

City of Williamsburg, Virginia



Annual Comprehensive Financial Report For the Year Ended June 30, 2021

CITY OF WILLIAMSBURG, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

PREPARED BY:

Department of Finance

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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INTRODUCTORY SECTION

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CITY OF WILLIAMSBURG

Department of Finance

November 18, 2021

To the Honorable Mayor, Members of City Council, and Citizens of the City of Williamsburg:

The Annual Comprehensive Financial Report (ACFR) of the City of Williamsburg, Virginia, for the fiscal year ended June 30, 2021, is hereby submitted. The City is required by the *Code of Virginia*, Section 15.2-2511, to publish at the close of each fiscal year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with *Government Auditing Standards* by an independent firm of certified public accountants. The Department of Finance has prepared this report in accordance with all governmental accounting and financial reporting standards as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), where applicable, and the Commonwealth of Virginia's Auditor of Public Accounts (APA).

Responsibility for the accuracy of the data and the completeness and fairness of presentation including all disclosures, rests with City management. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than an absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and presents fairly the financial position and results of operations of the various funds of the City.

This report is intended to provide informative and relevant financial information for the citizens of the City, the City Council, investors, creditors, and other concerned readers. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

Independent Audit

The City's financial statements have been audited by the independent auditing firm Robinson, Farmer, Cox Associates. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Williamsburg's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the City's compliance with the financial and administrative requirements applicable to each of the City's major federal programs. These reports are available in the Compliance Section of this report.

Profile of the City

The City of Williamsburg was established by the General Assembly of the Commonwealth of Virginia in 1699 and was incorporated by British Royal Charter in 1722. Today, it operates under the Council-Manager form of government substantially as established in the City Charter of 1932 and as an independent city under the Constitution and laws of the Commonwealth of Virginia. Policy-making and legislative authority are vested in a governing City Council consisting of the Mayor and four other members. The City Council members serve four-year staggered terms. The Mayor is chosen from among City Council members every two years. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and appointing the heads of the various departments.

Williamsburg encompasses some nine square miles located between the James and York Rivers on the Virginia Peninsula in Southeastern Virginia. The 2020 United States Census showed Williamsburg with a population of 15,425, up 9.64% from the 2010 United States Census. The City is home to two premier institutions: William & Mary, established in 1693, and the Colonial Williamsburg Foundation, a living history museum that recreates the days when Williamsburg was the Capital of Colonial Virginia, from 1699 to 1780.

The financial reporting entity includes all the funds of the City of Williamsburg. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City has included the financial data of the Williamsburg Redevelopment & Housing Authority (WRHA) and the Economic Development Authority as discrete component units. Additional information can be located in Note 1 of this report.

The City provides the full range of municipal services, including public safety (police, fire, and emergency medical services, parking garage), public works (street construction and maintenance, landscaping, stormwater management, engineering, refuse collection, and a public cemetery), economic development, planning and zoning, code compliance, human and public housing services, parks and recreation, and general administrative services. The City also provides water and sewer services to approximately 3,800 residential and 900 commercial customers, with user charges set by the City Council to ensure adequate coverage of operating and capital expenses.

The City provides education jointly by contract with neighboring James City County for both localities through the Williamsburg-James City County Public Schools (W-JCC Schools). This strong partnership between the City and County governments has served the K-12 education needs of the jurisdictions for over 50 years. FY 2018 marked the first year of a restated five-year contract for operating and capital funding of the joint School system for fiscal years 2018 through 2022. The contract essentially covers board membership, operational and capital funding allocations, use of School surplus operating and capital funds, and equity interest in School property.

The City also provides library services jointly by contract with James City County through the Williamsburg Regional Library. The joint contract provides for board membership, operational funding, and responsibilities for the repair and maintenance of facilities and grounds of the respective library building located in each locality. In June 2013, City Council approved an amendment to the joint contract to include neighboring York County. The agreement represents another step forward for regionalism in the Historic Triangle to benefit the citizens of all three jurisdictions.

Budget Process

The annual budget serves as the foundation for the City's financial planning and control. The budget process incorporates City Council's strategic plan, "Biennial Goals, Initiatives, and Outcomes," and defines, communicates, and funds the City's programs and priorities. The completed budget is City Council's road map and a primary management tool for the City Manager and Department Heads. The annual Budget Guide is a formal call for all departments of the City, and agencies associated with it, to prepare and submit an estimate of

the resources required for the next fiscal year. It includes a set of procedures for building a comprehensive budget for the City Manager to present to the City Council each year. City Council is required to hold public hearings on the proposed budget and tax rates and to adopt a final budget resolution no later than June 30. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the required supplementary information other than management's discussion and analysis under the combining and individual funds tab of the report.

Cities in Virginia have sole jurisdiction over the entire area within their boundaries and operate independently of any county government. There are no overlapping jurisdictions, and consequently, citizens of Virginia cities are not subject to overlapping debt or taxation. Further, cities in Virginia are prohibited from annexation to adjust their boundaries.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when considered from the broader perspective of the specific environment within which the City operates.

Economic Condition and Outlook:

The economy of the City of Williamsburg is driven by tourism and education. Tourism – including major attractions and the hospitality industry – continues to provide the most significant source of the tax base for the city government. Within the city limits are 29 hotels/motels with approximately 2,960 rooms, 14 operating bed and breakfasts with approximately 60 rooms, and three timeshares. There are also 130 eating establishments, including one meadery (a winery that produces honey wines and meads, a historic drink), two breweries, twelve food trucks, one distillery, and one wine tasting room.

The lynchpin of tourism is the Colonial Williamsburg Foundation, which operates the nation's most extensive living history museum. Encompassing 578 restored or reconstructed buildings and employing approximately 1,830, the Foundation interprets the 18th-century history of America in Virginia's colonial capital. Other nearby attractions not located in the City include Jamestown (site of the first permanent English settlement in 1607), Yorktown (site of Washington's victory over Cornwallis in the Revolutionary War), and Busch Gardens and Water Country USA amusement parks. Next to tourism, higher education drives the Williamsburg economy. William & Mary, located within the City, is the nation's second-oldest University. The University owns 22.6% of the land area of the City, currently enrolls 8,939 graduate and undergraduate students, and employs approximately 3,000 faculty and staff.

As with the rest of the nation, the City's tourism and hospitality industry was significantly impacted by the COVID-19 pandemic, but by the fourth quarter of FY 2021, a slow recovery was occurring. The annual average unemployment for the calendar year 2020 was 8.2% for the City of Williamsburg, 6.1% for the Commonwealth of Virginia, and 8.1% for the United States as a whole. The June 2021 unemployment rate was significantly lower as vaccinations and re-openings spurred the economy with a 6% unemployment rate for Williamsburg, 3.8% for the Commonwealth of Virginia, and 5.3% for the USA. The median income for 2019 per the United States Census Bureau American Community Survey was \$57,563, \$74,222 for the Commonwealth of Virginia, and \$62,843 for the United States. The 2020 median income is not available as of November 2021.

The City of Williamsburg responded to the COVID-19 pandemic by allocating the Coronavirus Act Relief and Economic Security Act (CARES) funding of \$2.8 million on programs related to the health and safety of residents and city employees, small business assistance, and other social assistance programs. In FY 2021, the City was notified that it had been allocated \$18.4 million from the American Rescue Plan Act (ARPA) funds with receipt of the first allocation of \$7.7 million at the end of FY 2021. The City is working on strategic planning to optimize the use of the ARPA funds for an investment in the City's future and to enhance the quality of life. In addition, the City will be receiving an allocation from the Commonwealth of Virginia's ARPA funding for aid to the tourism industry and utility ratepayers.

Historically, the City's most significant revenue streams in the General Fund have been real estate taxes, personal property taxes, meal taxes, lodging taxes, and State revenues. Since 2016, these five classes of revenue made up 75-80% of total General Fund revenue, as follows:

	% of Total Revenues **	% of Total Revenues
	FY 2021	Average FY 2016 – FY 2020
Current Real Estate*	35%	31%
Current Personnel Property*	9%	8%
Meals Taxes	17%	19%
Lodging Taxes	5%	8%
Revenue from State	12%	10%
Total	78%	76%

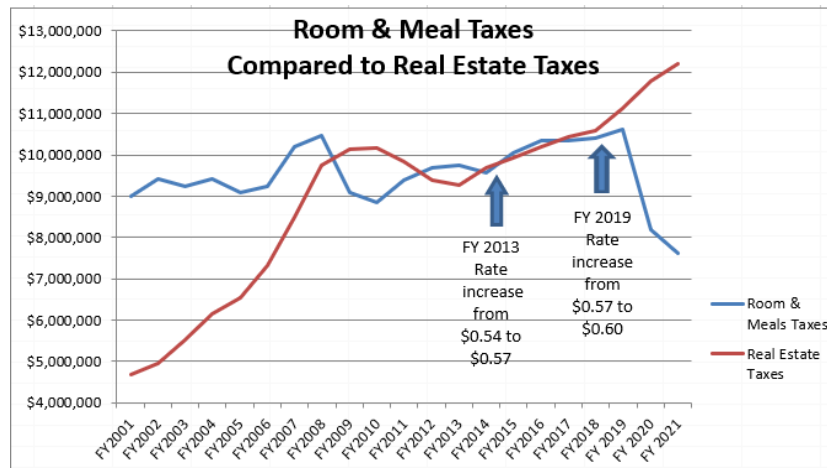
*Includes public service corporation taxes

** For comparison purposes, total revenue excludes CARES Federal funding

The City of Williamsburg takes pride in providing a high level of public services to its residents at a reasonable cost. The real estate tax rate of 60¢ per \$100 of assessed value continues to be the lowest city tax rate in Virginia. In FY 2021, real estate tax assessed values increased 3.5% (including new construction) compared to the FY 2020 assessed values. The FY 2021 increase brought the cumulative increases and decreases from FY 2011 to a cumulative increase of 18.5%. The increased revenue was used, primarily, to invest in Public Safety personnel. City staff continues to monitor the real estate assessment to sales ratio each month by closely tracking sales activity. The ratio is important in analyzing sales trends in neighborhoods and is vital to the City Assessor's job of assessing properties at market value each year. As of September 2021, the City's assessment to sales ratio of residential sales since July 1, 2021, on average, is approximately 91%, which shows current assessments are lower than the rapidly increasing market value. Residential real estate assessments for FY 2021, on average, increased by 3.7%, while the average commercial real estate assessments increased by 2.9%.

Prior to FY 2009, room and meal taxes provided the largest source of funding for City services since the mid-1980s. Rising property assessments brought revenues that surpassed room and meal taxes during FY 2009 for the first time when most local governments began to feel the effects of the Great Recession. In FY2021, Real estate taxes made up 34% of total General Fund revenues, excluding public service corporation taxes and CARES revenue, compared to 19.9% in FY 2000. This shifting of the tax base is more pronounced when comparing actual tax revenues. During the period from FY 2001 thru FY 2019, room and meal taxes increased from \$9.17 million to \$10.62 million, a 15.8% increase. The economic impact of COVID-19 resulted in a 23% decrease in the combined room and meal taxes in FY 2020 and a further decrease of 7% in FY 2021. Real estate tax revenue increased 160% from FY 2001 to FY2021. During that time there were two rate increases: one in FY 2013 for 3 cents and one in FY 2019 for 3 cents. Approximately 84% of the increase was due to the change in real estate assessments, and 16% was from the two rate increases.

The following graph clearly depicts the gap between meal and room taxes and real estate taxes gradually narrowing. Since FY 2017, real estate taxes have exceeded room and meal taxes.



Overall, for the City, FY 2021 revenues in the General Fund remained level compared to FY 2020 revenues except for the influx of \$2.8 million of CARES funding. While most revenues in the previous year, FY 2020, were exceeding budget expectations, beginning in March 2020, they were severely impacted by the COVID-19 pandemic shutdown. Comparatively, revenues in FY 2021 began a slow recovery from the pandemic shutdown.

The General Fund revenues are discussed further in the Management's Discussion and Analysis section of this report.

Economic Development Activity – Recent economic development activity in the City includes the following:

- Commercial development projects are progressing:
 - In 2017, Broad St LLC purchased the 20-acre Williamsburg Shopping Center property and 5-acre Monticello Shopping Center at Midtown. Construction on this \$120 million vertical mixed-use project was completed in 2021 despite COVID-19 impacts. Phase I of the project included an \$8+ million renovation of the Monticello Shopping Center and the location of Earth Fare grocery store. Phase II was completed with Marshalls relocating to new space in the Richmond Road facing portion of the renovated Williamsburg Shopping Center. Phase III included the construction of four 5-story vertical mixed-use buildings and a parking garage.
 - "Quarterpath at Williamsburg," a 350-acre mixed-use development in the southeast quadrant of the City, is zoned for retail, Class-A office space, and a 40-bed acute care doctor's hospital operated by Riverside Health System, which opened in May 2013. Riverside is working with Kiniry & Company and Siddall Communications to attract retail and Class-A office space users.
 - Downtown redevelopment continues with the Bake Shop opening in a renovated space and Simply Southern opened a pop-up shop.
- New business openings after renovating existing commercial space between July 1, 2020, and June 30, 2021, include iCommand, Supercuts, Sweet Tea Williamsburg, The Big Scoop, Queen Nail Spa, The Bake Shop, Another Broken Egg Café, This N That Store, Mary Organic and Tobacco, Healthy Eatz Vegetarian Café II and several professional service operations (marketing and design, medical, counseling, etc.)
- COVID-19 relief efforts for the City's business community have continued through FY21, with nearly \$2M in grant funds having been awarded.

- Establishment of the Tourism Fund - The Virginia Assembly approved Senate Bill 942 in the FY 2018 Session. This bill levied a one percent sales tax in the Historic Triangle, which includes the City of Williamsburg, James City County, and York County. Half of the funds are collected from the additional sales tax fund, the Historic Triangle Marketing Fund, and the other half is distributed to the locality in which the sales tax was collected. The sole purpose of the Historic Triangle Marketing fund is to market and promote the Historic Triangle area as a tourist destination. In addition, Williamsburg's City Council established a Tourism Fund for the City and will use the City's share of the Historic sales tax as one of the revenue sources for the Fund. The purpose of the City's Tourism Fund is to provide financial assistance and reinvestment in tourism products through public-private partnerships, place-making projects, and special events that are designed to promote economic growth in the City. Due to COVID-19, the second and third years of this grant program were put on hold. The five projects from the first round of grant applications are underway, including Indoor Sports Complex development, Kiwanis Park softball field completion, portable stage procurement, wayfinding system design, and the activation of the City Square Plaza.

Major Initiatives

The City has accomplished, or significant work is underway to complete, initiatives in the City Council's strategic plan, "Biennial Goals, Initiatives, and Outcomes." Highlights of some of the key initiatives undertaken during FY 2021 are described below.

- **COVID-19 Recovery Planning** – The City has developed plans to strategically deploy federal and state funding to fund programs and projects related to the health and safety of residents and city employees, small business assistance, and other social assistance programs. In June 2021, City Council adopted the *"2021 Economic Development Plan Update: COVID-19 Pandemic Impact Analysis and Recovery"* plan to update recruitment goals in targeted industries and revise the City's economic work plan to address recovery from the pandemic, updates to strategies based on technology changes, and modifications based on new industry information.
- **Equity Program** – City Council has formed a Truth and Reconciliation Committee to study the impact of racism and racial injustice both historically and presently on residents of the City to present findings and recommendations to City Council for further action.
- **Broadband Initiatives** - A plan has been developed to equitably serve all citizens and visitors to combine traditional fiber to the use and 5G wireless services.
- **Affordable Housing Taskforce** – A taskforce was convened and developed an affordable housing plan consisting of 13 concepts ranked in order of preference for short- and long-term implementation
- **Environmental Sustainability Program** - The City approved the 2021 Comprehensive Plan with a detailed environment sustainability plan that the City is in the process of implementing.
- **Modernize Police and Fire Stations** – In June 2021, the City signed a \$13.6 million comprehensive agreement to reconstruct Fire Station #1 to be completed June 2023. A Capital Improvement project was approved for the FY 2022 budget for the new police facility and is currently in the scope/design phase, with construction scheduled to begin in FY 2023.

Long-Term Financial Planning and Financial Policies

The City's economy, as with the rest of the nation and the world, experienced a significant financial downturn due to the COVID-19 pandemic. Formal, conservative financial policies enabled the City to maintain core services and minimize the impact on residents, businesses, and employees. The comprehensive set of financial policies adopted by the City provides a framework for long-term planning and sound financial management to further strengthen the City's financial position. These include policies on Fund Balance for the General Fund, Financial Planning, Revenue and Expenditure, Long-Term Debt, and the Tourism Development Fund policy. In addition, in

FY 2021, City Council adopted a Real Estate Tax Review Policy, a Utility Fund Working Capitalization policy, and revised the Long-Term Debt Policy.

The City's adopted Financial Planning Policies include requirements for structurally balanced budgets and long-range planning. The FY 2020 General Fund balanced operating budget was approved in May 2019. Prior to FY 2019, the City's General Fund and Capital Improvement Program Fund were combined for financial reporting purposes. Beginning with FY 2019, the General Fund and the Capital Improvement Program Fund are reported separately for transparency purposes.

Long-range planning is an integral part of the budget process each year and includes the following actions to develop a framework for developing the budget: (1) preparing five-year forecasts of revenues and expenditures for the General, Capital Improvement Program, and Water and Sewer Funds to identify significant issues and key factors that may impact the City's fiscal outlook; (2) Planning Commission review of current and future capital projects; (3) consideration of revenue, expenditure, and service implications of continuing existing programs, or adding new programs; (4) condition assessment of major buildings, roads, sidewalks, bridges, water lines, vehicles, and equipment; (5) maintaining, at a minimum, the City's 35% of total operating revenues as its unassigned fund balance, which can only be used for emergencies, non-recurring expenditures, or major capital purchases that cannot be acquired on a pay-as-you-go basis and developing strategies to fund the Budget stabilization fund.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Williamsburg, Virginia, for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the 35th consecutive year that the City had received this prestigious award. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, with contents conforming to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the past 29 years. To qualify for the Distinguished Budget Presentation Award, the City's Budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. Both prestigious awards serve to continually improve the City's annual financial reports and budget documents by implementing professional suggestions from GFOA staff and reviewers across the country.

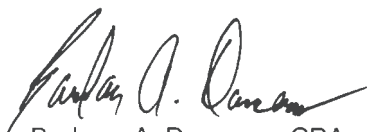
Acknowledgments

The preparation of this report has been accomplished with the efficient and dedicated services of the City Department of Finance. We want to express our appreciation to all members of the departments who assisted and contributed to its preparation. In addition, the accounting firm of Robinson, Farmer, Cox Associates is to be congratulated for their substantial contributions by way of design, counsel, and interpretation of recent guidelines, planning, and implementation of the requirements of all GASB standards. We also wish to express thanks to the Mayor and members of the City Council for their unfailing support in planning and conducting the financial operations of the City of Williamsburg in a responsible and progressive manner.

Respectfully Submitted,



Michele Mixner DeWitt
Acting City Manager



Barbara A. Dameron, CPA
Director of Finance

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Williamsburg
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

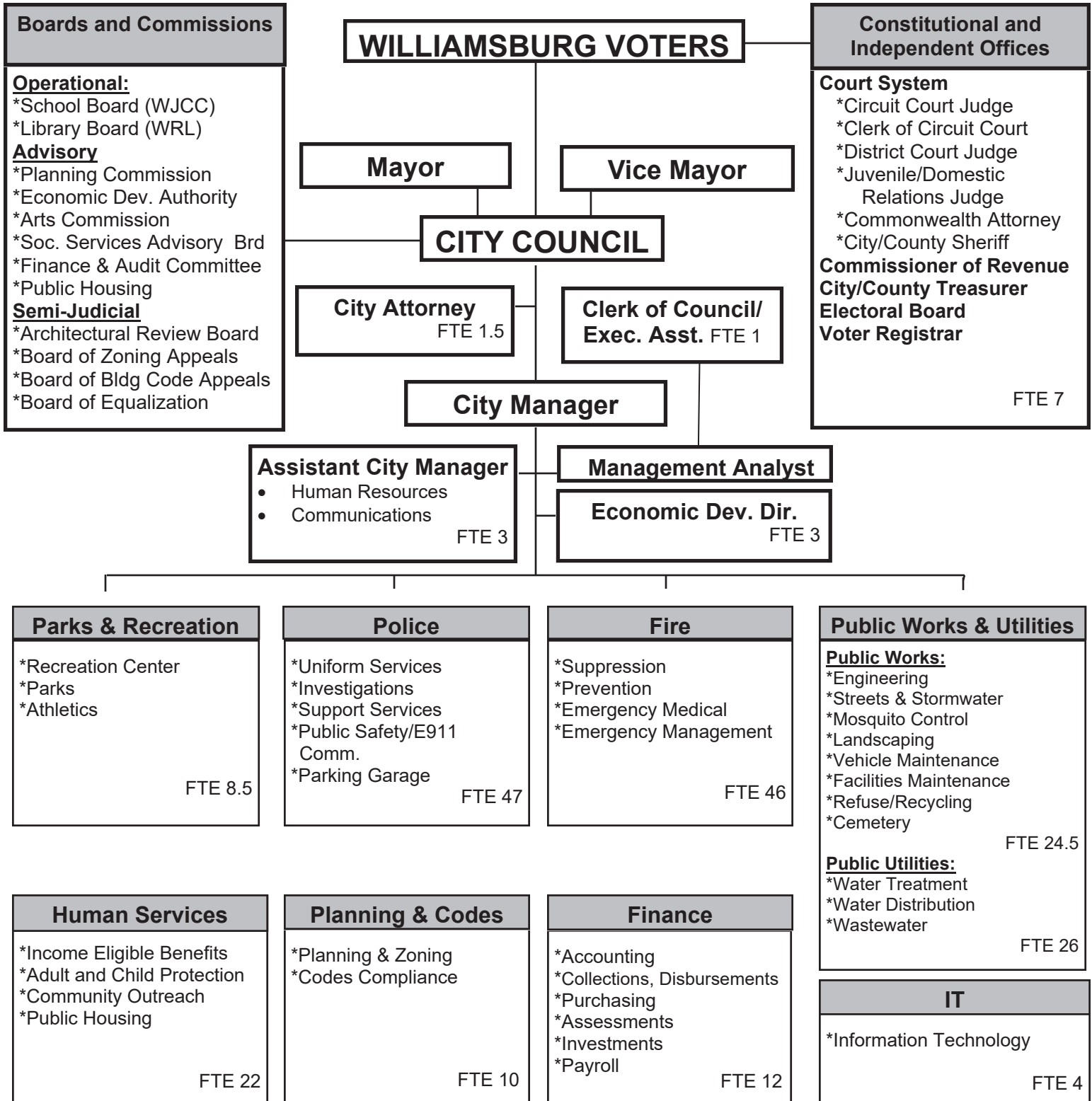
June 30, 2020

Christopher P. Morrell

Executive Director/CEO

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City of Williamsburg Organizational Chart



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CITY OF WILLIAMSBURG, VIRGINIA

Members of the City Council as of July 1, 2021

Edward F. “Ted” Maslin	Douglas G. Pons, Mayor	Barbara L. Ramsey
Caleb Rogers	Pat Dent, Vice-Mayor	Sandi Filicko, Clerk of Council

City Officials

City Manager	Andrew O. Trivette
Director of Finance	Barbara A. Dameron
Assistant City Manager	Michele Mixner DeWitt
Commonwealth’s Attorney	Nate Green
City Attorney	Christina Shelton
Treasurer	Jennifer Otey Tomes
Commissioner of Revenue	Lara M. S. Overy
Clerk of Circuit Court.....	Mona A. Foley
Sheriff.....	David J. Hardin
Director of Public Works & Utilities.....	Daniel G. Clayton, III
Director of Planning	Carolyn Murphy
Director of Human Services	Wendy Evans
Director of Information Technology.....	Mark A. Barham
Director of Recreation	Robbi Hutton
Acting Director of Economic Development.....	Yuri Adams
Chief, Fire Department	David Eagle
Chief, Police Department.....	Sean Dunn
WHRA Executive Director	Tyrone Franklin

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FINANCIAL SECTION

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Independent Auditors' Report

**To the Honorable Members of the City Council
City of Williamsburg
Williamsburg, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Williamsburg, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Williamsburg, Virginia, as of June 30, 2021, 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.

Change in Accounting Principle

As described in Note 17 to the financial statements, in 2021, the City adopted new accounting guidance, GASB Statement Nos. 84, *Fiduciary Activities*, and 90, *Majority Equity Interests*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balance

As described in Note 18 to the financial statements, in 2021, the City restated beginning governmental activity net position to reflect adjustments to beginning capital assets as reported in the prior year and the City restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding progress on pages 4-20, 81-82, 83-92 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures

Supplementary and Other Information (Continued)

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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, on our consideration of City of Williamsburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Williamsburg, Virginia'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 City of Williamsburg, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
October 15, 2021

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The Management's Discussion and Analysis (MD&A) offers readers of the City's financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2021. Readers are encouraged to consider the information presented in conjunction with additional information furnished in our letter of transmittal, the financial statements, and the notes to the financial statements (which immediately follow this discussion).

FINANCIAL HIGHLIGHTS

Government-wide:

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows (net position) at the close of Fiscal Year 2021 by \$116 million. The unrestricted portion of net position is \$19.6 million for the governmental activities and \$7.6 million for the business-type activities for a total of \$27.2 million. In the current year, the unrestricted net position decreased \$417 thousand in the governmental activities and increased by \$437 thousand in the business-type activities.
- The City's total net position increased \$95 thousand from the prior fiscal year, of which the governmental activities decreased \$105 thousand, and business-type activities increased \$200 thousand.

