162,755</u>	<u>2,178,427</u>	<u>13,289,041</u>
Deficiency of revenues under expenditures	<u>(1,606,871)</u>	<u>(149,204)</u>	<u>(719,100)</u>	<u>(6,779)</u>	<u>(983,773)</u>	<u>(3,465,727)</u>
Other financing sources (uses):						
Transfers in	1,507,059	146,408	717,419	-	2,242,837	4,613,723
Transfers out	-	-	-	-	(614,148)	(614,148)
Proceeds from leases	-	-	-	-	228,281	228,281
Proceeds from subscriptions	-	6,293	-	-	-	6,293
Total other financing sources, net	<u>1,507,059</u>	<u>152,701</u>	<u>717,419</u>	<u>-</u>	<u>1,856,970</u>	<u>4,234,149</u>
Net change in fund balance	<u>(99,812)</u>	<u>3,497</u>	<u>(1,681)</u>	<u>(6,779)</u>	<u>873,197</u>	<u>768,422</u>
Fund balance, beginning of year	<u>1,799,111</u>	<u>445,969</u>	<u>3,582,316</u>	<u>303,040</u>	<u>2,198,157</u>	<u>8,328,593</u>
Fund balance, end of year	<u>\$ 1,699,299</u>	<u>\$ 449,466</u>	<u>\$ 3,580,635</u>	<u>\$ 296,261</u>	<u>\$ 3,071,354</u>	<u>\$ 9,097,015</u>

See accompanying report of independent auditor.

County of James City, Virginia
Budgetary Comparison Schedule
Nonmajor Governmental Funds
Year ended June 30, 2023

	Virginia Public Assistance Fund				Colonial Community Corrections Fund			
	Original Budget	Revised Budget	Actual	Variance positive (negative)	Original Budget	Revised Budget	Actual	Variance positive (negative)
Revenues:								
Miscellaneous	\$ -	\$ 111,684	\$ 34,712	\$ (76,972)	\$ 22,000	\$ 22,000	\$ 20,534	\$ (1,466)
Intergovernmental:								
Local	-	-	-	-	217,531	217,531	217,531	-
Commonwealth	-	31,631	1,304,450	1,272,819	858,268	888,765	899,373	10,608
Federal	4,392,966	4,545,218	2,985,765	(1,559,453)	-	-	-	-
Total revenues	4,392,966	4,688,533	4,324,927	(363,606)	1,097,799	1,128,296	1,137,438	9,142
Expenditures:								
Current:								
Judicial administration	-	-	-	-	1,307,649	1,354,323	1,278,317	76,006
Health and human services	6,625,998	7,018,107	5,919,839	1,098,268	-	-	-	-
Debt service:								
Lease financing - principal	-	11,749	11,749	-	-	1,791	1,791	-
Lease financing - interest	-	210	210	-	-	241	241	-
Subscription financing - principal	-	-	-	-	-	6,293	6,293	-
Total expenditures	6,625,998	7,030,066	5,931,798	1,098,268	1,307,649	1,362,648	1,286,642	76,006
Excess (deficiency) of revenues over (under) expenditures	(2,233,032)	(2,341,533)	(1,606,871)	734,662	(209,850)	(234,352)	(149,204)	85,148
Other financing sources:								
Transfers in	1,400,000	1,507,059	1,507,059	-	122,360	146,408	146,408	-
Proceeds from subscriptions	-	-	-	-	-	-	6,293	6,293
Total other financing sources	1,400,000	1,507,059	1,507,059	-	122,360	146,408	152,701	6,293
Excess (deficiency) of revenues and other sources over (under) expenditures	(833,032)	(834,474)	(99,812)	734,662	(87,490)	(87,944)	3,497	91,441
Fund balance, beginning of year	833,032	834,474	1,799,111	964,637	87,490	87,944	445,969	358,025
Fund balance, end of year	\$ -	\$ -	\$ 1,699,299	\$ 1,699,299	\$ -	\$ -	\$ 449,466	\$ 449,466

	Housing & Neighborhood Development Fund				Tourism Fund			
	Original Budget	Revised Budget	Actual	Variance positive (negative)	Original Budget	Revised Budget	Actual	Variance positive (negative)
Revenues:								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ 700,000	\$ 894,120	\$ 899,654	\$ 5,534
Miscellaneous	200,000	200,000	171,515	(28,485)	-	-	-	-
Intergovernmental:								
Local	-	36,569	-	(36,569)	-	-	-	-
Commonwealth	249,618	652,662	213,196	(439,466)	-	-	-	-
Federal	1,894,300	3,457,000	2,625,608	(831,392)	-	570,000	295,000	(275,000)
Total revenues	2,343,918	4,346,231	3,010,319	(1,335,912)	700,000	1,464,120	1,194,654	(269,466)
Expenditures:								
Current:								
Community development	3,234,065	6,480,038	3,729,419	2,750,619	1,891,900	3,093,404	2,155,927	937,477
Debt service:								
Lease financing - principal	-	-	-	-	-	22,500	22,500	-
Total expenditures	3,234,065	6,480,038	3,729,419	2,750,619	1,891,900	3,115,904	2,178,427	937,477
Excess (deficiency) of revenues over (under) expenditures	(890,147)	(2,133,807)	(719,100)	1,919,227	(1,191,900)	(1,651,784)	(983,773)	668,011
Other financing sources (uses):								
Transfers in	700,000	717,419	717,419	-	1,800,000	2,242,837	2,242,837	-
Transfers out	-	-	-	-	(608,100)	(614,148)	(614,148)	-
Proceeds from leases	-	-	-	-	-	-	228,281	228,281
Total other financing sources, net	700,000	717,419	717,419	-	1,191,900	1,628,689	1,856,970	228,281
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(190,147)	(1,416,388)	(1,681)	1,414,707	-	(23,095)	873,197	896,292
Fund balance, beginning of year	190,147	1,416,388	3,582,316	2,165,928	-	23,095	2,198,157	2,175,062
Fund balance, end of year	\$ -	\$ -	\$ 3,580,635	\$ 3,580,635	\$ -	\$ -	\$ 3,071,354	\$ 3,071,354

See accompanying report of independent auditor.

County of James City, Virginia
 Budgetary Comparison Schedule
 Capital Projects Fund
 Year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance positive (negative)
Revenues:				
Use of money and property	\$ -	\$ -	\$ 3,054,069	\$ 3,054,069
Miscellaneous	180,000	421,307	635,399	214,092
Intergovernmental:				
Commonwealth	479,585	3,858,812	80,398	(3,778,414)
Federal		1,012,667	1,012,666	(1)
Total revenues	<u>659,585</u>	<u>5,292,786</u>	<u>4,782,532</u>	<u>(510,254)</u>
Expenditures:				
Capital outlay	<u>16,126,820</u>	<u>77,819,205</u>	<u>12,605,501</u>	<u>65,213,704</u>
Total expenditures	<u>16,126,820</u>	<u>77,819,205</u>	<u>12,605,501</u>	<u>65,213,704</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,467,235)</u>	<u>(72,526,419)</u>	<u>(7,822,969)</u>	<u>64,703,450</u>
Other financing sources:				
Transfers in	<u>15,467,235</u>	<u>21,392,134</u>	<u>21,392,134</u>	<u>-</u>
Total other financing sources	<u>15,467,235</u>	<u>21,392,134</u>	<u>21,392,134</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures	-	(51,134,285)	13,569,165	64,703,450
Fund balance, beginning of year	-	<u>51,134,285</u>	<u>39,856,393</u>	<u>(11,277,892)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,425,558</u>	<u>\$ 53,425,558</u>

See accompanying report of independent auditor.

County of James City, Virginia
 Budgetary Comparison Schedule
 Debt Service Fund
 Year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance positive (negative)
Revenues:				
Use of money and property	\$ -	\$ -	\$ 24,696	\$ 24,696
Miscellaneous	42,500	42,500	40,078	(2,422)
Total revenues	<u>42,500</u>	<u>42,500</u>	<u>64,774</u>	<u>22,274</u>
Expenditures:				
General government administration	75,000	75,000	49,152	25,848
Public safety	-	4,708,260	4,708,260	-
Debt service:				
Principal	13,099,611	13,099,611	12,770,426	329,185
Interest and other fiscal charges	4,014,700	4,014,700	3,927,359	87,341
Total expenditures	<u>17,189,311</u>	<u>21,897,571</u>	<u>21,455,197</u>	<u>442,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,146,811)</u>	<u>(21,855,071)</u>	<u>(21,390,423)</u>	<u>464,648</u>
Other financing sources:				
Transfers in	20,500,000	20,500,000	16,682,163	3,817,837
Financed purchase	-	4,708,260	4,708,260	-
Total other financing sources	<u>20,500,000</u>	<u>25,208,260</u>	<u>21,390,423</u>	<u>3,817,837</u>
Excess (deficiency) of revenues and other sources over (under) expenditures	3,353,189	3,353,189	-	(3,353,189)
Fund balance, beginning of year	<u>(3,353,189)</u>	<u>(3,353,189)</u>	<u>-</u>	<u>3,353,189</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying report of independent auditor.

