



**Economic Development Authority
of James City County, Virginia**

(A Component Unit of the County of James City, Virginia)

**Financial Statements and Supplemental Information
(With Independent Auditors' Report Thereon)**

June 30, 2018 and 2017

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

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Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Authority Officials

June 30, 2018

<i>Board Members</i>

Marshall N. Warner, Chairman

Robin Bledsoe, Vice Chairman

Robin D. Carson

Paul W. Gerhardt

Christopher J. Odle

Rick Shippey

Thomas G. Tingle

<i>Other Officials</i>

Sue Sadler, Board of Supervisor Liaison

Amy Jordan, Secretary

Teresa Fellows, Recording Secretary

Jennifer Tomes, Treasurer

Max Hlavin, Legal Counsel

Independent Auditors' Report

Members

Economic Development Authority of James City County, Virginia

We have audited the accompanying basic financial statements of the Economic Development Authority of James City County, Virginia as of and for the years ended June 30, 2018 and 2017 and the related notes to the financial statements, as listed in the table of contents. These financial statements are the responsibility of the Economic Development Authority of James City County, Virginia's management.

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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audits 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Economic Development Authority of James City County, Virginia as of June 30, 2018 and 2017, and the changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 5 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprises the Economic Development Authority of James City County, Virginia's basic financial statements. The schedules of net position by activity and schedules of revenues, expenses, and changes in net position by activity are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Net Position by Activity and Schedules of Revenues, Expenses, and Changes in Net Position by Activity on page 22 and 23 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of net position by activity and schedules of revenues, expenses, and changes in net position by activity are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Schedules of Revenue Bonds Outstanding - Conduit Debt on page 24 have not been subjected to the auditing procedures applied in the audit of the 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 September 20, 2018, on our consideration of the Economic Development Authority of James City County, 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 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 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 the Economic Development Authority of James City County, Virginia's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

**Newport News, Virginia
September 20, 2018**

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)
Management's Discussion and Analysis
June 30, 2018 and 2017

This section of the ***Economic Development Authority of James City County, Virginia's*** (Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal years ended June 30, 2018 and 2017.

Financial Highlights

The Authority had an increase in net position of \$696,981 for fiscal year 2018, primarily a result of the County's capital contribution of two properties. For fiscal year 2017, the Authority had an increase in net position of \$131,006, which was primarily a result of the County's contribution for the development of the marina property.

As of March 2017, the Authority was no longer the fiscal agent for Launchpad. Launchpad along with all other regional economic development initiatives were transferred to the Greater Williamsburg Partnership (GWP).

Overview of the Financial Statements

The financial section of this report has two components - Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are comprised of the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows, and Notes to the Financial Statements. The Statement of Net Position presents information on the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between these two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. However, it is also important to consider other nonfinancial factors, such as changes in economic conditions, population and service area growth, and new or changed legislation. The Statement of Revenues, Expenses and Changes in Net Position presents information showing how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Notes to the financial statements are an integral part of the statements and should be read in conjunction with the financial statements and the Management's Discussion and Analysis.

The Authority is a self-supporting entity and follows enterprise fund accounting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Authority.

Financial Analysis

Summary of Statement of Net Position			
	6/30/2018	6/30/2017	6/30/2016
Current and other assets	\$ 381,655	\$ 610,903	\$ 989,453
Capital assets, net of accumulated depreciation	1,933,778	1,050,835	509,585
Total assets	\$ 2,315,433	\$ 1,661,738	\$ 1,499,038
Current liabilities	\$ 1,730	\$ 45,016	\$ 13,322
Net position			
Net investment in capital assets	1,933,778	1,050,835	509,585
Unrestricted	379,925	565,887	976,131
Total net position	2,313,703	1,616,722	1,485,716
Total liabilities and net position	\$ 2,315,433	\$ 1,661,738	\$ 1,499,038

Economic Development Authority of James City County, Virginia
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Management's Discussion and Analysis
June 30, 2018 and 2017

Total assets experienced an increase of 39.3% for fiscal year 2018, primarily due to the County's capital contribution of two properties. Total assets experienced an increase of 10.9% for fiscal year 2017, primarily due to the marina property construction.

Total liabilities experienced a decrease of (\$43,286) and an increase of \$31,694 at June 30, 2018 and 2017, respectively. The decrease in 2018 was primarily due to the work on the marina property being completed, whereas the increase in 2017 was primarily due to outstanding contractor invoices for that work.

At June 30, 2018 and 2017, assets exceeded liabilities by \$2,313,703 and \$1,616,722, respectively.

