Williamsburg Area Transit Authority

Basic Financial Statements and Supplementary Information

(With Report of Independent Auditor Thereon)

June 30, 2024

Williamsburg Area Transit Authority

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Williamsburg Area Transit Authority
Authority Officials
June 30, 2024

Board of Directors

Michele Mixner-Dewitt..Chair

Denise Kirschbaum..Vice Chair

Paul Holt..Member

Brian Fuller ....Member

Sarah Jones..Non-Voting Advisor

Bill Horacio..Non-Voting Advisor

Grant Sparks..Non-Voting Advisor

Other Officials

Matthew Scalia..Secretary

Jennifer D. Tomes..Treasurer

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Directors
Williamsburg Area Transit Authority
Williamsburg, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Williamsburg Area Transit Authority (the "Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Authority, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2024, on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority’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 Authority’s internal control over financial reporting and compliance.

Cherry Bekaert LLP

Richmond , Virginia
November 5, 2024

This section of the Williamsburg Area Transit Authority's (Authority) annual financial report presents our discussion and analysis of the Authority's financial performance, as of and for the fiscal year ended June 30, 2024.

Financial Highlights

The Authority's net position increased by $951,183 in fiscal year 2024, which represents a 5.3% increase from fiscal year 2023's net position. This was primarily a result of an increase in contracted services revenues received in fiscal year 2024.

Overview of the Financial Statements

This report has two components – Management's Discussion and Analysis (this section) and the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements. The basic financial statements include both government-wide and governmental fund financial statements and the notes to the financial statements. Government-wide and governmental fund financial statements categorize primary activities as either governmental or business-type. All the Authority's operations are governmental because the sources of funding include contributions from members, federal and state grants, and fare collections.

The government-wide and fund financial statements are distinguished as follows:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Authority's overall financial status.
- The remaining statements are governmental fund financial statements that focus on individual components of the Authority's operations. In addition, governmental funds' statements indicate how general government services, such as the operation and maintenance, were financed in the short-term, as well as the amounts that remain for future spending. As of fiscal year 2024, the Authority has two major governmental funds, the General Fund and the Capital Fund. Information is presented separately in the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for each of these funds.

The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is net position. Over time, increases and decreases in net position are one indicator of whether the Authority's financial health 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.

Financial Analysis

Summary Statements of Net Position

	6/30/2024	6/30/2023
Current and other assets	$ 8,501,329	$ 7,200,249
Capital assets, net	10,928,397	11,797,978
Restricted assets	16,250	99,887
Total assets	19,445,976	19,098,114
Deferred outflows of resources	279,302	236,670
Total assets and deferred outflows	$ 19,725,278	$ 19,334,784
Current liabilities	$ 650,066	$ 1,157,876
Long-term liabilities	202,960	203,505
Total liabilities	853,026	1,361,381
Deferred inflows of resources	113,124	165,458
Net position:		
Net investment in capital assets	10,928,397	11,797,978
Restricted	60,100	155,337
Unrestricted	7,770,631	5,854,630
Total net position	18,759,128	17,807,945
Total liabilities, deferred inflows and net position	$ 19,725,278	$ 19,334,784

Total assets increased by $347,862 from fiscal year 2023, mainly due to an increase in receivables due from other governmental units and cash and short-term investments. Total liabilities decreased by $508,355 from fiscal year 2023, primarily due to decreases in the Authority's accounts payable.

The Authority's net position was $18,759,128 at June 30, 2024, with the largest portion (58.3%) reflecting its investment in capital assets. These capital assets are used to provide services to customers; consequently, these assets are not available for future spending. Restricted net position of $60,100 (0.3%) represents pension and other postemployment benefit assets and proffers to be used for New Town. The remaining portion of net position is unrestricted (41.4%), to be used for future spending.

Summary Statements of Activities

	6/30/2024	6/30/2023
Program revenues:		
Operating grants and contributions	$ 7,443,302	$ 6,983,213
Capital grants and contributions	1,102,120	1,451,404
Charges for services	1,757,610	823,052
Total program revenues	10,303,032	9,257,669
General revenues:		
Use of money and property	201,710	31,008
Miscellaneous	69,890	85,778
Gain (loss) on the disposal of capital assets	(540,575)	2,575
Total general revenues	(268,975)	119,361
Total revenues	10,034,057	9,377,030
Program expenses:		
Personnel expenses	4,591,497	3,677,674
Materials and contractual services	3,120,597	2,986,709
Depreciation	1,290,338	1,217,320
Amortization	79,385	56,734
Interest	1,057	2,058
Total program expenses	9,082,874	7,940,495
Change in net position	951,183	1,436,535
Net position, beginning of year	$ 17,807,945	$ 16,371,410
Net position, end of year	$ 18,759,128	$ 17,807,945

Program expenses were higher than the previous year by $1,142,379, mainly due to increases in personnel expenses and materials and contractual service costs during fiscal year 2024.

Charges for services include monies received for bus fares and contracted service revenue received from the College of William and Mary and the Colonial Williamsburg Foundation (CWF). Charges for services increased in fiscal year 2024 mainly due to the start of a new contracted services agreement with CWF.

Operating and capital grant contributions include federal and state grants for reimbursement of transportation costs and services, as well as member contributions. The Authority's revenues from grants and contributions increased in fiscal year 2024 due to more federal funding.

Total net position increased by $951,183 for the fiscal year ended June 30, 2024, primarily attributable to the circumstances noted above.

Summary Schedule of Budget-to-Actual - Governmental Funds

	Original Budget	Revised Budget	Actual
Revenues	$ 9,599,429	$ 9,599,429	$ 12,526,869
Expenditures	$ 9,599,429	$ 9,599,429	$ 8,816,370
Net change in fund balance	$ -	$ -	$ 3,710,499

The Authority has an adopted budget and there were no amendments to the budget during fiscal year 2024.

Financial Highlights - Governmental Funds

General Fund: The General Fund reports the operational and administrative activities of the Authority. The General Fund's unassigned fund balance represents the net resources available for spending at the end of the fiscal year. As of June 30, 2024, the General Fund had a total fund balance of $6,248,079 of which $43,850 was restricted and $6,204,229 was unassigned. Total fund balance increased by $3,270,667 for fiscal year 2024, primarily as a result of more federal revenues.

Capital Fund: The Capital Fund reports the capital investment, acquisition, and disposal activities of the Authority. As of June 30, 2024, the Capital Fund had a total fund balance of $1,258,727, all of which was assigned. The fund balance increased by $439,832 for fiscal year 2024, primarily from more federal revenues.

Capital Assets

At the end of fiscal years 2024 and 2023, the Authority had invested $10,928,397 and $11,797,978 respectively, in net capital assets. This decrease of $869,581 is primarily due to the net effect of additions and disposals, and the depreciation expense. Additional information about the Authority's capital assets can be found in Note 4 to the financial statements.

Economic Factors and Next Year's Budget

The Authority adopts an annual operating budget for the planning and administrative activities of the General Fund for the purpose of determining the annual contributions from the member jurisdictions required to fund these activities. In addition, the various projects included in the General Fund have individual budgets.

The fiscal year 2025 approved budget for the Authority is $31,736,519, with appropriations of $9,812,129 and $21,924,390, to the General Fund and Capital Fund, respectively. This budget was adopted on June 20, 2024, and reflects a $5,009,050, or an 18.7%, increase, over the original fiscal year 2024 budget. The operating budget reflects a 5.6% increase due to increases in personnel and fixed route operating costs. The increase in the capital budget reflects the appropriation of new revenues awarded for ongoing capital projects, specifically the administration facility project and the northern transfer center project.

The Authority will continue to monitor and evaluate the impact of economic factors such as supply chain delays, high fuel costs, and workforce shortages, prioritizing the hiring and retention of drivers to be able to reinstate certain services that were affected by the pandemic. The budget reflects an investment in several initiatives and projects, including renovation of the administration and maintenance facility on Pocahontas Trail and construction of the northern transfer project. The Authority will continue to improve services to the community through these actions.