County of James City, Virginia
Custodial Funds

Custodial funds account for money received and held by the County in the capacity of fiscal agent for individuals, other governmental agencies, and private organizations. The County reports the following Custodial funds:

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

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

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

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

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

County of James City, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Special Welfare	WAMAC	Regional Jail	Juvenile Detention	Williamsburg Area Transit Authority	Total
Assets						
Cash, cash equivalents, and investments	\$ 20,039	\$ 38,202	\$ 8,781,372	\$ 2,922,175	\$ 4,225,135	\$ 15,986,923
Restricted cash, cash equivalents, and investments	-	5,566,905	-	-	-	5,566,905
Accounts receivable	-	225,289	8,698	47,731	9,987	291,705
Due from other governmental units	-	-	504,607	2,084	2,965,127	3,471,818
Due from other funds	-	-	15,326	-	-	15,326
Total assets	<u>\$ 20,039</u>	<u>\$ 5,830,396</u>	<u>\$ 9,310,003</u>	<u>\$ 2,971,990</u>	<u>\$ 7,200,249</u>	<u>\$ 25,332,677</u>
Liabilities						
Accounts payable	\$ 398	\$ 75,696	\$ 210,602	\$ 65,980	\$ 911,040	\$ 1,263,716
Due to other governmental units	-	13,866	-	-	-	13,866
Accrued payroll and benefits	-	5,852	19,125	29,971	34,677	89,625
Total liabilities	<u>398</u>	<u>95,414</u>	<u>229,727</u>	<u>95,951</u>	<u>945,717</u>	<u>1,367,207</u>
Net Position						
Restricted:						
Individuals	19,641	-	-	-	-	19,641
Organizations	-	5,734,982	-	-	-	5,734,982
Other governments	-	-	9,080,276	2,876,039	6,254,532	18,210,847
Total net position	<u>19,641</u>	<u>5,734,982</u>	<u>9,080,276</u>	<u>2,876,039</u>	<u>6,254,532</u>	<u>23,965,470</u>
Total liabilities and net position	<u>\$ 20,039</u>	<u>\$ 5,830,396</u>	<u>\$ 9,310,003</u>	<u>\$ 2,971,990</u>	<u>\$ 7,200,249</u>	<u>\$ 25,332,677</u>

See accompanying report of independent auditor.

County of James City, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

	Special Welfare	WAMAC	Regional Jail	Juvenile Detention	Williamsburg Area Transit Authority	Total
Additions						
Fees from members	\$ -	\$ 601,815	\$ 6,077,964	\$ 1,652,398	\$ 1,465,736	\$ 9,797,913
Receipts from the Commonwealth	-	-	5,455,985	2,926,492	2,480,669	10,863,146
Receipts from the federal government	-	-	50,912	76,119	4,443,212	4,570,243
Operating grants and contributions	25,235	1,007,966	-	-	-	1,033,201
Charges for services	-	1,006,930	909,166	65,720	868,052	2,849,868
Use of money and property	-	530,686	179,774	-	2,575	713,035
Other	-	10,346	195,219	119,191	85,778	410,534
Total additions	<u>25,235</u>	<u>3,157,743</u>	<u>12,869,020</u>	<u>4,839,920</u>	<u>9,346,022</u>	<u>30,237,940</u>
Deductions						
Personnel expenses	-	2,404,535	6,877,853	3,833,779	3,704,691	16,820,858
Materials and contractual services	-	588,253	4,920,721	599,727	3,041,060	9,149,761
Furniture and equipment	-	1,566	415,358	134,113	1,648,140	2,199,177
Other	6,449	7,238	14,960	34,773	-	63,420
Total deductions	<u>6,449</u>	<u>3,001,592</u>	<u>12,228,892</u>	<u>4,602,392</u>	<u>8,393,891</u>	<u>28,233,216</u>
Net increase in fiduciary net position	18,786	156,151	640,128	237,528	952,131	2,004,724
Net position, beginning of year (as restated)	855	5,578,831	8,440,148	2,638,511	5,302,401	21,960,746
Net position, end of year	<u>\$ 19,641</u>	<u>\$ 5,734,982</u>	<u>\$ 9,080,276</u>	<u>\$ 2,876,039</u>	<u>\$ 6,254,532</u>	<u>\$ 23,965,470</u>

See accompanying report of independent auditor.

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Statistical Section (Unaudited)

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County of James City, Virginia
Statistical Section Overview

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

Financial Trends

Tables 1 - 4

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

Revenue Capacity

Tables 5 - 9

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

Debt Capacity

Tables 10 - 12

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

Demographic & Economic Information

Tables 13 - 14

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

Operation Information

Tables 15 - 17

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

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

Table 1

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$ 142,867,725	\$ 159,469,360	\$ 176,303,250	\$ 185,274,286	\$ 198,539,384	\$ 210,357,610	\$ 223,523,519	\$ 231,590,103	\$ 240,797,862	\$ 246,942,356
Restricted:										
Capital projects	8,320,449	1,551,387	-	-	-	-	-	-	-	-
Debt service	-	-	1,222,336	1,226,566	1,236,338	4,536,503	2,030,253	-	-	-
Other purposes	-	-	1,899,944	3,067,921	4,940,612	1,043,098	1,319,233	1,350,727	1,276,896	6,314,526
Unrestricted	50,095,897	51,222,452	52,962,121	63,841,474	70,378,940	82,578,292	96,534,809	118,340,056	145,739,522	186,273,962
Total governmental activities net position	<u>\$ 201,284,071</u>	<u>\$ 212,243,199</u>	<u>\$ 232,387,651</u>	<u>\$ 253,410,247</u>	<u>\$ 275,095,274</u>	<u>\$ 298,515,503</u>	<u>\$ 323,407,814</u>	<u>\$ 351,280,886</u>	<u>\$ 387,814,280</u>	<u>\$ 439,530,844</u>
Business-type activity:										
Net investment in capital assets	\$ 137,922,955	\$ 137,173,064	\$ 139,312,785	\$ 136,696,744	\$ 132,616,889	\$ 134,359,937	(1)			
Restricted:										
Capital projects	2,601,160	2,716,277	-	-	-	-				
Debt service	-	-	729,605	677,614	567,011	569,708				
Unrestricted	29,159,119	32,903,518	37,014,202	41,443,900	46,664,323	49,536,564				
Total business-type activity net position	<u>\$ 169,683,234</u>	<u>\$ 172,792,859</u>	<u>\$ 177,056,592</u>	<u>\$ 178,818,258</u>	<u>\$ 179,848,223</u>	<u>\$ 184,466,209</u>				
Primary Government:										
Net investment in capital assets	\$ 280,790,680	\$ 296,642,424	\$ 315,616,035	\$ 321,971,030	\$ 331,156,273	\$ 344,717,547	\$ 223,523,519	\$ 231,590,103	\$ 240,797,862	\$ 246,942,356
Restricted:										
Capital projects	10,921,609	4,267,664	-	-	-	-	-	-	-	-
Debt Service	-	-	1,951,941	1,904,180	1,803,349	5,106,211	2,030,253	-	-	-
Other purposes	-	-	1,899,944	3,067,921	4,940,612	1,043,098	1,319,233	1,350,727	1,276,896	6,314,526
Unrestricted	79,255,016	84,125,970	89,976,323	105,285,374	117,043,263	132,114,856	96,534,809	118,340,056	145,739,522	186,273,962
Total Primary Government net position	<u>\$ 370,967,305</u>	<u>\$ 385,036,058</u>	<u>\$ 409,444,243</u>	<u>\$ 432,228,505</u>	<u>\$ 454,943,497</u>	<u>\$ 482,981,712</u>	<u>\$ 323,407,814</u>	<u>\$ 351,280,886</u>	<u>\$ 387,814,280</u>	<u>\$ 439,530,844</u>

(1) Prior to fiscal year 2020, the James City Service Authority (JCSA) was reported as a blended component unit and business type activity of James City County. As of fiscal year 2020, JCSA is reported as a discretely presented component unit, and is no longer reported as part of the Primary Government.