Summary of Statement of Revenues, Expenses and Changes in Net Position for the Year Ended			
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	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
Intergovernmental - County contribution	\$ 111,768	\$ 455,038	\$ 29,524
Other operating revenues	82,437	116,287	187,802
Total operating revenues	<u>194,205</u>	<u>571,325</u>	<u>217,326</u>
Community development & Launchpad	213,400	280,800	302,730
Other expenses	93,029	82,535	84,637
Total operating expenses	<u>306,429</u>	<u>363,335</u>	<u>387,367</u>
Operating income (loss)	<u>(112,224)</u>	<u>207,990</u>	<u>(170,041)</u>
Net nonoperating revenues (expenses)	809,205	(76,984)	9,895
Change in net position	696,981	131,006	(160,146)
Net position - beginning of year	<u>1,616,722</u>	<u>1,485,716</u>	<u>1,645,862</u>
Net position - end of year	<u>\$ 2,313,703</u>	<u>\$ 1,616,722</u>	<u>\$ 1,485,716</u>

Revenues represented the County's contribution to the Authority and other operating revenues from bond fees, and lease income from the Mainland Farm and marina property. For fiscal year 2018, the County contribution decreased by (\$343,270), primarily as a result of the development of the marina property being completed. In fiscal year 2017, the County contributions increased by \$425,514 primarily as a result of its contribution toward the development of the marina property. In 2018 and 2017, other operating revenues decreased by (\$33,850) and (\$71,515), respectively. The decrease in 2018 was due to the Authority no longer being fiscal agent for Launchpad. The decrease in 2017 was due to a \$50,000 contribution in 2016 from the Launchpad landlord.

Community development and Launchpad consists primarily of contributions toward local business efforts, grants awarded to local businesses for exceeding certain investment figures, performance agreements, and costs associated with Launchpad, while other expenses include costs such as advertising and professional fees. Community development and Launchpad expenses reflect a decrease of (24.0%) for fiscal year 2018; the Authority had a full fiscal year of not being the Launchpad fiscal agent. Community development and Launchpad expenses reflected a decrease of (7.2%) for fiscal year 2017; the Authority transitioned the fiscal agent duties in early March 2017 and therefore only eight months of activity were reflected.

For fiscal year 2018, other expenses increased by \$10,494, primarily due to marina property expenses and the depreciation on the project. For fiscal year 2017, other expenses decreased by (\$2,102), primarily due to less depreciation due to the disposal of capital assets and lower forgiveness on loans.

Net nonoperating revenues (expenses) consist of interest income, loss on the disposal of capital assets and capital contributions. The increase of \$886,189 in 2018 was due to capital contributions of two properties from the County. The decrease of (\$86,879) in 2017 was attributable to a capital contribution of the Launchpad leasehold improvements to the new fiscal agent, GWP.

Economic Development Authority of James City County, Virginia
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Management's Discussion and Analysis
June 30, 2018 and 2017

Total net position increased \$696,981 and increased \$131,006 in 2018 and 2017, respectively. The increase in 2018 primarily resulted from the County's capital contribution on two properties and the 2017 increase resulted from the County's contribution for the development of the marina property.

Capital Assets			
	6/30/2018	6/30/2017	6/30/2016
Nondepreciable	\$ 1,238,661	\$ 1,048,745	\$ 399,616
Depreciable	695,117	2,090	109,969
Capital assets, net	\$ 1,933,778	\$ 1,050,835	\$ 509,585

During fiscal year 2018, the Authority received capital contributions of two properties from the County, representing the increase in nondepreciable capital assets from 2017. Also in 2018, the increase in depreciable assets was due to the completion of the marina property construction. During fiscal year 2017, the Authority spent \$649,129 on capital improvements on the marina property, representing the increase in nondepreciable capital assets from 2016. Also in 2017, the decrease in depreciable assets was mainly due to two factors, (1) the Authority discontinued its separate website and (2) as a result of transitioning off as the Launchpad's fiscal agent, the leasehold improvements were transferred. Additional information can be found in Note 6 to the basic financial statements.

Debt Administration

The Authority has issued Economic Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. It should be noted this represents conduit debt and although conduit debt obligations bear the name of the governmental issuer, which is the Authority, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued. Additional information can be found in the Supplemental Information section on the Schedules of Revenue Bonds Outstanding – Conduit Debt (Unaudited).

Requests for Financial Information

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

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Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Statements of Net Position

	<u>6/30/2018</u>	<u>6/30/2017</u>
Assets		
Current assets		
Cash and short-term investments (Note 2)	\$ 350,083	\$ 558,473
Due from James City County	3,544	20,132
Bond fee receivable	3,028	-
Total current assets	<u>356,655</u>	<u>578,605</u>
Notes receivable, net allowance (Note 5)	<u>25,000</u>	<u>32,298</u>
Capital assets (Note 6)		
Nondepreciable	1,238,661	1,048,745
Depreciable, net	695,117	2,090
Capital assets, net	<u>1,933,778</u>	<u>1,050,835</u>
Total assets	<u>\$ 2,315,433</u>	<u>\$ 1,661,738</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	<u>\$ 1,730</u>	<u>\$ 45,016</u>
Net position		
Net investment in capital assets	1,933,778	1,050,835
Unrestricted	379,925	565,887
Total net position	<u>2,313,703</u>	<u>1,616,722</u>
Total liabilities and net position	<u>\$ 2,315,433</u>	<u>\$ 1,661,738</u>

See accompanying notes to financial statements.