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 funds 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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Basic Financial Statements

Williamsburg Area Transit Authority
Statement of Net Position
June 30, 2024

		Governmental Activities
Assets and Deferred Outflows of Resources		
Assets		
Cash and short-term investments (Note 2)	$	4,952,153
Due from other governmental units (Note 3)		3,546,818
Accounts receivable		2,358
Total current assets		8,501,329
Restricted assets		
Pension asset (Note 6)		9,614
Health insurance credit asset (Note 7)		3,137
Virginia local disability program asset (Note 7)		3,499
Total restricted assets		16,250
Capital assets, net (Note 4)		
Non-depreciable		3,695,392
Depreciable		7,205,479
Subscription assets, net		27,526
Total capital assets, net		10,928,397
Deferred outflows of resources		
Deferred pension plan (Note 6)		167,740
Deferred group life insurance OPEB plan (Note 7)		72,193
Deferred health insurance credit OPEB plan (Note 7)		7,471
Deferred retiree healthcare OPEB plan (Note 7)		12,972
Deferred Virginia local disability program OPEB plan (Note 7)		18,926
Total deferred outflows of resources		279,302
Total assets and deferred outflows of resources	$	19,725,278
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Accounts payable	$	409,723
Salaries payable		75,737
Due to James City County (Note 8)		7,457
Long-term liabilities (Note 5)		
Due within one year		157,149
Due in more than one year		202,960
Total liabilities		853,026
Deferred inflows of resources		
Deferred pension plan (Note 6)		53,924
Deferred group life insurance OPEB plan (Note 7)		25,189
Deferred Virginia local disability program OPEB plan (Note 7)		2,890
Deferred health insurance credit OPEB plan (Note 7)		4,249
Deferred retiree healthcare OPEB plan (Note 7)		26,872
Total deferred inflows of resources		113,124
Net position		
Net investment in capital assets		10,928,397
Restricted for pensions (Note 6)		9,614
Restricted for health insurance credit OPEB (Note 7)		3,137
Restricted Virginia local disability program OPEB (Note 7)		3,499
Restricted for proffers		43,850
Unrestricted		7,770,631
Total net position		18,759,128
Total liabilities, deferred inflows of resources, and net position	$	19,725,278

See accompanying notes to the financial statements.

Williamsburg Area Transit Authority
Statement of Activities
Year ended June 30, 2024

	Governmental Activities
Program expenses	
Personnel expenses	$ 4,591,497
Materials and contractual services	3,120,597
Depreciation (Note 4)	1,290,338
Amortization (Note 4)	79,385
Interest	1,057
Total program expenses	9,082,874
Program revenues	
Operating grants and contributions	7,443,302
Capital grants and contributions	1,102,120
Charges for services	1,757,610
Total program revenues	10,303,032
Net program revenues	1,220,158
General revenues	
Miscellaneous	69,890
Loss on the disposal of capital assets (Note 4)	(540,575)
Use of money and property	201,710
Total general revenues	(268,975)
Change in net position	951,183
Net position, beginning of year	17,807,945
Net position, end of year	$ 18,759,128

See accompanying notes to the financial statements.

Williamsburg Area Transit Authority
Balance Sheet - Governmental Funds
June 30, 2024

	General Fund	Capital Fund	Total Governmental Funds
Assets			
Cash and short-term investments (Note 2)	$ 3,809,115	$ 1,143,038	$ 4,952,153
Due from other governmental units (Note 3)	3,186,730	360,088	3,546,818
Accounts receivable	2,358	-	2,358
Total assets	$ 6,998,203	$ 1,503,126	$ 8,501,329
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities			
Accounts payable	$ 248,235	$ 161,488	$ 409,723
Salaries payable	75,737	-	75,737
Due to James City County (Note 8)	7,457	-	7,457
Total liabilities	331,429	161,488	492,917
Deferred inflows of resources			
Unavailable revenues	418,695	82,911	501,606
Total deferred inflows of resources	418,695	82,911	501,606
Fund balance			
Restricted	43,850	-	43,850
Assigned	-	1,258,727	1,258,727
Unassigned	6,204,229	-	6,204,229
Total fund balance	6,248,079	1,258,727	7,506,806
Total liabilities, deferred inflows of resources, and fund balance	$ 6,998,203	$ 1,503,126	$ 8,501,329

See accompanying notes to the financial statements.

Williamsburg Area Transit Authority
Balance Sheet - Governmental Funds (Continued)
June 30, 2024

Reconciliation of the Balance Sheet for governmental funds to the Statement of Net Position for governmental activities:

Ending fund balance			$ 7,506,806
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			10,928,397
Amounts receivable collected after 60 days are not available to pay for current period expenditures and, therefore, are deferred in the funds.			501,606
Net pension and OPEB assets do not provide current financial resources and, therefore, are not reported in governmental funds.			
Net pension asset	$	9,614	
Health insurance credit asset		3,137	
Virginia local disability program asset		3,499	16,250
Deferred outflows of resources represent a consumption of net position applying to future periods and, therefore, are not reported in the governmental funds.			
Deferred pension		167,740	
Deferred OPEB retiree healthcare		12,972	
Deferred OPEB group life insurance		72,193	
Deferred OPEB health insurance credit		7,471	
Deferred OPEB VLDP		18,926	279,302
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Net OPEB retiree healthcare liability		(42,641)	
Net OPEB GLI liability		(107,938)	
Compensated absences		(209,530)	(360,109)
Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period and, therefore, is not reported in the governmental funds.			
Deferred pension		(53,924)	
Deferred OPEB retiree healthcare		(26,872)	
Deferred OPEB GLI		(25,189)	
Deferred OPEB HIC		(4,249)	
Deferred OPEB VLDP		(2,890)	(113,124)
Net position, governmental activities			$ 18,759,128

See accompanying notes to the financial statements.

Williamsburg Area Transit Authority
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
Year ended June 30, 2024

	General Fund	Capital Fund	Total Governmental Funds
Revenues			
Intergovernmental:			
Commonwealth of Virginia	$ 2,246,107	$ 433,273	$ 2,679,380
Federal government	5,264,884	1,055,090	6,319,974
Local (member contributions)	1,409,932	47,239	1,457,171
Local (non-member contributions)	45,000	-	45,000
Charges for services	1,757,610	-	1,757,610
Use of money and property (Note 10)	201,710	-	201,710
Miscellaneous	65,015	1,009	66,024
Total revenues	10,990,258	1,536,611	12,526,869
Expenditures			
Salaries and benefits	4,582,471	-	4,582,471
Repairs and maintenance (Note 10)	1,353,765	-	1,353,765
Fuel (Note 10)	574,930	-	574,930
Colonial Williamsburg bus operations (Note 10)	72,294	-	72,294
Contractual services	142,113	-	142,113
Supplies and materials (Note 10)	401,316	-	401,316
Fiscal agent services (Note 8)	84,720	-	84,720
Insurance	86,429	-	86,429
Other	292,194	-	292,194
Telecommunications	45,460	-	45,460
Clothing	36,829	-	36,829
Advertising	7,409	-	7,409
Capital outlay	-	1,064,600	1,064,600
Debt service - principal (Note 5)	39,120	31,663	70,783
Debt service - interest	541	516	1,057
Total expenditures	7,719,591	1,096,779	8,816,370
Net change in fund balance	3,270,667	439,832	3,710,499
Fund balance, beginning of year	2,977,412	818,895	3,796,307
Fund balance, end of year	$ 6,248,079	$ 1,258,727	$ 7,506,806

See accompanying notes to the financial statements.

Williamsburg Area Transit Authority
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
(Continued)
Year ended June 30, 2024

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

Net change in fund balance		$ 3,710,499
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the difference between depreciation expense and capital outlay expenditures. The details of this difference are as follows:		
Depreciation expense		(1,290,338)
Capital outlay expenditures		1,041,785
Loss on disposal of capital assets		(541,644)
Amortization expense		(79,385)
		(869,582)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of 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.		
Write-off of lease liabilities based on capitalization threshold update		4,935
Principal payments on leases		39,120
Principal payments on subscriptions		31,663
		75,718
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue decreased by this amount in the current year.		(1,956,426)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this difference are as follows:		
Compensated absences	$ (27,868)	
Net pension asset and deferred outflows/inflows	15,224	
Net OPEB liability and deferred outflows/inflows	3,618	
		(9,026)
Change in net position on statement of activities		$ 951,183

See accompanying notes to the financial statements.

1) Summary of Significant Accounting Policies

The Williamsburg Area Transit Authority (Authority) was created as a political subdivision of the Commonwealth of Virginia by resolutions adopted in 2008. Members include the County of James City, Virginia (County), the County of York, the City of Williamsburg, and the Colonial Williamsburg Foundation. The Authority is governed by the Board of Directors, consisting of five Board representatives appointed by the members.