Table 2

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
General government administration	\$ 9,847,977	\$ 19,278,147	\$ 8,807,519	\$ 11,261,405	\$ 8,768,221	\$ 11,011,081	\$ 15,165,784	\$ 21,099,810	\$ 17,494,683	\$ 14,403,721
Judicial administration	5,768,152	5,598,594	5,682,096	5,147,078	6,053,891	6,153,636	6,339,331	6,487,976	6,806,106	7,021,177
Public safety	27,483,149	23,996,973	30,842,789	30,313,710	32,036,916	34,180,592	34,366,944	36,231,265	38,479,969	37,517,274
Public works	7,474,088	6,985,073	7,986,260	9,161,360	7,258,365	9,128,572	9,918,359	9,467,161	12,068,804	13,788,008
Health and human services	7,061,327	7,013,325	7,368,295	7,742,508	7,883,242	8,482,617	9,523,747	9,861,040	10,013,082	11,381,315
Education	85,595,145	87,713,464	87,508,710	93,728,530	94,073,287	100,445,268	101,088,169	98,469,065	90,097,401	92,152,089
Parks, recreation, and cultural	11,451,751	9,386,351	10,650,141	11,779,541	12,346,131	12,909,059	12,629,914	14,935,315	13,648,175	12,934,278
Community development	11,196,507	10,692,736	12,787,069	11,905,882	10,627,626	9,481,249	9,095,405	11,895,580	12,755,621	16,863,754
Interest on long-term debt	8,822,326	7,787,361	5,869,933	5,386,316	4,905,534	5,647,370	3,919,485	3,164,043	2,718,104	2,342,895
Total governmental activities expenses	174,700,422	178,452,024	177,502,812	186,426,330	183,953,213	197,439,444	202,047,138	211,611,255	204,081,945	208,404,511
Business-type activities:										
Service Authority	21,311,746	19,888,935	19,971,937	19,876,242	19,522,028	20,319,667	(1)			
Total business-type expenses	21,311,746	19,888,935	19,971,937	19,876,242	19,522,028	20,319,667				
Total Primary Government expenses	\$ 196,012,168	\$ 198,340,959	\$ 197,474,749	\$ 206,302,572	\$ 203,475,241	\$ 217,759,111	\$ 202,047,138	\$ 211,611,255	\$ 204,081,945	\$ 208,404,511
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	\$ 7,758,238	\$ 8,047,642	\$ 7,547,746	\$ 7,797,839	\$ 7,973,771	\$ 8,423,063	\$ 7,864,966	\$ 7,037,200	\$ 8,964,741	\$ 723,447
Judicial administration	1,839,637	1,832,471	2,464,271	2,366,908	2,407,582	2,404,298	2,409,617	2,356,934	2,442,666	2,578,045
Public safety	3,330,101	3,455,177	3,558,411	3,281,957	2,964,057	2,875,855	2,854,882	3,228,215	3,640,278	2,530,564
Public works	281,256	270,799	649,214	665,260	666,939	717,890	1,519,402	1,821,129	1,904,929	2,393,552
Parks, recreation and cultural	2,854,489	3,109,047	3,563,791	3,667,720	3,694,635	3,734,663	2,844,953	2,280,933	3,347,556	3,961,768
Community development	-	-	392,584	362,057	348,103	366,606	330,451	448,007	645,255	1,415,375
Total charges for services	16,063,721	16,715,136	18,176,017	18,141,741	18,055,087	18,522,375	17,824,271	17,172,418	20,945,425	13,602,751
Operating grants and contributions	30,572,383	31,767,861	32,181,074	32,903,768	32,980,663	33,465,872	41,795,253	40,978,706	26,916,551	27,167,341
Capital grants and contributions	1,286,856	346,627	269,439	196,051	828,415	1,125,513	180,635	1,639,515	169,569	1,093,064
Total governmental activities program revenues	47,922,960	48,829,624	50,626,530	51,241,560	51,864,165	53,113,760	59,800,159	59,790,639	48,031,545	41,863,156
Business-type activities:										
Charges for services	16,131,430	16,452,120	16,018,375	19,064,677	19,523,972	19,248,136				
Operating grants and contributions	-	-	-	-	-	-				
Capital grants and contributions	3,388,700	5,284,379	6,865,346	1,509,214	796,235	5,137,825	(1)			
Total business-type activities program revenues	19,520,130	21,736,499	22,883,721	20,573,891	20,320,207	24,385,961				
Total Primary Government program revenues	\$ 67,443,090	\$ 70,566,123	\$ 73,510,251	\$ 71,815,451	\$ 72,184,372	\$ 77,499,721	\$ 59,800,159	\$ 59,790,639	\$ 48,031,545	\$ 41,863,156
Net (expense)/revenue:										
Governmental activities	\$ (122,414,771)	\$ (129,622,400)	\$ (126,876,282)	\$ (135,194,770)	\$ (132,089,048)	\$ (144,325,684)	\$ (142,246,979)	\$ (151,820,616)	\$ (156,050,400)	\$ (166,541,355)
Business-type activities	(1,482,796)	1,847,564	2,911,784	697,649	798,179	4,066,294	(1)			
Total Primary Government net expense	\$ (123,897,567)	\$ (127,774,836)	\$ (123,964,498)	\$ (134,497,121)	\$ (131,290,869)	\$ (140,259,390)	\$ (142,246,979)	\$ (151,820,616)	\$ (156,050,400)	\$ (166,541,355)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 111,899,484	\$ 113,359,672	\$ 120,796,742	\$ 128,334,481	\$ 131,493,564	\$ 134,846,403	\$ 138,698,177	\$ 145,884,708	\$ 149,086,210	\$ 164,168,554
Other local taxes	21,435,046	22,771,626	24,027,667	24,555,363	24,442,882	29,324,049	25,981,646	29,370,617	38,372,537	46,736,083
Interest on investment earnings	339,358	232,388	263,745	402,544	382,080	795,865	966,252	349,292	444,493	3,877,227
Miscellaneous	1,875,485	4,217,842	1,932,580	2,924,978	3,065,493	2,779,596	1,493,215	3,950,128	5,433,116	3,476,055
Total governmental activities	135,549,373	140,581,528	147,020,734	156,217,366	159,384,019	167,745,913	167,139,290	179,554,745	193,336,356	218,257,919
Business-type activities:										
Interest on investment earnings	267,061	248,207	519,767	90,148	43,940	1,904,327				
Miscellaneous	520,504	1,013,854	832,182	973,869	726,432	495,207	(1)			
Total business-type activities	787,565	1,262,061	1,351,949	1,064,017	770,372	2,399,534				
Total Primary Government	\$ 136,336,938	\$ 141,843,589	\$ 148,372,683	\$ 157,281,383	\$ 160,154,391	\$ 170,145,447	\$ 167,139,290	\$ 179,554,745	\$ 193,336,356	\$ 218,257,919
Change in net position:										
Governmental activities	\$ 8,771,911	\$ 10,959,128	\$ 20,144,452	\$ 21,032,596	\$ 27,294,971	\$ 23,420,229	\$ 24,892,311	\$ 27,734,129	\$ 37,285,956	\$ 51,716,564
Business-type activities	(1,004,051)	3,109,625	4,263,733	1,761,666	1,568,551	6,465,828	(1)			
Total Primary Government	\$ 7,767,860	\$ 14,068,753	\$ 24,408,185	\$ 22,794,262	\$ 28,863,522	\$ 29,886,057	\$ 24,892,311	\$ 27,734,129	\$ 37,285,956	\$ 51,716,564

(1) For fiscal years 2019 and prior, the James City Service Authority (JCSA) was reported as a blended component unit and business type activity of James City County. As of fiscal year 2020, JCSA is reported as a discretely presented component unit, and is no longer reported as part of the Primary Government.

Table 3

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund:										
Nonspendable:										
Inventory	\$ 370,536	\$ 340,709	\$ 336,498	\$ 332,335	\$ 311,882	\$ 252,792	\$ 232,235	\$ 222,172	\$ 287,924	\$ 276,396
Prepaid items	-	2,111	-	-	-	-	-	-	-	26,599
Committed:										
Public Schools	-	-	-	-	-	-	-	8,128,540	6,581,532	7,805,781
Assigned:										
General	6,544,809	5,991,822	7,860,584	7,249,473	8,384,195	7,825,910	9,436,272	7,333,706	8,604,806	1,910,388
Capital projects	8,118,950	4,968,111	5,414,938	6,001,542	6,963,412	7,116,956	7,853,810	15,833,459	15,952,529	8,644,565
Debt service	-	-	-	-	-	-	-	-	-	15,653,131
Unassigned	23,099,410	23,360,679	24,681,548	28,339,753	30,119,197	31,693,639	42,058,054	56,029,027	65,248,514	79,210,200
Total general fund	<u>\$ 38,133,705</u>	<u>\$ 34,663,432</u>	<u>\$ 38,293,568</u>	<u>\$ 41,923,103</u>	<u>\$ 45,778,686</u>	<u>\$ 46,889,297</u>	<u>\$ 59,580,371</u>	<u>\$ 87,546,904</u>	<u>\$ 96,675,305</u>	<u>\$ 113,527,060</u>
All other government funds:										
Restricted:										
Bond proceeds held in escrow	-	-	-	-	1,236,338	4,536,503	2,030,253	9,687	11,218	28,738
Grants and special projects	-	-	-	-	-	-	-	-	315,786	1,984,281
Nonmajor governmental funds	-	-	-	-	-	-	1,319,233	882,066	961,110	4,330,245
Committed:										
Grants and special projects	240,900	69	-	-	-	-	-	1,661,733	2,549,008	6,187,118
Capital projects	8,320,449	1,551,387	28,907,491	13,781,490	-	-	-	-	-	-
Other governmental funds	-	-	-	-	-	-	-	-	-	1,390,129
Assigned:										
Capital projects	14,466,602	16,178,748	18,699,213	26,115,707	26,401,040	29,732,523	31,263,804	27,489,088	39,845,175	53,396,820
Other governmental funds	4,505,717	4,957,409	6,111,183	7,233,419	10,523,259	9,761,066	12,375,121	4,508,720	12,306,078	3,376,641
Total all other governmental funds	<u>\$ 27,533,668</u>	<u>\$ 22,687,613</u>	<u>\$ 53,717,887</u>	<u>\$ 47,130,616</u>	<u>\$ 38,160,637</u>	<u>\$ 44,030,092</u>	<u>\$ 46,988,411</u>	<u>\$ 34,551,294</u>	<u>\$ 55,988,375</u>	<u>\$ 70,693,972</u>