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended	
	<u>6/30/2018</u>	<u>6/30/2017</u>
Operating revenues		
Intergovernmental - County contribution	\$ 111,768	\$ 455,038
Lease income	64,725	14,725
Bond fees	17,712	18,536
Launchpad member contributions	-	69,000
Launchpad client revenue	-	14,026
Total operating revenues	<u>194,205</u>	<u>571,325</u>
Operating expenses		
Community development (Note 7)	213,400	200,288
Depreciation	17,435	24,158
Leases	-	51,101
Note forgiveness (Note 5)	2,573	1,011
Other expenses	553	389
Promotion	55,585	66,111
Professional fees	16,883	16,826
Telecommunications	-	1,331
Utilities	-	2,120
Total operating expenses	<u>306,429</u>	<u>363,335</u>
Operating income (loss)	<u>(112,224)</u>	<u>207,990</u>
Nonoperating revenue (expenses)		
Interest income	4,360	6,737
Loss on disposal of capital assets	-	(760)
Capital contribution	804,845	(82,961)
Total nonoperating revenue (expenses)	<u>809,205</u>	<u>(76,984)</u>
Change in net position	696,981	131,006
Net position, beginning of year	<u>1,616,722</u>	<u>1,485,716</u>
Net position, end of year	<u>\$ 2,313,703</u>	<u>\$ 1,616,722</u>

See accompanying notes to financial statements.

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Statements of Cash Flows

	Years Ended	
	6/30/2018	6/30/2017
Cash flows from operating activities		
Receipts from County and customers	\$ 215,063	\$ 555,913
Payments to suppliers	<u>(332,280)</u>	<u>(306,983)</u>
Net cash provided by (used for) operating activities	<u>(117,217)</u>	<u>248,930</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	<u>(95,533)</u>	<u>(649,129)</u>
Cash flows from investing activities		
Interest received	<u>4,360</u>	<u>7,054</u>
Net decrease in cash	<u>(208,390)</u>	<u>(393,145)</u>
Cash and short-term investments, beginning of year	<u>558,473</u>	<u>951,618</u>
Cash and short-term investments, end of year	<u>\$ 350,083</u>	<u>\$ 558,473</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating income (loss)	\$ (112,224)	\$ 207,990
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:		
Depreciation	17,435	24,158
Note forgiveness (Note 5)	2,573	1,011
Changes in assets and liabilities:		
Bond fee receivable	(3,028)	-
Due from James City County	16,588	(20,132)
Notes receivable	4,725	4,209
Accounts payable	(43,286)	32,842
Due to James City County	<u>-</u>	<u>(1,148)</u>
Net cash provided by (used for) operating activities	<u>\$ (117,217)</u>	<u>\$ 248,930</u>
Schedule of non-cash capital and related financing activities		
Capital contributions	<u>\$ 804,845</u>	<u>\$ 82,961</u>

See accompanying notes to financial statements.

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Notes to Financial Statements
June 30, 2018 and 2017

1) Summary of Significant Accounting Policies

The Economic Development Authority of James City County, Virginia (the Authority) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the governing body of James City County (County) on July 9, 1979, pursuant to the provisions of the Economic Development and Revenue Bond Act (Chapter 33, Section 15.1-1373, et seq., of the Code of Virginia (1950), as amended). The Authority is governed by a seven-member board appointed by the Board of Supervisors of James City County, Virginia. The essential purpose of the Authority is to promote industrial and commercial development in the County.

The Reporting Entity

The Authority has been determined to be a component unit of the County in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. Component units are legally separate entities for which a primary government is financially accountable. The County is financially accountable given the significance of the Authority's fiscal dependence on and financial relationship with the County. As a result of the County's financial accountability for the Authority, the information included in these financial statements is included in the financial statements of the County.

Implementation of these reporting requirements in no way infringes upon the independence of the Authority nor otherwise impairs the Authority's power to perform its functions under state law.

Basis of Accounting and Presentation

The Authority utilizes the economic resources measurement focus and the accrual basis of accounting as an enterprise fund. Accordingly, revenues are recognized in the period earned and expenses are recognized when they are incurred. Enterprise funds are used to account for the ongoing activities that are financed and operated similar to those often found in the private sector. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from the Authority's ongoing operations. Operating revenues include revenue from the County, bond fees, and lease income. Operating expenses include the costs related to promoting and developing the County and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The Authority generally first uses restricted net position for expenses incurred for which both restricted and unrestricted net position are available. The Authority may defer the use of restricted net position based on a review of the specific transaction.

Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents are defined as short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near maturity that they present insignificant risk of changes in value because of changes in interest rates. The Authority considers all certificates of deposits, regardless of their maturity, and other investments with original maturities of three months or less to be cash equivalents.

Capital Assets

The Authority's policy is to capitalize assets with a cost basis or acquisition value at time of donation of five thousand dollars (\$5,000) or greater. The costs of major improvements are capitalized, while the costs of maintenance and repairs, which do not improve or extend the life of an asset, are expensed. When appropriate, the Authority provides for depreciation of capital assets using the straight-line method at amounts estimated to amortize the cost or other basis of the assets over their estimated useful lives.

Economic Development Authority of James City County, Virginia
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Notes to Financial Statements
June 30, 2018 and 2017

1) Summary of Significant Accounting Policies, Continued

The Authority's capital assets consist of land, land improvements, buildings and improvements, infrastructure, construction in progress, and furniture and equipment. Depreciation is taken over the capital assets estimated useful lives as follows:

Land improvements	20	years
Buildings and improvements	40	years
Infrastructure	25-30	years
Furniture and equipment	10	years

Pass-Through Financing Leases

Some activities of the Authority represent pass-through leases. The Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities within the County. These agreements provide for periodic rental payments in amounts, which are equal to the principal and interest payments due to project bondholders. The Authority has assigned all rights to the rental payments to the trustees of the bondholders, and the lessees have assumed responsibility for all operating costs, such as utilities, repairs, and property taxes. In such cases, the Authority neither receives nor disburses funds.

Although title to these properties rests with the Authority, bargain purchase options or other lease provisions eliminate any equity interest that would otherwise be retained. Deeds of trust secure outstanding obligations, and title will revert to the lessee when the bonds are fully paid.

Therefore, while the Authority provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the Authority does not recognize associated assets, liabilities, deferred inflows or outflows of resources, rental income, or interest expense in its financial statements.

Advertising Costs

Advertising costs (promotion expenses) are expensed in the period in which they are incurred.

Estimates

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

2) Cash and Short-Term Investments

The Authority's cash and short-term investments consisted of:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Bank deposits	\$ 115,729	\$ 51,028
Investments	234,354	507,445
	<u>\$ 350,083</u>	<u>\$ 558,473</u>

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

Economic Development Authority of James City County, Virginia
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Notes to Financial Statements
June 30, 2018 and 2017

2) Cash and Short-Term Investments, Continued

The Authority's investments were as follows:

Investment Type	6/30/2018		6/30/2017	
	Amount	Maturity	Amount	Maturity
Certificate of deposit (cost-based)	\$ -	2018	\$ 277,153	2018
Certificate of deposit (cost-based)	117,053	2021	115,024	2021
Certificate of deposit (cost-based)	117,053	2021	115,024	2021
LGIP (amortized cost)	248	1 day	244	1 day
	<u>\$ 234,354</u>		<u>\$ 507,445</u>	

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

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

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

Credit Risk

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

As of June 30, 2018 and 2017, the Authority's investment in LGIP was rated AAAM by Standard & Poor's.

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Notes to Financial Statements
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2) Cash and Short-Term Investments, Continued

Concentration of Credit Risk

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

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

Interest Rate Risk

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

Custodial Credit Risk

The Policy requires all investment securities purchased by the Authority or held as collateral on deposits or investments shall be held by the Authority or by a third-party custodial agent who may not otherwise be counterparty to the investment transaction. As of June 30, 2018 and 2017, all of the Authority's investments are held in a bank's trust department in the Authority's name.

3) Conduit Debt Obligations

From time to time, the Authority has issued Economic Revenue Bonds (the Bonds) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the Bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the state, nor any political subdivision thereof is obligated in any manner for repayment of the Bonds. Accordingly, the Bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2018 and 2017, there were 15 series of Economic Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$181 million and \$191 million, respectively.

4) Transactions with Related Parties

Certain financial management and accounting services are provided to the Authority by the County. Services were provided at no charge during the years ended June 30, 2018 and 2017. In addition, certain personnel costs in 2018 and 2017 were incurred by the County for the benefit of the Authority at no charge to the Authority.

Certain legal services are provided to the Authority by the County. The charges for these services amounted to \$6,000 for the years ended June 30, 2018 and 2017, and are included in professional fees in the accompanying statements of revenues, expenses, and changes in net position.

At June 30, 2018, the County owed \$3,544 to the Authority for its contribution for enterprise zone incentive payments. At June 30, 2017, the County owed \$20,632 to the Authority for its contribution to the improvements on the marina property, and the Authority owed \$500 to the County for legal services.

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Notes to Financial Statements
June 30, 2018 and 2017

4) Transactions with Related Parties, Continued

The Authority negotiates tax abatements as part of the Enterprise Zone Grant Program, the purpose of which is to bring new commercial and industrial businesses to the County. The County provided \$19,787 to the Authority to cover the costs of these payments in fiscal year 2018.