The general purpose of the Authority is to provide transportation services throughout the member jurisdictions and areas owned and/or operated by Colonial Williamsburg.

Reporting Entity

The Authority is a legally separate organization, and the member jurisdictions cannot impose their will on the Authority. There is no potential financial benefit or burden in the relationship. Accordingly, the Authority is not considered a component unit of any other entity. The Authority has been determined to be a related organization of the County in accordance with accounting principles generally accepted in the United States of America (GAAP). The County is the fiscal agent for the Authority, and as such, the Authority has been included as a fiduciary fund in the County's Annual Comprehensive Financial Report.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All the Authority's activities are considered to be governmental as they are principally supported by intergovernmental revenues. In the government-wide statement of net position, the governmental activities are reflected on a full accrual basis of accounting and economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

In the funds' financial statements, financial transactions and accounts of the Authority are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The governmental funds' statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. Given that the governmental funds' statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented, which explains the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements.

The Authority reports the following major governmental funds:

General Fund: Reports the operational and administrative activities of the Authority. The General Fund's unassigned fund balance represents the net resources available for spending at the end of the fiscal year.

Capital Fund: Used to account for financial resources to be used for the acquisition or construction of major capital investments, such as buses or facilities.

1) Summary of Significant Accounting Policies, Continued

Basis of Accounting and Measurement Focus

The fund financial statements of the governmental funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available to finance operations during the year. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, usually 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Expenditures for debt service and compensated absences are recorded when the related liability is due and payable. In applying the modified accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of revenues. In one, eligibility requirements must be met before revenues are recognized. In the other, there are no eligibility requirements and resources are reflected as revenues at the time of receipt. Amounts received in advance for grants with eligibility requirements are recorded as unearned revenue until eligibility requirements are met.

The government-wide statements of net position and activities are accounted for on a flow of economic resources measurement focus and an accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these activities are included on the statement of net position. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. The Authority generally first uses restricted and assigned assets for expenses incurred for which both restricted and unrestricted assets are available. The Authority may defer the use of restricted assets based on review of the specific transaction.

Budgets and Budgetary Accounting

The Authority is responsible for formulating their annual budget. The Executive Director will convene individual and group budget meetings internally at least annually. The Executive Director will then present a comprehensive budget package to the Board of Directors for approval.

The members of the Board of Directors are responsible for presenting the Authority’s budget to their respective jurisdictions and representing the Authority in budget hearings, as needed, in the budget process.

The budget is adopted on a basis consistent with GAAP. Budgets are not legally required to be adopted.

Cash Equivalents

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

Investments

Investments are reported at fair value except for the position in Virginia’s Local Government Investment Pool (LGIP) which in accordance with state law, is reported at amortized cost.

Capital Assets

For fiscal year 2024, the Authority updated its asset capitalization threshold policy. Previously, the Authority capitalized assets with a historical cost or acquisition value at the time of donation of $5,000 or greater. The Authority’s new policy is to capitalize capital assets as noted in the table below, and this update was treated prospectively as a change in accounting estimate. Depreciation of capital assets is calculated on the straight-line basis over the estimated useful lives.

1) Summary of Significant Accounting Policies, Continued

The capitalization policy and estimated useful lives for the Authority's capital assets are as follows:

Capital Asset	Capitalize at Value	Useful Life
Land	All	Indefinite
Right-to-use leases - equipment	$ 10,000	4
Right-to-use subscription assets	10,000	5
Equipment	10,000	5-20
Vehicles	10,000	4
Land improvements	10,000	20
Building improvements	25,000	10-20
Buildings	50,000	40

Capital outlays are recorded as expenditures in the governmental funds and are capitalized at historical cost in the government-wide financial statements to the extent the Authority's capitalization threshold of $10,000 is met for assets other than land, licensed vehicles, and contributions. Capital outlays for land and licensed vehicles are recorded as capital assets at actual cost. Contributed capital assets are recorded as capital assets at acquisition value at the time received. Depreciation is recorded on capital assets in the government-wide financial statements.

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

Compensated Absences

Authority employees are granted vacation time in varying amounts based on length of service. They may accumulate, subject to certain limitations, unused vacation leave and upon retirement, termination, or death may be compensated for certain amounts at their then current rates of pay. The current and non-current portions of accumulated annual vacation leave and sick leave estimated to be paid upon separation are recorded in the government-wide financial statements when earned. Expenditures for compensated absences are recorded in governmental funds when due and payable.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. Deferred inflows represent an acquisition of net position that is applicable to a future reporting period and, therefore, will not be recognized as an inflow of resources until that time.

The Authority has the following items that qualify for reporting in these categories:

- ***Contributions subsequent to the measurement date for pensions and other postemployment benefits:*** These contributions are always a deferred outflow, which will be applied to the net pension or OPEB liability in the next fiscal year.
- ***Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability:*** This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- ***Differences resulting from a changes in proportion of the collective net pension and OPEB liabilities:*** This difference will be recognized in pension and OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.

1) Summary of Significant Accounting Policies, Continued

- ***Difference between projected and actual earnings on pension and OPEB plan investments:*** This difference will be recognized in pension or OPEB expense over the closed five-year period and may be reported as a deferred outflow or inflow as appropriate.
- ***Differences resulting from changes in assumptions on pension plan or OPEB investments:*** These differences will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan.

Fund Balance

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balances are reported according to the following categories, based on GAAP.

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

Restricted: amounts reported when constraints are placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) are imposed by law through constitutional provisions or enabling legislation.

Committed: amounts that require formal action of the Board of Directors by resolution that identifies the specific circumstances under which their resources may be expended.

Assigned: amounts that are constrained by the Authority's expressed intent to use resources for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given.

Unassigned: amounts designated for future expenditures.

Estimates

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

Leases

Lessee: The Authority is a lessee for noncancellable leases of equipment and property. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Authority recognizes lease liabilities with an initial, individual value of $10,000 or more.

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

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

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

1) Summary of Significant Accounting Policies, Continued

- The lease term includes the noncancellable period of the lease. In addition, the likelihood of any extension, renewal, or termination option is assessed in determining the lease term.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

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

Subscription-Based Information Technology Arrangements

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

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

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

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

The Authority monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription liabilities and right-to-use subscription assets if certain changes occur that are expected to significantly affect the amount of the subscription liability. Right-to-use subscription assets are reported with other depreciable capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Position.

2) Cash and Short-Term Investments

The Authority’s cash and investments at June 30, 2024, consisted of the following:

	Amount	Maturity
Bank deposits	$ 820,686	N/A
Local Government Investment Pool (amortized cost)	4,131,467	-
Total	$ 4,952,153	

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

Investment Policy

The Authority utilizes the policies and procedures of the James City County Treasurer and consequently follows the County’s investment policy.

2) Cash and Short-Term Investments, Continued

In accordance with the *Code of Virginia* and other applicable law, including regulations, the 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
LGIP	100% maximum
Bank deposits	100% maximum
Repurchase agreements	50% maximum
Bankers' acceptances	40% maximum
Commercial paper	35% maximum
Negotiable certificates of deposit/bank notes	20% maximum
Municipal obligations	20% maximum
Corporate notes	15% maximum

Credit Risk

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

At June 30, 2024, 100% of the Authority's portfolio was invested in the LGIP, which is rated AAAm rated by Standard and Poor's.

Concentration of Credit Risk

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

U.S. Treasury	100% maximum
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.

2) Cash and Short-Term Investments, Continued

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 a counterparty to the investment transaction. As of June 30, 2024, the Authority's investments are held in a bank's trust department in the Authority's name.