Table 4

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
General property taxes	\$ 112,151,342	\$ 112,542,078	\$ 124,363,595	\$ 128,094,252	\$ 130,402,106	\$ 134,744,837	\$ 138,724,196	\$ 144,766,114	\$ 146,502,246	\$ 160,843,816
Other local taxes	21,435,046	22,771,626	24,027,667	24,555,363	24,442,882	29,324,049	25,981,646	29,370,617	38,372,537	46,904,944
Licenses, permits, and fees	8,134,299	8,443,821	8,779,496	9,049,208	8,892,499	9,496,531	8,878,568	8,354,258	10,507,338	2,227,922
Fines and forfeitures	293,625	271,615	309,278	270,716	265,561	292,518	231,608	154,314	205,478	188,209
Use of money and property	339,358	232,388	263,745	402,544	382,080	795,865	966,252	349,292	444,493	3,877,227
Charges for services	5,549,607	5,944,750	6,623,273	6,471,404	6,656,889	6,586,341	6,291,204	6,341,310	7,678,699	8,232,122
Miscellaneous	1,875,484	4,217,842	1,932,580	2,924,978	3,065,493	2,779,596	1,493,215	3,929,305	4,753,731	3,432,978
Intergovernmental	33,945,431	34,169,438	34,635,171	35,092,799	35,731,814	36,733,787	44,338,305	44,917,875	29,392,759	30,505,767
Total revenues	183,724,192	188,593,558	200,934,805	206,861,264	209,839,324	220,753,524	226,904,994	238,183,085	237,857,281	256,212,985
Expenditures:										
General government administration	9,643,858	9,432,889	9,678,060	9,770,250	10,086,403	11,651,426	12,905,240	15,239,378	15,448,266	16,957,522
Judicial administration	5,514,609	5,599,728	5,463,744	5,870,569	5,856,353	5,908,750	5,954,875	6,276,544	6,450,992	6,932,333
Public works	7,353,940	6,976,533	27,878,252	28,443,672	28,728,800	31,127,333	31,102,285	32,582,648	35,344,302	41,889,727
Health and human services	7,061,327	7,193,841	7,082,202	7,833,811	7,635,751	8,235,686	8,652,838	8,542,554	9,858,415	11,057,736
Education	77,496,482	79,610,865	7,234,052	7,350,896	7,584,697	8,259,078	9,383,160	9,613,906	9,826,707	11,280,547
Parks, recreation, and cultural	9,899,159	9,858,887	79,825,974	84,299,207	85,395,004	91,070,061	92,286,710	91,265,989	80,953,282	78,622,373
Public safety	26,764,383	27,475,307	9,872,451	10,293,611	10,394,095	10,896,838	10,751,418	10,947,198	11,646,489	13,638,908
Community development	10,958,279	10,769,064	10,353,844	11,827,600	9,959,810	10,451,529	9,682,050	10,318,221	12,209,744	14,621,063
Nondepartmental	721,744	525,433	1,183,538	-	-	-	16,128	-	51,542	-
Debt service (2):										
Principal	16,417,326	16,862,695	17,122,377	16,206,234	16,284,125	14,343,182	14,282,841	12,471,271	12,408,938	12,770,426
Interest and other fiscal charges	8,822,326	7,787,361	6,188,222	6,841,056	6,195,080	5,848,486	5,447,279	4,655,693	4,441,433	3,927,359
Bond issuance costs	-	112,863	1,173,546	-	-	380,771	-	273,391	-	-
Lease financing	-	-	-	-	-	-	-	-	-	314,423
Subscription financing	-	-	-	-	-	-	-	-	-	687,451
Capital outlay (1)	18,421,679	13,424,741	12,647,985	25,818,138	26,833,602	26,793,328	11,824,193	13,411,798	15,893,291	12,605,501
Total expenditures	199,075,112	195,630,207	195,704,247	214,555,044	214,953,720	224,966,468	212,289,017	215,598,591	214,533,401	225,305,369
Excess (deficiency) of revenues over (under) expenditures	(15,350,920)	(7,036,649)	5,230,558	(7,693,780)	(5,114,396)	(4,212,944)	14,615,977	22,584,494	23,323,880	30,907,616
Other financing sources (uses):										
Transfers in	34,729,940	35,271,660	40,956,217	40,745,506	40,309,261	46,365,441	36,233,275	26,987,246	51,168,906	45,595,301
Transfers out	(34,729,940)	(35,271,660)	(40,956,217)	(40,745,506)	(40,309,261)	(46,365,441)	(36,233,275)	(26,987,246)	(51,168,906)	(52,403,952)
Issuance of debt	-	34,185,000	91,665,000	-	-	14,195,000	-	11,030,000	-	-
Premiums on bonds issued	-	3,907,273	10,930,294	-	-	1,150,501	-	2,450,765	-	-
Proceeds from financed purchase	-	-	-	-	-	-	-	-	62,571	4,708,260
Proceeds from leases	-	-	-	4,736,044	-	-	-	1,693,311	-	510,976
Proceeds from subscriptions	-	-	-	-	-	-	-	-	-	2,239,151
Payment to refunded bond escrow agent	-	(39,371,952)	(73,165,442)	-	-	-	-	(14,297,561)	-	-
Total other financing sources (uses), net	-	(1,279,679)	29,429,852	4,736,044	-	15,345,501	-	876,515	62,571	649,736
Net change in fund balances	\$ (15,350,920)	\$ (8,316,328)	\$ 34,660,410	\$ (2,957,736)	\$ (5,114,396)	\$ 11,132,557	\$ 14,615,977	\$ 23,461,009	\$ 23,386,451	\$ 31,557,352
Debt service as a percentage of noncapital expenditures	13.97%	13.35%	12.56%	11.99%	11.74%	10.18%	0.10%	8.43%	8.39%	8.38%

(1) Including operating transfers to capital projects.

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

Table 5

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

Fiscal year	Total real property	General personal property	Machinery and tools	Mobile homes	Total Personal property	Public service	Total assessed value	Total direct tax rate
2014	\$11,067,756,400	\$ 710,720,870	\$ 144,950,305	\$ 8,346,659	\$ 864,017,834	\$ 233,973,337	\$12,165,747,571	\$ 4.77
2015	11,148,405,300	783,249,672	144,694,099	7,901,856	935,845,627	336,370,602	12,420,621,529	4.84
2016	11,352,153,219	770,378,346	145,094,277	7,533,858	923,006,481	236,177,856	12,511,337,556	4.84
2017	11,608,801,433	809,023,687	147,942,350	7,008,284	963,974,321	245,349,999	12,818,125,753	4.84
2018	11,797,419,633	862,391,419	151,313,988	6,377,045	1,020,082,452	247,568,334	13,065,070,419	4.84
2019	12,089,303,067	898,095,969	150,923,619	6,628,640	1,055,648,228	262,267,902	13,407,219,197	4.84
2020	12,241,257,556	895,259,839	155,315,787	7,099,488	1,057,675,114	388,057,441	13,686,990,111	4.84
2021	12,617,887,537	970,206,188	155,735,247	8,655,439	1,134,596,874	551,095,928	14,303,580,339	4.84
2022	12,762,586,854	1,060,624,768	156,981,638	9,802,261	1,227,408,667	492,067,041	14,482,062,562	4.84
2023	13,991,898,842	1,175,910,328	163,770,203	11,304,406	1,350,984,937	510,430,407	15,853,314,186	4.83

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

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

Table 6

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

Fiscal year	Real estate tax (1)	Personal property tax (1)	Room tax	Meal tax	Retail sales tax (2)	Historic Triangle sales tax (3)	Total direct tax rate
2014	\$ 0.77	\$ 4.00	\$ 5.00	\$ 4.00	\$ 1.00	\$ -	\$ 4.77
2015	0.77	4.00	5.00	4.00	1.00	-	4.77
2016	0.84	4.00	5.00	4.00	1.00	-	4.84
2017	0.84	4.00	5.00	4.00	1.00	-	4.84
2018	0.84	4.00	5.00	4.00	1.00	-	4.84
2019	0.84	4.00	5.00	4.00	1.00	1.00	4.84
2020	0.84	4.00	5.00	4.00	1.00	1.00	4.84
2021	0.84	4.00	5.00	4.00	1.00	1.00	4.84
2022	0.84	4.00	5.00	4.00	1.00	1.00	4.84
2023	0.83	4.00	5.00	4.00	1.00	1.00	4.83

(1) Per \$100 assessed value

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

(3) Effective July 1, 2018

Note: There are no overlapping taxes in the rates disclosed in this table.