Fund Level:

- Total General Fund revenues were \$38.1 million for FY 2021, an increase of \$2.4 million compared to FY 2020. General property tax receipts were \$15.2 million, an increase of 3.9% compared to last year. Other local taxes decreased by 9.4% or \$998 thousand compared to FY 2020. The majority of the decrease was due to a reduction in hotel and motel taxes and business professional and occupational licenses (BPOL) taxes, as social distancing restrictions brought on by COVID-19 impacted Williamsburg's tourism-based economy. Federal Intergovernmental Revenues were \$3.0 million, an increase of 114.9% as a result of CARES funding.
- Total General Fund expenditures increased by \$2.8 million or 8.4% compared to FY 2020. The majority of this increase relates to the utilization of CARES funds for COVID-19 mitigation, including spending on personal protective equipment, additional cleaning, and assisting businesses with safe re-openings.
- Spending on capital projects decreased \$2.7 million, or 31.7% compared to last year. Debt service expenditures remained relatively level compared to FY 2020.
- The City's General Fund bonded debt decreased by \$1.2 million with scheduled ongoing debt principal being paid down.
- The City's governmental funds reported combined ending fund balances of \$45.6 million, an increase of \$248 thousand from the prior year. Fund balances are further categorized as Nonspendable (\$13 thousand for prepaid), Restricted (\$13.2 million for general obligation bonds issued for public safety facilities and \$0.9 million for the Public Assistance Fund), Assigned (\$13.5 million of carryover and future capital projects and \$3.0 million for investment in tourism projects), and Unassigned (\$14.8 million). The unassigned fund balance is 38.9% of the General Fund operating revenues or 41.9% if revenues are decreased by the CARES funding received in FY 2021.
- Due to the increase in the fiscal size of the Economic Development Authority (EDA), the EDA is presented in this report as a Discretely Presented Component Unit of the City. Financial information is included herein for the EDA's latest fiscal year ending June 30, 2021.
- Business-type activities (Utility Fund) reported a net position on June 30, 2021, of \$26.4 million. Capital assets (net of depreciation and related debt) account for 71% of this amount, with the remaining net position of \$7.6 million available without restriction. The Utility Fund reports combined cash and investments at year-end of \$8.4 million, with total current liabilities of \$1.5 million, including the current portion (due within one year) of compensated absences and bonds payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and budgetary comparison, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

There are two government-wide financial statements designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, judicial, public safety, public works, health and welfare, education, parks and recreation, cultural, community development, and debt service. The sole business-type activity of the City of Williamsburg is the water utility.

The government-wide financial statements (Exhibits 1 and 2) include the City itself (known as the primary government) and the legally separate Economic Development Authority (EDA), and the Housing Authority for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. However, this is just one indicator of the financial health of the City. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in the property tax base, and general economic conditions within the City.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net position are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned, and expenses are reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes, unpaid vendor invoices for items received before June 30, 2021, and earned but unused vacation and sick leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed until after June 30, 2021.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Williamsburg, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City of Williamsburg funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental Funds are used to account for most, if not all, of a government's tax-supported activities. Proprietary Funds are used to account for a government's business-type activities, where all or part of the costs of activities are supported by fees and charges that are paid

directly by those who benefit from the activities. Fiduciary Funds are used to account for resources that are held by the government in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. The resources of fiduciary funds cannot be used to support the government's own programs.

Governmental Funds. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund. GASB Statement No. 34 defines a major fund as a fund whose assets, liabilities, revenues, or expenditures comprise: 1) at least 10% of the total dollar amount of the same category within either all government or all enterprise funds, as appropriate; and, 2) at least 5% of the total dollar amount of all governmental and enterprise funds combined for the same category. The General Fund is always considered a major fund. The governmental fund financial statements can be found immediately following the government-wide financial statements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements' use of accrual accounting, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the governmental activities column in the government-wide statements to facilitate this comparison.

The City maintains budgetary controls over its operating funds. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Budgets for governmental funds are established in accordance with state law and are adopted on a fund level. Personnel services are budgeted by full-time positions. Capital outlays are approved on an item-by-item basis or project basis. A budgetary comparison statement is provided for the General and Tourism Funds to demonstrate compliance with the budget. Major and nonmajor fund information follows the notes to the financial statements. Budgetary variances for the General Fund are discussed in some detail later in this section.

Proprietary Funds. The City uses an enterprise fund to account for its water utility operations. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary fund statements follow the governmental fund statements in this report. They provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. The proprietary fund financial statements provide information for the Water Utility Fund, which is considered to be the only major proprietary fund of the City. There are no reconciling differences from the Proprietary Fund Statement of Net Position to the business-type activity column on the Government-Wide Statement of Net Position.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Williamsburg has one type of fiduciary funds - Custodial Funds (which are clearing accounts for assets held by the City in its role as a

custodian until the funds are allocated to the organizations or government agencies to which they belong). The Statement of Fiduciary Net Position can be found following the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the (1) General and Tourism Funds revenues, expenditures, and changes in fund balances-budget and actual; and (2) the City's progress in funding its obligations to provide pension and other post-employment benefits to its current and future retirees. This required supplementary information can be found in Exhibit 12 through 22 of this report.

The combining financial statements for the Capital Project Fund and other nonmajor special revenue funds and fiduciary funds immediately follow the required supplementary information at exhibits 23 through 28 of this report.

This report also contains a statistical section that supplements the basic financial statements by presenting detailed trend information to assist the users in assessing the economic condition of the City. We encourage readers to review the statistical section to understand better the City's operations, services, and financial condition.

The last section of this report contains a compliance section, including the City's Schedule of Expenditures of Federal Awards and related notes and the independent auditors' required reports on compliance and internal control.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, changes in net position may serve over time as a useful indicator of a City's financial position. The City's net position totaled \$116 million at June 30, 2021. The following table reflects the condensed Government-Wide Statement of Net Position:

City of Williamsburg - Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other Assets	\$ 55,558,930	\$ 49,852,511	\$ 9,980,728	\$ 9,290,373	\$ 65,539,658	\$ 59,142,884
Capital Assets	<u>73,465,518</u>	<u>73,694,986</u>	<u>22,021,425</u>	<u>22,664,786</u>	<u>95,486,943</u>	<u>96,359,772</u>
Total Assets	\$ 129,024,448	\$ 123,547,497	\$ 32,002,153	\$ 31,955,159	\$ 161,026,601	\$ 155,502,656
Deferred Outflow of Resources	<u>\$ 5,062,199</u>	<u>\$ 2,993,546</u>	<u>\$ 558,303</u>	<u>\$ 425,654</u>	<u>\$ 5,620,502</u>	<u>\$ 3,419,200</u>
Long-term Liabilities	\$ 33,712,107	\$ 30,818,731	\$ 5,015,012	\$ 5,184,910	\$ 38,727,119	\$ 36,003,641
Other Liabilities	<u>9,879,144</u>	<u>4,492,311</u>	<u>1,068,402</u>	<u>911,471</u>	<u>10,947,546</u>	<u>5,403,782</u>
Total Liabilities	\$ 43,591,251	\$ 35,311,042	\$ 6,083,414	\$ 6,096,381	\$ 49,674,665	\$ 41,407,423
Deferred Inflow of Resources	<u>\$ 455,517</u>	<u>\$ 1,085,305</u>	<u>\$ 98,980</u>	<u>\$ 106,602</u>	<u>\$ 554,497</u>	<u>\$ 1,191,907</u>
Net Position:						
Net Invested in Capital Assets	\$ 69,784,670	\$ 69,552,122	\$ 18,783,099	\$ 19,020,022	\$ 88,567,769	\$ 88,572,144
Restricted for:						
Fire and Police Capital	694,583	615,184	-	-	694,583	615,184
Unrestricted	<u>19,560,626</u>	<u>19,977,390</u>	<u>7,594,963</u>	<u>7,157,808</u>	<u>27,155,589</u>	<u>27,135,198</u>
Total Net Position, as restated	<u>\$ 90,039,879</u>	<u>\$ 90,144,696</u>	<u>\$ 26,378,062</u>	<u>\$ 26,177,830</u>	<u>\$ 116,417,941</u>	<u>\$ 116,322,526</u>

The City of Williamsburg's total assets were \$161 million as of June 30, 2021. The largest portion, \$95 million (60%), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining City assets, approximately \$56 million is accounted for in cash, cash equivalents, and pooled investments, \$4 million in accounts and notes receivable, \$3 million in inventories, and \$3 million due from other governmental units.

At June 30, 2021, outstanding liabilities were \$50 million, with \$39 million in general obligation bonds payable, compensated absences, and net other post-employment (OPEB) liabilities. Of the bonds payable, \$1 million is due within one year, with the remainder due at various dates until 2037. Additional information on the City's long-term debt obligations is included in Note 8 in the notes to the financial statement. Included in other liabilities above are \$1.5 million in accounts payable, \$8.3 million in unearned revenue, \$617 thousand in accrued liabilities, \$388 thousand in accrued interest payable, and \$145 thousand in customer deposits payable. Unearned revenue includes \$7.2 million of American Rescue Plan Act funds received in June 2021.

As of June 30, 2021, the City had positive balances in all categories of net position for the government as a whole and its separate governmental and business-type activities.

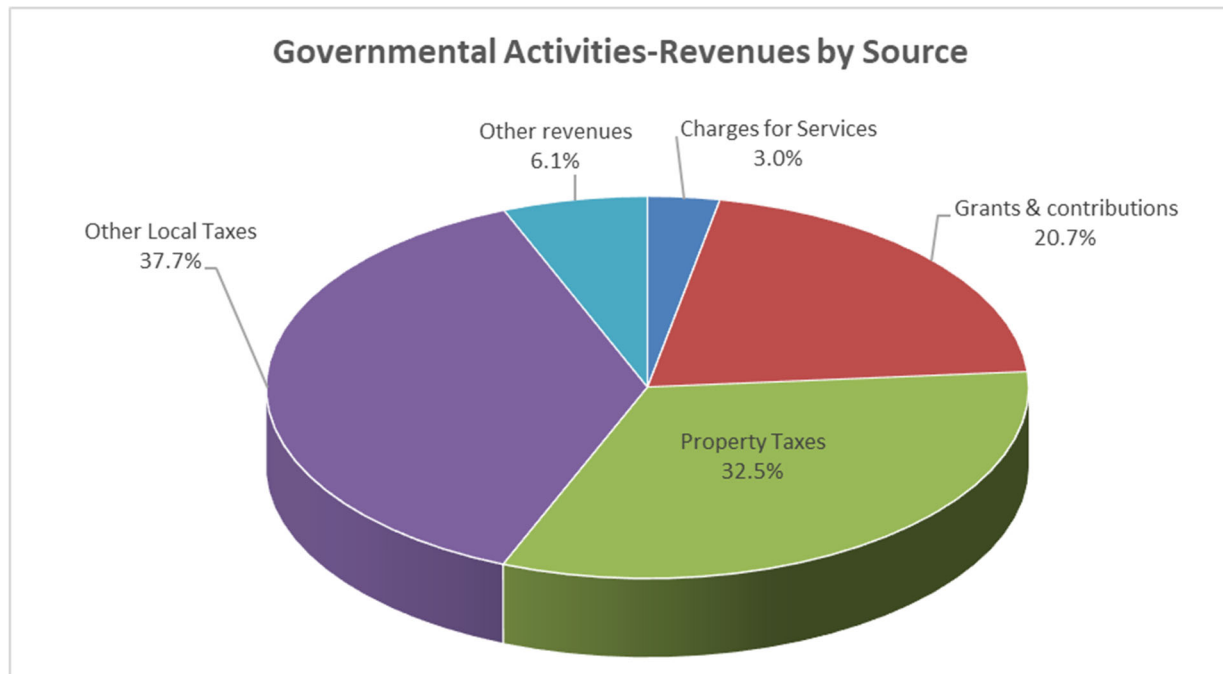
The following schedule summarizes the Statement of Activities of the primary government for the fiscal years ended June 30, 2021, and 2020:

City of Williamsburg - Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,428,721	\$ 1,816,447	\$ 6,807,640	\$ 6,864,385	\$ 8,236,361	\$ 8,680,832
Operating Grants and Contributions	8,492,768	5,351,728	-	-	8,492,768	5,351,728
Capital Grants and Contributions	1,200,479	1,904,113	-	-	1,200,479	1,904,113
General Revenues:						
Property Taxes	15,224,559	14,711,270	-	-	15,224,559	14,711,270
Other Local Taxes	17,677,408	18,769,605	-	-	17,677,408	18,769,605
Other	<u>2,880,939</u>	<u>3,226,054</u>	<u>427,296</u>	<u>314,305</u>	<u>3,308,235</u>	<u>3,540,359</u>
Total Revenues	<u>\$ 46,904,874</u>	<u>\$ 45,779,217</u>	<u>\$ 7,234,936</u>	<u>\$ 7,178,690</u>	<u>\$ 54,139,810</u>	<u>\$ 52,957,907</u>
Expenses						
General Government	\$ 5,917,023	\$ 4,908,020	\$ -	\$ -	\$ 5,917,023	\$ 4,908,020
Judicial Administration	449,662	409,373	-	-	449,662	409,373
Public Safety	12,835,007	12,357,675	-	-	12,835,007	12,357,675
Public Works	4,842,879	6,758,747	-	-	4,842,879	6,758,747
Health and Welfare	3,220,829	2,691,147	-	-	3,220,829	2,691,147
Education	10,156,551	10,355,107	-	-	10,156,551	10,355,107
Parks, Recreation, & Cultural	3,118,164	3,289,491	-	-	3,118,164	3,289,491
Community Development	5,939,110	5,471,338	-	-	5,939,110	5,471,338
Interest Expense	530,466	540,857	-	-	530,466	540,857
Water	<u>-</u>	<u>-</u>	<u>7,034,704</u>	<u>6,946,980</u>	<u>7,034,704</u>	<u>6,946,980</u>
Total Expenses	<u>\$ 47,009,691</u>	<u>\$ 46,781,755</u>	<u>\$ 7,034,704</u>	<u>\$ 6,946,980</u>	<u>\$ 54,044,395</u>	<u>\$ 53,728,735</u>
Changes in Net Position	\$ (104,817)	\$ (1,002,538)	\$ 200,232	\$ 231,710	\$ 95,415	\$ (770,828)
Net Position - beginning, as restated	<u>90,144,696</u>	<u>91,147,234</u>	<u>26,177,830</u>	<u>25,946,120</u>	<u>116,322,526</u>	<u>117,093,354</u>
Net Position - ending	<u>\$ 90,039,879</u>	<u>\$ 90,144,696</u>	<u>\$ 26,378,062</u>	<u>\$ 26,177,830</u>	<u>\$ 116,417,941</u>	<u>\$ 116,322,526</u>

Governmental Activities – Revenues

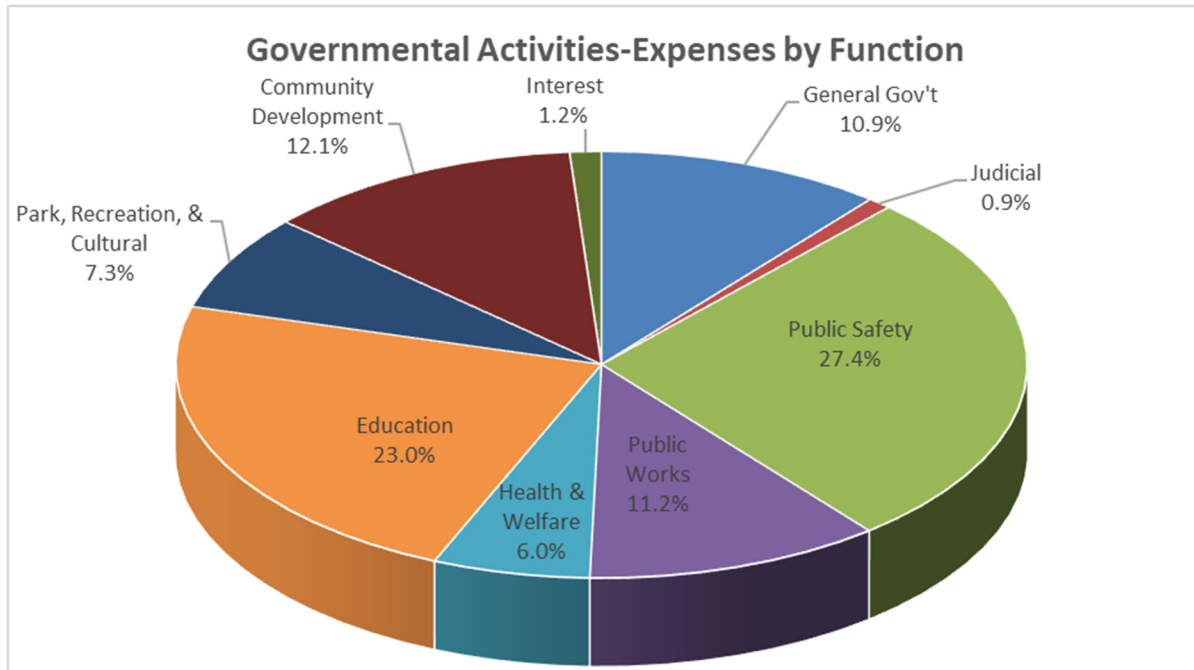
The City's total revenues from governmental activities were \$47 million for FY 2021, an increase of \$1.1 million from last year. Percentages of FY 2021 governmental revenues by source are as follows:



Taxes are the largest City Revenue source, with property and other local taxes accounting for 76.3% of the City's governmental activities. General property tax receipts were \$15.2 million, an increase of 3.4% compared to last year. Other local taxes totaled \$17.7 million during FY 2021, a decrease of 7.4%, or \$1.4 million, primarily due to the economic impact of COVID-19. The majority of the decrease in other local taxes is attributed to declines in lodging taxes and prepared meals.

Governmental Activities – Expenses

The City's FY 2021 total expenses for governmental activities were \$47.0 million, an increase of \$1.9 million compared to FY 2020. The Governmental Fund expenditures increased \$228 thousand, and the major variances are further discussed in the Financial Analysis of the City's Funds section. In the transition from fund statements to government-wide, there are some expenses that are reported in the Statement of Activities that do not require the use of current financial resources; therefore, these items are not reported as expenditures in the governmental funds. An example would be expense accruals for compensated absences that are not reported as expenditures in the fund statements. There are also some expenditures reported in the governmental funds that are not reported as expenses in the Statement of Activities. An example would be capital assets that are purchased or constructed are reported as expenditures in the governmental funds; however, for government-wide the asset is reported in the Statement of Net Position and the cost of the asset is allocated over its useful life as depreciation expense.



Business-type activities – The Utility Fund is the City's only business-type activity. The Utility rate structure recovers as much as possible of the operating expenses incurred to meet service demands through user charges. Change in the fund's net position is the difference between revenues and expenses, which for FY 2021 resulted in an increase of \$200 thousand. More operating information for the Utility Fund operation is shown in the Funds section of this discussion.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Williamsburg uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a financial analysis of the City's governmental and proprietary funds.

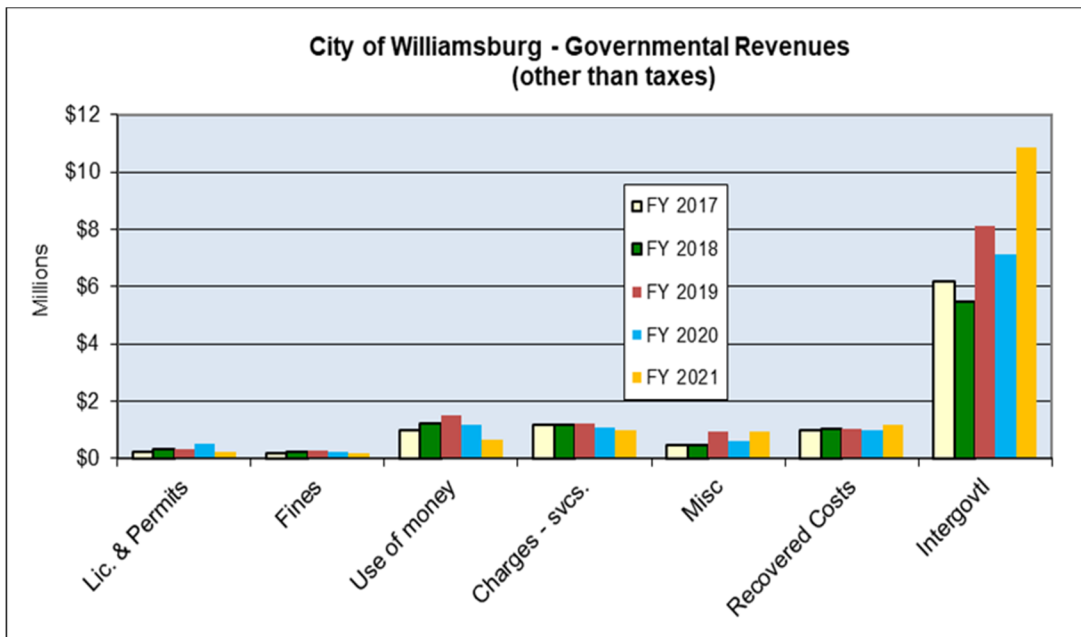
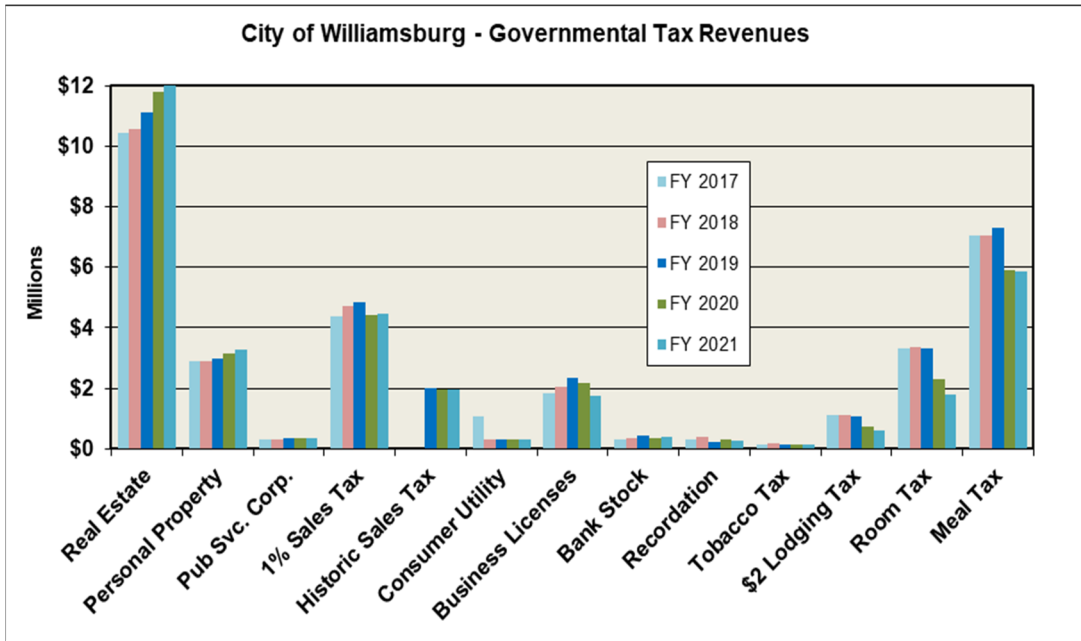
Governmental Funds Revenues – Analysis

Revenues Classified by Source Governmental Funds						
	June 30, 2021		June 30, 2020		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Revenue by Source:						
General Property Taxes	\$ 15,174,178	31.7%	\$ 14,600,806	32.4%	\$ 573,372	3.9%
Other Local Taxes	17,677,408	36.9%	18,769,605	41.7%	(1,092,197)	-5.8%
Permits, privilege fees, and regulatory licenses	240,832	0.5%	501,907	1.1%	(261,075)	-52.0%
Fines and forfeitures	197,671	0.4%	218,387	0.5%	(20,716)	-9.5%
Use of Money and Property	651,308	1.4%	1,177,258	2.6%	(525,950)	-44.7%
Charges for Services	990,218	2.1%	1,096,153	2.4%	(105,935)	-9.7%
Miscellaneous	918,132	1.9%	584,353	1.3%	333,779	57.1%
Recovered Costs	1,163,944	2.4%	987,646	2.2%	176,298	17.9%
Intergovernmental	10,864,246	22.7%	7,128,527	15.8%	3,735,719	52.4%
Total Revenues:	<u>\$ 47,877,937</u>	<u>100.0%</u>	<u>\$ 45,064,642</u>	<u>100.0%</u>	<u>\$ 2,813,295</u>	<u>6.2%</u>

The Governmental Funds consist of the General Fund, Tourism Fund, American Rescue Plan Fund, Capital Projects Fund, the Public Assistance Fund, and the Law Enforcement Block Grant Fund. The general governmental functions are contained in the General Fund, the City's chief operating fund. The City's governmental funds focus is to provide information on near-term inflows, outflows, and balances of spendable resources. On June 30, 2021, the total fund balance of the General Fund was \$14.8 million. A small portion of the fund balance, \$13 thousand, is *Nonspendable*, consisting of prepaid expenditures. The majority of the fund balance is *Unassigned*, representing 38.9% of operating revenue, in compliance with the City's unassigned fund balance policy of 35% of operating revenues for the year.

The following provides more detailed information about General Fund operating revenue collections during FY 2021:

- **General Property Taxes** – This consists of real and personal property tax receipts. Real property tax receipts were \$12.2 million, an increase of \$408 thousand, or 3.5%, compared to FY 2020. Personal property tax receipts for individuals and businesses, including reimbursement for the State's Car Tax relief block grant program, total \$3.3 million, an increase of \$114 thousand, or 3.6%, compared to last year.
- **Other Local Taxes** – Overall, these revenues decreased \$998 thousand from last year. The majority of the decrease was in lodging tax of \$510 thousand and business licenses of \$404 thousand due to the economic impact of the COVID-19 pandemic. Meals tax, while still less than pre-pandemic levels, decreased less than 1% compared to FY 2020 as restaurants mitigated the COVID-19's impact with innovative solutions such as outdoor dining and curbside pick-up.
- **Licenses and Permits** – This category of revenues decreased \$261 thousand, or 51.9%, compared to FY 2020, mainly due to a decrease in building permits and, to a lesser extent, a reduction in electrical, plumbing, and mechanical permits.



- Fines and Forfeitures** – This category includes court fines and forfeitures and parking fines. This revenue decreased by \$21 thousand compared to FY 2020. Court fines and forfeitures increased by \$11 thousand, and there was a \$32 thousand increase in parking fines. The reductions were due to a decrease in enforcement during the business downturn as a result of the COVID-19 pandemic.
- Revenue from the Use of Money and Property** – In the General Fund, revenue in this category is primarily generated from the use of property and sale of surplus equipment. In FY 2021, rental income decreased \$5 thousand, or less than 1%, rental of facilities increased \$29 thousand while sale of surplus equipment decreased \$30 thousand as a result of COVID-19 restrictions.

- **Charges for Services** – This category consists mainly of EMS medical transport fees, recreation programs and facility rentals, and cemetery lots and fees. Overall revenues in this category were \$990 thousand, a reduction of \$106 thousand, or 9.6%, compared to last year. Parks and Recreation fees increased \$55 thousand as outdoor parks were heavily utilized during the COVID-19 pandemic which offset classes and athletic fee decrease of revenues. EMS recovery of fees decreased by \$171 thousand due to the reduction of residents using ambulance services.
- **Miscellaneous** – This category comprises fiscal agent fees, payments in lieu of taxes, and other revenues that are either small in amount or infrequent, or both. FY 2021 revenues in this category increased by \$91 thousand compared to FY 2020. The FY 2021 increase is attributable to FY 2020 other revenues recognizing an adjustment of \$30 thousand to recognize additional School surplus returned to the City (over and above the estimated amount for FY 2020 year-end); an \$18 thousand increase in payment in lieu of taxes, and an increase in \$36.7 thousand from the Williamsburg Health Foundation grant.
- **Recovered Cost** – These include reimbursements for Utility Fund overhead charges, public safety overtime, stormwater management fees, and James City County's reimbursed portion of annual Arts Commission grants. FY 2021 recovered cost revenue increased \$176 thousand compared to FY 2020. Most notably, Utility Fund Overhead charges increased by \$185 thousand to capture increased costs of administration, equipment, and materials. Public safety overtime decreased \$14 thousand because of fewer events due to COVID-19.
- **Intergovernmental** – Intergovernmental revenue in the General Fund for FY 2021 was \$8.5 million, \$3.0 million from the Federal government, and \$5.5 million from the State. Intergovernmental revenue increased by \$2.8 million compared to FY 2020. The majority of this increase resulted from \$2.8 million from Coronavirus Aid, Relief and Economic Security Act (CARES) funds and \$185 thousand sales tax for education. Note 20, Subsequent Events, discusses the COVID-19 outbreak and CARES Act funding in greater detail.