3) Due from Other Governmental Units

Due from other governmental units consist of the following at June 30, 2024:

	General Fund	Capital Fund
Federal (Dept. of Transportation)	$ 3,008,458	$ 237,688
Commonwealth of Virginia	6,822	122,400
College of William & Mary	160,200	-
Other localities	11,250	-
Total	$ 3,186,730	$ 360,088

4) Capital Assets

A summary of changes in capital assets for the fiscal year ended June 30, 2024, is as follows:

	Balance June 30, 2023	Increase	Decrease	Balance June 30, 2024
Capital assets not being depreciated:				
Land	$ 1,658,464	$ -	$ -	$ 1,658,464
Construction in progress	1,354,189	715,082	(32,343)	2,036,928
Total capital assets not being depreciated	3,012,653	715,082	(32,343)	3,695,392
Capital assets being depreciated:				
Land improvements	55,349	-	-	55,349
Intangibles	29,750	-	-	29,750
Buildings	1,957,668	-	(235,525)	1,722,143
Buildings improvements	327,420	-	-	327,420
Right-to-use lease asset - buildings and improvements	142,268	-	(142,268)	-
Infrastructure	11,600	-	(11,600)	-
Furniture and equipment	1,996,433	-	(1,266,835)	729,598
Right-to-use lease asset - furniture and equipment	14,639	-	(14,639)	-
Right-to-use subscription asset	63,925	-	-	63,925
Vehicles	17,499,038	326,703	(3,100,174)	14,725,567
Total capital assets being depreciated	22,098,090	326,703	(4,771,041)	17,653,752
Less accumulated depreciation:				
Land improvements	9,952	2,779	-	12,731
Intangibles	23,173	6,071	-	29,244
Buildings	125,114	166,024	(126,100)	165,038
Buildings improvements	122,846	17,756	-	140,602
Right-to-use lease asset - buildings and improvements	94,845	47,423	(142,268)	-
Infrastructure	6,767	97	(6,864)	-
Furniture and equipment	1,480,192	54,728	(1,064,909)	470,011
Right-to-use lease asset - furniture and equipment	9,762	-	(9,762)	-
Right-to-use subscription asset	4,437	31,962	-	36,399
Vehicles	11,435,677	1,042,882	(2,911,837)	9,566,722
Total accumulated depreciation	13,312,765	1,369,722	(4,261,740)	10,420,747
Total capital assets being depreciated, net	8,785,325	(1,043,019)	(509,301)	7,233,005
Capital assets, net	$ 11,797,978	$ (327,937)	$ (541,644)	$ 10,928,397

4) Capital Assets, Continued

The Authority charged depreciation of $1,290,338 on capital assets and amortization of $79,385 on right-to-use lease and subscription assets, for the year ended June 30, 2024.

The Authority updated its capitalization thresholds for fiscal year 2024, resulting in the writing-off of capital assets that do not meet the new thresholds. For the right-to-use lease assets that were below these thresholds, the Authority wrote off the remaining balance of the corresponding lease payable and the lease interest payable. The adjustments for capital assets with an initial value in excess of its accumulated depreciation or amortization as well as the write off of the remaining lease liability balances are reflected as a loss on the sale or disposal of capital assets on the Statement of Activities. This amount differs from reductions to net capital assets in the table above, as shown in the reconciliation below:

Statement of Activities - Loss on the disposal of capital assets	$ (540,575)
Net reduction to lease liabilities	(60)
Gain on the sale of vehicle	(1,009)
Total net capital assets, decreases per above	$ (541,644)

5) Long-Term Liabilities

A summary of the Authority's long-term liability activity for the year ended June 30, 2024, is as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024	Due Within One Year
Retiree healthcare OPEB	$ 45,536	$ -	$ 2,895	$ 42,641	$ -
Group life insurance OPEB	110,777	-	2,839	107,938	-
Health insurance credit OPEB*	1,778	-	1,778	-	-
Lease liability	44,055	-	44,055	-	-
Subscription liability	31,663	-	31,663	-	-
Compensated absences	181,662	293,842	265,974	209,530	157,149
Total	$ 415,471	$ 293,842	$ 349,204	$ 360,109	$ 157,149

*As of June 30, 2024, the Authority recognized a net health insurance credit OPEB asset based on activity for this postemployment benefit during the fiscal year. For fiscal year 2024, this asset is reported as a restricted asset on the Authority's Statement of Net Position.

6) Defined Benefit Pension Plan

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. 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 Authority's retirement plan and the additions to/deductions from the Authority's retirement plan's net fiduciary position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria.

6) Defined Benefit Pension Plan, Continued

The specific information for each plan and the eligibility for covered groups within each plan are available at:

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

Employees Covered by Benefit Terms

As of the June 30, 2022, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	3
Inactive members:	
Vested inactive members	7
Non-vested inactive members	37
Active elsewhere in VRS	26
Total inactive members	70
Active members	48
Total covered employees	121

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 Authority's contractually required employer contribution rate for the year ended June 30, 2024, was 6.08% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $126,427 and $98,134 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Asset

The net pension asset is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GAAP, less that employer's fiduciary net position. For the Authority, the net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.50%
Salary increases, including inflation:	
Locality – General employees	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 public sector mortality tables projected generationally with various setbacks or set forwards for both males and females.

6) Defined Benefit Pension Plan, Continued

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	6.14%	2.09%
Fixed income	15.00%	2.56%	0.38%
Credit strategies	14.00%	5.60%	0.78%
Real assets	14.00%	5.02%	0.70%
Private equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP- Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		**Expected arithmetic nominal return	8.25%

**The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.*

***On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.*

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2024 was 6.75%. The projection of cash flows used to determine the discount rate, assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever is greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

6) Defined Benefit Pension Plan, Continued

Changes in Net Pension Asset

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net pension (b)	Net pension asset (a) - (b)
Balances at June 30, 2022	$ 2,132,814	$ 2,231,316	$ (98,502)
Changes for the year:			
Service cost	211,823	-	211,823
Interest	157,617	-	157,617
Difference between expected and actual experience	62,027	-	62,027
Contributions - employer	-	98,132	(98,132)
Contributions - employee	-	92,239	(92,239)
Net investment income	-	153,485	(153,485)
Benefit payments, including refunds of employee contributions	(19,148)	(19,148)	-
Administrative expenses	-	(1,340)	1,340
Other changes	-	63	(63)
Net changes	412,319	323,431	88,888
Balances at June 30, 2023	$ 2,545,133	$ 2,554,747	$ (9,614)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	$ 368,038	$ (9,614)	$ (316,487)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources - Pensions

For the year ended June 30, 2024, the Authority recognized pension expense of $111,201. At June 30, 2024, the Authority 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	$ 37,607	$ 29,339
Changes of assumptions	3,706	-
Net difference between projected and actual earnings on pension plan investments	-	24,585
Employer contributions subsequent to the measurement date	126,427	-
Total	$ 167,740	$ 53,924

The $126,427 reported as deferred outflows of resources related to pensions resulting from the Authority’s contributions subsequent to the measurement date will be recognized as a reduction (addition) of the Net Pension Asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Reduction to Pension Expense
2025	$ (16,850)
2026	(27,436)
2027	31,102
2028	573
	$ (12,611)

6) Defined Benefit Pension Plan, Continued

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

7) Other Postemployment Benefits (OPEB) Liability

Multiple Employer Cost-Sharing Plan – Retiree Healthcare

The Authority provides other postemployment health-care benefits for qualifying retired employees who are not yet eligible for Medicare through a cost-sharing, multiple-employer defined benefit plan administered by James City County, Virginia. The benefits, benefit levels, employee contributions, and employer contributions are governed by the Authority and can be amended by the Authority through its personnel manual.

Plan Description

Participants must be eligible to retire under VRS and must be full-time active employees who retire directly from the Authority and are at least 55 years of age with 15 years of service. Each year, retirees participating in the Authority's sponsored plans will be given the opportunity to change plans or drop coverage during an open enrollment period. For fiscal year 2024, the pre-Medicare retirees have a choice of two plans offered by Optima. As of the January 1, 2024, actuarial valuation, there were 48 active employees, and no retirees enrolled in these plans. Dental plans are available at the retiree's cost and therefore, there is no employer obligation. There is no coverage for post-Medicare retirees.

Funding Policy

The Authority does not intend to establish a trust to pre-fund the obligation. The anticipated growth in the net retiree healthcare OPEB liability is based on contributions to the benefit plan on a pay-as-you-go cost basis. The data has been projected into the future based on the assumption that the current active population remains constant. Retirees contribute towards their health insurance premiums based on a blended rate and therefore, the Authority has an implicit rate obligation. The estimated contributions are based on the implicit rate subsidy payments made during the year by the retirees. Retirees pay 100% of the published rates for individual and dependent coverage until age 65.

Actuarial Methods and Assumptions

For the actuarial valuation at January 1, 2024 (measurement date of June 30, 2023), the entry age normal funding method was used. The goal of this method is that the annual accrual (or normal cost) be a level percent of pay throughout an employee's career. This method requires a salary increase assumption. The normal cost percentage is equal to the present value of benefits divided by the present value of future salary determined when the employee was hired. The actuarial accrued liability is equal to the present value of benefits minus the normal cost percentage times the present value of future salaries at the valuation date.