Table 7

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

Principal Property Tax Payers						
	2023			2014		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 5,611,111	1	3.23%	\$ 4,946,277	1	4.10%
Virginia Electric & Power Company	3,207,648	2	1.84%	935,319	5	0.78%
Seaworld Parks & Entertainment, LLC	2,282,643	3	1.31%	1,970,748	2	1.63%
Wal-Mart, Inc	1,206,517	4	0.69%	1,165,877	3	0.97%
Premium Outlets of Williamsburg (1)	1,169,965	5	0.67%	836,124	6	0.69%
Historic Powhatan Resort Owners Assoc	1,028,762	6	0.59%	981,527	4	0.81%
Ball Metal Container	929,571	7	0.53%	693,391	8	0.57%
Williamsburg Landing, Inc	911,838	8	0.52%	743,311	7	0.62%
Riverside Healthcare Assoc	727,317	9	0.42%			
Vacation Village at Williamsburg (2)	698,711	10	0.40%	657,301	10	0.55%
Owens-Brockway				671,123	9	0.56%
Total	\$ 17,774,083		10.20%	\$ 13,600,998		11.28%

Source: Commissioner of the Revenue

(1) Premium Outlets includes two related parties, Williamsburg Outlets, LLC and Williamsburg Mazel, LLC, which have been combined to show the value of the shopping center.

(2) Formerly known as Williamsburg Plantation Owners Association.

Principal Personal Property Tax Payers						
	2023			2014		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 4,441,146	1	8.46%	\$ 3,863,022	1	11.27%
Seaworld Parks, LLC	1,717,148	2	3.27%	1,449,064	2	4.23%
Ball Metal Container	790,023	3	1.51%	588,304	4	1.72%
Owens-Brockway Glass Container	475,605	4	0.91%	598,873	3	1.75%
Printpack, Inc.	470,799	5	0.90%	475,100	5	1.39%
Cox Communications of Hampton Roads	385,378	6	0.73%	253,341	7	0.74%
Wal-Mart, Inc.	322,567	7	0.61%	343,298	6	1.00%
Citizen Asset Finance, Inc.	231,809	8	0.45%			
HVT, Inc.	228,424	9	0.44%	152,877	8	0.45%
Toyota Lease Trust	225,089	10	0.43%			
Branscome, Inc.				148,453	9	0.43%
Xanterra Kingsmill, LLC				99,714	10	0.29%
Total	\$ 9,287,988		17.71%	\$ 7,972,046		23.27%

Source: James City County, Commissioner of the Revenue

Principal Real Estate Property Tax Payers						
	2023			2014		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Virginia Electric & Power Company	\$ 3,207,648	1	2.64%	\$ 932,033	3	1.08%
Premium Outlets of Williamsburg (1)	1,169,965	2	0.96%	829,840	4	0.96%
Anheuser-Busch, Inc.	1,138,942	3	0.94%	1,083,225	1	1.26%
Historic Powhatan Resort Owners Assoc. (3)	997,634	4	0.82%	966,499	2	1.12%
Wal-Mart, Inc.	883,950	5	0.73%	822,579	5	0.95%
Williamsburg Landing, Inc	814,438	6	0.67%	675,738	6	0.78%
Riverside Healthcare Assoc.	695,724	7	0.57%			
Vacation Village at Williamsburg (2)	692,239	8	0.57%	650,029	7	0.75%
Manor Club at Ford's Colony	643,256	9	0.53%	596,756	8	0.69%
Virginia United Methodist Homes, Inc.	638,067	10	0.53%	577,698	9	0.67%
Seaworld Parks, LLC				521,684	10	0.60%
Total	\$ 10,881,863		8.96%	\$ 7,656,081		8.86%

Source: James City County, Commissioner of the Revenue

(1) Premium Outlets includes two related parties, Williamsburg Outlets, LLC and Williamsburg Mazel, LLC, which have been combined to show the value of the shopping center.

(2) Formerly known as Williamsburg Plantation Owners Association.

(3) Formerly known as Powhatan Plantation Owners Association.

Table 8

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

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount (1)	Percentage of levy		Amount	Percentage of levy
2014	\$ 118,794,190	\$ 100,523,591	84.62%	\$ 17,985,668	\$ 118,509,259	99.76%
2015	116,289,522	101,071,578	86.91%	14,681,894	115,753,472	99.54%
2016	122,616,224	106,867,113	87.16%	14,476,777	121,343,890	98.96%
2017	126,902,513	109,436,232	86.24%	15,895,512	125,331,744	98.76%
2018	129,502,759	111,268,080	85.92%	17,510,094	128,778,174	99.44%
2019	133,720,786	114,672,068	85.75%	16,894,911	131,566,979	98.39%
2020	135,651,256	114,426,238	84.35%	19,252,744	133,678,982	98.55%
2021	142,108,857	120,664,965	84.91%	19,196,062	139,861,027	98.42%
2022	143,792,467	122,219,660	85.00%	19,533,920	141,753,580	98.58%
2023	157,942,362	133,520,676	84.54%	-	133,520,676	84.54%

Source: James City County, Treasurer

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

Table 9

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

Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Apparel stores	\$ 213,354,143	\$ 194,143,321	\$ 194,900,831	\$ 186,607,800	\$ 161,355,210	\$ 153,888,820	\$ 148,561,525	\$ 116,650,461	\$ 125,868,678	\$ 124,983,917
Automotive dealers, supplies and repair	21,122,470	20,893,120	23,582,443	23,292,016	27,301,606	27,495,725	27,923,233	29,737,445	40,036,732	44,731,855
Building materials, machinery and equipment	18,093,198	18,046,110	20,957,143	19,658,032	18,140,731	16,525,955	15,897,685	32,678,513	34,325,048	30,432,607
Eating and drinking establishments	116,111,215	112,320,430	116,764,293	113,221,696	96,580,559	100,513,316	103,898,550	96,894,374	118,945,292	124,859,642
Food stores	169,193,864	172,591,926	178,533,330	173,053,026	166,510,730	159,139,231	171,721,520	215,713,106	226,813,897	249,773,470
Furniture, home furnishings and household equipment	31,239,589	33,524,596	34,915,814	33,199,279	30,254,081	29,813,814	28,837,623	28,645,435	29,436,353	24,906,212
General merchandise	116,426,211	133,412,703	138,011,583	138,691,794	148,614,533	158,022,671	148,055,718	157,187,098	177,380,986	187,545,120
Lodging	15,276,927	20,352,083	22,528,553	21,630,584	23,009,096	20,053,827	18,872,605	7,885,431	19,862,330	21,573,083
Other outlets	38,297,074	32,410,167	31,055,094	31,872,830	38,055,982	23,929,492	13,410,125	78,373,797	149,942,530	171,438,838
Other retail stores, dealers, trades and services	205,764,580	231,051,462	250,886,839	243,076,757	261,444,986	275,721,770	277,858,734	113,465,655	138,168,869	147,637,581
Total	\$ 944,881,285	\$ 968,747,933	\$ 1,012,137,939	\$ 984,305,831	\$ 971,269,532	\$ 965,106,640	\$ 955,039,338	\$ 877,233,336	\$ 1,060,780,715	\$ 1,127,882,325

Source: Weldon Cooper Center

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

Table 10

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

Fiscal year	Governmental activities						Business-type activity (3)	Total primary government	Percentage of personal income (1)	Per capita personal income (2)
	General obligation bonds	Financed purchases	Leases	Subscriptions	Lease revenue bonds (4)	Total	Revenue bonds			
2014	\$ 72,164,244	\$ 984,528	\$ -	\$ -	\$ 114,416,000	\$ 187,564,772	\$ 24,660,000	\$ 212,224,772	23.15%	\$ 56,377
2015	65,458,589	858,833	-	-	103,604,000	169,921,422	24,115,000	194,036,422	26.89%	59,126
2016	49,844,842	728,456	-	-	130,451,552	181,024,850	24,118,109	205,142,959	26.61%	60,952
2017	44,155,482	4,195,266	-	-	119,855,768	168,206,516	23,269,202	191,475,718	29.60%	62,192
2018	38,348,323	3,183,141	-	-	109,069,984	150,601,448	22,600,295	173,201,743	32.90%	61,913
2019	33,966,163	2,146,958	-	-	112,183,815	148,296,936	21,906,388	170,203,324	34.85%	63,928
2020	29,479,003	1,086,117	-	-	102,028,321	132,593,441	-	132,593,441	47.73%	67,364
2021	26,481,646	1,340,157	-	-	90,434,122	118,255,925	-	118,255,925	59.28%	73,332
2022	23,404,288	1,015,683	779,568	-	80,105,604	105,305,143	-	105,305,143	69.98%	75,891
2023	20,231,931	4,488,517	996,926	1,551,700	71,645,924	98,914,998	-	98,914,998	**	**

(1) Based on personal income from Table 13

(2) From Table 13, calendar year basis

(3) Prior to fiscal years 2020, the James City Service Authority (JCSA) was reported as a blended component unit and business type activity of James City County. As of fiscal year 2020, JCSA is reported as a discretely presented component unit and is no longer reported as part of the primary government.

(4) Beginning in fiscal year 2023, in accordance with GASB Statement No. 91, *Conduit Debt Obligations*, lease revenue bonds are presented as "EDA payable, net" in the basic financial statements.