The following discusses significant revenues impacts from funds other than the General Fund:

- **Other Local Taxes** – Sales tax revenues increased \$12 thousand in the Capital Projects Fund (CIP) and \$24 thousand in the Tourism Fund compared to FY 2020. In the Tourism Fund, the \$2 per night room tax decreased \$130 thousand compared to last year.
- **Miscellaneous** - In the Capital Projects Fund, this revenue category increased \$240 thousand and was primarily due to a grant from William & Mary, which will be used for Fire Services, and was appropriated to the CIP project for the new Fire Station.
- **Intergovernmental** - The Capital Projects Fund realized \$474 thousand more in State revenue and \$192 thousand more in Federal revenue compared to FY 2020. The Public Assistance Fund realized a \$35 thousand increase in State revenue and \$42 thousand in Federal revenue.

Governmental Funds Expenditure – Analysis

The following table represents Governmental expenditures by function compared to prior year amounts.

**Expenditures by Function
Governmental Funds**

	<u>June 30, 2021</u>		<u>June 30, 2020</u>		<u>Increase/(Decrease)</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Change</u>
Expenditures by Function:						
General government administration	\$ 4,966,751	10.4%	\$ 4,103,114	8.8%	\$ 863,637	21.0%
Judicial administration	449,662	0.9%	409,373	0.9%	40,289	9.8%
Public safety	11,829,279	24.9%	11,181,688	24.0%	647,591	5.8%
Public works	3,230,663	6.8%	3,202,810	6.9%	27,853	0.9%
Health and welfare	3,219,159	6.8%	2,658,330	5.7%	560,829	21.1%
Education	10,073,887	21.2%	9,490,247	20.4%	583,640	6.1%
Parks, recreation, and cultural	2,240,537	4.7%	2,066,641	4.4%	173,896	8.4%
Community development	5,680,412	11.9%	4,892,829	10.5%	787,583	16.1%
Capital projects	4,355,650	9.2%	7,033,077	15.1%	(2,677,427)	-38.1%
Principal retirement	862,300	1.8%	870,223	1.9%	(7,923)	-0.9%
Interest and other fiscal charges	650,194	1.4%	690,039	1.5%	(39,845)	-5.8%
Total Expenditures:	<u>\$ 47,558,494</u>	<u>100.0%</u>	<u>\$ 46,598,371</u>	<u>100.0%</u>	<u>\$ 960,123</u>	<u>2.1%</u>

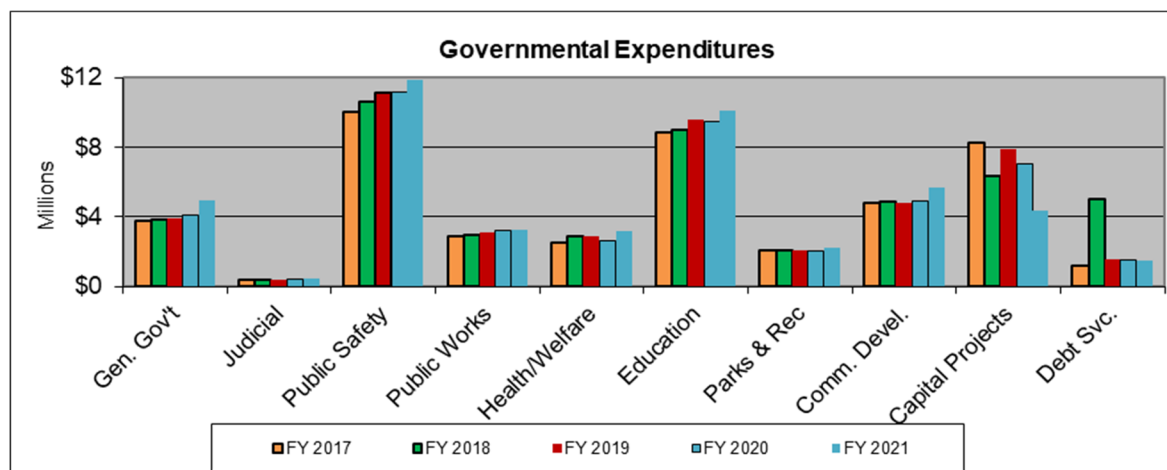
The City's FY 2021 budget included \$270 thousand in the General Fund to implement a cost-of-living increase and merit that combined averaged an increase of 3.0%. The employer contribution rate during FY 2020 for full-time employees covered by the Virginia Retirement System was 15.43% of salaries, with covered employees contributing their 5% share above the employer rate. Healthcare premiums for the City's plan with the Anthem's Local Choice program administered by the State were reduced by 2% compared to FY 2020.

The following analysis provides additional information on the City's expenditures by function that changed significantly over the prior year.

- **General Government Administration** – increased by \$864 thousand or 21.0%. Increases in salaries and benefits amounted to \$263 thousand, which includes the cost-of-living increase, offset by vacancy savings. Professional services and maintenance service agreements accounted for \$50 thousand of the increased cost. The City experienced an increase in the use of credit card payments due to the pandemic, which increased credit card fees by \$43 thousand. The CARES allocation was \$440 thousand more than FY 2020 in this category. The bi-annual State of the City and citizen survey completed in FY 2021 for a combined total of \$45 thousand also contributed to the variance. The remaining \$30 thousand increase was the netting of small positive and negative variances spread throughout the category.
- **Health and Welfare Cost** – increased compared to FY 2020 by \$561 thousand. In the Public Assistance Fund, the cost for Comprehensive Services increased by \$79 thousand. Welfare Administration costs increased \$92 thousand due to vacant positions in FY 2020. Public assistance costs increased by \$301 thousand. In the General Fund, the local share of the cost for comprehensive services increased \$88 thousand primarily from CARES Act Public Assistance of \$139 thousand.
- **Education** – Education costs were \$10.1 million, an increase of 6.1% compared to FY 2020, or \$584 thousand of which \$287 thousand was CARES funding shared with Schools. The City's share of the jointly operated Williamsburg-James City County Schools for Fiscal Year FY 2021 was 9.6%. FY 2021 was the fourth year of a five-year renegotiated joint agreement, with operating funding based on the City's share of student population multiplied by a 14% factor, then averaged over the past three years. The City also funds approved capital projects at the same rate.
- **Capital Projects** – Capital project spending varies each year, depending on the 5-year program. Major capital projects in FY 2021 included a street resurfacing program, corridor enhancements

and underground wiring, bridge inspections, pedestrian and bicycle improvements, demolition of an old motel, improvements to schools and vehicles. More information is provided under the Capital Asset section of this analysis. For FY 2021, capital spending decreased by \$2.7 million compared to FY 2020.

- **Principal and Interest Payments** – Total principal payments during FY 2021 were \$862 thousand, and interest payments on outstanding debt totaled \$650 thousand. Details on long-term debt obligations are included in the notes to the financial statements.



Budget Variances

Included in the Final Budget column of the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – are carryover funds for Capital Projects. Since most planned projects are multi-year in nature and therefore rarely completed by fiscal year-end, this carryover is required to complete planned and previously approved projects.

General Fund operating revenues were over budget by \$3.6 million, or 10.5%. Most of the variance was due to the following accounts compared to budgeted amount: real property taxes \$1.3 million higher, personal property taxes at \$1.4 million higher, business taxes \$421 thousand higher, CARES funding at \$1.1 million higher, and those variance amounts were offset by lodging taxes that came in \$589 thousand lower than budget.

General Fund operating expenditures were under budget by \$3.0 million. CARES funding was used to offset revenue reductions and pay the salaries of public safety and public health employees in the amount of \$907 thousand. Also in this variance is the City's share of surplus funds from the operating budget of the Schools totaling \$863 thousand. Section 22.1-100 of the Code of Virginia requires that schools unspent funds at year-end revert back to the locality that funded the appropriation. The overall general government administration was under budget by \$488 thousand, of which \$78 thousand is attributed to salary and benefits budgeted in the City Manager's office that remained vacant and a \$329 thousand variance between the budget and actual spent for CARES.

Public Safety was under budget by \$499 thousand. Police personnel costs contributed \$212 thousand to the variance primarily due to vacancies and selection of health benefits, remaining CARES funding of \$110 thousand and reduction in expenses for Prince George parking garage of \$114 thousand due to vacant position savings were the main contributors to the variance.

Public Works was under budget by \$154 thousand. Variance in street maintenance of \$16 thousand is attributable to selection of health benefits and lower costs in electricity and gas. Vacancies in the

Stormwater Division resulted in salaries and benefits coming in under budget by \$66 thousand. Landscaping costs were \$46 thousand under budget due to a reduction in part-time salaries and a reduction in the use of mowing services. The City's recycling program's costs were also under budget by \$18 thousand.

Overall spending in Parks and Recreation was under budget by \$254 thousand, mainly due to COVID-19's impact on classes and programming offered during the summer and fall months.

The Tourism Fund was under budget by \$2.1 million (\$1.5 million in the operating budget and \$.6 million in transfer to the General Fund) as previous Tourism Grant Awards were put on hold to maintain the City's financial stability until revenues recover from the economic impact of COVID-19. Previous grant awards are still being honored; however, the impact of COVID-19 had slowed the spending of award monies. \$1.1 million of previous grants remaining unspent will carryforward until the next fiscal year. Annual grants of \$180 thousand were not awarded. Also, to ensure that the General Fund's reserves met the City's policy, a transfer of funds from the Tourism Fund to the General Fund was budgeted. However, the actual transfer of \$2.5 million to the General Fund was \$599 thousand lower than budgeted.

The Tourism Fund receives a \$2 per night/per room lodging tax for transient lodging in the City. Half of this tax is remitted to the State for the Historic Triangle Marketing Fund. The remittance of the \$2 lodging tax to the State was under budget by \$59 thousand due to the impact of COVID on lodging.

The Tourism Fund's administrative cost was under budget by \$101 thousand due to contingency funds and professional service funds remaining unspent at year-end.

The Public Assistance Fund was under budget by \$651 thousand. Public assistance costs were \$162 thousand less than budget primarily due to adjustments in State funding that were unknown at the time the City's budget was passed and, to a lesser extent, vacancies in FY 2021. Cost for Comprehensive Services was under the budgeted appropriation by \$254 thousand due to less restrictive services reducing cost. Welfare Administration costs were under budget by \$236 thousand due to vacant positions for a portion of FY 2021.

Capital Projects - \$4 million was expended on capital projects in FY 2021. As mentioned earlier, capital project funding and expenditures vary each year, depending on the five-year plan. The budget balances of any appropriated capital projects not completed at year-end carry forward to the next fiscal year, as provided for in the City's Financial Policies. More information is provided in the Capital Assets section of this analysis.

Fund Balance

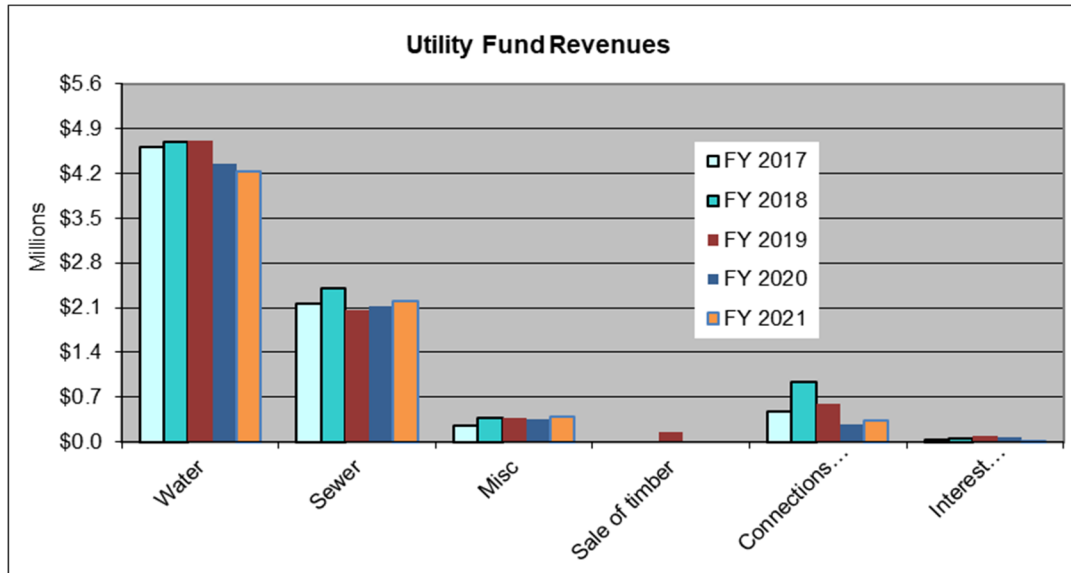
Total Fund Balance for the General Fund increased from \$13.7 million to \$14.8 million for the year. Of that, \$13 thousand is nonspendable and represents prepaids, and the remaining amount is unassigned. The increase in fund balance is primarily attributed to the increase in real estate tax revenue and CARES funding offset by reductions in lodging taxes and BPOL taxes resulting from the economic impact of the COVID-19 pandemic.

Enterprise Funds Revenue/Expense Analysis

The business-type activity (water and sewer services of the Utility Fund) operating revenues for the year were \$7.1 million, an increase of \$44 thousand, or 0.06%, compared to the last year. There was no increase in water rates, which are \$5.30 per 1,000 gallons. Highlights include:

- Total billed water consumption for FY 2021 was 735 million gallons, a decrease of 4% compared to the 765 million gallons consumed last year. The decrease is primarily attributed to businesses, including William & Mary, that were either closed or operating on a limited basis due to COVID-19.
- Water revenues were \$4.2 million, an 3.8% decrease compared to FY 2020.
- Sewer revenues were \$2.1 million, a 4% increase compared to last year.

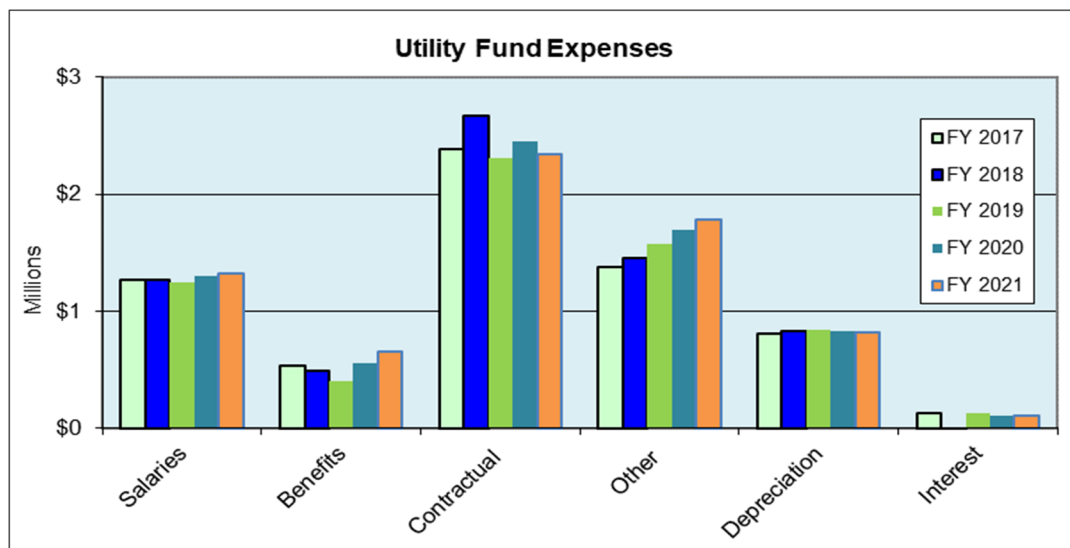
- Tap and availability fees were \$385 thousand, a .03% increase compared to last year.
- Rental fees from cell-phone providers using water tanks as a base for telecommunications equipment were \$222 thousand, the same as FY 2020.
- Investment earnings were \$6 thousand last year, a decrease of 91% from last year due to lower interest rates.
- Cares Municipal Utility Relief Program revenue was \$71 thousand.



Utility Fund operating expenses totaled \$6.9 million, an increase of \$96 thousand, or 1.4% compared to FY 2020. This increase is primarily attributed to:

- Fringe benefits increased by \$97 thousand compared to last year. This increase is primarily due to GASB 68 adjustments to pension liability that reduced pension expenses in FY 2020.
- Contractual services decreased by \$107 thousand. This decrease is attributed to a decrease in pass-thru payments to the Hampton Roads Sewer District for sewage treatment fees collected on their behalf.
- Other charges increased \$92 thousand, most of which resulted from an increase in water system infrastructure improvements compared to FY 2020.
- Personnel services increased \$20 thousand compared to last year, primarily due to the cost of living and merit increases.
- Depreciation expense decreased by \$6 thousand compared to last year. Depreciation charges include a portion of the 25-lease amortization of the total \$12.5 million costs of the Newport News Water agreement, classified as intangible water rights in the Utility Fund.

The year's operating income was \$224 thousand, a decrease of \$51 thousand, or 19%, compared to the \$276 thousand reported in FY 2020. The total net position of the Utility Fund increased by the total net income for FY 2021 of \$200 thousand, leaving the fund's ending total net position at \$26.4 million, an increase of .8% compared to last year.



Original and Final Amended Budgets

By resolution, the FY 2021 General Fund Budget was amended by \$3,337,878. Of this amount \$2,450,827 was for CARES funding, \$165,203 for CARES Emergency Housing and Food Assistance, \$52,241 for CARES Election Assistance, \$92,027 for CARES Municipal Utility Relief grant, \$192,023 for CARES Highland Park Broadband Projects and \$270,000 to fund the COVID-19 Eviction Prevention Program. A transfer of \$1,500,000 was made from the Tourism Fund to the General Fund Reserves and \$733,977 was to match actual sales tax revenue for education. The remaining \$86,581 was appropriated to fund various federal and state grants.

The Capital Projects Fund was amended by \$24,085,818. Of this amount, \$20,550,117 was to carry forward appropriations from FY 2020 for ongoing projects, \$3,283,839 was encumbrances from FY 2020, \$165,000 was transferred from the Tourism Fund for Public Art Program, \$6,238 for a Fire Equipment Grant and \$80,623 was appropriated to support the School System's projects.

The Tourism Fund's budget was amended by \$3,164,751. Of this amount \$1,127,293 was to carry forward grant awards from FY 2020, \$250,000 was to fund the second year of the Sports Facility Complex, \$165,000 was to fund the Public Art Program, \$1,500,000 was transferred to the General Fund to increase reserves and \$122,458 was to fund four Tourism Resiliency Projects. The Public Assistance Fund was amended by \$317,407 to include \$270,000 to fund the COVID-19 Eviction Prevention Program. The Utility Fund was amended by \$230,202 to carryforward appropriations from FY2020 for ongoing projects and \$92,028 for the COVID-19 grant for Municipal Relief Program.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Williamsburg's total investment in capital assets for its governmental and business-type activities as of June 30, 2021, was \$96 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, machinery and equipment, and recreation and park facilities. Major capital assets of the Utility Fund consist of all assets used to provide water and sewer services to City residents, including

the significant investments in the Waller Mill Reservoir and all properties adjacent to this watershed, and intangible water rights with the Newport News water agreement.

Major capital project fund activities during the current fiscal year included the following:

Government Funds (Capital Projects Fund):

- Monticello Avenue Redesign – This project is in the Midtown Row area of the City. It features roadway improvements such as three lanes, parallel parking, a two-way cycle track, a new traffic signal, and wide sidewalks with amenities such as bike racks, benches, and landscaping. This project incurred \$1.1 million in costs during FY 2021.
- Repaving costs during FY 2021 were \$691 thousand, including \$280 thousand to resurface historic streets.
- The School expended \$83 thousand of the City's share of funding of School's CIP which include renovations to existing facilities.
- Monticello Avenue Multi-use Trail is a 4,200 foot-long lighted trail that runs from the entrance of William & Mary School of Education to Ironbound Road. This corridor connects the Midtown Row area of the City, William & Mary campus, and the New Town area of James City County. \$593 thousand was expended on this project during FY 2021.
- Vehicles were replaced citywide under the replacement plan at the cost of \$388 thousand.
- Public Safety projects totaled \$795 thousand and included equipment and professional services costs to assist in determining options for a new fire station.

Utility Fund:

- Repairs and maintenance costs totaled \$32 thousand in FY 2021.
- Water system improvements totaled \$18 thousand.
- Waller Mill Dam improvements total \$53 thousand.
- Sewer System Rehab costs totaled \$12 thousand.

Additional information on the City of Williamsburg's capital assets can be found in Note 6 – Capital Assets, of the Notes to the Financial Statements section of this report.

Long-term Debt

At June 30, 2021, the City of Williamsburg's total outstanding bonded debt was \$18.1 million. Bonds payable for Governmental Activities were \$15.1 million, while business-type activities owed \$2.9 million at year-end. The full faith and credit of the government back these instruments. The City's total bonded debt decreased by \$1.2 million. The City's remaining legal debt capacity at June 30, 2021, is approximately \$186 million.

City staff continues to work with financial advisors, Davenport and Company, to analyze all aspects of capital borrowing needs to secure the best interest rates, if and when future borrowing is necessary. Additional information on the City's long-term debt can be found in Note 8 – Long-Term Obligations, of the Notes to the Financial Statements section of this report.

Request for Information

This financial report is designed to provide a general overview of the City of Williamsburg's finances for all those interested in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Williamsburg, 401 Lafayette Street, Williamsburg, VA 23185.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Williamsburg, Virginia
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 29,671,059	\$ 4,280,188	\$ 33,951,247
Investments	4,999,811	4,085,828	9,085,639
Investments in custody of others	13,279,855	-	13,279,855
Receivables (net of allowance for uncollectibles):			
Taxes receivable	524,076	-	524,076
Accounts receivable	1,305,861	1,614,712	2,920,573
Notes receivable	114,000	-	114,000
Due from other governmental units	2,573,202	-	2,573,202
Inventories	3,077,624	-	3,077,624
Prepaid items	13,442	-	13,442
Capital assets (net of accumulated depreciation):			
Land and land improvements	8,797,413	6,434,330	15,231,743
Works of art	28,400	-	28,400
Buildings and system	20,996,732	3,869,238	24,865,970
Improvements other than buildings	4,405,250	2,277,180	6,682,430
Machinery and equipment	4,410,116	642,504	5,052,620
Intangibles	731,052	8,750,003	9,481,055
Infrastructure	33,650,313	48,170	33,698,483
Construction in progress	446,242	-	446,242
Total assets	\$ 129,024,448	\$ 32,002,153	\$ 161,026,601
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 4,095,745	\$ 431,107	\$ 4,526,852
OPEB related items	951,254	22,051	973,305
Deferred charges on refunding	15,200	105,145	120,345
Total deferred outflows of resources	\$ 5,062,199	\$ 558,303	\$ 5,620,502
LIABILITIES			
Accounts payable	\$ 833,038	\$ 682,546	\$ 1,515,584
Accrued liabilities	564,150	53,206	617,356
Refundable deposits	80,989	64,349	145,338
Accrued interest payable	314,318	73,301	387,619
Unearned revenue	8,086,649	195,000	8,281,649
Long-term liabilities:			
Due within one year	1,717,387	467,044	2,184,431
Due in more than one year	15,705,125	3,008,151	18,713,276
Net pension liability, due in more than one year	13,743,328	1,443,963	15,187,291
Net OPEB liability, due in more than one year	2,546,267	95,854	2,642,121
Total liabilities	\$ 43,591,251	\$ 6,083,414	\$ 49,674,665
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 38,627	\$ 93,128	\$ 131,755
OPEB related items	416,890	5,852	422,742
Total deferred inflows of resources	\$ 455,517	\$ 98,980	\$ 554,497
NET POSITION			
Net Investment in capital assets	\$ 69,784,670	\$ 18,783,099	\$ 88,567,769
Restricted:			
Fire and police capital improvements	694,583	-	694,583
Unrestricted	19,560,626	7,594,963	27,155,589
Total net position	\$ 90,039,879	\$ 26,378,062	\$ 116,417,941

The notes to the financial statements are an integral part of this statement.