The actuarial assumptions included calculations based on a discount rate of 3.86% for June 30, 2023, for the unfunded liability. Benefits are discounted based on an index rate for 20-year tax exempt general obligation (GO) municipal bonds with an average rating of AA/Aa or higher.

For the actuarial valuation dated January 1, 2024, the medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The current valuation uses the 2024 version of the model with baseline assumptions. The following assumptions were used as input variables into this model:

Inflation	2.60%
Rate of growth in real income/ GDP per capita	1.40%
Extra trend due to technology and other factors	0.90%
Expected health share of GDP in 2033	19.00%
Health share of GDP resistance point	17.00%
Year for limiting cost growth to GDP growth	2075

7) Other Postemployment Benefits (OPEB) Liability, Continued

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

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

Mortality decrements used in the January 1, 2024, valuation:

- Pre-Retirement
  - General: SOA Pub-2010 General Employees Headcount-Weighted Mortality Table, Projected on a Fully Generational Basis Using Mortality Improvement Scale MP-2021
  - LEOS: SOA Pub-2010 Public Safety Employees Headcount-Weighted Mortality Table, Projected on a Fully Generational Basis Using Mortality Improvement Scale MP-2021
- Post-Retirement
  - General: SOA Pub-2010 General Retirees Headcount-Weighted Mortality Table, Projected on a Fully Generational Basis Using Mortality Improvement Scale MP-2021
  - LEOS: SOA Pub-2010 Public Safety Retirees Headcount-Weighted Mortality Table, Projected on a Fully Generational Basis Using Mortality Improvement Scale MP-2021
- Disabled:
  - General: SOA Pub-2010 General Disabled Retirees Headcount-Weighted Mortality Table, Projected on a Fully Generational Basis Using Mortality Improvement Scale MP-2021
  - LEOS: SOA Pub-2010 Public Safety Disabled Retirees Headcount-Weighted Mortality Table, Projected on a Fully Generational Basis Using Mortality Improvement Scale MP-2021

Changes in Assumptions Since Prior Valuation

- The discount rate was updated to 3.86% (based on January 1, 2024, census data).

Retiree Healthcare OPEB Liability

At June 30, 2024, the Authority reported a retiree healthcare OPEB liability of $42,641 for its proportionate share of the County's retiree healthcare OPEB liability. The County's June 30, 2024, retiree healthcare OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation performed on January 1, 2024. The Authority's proportion of the County's retiree healthcare OPEB liability was based on the Authority's projected long-term contribution effort to the OPEB plan as compared to the total projected long-term contribution effort of all contributing entities to determine the Authority's proportion. At June 30, 2024, the Authority's proportion of the County's retiree healthcare OPEB liability was 1.24%.

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

The following presents the OPEB liability using the discount rate of 3.86%, as well as what the retiree healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%), than the current rate for the measurement date of June 30, 2023:

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
Retiree Healthcare OPEB Liability	$ 46,744	$ 42,641	$ 38,897

7) Other Postemployment Benefits (OPEB) Liability, Continued

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

The following presents the net retiree healthcare OPEB liability using the health care cost trend rate of 4.04%, as well as what the retiree healthcare OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (3.04%) or one percentage point higher (5.04%) than the current rate for the June 30, 2023, measurement date:

	1% Decrease (3.04%)	Health Care Cost Trend Rate (4.04%)	1% Increase (5.04%)
Retiree Healthcare OPEB Liability	$ 37,895	$ 42,641	$ 48,189

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

For the year ended June 30, 2024, the Authority recognized retiree healthcare OPEB expense (recovery) of ($1,173). Given that there was a change in the proportionate share between measurement dates, a portion of the retiree healthcare OPEB expense was related to deferred amounts from changes in proportion. At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to retiree healthcare OPEB from the following sources were reported:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 1,554	$ 20,701
Changes of assumptions	2,304	6,171
Change in proportion	9,114	-
Total	$ 12,972	$ 26,872

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retiree healthcare OPEB as of June 30, 2024, will be recognized in retiree healthcare OPEB expense as follows:

Year Ended	Increase to OPEB Expense
2025	$ (4,762)
2026	(5,282)
2027	(2,596)
2028	(631)
2029	(629)
	$ (13,900)

Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Authority also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment. In addition to the Basic GLI Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

7) Other Postemployment Benefits (OPEB) Liability, Continued

Specific information for the GLI is available at https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp

Virginia Local Disability Program

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

The GLI and VLDP are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. These plans are considered multiple employer, cost sharing plans.

General Employee Health Insurance Credit Program

The General Employee Health Insurance Credit Program (HIC) is available for all full-time, salaried employees of local government entities other than teachers. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death. The General Employee HIC is considered a multi-employer agent plan.

As of the June 30, 2022, actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	Number
Inactive members or their beneficiaries currently receiving benefits	1
Inactive members:	
Active elsewhere in VRS	26
Total inactive members	27
Active members	48
Total covered employees	75

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from an actuarial valuation as of June 30, 2022. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	*Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2024 Contribution	$14,742

7) Other Postemployment Benefits (OPEB) Liability, Continued

Virginia Local Disability Program

Governed by:	*Code of Virginia* 51.1-1178(C) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	0.85% of covered employee compensation.
June 30, 2024 Contribution	$16,454

General Employee Health Insurance Credit Program

Governed by:	*Code of Virginia* 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	0.22% of covered employee compensation.
June 30, 2024 Contribution	$6,051

OPEB Liabilities (Assets), OPEB Expense, and Deferred Inflows and Outflows of Resources - OPEB

The net OPEB liabilities (assets) were measured as of June 30, 2023, and the total OPEB liabilities used to calculate the net OPEB liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The Authority's proportion of the net OPEB liabilities (assets) were based on the Authority's actuarially determined employer contributions for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers.

	GLI Program	VLD Program
June 30, 2024 proportionate share of liability (asset)	$ 107,938	$ (3,499)
June 30, 2023 proportion	0.00900%	0.21747%
June 30, 2022 proportion	0.00920%	0.23559%
June 30, 2024 expense	$ 27,287	$ 9,199

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

Changes in net OPEB liability of the **General Employee Health Insurance Credit Program** were as follows:

	Increase (decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (asset) (a) - (b)
Balances at June 30, 2021	$ 25,536	$ 23,758	$ 1,778
Changes for the year:			
Service cost	1,696	-	1,696
Interest	1,835	-	1,835
Changes of assumptions	-	-	-
Difference between expected and actual experience	(2,188)	-	(2,188)
Contributions - employer	-	4,644	(4,644)
Net investment income	-	1,658	(1,658)
Benefit payments	(85)	(85)	-
Administrative expense	-	(44)	44
Other changes	-	-	-
Net changes	1,258	6,173	(4,915)
Balances at June 30, 2022	$ 26,794	$ 29,931	$ (3,137)

7) Other Postemployment Benefits (OPEB) Liability, Continued

In addition, for the year ended June 30, 2024, the Authority recognized OPEB expense of $952 related to the **General Employee Health Insurance Credit Program**.

At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Group Life Insurance Program		Virginia Local Disability Program		General Employee Health Insurance Credit Program	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 10,780	$ 3,276	$ 1,314	$ 2,180	$ 1,252	$ 2,958
Net difference between projected and actual investment earnings on OPEB Plan investments	-	4,338	9	-	-	94
Changes of assumptions	2,307	7,478	23	320	168	1,197
Changes in proportionate share	44,364	10,097	1,126	390	-	-
Employer contributions subsequent to the measurement date	14,742	-	16,454	-	6,051	-
Total	$ 72,193	$ 25,189	$ 18,926	$ 2,890	$ 7,471	$ 4,249

The deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

Year Ended June 30,	Group Life Insurance Program	Virginia Local Disability Program	General Employee HIC Program
	Increase (Reduction) to OPEB Expense		
2025	$ 21,662	$ 187	$ (927)
2026	9,679	(554)	(1,037)
2027	2,431	153	(402)
2028	(2,158)	7	(189)
2029	648	(85)	(274)
Thereafter	-	(126)	-
Total	$ 32,262	$ (418)	$ (2,829)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

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

7) Other Postemployment Benefits (OPEB) Liability, Continued

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 6.