In fiscal year 2016, the Authority entered into a performance agreement with a business that provides incentive payments based on their investment in machinery and tools. The Authority paid \$47,052 during fiscal year 2018 for this incentive and the funding was provided by the County.

5) Notes Receivable

A summary of notes receivable for fiscal years 2018 and 2017 is below.

	<u>6/30/2018</u>	<u>6/30/2017</u>
Regina Enterprises, LLC	\$ 2,573	\$ 2,573
Nouvel, LLC	-	4,725
MODU System America, LLC	25,000	25,000
Subtotal	<u>27,573</u>	<u>32,298</u>
Allowance for doubtful accounts	(2,573)	-
Total notes receivable	<u>\$ 25,000</u>	<u>\$ 32,298</u>
Reconciliation to Statement of Net Position:		
Notes receivable, current	\$ -	\$ -
Notes receivable, non-current	25,000	32,298
Total notes receivable	<u>\$ 25,000</u>	<u>\$ 32,298</u>

On October 13, 2010, the Authority entered into a loan forgiveness agreement with Regina Enterprises, LLC for \$5,000. The loan is to be forgiven by the Authority at a rate of 1% of the business' total taxable sales occurring in James City County per year. The amount to be forgiven is to be determined by March 31 each year until the principal balance of the loan is extinguished. Any outstanding portion of the loan not forgiven prior to March 31, 2016, plus 8% interest, will be immediately due and payable on that date. On August 11, 2016, the Authority extended the loan forgiveness date to March 31, 2019 at 0% interest. During fiscal year 2017, the Authority forgave \$362 on this loan. During fiscal year 2018, Regina Enterprises, LLC closed and the remaining loan balance of \$2,573 became due. An allowance for doubtful accounts has been established for this amount.

On August 22, 2011, the Authority entered into a loan forgiveness agreement with Nouvel, LLC for \$10,000. The loan is to be forgiven by the Authority at a rate of 1% of the business' total taxable sales occurring in James City County per year, plus 0.75% of new taxable capital investment. The amount to be forgiven is to be determined by March 31 each year until the principal balance of the loan is extinguished. Any outstanding portion of the loan not forgiven prior to August 31, 2016, plus 8% interest, will be immediately due and payable on that date. On August 11, 2016, the Authority extended the loan forgiveness date to August 31, 2019 at 0% interest and agreed to include BPOL and business personal property taxes received for Virginia Gourmet, LLC, as it is owned by Nouvel, LLC. During fiscal years 2017, the Authority forgave \$649 on this loan. During fiscal year 2018, Nouvel, LLC was sold and the outstanding balance on the loan was repaid.

On May 24, 2016, the Authority entered into an agreement with MODU System America, LLC and OKS International, LLC. A one-time performance grant of \$25,000 was given in the form of a zero-interest loan that is to be forgiven at the end of 7 years, if the terms of the Agreement are satisfied in full.

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)
Notes to Financial Statements
June 30, 2018 and 2017

6) Capital Assets

A summary of the capital asset activity for fiscal years 2018 and 2017 is below.

	Balance 7/1/2017	Additions	Reductions	Balance 6/30/2018
Capital assets, nondepreciable:				
Land	\$ 233,106	\$ 804,845	\$ -	\$ 1,037,951
Land improvements	-	34,200	-	34,200
Construction in progress	815,639	-	649,129	166,510
Total capital assets, nondepreciable	1,048,745	839,045	649,129	1,238,661
Capital assets, depreciable:				
Land improvements	-	237,988	-	237,988
Buildings and improvements	-	290,095	-	290,095
Infrastructure	-	182,379	-	182,379
Furniture and equipment	5,119	-	-	5,119
Total capital assets, depreciable	5,119	710,462	-	715,581
Less accumulated depreciation:				
Buildings and improvements	-	4,835	-	4,835
Land improvements	-	7,933	-	7,933
Infrastructure	-	4,155	-	4,155
Furniture and equipment	3,029	512	-	3,541
Total accumulated depreciation	3,029	17,435	-	20,464
Total capital assets, depreciable, net	2,090	693,027	-	695,117
Total capital assets, net	\$ 1,050,835	\$ 1,532,072	\$ 649,129	\$ 1,933,778

	Balance 7/1/2016	Additions	Reductions	Balance 6/30/2017
Capital assets, nondepreciable:				
Land	\$ 233,106	\$ -	\$ -	\$ 233,106
Construction in progress	166,510	649,129	-	815,639
Total capital assets, nondepreciable	399,616	649,129	-	1,048,745
Capital assets, depreciable:				
Leasehold improvements	137,315	-	137,315	-
Furniture and equipment	5,119	-	-	5,119
Software	7,600	-	7,600	-
Total capital assets, depreciable	150,034	-	144,915	5,119
Less accumulated depreciation:				
Leasehold improvements	31,468	22,886	54,354	-
Furniture and equipment	2,517	512	-	3,029
Software	6,080	760	6,840	-
Total accumulated depreciation	40,065	24,158	61,194	3,029
Total capital assets, depreciable, net	109,969	(24,158)	83,721	2,090
Total capital assets, net	\$ 509,585	\$ 624,971	\$ 83,721	\$ 1,050,835

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Notes to Financial Statements
June 30, 2018 and 2017

7) Commitment of Operating Subsidies

The following operating subsidy agreements were in effect for fiscal years 2018 and 2017.