Exhibit 1

Component Units	
Williamsburg Redevelopment and Housing Authority	Williamsburg Economic Development Authority
\$ 815,539	\$ 236,978
260,968	253,136
-	-
-	-
14,486	-
-	-
-	-
23,489	-
20,073	-
2,377,895	-
-	-
1,156,246	-
14,732	-
15,489	-
-	-
-	-
-	-
\$ 4,698,917	\$ 490,114
\$ -	\$ -
-	-
-	-
\$ -	\$ -
\$ 28,325	\$ 19,370
5,446	-
39,420	-
-	-
2,259	-
-	-
114,000	-
-	-
-	-
\$ 189,450	\$ 19,370
\$ -	\$ -
-	-
\$ -	\$ -
\$ 3,450,362	\$ -
-	-
1,059,105	470,744
\$ 4,509,467	\$ 470,744

City of Williamsburg, Virginia
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 5,917,023	\$ -	\$ 192,459	\$ -
Judicial administration	449,662	197,671	2,435	-
Public safety	12,835,007	855,250	3,449,883	-
Public works	4,842,879	-	1,923,840	849,044
Health and welfare	3,220,829	-	1,203,244	-
Education	10,156,551	-	1,576,279	-
Parks, recreation, and cultural	3,118,164	375,800	-	-
Community development	5,939,110	-	144,628	351,435
Interest on long-term debt	530,466	-	-	-
Total governmental activities	\$ 47,009,691	\$ 1,428,721	\$ 8,492,768	\$ 1,200,479
Business-type activities:				
Utility Fund	\$ 7,034,704	\$ 6,807,640	\$ -	\$ -
Total business-type activities	\$ 7,034,704	\$ 6,807,640	\$ -	\$ -
Total primary government	\$ 54,044,395	\$ 8,236,361	\$ 8,492,768	\$ 1,200,479
COMPONENT UNITS:				
WRHA	\$ 1,138,318	\$ 466,413	\$ 304,245	\$ 263,260
EDA	898,268	22,188	-	-
Total component units	\$ 2,036,586	\$ 488,601	\$ 304,245	\$ 263,260
General revenues and transfers:				
General property taxes				
Local sales and use taxes				
Restaurant food taxes				
Hotel and motel taxes				
\$2 lodging taxes				
Business license taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Payment from City of Williamsburg				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Williamsburg Redevelopment and Housing Authority	Williamsburg Economic Development Authority	
\$ (5,724,564)	\$ -	\$ (5,724,564)	\$ -	\$ -	
(249,556)	-	(249,556)	-	-	
(8,529,874)	-	(8,529,874)	-	-	
(2,069,995)	-	(2,069,995)	-	-	
(2,017,585)	-	(2,017,585)	-	-	
(8,580,272)	-	(8,580,272)	-	-	
(2,742,364)	-	(2,742,364)	-	-	
(5,443,047)	-	(5,443,047)	-	-	
(530,466)	-	(530,466)	-	-	
\$ (35,887,723)	\$ -	\$ (35,887,723)	\$ -	\$ -	
\$ -	\$ (227,064)	\$ (227,064)			
\$ -	\$ (227,064)	\$ (227,064)			
\$ (35,887,723)	\$ (227,064)	\$ (36,114,787)			
			\$ (104,400)	\$ -	
			-	(876,080)	
			\$ (104,400)	\$ (876,080)	
\$ 15,224,559	\$ -	\$ 15,224,559	\$ -	\$ -	
6,424,415	-	6,424,415	-	-	
5,850,176	-	5,850,176	-	-	
1,770,894	-	1,770,894	-	-	
617,886	-	617,886	-	-	
1,867,598	-	1,867,598	-	-	
1,146,439	-	1,146,439	-	-	
651,308	6,258	657,566	3,014	387	
918,132	349,242	1,267,374	11,771	-	
1,383,295	-	1,383,295	-	-	
-	-	-	-	848,124	
(71,796)	71,796	-	-	-	
\$ 35,782,906	\$ 427,296	\$ 36,210,202	\$ 14,785	\$ 848,511	
\$ (104,817)	\$ 200,232	\$ 95,415	\$ (89,615)	\$ (27,569)	
90,144,696	26,177,830	116,322,526	4,599,082	498,313	
\$ 90,039,879	\$ 26,378,062	\$ 116,417,941	\$ 4,509,467	\$ 470,744	

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FUND FINANCIAL STATEMENTS

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City of Williamsburg, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Tourism Fund	American Rescue Plan Fund	Capital Projects Fund	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 8,636,557	\$ 2,619,725	\$ 7,757,512	\$ 9,369,312	\$ 1,287,953	\$ 29,671,059
Investments	4,658,410	-	-	341,401	-	4,999,811
Investments in custody of others	-	-	-	13,279,855	-	13,279,855
Receivables (net of allowance for uncollectibles):						
Taxes receivable	524,076	-	-	-	-	524,076
Accounts receivable	1,214,376	90,614	-	201	670	1,305,861
Notes receivable	114,000	-	-	-	-	114,000
Due from other funds	377,715	-	-	-	-	377,715
Due from other governmental units	1,258,261	382,325	-	836,782	95,834	2,573,202
Inventories	-	-	-	3,077,624	-	3,077,624
Prepaid items	13,442	-	-	-	-	13,442
Total assets	<u>\$ 16,796,837</u>	<u>\$ 3,092,664</u>	<u>\$ 7,757,512</u>	<u>\$ 26,905,175</u>	<u>\$ 1,384,457</u>	<u>\$ 55,936,645</u>
LIABILITIES						
Accounts payable	\$ 663,007	\$ 53,718	\$ -	\$ 105,526	\$ 10,787	\$ 833,038
Accrued liabilities	543,803	15,344	-	5,003	-	564,150
Refundable deposits	80,989	-	-	-	-	80,989
Due to other funds	-	-	-	-	377,715	377,715
Unearned revenue	243,506	-	7,757,512	-	85,631	8,086,649
Total liabilities	<u>\$ 1,531,305</u>	<u>\$ 69,062</u>	<u>\$ 7,757,512</u>	<u>\$ 110,529</u>	<u>\$ 474,133</u>	<u>\$ 9,942,541</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 425,508	\$ -	\$ -	\$ -	\$ -	\$ 425,508
Total deferred inflows of resources	<u>\$ 425,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 425,508</u>
FUND BALANCES						
Nonspendable	\$ 13,442	\$ -	\$ -	\$ -	\$ -	\$ 13,442
Restricted	-	-	-	13,279,855	910,324	14,190,179
Assigned	-	3,023,602	-	13,514,791	-	16,538,393
Unassigned	14,826,582	-	-	-	-	14,826,582
Total fund balances	<u>\$ 14,840,024</u>	<u>\$ 3,023,602</u>	<u>\$ -</u>	<u>\$ 26,794,646</u>	<u>\$ 910,324</u>	<u>\$ 45,568,596</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,796,837</u>	<u>\$ 3,092,664</u>	<u>\$ 7,757,512</u>	<u>\$ 26,905,175</u>	<u>\$ 1,384,457</u>	<u>\$ 55,936,645</u>

The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	45,568,596
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$	73,465,518	73,465,518
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the funds. The following is a summary of items supporting this adjustment:			
Unavailable revenue - property taxes	\$	425,508	425,508

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Deferred charge on refunding	\$	15,200	
Pension related items		4,095,745	
OPEB related items		951,254	5,062,199

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:			
General obligation bonds	\$	(16,281,320)	
Net OPEB liability		(2,546,267)	
Net pension liability		(13,743,328)	
Accrued interest payable		(314,318)	
Compensated absences		(1,141,192)	(34,026,425)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
OPEB related items	\$	(416,890)	
Pension related items		(38,627)	(455,517)

Net position of governmental activities	\$	90,039,879
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The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Tourism Fund	Capital Projects Fund	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 15,174,178	\$ -	\$ -	\$ -	\$ 15,174,178
Other local taxes	10,635,107	2,591,220	4,451,081	-	17,677,408
Permits, privilege fees, and regulatory licenses	240,832	-	-	-	240,832
Fines and forfeitures	197,671	-	-	-	197,671
Revenue from the use of money and property	571,330	-	79,975	3	651,308
Charges for services	990,218	-	-	-	990,218
Miscellaneous	575,514	-	297,751	44,867	918,132
Recovered costs	1,163,944	-	-	-	1,163,944
Intergovernmental:					
Commonwealth	5,524,074	-	522,837	494,245	6,541,156
Federal	3,001,740	-	536,306	785,044	4,323,090
Total revenues	\$ 38,074,608	\$ 2,591,220	\$ 5,887,950	\$ 1,324,159	\$ 47,877,937
EXPENDITURES					
Current:					
General government administration	\$ 4,966,751	\$ -	\$ -	\$ -	\$ 4,966,751
Judicial administration	449,662	-	-	-	449,662
Public safety	11,754,004	-	-	75,275	11,829,279
Public works	3,230,663	-	-	-	3,230,663
Health and welfare	616,665	-	-	2,602,494	3,219,159
Education	10,073,887	-	-	-	10,073,887
Parks, recreation, and cultural	2,240,537	-	-	-	2,240,537
Community development	2,365,783	3,314,629	-	-	5,680,412
Capital projects	-	-	4,355,650	-	4,355,650
Debt service:					
Principal retirement	-	-	862,300	-	862,300
Interest and other fiscal charges	-	-	650,194	-	650,194
Total expenditures	\$ 35,697,952	\$ 3,314,629	\$ 5,868,144	\$ 2,677,769	\$ 47,558,494
Excess (deficiency) of revenues over (under) expenditures	\$ 2,376,656	\$ (723,409)	\$ 19,806	\$ (1,353,610)	\$ 319,443
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 2,500,000	\$ 2,205,000	\$ 165,000	\$ 1,482,951	\$ 6,352,951
Transfers out	(3,759,747)	(2,665,000)	-	-	(6,424,747)
Total other financing sources (uses)	\$ (1,259,747)	\$ (460,000)	\$ 165,000	\$ 1,482,951	\$ (71,796)
Net change in fund balances	\$ 1,116,909	\$ (1,183,409)	\$ 184,806	\$ 129,341	\$ 247,647
Fund balances - beginning	13,723,115	4,207,011	26,609,840	780,983	45,320,949
Fund balances - ending	\$ 14,840,024	\$ 3,023,602	\$ 26,794,646	\$ 910,324	\$ 45,568,596

The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$	247,647
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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 is the amount by which the depreciation expense exceeded the capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital outlay	\$ 3,690,017		
Depreciation expense	<u>(3,919,485)</u>		(229,468)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ 50,381		50,381
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The issuance of long-term debt (e.g. bonds, leases) 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, discounts, 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 items. The following is a summary of items supporting this adjustment:

Principal retirement on general obligation bonds	\$ 862,300		862,300
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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 following is a summary of items supporting this adjustment:

Change in compensated absences	\$ (30,888)		
Change in OPEB related items	(77,011)		
Change in pension related items	(1,047,506)		
Amortization of premium	100,341		
Amortization of deferred charges on refunding	(2,171)		
Change in accrued interest payable	<u>21,558</u>		<u>(1,035,677)</u>

Change in net position of governmental activities	\$	<u>(104,817)</u>
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The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2021

	Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,280,188
Investments	4,085,828
Accounts receivable (net of allowances for uncollectibles)	1,614,712
Total current assets	<u>\$ 9,980,728</u>
Noncurrent assets:	
Capital assets:	
Land and land improvement and open easement	\$ 6,434,330
Buildings and system	11,842,633
Improvements other than buildings	8,595,241
Machinery and equipment	2,846,099
Intangibles	12,525,344
Infrastructure	83,860
Accumulated depreciation	(20,306,082)
Net capital assets	<u>\$ 22,021,425</u>
Total noncurrent assets	<u>\$ 22,021,425</u>
Total assets	<u>\$ 32,002,153</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refundings	\$ 105,145
Pension related items	431,107
OPEB related items	22,051
Total deferred outflows of resources	<u>\$ 558,303</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 682,546
Accrued liabilities	53,206
Refundable deposits	64,349
Accrued interest payable	73,301
Compensated absences - current portion	87,964
Unearned revenue	195,000
General obligation bonds - current portion	379,080
Total current liabilities	<u>\$ 1,535,446</u>

City of Williamsburg, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2021

	<u>Utility Fund</u>
LIABILITIES (Continued)	
Noncurrent liabilities:	
General obligation bonds - net of current portion	\$ 2,964,391
Net pension liability	1,443,963
Net OPEB liability	95,854
Compensated absences - net of current portion	43,760
Total noncurrent liabilities	<u>\$ 4,547,968</u>
Total liabilities	<u>\$ 6,083,414</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 93,128
OPEB related items	5,852
Total deferred inflows of resources	<u>\$ 98,980</u>
 NET POSITION	
Net investment in capital assets	\$ 18,783,099
Unrestricted	7,594,963
Total net position	<u><u>\$ 26,378,062</u></u>

The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Utility Fund</u>
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 4,228,181
Sewer revenues	2,193,210
Tap and availability fees	385,340
Penalty and interest	109
Miscellaneous	349,242
Total operating revenues	<u>\$ 7,156,082</u>
OPERATING EXPENSES	
Personnel services	\$ 1,325,492
Fringe benefits	657,125
Contractual services	2,339,909
Other charges	1,786,717
Depreciation	822,598
Total operating expenses	<u>\$ 6,931,841</u>
Operating income (loss)	<u>\$ 224,241</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 6,258
Interest and other fiscal charges	(102,863)
Connection fees	800
Total nonoperating revenues (expenses)	<u>\$ (95,805)</u>
Income before transfers	<u>\$ 128,436</u>
Transfers in	71,796
Change in net position	<u>\$ 200,232</u>
Net position - beginning	26,177,830
Net position - ending	<u><u>\$ 26,378,062</u></u>

The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Utility Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 6,650,392
Payments to suppliers	(4,037,098)
Payments to and for employees	(1,884,042)
Net cash provided by (used for) operating activities	<u>\$ 729,252</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Connection fees	\$ 800
Transfers from other funds	71,796
Net cash provided by (used for) noncapital financing activities	<u>\$ 72,596</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	\$ (179,237)
Principal payments on bonds	(362,700)
Interest expense	(155,568)
Net cash provided by (used for) capital and related financing activities	<u>\$ (697,505)</u>
Net increase (decrease) in cash and cash equivalents	\$ 104,343
Cash and cash equivalents - beginning	4,175,845
Cash and cash equivalents - ending	<u><u>\$ 4,280,188</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ 224,241</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	\$ 822,598
(Increase) decrease in accounts receivable	(579,754)
(Increase) decrease in deferred outflows of resources related to pension and OPEB	(147,670)
Increase (decrease) in compensated absences	(11,528)
Increase (decrease) in accounts payable	89,530
Increase (decrease) in accrued liabilities	2,304
Increase (decrease) in unearned revenue	73,500
Increase (decrease) refundable deposits	564
Increase (decrease) in net pension liability	263,502
Increase (decrease) in net OPEB liability	(413)
Increase (decrease) in deferred inflows of resources related to pension and OPEB	(7,622)
Total adjustments	<u>\$ 505,011</u>
Net cash provided by (used for) operating activities	<u><u>\$ 729,252</u></u>

The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,402,173
Investments, at fair value:	
Other investments	1,375,322
Other assets	7,412
Total assets	<u>\$ 2,784,907</u>
LIABILITIES	
Accounts payable	\$ 99,841
Accrued liabilities	103,035
Total liabilities	<u>\$ 202,876</u>
NET POSITION	
Restricted for:	
Individuals	\$ 142,405
Organizations	132,848
Other governments	2,306,778
Total net position	<u><u>\$ 2,582,031</u></u>

The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

**Custodial
Funds**

ADDITIONS

Contributions:

Other governmental entities	\$ 6,934,755
Participant fees	190,960
Miscellaneous	365,934

Investment earnings:

Interest and dividends	2,121
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Special assessment tax collected for other governments	587,034
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Miscellaneous	8,377
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Total additions	<u>\$ 8,089,181</u>
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DEDUCTIONS

Recipient payments	\$ 4,995
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Administrative expenses	147,701
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Payment of special assessment taxes to governments	587,034
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Payments for personnel	5,090,373
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Purchases for supplies	2,035,208
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Total deductions	<u>\$ 7,865,311</u>
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Net increase (decrease) in fiduciary net position	<u>\$ 223,870</u>
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Net position, beginning - as restated	<u>\$ 2,358,161</u>
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Net position, ending	<u><u>\$ 2,582,031</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2021

Note 1—Summary of Significant Accounting Policies:

The City of Williamsburg, Virginia (the "City") was established by the General Assembly of the Commonwealth of Virginia in 1699 and was incorporated by British Royal Charter in 1722. The City is a municipal corporation governed by an elected mayor and four-member council. The accompanying financial statements present the government and the entities for which the government is considered to be financially accountable.

Financial Statement Presentation

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 1—Summary of Significant Accounting Policies: (Continued)

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the City of Williamsburg (the primary government) and its component units. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit - The City has no blended component units to be included for the fiscal year ended June 30, 2021.

Discretely Presented Component Units - The Williamsburg Redevelopment and Housing Authority (WRHA) is responsible for operating a low income housing program in the City which provides housing for eligible families, for operating redevelopment and conservation programs and for delivering of services to citizens of low income housing and urban renewal areas through the encouragement and development of social and economic opportunities. The Commissioners of the Authority are the members of City Council in addition to a Member-at-Large and a Public Housing Resident Member. The Authority is fiscally dependent on the City. The City does not have operational responsibility for the WRHA. The City is involved in the day-to-day fiscal operations of the WRHA, including the processing of their payroll, accounts payable and other managerial functions and therefore, the WRHA is included in the City's financial statements as a discrete presentation for the year ended June 30, 2021. WRHA's fiscal year of October 1 to September 30 differs from the City's fiscal year of July 1 to June 30. A copy of the separately issued financial statements may be obtained for the WRHA by writing to Williamsburg Redevelopment and Housing Authority, 401 Lafayette Street, P.O. Box 411, Williamsburg, VA 23185 or by calling (757) 220-3477.

The Williamsburg Economic Development Authority (EDA) is responsible for industrial prospective bond issues and commercial development in the City. The Authority consists of seven members appointed by the City Council. The Authority is fiscally dependent on the City as the City is involved in the day-to-day operations of the EDA, including the approval of private activity prospective bond issues and therefore, it is included in the City's financial statements as a discrete presentation for the year ended June 30, 2021. Separate audited financial statements are available from the EDA, 401 Lafayette Street, Williamsburg, VA 23185 or by calling (757) 220-6104.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Other Related Organizations

Not included in the City's financial statements are certain entities created as separate governments under the laws of the Commonwealth of Virginia. These agencies are separate legal entities having governmental character and sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the City, although certain members of their governing bodies are appointed by the City Council. Specific information on the nature of the individual agencies and description of their financial transactions affecting the City are provided in the following paragraphs:

1. The City of Williamsburg - County of James City, Virginia Joint Public Schools - Under the terms of an agreement dated January 14, 1954, and subsequently revised, between the governing bodies and the school boards of the City of Williamsburg, Virginia and the County of James City, Virginia, effective July 1, 1955, the two localities consolidated the operations of their schools. The latest agreement was amended April 13, 2017 for Fiscal Years 2019 through 2022. That agreement provides that the City's share of operational costs will be equivalent to the percentage of City students each year, times an add-on factor, then averaged over the two past fiscal year funding shares. The add-on factor for Fiscal Year 2021 and forward is as follows:

<u>Fiscal Year</u>	<u>Factor</u>
2021	1.14
2022	1.14

Summary financial information on the school operations (General Fund) as of June 30, 2021, is as follows:

Total assets	\$ 27,840,468
Liabilities	\$ 25,715,431
Fund balance and other credits	2,125,037
Total liabilities, fund balance, and other credits	\$ 27,840,468
Revenues	\$ 140,395,435
Expenditures and other financing uses	138,470,398
Excess of expenditures and other financing uses over revenues	\$ 1,925,037
Fund balance, beginning	200,000
Fund balance, ending	\$ 2,125,037

General long-term obligations of the joint school operations consists of liabilities for early retirement, compensated absences, pensions, and obligations under capital leases. Each participating government is responsible for its own debt related to school properties.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Other Related Organizations (Continued)

2. Williamsburg Regional Library - The Library is a joint operation of the City of Williamsburg and the Counties of James City and York, Virginia, operating under a contract dated September 26, 2013. It receives funding from the Commonwealth of Virginia, the federal government, and some private sources. The Library's board is split between City and County appointees. The Library's management is independent from City and County control. During the current fiscal year, the City contributed \$905,369 to the Library's operating budget, or 12.43% of its net appropriated support. Separate financial statements are prepared and are available, which reflect the details of its operations.
3. Other Agencies - Certain agencies and commissions service both the City of Williamsburg and surrounding localities. Board membership is allocated among the localities and their governing bodies make appointments. These agencies include: Hampton Roads Planning District Commission (HRPDC), Colonial Behavioral Health, Virginia Peninsula Regional Jail, Colonial Group Home Commission, Middle Peninsula Juvenile Detention Commission, Peninsula Agency on Aging, Community Action Agency, Virginia Peninsula Public Service Authority, Greater Williamsburg Partnership, and the Williamsburg Area Arts Commission.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) 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 (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. 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 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City's custodial funds are presented in the fund financial statements by type and have an economic resources measurement focus but use the accrual basis of accounting for asset and liability recognition. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the City.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the City 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.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The City reports the General Fund as a major governmental fund.

The General Fund is the primary operating fund of the City. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the Tourism Fund and the American Rescue Plan Fund, both of which are considered major funds and the following are nonmajor funds: Virginia Public Assistance Fund and Law Enforcement Block Grant Fund. The Virginia Public Assistance Fund accounts for the Social Services programs of the City and is funded primarily through intergovernmental revenues.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

1. Governmental Funds (Continued)

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund is considered a major fund.

2. Proprietary Funds

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The City's major Enterprise Fund consists of the Utility Fund.

3. Fiduciary Funds

Fiduciary Funds (Trust and Custodial Funds) account for assets held by the City unit in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Williamsburg Regional Library, the Williamsburg Tricentennial Fund, the Quarterpath CDA Fund, the Farmers Market Fund, and the Special Welfare Fund. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the City's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 1—Summary of Significant Accounting Policies: (Continued)

G. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$396,441 at June 30, 2021 and is comprised of property taxes of \$69,964 water and sewer charges of \$79,344, and ambulance recovery fees of \$247,133.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	July 1	January 1
Due Date	December 1 / June 1	December 1
Lien Date	July 1	January 1

The City bills and collects its own property taxes. The City follows the practice of reassessing real estate annually and personal property annually.

H. Capital Assets

Capital assets, which include property, plant and equipment, infrastructure, and intangibles are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the City as land, buildings, infrastructure, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Intangible assets lack physical substance and have a nonfinancial nature and initial useful life extending beyond a single reporting period.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2021 was immaterial.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 1—Summary of Significant Accounting Policies: (Continued)

H. Capital Assets (Continued)

Property, plant and equipment, infrastructure, and intangibles of the primary government are depreciated (including amortization of intangible assets) using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings	40
Improvements other than buildings	20
Infrastructure	
Roads	30
Bridges and culverts	50
Water/sewer system	40
Machinery and equipment	3-10
Intangibles	40

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resource is reported as an expenditure and liability of the governmental fund that will pay it when it is matured. Compensated absences are reported in governmental funds only if they have matured to include unused reimbursable leave still outstanding following an employee's resignation or retirement. Thus, the only portion of a compensated absences liability that is reported in the governmental funds would be the amount of reimbursable unused vacation leave or sick leave payable to employees who had terminated their employment as of June 30th. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 1—Summary of Significant Accounting Policies: (Continued)

K. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and is deferred and recognized as an inflow of resources in the period that the amount becomes available. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

L. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

M. Pensions

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

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 1—Summary of Significant Accounting Policies: (Continued)

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI and LODA OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

P. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the financial statements using the consumption method.

Q. Inventory

Inventory is valued at cost using the weighted average method. Inventory consists of expendable supplies held for consumption and is recorded as expenditures when used (consumption method). Inventory in the Capital Projects Fund includes land purchased by the City and held for resale. These amounts are valued at the lower of cost or market value.

R. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City Manager prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Manager adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;

Note 1—Summary of Significant Accounting Policies: (Continued)

R. Fund Balance (Continued)

- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives).

Assigned fund balance is established by the City Manager, who has been given the delegated authority by the City Council to assign amounts for a specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the City strives to maintain an unassigned fund balance to be used for unanticipated emergencies equal to a minimum of 35% of General Fund operating revenue as shown in the City's most recent annual comprehensive financial report.

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CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 1—Summary of Significant Accounting Policies: (Continued)

R. Fund Balance (Continued)

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	Major Special Revenue Fund		Nonmajor Special Revenue Funds		Major Capital Projects Fund	
	General Fund	Tourism Fund	Virginia Public Assistance Fund	Law Enforcement Block Grant Fund	Capital Projects Fund	Total
Fund Balances:						
Nonspendable:						
Prepaid Items	\$ 13,442	\$ -	\$ -	\$ -	\$ -	\$ 13,442
Total Nonspendable	<u>\$ 13,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,442</u>
Restricted:						
Social services	\$ -	\$ -	\$ 897,239	\$ -	\$ -	\$ 897,239
Law enforcement	-	-	-	13,085	-	13,085
Fire and police capital improvements	-	-	-	-	13,279,855	13,279,855
Total Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 897,239</u>	<u>\$ 13,085</u>	<u>\$ 13,279,855</u>	<u>\$ 14,190,179</u>
Assigned:						
Future capital projects	\$ -	\$ -	\$ -	\$ -	\$ 13,514,791	\$ 13,514,791
Tourism	-	3,023,602	-	-	-	3,023,602
Total Assigned	<u>\$ -</u>	<u>\$ 3,023,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,514,791</u>	<u>\$ 16,538,393</u>
Unassigned	\$ 14,826,582	\$ -	\$ -	\$ -	\$ -	\$ 14,826,582
Total Fund Balances	<u>\$ 14,840,024</u>	<u>\$ 3,023,602</u>	<u>\$ 897,239</u>	<u>\$ 13,085</u>	<u>\$ 26,794,646</u>	<u>\$ 45,568,596</u>

Note 2—Stewardship, Compliance, and Accounting:

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

1. The City Charter requires the City Manager to submit to the City Council an annual budget for the ensuing fiscal year at least 60 days prior to the beginning of such fiscal year.
2. A public hearing on the budget is held after a synopsis of the budget is published in a local newspaper of general circulation. After a public hearing, the City Council may change any item in the budget (other than debt service or items required by law). A budget resolution must be adopted by the City Council prior to June 30 or as soon thereafter as is practicable.
3. The City utilizes the budget resolution of budgetary control whereby City Council adopts budgets for estimated revenues and expenditures on a departmental basis for the General Fund and Special Revenue Funds. Adopted budgets may be amended or superseded by action of City Council.
4. Budgets are also adopted by City Council for the Enterprise Funds. Budget to actual comparisons for these funds are not presented herein since there is no legal requirement for such presentation.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 2—Stewardship, Compliance, and Accounting: (Continued)

5. All operating budgets include proposed expenditures and the means of financing them. The City Manager has the authority to transfer amounts within the departments, so long as the total appropriation for a department is not adjusted. Budgeted amounts as presented in the financial statements reflect reallocations within budget categories through June 30, 2021.
6. Appropriation control is maintained at the department level. Appropriations lapse at year end. Encumbrances and committed fund balances outstanding at year end are re-appropriated in the succeeding year.
7. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
8. The City utilizes a Finance and Audit Committee to assist City Council in carrying out its oversight responsibilities as they relate to financial reporting, internal controls and compliance with laws and regulations.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any department.

Note 3—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and saving institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits of the Williamsburg Redevelopment and Housing Authority, a discretely presented component unit, are considered fully collateralized.

At year-end the carrying value of the City’s deposits with banks and savings institutions was \$35,580,366 and the bank balance was \$36,601,294. Of the bank balance, \$36,601,294 was covered by Federal Depository Insurance Corporation. Of the Bank balance, \$15,210,642 was uncollateralized in banks or savings and loans not qualifying under the Virginia Security for Public Deposits Act at June 30, 2021.

Investments

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The City's rated debt investments as of June 30, 2021 were rated by *Standard and Poor's* and the ratings are presented below using the *Standard and Poor's* rating scale. The City's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio, and not more than 5% per issuer.

City's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 10,714,098
Virginia State Non-Arbitrage Pool	13,279,855
Total	\$ 23,993,953

Interest Rate Risk

According to the City's investment policy, no more than 50% of the portfolio may be invested in securities maturing in greater than one year.