** Statistics not yet available

Table 11

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

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita							
Fiscal year	Population (1)	Assessed value (2)	Gross bonded debt (3)	Less debt service monies available (4)	Net bonded debt	Ratio of net bonded debt to assessed value	Net bonded debt per capita
2014	70,020	\$ 12,165,747,571	\$ 72,164,244	\$ 2,920,538	\$ 69,243,706	56.92%	\$ 989
2015	71,015	12,420,621,529	65,458,589	2,920,369	62,538,220	50.35%	881
2016	72,099	12,511,337,556	49,844,842	1,219,616	48,625,226	38.86%	674
2017	73,189	12,818,125,753	44,155,482	1,221,521	42,933,961	33.49%	587
2018	74,309	13,065,070,419	38,348,323	1,222,024	37,126,299	28.42%	500
2019	75,444	13,407,219,197	33,966,163	1,226,463	32,739,700	24.42%	434
2020	76,633	13,686,990,111	29,479,003	-	29,479,003	21.54%	385
2021	78,317	14,303,580,339	26,481,646	-	26,481,646	18.51%	338
2022	78,567	14,482,062,562	23,404,288	-	23,404,288	16.16%	298
2023	79,488	15,853,314,186	20,231,931	-	20,231,931	12.76%	255

(1) From Table 13; based on calendar year

(2) From Table 5

(3) Includes all long-term general obligation bonded debt and related premiums

(4) Debt Service Reserve Funds held by a trustee

** Statistics not yet available

Ratio of Annual Debt Service Expenditures for General Bonded Debt (1) to Total General Government Expenditures and Revenues							
Fiscal year	Principal	Interest (1)	Total debt service (3)	Total general governmental expenditures (2)	Ratio of debt service to general total governmental expenditures	Total general governmental revenues (2)	Ratio of debt service to general total governmental revenues
2014	\$ 16,417,326	\$ 8,822,326	\$ 25,239,652	\$ 211,866,777	11.91%	\$ 209,633,075	12.04%
2015	16,862,695	8,781,971	25,644,666	218,984,810	11.71%	213,074,589	12.04%
2016	17,122,377	6,188,222	23,310,599	226,845,449	10.28%	239,451,445	9.74%
2017	16,206,234	6,841,056	23,047,290	231,072,402	9.97%	245,652,126	9.38%
2018	16,284,125	6,195,080	22,479,205	231,635,241	9.70%	248,003,274	9.06%
2019	14,343,182	5,848,486	20,191,668	251,898,565	8.02%	259,858,415	7.77%
2020	14,282,841	5,447,279	19,730,120	243,309,721	8.11%	269,835,290	7.31%
2021	12,471,271	4,655,693	17,126,964	241,887,289	7.08%	279,751,973	6.12%
2022	12,408,938	4,441,433	16,850,371	280,172,584	6.01%	290,202,319	5.81%
2023	12,770,426	3,948,164	16,718,590	296,230,822	5.64%	310,251,316	5.39%

(1) Excludes bond issuance and other costs.

Reflects recurring expenditures and revenues included in the General Fund, Debt Service Fund, Special Revenue funds, transfers to Capital

(2) Projects Fund and the County's percentage of discretely presented Component Unit - Public Schools' Operating Fund.

(3) The County has no overlapping debt.

Table 12

County of James City, Virginia
Pledged Revenue Coverage
James City Service Authority
Last Ten Fiscal Years

Fiscal year	Gross revenues	Operating expenses (1)	Net revenue available for debt service	Debt service requirements (2)			Coverage
				Principal	Interest	Total	
2014	\$ 16,918,995	\$ 12,218,405	\$ 4,700,590	\$ 545,000	\$ 1,100,931	\$ 1,645,931	2.86
2015	17,714,181	10,982,443	6,731,738	565,000	1,081,856	1,646,856	4.09
2016	17,370,324	10,701,704	6,668,620	785,000	571,161	1,356,161	4.92
2017	20,128,694	10,904,086	9,224,608	605,000	749,450	1,354,450	6.81
2018	22,581,900	11,241,739	11,340,161	630,000	725,250	1,355,250	8.37
2019	21,647,670	11,669,089	9,978,581	655,000	700,050	1,355,050	7.36
2020	22,615,631	12,364,418	10,251,213	1,274,000	802,305	2,076,305	4.94
2021	24,730,046	13,407,680	11,322,366	1,246,000	826,394	2,072,394	5.46
2022	22,599,100	13,143,835	9,455,265	1,283,000	792,886	2,075,886	4.55
2023	21,892,094	15,594,561	6,297,533	1,335,000	743,456	2,078,456	3.03

Source: James City Service Authority, Annual Comprehensive Financial Report

(1) Excludes depreciation

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

Table 13

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

Calendar year	Population (1)	Personal income (2)	Per capita personal income (2)	Unemployment percentage (3)
2014	70,020	\$4,912,038,000	\$ 56,377	4.8%
2015	71,015	5,216,840,000	59,126	4.3%
2016	72,099	5,459,563,000	60,952	3.8%
2017	73,189	5,667,509,000	62,192	3.5%
2018	74,309	5,697,923,000	61,913	2.9%
2019	75,444	5,930,913,000	63,928	2.6%
2020	76,633	6,328,548,000	67,364	7.1%
2021	78,317	7,009,723,000	73,332	4.0%
2022	78,567	7,369,663,000	75,891	2.9%
2023	79,488	**	**	**

Source: (1) Weldon Cooper Center

(2) Bureau of Economic Analysis; combined data for James City County and the City of Williamsburg

(3) Virginia Employment Commission

** Statistics not yet available

Median Household Income			
Calendar year	James City County	Virginia	United States
2014	\$ 76,705	\$ 64,792	\$ 53,482
2015	75,710	65,015	53,889
2016	80,226	66,149	55,322
2017	80,772	68,766	57,652
2018	83,048	71,564	60,293
2019	87,678	74,222	62,843
2020	91,675	76,398	64,994
2021	94,907	80,615	69,021
2022	100,711	87,249	75,149
2023	**	**	**

Source: U.S. Census Bureau

** Statistics not yet available

Households and Poverty					
Fiscal year	Occupied households (2)	Persons per household (1)	Total household population	Supplemental Nutrition Assistance Program (SNAP)	
				No. of households (2)	Percentage of occupied households
2014	28,415	2.61	74,163	2,211	7.78%
2015	28,986	2.62	75,943	2,006	6.92%
2016	29,390	2.61	76,708	1,870	6.36%
2017	29,807	2.62	78,094	1,773	5.95%
2018	30,240	2.61	78,926	1,729	5.72%
2019	30,608	2.61	79,887	1,690	5.52%
2020	31,036	2.60	80,694	1,676	5.40%
2021	31,458	2.57	80,847	1,893	6.02%
2022	32,068	2.55	81,773	2,271	7.08%
2023	32,766	**	**	2,366	7.22%

Source: (1) U.S. Census Bureau

(2) James City County, Social Services Department

** Statistics not yet available

(Continued)

Table 13 (Continued)

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

Population and Age Distribution

Year	Population		Percentage Increase	
1950	6,317		28.7%	
1960	11,539		82.7%	
1970	17,853		54.7%	
1980	22,763		27.5%	
1990	34,859		53.1%	
2000	48,102		38.0%	
2010	67,009		39.3%	
2020	78,254		16.8%	

Age	1980		1990		2000		2010		2020	
0-14	5,008	22.0%	7,211	20.7%	9,254	19.2%	11,608	17.3%	12,220	15.6%
15-19	2,276	10.0%	2,147	6.2%	2,838	5.9%	4,120	6.1%	4,335	5.5%
20-29	3,870	17.0%	5,330	15.3%	-	0.0%	-	0.0%	-	0.0%
20-34	*	*	*	*	7,484	15.6%	9,741	14.5%	11,525	14.7%
30-44	4,780	21.0%	8,901	25.5%	-	0.0%	-	0.0%	-	0.0%
35-44	*	*	*	*	7,866	16.4%	8,133	12.1%	8,647	11.0%
45-64	5,235	23.0%	7,255	20.8%	12,563	26.1%	19,537	29.2%	20,130	25.7%
65+	1,594	7.0%	4,015	11.5%	8,097	16.8%	13,870	20.7%	21,397	27.3%
	22,763	100%	34,859	100%	48,102	100%	67,009	100%	78,254	100%

Source: U.S. Census Bureau

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

Unemployment Rate and Labor Force

Calendar year	Civilian labor force	Employed	Unemployed	Unemployment rate
2014	34,735	33,060	1,675	4.8%
2015	34,430	32,960	1,470	4.3%
2016	34,910	33,580	1,330	3.8%
2017	36,236	34,977	1,259	3.5%
2018	36,646	35,579	1,067	2.9%
2019	36,914	35,941	973	2.6%
2020	36,829	34,213	2,616	7.1%
2021	36,503	35,061	1,442	4.0%
2022	37,036	35,960	1,076	2.9%
2023	**	**	**	**

Source: Virginia Employment Commission

** Statistics not yet available

Table 14

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

	2023			2014		
	Employees	Rank	Percent of total County employment	Employees	Rank	Percent of total County employment
Williamsburg-James City County Public Schools	1000+	1	9.24%	1000+	2	5.13%
James City County	1000+	2	3.61%	500-999	4	2.07%
Busch Entertainment	500-999	3	3.39%	1000+	1	**
Eastern State Hospital	500-999	4	3.05%	500-999	3	2.56%
Wal-mart Import Distribution Center	500-999	5	2.88%	500-999	5	1.79%
Riverside Regional Medical Center	500-999	6	2.63%			
Anheuser-Busch Inbev	500-999	7	1.91%	500-999	6	1.68%
Williamsburg Landing	250-499	8	1.36%	250-999	10	0.88%
Owens & Minor/AVID Medical	250-499	9	1.33%	250-499	8	1.46%
Ball Metal	100-249	10	0.71%			
Kingsmill Resort				500-999	7	1.46%
Jamestown-Yorktown Foundation				250-499	9	0.88%
Total			<u>30.11%</u>			<u>17.91%</u>