- a. On October 8, 2012, the Authority entered into a Memorandum of Understanding (MOU) with the Economic Development Authority of the City of Williamsburg, Virginia (EDA-WMSBG) and the Economic Development Authority of York County, Virginia (EDA-YORK) regarding the operation of a regional business incubator, later named the Triangle Business and Innovation Center (TBIC). The parties to this MOU agreed to jointly operate the TBIC commencing January 1, 2013 to provide startup opportunities for small businesses and encourage the businesses to remain in the participating localities. TBIC has been changed to "Launchpad."

The Authority receives \$69,000 annually from the EDA-WMSBG and EDA-YORK for their contributions. Based on a MOU in fiscal year 2015 and a Board resolution, the Authority is to remain the fiscal agent of Launchpad, unless the Incubator Board votes to select another fiscal agent, and Launchpad revenue is to be utilized to cover Launchpad expenses. Further, the three financial and management partners concurred that the unspent funds should remain in the Launchpad account and be utilized for its operating and marketing expenses. As of March 2017, the Authority was no longer the fiscal agent for Launchpad. Launchpad along with all other regional economic development initiatives were transferred to the Greater Williamsburg Partnership (GWP).

In fiscal year 2015, the Authority, along with EDA-WMSBG and EDA-YORK, entered into an agreement with Small Business Development Center of Hampton Roads (SBDC) for the operation of management for Launchpad. The term of the agreement was for one year and automatically renews each October 1st for up to 4 additional years, unless otherwise terminated. The Authority will pay SBDC \$45,240 for a management service fee and \$22,260 towards the compensation of a manager of Launchpad. The Authority will pay certain costs of operating the Launchpad. During fiscal years 2017 and 2016, \$11,310 and \$45,240 was paid to SBDC for this agreement. During fiscal year 2017, the Authority ended their agreement with SBDC.

On May 1, 2015, the Authority, along with EDA-WMSBG and EDA-YORK entered into a lease agreement for the Launchpad location. The initial term is for five years and one month, with the option to extend the term of the lease for one period of five years from the expiration date of the initial lease term. Per the agreement, the landlord contributed \$50,000 to assist with improvements to the facility, which was collected in fiscal year 2016. During fiscal years 2017 (through February 2017) and 2016, \$51,101 and \$66,315 was paid under this lease agreement. Because the Authority is no longer the fiscal agent for Launchpad, the EDA's of each respective locality pays its contribution to Launchpad and Launchpad makes the lease payments. The Authority paid \$34,500 to Launchpad during fiscal year 2018. The Authority's minimum future lease payments under the lease at June 30, 2018 were:

2019	\$	24,095
2020		24,818
Total	\$	48,913

- b. During fiscal year 2013, the Authority entered into an agreement with Renwood Farms, Inc. (Renwood) commencing on February 1, 2013 and ending on January 31, 2016. Under the agreement, Renwood will be compensated from the proceeds from the sale of farm goods, and Renwood will pay the Authority \$14,725 on December 31 each year during the term of the agreement. The agreement was renewed on November 1, 2016 and ends on December 31, 2018, with the ability to renew for two additional two-year terms.

In October 2013, the County accepted the transfer of ownership of the farm property and assigned the rights to the lease income earned from the property to the Authority.

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)
Notes to Financial Statements
June 30, 2018 and 2017

7) Commitment of Operating Subsidies, Continued

- c. On August 25, 2015, the Authority along with EDA-WMSBG, and EDA-York entered into a memorandum of agreement for the creation of the Greater Williamsburg Partnership (GWP) recognizing the importance of regional economic collaboration. Per the agreement, the Authority will contribute \$0.95 per capita to support the joint effort. During fiscal years 2018 and 2017, the Authority contributed \$69,659 and \$67,583, respectively.
- d. On August 2, 2016, the Authority entered into an agreement to lease a marina to Billsburg Brewery (the "Brewery"). The initial term of the lease is 10 years with an annual base rent of \$60,000 and increasing by 3% in each subsequent year. The lease comes with the understanding that the EDA intends to construct a warehouse facility up to 10,000 square feet adjacent to the building and lease it to the Brewery. In connection with the lease, on August 2, 2016, the parties also entered into a performance agreement including certain incentives provided by the EDA in exchange for the Brewery's performance and investments in machinery and equipment. Such incentives include waiving the rent under the lease and the EDA incurring the construction costs of the warehouse facility suitable for alteration by the Brewery. Construction began in fiscal year 2017 and was completed during fiscal year 2018. The Authority collected \$50,000 of rent during fiscal year 2018.