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Local Government Investment Pool	\$ 10,714,098	\$ 10,714,098	\$ -
Virginia State Non-Arbitrage Pool	13,279,855	13,279,855	-
Total	\$ 23,993,953	\$ 23,993,953	\$ -

External Investment Pools

The fair value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios and there are no withdrawal limitations or restrictions imposed on participants.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 4—Due from Other Governments:

At June 30, 2021, the City has receivables from other governments as follows:

	Governmental Activities
Other Local Governments:	
Williamsburg-James City County Public Schools	\$ 868,599
Williamsburg Redevelopment and Housing Authority	11,194
Commonwealth of Virginia:	
Communications tax	82,540
Car rental tax	11,278
CSA pool funds	12,590
Local sales tax	808,788
Shared expenses	9,831
Social services	31,964
Historic Triangle sales tax	382,325
State sales tax	196,473
Other	4,104
Federal Government:	
SAFER grant	31,014
FEMA disaster assistance grant	35,288
Highway planning and construction	16,194
Transportation safety grants	7,940
Brownsfield grant	11,800
Social Services	51,280
Total	<u>\$ 2,573,202</u>

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2021 are as follows:

Fund	Interfund Receivables	Interfund Payables
General	\$ 377,715	\$ -
Virginia Public Assistance	-	377,715
Total	<u>\$ 377,715</u>	<u>\$ 377,715</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021**Note 6—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Restated Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<i>Governmental activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 8,797,413	\$ -	\$ -	\$ 8,797,413
Works of art	28,400	-	-	28,400
Construction in progress	-	446,242	-	446,242
Total capital assets not subject to depreciation	\$ 8,825,813	\$ 446,242	\$ -	\$ 9,272,055
Capital assets subject to depreciation:				
Buildings and system	\$ 43,590,797	\$ -	\$ -	\$ 43,590,797
Improvements other than buildings	15,643,799	196,650	-	15,840,449
Infrastructure	67,830,642	2,241,360	-	70,072,002
Intangible	1,150,153	68,923	-	1,219,076
Machinery and equipment	14,310,322	736,842	51,787	14,995,377
Total capital assets subject to depreciation	\$ 142,525,713	\$ 3,243,775	\$ 51,787	\$ 145,717,701
Accumulated depreciation:				
Buildings and system	\$ 21,404,046	\$ 1,190,019	\$ -	\$ 22,594,065
Improvements other than buildings	11,024,724	410,475	-	11,435,199
Infrastructure	35,013,584	1,408,105	-	36,421,689
Intangible	412,267	75,757	-	488,024
Machinery and equipment	9,801,919	835,129	51,787	10,585,261
Total accumulated depreciation	\$ 77,656,540	\$ 3,919,485	\$ 51,787	\$ 81,524,238
Total capital assets subject to depreciation, net	\$ 64,869,173	\$ (675,710)	\$ -	\$ 64,193,463
Governmental activities capital assets, net	\$ 73,694,986	\$ (229,468)	\$ -	\$ 73,465,518

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CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021**Note 6—Capital Assets: (Continued)**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<i>Business-type activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 5,780,530	\$ -	\$ -	\$ 5,780,530
Open easement	653,800	-	-	653,800
Total capital assets not subject to depreciation	<u>\$ 6,434,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,434,330</u>
Capital assets subject to depreciation:				
Buildings and system	\$ 11,842,633	\$ -	\$ -	\$ 11,842,633
Intangibles	12,525,344	-	-	12,525,344
Improvements other than buildings	8,595,241	-	-	8,595,241
Infrastructure	83,860	-	-	83,860
Machinery and equipment	2,666,862	179,237	-	2,846,099
Total capital assets subject to depreciation	<u>\$ 35,713,940</u>	<u>\$ 179,237</u>	<u>\$ -</u>	<u>\$ 35,893,177</u>
Accumulated depreciation:				
Buildings and system	\$ 7,748,057	\$ 225,338	\$ -	\$ 7,973,395
Intangibles	3,462,841	312,500	-	3,775,341
Improvements other than buildings	6,149,497	168,564	-	6,318,061
Infrastructure	32,543	3,147	-	35,690
Machinery and equipment	2,090,546	113,049	-	2,203,595
Total accumulated depreciation	<u>\$ 19,483,484</u>	<u>\$ 822,598</u>	<u>\$ -</u>	<u>\$ 20,306,082</u>
Total capital assets subject to depreciation, net	<u>\$ 16,230,456</u>	<u>\$ (643,361)</u>	<u>\$ -</u>	<u>\$ 15,587,095</u>
Business-type activities capital assets, net	<u>\$ 22,664,786</u>	<u>\$ (643,361)</u>	<u>\$ -</u>	<u>\$ 22,021,425</u>

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CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 6—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 1,435,599
Public safety	682,681
Public works	1,413,208
Health and welfare	9,560
Parks, recreation and cultural	360,805
Community development	<u>17,632</u>
Total depreciation expense - governmental activities	<u>\$ 3,919,485</u>
Business-type activities:	
Utility Fund	<u>\$ 822,598</u>

Note 7— Interfund Transfers:

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 2,500,000	\$ 3,759,747
Utility Fund	71,796	-
Capital Projects Fund	165,000	-
Special Revenue Fund:		
Tourism Fund	2,205,000	2,665,000
Virginia Public Assistance Fund	<u>1,482,951</u>	<u>-</u>
Total	<u>\$ 6,424,747</u>	<u>\$ 6,424,747</u>

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

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CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 8—Long-Term Obligations:

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2021:

Primary Government:

	Balance July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2021	Amounts Due Within One Year
Governmental activities:					
General obligation bond	\$ 16,005,140	\$ -	\$ 862,300	\$ 15,142,840	\$ 905,920
Compensated absences	1,110,304	182,324	151,436	1,141,192	811,467
Net pension liability	10,141,390	6,508,547	2,906,609	13,743,328	-
Net OPEB liability	2,323,076	1,222,648	999,457	2,546,267	-
Adjustment for deferred amounts:					
For issuance premium	1,238,821	-	100,341	1,138,480	-
Total Governmental activities	\$ 30,818,731	\$ 7,913,519	\$ 5,020,143	\$ 33,712,107	\$ 1,717,387
Business-type activities:					
General obligation bonds	\$ 3,294,860	\$ -	\$ 362,700	\$ 2,932,160	\$ 379,080
Compensated absences	143,252	3,471	14,999	131,724	87,964
Net pension liability	1,180,461	672,902	409,400	1,443,963	-
Net OPEB liability	96,267	26,081	26,494	95,854	-
Adjustment for deferred amounts:					
For issuance premium	470,070	-	58,759	411,311	-
Total Business-type activities	\$ 5,184,910	\$ 702,454	\$ 872,352	\$ 5,015,012	\$ 467,044

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ended June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 905,920	\$ 605,989	\$ 379,080	\$ 137,124
2023	952,200	559,535	397,800	117,702
2024	1,003,800	510,636	421,200	97,227
2025	1,052,740	459,222	442,260	75,641
2026	1,106,680	405,237	463,320	53,001
2027 - 2031	4,301,500	1,314,846	828,500	46,565
2032 - 2036	4,030,000	589,137	-	-
2037 - 2038	1,790,000	56,406	-	-
Total	\$ 15,142,840	\$ 4,501,008	\$ 2,932,160	\$ 527,260

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 8—Long-Term Obligations: (Continued)

Details of long-term indebtedness are as follows:

Long-Term Obligations, Governmental Activities:

General Obligation Bonds :

The City authorized and issued a \$7,370,000 general obligation refunding bond in December 2017 for the purpose of refunding a Series 2010 and a Series 2013 general obligation and enterprise fund obligation bonds. The bond is payable in annual principal installments plus semi-annual interest payments at 5.00%. Payments are due on July 1 and January 1. Payments began July 1, 2018 and end June 30, 2029. Carrying value of the debt allocable to general government is \$3,332,840 plus unamortized premium of \$363,208.

Total Amount
\$ 3,696,048

The City authorized and issued a \$12,260,000 general obligation public improvement bond to finance fire and police capital improvements in December 2017. The bond is payable in annual principal installments plus semi-annual interest payments at various coupon rates, 3.00% thru 5.00%. Payments are due on July 1 and January 1. Payments began July 1, 2018 and end June 30, 2038. Carrying value of the debt is \$11,810,000 plus unamortized premium of \$775,272.

12,585,272

Total general obligation bonds

\$ 16,281,320

Compensated absences (payable from General Fund)

\$ 1,141,192

Net pension liability (payable from General Fund)

\$ 13,743,328

Net OPEB liability (payable from General Fund)

\$ 2,546,267

Total Long-Term Obligations, Governmental Activities

\$ 33,712,107

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CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 8—Long-Term Obligations: (Continued)

Details of long-term indebtedness are as follows (Continued):

Long-Term Obligations, Business-type Activities:	Total Amount
<u>General Obligation Bond :</u>	
The City authorized and issued a \$7,370,000 general obligation refunding bond in December 2017 for the purpose of refunding a Series 2010 and a Series 2013 general obligation and enterprise fund obligation bonds. The bond is payable in annual principal installments plus semi-annual interest payments at 5.00%. Payments are due on July 1 and January 1. Payments began July 1, 2018 and end June 30, 2029. Carrying value of the debt allocable to the business-type activities is \$2,932,160 plus unamortized premium of \$411,311.	\$ 3,343,471
Total general obligation bond	\$ 3,343,471
Compensated absences (payable from Enterprise Fund)	\$ 131,724
Net pension liability (payable from Enterprise Fund)	\$ 1,443,963
Net OPEB liability (payable from Enterprise Fund)	\$ 95,854
Total Long-Term Obligations, Business-type Activities	\$ 5,015,012

Note 9—Unearned and Unavailable Revenue:

Unearned and unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Unavailable revenue of \$425,508 and unearned revenue of \$8,281,649 are comprised of the following:

Unavailable Property Tax Revenue: Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$425,508 at June 30, 2021.

Unearned Revenue: Unearned revenue representing CARES Act and Williamsburg Health Foundation, Eviction Prevention Program funds received but not expended totaled \$20,231 and \$223,275, respectively, at June 30, 2021 and are reported in the general fund. The VPA Fund reports \$85,631 in unearned revenue related to summer youth program funds received but not expended at June 30, 2021. In addition, the American Rescue Plan fund reports \$7,757,512 in Coronavirus State and Local Fiscal Recovery Funds received but not expended at June 30, 2021.

The Utility Fund reports unearned revenue of \$195,000 which represents a lease agreement paid in advance by the County of York.

Note 10—Commitments and Contingencies:

Federal programs in which the City participates were audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of the Uniform Guidance all major programs and certain other programs were tested for compliance with applicable grant requirements.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 10—Commitments and Contingencies: (Continued)

While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

The City is committed on a construction contract with David A. Nice Builders, Inc to build a new fire station. The construction contract total is \$13,616,744 with \$13,225,690 outstanding at June 30, 2021.

Note 11—Litigation:

At June 30, 2021, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

Note 12—Risk Management:

The City 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. The City joined together with other local governments in Virginia to form the Virginia Municipal Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The City pays annual premiums to the pool for its property, theft, auto liability, and general liability coverage. Settled claims for the City resulting from these risks have not exceeded insurance coverage for each of the past three years. There was no reduction in insurance coverage during fiscal year 2021.

The City is also a participating member in the Virginia Municipal Group Self Insurance Association. This non-profit entity provides workers' compensation coverage in compliance with the Virginia Workers' Compensation Code. Each Association member jointly and severally agrees to assume, pay and discharge any liability. The City pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid.

In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion, which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. In addition, the City provides various surety bond coverage as required under regulations and at industry recommended levels. Settlements have not exceeded commercial insurance coverage in any of the three past years.

Note 13—Pension Plan:

Plan Description

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

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 13—Pension Plan: (Continued)

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 13—Pension Plan: (Continued)***Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits***

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>251</u>
Inactive members:	
Vested inactive members	51
Non-vested inactive members	34
Inactive members active elsewhere in VRS	<u>96</u>
Total inactive members	<u>181</u>
Active members	<u>188</u>
Total covered employees	<u><u>620</u></u>

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 options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The City's contractually required employer contribution rate for the year ended June 30, 2021 was 15.43% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from them were \$1,744,139 and \$1,484,653 for the years ended June 30, 2021 and June 30, 2020, respectively.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 13—Pension Plan: (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the City, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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.

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2021; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2021; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2021; males set forward 2 years, 110% of rates; females 125% of rates.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 13—Pension Plan: (Continued)**Actuarial Assumptions - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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-10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 13—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2021; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2021; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2021; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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 - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 13—Pension Plan: (Continued)**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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%. 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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; the City was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021*Note 13—Pension Plan: (Continued)**Discount Rate (Continued)*

in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers and school divisions 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.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 74,052,125	\$ 62,730,274	\$ 11,321,851
Changes for the year:			
Service cost	\$ 1,338,975	\$ -	\$ 1,338,975
Interest	4,840,945	-	4,840,945
Differences between expected and actual experience	854,275	-	854,275
Contributions - employer	-	1,487,194	(1,487,194)
Contributions - employee	-	539,231	(539,231)
Net investment income	-	1,185,570	(1,185,570)
Benefit payments, including refunds of employee contributions	(4,668,833)	(4,668,833)	-
Administrative expenses	-	(41,859)	41,859
Other changes	-	(1,381)	1,381
Net changes	\$ 2,365,362	\$ (1,500,078)	\$ 3,865,440
Balances at June 30, 2020	\$ 76,417,487	\$ 61,230,196	\$ 15,187,291

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 13—Pension Plan: (Continued)

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

The following presents the net pension liability of the City using the discount rate of 6.75%, as well as what the City's 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:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
City Net Pension Liability	\$	24,149,961	\$	15,187,291
				\$ 7,691,630

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

For the year ended June 30, 2021, the City recognized pension expense of \$2,905,330. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 526,967	\$ 131,755
Changes of assumptions	418,618	-
Net difference between projected and actual earnings on plan investments	1,837,128	-
Employer contributions subsequent to the measurement date	1,744,139	-
Total	\$ 4,526,852	\$ 131,755

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 13—Pension Plan: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$1,744,139 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ 645,435
2023	780,931
2024	632,974
2025	591,618
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 14—Surety Bonds:

Surety bonds covered the following constitutional officers and City employees at June 30, 2021:

	<u>Amount</u>
<u>Travelers Casualty and Surety Company of America</u>	
Barbara A. Dameron, Director of Finance	\$ 500,000
Lara M.S. Overy, Commissioner of the Revenue	3,000
Mona A. Foley, Clerk of Circuit Court	103,000
David J. Hardin, Sheriff	30,000
<u>Other Insurance</u>	
Employees of Constitutional officers - blanket bond	1,000,000
Police Department - blanket bond	100,000
All City of Williamsburg employees except Constitutional Officers and their subordinates and the Police Department	100,000

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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 Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions,

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions (Continued)

was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$62,535 and \$57,498 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the entity reported a liability of \$896,666 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.05370% as compared to 0.05534% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$33,178. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,513	\$ 8,054
Net difference between projected and actual earnings on GLI OPEB plan investments	26,935	-
Change of assumptions	44,844	18,723
Changes in proportionate share	14,450	27,965
Employer contributions subsequent to the measurement date	62,535	-
Total	\$ <u>206,277</u>	\$ <u>54,742</u>

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

\$62,535 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ 12,490
2023	20,097
2024	27,779
2025	26,046
2026	2,981
Thereafter	(393)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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 OPEB liabilities.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2021; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2021; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2021; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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 - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2021; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2021; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2021; males set forward 2 years; unisex using 100% male.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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 - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	\$	1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		
		52.64%

The total GLI OPEB 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 GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding 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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. 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 7.11%, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total GLI OPEB 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 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 ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 1,178,736	\$ 896,666	\$ 667,599

GLI Plan Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16—Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for LODA OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 16—Line of Duty Act (LODA) Program: (Continued)

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2021 was \$717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the Line of Duty Act Program from the entity were \$61,509 and \$56,638 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the entity reported a liability of \$1,745,455 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2020 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2020, the entity's proportion was 0.41680% as compared to 0.42332% at June 30, 2019.

For the year ended June 30, 2021, the entity recognized LODA OPEB expense of \$164,564. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021*Note 16—Line of Duty Act (LODA) Program: (Continued)****LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB: (Continued)***

At June 30, 2021, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 185,283	\$ 237,962
Net difference between projected and actual earnings on LODA OPEB program investments	-	2,482
Change of assumptions	467,272	108,769
Changes in proportionate share	52,964	18,787
Employer contributions subsequent to the measurement date	<u>61,509</u>	<u>-</u>
Total	<u>\$ 767,028</u>	<u>\$ 368,000</u>

\$61,509 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ 45,663
2023	46,121
2024	46,610
2025	46,754
2026	46,908
Thereafter	105,463

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 16—Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.375%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	2.21%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2021; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2021; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2021; males set forward 2 years; unisex using 100% male.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 16—Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 423,147
Plan Fiduciary Net Position	4,333
Employers' Net OPEB Liability (Asset)	<u>\$ 418,814</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.02%

The total LODA OPEB 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 OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 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 LODA OPEB Program's investments was set at 2.21% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2020.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 16—Line of Duty Act (LODA) Program: (Continued)

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 2.21%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	Discount Rate		
	1% Decrease (1.21%)	Current (2.21%)	1% Increase (3.21%)
County's proportionate share of the total LODA Net OPEB Liability	\$ 2,071,831	\$ 1,745,455	\$ 1,499,439

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
City's proportionate share of the LODA Net OPEB Liability	\$ 1,442,675	\$ 1,745,455	\$ 2,141,486

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 16—Line of Duty Act (LODA) Program: (Continued)

Aggregate OPEB Information

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Plan (Note 15)	\$ 206,277	\$ 54,742	\$ 896,666	\$ 33,178
Line of Duty Act Plan (Note 16)	767,028	368,000	1,745,455	164,564
Totals	<u>\$ 973,305</u>	<u>\$ 422,742</u>	<u>\$ 2,642,121</u>	<u>\$ 197,742</u>

Note 17—Adoption of Accounting Principles:

The City implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this statement resulted in the restatement of net position as discussed in Note 18.

The City implemented provisions of Governmental Accounting Standards Board Statement No. 90, *Majority Equity Interests* during the fiscal year ended June 30, 2021. This statement provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. No restatement was required as a result of this implementation.

Note 18—Restatement of Net Position:

The following adjustments have been made to beginning net position:

	Primary Government	Component Unit	Custodial Funds				
	Governmental Activities	Economic Development Authority	Williamsburg Regional Library Fund	Williamsburg Tricentennial Fund	Quarterpath CDA Fund	Farmers Market Fund	Special Welfare Fund
Net Position, June 30, 2020, as previously stated	\$ 91,837,959	-	\$ -	\$ -	\$ -	\$ -	-
Restatement:							
To correct prior year capital asset additions donated from the Commonwealth of Virginia	(1,693,263)	-	-	-	-	-	-
Implementation of GASB 84	-	-	2,089,516	6,982	-	130,586	131,077
Report as Component Unit due to GASB 84	-	498,313	-	-	-	-	-
Net Position, July 1, 2020, as restated	<u>\$ 90,144,696</u>	<u>\$ 498,313</u>	<u>\$ 2,089,516</u>	<u>\$ 6,982</u>	<u>\$ -</u>	<u>\$ 130,586</u>	<u>\$ 131,077</u>

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 19—Upcoming Pronouncements:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (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 requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 19—Upcoming Pronouncements: (Continued)

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Note 20—COVID-19 Pandemic Funding and Subsequent Events:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the City, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the City is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The City received total CRF funding of \$2,609,358 plus additional amounts for Broadband totaling \$192,023 and Utility Relief Funds in the amount of \$92,027. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$20,231 are reported as unearned revenue as of June 30.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 30, 2021, the City received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$7,757,512 from the initial allocation are reported as unearned revenue as of June 30.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Williamsburg, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 12,343,216	\$ 12,343,216	\$ 15,174,178	\$ 2,830,962
Other local taxes	10,421,100	10,421,100	10,635,107	214,007
Permits, privilege fees, and regulatory licenses	234,225	234,225	240,832	6,607
Fines and forfeitures	282,000	282,000	197,671	(84,329)
Revenue from the use of money and property	692,622	692,622	571,330	(121,292)
Charges for services	1,223,470	1,225,045	990,218	(234,827)
Miscellaneous	459,100	729,100	575,514	(153,586)
Recovered costs	1,224,300	1,224,300	1,163,944	(60,356)
Intergovernmental:				
Commonwealth	4,708,603	5,465,344	5,524,074	58,730
Federal	-	1,830,805	3,001,740	1,170,935
Total revenues	\$ 31,588,636	\$ 34,447,757	\$ 38,074,608	\$ 3,626,851
EXPENDITURES				
Current:				
General government administration	\$ 4,490,698	\$ 5,491,063	\$ 4,966,751	\$ 524,312
Judicial administration	490,000	490,000	449,662	40,338
Public safety	11,614,463	12,253,417	11,754,004	499,413
Public works	3,373,593	3,384,203	3,230,663	153,540
Health and welfare	518,504	734,365	616,665	117,700
Education	10,208,848	10,943,989	10,073,887	870,102
Parks, recreation, and cultural	2,357,711	2,502,327	2,240,537	261,790
Community development	1,776,283	2,809,235	2,365,783	443,452
Nondepartmental	245,017	58,149	-	58,149
Total expenditures	\$ 35,075,117	\$ 38,666,748	\$ 35,697,952	\$ 2,968,796
Excess (deficiency) of revenues over (under) expenditures	\$ (3,486,481)	\$ (4,218,991)	\$ 2,376,656	\$ 6,595,647
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,749,522	\$ 5,249,522	\$ 2,500,000	\$ (2,749,522)
Transfers out	(3,527,005)	(3,273,252)	(3,759,747)	(486,495)
Total other financing sources (uses)	\$ 222,517	\$ 1,976,270	\$ (1,259,747)	\$ (3,236,017)
Net change in fund balances	\$ (3,263,964)	\$ (2,242,721)	\$ 1,116,909	\$ 3,359,630
Fund balances - beginning	3,263,964	2,242,721	13,723,115	11,480,394
Fund balances - ending	\$ -	\$ -	\$ 14,840,024	\$ 14,840,024

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City of Williamsburg, Virginia
Tourism Fund - Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Other local taxes	\$ 2,697,850	\$ 2,697,850	\$ 2,591,220	\$ (106,630)
Total revenues	\$ 2,697,850	\$ 2,697,850	\$ 2,591,220	\$ (106,630)
EXPENDITURES				
Current:				
Community development	\$ 3,304,320	\$ 4,804,071	\$ 3,314,629	\$ 1,489,442
Total expenditures	\$ 3,304,320	\$ 4,804,071	\$ 3,314,629	\$ 1,489,442
Excess (deficiency) of revenues over (under) expenditures	\$ (606,470)	\$ (2,106,221)	\$ (723,409)	\$ 1,382,812
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,205,000	\$ 2,205,000	\$ 2,205,000	\$ -
Transfers out	(1,598,530)	(3,263,530)	(2,665,000)	598,530
Total other financing sources (uses)	\$ 606,470	\$ (1,058,530)	\$ (460,000)	\$ 598,530
Net change in fund balances	\$ -	\$ (3,164,751)	\$ (1,183,409)	\$ 1,981,342
Fund balances - beginning	-	3,164,751	4,207,011	1,042,260
Fund balances - ending	\$ -	\$ -	\$ 3,023,602	\$ 3,023,602

CITY OF WILLIAMSBURG, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>
Total pension liability		
Service cost	\$ 1,338,975	\$ 1,272,636
Interest	4,840,945	4,806,679
Difference between expected and actual experience	854,275	(619,735)
Changes of assumptions	-	1,969,052
Benefit payments	(4,668,833)	(4,086,702)
Net change in total pension liability	\$ 2,365,362	\$ 3,341,930
Total pension liability - beginning	74,052,125	70,710,195
Total pension liability - ending (a)	<u>\$ 76,417,487</u>	<u>\$ 74,052,125</u>
 Plan fiduciary net position		
Contributions - employer	\$ 1,487,194	\$ 1,453,252
Contributions - employee	539,231	567,049
Net investment income	1,185,570	3,979,585
Benefit payments	(4,668,833)	(4,086,702)
Administrator charges	(41,859)	(40,666)
Other	(1,381)	(2,504)
Net change in plan fiduciary net position	\$ (1,500,078)	\$ 1,870,014
Plan fiduciary net position - beginning	62,730,274	60,860,260
Plan fiduciary net position - ending (b)	<u>\$ 61,230,196</u>	<u>\$ 62,730,274</u>
 City's net pension liability - ending (a) - (b)	 \$ 15,187,291	 \$ 11,321,851
 Plan fiduciary net position as a percentage of the total pension liability	 80.13%	 84.71%
 Covered payroll	 \$ 11,036,370	 \$ 10,806,259
 City's net pension liability as a percentage of covered payroll	 137.61%	 104.77%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 14

	2018		2017		2016		2015		2014
\$	1,203,231	\$	1,169,362	\$	1,192,219	\$	1,178,813	\$	1,182,529
	4,691,888		4,592,124		4,472,336		4,331,841		4,155,774
	(386,020)		(515,043)		(554,448)		(361,478)		-
	-		(295,496)		-		-		-
	(3,651,762)		(3,399,707)		(3,398,006)		(2,886,192)		(2,759,933)
\$	1,857,337	\$	1,551,240	\$	1,712,101	\$	2,262,984	\$	2,578,370
	68,852,858		67,301,618		65,589,517		63,326,533		60,748,163
\$	70,710,195	\$	68,852,858	\$	67,301,618	\$	65,589,517	\$	63,326,533
\$	1,464,447	\$	1,390,195	\$	1,666,704	\$	1,649,556	\$	1,558,890
	520,088		494,042		487,862		506,966		478,336
	4,279,006		6,434,478		915,305		2,381,156		7,179,163
	(3,651,762)		(3,399,707)		(3,398,006)		(2,886,192)		(2,759,933)
	(37,516)		(37,916)		(33,783)		(32,867)		(38,979)
	(3,777)		(5,696)		(392)		(500)		379
\$	2,570,486	\$	4,875,396	\$	(362,310)	\$	1,618,119	\$	6,417,856
	58,289,774		53,414,378		53,776,688		52,158,569		45,740,713
\$	60,860,260	\$	58,289,774	\$	53,414,378	\$	53,776,688	\$	52,158,569
\$	9,849,935	\$	10,563,084	\$	13,887,240	\$	11,812,829	\$	11,167,964
	86.07%		84.66%		79.37%		81.99%		82.36%
\$	10,581,720	\$	9,988,509	\$	9,830,879	\$	9,695,347	\$	9,570,924
	93.08%		105.75%		141.26%		121.84%		116.69%

Schedule of Employer Contributions - Pension Plan
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2021	\$ 1,744,139	\$ 1,744,139	\$ -	\$ 11,573,683		15.07%
2020	1,484,653	1,484,653	-	11,036,370		13.45%
2019	1,460,073	1,460,073	-	10,806,259		13.51%
2018	1,464,447	1,464,447	-	10,581,720		13.84%
2017	1,407,381	1,407,381	-	9,988,509		14.09%
2016	1,675,182	1,675,182	-	9,830,879		17.04%
2015	1,652,087	1,652,087	-	9,695,347		17.04%
2014	1,559,104	1,559,104	-	9,570,924		16.29%
2013	1,503,579	1,503,579	-	9,230,075		16.29%
2012	1,020,021	1,020,021	-	8,916,264		11.44%

Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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-10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of City's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as Percentage of Total GLI OPEB Liability (6)
2020	0.05370% \$	897,000 \$	11,057,270	8.11%	52.64%
2019	0.05534%	901,000	10,848,895	8.30%	52.00%
2018	0.05572%	846,000	10,594,918	7.98%	51.22%
2017	0.05415%	815,000	9,988,509	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2016 through June 30, 2021

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
	(1)	(2)	(3)	(4)	(5)
2021	\$ 62,535	\$ 62,535	\$ -	\$ 11,580,642	0.54%
2020	57,498	57,498	-	11,057,270	0.52%
2019	56,414	56,414	-	10,848,895	0.52%
2018	55,094	55,094	-	10,594,918	0.52%
2017	51,940	51,940	-	9,988,509	0.52%
2016	47,188	47,188	-	9,830,879	0.48%

Schedule is intended to show information for 10 years. Information is only available from 2016. Additional information will be added to table as it becomes available.