Source: James City County, Economic Development Department

** Information was not available.

Table 15

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

Function/program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Administrative:										
Board of supervisors	1.0	1.0	0.5	0.5	0.5	0.5	-	-	-	-
County administration	3.0	3.0	3.0	3.0	4.0	6.0	7.0	7.0	8.0	8.0
County attorney	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0
Communications	7.0	7.0	8.0	8.0	8.0	-	-	-	-	-
Economic development	4.0	4.0	3.5	3.5	3.5	3.5	3.0	4.0	4.0	4.0
Office of Elections	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	5.0
Human resources	7.0	7.0	7.0	7.0	7.0	8.0	7.0	7.0	7.0	8.0
Financial administration:										
Accounting	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	8.0	9.0
Commissioner of the revenue	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Financial and management services	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	5.0
Purchasing	4.0	4.0	4.0	5.0	5.0	5.0	5.5	6.0	6.0	6.0
Real estate assessments	10.0	10.0	10.0	10.0	10.0	8.0	8.0	8.0	8.0	9.0
Treasurer	12.0	13.0	13.0	13.0	13.0	13.0	14.0	14.0	14.0	16.0
Satellite services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	**
Information resources management:										
Information resources management	21.0	21.0	21.0	21.0	21.0	15.0	14.0	13.0	13.0	14.0
Information technology core applications	-	-	-	-	-	5.0	6.0	6.0	7.0	7.0
Information technology infrastructure	-	-	-	-	-	8.0	9.0	9.0	11.0	11.0
General services:										
Facilities maintenance	18.0	18.0	18.0	19.0	18.0	18.0	18.0	18.5	19.0	19.0
Fleet and equipment	8.0	8.0	8.0	8.0	8.0	8.0	8.5	9.0	9.0	10.0
General and capital services	8.0	7.0	7.0	7.0	9.5	10.5	11.5	11.5	12.5	13.5
Grounds maintenance	25.0	25.0	25.0	26.0	26.5	27.5	28.5	28.5	29.5	35.5
Solid waste management	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	7.0	8.0
Stormwater	4.0	6.0	8.0	8.0	7.0	18.0	18.0	18.0	19.0	20.0
Community development:										
Building safety and permits	13.0	14.0	14.0	15.0	16.0	17.0	17.0	17.0	17.0	18.0
Community Development	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	4.0	4.0
Engineering and resource protection	12.0	11.0	11.0	11.0	11.0	-	-	-	-	-
Planning	10.0	10.0	10.0	10.0	9.0	11.0	11.0	11.0	11.0	11.0
Zoning enforcement	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Judicial:										
Courts/judicial	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Courthouse	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Clerk of the circuit court	12.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	13.0
Commonwealth's attorney	9.0	9.0	9.0	10.0	11.0	11.0	13.0	13.0	13.0	13.0
Sheriff	16.0	16.0	16.0	16.0	17.0	17.0	17.0	17.0	17.0	17.0
Public safety:										
Animal control	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
Emergency communications	26.0	29.0	29.0	29.0	29.0	28.0	28.0	28.0	28.0	28.0
Emergency management	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Fire	110.0	114.0	115.0	115.0	115.0	122.0	128.0	128.0	128.0	137.0
Police	99.0	100.0	103.0	103.0	105.0	108.0	111.0	111.0	112.0	112.0
Parks and recreation	48.0	47.0	49.0	52.0	52.0	54.0	54.0	54.0	53.0	57.0
Total general fund	544.0	552.0	559.0	567.0	573.0	588.0	604.0	606.5	620.0	646.0
Other services:										
Housing and neighborhood development	9.0	8.0	8.0	7.0	8.0	9.0	9.0	10.0	10.0	10.0
JCSA	89.0	89.0	89.0	89.0	91.0	96.0	(1)			
Social services	51.0	51.0	51.0	52.0	53.0	53.0	56.0	56.0	60.0	61.0
Colonial community corrections	13.0	13.0	13.0	12.0	12.0	14.0	14.0	14.0	14.0	14.0
Special projects/grants	3.0	3.0	3.0	3.0	6.0	5.0	8.0	8.5	9.0	16.0
Grand total all funds	709.0	716.0	723.0	730.0	743.0	765.0	691.0	695.0	713.0	747.0

Source: James City County, Financial and Management Services Department

(1) For fiscal years 2019 and prior, the James City Service Authority (JCSA) was reported as a blended component unit and business type activity of James City County. As of fiscal year 2020, JCSA is reported as a discretely presented component unit and is no longer reported as part of the Primary Government.

** Beginning in fiscal year 2023, Satellite Services is part of the Treasurer's office.

Table 16

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

Function/program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Calls for service	20,175	20,875	22,225	21,829	22,247	21,806	20,677	20,623	21,683	22,100
Major crimes reported	999	1,182	1,260	1,153	1,133	976	724	791	938	864
Major crimes cleared	247	335	390	335	374	343	231	227	244	211
Fire:										
Fire/other responses	3,065	3,153	3,302	4,010	3,774	3,978	3,646	3,800	3,884	4,382
Inspections	1,829	1,320	1,255	1,169	1,046	914	500	425	437	886
EMS responses	6,450	6,666	7,039	7,141	7,330	7,894	7,486	7,844	8,599	8,951
Refuse collection:										
Refuse collected (tons per day)	11	10	11	12	12	17	18	36	20	17
Recyclables collected (tons per day)	1	1	1	1	2	1	1	2	1	1
Recyclables collected curbside (tons per day)	22	23	24	23	23	24	15	12	11	14
Parks and recreation:										
Community center admissions	444,755	400,367	401,111	434,719	404,919	431,581	296,848	182,210	283,462	383,934
Park attendance	2,428,894	2,595,974	2,817,348	3,075,306	3,742,009	3,997,042	3,930,165	5,340,313	6,114,292	6,367,876
Participants in programs offered	404,023	441,969	463,319	508,776	528,703	505,780	307,607	220,404	223,153	261,532
Water and sewer:										
Water mains breaks	21	26	21	34	25	30	28	27	19	28
New water connections	359	388	423	464	407	292	284	310	365	256
New sewer connections	261	380	447	470	414	287	290	313	358	244

Source: James City County departments, except water and sewer, which is derived from the James City Service Authority's Annual Comprehensive Financial Report.

Table 17

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

Function/program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	5	5	5	5	5	5	5	5	5	5
Parks and recreation:										
Acreage	1,582	1,582	1,582	1,592	1,592	1,592	1,592	1,711	1,711	1,711
Playgrounds	11	12	12	10	10	10	10	10	10	10
Ball fields maintained	65	65	65	70	70	68	68	68	68	67
Tennis courts maintained	5	4	4	4	4	4	-	-	-	-
Pickleball courts maintained	-	-	2	2	2	2	8	8	8	8
Community centers	2	2	2	2	2	2	2	2	2	2
Water and sewer:										
Water lines (miles)	400	402	407	409	410	414	414	418	418	421
Water customers	20,858	21,246	21,669	22,133	22,540	22,832	23,116	23,426	23,791	24,047
Water storage tanks (greater than 250,000 gallons)	7	7	7	7	7	7	7	7	7	7
Average ERCs (1)	18,937	19,415	18,921	20,025	20,220	19,247	18,977	19,142	18,933	19,417
Sewer lines (miles)	430	435	439	440	440	446	446	449	451	454
Sewer gallons collected (millions)	1,862	1,922	1,863	1,971	1,987	1,898	1,879	1,901	1,882	1,923
Sewer customers	22,575	22,955	23,402	23,872	24,286	24,573	24,863	25,176	25,534	25,778

Source: James City County departments, except water and sewer, which is derived from the James City Service Authority's Annual Comprehensive Financial Report.