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Compliance Section

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

Members
Economic Development Authority of
James City County, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Economic Development Authority of James City County, Virginia as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprises the Economic Development Authority of James City County, Virginia's basic financial statements, and have issued our report thereon dated September 20, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Economic Development Authority of James City County, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Economic Development Authority of James City County, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Economic Development Authority of James City County, 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 the Economic Development Authority of James City County, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Dixon Hughes Goodman LLP

**Newport News, Virginia
September 20, 2018**

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

Members
Economic Development Authority of
James City County, Virginia

We have audited the financial statements of the Economic Development Authority of James City County, Virginia, as of and for the year ended June 30, 2018, and have issued our report thereon dated September 20, 2018.

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

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

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

Code of Virginia

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

The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Economic Development Authority of James City County, Virginia had not complied, in all material respects, with those provisions.

This report is intended solely for the information and use of the Members and management of Economic Development Authority of James City County, Virginia and the Auditor of Public Accounts and all applicable state agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Dixon Hughes Goodman LLP

**Newport News, Virginia
September 20, 2018**

**Economic Development Authority of James City County, Virginia
(A Component unit of the County of James City, Virginia)
Schedule of Findings and Responses**

1. Summary of Auditors' Results

- (a) An unmodified opinion was issued on the financial statements.
- (b) There were no deficiencies noted in internal control to disclose.
- (c) The audit disclosed no items of noncompliance material to the financial statements.

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

None

3. State Compliance Findings

None

4. Status of Prior Year State Compliance Findings

Finding 17-001

Narrative: The State and Local Government Conflict of Interests Act contained in Chapter 31 of Title 2.2 of the Code of Virginia required certain local government officials to file a disclosure statement of their personal interests with the clerk of the governing body by December 15 of each year, unless the governing body of the jurisdiction that appoints the members requires that the members file the Statement of Economic Interests. A statement of economic interest form were not filed timely. As a result, the Authority was not in compliance with the State and Local Government Conflict of Interest Act.

Status: All required forms were filed timely for 2018.

Supplemental Information

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Schedules of Net Position - by Activity

	At 6/30/2018			At 6/30/2017		
	Authority Operations	Launchpad Operations	Total	Authority Operations	Launchpad Operations	Total
Assets						
Current assets						
Cash and short-term investments	\$ 350,083	\$ -	\$ 350,083	\$ 558,473	\$ -	\$ 558,473
Due from James City County	3,544	-	3,544	20,132	-	20,132
Bond fee receivable	3,028	-	3,028	-	-	-
Total current assets	<u>356,655</u>	<u>-</u>	<u>356,655</u>	<u>578,605</u>	<u>-</u>	<u>578,605</u>
Notes receivable, net allowance	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>32,298</u>	<u>-</u>	<u>32,298</u>
Capital assets						
Nondepreciable	1,238,661	-	1,238,661	1,048,745	-	1,048,745
Depreciable	695,117	-	695,117	2,090	-	2,090
Capital assets, net	<u>1,933,778</u>	<u>-</u>	<u>1,933,778</u>	<u>1,050,835</u>	<u>-</u>	<u>1,050,835</u>
Total assets	<u>\$ 2,315,433</u>	<u>\$ -</u>	<u>\$ 2,315,433</u>	<u>\$ 1,661,738</u>	<u>\$ -</u>	<u>\$ 1,661,738</u>
Liabilities and Net Position						
Current liabilities						
Accounts payable	\$ 1,730	\$ -	\$ 1,730	\$ 45,016	\$ -	\$ 45,016
Net position						
Net investment in capital assets	1,933,778	-	1,933,778	1,050,835	-	1,050,835
Unrestricted	379,925	-	379,925	565,887	-	565,887
Total net position	<u>2,313,703</u>	<u>-</u>	<u>2,313,703</u>	<u>1,616,722</u>	<u>-</u>	<u>1,616,722</u>
Total liabilities and net position	<u>\$ 2,315,433</u>	<u>\$ -</u>	<u>\$ 2,315,433</u>	<u>\$ 1,661,738</u>	<u>\$ -</u>	<u>\$ 1,661,738</u>

See accompanying independent auditors' report.