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through 2020

Date	Employer's Proportion of the Net LODA OPEB Liability (Asset)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset)	Covered- Employee Payroll *	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability
				(3)/(4)	
(1)	(2)	(3)	(4)	(5)	(6)
2020	0.41680% \$	1,745,455	N/A	N/A	1.02%
2019	0.42332%	1,518,814	N/A	N/A	0.79%
2018	0.41149%	1,290,000	N/A	N/A	0.60%
2017	0.39849%	1,047,000	N/A	N/A	1.30%

Covered payroll for the LODA Program is not a relevant measurement as 30% of covered participants are volunteers rather than employees.

Schedule of Employer Contributions

Line of Duty Act (LODA) Program

For the Years Ended June 30, 2016 through June 30, 2021

		Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll *	Covered - Employee Payroll	
Date	(1)	(2)	(3)	(4)	(5)	
2021	\$ 61,509	\$ 61,509	\$ -	N/A	N/A	
2020	56,638	56,638	-	N/A	N/A	
2019	56,814	56,814	-	N/A	N/A	
2018	43,829	43,829	-	N/A	N/A	
2017	42,978	42,978	-	N/A	N/A	
2016	38,913	38,913	-	N/A	N/A	

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

FY 2011 was the first year for the Line of Duty Act Program (LODA), however there were no contributions. Information is available beginning in 2016. Ten years of information will be accumulated moving forward.

Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

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OTHER SUPPLEMENTARY INFORMATION

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City of Williamsburg, Virginia
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
CAPITAL PROJECTS FUND				
REVENUES				
Other local taxes	\$ 4,500,000	\$ 4,500,000	\$ 4,451,081	\$ (48,919)
Revenue from the use of money and property	200,000	200,000	79,975	(120,025)
Charges for services	40,000	40,000	-	(40,000)
Miscellaneous	-	-	297,751	297,751
Intergovernmental:				
Commonwealth	812,487	812,487	522,837	(289,650)
Federal	1,000,000	1,000,000	536,306	(463,694)
Total revenues	<u>\$ 6,552,487</u>	<u>\$ 6,552,487</u>	<u>\$ 5,887,950</u>	<u>\$ (664,537)</u>
EXPENDITURES				
Capital projects	\$ 4,390,385	\$ 28,476,203	\$ 4,355,650	\$ 24,120,553
Debt service:				
Principal retirement	862,300	862,300	862,300	-
Interest and other fiscal charges	851,569	851,569	650,194	201,375
Total expenditures	<u>\$ 6,104,254</u>	<u>\$ 30,190,072</u>	<u>\$ 5,868,144</u>	<u>\$ 24,321,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 448,233</u>	<u>\$ (23,637,585)</u>	<u>\$ 19,806</u>	<u>\$ 23,657,391</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 165,000	\$ 165,000	\$ -
Transfers out	(2,150,992)	(2,150,992)	-	2,150,992
Total other financing sources (uses)	<u>\$ (2,150,992)</u>	<u>\$ (1,985,992)</u>	<u>\$ 165,000</u>	<u>\$ 2,150,992</u>
Net change in fund balances	\$ (1,702,759)	\$ (25,623,577)	\$ 184,806	\$ 25,808,383
Fund balances - beginning	2,447,828	26,368,646	26,609,840	241,194
Fund balances - ending	<u>\$ 745,069</u>	<u>\$ 745,069</u>	<u>\$ 26,794,646</u>	<u>\$ 26,049,577</u>

City of Williamsburg, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	Virginia Public Assistance <u>Fund</u>	Law Enforcement Block Grant <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,275,538	\$ 12,415	\$ 1,287,953
Receivables (net of allowance for uncollectibles):			
Accounts receivable	-	670	670
Due from other governmental units	95,834	-	95,834
Total assets	<u>\$ 1,371,372</u>	<u>\$ 13,085</u>	<u>\$ 1,384,457</u>
LIABILITIES			
Accounts payable	\$ 10,787	\$ -	\$ 10,787
Due to other funds	377,715	-	377,715
Unearned revenue	85,631	-	85,631
Total liabilities	<u>\$ 474,133</u>	<u>\$ -</u>	<u>\$ 474,133</u>
FUND BALANCES:			
Restricted	\$ 897,239	\$ 13,085	\$ 910,324
Total fund balances	<u>\$ 897,239</u>	<u>\$ 13,085</u>	<u>\$ 910,324</u>
Total liabilities and fund balances	<u>\$ 1,371,372</u>	<u>\$ 13,085</u>	<u>\$ 1,384,457</u>

City of Williamsburg, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Virginia Public Assistance <u>Fund</u>	Law Enforcement Block Grant <u>Fund</u>	<u>Total</u>
REVENUES			
Revenue from the use of money and property	\$ -	\$ 3	\$ 3
Miscellaneous	44,867	-	44,867
Intergovernmental:			
Commonwealth	494,245	-	494,245
Federal	708,999	76,045	785,044
Total revenues	<u>\$ 1,248,111</u>	<u>\$ 76,048</u>	<u>\$ 1,324,159</u>
EXPENDITURES			
Current:			
Public safety	\$ -	\$ 75,275	\$ 75,275
Health and welfare	2,602,494	-	2,602,494
Total expenditures	<u>\$ 2,602,494</u>	<u>\$ 75,275</u>	<u>\$ 2,677,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,354,383)</u>	<u>\$ 773</u>	<u>\$ (1,353,610)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 1,482,951	\$ -	\$ 1,482,951
Total other financing sources (uses)	<u>\$ 1,482,951</u>	<u>\$ -</u>	<u>\$ 1,482,951</u>
Net change in fund balances	\$ 128,568	\$ 773	\$ 129,341
Fund balances - beginning	768,671	12,312	780,983
Fund balances - ending	<u><u>\$ 897,239</u></u>	<u><u>\$ 13,085</u></u>	<u><u>\$ 910,324</u></u>

City of Williamsburg, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Virginia Public Assistance Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	35,000	35,000	44,867	9,867
Intergovernmental:				
Commonwealth	862,165	862,165	494,245	(367,920)
Federal	717,100	717,100	708,999	(8,101)
Total revenues	<u>\$ 1,614,265</u>	<u>\$ 1,614,265</u>	<u>\$ 1,248,111</u>	<u>\$ (366,154)</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ -
Health and welfare	2,936,270	3,253,677	2,602,494	651,183
Total expenditures	<u>\$ 2,936,270</u>	<u>\$ 3,253,677</u>	<u>\$ 2,602,494</u>	<u>\$ 651,183</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,322,005)</u>	<u>\$ (1,639,412)</u>	<u>\$ (1,354,383)</u>	<u>\$ 285,029</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,322,005	\$ 1,639,412	\$ 1,482,951	\$ (156,461)
Total other financing sources (uses)	<u>\$ 1,322,005</u>	<u>\$ 1,639,412</u>	<u>\$ 1,482,951</u>	<u>\$ (156,461)</u>
Net change in fund balances	\$ -	\$ -	\$ 128,568	\$ 128,568
Fund balances - beginning	-	-	768,671	768,671
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 897,239</u>	<u>\$ 897,239</u>

Law Enforcement Block Grant Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ -	\$ -	\$ 3	\$	3
-	-	-		-
-	-	-		-
-	25,995	76,045		50,050
\$ -	\$ 25,995	\$ 76,048	\$	50,053
\$ -	\$ 76,045	\$ 75,275	\$	770
-	-	-		-
\$ -	\$ 76,045	\$ 75,275	\$	770
\$ -	\$ (50,050)	\$ 773	\$	50,823
\$ -	\$ -	\$ -	\$	-
\$ -	\$ -	\$ -	\$	-
\$ -	\$ (50,050)	\$ 773	\$	50,823
	50,050	12,312		(37,738)
\$ -	\$ -	\$ 13,085	\$	13,085

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City of Williamsburg, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds				
	Williamsburg Regional Library Fund	Williamsburg Tricentennial Fund	Farmers Market Fund	Special Welfare Fund	Total
ASSETS					
Cash and cash equivalents	\$ 1,244,307	\$ -	\$ 15,461	\$ 142,405	\$ 1,402,173
Investments, at fair value:					
Other investments	1,257,160	6,993	111,169	-	1,375,322
Other assets	7,412	-	-	-	7,412
Total assets	<u>\$ 2,508,879</u>	<u>\$ 6,993</u>	<u>\$ 126,630</u>	<u>\$ 142,405</u>	<u>\$ 2,784,907</u>
LIABILITIES					
Accounts payable	\$ 99,066	\$ -	\$ 775	\$ -	\$ 99,841
Accrued liabilities	103,035	-	-	-	103,035
Total liabilities	<u>\$ 202,101</u>	<u>\$ -</u>	<u>\$ 775</u>	<u>\$ -</u>	<u>\$ 202,876</u>
NET POSITION					
Restricted for:					
Individuals	\$ -	\$ -	\$ -	\$ 142,405	\$ 142,405
Organizations	-	6,993	125,855	-	132,848
Other governments	2,306,778	-	-	-	2,306,778
Total net position	<u>\$ 2,306,778</u>	<u>\$ 6,993</u>	<u>\$ 125,855</u>	<u>\$ 142,405</u>	<u>\$ 2,582,031</u>

City of Williamsburg, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds	
	Williamsburg Regional Library Fund	Williamsburg Tricentennial Fund
ADDITIONS		
Contributions:		
Other governmental entities	\$ 6,918,121	\$ -
Participant fees	9,015	-
Miscellaneous	345,803	-
Investment earnings:		
Interest and dividends	1,926	11
Special assessment tax collected for other governments	-	-
Miscellaneous	8,377	-
Total additions	<u>\$ 7,283,242</u>	<u>\$ 11</u>
DEDUCTIONS		
Recipient payments	\$ -	\$ -
Administrative expenses	136,025	-
Payment of special assessment taxes to governments	-	-
Payments for personnel	5,024,040	-
Purchases for supplies	1,905,915	-
Total deductions	<u>\$ 7,065,980</u>	<u>\$ -</u>
Net increase (decrease) in fiduciary net position	<u>\$ 217,262</u>	<u>\$ 11</u>
Net position, beginning - as restated	<u>\$ 2,089,516</u>	<u>\$ 6,982</u>
Net position, ending	<u><u>\$ 2,306,778</u></u>	<u><u>\$ 6,993</u></u>

Exhibit 28

Quarterpath CDA <u>Fund</u>	Farmers Market <u>Fund</u>	Special Welfare <u>Fund</u>	<u>Total</u>				
\$	-	\$	16,634	\$	-	\$	6,934,755
	-		181,945		-		190,960
	-		3,822		16,309		365,934
	-		170		14		2,121
	587,034		-		-		587,034
	-		-		-		8,377
\$	587,034	\$	202,571	\$	16,323	\$	8,089,181
\$	-	\$	-	\$	4,995	\$	4,995
	-		11,676		-		147,701
	587,034		-		-		587,034
	-		66,333		-		5,090,373
	-		129,293		-		2,035,208
\$	587,034	\$	207,302	\$	4,995	\$	7,865,311
\$	-	\$	(4,731)	\$	11,328	\$	223,870
\$	-	\$	130,586	\$	131,077	\$	2,358,161
\$	-	\$	125,855	\$	142,405	\$	2,582,031

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SUPPORTING SCHEDULES

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City of Williamsburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 10,892,088	\$ 10,892,088	\$ 12,195,473	\$ 1,303,385
Real and personal public service corporation taxes	335,700	335,700	346,589	10,889
Personal property taxes	388,928	388,928	938,580	549,652
Business property taxes	722,500	722,500	1,573,031	850,531
Penalties	4,000	4,000	87,542	83,542
Interest	-	-	32,963	32,963
Total general property taxes	<u>\$ 12,343,216</u>	<u>\$ 12,343,216</u>	<u>\$ 15,174,178</u>	<u>\$ 2,830,962</u>
Other local taxes:				
Consumers' utility taxes	\$ 293,000	\$ 293,000	\$ 289,287	\$ (3,713)
Business license taxes	1,330,300	1,330,300	1,770,954	440,654
Franchise license taxes	116,600	116,600	96,644	(19,956)
Bank stock taxes	300,000	300,000	383,842	83,842
Taxes on recordation and wills	150,000	150,000	284,106	134,106
Hotel and motel taxes	2,360,000	2,360,000	1,770,894	(589,106)
Restaurant food taxes	5,731,200	5,731,200	5,850,176	118,976
Tobacco taxes	140,000	140,000	129,061	(10,939)
Penalty and interest on other local taxes	-	-	60,143	60,143
Total other local taxes	<u>\$ 10,421,100</u>	<u>\$ 10,421,100</u>	<u>\$ 10,635,107</u>	<u>\$ 214,007</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,800	\$ 2,800	\$ 1,930	\$ (870)
Land use application fees	2,000	2,000	-	(2,000)
Transfer fees	325	325	400	75
Permits and other licenses	229,100	229,100	238,502	9,402
Total permits, privilege fees, and regulatory licenses	<u>\$ 234,225</u>	<u>\$ 234,225</u>	<u>\$ 240,832</u>	<u>\$ 6,607</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 282,000	\$ 282,000	\$ 197,671	\$ (84,329)
Total fines and forfeitures	<u>\$ 282,000</u>	<u>\$ 282,000</u>	<u>\$ 197,671</u>	<u>\$ (84,329)</u>
Revenue from use of money and property:				
Revenue from use of property	\$ 692,622	\$ 692,622	\$ 571,330	\$ (121,292)
Total revenue from use of money and property	<u>\$ 692,622</u>	<u>\$ 692,622</u>	<u>\$ 571,330</u>	<u>\$ (121,292)</u>

City of Williamsburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,370	\$ 1,370	\$ 1,366	\$ (4)
Charges for emergency medical services	770,000	770,000	613,052	(156,948)
Charges for Commonwealth's Attorney	500	500	-	(500)
Charges for parks and recreation	451,600	453,175	375,800	(77,375)
Total charges for services	<u>\$ 1,223,470</u>	<u>\$ 1,225,045</u>	<u>\$ 990,218</u>	<u>\$ (234,827)</u>
Miscellaneous:				
Miscellaneous	\$ 199,100	\$ 199,100	\$ 278,788	\$ 79,688
Williamsburg Health Foundation Grant	260,000	530,000	296,726	(233,274)
Total miscellaneous	<u>\$ 459,100</u>	<u>\$ 729,100</u>	<u>\$ 575,514</u>	<u>\$ (153,586)</u>
Recovered costs:				
Enterprise fund	\$ 1,012,000	\$ 1,012,000	\$ 1,041,479	\$ 29,479
Overtime - police and fire	128,300	128,300	38,465	(89,835)
Other recovered costs	84,000	84,000	84,000	-
Total recovered costs	<u>\$ 1,224,300</u>	<u>\$ 1,224,300</u>	<u>\$ 1,163,944</u>	<u>\$ (60,356)</u>
Total revenue from local sources	<u>\$ 26,880,033</u>	<u>\$ 27,151,608</u>	<u>\$ 29,548,794</u>	<u>\$ 2,397,186</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 11,000	\$ 11,000	\$ 6,630	\$ (4,370)
Motor vehicle rental tax	37,000	37,000	47,397	10,397
Games of skill	-	-	26,496	26,496
Communications tax	600,000	600,000	529,200	(70,800)
Personal property tax relief funds	773,572	773,572	773,572	-
Total noncategorical aid	<u>\$ 1,421,572</u>	<u>\$ 1,421,572</u>	<u>\$ 1,383,295</u>	<u>\$ (38,277)</u>
Categorical aid:				
Shared expenses:				
Commissioner of revenue	\$ 75,800	\$ 75,800	\$ 78,800	\$ 3,000
Treasurer	18,400	18,400	18,908	508
Registrar/electoral board	37,000	37,000	42,510	5,510
Total shared expenses	<u>\$ 131,200</u>	<u>\$ 131,200</u>	<u>\$ 140,218</u>	<u>\$ 9,018</u>
Other categorical aid:				
599 Funds	\$ 400,000	\$ 400,000	\$ 442,071	\$ 42,071
Streets and sidewalks	1,877,530	1,877,530	1,923,840	46,310

City of Williamsburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Emergency services grant	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Litter control	6,000	6,000	5,608	(392)
Asset forfeiture	-	2,435	2,435	-
Miscellaneous grant	-	20,328	20,328	-
State sales tax	842,301	1,576,279	1,576,279	-
Total other categorical aid	<u>\$ 3,155,831</u>	<u>\$ 3,912,572</u>	<u>\$ 4,000,561</u>	<u>\$ 87,989</u>
Total categorical aid	<u>\$ 3,287,031</u>	<u>\$ 4,043,772</u>	<u>\$ 4,140,779</u>	<u>\$ 97,007</u>
Total revenue from the Commonwealth	<u>\$ 4,708,603</u>	<u>\$ 5,465,344</u>	<u>\$ 5,524,074</u>	<u>\$ 58,730</u>
Revenue from the Federal government:				
Categorical aid:				
FEMA grant	\$ -	\$ -	\$ 35,288	\$ 35,288
SAFER grant	\$ -	\$ -	80,909	80,909
Police and fire grant	-	24,632	40,232	15,600
CARES Act Election funds	-	52,241	52,241	-
CARES Act grant	-	1,588,729	2,654,050	1,065,321
Community development grant	-	165,203	139,020	(26,183)
Total categorical aid	<u>\$ -</u>	<u>\$ 1,830,805</u>	<u>\$ 3,001,740</u>	<u>\$ 1,170,935</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 1,830,805</u>	<u>\$ 3,001,740</u>	<u>\$ 1,170,935</u>
Total General Fund	<u><u>\$ 31,588,636</u></u>	<u><u>\$ 34,447,757</u></u>	<u><u>\$ 38,074,608</u></u>	<u><u>\$ 3,626,851</u></u>
Special Revenue Funds:				
Tourism Fund:				
Revenue from local sources:				
Other local taxes:				
Local sales and use taxes	\$ 1,961,400	\$ 1,961,400	\$ 1,973,334	\$ 11,934
\$2 lodging taxes	736,450	736,450	617,886	(118,564)
Total other local taxes	<u>\$ 2,697,850</u>	<u>\$ 2,697,850</u>	<u>\$ 2,591,220</u>	<u>\$ (106,630)</u>
Total revenue from local sources	<u>\$ 2,697,850</u>	<u>\$ 2,697,850</u>	<u>\$ 2,591,220</u>	<u>\$ (106,630)</u>
Total Tourism Fund	<u><u>\$ 2,697,850</u></u>	<u><u>\$ 2,697,850</u></u>	<u><u>\$ 2,591,220</u></u>	<u><u>\$ (106,630)</u></u>
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Workforce grant	\$ -	\$ -	\$ 30,906	\$ 30,906
Summer youth program	35,000	35,000	13,961	(21,039)
Total miscellaneous	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 44,867</u>	<u>\$ 9,867</u>
Total revenue from local sources	<u><u>\$ 35,000</u></u>	<u><u>\$ 35,000</u></u>	<u><u>\$ 44,867</u></u>	<u><u>\$ 9,867</u></u>

City of Williamsburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Virginia Public Assistance Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 580,381	\$ 580,381	\$ 370,980	\$ (209,401)
Comprehensive services act	281,784	281,784	123,265	(158,519)
Total categorical aid	<u>\$ 862,165</u>	<u>\$ 862,165</u>	<u>\$ 494,245</u>	<u>\$ (367,920)</u>
Total revenue from the Commonwealth	<u>\$ 862,165</u>	<u>\$ 862,165</u>	<u>\$ 494,245</u>	<u>\$ (367,920)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 717,100	\$ 717,100	\$ 708,999	\$ (8,101)
Total categorical aid	<u>\$ 717,100</u>	<u>\$ 717,100</u>	<u>\$ 708,999</u>	<u>\$ (8,101)</u>
Total revenue from the federal government	<u>\$ 717,100</u>	<u>\$ 717,100</u>	<u>\$ 708,999</u>	<u>\$ (8,101)</u>
Total Virginia Public Assistance Fund	<u><u>\$ 1,614,265</u></u>	<u><u>\$ 1,614,265</u></u>	<u><u>\$ 1,248,111</u></u>	<u><u>\$ (366,154)</u></u>
Law Enforcement Block Grant Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 3	\$ 3
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Local law enforcement training grant	\$ -	\$ 25,995	\$ 76,045	\$ 50,050
Total categorical aid	<u>\$ -</u>	<u>\$ 25,995</u>	<u>\$ 76,045</u>	<u>\$ 50,050</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 25,995</u>	<u>\$ 76,045</u>	<u>\$ 50,050</u>
Total Law Enforcement Block Grant Fund	<u><u>\$ -</u></u>	<u><u>\$ 25,995</u></u>	<u><u>\$ 76,048</u></u>	<u><u>\$ 50,053</u></u>

City of Williamsburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
Revenue from local sources:				
Other local taxes:				
Local sales and use tax	\$ 4,500,000	\$ 4,500,000	\$ 4,451,081	\$ (48,919)
Total other local taxes	\$ 4,500,000	\$ 4,500,000	\$ 4,451,081	\$ (48,919)
Revenue from use of money and property:				
Revenue from the use of money	\$ 200,000	\$ 200,000	\$ 79,975	\$ (120,025)
Total revenue from use of money and property	\$ 200,000	\$ 200,000	\$ 79,975	\$ (120,025)
Charges for services:				
Charges for courthouse maintenance	\$ 40,000	\$ 40,000	\$ -	\$ (40,000)
Total charges for services	\$ 40,000	\$ 40,000	\$ -	\$ (40,000)
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 297,751	\$ 297,751
Total miscellaneous	\$ -	\$ -	\$ 297,751	\$ 297,751
Total revenue from local sources	\$ 4,740,000	\$ 4,740,000	\$ 4,828,807	\$ 88,807
Revenue from the Commonwealth:				
Categorical aid:				
Highway construction funds	\$ 812,487	\$ 812,487	\$ 231,877	\$ (580,610)
Fire programs funds	-	-	53,613	53,613
Four for Life grant	-	-	17,347	17,347
VRA demolition grant	-	-	220,000	220,000
Total categorical aid	\$ 812,487	\$ 812,487	\$ 522,837	\$ (289,650)
Total revenue from the Commonwealth	\$ 812,487	\$ 812,487	\$ 522,837	\$ (289,650)
Revenue from the federal government:				
Categorical aid:				
VDOT Highway planning and construction	\$ 1,000,000	\$ 1,000,000	\$ 404,871	\$ (595,129)
EPA grant	-	-	131,435	131,435
Total categorical aid	\$ 1,000,000	\$ 1,000,000	\$ 536,306	\$ (463,694)
Total revenue from the federal government	\$ 1,000,000	\$ 1,000,000	\$ 536,306	\$ (463,694)
Total Capital Projects Fund	\$ 6,552,487	\$ 6,552,487	\$ 5,887,950	\$ (664,537)
Total Primary Government	\$ 42,453,238	\$ 45,338,354	\$ 47,877,937	\$ 2,539,583

City of Williamsburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
City council	\$ 169,614	\$ 198,878	\$ 198,878	\$ -
Clerk of council	11,782	11,780	2,736	9,044
Total legislative	<u>\$ 181,396</u>	<u>\$ 210,658</u>	<u>\$ 201,614</u>	<u>\$ 9,044</u>
General and financial administration:				
City manager	\$ 620,343	\$ 621,924	\$ 543,779	\$ 78,145
City manager - CARES Act	-	58,239	37,086	21,153
City attorney	289,647	299,044	299,037	7
City attorney - CARES Act	-	4,009	2,553	1,456
Human resources	128,152	128,152	117,852	10,300
Commissioner of revenue	371,674	371,674	371,005	669
Commissioner of revenue - CARES Act	-	3,199	2,037	1,162
Assessor	267,680	280,176	280,131	45
Assessor - CARES Act	-	7,864	5,008	2,856
Treasurer	73,193	73,193	65,771	7,422
Treasurer - CARES Act	-	2,090	1,331	759
Finance	943,715	982,015	981,772	243
Finance - CARES Act	-	106,754	39,126	67,628
Information technology	931,235	950,015	950,008	7
Information technology - CARES Act	-	648,900	414,435	234,465
Automotive/motor pool	256,361	265,492	265,294	198
Other general and financial administration	211,480	205,411	144,092	61,319
Total general and financial administration	<u>\$ 4,093,480</u>	<u>\$ 5,008,151</u>	<u>\$ 4,520,317</u>	<u>\$ 487,834</u>
Board of elections:				
Electoral board and officials	\$ 42,887	\$ 42,887	\$ 32,707	\$ 10,180
Registrar	172,935	225,174	209,443	15,731
Registrar - CARES Act	-	4,193	2,670	1,523
Total board of elections	<u>\$ 215,822</u>	<u>\$ 272,254</u>	<u>\$ 244,820</u>	<u>\$ 27,434</u>
Total general government administration	<u>\$ 4,490,698</u>	<u>\$ 5,491,063</u>	<u>\$ 4,966,751</u>	<u>\$ 524,312</u>
Judicial administration:				
Courts:				
Courthouse activities	<u>\$ 490,000</u>	<u>\$ 490,000</u>	<u>\$ 449,662</u>	<u>\$ 40,338</u>
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 4,708,734	\$ 4,727,323	\$ 4,494,718	\$ 232,605
Police department - CARES Act	-	28,557	18,185	10,372
Prince George parking garage	201,868	201,754	87,201	114,553
Line of Duty Act	55,855	61,509	61,509	-
E-911	586,935	586,935	584,732	2,203
Total law enforcement and traffic control	<u>\$ 5,553,392</u>	<u>\$ 5,606,078</u>	<u>\$ 5,246,345</u>	<u>\$ 359,733</u>