Net OPEB Liabilities (Assets)

The net OPEB liabilities (assets) represent each program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2023, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Virginia Local Disability Program
Total OPEB Liability	$ 3,907,052	$ 9,525
Plan Fiduciary Net Position	2,707,739	11,134
Employers' Net OPEB Liability (Asset)	$ 1,199,313	$ (1,609)
Plan Fiduciary Net Position as a % of the Total OPEB Liability	69.30%	116.89%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Onvestment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	** Expected arithmetic nominal return		8.25%

** The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.*

***On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.*

7) Other Postemployment Benefits (OPEB) Liability, Continued

Discount Rate

The discount rate used to measure the GLI, VLDP, and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liabilities (assets) of the Authority, as well as what the Authority's net OPEB liabilities (assets) would be as of June 30, 2024, 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 discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Authority's proportionate share of the Group Life Insurance Plan Net OPEB Liability	$ 159,998	$ 107,938	$ 65,847
Authority's proportionate share of the Virginia Local Disability Program Net OPEB Liability (Asset)	$ (1,833)	$ (3,499)	$ (4,959)
General Employee Health Insurance Credit Net OPEB Liability (Asset)	$ 751	$ (3,137)	$ (6,358)

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/media/shared/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

8) Transactions with Related Parties

The following table lists services provided to the Authority by James City County for the fiscal year ended June 30, 2024, which are reflected as expenditures/expenses on the Authority's financial statements.

Fiscal agent services:	
Financial management and accounting	$ 42,160
Purchasing	55,000
Human Resources	21,050
Treasurer	21,510
	$ 139,720
Radio maintenance	65,384
Total	$ 205,104

The Authority owes James City County $7,457 at June 30, 2024 for certain purchase card and payroll expenses, and this amount is included on the statement of net position as due to James City County. These expenses were owed by the Authority to the County prior to June 30, 2024, and primarily relate to the timing of the Authority's reimbursement to the County for transactions paid by the County on the Authority's behalf.

9) Leases

In fiscal year 2024, the Authority updated its capitalization policy for capital assets, including right-to-use lease assets, as discussed in Note 1. The new capitalization threshold for right-to-use lease assets is $10,000. Based on the policy revision, the Authority wrote off lease liabilities and the related right-to-use lease assets with initial values below this new threshold during fiscal year 2024.

The below-threshold leases included two copier equipment leases, which had a remaining lease liability of $4,936, a right-to-use lease asset value of $13,071, and accumulated amortization of $9,765 when written off.

The Authority is a lessee of ground and office space at the Williamsburg Transportation Center, which the Authority uses as a hub where passengers can transfer to other public buses and have access to other transportation modes such as the Amtrak, Trailways/Greyhound, intercity buses, and taxis. The noncancelable term of the lease ended in June 2024 and a new agreement has not yet been signed. As of June 30, 2024, the Authority had no lease liability for the property and no interest payable due. For fiscal year 2024, the Authority was required to make fixed monthly principal and interest payments of $3,313 for the property. The right-to- use asset incurred amortization expense of $47,423 for fiscal year 2024 and was fully amortized as of June 30, 2024. The right-to-use lease asset and related accumulated amortization of $142,268 were written off when the lease ended in June 2024.

10) Other Commitments

In October 2022, the Authority entered into an initial ten-month agreement effective September 1, 2022, with First Transit, Inc. for vehicle maintenance services. The agreement permits up to four additional one-year periods with written agreement from both parties. The actual amount billable monthly is dependent upon the number and type of vehicles serviced. Further, the contract allows for extra charges for fuel and for additional maintenance services provided beyond those described in the agreement if such additional fees are approved in advance by the Authority.

During the year ended June 30, 2024, the Authority paid First Transit, Inc. $2,161,430 for maintenance services and related charges under the terms of this agreement, which are included on the Statement of Revenues, Expenditures, and Changes in Fund Balance, as shown below:

Repairs and maintenance	$	1,180,755
Fuel		574,930
Supplies and materials		370,082
CWF Bus Operations		35,663
Total	$	2,161,430

In December 2012, the Federal Transit Administration required that the Authority and the Colonial Williamsburg Foundation (the Foundation) modify their contracts with First Transit, Inc. to include additional regulations. The Authority modified its contract accordingly and, in fiscal year 2014, entered into a Memorandum of Agreement (MOA) with the Foundation in order for the Foundation's public fleet of vehicles to be included on the modified contract. The approval of this MOA resulted in amendments to the Authority's Lease and Purchase Option Agreement with the Foundation and its contract with First Transit, Inc. to incorporate the Foundation's public fleet. However, the MOA does not otherwise affect the current maintenance, billing, and payment procedures with First Transit, Inc., and the Foundation has agreed to assume any regulatory or audit expenses related to the operation of the public fleet.

In addition, the Authority is the landlord to First Transit for certain space at the 7239 Pocahontas Trail property. On September 1, 2022, the Authority entered into a new five-year agreement with First Transit regarding the services the entity provides to the Authority and First Transit's use of the Authority's property at 7239 Pocahontas Trail. Under the new agreement, First Transit will rent the property for a base rent of $1 per year, as well as reimburse the Authority for a proportionate share of all utilities, maintenance, and other charges rendered in connection with the premises. In addition, First Transit will pay 50% of revenue collected for labor or overhead fees performed on vehicles belonging to parties other than the Authority. For fiscal year 2024, the Authority received $70,287 in incidental fees from First Transit, which is included in use of money and property on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

10) Other Commitments, Continued

In October 2021, the Authority entered into an agreement with York County to provide Americans with Disabilities Act of 1990 (ADA) Complementary Paratransit Services along the Yorktown Trolley Service route. The Authority provided ADA Services for an initial term from September 1, 2021, through June 30, 2022, and the agreement automatically renewed for a 12-month term commencing on July 1, 2022. The agreement may be renewed up to four times after this first renewal. The fee for ADA Services per the agreement is $1,725 per month, and the Authority received $20,700 from York County, Virginia during fiscal year 2024, which is included in charges for services on the Statement of Revenues, Expenditures, and Changes in Fund Balance. Fees for subsequent terms will be agreed upon by the Authority and York County, Virginia's County Administrator no later than 30 days prior to the commencement of each renewal term.

In March 2023, the Authority entered into a new bus services agreement with Colonial Williamsburg Foundation (CWF), that went into effect on September 10, 2023, for an initial term of seven years ending on June 30, 2030. The term shall automatically renew each year unless terminated by either party giving 90 days advance notice. Under the terms of the agreement, the Authority will provide public bus transportation services around the historic core of Colonial Williamsburg, including the CWF visitors' center. CWF will pay the Authority for bus services as follows: $850,000 in year one; $700,000 in year two; $550,000 in year three; $400,000 in year four; $250,000 in year five; $100,000 in year six; and $0 in the final year of the agreement. The Authority recognized $850,000 of contract services revenue during fiscal year 2024, which is included on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

11) Subscription-Based Information Technology Arrangements (SBITAs)

In July 2022, the Authority entered a 24-month subscription for the use of Pro8CMS – Saas licensing. An initial subscription liability was recorded in the amount of $21,379. The Authority is required to make annual fixed payments of $10,790, and the subscription has an interest rate of 1.89% annually. As of June 30, 2024, there is no subscription liability remaining. The value of the right-to-use asset as of June 30, 2024, is $21,380, and had accumulated amortization of $11,581.

In July 2022, the Authority entered a 24-month subscription for the use of Equans support. An initial subscription liability was recorded in the amount of $42,545. The Authority is required to make annual fixed payments of $21,472, and the subscription has an interest rate of 1.89% annually. As of June 30, 2024, there is no subscription liability remaining. The value of the right-to-use asset as of June 30, 2023, is $42,545, and had accumulated amortization of $24,818.

12) Subsequent Event

In fiscal year 2024, the Authority was awarded a Carbon Reduction Program grant of $110,000 from the Hampton Roads Transportation Planning Organization for the purchase of a hybrid or electric truck and a portable charger. This grant is included in the Authority's budget for fiscal year 2025, and the funds must be expended by the end of fiscal year 2027.