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

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Compliance Section

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County of James City, Virginia
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Cluster/Program Title/Grant Number	Assistance Listing No.	Subtotal	Total
Department of Agriculture:			
Virginia Department of Social Services:			
Child Nutrition Cluster:			
Virginia Department of Education:			
School Breakfast Program (16161VA307N1099)	10.553	\$ 904,068	
National School Lunch Program (16161VA307N1099)	10.555	3,026,462	
Summer Food Service Program (16161VA307N1099)	10.559	<u>10,534</u>	
Total Child Nutrition Cluster			\$ 3,941,064
Supplemental Nutrition Assistance Program (SNAP) Cluster: State Admin. Matching Grants *	10.561		979,767
Pandemic Electronic Benefit Transfer Program Administrative Costs *	10.649		3,135
Child and Adult Care Food Program *	10.558		18,407
Department of Health and Human Services:			
Virginia Department of Social Services:			
Guardianship Assistance *	93.090		190
Kinship Navigator *	93.471		70,028
Title IV-E Prevention Program *	93.472		7,445
Promoting Safe and Stable Families *	93.556		8,274
Temporary Assistance for Needy Families *	93.558		324,430
Refugee and Entrant Assistance - State Administered Programs *	93.566		20,181
Low-Income Home Energy Assistance *	93.568		57,120
Child Care and Development Fund (CCDF) Cluster: Child Care Mandatory and Matching Funds *	93.596		70,182
Chafee Education and Training Vouchers Program *	93.599		72
Adoption and Legal Guardianship Incentive *	93.603		1,500
Child Welfare Services *	93.645		488
Foster Care - Title IV-E *	93.658		251,012
Adoption Assistance *	93.659		432,438
Social Services Block Grant *	93.667		263,688
Chafee Foster Care Independent Living *	93.674		8,434
Elder Abuse Prevention Intervention *	93.747		8,582
State Children's Insurance Program *	93.767		3,839
Medicaid Cluster:			
Medical Assistance Program, James City County *	93.778	500,775	
Medical Assistance Program, WJCC School Division *	93.778	<u>9,545</u>	
Total Medicaid Cluster			510,320
Head Start Program Cluster: Williamsburg-James City County Community Action Agency *	93.600		186,179
Epidemiology and Laboratory Capacity for Infectious Diseases (NU50CK000555)	93.323		79,847
School-Based Health Workforce Grant (NU90TP922153)	93.354		78,867
Department of Interior: Bureau of Cash Management Payment in Lieu of Taxes	15.000		9,164
Department of Treasury:			
Coronavirus State & Local Fiscal Recovery Fund - James City County	21.027	2,671,471	
Coronavirus State & Local Fiscal Recovery Fund - WJCC School Division	21.027	<u>2,398,904</u>	
Total Program			5,070,375
Department of Homeland Security:			
Virginia Department of Emergency Management:			
Port Security Grant Program *	97.056		305,826
Homeland Security Grant Program *	97.067		19,527
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) *	97.036		16,370
Emergency Management Performance Grants *	97.042		47,061
Department of Housing and Urban Development:			
Housing Counseling Assistance Program	14.169		31,067
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	14.871	1,516,760	
Mainstream Vouchers	14.879	<u>133,417</u>	
Total Housing Voucher Cluster			1,650,177
Family Self Sufficiency Program	14.896		20,546
Virginia Department of Housing and Community Development:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii *	14.228		1,092,855
Emergency Solutions Grant Program *	14.231		358,485
Department of Transportation:			
Highway Safety Cluster:			
National Highway Traffic Safety Admin. - Highway Safety Grant (FSC-2022-52369-22369)	20.600	6,797	
National Highway Traffic Safety Admin. - Highway Safety Grant (154AL-2022-52368-22368)	20.600	4,166	
National Highway Traffic Safety Admin. - Highway Safety Grant (BSC_2023-53364-23364)	20.600	22,504	
National Highway Traffic Safety Admin. - Highway Safety Grant (ENF_AL-2023-53361-23361)	20.600	<u>11,848</u>	
Total Highway Safety Cluster			45,315
Highway Planning and Construction:			
Department of Energy - CMAQ Vehicle Fuel Conversion Incentive Program *	20.205	8,960	8,960
Department of Justice:			
Bureau of Justice Administration:			
Bulletproof Vests Partnership	16.607		4,343
Office of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program (15PBJA-21-GG-01950-JAGX)	16.738	4,321	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	9,933	
Byrne/Justice Assistance Grant Program 2022 - Public Safety Based Programs (9891)	16.738	<u>19,373</u>	
Total Program			33,627
Virginia Department of Criminal Justice Services:			
Crime Victim Assistance (21-A8579VW19)	15.575		128,282
Violence Against Women Formula Grants (22-Z9412VA21)	16.588	7,468	
Violence Against Women Formula Grants (23-A9412VA21)	16.588	<u>22,297</u>	
Total Program			29,765
Department of Education:			
Coronavirus Aid, Relief, and Economic Security - Coronavirus Relief Funds	21.019		13,425
Education Stab. Fund - Governor's Emergency Education Relief Fund (S425C200042)	84.425C	3,574	
Education Stab. Fund - Elementary and Secondary School Emerg. Relief Fund (S425D200008)	84.425D	85,262	
American Rescue Plan Act - Elementary and Secondary School Emerg. Relief Fund (S425U210008)	84.425U	<u>4,018,264</u>	
Total Program			4,107,100
Impact Aid	84.041		162,158
College of William and Mary - Project HOPE (S196A210048, S196A220048)	84.196		31,045
Virginia Department of Education:			
Title I Grants to Local Educational Agencies (S010A190046, S010A200046, S010A210046, S010A220046)	84.010		1,804,815
Title I, Part D, Neglected and Delinquent Children (S013A210046/S013A220046)	84.013		55,384
Vocational Education - Basic Grants to States (V048A220046)	84.048		133,000
Title II, Part A, Supporting Effective Instruction State Grants (S367A190044, S367A200044, S367A210044, S367A220044)	84.367		271,874
Title III, Part A, English Language Acquisition Grants (S365A190046, S365A200046, S365A210046, S365A220046)	84.365		59,457
Title IV, Part A, Student Support and Academic Enrichment Grants (S424A190048, S424A200048, S424A210048, S424A220048)	84.424		61,451
Special Education Cluster:			
Special Education - Grants to States (11027A210107, 11027A220107)	84.027	2,223,636	
American Rescue Plan Act - Special Education - Grants to States (H027X210107)	84.027X	<u>187,185</u>	
Total Program		<u>2,410,821</u>	
Special Education - Preschool Grants (H173A210112, H173A220112)	84.173	31,842	
American Rescue Plan Act - Special Education - Preschool Grants (H173X210112)	84.173X	<u>7,182</u>	
Total Program		<u>39,024</u>	
Total Special Education Cluster			2,449,845
Total			\$ 25,346,788

* Pass-through identifying number is not available.

See accompanying notes to schedule of expenditures of federal awards.

County of James City, Virginia
Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

1) Basis of Presentation

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

2) Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3) Indirect Cost Rate

The County and Public Schools have elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

4) Sub-recipient Payments

There were no awards passed through to sub-recipients during the fiscal year ended June 30, 2023.

**Report of Independent Auditor on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Honorable Members of the Board of Supervisors
County of James City, Virginia

We have audited, in accordance with the 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 the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the “Specifications”), the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of James City, Virginia (the “County”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated January 8, 2024. Our report included an emphasis paragraph indicating that the aggregate remaining fund information beginning net position balance has been restated.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

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

Our consideration of internal control 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 were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County’s 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 financial statements. 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Specifications.

County's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Cherry Bekaert LLP

Richmond, Virginia
January 8, 2024

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Members of the Board of Supervisors
County of James City, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of James City, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2023. The County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Richmond, Virginia
January 8, 2024

COUNTY OF JAMES CITY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2023

A. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	Yes, 2023-001
Significant deficiencies identified:	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards:

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Any audit findings disclosed that are required to be reported in Accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major federal programs:

<u>Name of Program</u>	<u>Assistance Listing #</u>
Department of Agriculture: Child Nutrition Cluster	10.553/555/559
Department of the Treasury: Coronavirus State and Local Fiscal Recovery Funds	21.027
Department of Education: Title I	84.010
Special Education Cluster	84.027/027X/173/173X
Education Stabilization Fund	84.425C/D/U
Dollar threshold to distinguish between Types A and B Programs:	\$760,404
The County of James City qualified as a low risk auditee in 2023	Yes

COUNTY OF JAMES CITY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

JUNE 30, 2023

B. Finding Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding: 2023-001 – Material Weakness in Internal Control – Financial Reporting

Criteria: The Code of Virginia requires the County to file annual financial statements prepared in all material respects in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* ("Statement #84") established "criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists."

Condition: After the implementation of Statement #84, the County's Annual Comprehensive Financial Report reported certain amounts in the aggregate remaining fund information opinion unit as fiduciary activities for which the County did not have control over, as defined by Statement #84 paragraph 12. Accordingly, amounts reported as fiduciary activities, as of and for the year ended June 30, 2022, were overstated.

Cause: County internal controls over the reporting process did not operate effectively to ensure the financial statements were prepared in all material respects in accordance with U.S. GAAP.

Effect: Fiduciary net position, as previously reported, was overstated by \$29,025,976 at June 30, 2022.

Recommendation: We recommend internal controls over the County's reporting process be evaluated and modified as necessary to ensure the financial statements are prepared in accordance with U.S. GAAP. This is especially important when U.S. GAAP is modified by the Governmental Accounting Standards Board.

Views of responsible officials and planned corrective actions: Statement #84 was implemented in fiscal year 2021 and the County worked with their independent audit firm at the time in evaluating the criteria, including control over its fiduciary's activities' assets, and the financial reporting presentation of its fiduciary funds. In fiscal year 2023, the County had a new independent audit firm and during the audit process, it was determined that the County had certain fiduciary activity related amounts in the financial statements for which the County did not meet the control criteria for (e.g., capital assets) and a change in reporting resulted. For the implementation of new accounting standards, management has implemented additional layers of review, including but not limited to, consultation with GASB for proper interpretation of the criteria and when enhanced clarification is needed.

C. Section III – Findings and Questioned Costs Relating to Federal Awards

None reported.

D. Section IV – Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Regulations, Contracts and Grants

None reported.

E. Section V – Status of Prior Year Findings

None reported.

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