City of Williamsburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	\$ 4,364,519	\$ 4,477,410	\$ 4,473,927	\$ 3,483
Fire department - CARES Act	-	469,806	369,295	100,511
Total fire and rescue services	<u>\$ 4,364,519</u>	<u>\$ 4,947,216</u>	<u>\$ 4,843,222</u>	<u>\$ 103,994</u>
Correction and detention:				
Juvenile detention commission	\$ 42,645	\$ 42,645	\$ 42,644	\$ 1
Regional jail	1,013,185	1,013,545	1,013,545	-
Group home commission	129,421	129,421	115,425	13,996
Total correction and detention	<u>\$ 1,185,251</u>	<u>\$ 1,185,611</u>	<u>\$ 1,171,614</u>	<u>\$ 13,997</u>
Inspections:				
Building	<u>\$ 492,401</u>	<u>\$ 495,612</u>	<u>\$ 473,923</u>	<u>\$ 21,689</u>
Other protection:				
Animal control	<u>\$ 18,900</u>	<u>\$ 18,900</u>	<u>\$ 18,900</u>	<u>\$ -</u>
Total other protection	<u>\$ 18,900</u>	<u>\$ 18,900</u>	<u>\$ 18,900</u>	<u>\$ -</u>
Total public safety	<u>\$ 11,614,463</u>	<u>\$ 12,253,417</u>	<u>\$ 11,754,004</u>	<u>\$ 499,413</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 957,185	\$ 954,114	\$ 937,618	\$ 16,496
Public works - CARES Act	-	12,503	7,962	4,541
Engineering	277,659	277,959	277,769	190
Stormwater operations	228,076	228,076	161,244	66,832
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 1,462,920</u>	<u>\$ 1,472,652</u>	<u>\$ 1,384,593</u>	<u>\$ 88,059</u>
Sanitation and waste removal:				
Refuse collection	<u>\$ 685,100</u>	<u>\$ 685,100</u>	<u>\$ 667,256</u>	<u>\$ 17,844</u>
Maintenance of general buildings and grounds:				
Maintenance of general buildings and grounds	\$ 516,105	\$ 517,444	\$ 516,136	\$ 1,308
Landscaping	709,468	709,007	662,678	46,329
Total maintenance of general buildings and grounds	<u>\$ 1,225,573</u>	<u>\$ 1,226,451</u>	<u>\$ 1,178,814</u>	<u>\$ 47,637</u>
Total public works	<u>\$ 3,373,593</u>	<u>\$ 3,384,203</u>	<u>\$ 3,230,663</u>	<u>\$ 153,540</u>

City of Williamsburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare:				
Health:				
Local health department	\$ 221,004	\$ 221,004	\$ 216,714	\$ 4,290
Mental health and mental retardation:				
Administration - mental health and retardation	\$ 259,000	\$ 259,000	\$ 259,000	\$ -
Welfare:				
Public assistance	\$ 35,000	\$ 35,000	\$ -	\$ 35,000
Public assistance - CARES Act	-	215,861	138,873	76,988
Transportation programs for elderly	3,500	3,500	2,078	1,422
Total welfare	\$ 38,500	\$ 254,361	\$ 140,951	\$ 113,410
Total health and welfare	\$ 518,504	\$ 734,365	\$ 616,665	\$ 117,700
Education:				
Other instructional costs:				
Contribution to local school board	\$ 10,208,848	\$ 10,943,989	\$ 10,073,887	\$ 870,102
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 462,511	\$ 462,335	\$ 401,161	\$ 61,174
Waller Mill park facility	351,927	353,041	308,946	44,095
Recreation facility programs	560,530	559,467	454,637	104,830
Recreation facility programs - CARES Act	-	121,950	77,657	44,293
Cemeteries	78,499	79,896	79,860	36
Total parks and recreation	\$ 1,453,467	\$ 1,576,689	\$ 1,322,261	\$ 254,428
Library:				
Library - CARES Act	\$ -	\$ 20,269	\$ 12,907	\$ 7,362
Contribution to regional library	904,244	905,369	905,369	-
Total library	\$ 904,244	\$ 925,638	\$ 918,276	\$ 7,362
Total parks, recreation, and cultural	\$ 2,357,711	\$ 2,502,327	\$ 2,240,537	\$ 261,790
Community development:				
Planning and community development:				
Planning	\$ 465,069	\$ 466,594	\$ 464,194	\$ 2,400
Community development	775,970	775,970	734,663	41,307
Community development - CARES Act	-	8,998	5,730	3,268
Triangle building management	55,412	55,412	26,527	28,885
Economic development	283,767	286,546	286,545	1
Contribution to Economic Development Authority	196,065	196,065	169,965	26,100

City of Williamsburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Planning and community development: (Continued)				
Economic development - CARES Act	\$ -	\$ 1,019,650	\$ 678,159	\$ 341,491
Total planning and community development	\$ 1,776,283	\$ 2,809,235	\$ 2,365,783	\$ 443,452
Total community development	\$ 1,776,283	\$ 2,809,235	\$ 2,365,783	\$ 443,452
Nondepartmental:				
Contingency	\$ 245,017	\$ 58,149	\$ -	\$ 58,149
Total nondepartmental	\$ 245,017	\$ 58,149	\$ -	\$ 58,149
Total General Fund	\$ 35,075,117	\$ 38,666,748	\$ 35,697,952	\$ 2,968,796
Special Revenue Funds:				
Tourism Fund:				
Community development:				
Planning and community development:				
Administrative	\$ 245,095	\$ 221,932	\$ 121,276	\$ 100,656
Tourism marketing maintenance of effort	1,168,225	1,168,225	1,108,943	59,282
Tourism development	1,891,000	1,891,000	1,711,000	180,000
Tourism grant awards	-	1,377,293	227,789	1,149,504
Tourism resiliency	-	145,621	145,621	-
Total planning and community development	\$ 3,304,320	\$ 4,804,071	\$ 3,314,629	\$ 1,489,442
Total community development	\$ 3,304,320	\$ 4,804,071	\$ 3,314,629	\$ 1,489,442
Total Tourism Fund	\$ 3,304,320	\$ 4,804,071	\$ 3,314,629	\$ 1,489,442
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 488,917	\$ 806,324	\$ 570,699	\$ 235,625
Public assistance	1,930,033	1,930,033	1,768,079	161,954
Comprehensive services	517,320	517,320	263,716	253,604
Total welfare and social services	\$ 2,936,270	\$ 3,253,677	\$ 2,602,494	\$ 651,183
Total health and welfare	\$ 2,936,270	\$ 3,253,677	\$ 2,602,494	\$ 651,183
Total Virginia Public Assistance Fund	\$ 2,936,270	\$ 3,253,677	\$ 2,602,494	\$ 651,183
Law Enforcement Block Grant Fund:				
Public safety:				
Other protection:				
Other protection	\$ -	\$ 76,045	\$ 75,275	\$ 770
Total Law Enforcement Block Grant Fund	\$ -	\$ 76,045	\$ 75,275	\$ 770

City of Williamsburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
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<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
Capital projects expenditures:				
CIP Street construction	\$ 2,275,000	\$ 7,466,794	\$ 1,949,846	\$ 5,516,948
Pedestrian bicycle improvements	30,000	959,234	602,153	357,081
Stormwater management	123,225	664,991	-	664,991
Recreation facilities	527,400	784,408	73,390	711,018
Public safety equipment and facilities	359,000	636,848	348,514	288,334
Contingency/Studies	200,000	3,687,238	28,581	3,658,657
Vehicle replacement	524,000	707,258	387,634	319,624
Economic development	-	601,656	131,435	470,221
Redevelopment housing	81,000	88,848	68,811	20,037
General government facilities	52,260	11,827,095	492,142	11,334,953
General government IT	178,500	265,863	190,480	75,383
School construction	-	745,970	82,664	663,306
Courthouse maintenance projects	40,000	40,000	-	40,000
Total capital projects	<u>\$ 4,390,385</u>	<u>\$ 28,476,203</u>	<u>\$ 4,355,650</u>	<u>\$ 24,120,553</u>
Debt service:				
Principal retirement	\$ 862,300	\$ 862,300	\$ 862,300	\$ -
Interest and other fiscal charges	851,569	851,569	650,194	201,375
Total debt service	<u>\$ 1,713,869</u>	<u>\$ 1,713,869</u>	<u>\$ 1,512,494</u>	<u>\$ 201,375</u>
Total Capital Projects Fund	<u>\$ 6,104,254</u>	<u>\$ 30,190,072</u>	<u>\$ 5,868,144</u>	<u>\$ 24,321,928</u>
Total Primary Government	<u>\$ 47,419,961</u>	<u>\$ 76,990,613</u>	<u>\$ 47,558,494</u>	<u>\$ 29,432,119</u>

STATISTICAL SECTION

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Statistical Section

Contents

Tables

Financial Trends

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

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Revenue Capacity

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

5 - 9

Debt Capacity

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

10 - 12

Demographic and Economic Information

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

13-14

Operating Information

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

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

City of Williamsburg, Virginia
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities				
Net investment in capital assets	\$ 60,919,382	\$ 62,277,812	\$ 61,470,986	\$ 58,427,633
Restricted for:				
Fire and police capital improvements	-	-	-	-
Other restrictions	-	-	-	-
Unrestricted	27,808,616	30,324,199	31,727,986	24,496,187
Total governmental activities net position	<u>\$ 88,727,998</u>	<u>\$ 92,602,011</u>	<u>\$ 93,198,972</u>	<u>\$ 82,923,820</u>
Business-type activities				
Net investment in capital assets	\$ 17,403,766	\$ 17,888,271	\$ 17,806,425	\$ 17,981,499
Unrestricted	4,473,289	4,198,379	4,537,882	3,143,100
Total business-type activities net position	<u>\$ 21,877,055</u>	<u>\$ 22,086,650</u>	<u>\$ 22,344,307</u>	<u>\$ 21,124,599</u>
Primary government				
Net investment in capital assets	\$ 78,323,148	\$ 80,166,083	\$ 79,277,411	\$ 76,409,132
Restricted for:				
Fire and police capital improvements	-	-	-	-
Other restrictions	-	-	-	-
Unrestricted	32,281,905	34,522,578	36,265,868	27,639,287
Total primary government net position	<u>\$ 110,605,053</u>	<u>\$ 114,688,661</u>	<u>\$ 115,543,279</u>	<u>\$ 104,048,419</u>

Table 1

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 64,690,552	\$ 64,556,652	\$ 52,444,883	\$ 68,662,151	\$ 71,245,385	\$ 69,784,670
-	-	13,144,192	337,948	615,184	694,583
-	-	584,890	593,836	-	-
22,521,523	20,966,196	19,099,322	21,553,299	19,977,390	19,560,626
<u>\$ 87,212,075</u>	<u>\$ 85,522,848</u>	<u>\$ 85,273,287</u>	<u>\$ 91,147,234</u>	<u>\$ 91,837,959</u>	<u>\$ 90,039,879</u>
\$ 18,084,285	\$ 18,835,808	\$ 18,769,281	\$ 18,817,665	\$ 19,020,022	\$ 18,783,099
4,202,535	4,475,559	5,684,838	7,128,455	7,157,808	7,594,963
<u>\$ 22,286,820</u>	<u>\$ 23,311,367</u>	<u>\$ 24,454,119</u>	<u>\$ 25,946,120</u>	<u>\$ 26,177,830</u>	<u>\$ 26,378,062</u>
\$ 82,774,837	\$ 83,392,460	\$ 71,214,164	\$ 87,479,816	\$ 90,265,407	\$ 88,567,769
-	-	13,144,192	337,948	615,184	694,583
-	-	584,890	593,836	-	-
26,724,058	25,441,755	24,784,160	28,681,754	27,135,198	27,155,589
<u>\$ 109,498,895</u>	<u>\$ 108,834,215</u>	<u>\$ 109,727,406</u>	<u>\$ 117,093,354</u>	<u>\$ 118,015,789</u>	<u>\$ 116,417,941</u>

City of Williamsburg, Virginia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses				
Governmental activities:				
General government administration	\$ 4,067,673	\$ 4,252,911	\$ 4,070,451	\$ 3,998,879
Judicial administration	375,239	501,565	439,441	459,778
Public safety	9,638,966	9,671,016	10,122,867	9,777,938
Public works	4,505,943	4,142,471	4,526,929	5,056,076
Health and welfare	2,414,154	2,251,382	2,309,325	2,208,356
Education	7,756,817	8,205,970	9,170,571	9,132,615
Parks, recreation and cultural	2,424,850	2,430,750	2,399,212	2,455,296
Community development	4,418,902	4,512,839	4,684,339	4,666,769
Interest expense	472,343	122,847	175,563	207,260
Total governmental activities expenses	<u>\$ 36,074,887</u>	<u>\$ 36,091,751</u>	<u>\$ 37,898,698</u>	<u>\$ 37,962,967</u>
Business-type activities				
Water and sewer services	\$ 5,935,670	\$ 6,019,724	\$ 6,042,928	\$ 6,827,214
Total business-type activities expenses	<u>\$ 5,935,670</u>	<u>\$ 6,019,724</u>	<u>\$ 6,042,928</u>	<u>\$ 6,827,214</u>
Total primary government expenses	<u>\$ 42,010,557</u>	<u>\$ 42,111,475</u>	<u>\$ 43,941,626</u>	<u>\$ 44,790,181</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	259,700	331,835	242,359	256,600
Public safety	183,113	578,682	673,805	695,048
Public works	-	-	3,500	14,960
Parks, recreation and cultural	401,398	419,959	361,824	341,745
Community development	42,702	-	38,667	43,300
Operating grants and contributions	4,414,469	4,062,259	4,888,993	4,934,029
Capital grants and contributions	21,777	2,322,693	-	-
Total governmental activities program revenues	<u>\$ 5,323,159</u>	<u>\$ 7,715,428</u>	<u>\$ 6,209,148</u>	<u>\$ 6,285,682</u>
Business-type activities:				
Charges for services:				
Water and sewer	\$ 5,783,098	\$ 6,024,722	\$ 6,102,936	\$ 6,932,559
Total business-type activities program revenues	<u>\$ 5,783,098</u>	<u>\$ 6,024,722</u>	<u>\$ 6,102,936</u>	<u>\$ 6,932,559</u>
Total primary government program revenues	<u>\$ 11,106,257</u>	<u>\$ 13,740,150</u>	<u>\$ 12,312,084</u>	<u>\$ 13,218,241</u>

Table 2
Page 1 of 2

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 4,072,768	\$ 6,828,770	\$ 5,009,427	\$ 4,272,998	\$ 4,908,020	\$ 5,917,023
525,421	412,269	422,688	434,188	409,373	449,662
10,290,497	10,805,800	10,746,688	11,328,192	12,357,675	12,835,007
3,721,977	5,792,493	4,716,472	5,447,775	5,065,484	4,842,879
2,452,903	2,546,971	2,816,519	2,815,978	2,691,147	3,220,829
8,929,127	10,121,948	10,936,896	11,403,225	10,355,107	10,156,551
2,285,504	2,875,228	2,648,545	2,626,637	3,289,491	3,118,164
5,055,084	5,036,866	5,013,184	4,874,645	5,471,338	5,939,110
185,452	158,220	596,354	573,264	540,857	530,466
<u>\$ 37,518,733</u>	<u>\$ 44,578,565</u>	<u>\$ 42,906,773</u>	<u>\$ 43,776,902</u>	<u>\$ 45,088,492</u>	<u>\$ 47,009,691</u>
\$ 6,202,622	\$ 6,521,031	\$ 6,713,633	\$ 6,511,048	\$ 6,946,980	\$ 7,034,704
<u>\$ 6,202,622</u>	<u>\$ 6,521,031</u>	<u>\$ 6,713,633</u>	<u>\$ 6,511,048</u>	<u>\$ 6,946,980</u>	<u>\$ 7,034,704</u>
<u>\$ 43,721,355</u>	<u>\$ 51,099,596</u>	<u>\$ 49,620,406</u>	<u>\$ 50,287,950</u>	<u>\$ 52,035,472</u>	<u>\$ 54,044,395</u>
\$ -	\$ -	\$ -	\$ -	\$ 280	\$ -
315,991	192,412	249,548	278,401	218,387	197,671
936,509	950,334	1,039,496	1,112,089	1,287,597	855,250
-	-	-	-	-	-
342,613	398,700	391,493	392,219	310,183	375,800
53,734	50,305	53,946	39,315	-	-
4,597,704	6,485,071	2,939,477	5,221,437	5,351,728	8,492,768
1,357,913	-	3,329,824	2,752,760	1,904,113	1,200,479
<u>\$ 7,604,464</u>	<u>\$ 8,076,822</u>	<u>\$ 8,003,784</u>	<u>\$ 9,796,221</u>	<u>\$ 9,072,288</u>	<u>\$ 11,121,968</u>
\$ 7,061,086	\$ 7,325,679	\$ 8,176,441	\$ 7,679,905	\$ 6,864,385	\$ 6,807,640
<u>\$ 7,061,086</u>	<u>\$ 7,325,679</u>	<u>\$ 8,176,441</u>	<u>\$ 7,679,905</u>	<u>\$ 6,864,385</u>	<u>\$ 6,807,640</u>
<u>\$ 14,665,550</u>	<u>\$ 15,402,501</u>	<u>\$ 16,180,225</u>	<u>\$ 17,476,126</u>	<u>\$ 15,936,673</u>	<u>\$ 17,929,608</u>

City of Williamsburg, Virginia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net (Expense)/Revenue				
Governmental activities	\$ (30,751,728)	\$ (28,376,323)	\$ (31,689,550)	\$ (31,677,285)
Business-type activities	(152,572)	4,998	60,008	105,345
Total primary government net expense	\$ (30,904,300)	\$ (28,371,325)	\$ (31,629,542)	\$ (31,571,940)

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes

General property taxes	\$ 10,367,460	\$ 10,494,240	\$ 10,613,393	\$ 11,050,728
Sales taxes	4,161,131	4,494,328	4,239,957	4,352,601
Business property taxes	1,304,252	1,096,833	1,326,998	1,213,731
Consumer utility taxes	295,788	306,596	309,602	308,027
Business license taxes	1,598,958	1,646,691	1,630,018	1,685,718
Hotel and room taxes	3,396,446	3,369,785	3,129,262	3,220,638
\$2 lodging taxes	1,264,046	1,222,448	1,130,804	1,122,632
Meals taxes	6,277,434	6,391,022	6,446,505	6,819,384
Other local taxes	655,754	821,634	762,296	884,244

Use of Money & Property

Grants and contributions not restricted to
specific programs

	1,491,961	1,540,889	1,587,926	1,605,883
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Miscellaneous	720,497	216,620	352,950	246,268
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Transfers	-	-	-	-
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Total governmental activities	\$ 32,181,614	\$ 32,376,441	\$ 32,286,511	\$ 33,304,264
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Business-type activities:				
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Investment earnings	\$ 29,772	\$ 29,914	\$ 28,330	\$ 28,353
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Miscellaneous	161,208	174,683	169,319	193,023
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Transfers	-	-	-	-
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Total business-type activities	\$ 190,980	\$ 204,597	\$ 197,649	\$ 221,376
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Total primary government	\$ 32,372,594	\$ 32,581,038	\$ 32,484,160	\$ 33,525,640
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Change in Net Position

Governmental activities	\$ 1,429,886	\$ 4,000,118	\$ 596,961	\$ 1,626,979
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Business-type activities	38,408	209,595	257,657	326,721
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Total primary government	\$ 1,468,294	\$ 4,209,713	\$ 854,618	\$ 1,953,700
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Table 2
Page 2 of 2

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ (29,914,269)	\$ (36,501,743)	\$ (34,902,989)	\$ (33,980,681)	\$ (36,016,204)	\$ (35,887,723)
858,464	804,648	1,462,808	1,168,857	(82,595)	(227,064)
\$ (29,055,805)	\$ (35,697,095)	(33,440,181)	\$ (32,811,824)	\$ (36,098,799)	\$ (36,114,787)
\$ 11,370,789	\$ 11,511,859	\$ 11,714,272	\$ 12,372,434	\$ 13,186,632	\$ 13,651,528
4,298,743	4,388,596	4,706,583	6,841,762	6,388,075	6,424,415
1,257,334	1,370,354	1,342,087	1,407,810	1,524,638	1,573,031
308,493	290,524	292,764	294,232	288,678	289,287
1,790,395	1,833,991	2,049,988	2,330,418	2,174,694	1,867,598
3,319,625	3,316,634	3,358,649	3,308,661	2,305,404	1,770,894
1,130,176	1,128,430	1,123,558	1,079,370	748,242	617,886
7,022,994	7,043,184	7,062,010	7,308,479	5,896,140	5,850,176
831,413	896,775	1,090,584	959,921	968,372	857,152
888,071	962,887	1,200,582	1,508,346	1,177,258	651,308
1,567,337	1,565,704	1,588,563	1,485,395	1,464,443	1,383,295
417,154	503,578	525,463	957,800	584,353	918,132
-	-	500,000	-	-	(71,796)
\$ 34,202,524	\$ 34,812,516	\$ 36,555,103	\$ 39,854,628	\$ 36,706,929	\$ 35,782,906
\$ 29,570	\$ 33,650	\$ 57,365	\$ 94,973	\$ 65,390	\$ 6,258
274,187	186,249	225,665	228,171	248,915	349,242
-	-	(500,000)	-	-	71,796
\$ 303,757	\$ 219,899	\$ (216,970)	\$ 323,144	\$ 314,305	\$ 427,296
\$ 34,506,281	\$ 35,032,415	\$ 36,338,133	\$ 40,177,772	\$ 37,021,234	\$ 36,210,202
\$ 4,288,255	\$ (1,689,227)	\$ 1,652,114	\$ 5,873,947	\$ 690,725	\$ (104,817)
1,162,221	1,024,547	1,245,838	1,492,001	231,710	200,232
\$ 5,450,476	\$ (664,680)	\$ 2,897,952	\$ 7,365,948	\$ 922,435	\$ 95,415

City of Williamsburg, Virginia
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable	\$ 1,178,530	\$ 1,179,522	\$ 1,178,480	\$ 1,918,709
Restricted	-	-	4,820,655	1,748,630
Assigned	1,375,060	18,037,302	19,317,000	20,318,269
Unassigned	25,288,755	11,426,473	11,707,336	11,991,519
Total general fund	<u>\$ 27,842,345</u>	<u>\$ 30,643,297</u>	<u>\$ 37,023,471</u>	<u>\$ 35,977,127</u>
 Tourism Fund				
Assigned	\$ -	\$ -	\$ -	\$ -
Total tourism fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 American Rescue Plan Fund				
Assigned	\$ -	\$ -	\$ -	\$ -
Total American Rescue Plan fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Capital Projects Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Total capital projects fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 All Other Governmental Funds				
Restricted (Special Revenue funds)	\$ -	\$ -	\$ -	\$ -
Assigned (Special Revenue funds)	365,844	275,829	300,711	428,711
Total all other governmental funds	<u>\$ 365,844</u>	<u>\$ 275,829</u>	<u>\$ 300,711</u>	<u>\$ 428,711</u>

Table 3

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
\$ 1,919,711	\$ 3,201,923	\$ 2,770,074	\$ 28,717	\$ 33,540	\$ 13,442
-	-	13,144,192	-	-	-
18,818,825	15,458,283	15,788,818	-	-	-
12,382,517	12,649,882	12,918,770	14,279,723	13,689,575	14,826,582
<u>\$ 33,121,053</u>	<u>\$ 31,310,088</u>	<u>\$ 44,621,854</u>	<u>\$ 14,308,440</u>	<u>\$ 13,723,115</u>	<u>\$ 14,840,024</u>
\$ -	\$ -	\$ -	\$ 2,239,154	\$ 4,207,011	\$ 3,023,602
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,239,154</u>	<u>\$ 4,207,011</u>	<u>\$ 3,023,602</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 3,085,024	\$ -	\$ -
-	-	-	13,470,129	13,698,910	13,279,855
-	-	-	13,158,095	12,910,930	13,514,791
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,713,248</u>	<u>\$ 26,609,840</u>	<u>\$ 26,794,646</u>
\$ -	\$ -	\$ -	\$ 593,836	\$ 780,983	\$ 910,324
524,301	653,939	584,890	-	-	-
<u>\$ 524,301</u>	<u>\$ 653,939</u>	<u>\$ 584,890</u>	<u>\$ 593,836</u>	<u>\$ 780,983</u>	<u>\$ 910,324</u>

City of Williamsburg, Virginia
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues				
Taxes	\$ 29,274,314	\$ 29,786,811	\$ 29,736,493	\$ 30,628,000
Licenses, fees, and permits	181,806	151,637	240,017	255,915
Fines and penalties	259,308	228,172	214,373	197,117
Use of money and property	647,887	775,355	756,797	794,407
Charges for services	445,799	950,667	865,765	898,621
Intergovernmental	5,928,207	5,603,148	6,476,919	6,539,912
Other revenues	1,489,696	1,015,233	1,279,747	1,181,005
Total revenues	\$ 38,227,017	\$ 38,511,023	\$ 39,570,111	\$ 40,494,977
Expenditures				
General government	\$ 3,781,205	\$ 3,509,833	\$ 3,403,525	\$ 3,493,522
Judicial	371,366	398,300	411,806	400,605
Police	4,069,699	4,197,314	4,417,042	4,368,153
Fire	3,146,035	3,297,878	3,479,594	3,556,562
Other public safety	1,829,335	1,694,206	1,719,162	1,718,468
Public works	3,129,845	2,922,135	2,914,416	2,936,678
Health and welfare	2,416,361	2,256,347	2,306,790	2,255,020
Education	7,337,320	7,673,329	8,181,450	8,540,794
Parks and recreation	1,232,402	1,220,914	1,202,169	1,138,321
Library	779,744	819,526	820,156	827,166
Community Development	4,419,267	4,478,159	4,591,577	4,599,954
Capital projects	3,701,211	2,432,992	3,820,162	6,180,712
Debt Service				
Principal	886,240	758,761	683,990	988,147
Interest	354,583	140,392	213,216	252,415
Total expenditures	\$ 37,454,613	\$ 35,800,086	\$ 38,165,055	\$ 41,256,517
Excess of revenues over (under) expenditures	\$ 772,404	\$ 2,710,937	\$ 1,405,056	\$ (761,540)
Other Financing Sources (Uses)				
Issuance of bonds	\$ -	\$ -	\$ 5,000,000	\$ -
Refunding bonds issued	5,481,048	-	-	-
Bond premium issuance	-	-	-	-
Bond issuance cost	-	-	-	-
Redemption of refunded bonds	(5,376,749)	-	-	-
Disposal of capital asset	-	-	-	(156,804)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	\$ 104,299	\$ -	\$ 5,000,000	\$ (156,804)
Net change in fund balances	\$ 876,703	\$ 2,710,937	\$ 6,405,056	\$ (918,344)
Debt service as a percentage of noncapital expenditures	3.55%	2.82%	2.48%	3.34%