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Schedules of Revenues, Expenses, and Changes in Net Position - by Activity

	Year Ended 6/30/2018			Year Ended 6/30/2017		
	Authority Operations	Launchpad Operations	Total	Authority Operations	Launchpad Operations	Total
Operating revenues						
James City County contribution	\$ 111,768	\$ -	\$ 111,768	\$ 455,038	\$ -	\$ 455,038
Lease income	64,725	-	64,725	14,725	-	14,725
Bond fees	17,712	-	17,712	18,536	-	18,536
Launchpad member contributions	-	-	-	-	69,000	69,000
Launchpad Authority's contribution	-	-	-	(34,500)	34,500	-
Launchpad client revenue	-	-	-	-	14,026	14,026
Total operating revenues	<u>194,205</u>	<u>-</u>	<u>194,205</u>	<u>453,799</u>	<u>117,526</u>	<u>571,325</u>
Operating expenses						
Community development	213,400	-	213,400	126,532	73,756	200,288
Depreciation	17,435	-	17,435	1,272	22,886	24,158
Leases	-	-	-	-	51,101	51,101
Note forgiveness	2,573	-	2,573	1,011	-	1,011
Other expenses	553	-	553	389	-	389
Promotion	55,585	-	55,585	63,037	3,074	66,111
Professional fees	16,883	-	16,883	16,826	-	16,826
Telecommunications	-	-	-	-	1,331	1,331
Utilities	-	-	-	-	2,120	2,120
Total operating expenses	<u>306,429</u>	<u>-</u>	<u>306,429</u>	<u>209,067</u>	<u>154,268</u>	<u>363,335</u>
Operating income (loss)	<u>(112,224)</u>	<u>-</u>	<u>(112,224)</u>	<u>244,732</u>	<u>(36,742)</u>	<u>207,990</u>
Nonoperating revenues (expenses)						
Interest income	4,360	-	4,360	6,737	-	6,737
Loss on disposal of capital assets	-	-	-	(760)	-	(760)
Capital contributions - James City County	804,845	-	804,845	-	(82,961)	(82,961)
Total nonoperating revenues (expenses)	<u>809,205</u>	<u>-</u>	<u>809,205</u>	<u>5,977</u>	<u>(82,961)</u>	<u>(76,984)</u>
Change in net position	<u>696,981</u>	<u>-</u>	<u>696,981</u>	<u>250,709</u>	<u>(119,703)</u>	<u>131,006</u>
Net position, beginning of year	<u>1,616,722</u>	<u>-</u>	<u>1,616,722</u>	<u>1,366,013</u>	<u>119,703</u>	<u>1,485,716</u>
Net position, end of year	<u>\$ 2,313,703</u>	<u>\$ -</u>	<u>\$ 2,313,703</u>	<u>\$ 1,616,722</u>	<u>\$ -</u>	<u>\$ 1,616,722</u>

See accompanying independent auditors' report.

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Schedules of Revenue Bonds Outstanding - Conduit Debt (Unaudited)

Bond	Date Issued	6/30/2018	6/30/2017
Build America Lease Revenue Bonds - James City County	9/23/2009	\$ 9,555,000	\$ 10,195,000
Economic Development Revenue Bond - Christopher Newport University Educational Foundation	5/18/2001	2,486,119	2,558,119
Lease Revenue Bonds, Series 2011 - James City County	9/30/2011	2,668,000	3,335,000
Lease Revenue Bonds, Virginia Capital Projects - James City County	9/11/2012	16,845,000	18,735,000
Lease Revenue Refunding Bonds, Series 2014 - James City County	8/4/2014	9,640,000	10,650,000
Lease Revenue Refunding Bonds, Series 2015 - James City County	8/5/2016	35,700,000	40,275,000
Lease Revenue Bonds, Series 2016 - James City County	5/6/2016	24,860,000	25,835,000
Revenue Bond, Series B 2003 - Williamsburg Landing Inc.	9/1/2003	5,590,000	5,590,000
Revenue and Refunding Bond, Residential Care Facility - First Mortgage	5/11/2005	17,850,000	17,885,000
Revenue Refunding Bond, William and Mary Foundation, Series 2011 (Refunding Variable Rate Revenue Bond - William and Mary Foundation, Series 2006, issued 12/1/2006)	1/17/2012	8,090,000	8,090,000
Virginia United Methodist Homes of Williamsburg, Inc., Series 2013A Senior	5/31/2013	29,715,000	29,905,000
Virginia United Methodist Homes of Williamsburg, Inc., Series 2013A Subordinated	5/31/2013	9,897,733	9,897,733
Virginia United Methodist Homes of Williamsburg, Inc., Series 2013B Senior	5/31/2013	6,500,000	6,500,000
Virginia United Methodist Homes of Williamsburg, Inc., Series 2013C Senior	5/31/2013	1,755,000	1,880,000
Virginia United Methodist Homes of Williamsburg, Inc., Series 2016	9/29/2016	232,957	55,600
		<u>\$ 181,384,809</u>	<u>\$ 191,386,452</u>

See accompanying independent auditors' report.