* * * * *

Required Supplementary Information

Williamsburg Area Transit Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Unaudited) - General Fund
Year ended June 30, 2024

	Original budget	Revised budget	Actual	Variance positive (negative)
Revenues				
Intergovernmental:				
Commonwealth of Virginia	$ 1,813,686	$ 1,813,686	$ 2,246,107	$ 432,421
Federal government	4,345,703	4,345,703	5,264,884	919,181
Local (member contributions):				
James City County	680,734	680,734	685,985	5,251
York County	377,377	377,377	365,111	(12,266)
City of Williamsburg	371,034	371,034	358,836	(12,198)
Local (non-member contributions)	45,000	45,000	45,000	-
Charges for services	1,556,100	1,556,100	1,757,610	201,510
Use of money and property	69,588	69,588	201,710	132,122
Miscellaneous	35,000	35,000	65,015	30,015
Total revenues	9,294,222	9,294,222	10,990,258	1,696,036
Expenditures				
Salaries and benefits	4,855,966	5,382,837	4,582,471	800,366
Repairs and maintenance	1,488,128	1,738,571	1,353,765	384,806
Fuel	776,522	785,969	574,930	211,039
Colonial Williamsburg bus operations	1,035,646	116,137	72,294	43,843
Contractual services	132,100	154,420	142,113	12,307
Supplies and materials	384,145	454,509	401,316	53,193
Leases/rentals				
Fiscal agent services	87,500	87,500	84,720	2,780
Other	361,229	367,030	292,194	74,836
Insurance	55,000	86,430	86,429	1
Telecommunications	57,468	58,990	45,460	13,530
Clothing	39,918	41,229	36,829	4,400
Advertising	20,600	20,600	7,409	13,191
Debt service - principal	-	-	39,120	(39,120)
Debt service - interest	-	-	541	(541)
Total expenditures	9,294,222	9,294,222	7,719,591	1,574,631
Net change in fund balance	-	-	3,270,667	3,270,667
Fund balance, beginning of year	-	-	2,977,412	2,977,412
Fund balance, end of year	$ -	$ -	$ 6,248,079	$ 6,248,079

See report of independent auditor.

Williamsburg Area Transit Authority
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
Required Supplementary Information (Unaudited)
Last Ten Fiscal Years (1) *

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	$ 211,823	$ 197,959	$ 170,414	$ 161,537	$ -
Interest	157,617	139,178	108,662	91,734	-
Changes of benefit terms	-	-	-	-	1,360,253
Differences between expected and actual experience Changes	62,027	(59,026)	(43,410)	-	-
in assumptions	-	-	28,966	-	-
Benefit payments, including refunds of employee contributions	(19,148)	(18,473)	(2,519)	(2,461)	-
Net change in total pension liability	412,319	259,638	262,113	250,810	1,360,253
Total pension liability, beginning	2,132,814	1,873,176	1,611,063	1,360,253	-
Total pension liability, ending	$ 2,545,133	$ 2,132,814	$ 1,873,176	$ 1,611,063	$ 1,360,253
Plan fiduciary net position					
Contributions - employer	98,132	81,801	84,982	110,648	51,842
Contributions - employee	92,239	88,277	91,024	98,499	42,101
Net investment income	153,485	(6,652)	433,595	28,017	2,328
Benefit payments, including refunds of employee contributions	(19,148)	(18,473)	(2,519)	(2,461)	-
Administrative expense	(1,340)	(1,222)	(881)	285	100
Other	63	52	43	(4,941)	1,154,871
Net change in plan fiduciary net position	323,431	143,783	606,244	230,047	1,251,242
Plan fiduciary net position, beginning	2,231,316	2,087,533	1,481,289	1,251,242	-
Plan fiduciary net position, ending	$ 2,554,747	$ 2,231,316	$ 2,087,533	$ 1,481,289	$ 1,251,242
Net pension liability (asset)	$ (9,614)	$ (98,502)	$ (214,357)	$ 129,774	$ 109,011
Plan fiduciary net position as a percentage of the total pension liability	100.38%	104.62%	111.44%	91.94%	91.99%
Covered payroll	$ 2,110,994	$ 1,986,283	$ 2,054,619	$ 2,070,531	$ 953,649
Net pension liability (asset) as a percentage of the total covered payroll	(0.46)%	(4.96)%	(10.43)%	6.27%	11.43%

(1) This schedule is intended to present 10 years of information. Williamsburg Area Transit Authority separated from James City County's plan in fiscal year 2019, and therefore, its contributions toward this plan commenced during that year. Additional years will be presented as the information becomes available.

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

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

Williamsburg Area Transit Authority
Schedule of Employer Pension Contributions (1)
Required Supplementary Information (Unaudited)

Fiscal year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2024	$ 126,427	$ 126,427	-	$ 2,750,421	4.60%
2023	98,134	98,134	-	2,110,994	4.65%
2022	81,801	81,801	-	1,986,283	4.12%
2021	84,982	84,982	-	2,054,619	4.14%
2020	110,648	110,648	-	2,070,531	5.34%
2019	59,126	59,126	-	953,649	6.20%

(1) This schedule is intended to present 10 years of information. Williamsburg Area Transit Authority separated from James City County's plan in fiscal year 2019, and therefore, its contributions toward this plan commenced during that year. Additional years will be presented as the information becomes available.

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

Williamsburg Area Transit Authority

Schedule of Employer's Share of Retiree Healthcare OPEB Liability (1) (2)

Required Supplementary Information (Unaudited)

Last Ten Fiscal Years*

Measurement date as of June 30,	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Employer's proportion of the County's Retiree Healthcare OPEB	1.24%	1.14%	1.14%	1.05%	1.05%	0.86%	0.86%
Employer's proportionate share of the County's Retiree Healthcare OPEB liability	$ 42,641	$ 45,536	$ 50,195	$ 62,259	$ 54,864	$ 50,771	$ 47,640
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected average remaining service years of all participants	6	5	5	6	6	7	7

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018; additional years will be presented as the information becomes available.
(2) This OPEB plan does not depend on salary information.

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

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

Williamsburg Area Transit Authority
Schedule of Changes in the Net OPEB - Health Insurance Credit (HIC) Liability (Asset)
Required Supplementary Information (Unaudited)
Last Ten Fiscal Years (1) *

	2023	2022	2021	2020	2019
Total OPEB - HIC liability					
Service cost	$ 1,696	$ 3,767	$ 2,480	$ 2,329	$ -
Interest cost	1,835	1,847	1,183	961	-
Changes of benefit terms	-	-	-	-	14,233
Differences between expected and actual experience	(2,188)	(1,907)	2,170	-	-
Changes in assumptions	-	(1,723)	291	-	-
Benefit payments, including refunds of employee contributions	(85)	(95)	-	-	-
Net change in total OPEB - HIC liability	1,258	1,889	6,124	3,290	14,233
Total OPEB - HIC liability, beginning	25,536	23,647	17,523	14,233	-
Total OPEB - HIC liability, ending (a)	$ 26,794	$ 25,536	$ 23,647	$ 17,523	$ 14,233
Plan fiduciary net position - HIC					
Contributions - employer	4,644	2,980	3,082	2,898	1,335
Net investment income	1,658	(38)	4,067	236	32
Benefit payments, including refunds of employee contributions	(85)	(95)	-	-	-
Administrative expense	(44)	(43)	(57)	(37)	(2)
Other	-	-	-	1,097	8,303
Net change in plan fiduciary net position - HIC	6,173	2,804	7,092	4,194	9,668
Plan fiduciary net position - HIC, beginning	23,758	20,954	13,862	9,668	-
Plan fiduciary net position - HIC, ending (b)	29,931	23,758	20,954	13,862	9,668
Net OPEB - HIC liability (asset) (a) - (b)	$ (3,137)	$ 1,778	$ 2,693	$ 3,661	$ 4,565
Plan fiduciary net position - HIC as a percentage of the total OPEB - HIC liability (1)	111.71%	93.04%	88.61%	79.11%	67.93%
Covered payroll (1)	$ 2,110,994	$ 1,986,283	$ 2,054,619	$ 2,070,531	$ 953,649
Net OPEB - HIC liability as a percentage of the total covered payroll (1)	(0.15)%	0.09%	0.13%	0.18%	0.48%

(1) This schedule is intended to present 10 years of information. Williamsburg Area Transit Authority separated from James City County's plan in fiscal year 2019, and therefore, its contributions toward this plan commenced during that year. Additional years will be presented as the information becomes available and comparative data will be updated accordingly.

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

Williamsburg Area Transit Authority
Schedule of Employer's Share of Net Group Life Insurance (GLI) OPEB Liability (1)
Required Supplementary Information (Unaudited)
Last Ten Fiscal Years*

	2023	2022	2021	2020	2019
Employer's proportion of the net GLI OPEB liability	0.00900%	0.00920%	0.01004%	0.00995%	0.00494%
Employer's proportionate share of the net GLI OPEB liability	$ 107,938	$ 110,777	$ 116,892	$ 166,049	$ 80,387
Employer's covered payroll	$ 2,110,994	$ 1,986,283	$ 2,054,619	$ 2,070,531	$ 968,999
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	5.11%	5.58%	5.69%	8.02%	8.30%
Plan fiduciary net position as a % of total GLI OPEB liability	69.30%	67.21%	67.45%	52.64%	52.00%

(1) This schedule is intended to present 10 years of information. Williamsburg Area Transit Authority separated from James City County's plan in fiscal year 2019, and therefore, its contributions toward this plan commenced during that year. Additional years will be presented as the information becomes available.