Table 4

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 31,301,136	\$ 31,815,149	\$ 32,773,958	\$ 35,854,668	\$ 33,370,411	\$ 32,851,586
229,485	249,819	302,819	341,620	501,907	240,832
155,032	181,175	249,211	277,729	218,387	197,671
888,063	962,887	1,200,582	1,508,346	1,177,258	651,308
1,264,330	1,160,757	1,182,453	1,202,675	1,096,153	990,218
7,522,954	7,317,493	6,712,840	8,125,667	7,128,527	10,864,246
1,375,375	1,499,843	1,552,045	1,982,218	1,571,999	2,082,076
\$ 42,736,375	\$ 43,187,123	\$ 43,973,908	\$ 49,292,923	\$ 45,064,642	\$ 47,877,937
\$ 3,475,742	\$ 3,786,601	\$ 3,852,694	\$ 3,954,853	\$ 4,103,114	\$ 4,966,751
365,281	401,237	422,688	434,188	409,373	449,662
4,515,626	4,566,572	4,952,575	5,306,406	5,299,992	5,321,620
3,734,705	3,727,221	3,981,397	4,153,194	4,259,192	4,843,222
1,793,039	1,740,769	1,707,999	1,700,142	1,622,504	1,664,437
2,786,405	2,890,124	2,986,028	3,145,566	3,202,810	3,230,663
2,499,978	2,552,959	2,865,062	2,890,326	2,658,330	3,219,159
8,388,204	8,817,150	8,962,074	9,605,544	9,490,247	10,073,887
1,120,804	1,218,835	1,245,196	1,236,425	1,156,877	1,322,261
842,160	841,810	859,699	871,852	909,764	918,276
4,776,918	4,799,435	4,896,820	4,842,357	4,892,829	5,680,412
9,958,807	8,289,153	6,323,793	7,913,834	7,033,077	4,355,650
1,006,410	1,032,568	4,880,676	837,370	870,223	862,300
232,780	204,016	147,577	752,932	690,039	650,194
\$ 45,496,859	\$ 44,868,450	\$ 48,084,278	\$ 47,644,989	\$ 46,598,371	\$ 47,558,494
\$ (2,760,484)	\$ (1,681,327)	\$ (4,110,370)	\$ 1,647,934	\$ (1,533,729)	\$ 319,443
\$ -	\$ -	\$ 12,260,000	\$ -	\$ -	\$ -
-	-	3,920,700	-	-	-
-	-	1,539,845	-	-	-
-	-	(273,376)	-	-	-
-	-	(561,403)	-	-	-
-	-	-	-	-	-
-	-	500,000	-	-	6,352,951
-	-	-	-	-	(6,424,747)
\$ -	\$ -	\$ 17,385,766	\$ -	\$ -	\$ (71,796)
\$ (2,760,484)	\$ (1,681,327)	\$ 13,275,396	\$ 1,647,934	\$ (1,533,729)	\$ 247,647
3.36%	2.92%	11.33%	3.81%	3.81%	3.45%

City of Williamsburg, Virginia
Tax Revenues by Source, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property	1% Sales & Use	Consumer Utility	Business License	Franchise
2012	\$ 12,351,657	\$ 4,161,131	\$ 1,029,412	\$ 1,598,958	\$ 103,571
2013	12,307,879	4,494,328	1,042,165	1,646,691	104,682
2014	12,861,621	4,239,957	1,032,653	1,630,018	129,792
2015	13,008,328	4,352,601	1,024,760	1,685,718	123,048
2016	13,372,869	4,298,743	1,004,008	1,790,395	114,402
2017	13,690,588	4,388,595	968,943	1,833,991	119,948
2018	13,863,394	4,706,583	949,973	2,049,988	122,942
2019	14,505,397	6,841,762	903,929	2,330,418	120,660
2020	15,374,378	6,388,075	884,473	2,174,694	109,411
2021	15,947,750	6,424,415	818,487	1,770,954	96,644

Table 5

Tobacco		Hotel & Motel		\$2 Lodging		Restaurant		Other		Total
\$	147,870	\$	3,396,446	\$	1,264,046	\$	6,277,434	\$	404,313	\$ 30,734,838
	183,155		3,369,785		1,222,448		6,391,022		533,798	31,295,953
	148,320		3,129,262		1,130,804		6,446,505		484,184	31,233,116
	156,911		3,220,638		1,122,632		6,819,384		604,285	32,118,305
	134,640		3,319,625		1,130,176		7,022,994		582,371	32,770,223
	130,032		3,316,633		1,128,430		7,043,184		646,796	33,267,140
	167,638		3,358,649		1,123,558		7,062,010		800,005	34,204,740
	140,211		3,308,661		1,079,370		7,308,479		699,050	37,237,937
	126,420		2,305,404		748,242		5,896,140		732,541	34,739,778
	129,061		1,770,894		617,886		5,850,176		728,091	34,154,358

City of Williamsburg, Virginia
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 6

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property ¹	Motor Vehicles ²	Other			
2012	\$ 1,134,906,200	\$ 1,373,260,600	\$ 36,082,270	\$ 39,746,802	\$ 772,009,200	\$ 1,811,986,672	4.04
2013	1,064,590,700	1,408,826,400	39,582,570	37,495,959	845,513,900	1,704,981,729	4.07
2014	1,083,446,200	1,522,534,200	40,845,200	38,241,433	918,768,400	1,766,298,633	4.07
2015	1,108,726,200	1,571,532,200	42,220,440	36,393,827	943,646,700	1,815,225,967	4.07
2016	1,168,895,100	1,581,516,100	43,377,030	37,405,286	964,234,400	1,866,959,116	4.07
2017	1,190,581,300	1,610,013,500	44,053,770	39,765,792	971,263,000	1,913,151,362	4.07
2018	1,216,085,400	1,620,357,700	44,479,900	42,369,965	976,996,200	1,946,296,765	4.07
2019	1,225,705,700	1,628,894,100	47,608,960	43,749,786	989,455,800	1,956,502,746	4.10
2020	1,322,641,400	1,709,250,800	49,398,887	45,944,506	1,043,197,900	2,084,037,693	4.10
2021	1,371,385,600	1,754,778,800	65,402,520	38,797,064	1,068,742,900	2,161,621,084	4.10

Source: City of Williamsburg Assessor's Office, Commissioner of the Revenue

¹ Includes tax-exempt property.

² Motor vehicles are assessed at NADA average loan value as of January 1st each year

Note: Real property in the City of Williamsburg is reassessed every year. Code of Virginia § 58.1-3201 requires that annual assessments of real estate shall be made at 100 percent fair market value.

City of Williamsburg, Virginia
Direct Tax Rates
Last Ten Fiscal Years

Table 7

Fiscal Year Ended June 30	Real Estate Tax ¹	Personal Property Tax ¹	Room Tax	Meal Tax	Retail Sales Tax ²	Senate Bill 942 Sales Tax ²	Total Direct Tax Rate
2012	\$0.54	\$3.50	5%	5%	1%	-	\$4.04
2013	\$0.57	\$3.50	5%	5%	1%	-	\$4.07
2014	\$0.57	\$3.50	5%	5%	1%	-	\$4.07
2015	\$0.57	\$3.50	5%	5%	1%	-	\$4.07
2016	\$0.57	\$3.50	5%	5%	1%	-	\$4.07
2017	\$0.57	\$3.50	5%	5%	1%	-	\$4.07
2018	\$0.57	\$3.50	5%	5%	1%	-	\$4.07
2019	\$0.60	\$3.50	5%	5%	1%	0.50%	\$4.10
2020	\$0.60	\$3.50	5%	5%	1%	0.50%	\$4.10
2021	\$0.60	\$3.50	5%	5%	1%	0.50%	\$4.10

¹ per \$100 assessed value

² Collected by State, remitted monthly to City

The City of Williamsburg has no overlapping taxes.

City of Williamsburg, Virginia
Principal Real Estate Property Taxpayers
Current Year and Nine Years Ago

Table 8

Taxpayers	2012			2021		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Colonial Williamsburg Foundation	\$ 256,906,000	1	14.71%	\$ 258,096,300	1	12.54%
Riverside Healthcare Associates	24,760,700	2	1.42%	44,442,900	2	2.16%
Bluegreen Vacations, Unlimited	22,851,400	3	1.31%	24,987,500	6	1.21%
High Street Retail Phase I LLC	22,419,500	4	1.28%			
Sterling Manor Apartments LLC	20,533,300	5	1.18%			
Westgate Resorts, LTD	17,948,700	6	1.03%	15,579,100	8	0.76%
Williamsburg Improvements, LLC	13,703,900	7	0.78%			
SLN Quarterpath Associates, LLC	11,148,400	8	0.64%			
Virginia Landmark Hotels, LLC	9,851,600	9	0.56%			
Woodshire, LTC	9,416,600	10	0.54%			
Quarterpath Williamsburg, LLC				34,347,200	3	1.67%
CCC Sterling Manor DE LLC				33,665,300	4	1.64%
BRG Quarterpath LLC				30,395,100	5	1.48%
High Street Shops LLC				16,586,800	7	0.81%
HS APT Land LC				15,263,400	9	0.74%
AJJ Avalon Axis Parkway LLC				15,230,200	10	0.74%

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

Table 9

Fiscal Year Ended June 30	Collected Within the Fiscal Year of the Levy				Total Collections to Date		
	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy	
2012	\$ 11,969,157	\$ 11,772,415	98.36%	\$ 227,776	\$ 12,000,191	100.26%	
2013	11,945,819	11,687,094	97.83%	213,810	11,900,904	99.62%	
2014	12,348,440	12,122,381	98.17%	170,906	12,293,287	99.55%	
2015	12,632,981	12,409,075	98.23%	181,600	12,590,675	99.67%	
2016	13,009,018	12,796,868	98.37%	148,154	12,945,022	99.51%	
2017	13,314,963	13,079,983	98.24%	130,468	13,210,451	99.22%	
2018	13,477,747	13,258,466	98.37%	150,159	13,408,625	99.49%	
2019	14,165,997	13,886,696	98.03%	213,192	14,099,888	99.53%	
2020	15,040,398	14,661,249	97.48%	307,700	14,968,950	99.52%	
2021	15,601,477	15,202,930	97.45%	N/A	15,202,930	97.45%	

Source: City of Williamsburg Assessor's Office

Notes: Property in the City of Williamsburg is reassessed every year. Code of Virginia § 58.1-3201 requires that annual assessments of real estate shall be made at 100 percent fair market value. Estimated actual taxable value is calculated by dividing taxable assessed value by 100%. The set amount of receipts from the State's Personal Property Tax Relief Act may skew the collection rate, depending on the relief rate set by the City each year.

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

Table 10

Fiscal Year	Governmental Activities		Business-Type Activities				Debt as Percentage of Personal Income
	General Obligation Bonds		General Obligation Bonds		Total Primary Government	Debt Per Capita	
2012	\$ 6,796,767	\$	8,643,971	\$	15,440,738	\$ 1,065	0.3%
2013	5,997,390		8,051,980		14,049,370	943	0.3%
2014	10,270,795		7,446,884		17,717,679	1,176	0.4%
2015	9,241,038		6,819,945		16,060,983	1,081	0.3%
2016	8,193,018		6,184,269		14,377,287	932	0.3%
2017	7,118,840		5,526,750		12,645,590	821	0.2%
2018	19,235,458		5,033,028		24,268,486	1,598	0.4%
2019	18,256,137		4,412,553		22,668,690	1,474	0.4%
2020	17,243,961		3,764,931		21,008,892	1,366	0.3%
2021	16,281,320		3,343,471		19,624,791	1,272	0.3%

City of Williamsburg, Virginia
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

Table 11

<u>Fiscal Year</u>	<u>Total General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property¹</u>	<u>Per Capita²</u>
2012	\$ 15,440,738	0.85%	\$ 1,065
2013	14,049,370	0.82%	943
2014	17,717,679	1.00%	1,176
2015	16,060,983	0.88%	1,081
2016	14,377,287	0.77%	932
2017	12,645,590	0.66%	821
2018	24,268,486	1.25%	1,598
2019	22,668,690	1.16%	1,474
2020	21,008,892	1.06%	1,366
2021	19,624,791	0.95%	1,272

¹ See Table 6 for property value data.

² Population data can be found in Table 13

City of Williamsburg, Virginia
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$173,615,760	\$162,790,320	\$168,721,200	\$173,661,170
Total net debt applicable to limit	15,440,738	14,049,370	17,717,679	16,060,983
Legal debt margin	158,175,022	148,740,950	151,003,521	157,600,187
Total net debt applicable to the limit as a percentage of debt limit	8.89%	8.63%	10.50%	9.25%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Value	\$ 2,057,421,500
Debt Limit (10% of assessed value)	205,742,150
Debt applicable to limit:	
General obligation bonds	19,624,791
Legal debt margin	<u>\$ 186,117,359</u>

Note: Virginia statute limits bond issuing authority of Virginia cities to 10% of the assessed real estate value.
The above calculation includes all debt secured by the full faith and credit of the City.

Table 12

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$178,617,680	\$182,933,180	\$ 185,944,690	\$ 186,514,400	\$ 198,869,430	\$ 205,742,150
14,377,287	12,645,590	24,268,486	22,668,690	21,008,892	19,624,791
164,240,393	170,287,590	161,676,204	163,845,710	177,860,538	186,117,359
8.05%	6.91%	13.05%	12.15%	10.56%	9.54%

City of Williamsburg, Virginia
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 13

Fiscal Year	City Population *	Area Population *	Personal Income (thousands of dollars) ²	Per Capita Personal Income ²	Public School Enrollment ³	Unemployment Rate ¹
2012	14,503	84,149	\$ 4,703,429	\$ 55,990	10,671	8.3%
2013	14,893	85,709	4,745,679	55,550	10,748	7.7%
2014	15,064	87,274	4,954,338	56,960	10,998	7.3%
2015	14,860	88,199	5,160,028	58,504	11,116	6.3%
2016	15,429	89,044	5,344,090	59,632	11,303	5.6%
2017	15,404	90,555	5,646,096	60,350	11,431	4.4%
2018	15,183	91,020	6,016,740	65,906	11,477	4.6%
2019	15,383	91,477	6,065,503	66,306	11,461	4.3%
2020	15,425	92,031	**	**	11,448	8.2%
2021	**	**	**	**	11,026	**

* Population figures supplied by Weldon Cooper Center for Public Service (University of VA) & U.S. Bureau of Census

** not available

¹ Virginia Employment Commission (*calendar year figures*)

² Source - U.S. Bureau of Census, Bureau of Economic Analysis (BEA)
population and per capita personal figures are only available for the City of Williamsburg and neighboring James City County combined

³ Source - Williamsburg-James City County Public Schools

City of Williamsburg, Virginia
Principal Employers
Current Year and Nine Years Ago

Table 14

Employer	2012			2021		
	Employees ¹	Rank	Percentage of Total City Employment	Employees ¹	Rank	Percentage of Total City Employment
College of William & Mary	1,000+	1	22.56%	1,000+	1	27.52%
Colonial Williamsburg Foundation	1,000+	2	9.70%	1,000+	2	9.44%
Colonial Williamsburg Company	1,000+	3	6.56%	250 to 499	3	4.13%
W-JCC Schools	250 to 499	4	1.93%	100 to 249	8	1.36%
Aramark	250 to 499	5	1.67%			
City of Williamsburg	250 to 499	6	1.61%	100 to 249	6	2.01%
Red Lobster & The Olive Garden	100 to 249	7	0.62%			
Walsingham Academy	100 to 249	8	0.62%	100 to 249	9	1.08%
National Center for State Courts	100 to 249	9	0.62%	100 to 249	7	1.41%
Outback Steakhouse	50 to 99	10	0.31%			
Sodexo				250 to 499	4	3.69%
Riverside Doctors' Hospital				250 to 499	5	2.86%
Harris Teeter Supermarket				100 to 249	10	1.06%

¹ includes part-time and seasonal employees

City of Williamsburg, Virginia
Full-time-Equivalent City Employees by Function/Program
Last Ten Fiscal Years

Table 15

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government										
City Manager	5.5	6.5	6.5	6.5	6.5	6.5	6.0	7.0	7.0	8.0
Clerk of Council	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
City Attorney	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Commissioner of Revenue	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0
Treasurer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Registrar	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0
Assessor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Information Technology	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0
Finance	9.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0	9.0	10.0
Police										
Officers	35.0	35.0	35.0	35.0	36.0	36.0	38.0	41.0	41.0	42.0
Civilians	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	5.0	5.0
Fire										
Firefighters & officers	36.0	36.0	36.0	36.0	36.0	39.0	39.0	40.0	40.0	45.0
Civilians	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works										
Engineering	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Streets & Storm Water	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0	10.0
Landscape	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.5	7.5	7.5
Shop	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Building Maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Planning	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Code Compliance	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0
Recreation	8.0	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Human Services/Public Housing	13.0	17.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	22.0
Public Utilities	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>
Total	<u>183.5</u>	<u>188.0</u>	<u>190.0</u>	<u>191.0</u>	<u>192.5</u>	<u>196.5</u>	<u>197.0</u>	<u>204.5</u>	<u>205.5</u>	<u>217.5</u>

Source: City Finance Department

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent

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

Table 16

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018*</u>	<u>2019</u>	<u>2020 ^</u>	<u>2021 ^</u>
General Government										
Real estate parcels appraised	4,220	4,214	4,216	4,299	4,313	4,318	4,319	4,335	4,345	4,343
Real estate property transfers	337	285	302	415	370	421	505	426	422	398
Police										
Calls for service	37,283	36,956	37,774	36,168	34,837	34,033	34,385	41,377	46,703	39,436
Moving violations	1,800	1,457	1,107	1,147	1,238	1,364	1,228	2,390	2,161	1,779
Offenses	389	376	307	314	301	333	280	344	320	347
Fire										
Emergency fire responses	1,834	1,884	1,988	2,226	1,048	1,181	1,331	1,493	1,105	1,004
Emergency EMS responses	2,443	2,455	2,435	2,523	2,890	2,875	2,951	3,102	2,948	2,461
Public Works										
Tons of res. solid waste collected	2,250	2,094	1,966	1,814	1,925	2,063	2,170	2,050	1,942	1,997
Planning										
Subdivision lots approved	-	2	-	-	-	-	14	46	52	49
Site plans processed	1	5	1	1	2	-	18	11	14	16
Code Compliance										
Total permits issued	1,436	1,336	1,555	1,344	1,538	1,920	1,968	1,443	1,030	979
Total inspections performed	5,171	5,491	5,178	6,966	7,284	7,082	4,427	7,130	5,198	8,896
Recreation										
Program participants	26,135	25,886	25,487	21,684	23,135	23,706	16,159	13,958	9,571	3,404
Waller Mill Park attendance	81,254	90,066	109,144	112,854	95,312	107,036	137,894	103,461	79,254	134,355
Human Services (avg. monthly)										
Total benefit program cases	1,182	1,228	1,248	1,365	1,320	1,338	1,420	1,495	1,735	2,128
Public Utilities										
Water consumed (million gallons)	1,015	937	931	997	959	953	918	913	822	842
Water leaks repaired	36	45	31	32	31	26	35	20	22	33
Sewer backups	53	53	31	35	47	22	31	40	33	50

Source: City operating departments

*In FY 2018, some performance measures were modified, which may create variances in comparison with prior years.

^ Programs and operations were impacted as a result of the COVID-19 pandemic

City of Williamsburg, Virginia
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table 17

Function/Program	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government										
Number of buildings	28	28	28	28	28	28	28	28	28	28
Number of parking structures	2	2	2	2	2	2	2	2	2	2
Total number of active vehicles in vehicle replacement plan	83	84	82	83	84	85	85	101	102	102
Public Safety										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of fire stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Lane miles of streets maintained	113.37	113.37	115.99	115.99	118.58	116.73	117.53	118.02	119.44	119.92
Number of Signalized Intersections	15	15	15	15	15	15	15	15	15	17
Bridges	4	4	4	4	4	4	4	4	4	4
Education-Regional Schools										
Grades: K - 5	9	9	9	9	9	9	9	9	9	9
Grades: 6 - 8	3	3	3	3	3	3	3	4	4	4
Grades: 9 -12	3	3	3	3	3	3	3	3	3	3
Parks & Recreation										
Number of parks	10	10	10	10	10	10	10	11	11	12
Number of ball fields	6	6	6	6	6	6	6	6	6	6
Number of tennis courts	10	10	10	10	10	10	10	10	10	10
Number of total acres	2,036	2,036	2,036	2,036	2,036	2,036	2,787	2,787	2,787	2,787
Culture										
Number of public libraries (regional)	2	2	2	2	2	2	2	2	2	2
Public Utilities										
Miles of water distribution	48	48	48	48	48	48	48	48	48	50
Number of water tanks	6	6	6	6	6	6	6	6	6	6
Number of pump stations	14	14	15	15	15	15	15	15	15	15

Source: City departments.

COMPLIANCE SECTION

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**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**To the Honorable Members of the City Council
City of Williamsburg
Williamsburg, 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 financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Williamsburg, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Williamsburg, Virginia's basic financial statements, and have issued our report thereon dated October 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Williamsburg, Virginia'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 City of Williamsburg, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Williamsburg, Virginia'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Williamsburg, Virginia'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Richmond, Virginia
October 15, 2021

**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

To the Honorable Members of the City Council
City of Williamsburg
Williamsburg, Virginia

Report on Compliance for Each Major Federal Program

We have audited the City of Williamsburg, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Williamsburg, Virginia's major federal programs for the year ended June 30, 2021. The City of Williamsburg, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Williamsburg, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Williamsburg, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Williamsburg, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Williamsburg, Virginia 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, 2021.

Report on Internal Control over Compliance

Management of City of Williamsburg, Virginia 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 City of Williamsburg, Virginia'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 City of Williamsburg, Virginia'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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associate

Richmond, Virginia
October 15, 2021

City of Williamsburg, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Department of Health and Human Services:</i>			
Direct Payments:			
COVID-19 - Provider Relief Fund	93.498	N/A	\$ 24,244
Pass Through Payments:			
<i>Department of Social Services:</i>			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950109/0950110	\$ 2,581
Temporary Assistance for Needy Families	93.558	0400111/0400112	83,542
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500111/0500112	173
Low-Income Home Energy Assistance	93.568	0600411/0600412	12,731
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760111/0760112	16,536
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900111/0900112	44
Foster Care - Title IV-E	93.658	1100111/1100112	73,022
Adoption Assistance	93.659	1120111/1120112	81,218
Social Services Block Grant	93.667	1000111/1000112	66,810
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150111/9150112	795
Children's Health Insurance Program	93.767	0540111/0540112	1,667
Medical Assistance Program (Medicaid Cluster)	93.778	1200111/1200112	158,688
Total Department of Health and Human Services-pass through			\$ 497,807
Total Department of Health and Human Services			\$ 522,051
<i>Department of Agriculture:</i>			
Pass Through Payments:			
<i>Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010111/0010112 0040111/0040112	\$ 211,193
Total Department of Agriculture			\$ 211,193
<i>Department of Homeland Security:</i>			
Direct payments:			
Staffing for Adequate Fire and Emergency Response (SAFER) Program	97.083	N/A	\$ 80,909
Pass Through Payments:			
<i>Department of Emergency Management:</i>			
Emergency Management Performance Grants	97.042	775001-116308	\$ 15,000
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	775001-117463	35,288
Total Department of Homeland Security - pass-through			\$ 50,288
Total Department of Homeland Security			\$ 131,197

City of Williamsburg, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Department of Justice:</i>			
Direct payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 4,552
Pass Through Payments:			
<i>Department of Criminal Justice Services:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12-J1208LO11 13-K1208LO12	\$ 50,050
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	20-A5129CE20 COVID	25,995
Total Department of Justice - pass-through			\$ 76,045
Total Department of Justice			\$ 80,597
Election Assistance Commission			
Pass Through Payments:			
<i>Department of Elections</i>			
COVID-19 - HAVA Election Security Grants	90.404	113200-116912	\$ 52,241
<i>Department of Transportation:</i>			
Pass Through Payments:			
<i>Department of Transportation</i>			
Highway Planning and Construction (Highway Planning and Construction Cluster)	20.205	603023/4- 15000/15017/15078	\$ 404,870
<i>Department of Motor Vehicles</i>			
Alcohol Open Container Requirements	20.607	605007-50235/51107	8,280
Highway Safety Cluster:			
National Priority Safety Programs	20.616	605007-51132	2,440
State and Community Highway Safety	20.600	605007- 50238/50241/51128	9,960
		Highway Safety Cluster	\$ 12,400
Total Department of Transportation			\$ 425,550
<i>U.S. Department of Housing and Urban Development:</i>			
Pass Through Payments:			
<i>Department of Housing and Community Development:</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	5330500-HCD50790	\$ 139,020

City of Williamsburg, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Environmental Protection Agency:</i>			
Direct Payments:			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	N/A	\$ 131,435
Total Environmental Protection Agency			\$ 131,435
<i>Department of Treasury:</i>			
Pass Through Payments:			
<i>Department of Accounts:</i>			
COVID-19 Coronavirus Relief Fund (CRF)	21.019	10110-728021	\$ 2,654,050
Total Department of Treasury			\$ 2,654,050
Total Expenditures of Federal Awards			\$ 4,347,334

See accompanying notes to schedule of expenditures of federal awards.

City of Williamsburg, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Williamsburg, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents on a selected portion of the operations of the City of Williamsburg, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the City of Williamsburg, Virginia.

Note 2 - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the 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.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

The value of federal awards expended in the form of noncash assistance for food commodities is reported in the schedule.

Note 4 - Relationship to Financial Statements

For entities with June 30 fiscal year-ends, the first SEFA reporting period for PRF expenditures (including lost revenue) is June 30, 2021. Based on current guidance from the Department of Health and Human Services (HHS), PRF expenditures (including lost revenue) are to be reported on the SEFA based upon PRF reports submitted through the Health Resources and Services Administration (HRSA) reporting portal. Therefore, the amount of PRF expenditures included on the FYE June 30, 2021 SEFA is based upon the PRF reporting portal guidelines for Period 1, as specified by HHS. Federal expenditures, revenues, and capital contributions are reported in the City's basic financial statements with an adjustment for PRF expenditures as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General fund	\$ 3,001,740
Virginia public assistance fund	708,999
Law enforcement block grant fund	76,045
Capital projects fund	536,306

Add: COVID-19 - Provider Relief Funds - Period 1	24,244
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 4,347,334</u>
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Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

The City did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 7 - Loan Balances

The City has no loans or loan guarantees which are subject to reporting requirements for the current year.

City of Williamsburg, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified that are
not considered to be material weakness(es)? _____ yes ✓ none reported

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified? _____ yes ✓ no

Type of auditors' report issued on compliance
for major programs: unmodified

Any findings disclosed that are required to be
reported in accordance with 2 CFR section
200.516 (a)? _____ yes ✓ no

Identification of major programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

21.019

Coronavirus Relief Fund

Dollar threshold used to distinguish between type A
and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

✓ yes _____ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

**City of Williamsburg, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021**

There were no prior audit findings.