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

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

Williamsburg Area Transit Authority
Schedule of Employer's Share of
Net Virginia Local Disability Program (VLDP) OPEB Liability (Asset) (1)
Required Supplementary Information (Unaudited)
Last Ten Fiscal Years*

	2023	2022	2021	2020	2019
Employer's proportion of the net VLDP OPEB liability (asset)	0.21747%	0.23559%	0.29146%	0.31335%	0.18063%
Employer's proportionate share of the net VLDP OPEB liability (asset)	$ (3,499)	$ (1,385)	$ (2,950)	$ 3,128	$ 3,660
Employer's covered payroll	$ 1,331,029	$ 1,103,767	$ 1,170,810	$ 1,167,639	$ 558,194
Employer's proportionate share of the net VLDP OPEB liability (asset) as a percentage of its covered payroll	-0.26%	-0.13%	-0.25%	0.27%	0.66%
Plan fiduciary net position as a % of total VLDP OPEB liability	116.89%	107.99%	119.59%	76.84%	49.19%

(1) This schedule is intended to present 10 years of information. Williamsburg Area Transit Authority separated from James City County's plan in fiscal year 2019, and therefore, its contributions toward this plan commenced during that year. Additional years will be presented as the information becomes available.

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

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

Williamsburg Area Transit Authority
Schedule of Employer OPEB Contributions (1)
Required Supplementary Information (Unaudited)

OPEB - Retiree Healthcare (2)			
Fiscal Year	Actuarially determined contribution	Contributions in relation to actuarially determined contribution	Contribution deficiency (excess)
2024	$ (1,173)	$ -	$ (1,173)
2023	(182)	-	(182)
2022	3,683	-	3,683
2021	6,397	-	6,397
2020	6,114	-	6,114
2019	4,576	-	4,576
2018	7,242	-	7,242

OPEB - Group Life Insurance (3)					
Fiscal Year	Actuarially determined contribution	Contributions in relation to actuarially determined contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2024	$ 14,742	$ 14,742	$ -	$ 2,750,421	0.54%
2023	11,315	11,315	-	2,110,994	0.54%
2022	10,646	10,646	-	1,986,283	0.54%
2021	11,013	11,013	-	2,054,619	0.54%
2020	10,850	10,850	-	2,070,531	0.52%
2019	4,997	4,997	-	968,999	0.52%

OPEB - Health Insurance Credit (3)					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2024	$ 6,051	$ 6,051	$ -	$ 2,750,421	0.22%
2023	4,644	4,644	-	2,110,994	0.22%
2022	2,980	2,980	-	1,986,283	0.15%
2021	3,082	3,082	-	2,054,619	0.15%
2020	2,898	2,898	-	2,070,531	0.14%
2019	1,335	1,335	-	953,649	0.14%

OPEB - Virginia Local Disability Program (3)					
Fiscal Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2024	$ 16,454	$ 16,454	-	$ 1,935,756	0.85%
2023	11,314	11,314	-	1,331,029	0.85%
2022	9,161	9,161	-	1,103,767	0.83%
2021	9,718	9,718	-	1,170,810	0.83%
2020	8,407	8,407	-	1,167,639	0.72%
2019	4,019	4,019	-	558,194	0.72%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018 for OPEB retiree healthcare and fiscal year 2019 for OPEB group life insurance, health insurance credit, and Virginia Local Disability Program when the Williamsburg Area Transit Authority separated from James City County's VRS plan; additional years will be presented as the information becomes available.

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

(3) Williamsburg Area Transit Authority separated from the County's VRS plan in fiscal year 2019, and therefore, its contributions toward these OPEB plans commenced during that year. No actuarial valuation was performed for fiscal year 2019 for the Authority's specific plan, given that this was the transition year.

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

1) Retiree Healthcare OPEB - Trust Arrangement and Funding Policy

The Authority does not intend to establish a trust to pre-fund the obligation. The anticipated growth in the net retiree healthcare OPEB liability is based on contributions to the benefit plan on a pay-as-you-go cost basis.

2) Pensions and Retiree Healthcare, Group Life Insurance, Health Insurance Credit, and Virginia Local Disability Program OPEB - Changes of Benefit Terms

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

3) Retiree Healthcare OPEB - Changes of Assumptions

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

Measurement Date	Discount Rate
June 30, 2018	3.62%
June 30, 2019	3.13%
June 30, 2020	2.45%
June 30, 2021	1.92%
June 30, 2022	3.69%
June 30, 2023	3.86%

4) Group Life Insurance OPEB, Health Insurance Credit OPEB, and Virginia Local Disability Program OPEB - Changes of Assumptions

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest 10 Locality Employers – General Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality rates. For future mortality improvements, replace load with modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Other Supplementary Information

Williamsburg Area Transit Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Fund
Year ended June 30, 2024

	Original budget	Revised budget	Actual	Variance positive (negative)
Revenues				
Intergovernmental:				
Commonwealth of Virginia	$ 122,400	$ 122,400	$ 433,273	$ 310,873
Federal government	50,400	50,400	1,055,090	1,004,690
Local (member contributions):				
James City County	71,496	71,496	22,775	(48,721)
York County	30,161	30,161	12,266	(17,895)
City of Williamsburg	30,750	30,750	12,198	(18,552)
Miscellaneous	-	-	1,009	1,009
Total revenues	305,207	305,207	1,536,611	1,231,404
Expenditures				
Capital outlay	305,207	305,207	1,064,600	(759,393)
Debt service - principal	-	-	31,663	(31,663)
Debt service - interest	-	-	516	(516)
Total expenditures	305,207	305,207	1,096,779	(791,572)
Net change in fund balance	-	-	439,832	439,832
Fund balance, beginning of year	-	-	818,895	818,895
Fund balance, end of year	$ -	$ -	$ 1,258,727	$ 1,258,727

See report of independent auditor.

Compliance Section

Cherry Bekaert LLP
Your Guide Forward

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

To the Board of Directors
Williamsburg Area Transit Authority
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 Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the "Specifications"), the financial statements of the governmental activities and each major fund of the Williamsburg Area Transit Authority (the "Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated November 5, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Authority'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* or the Specifications.

Purpose of This Report

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

Cherry Bekaert LLP

Richmond, Virginia
November 5, 2024

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Williamsburg Area Transit Authority
Williamsburg, Virginia

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Williamsburg Area Transit Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2024. The Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Cherry Bekaert LLP

Richmond, Virginia
November 5, 2024

Williamsburg Area Transit Authority
Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Federal Grantor/State Pass–Through Grantor/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
Department of Transportation:			
Federal Transit Administration:			
Federal Transit Cluster:			
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	N/A	$ 1,697,209
Section 5339 Funding	20.526	N/A	127,618
ARP - Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	N/A	2,025,165
Total Federal Transit Cluster			3,849,992
Commonwealth of Virginia:			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	VA-80-0024-00	180,000
Formula Grants for Rural Areas	20.509	VA-18-X036-00 and	530,392
Total Federal Awards			$ 4,560,384

See accompanying notes to the schedule of expenditures of federal awards and report of independant auditor.

1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal wards (the “Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2024. 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 for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

2) Summary Of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the Authority’s basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

3) Indirect Cost Rate

The Authority has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. For the year ended June 30, 2024, the Authority did not allocate any indirect costs to grant expenditures.

WILLIAMSBURG AREA TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2024

A. Section I – Summary of Auditor's Results

1. The type of report issued on the basic financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported.**
3. Material weaknesses in internal control disclosed by the audit of the financial statements: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over the major program: **None reported**
6. Material weaknesses in internal control over the major program: **No**
7. The type of report issued on compliance for the major program: **Unmodified opinion**
8. Any audit findings which are required to be reported under the Uniform Guidance: **No**
9. The program tested as a major program was:

AL Number	Name of Federal Program and Cluster
20.507	Federal Transit Cluster

10. Dollar threshold used to distinguish between type A and type B programs: **$750,000**
11. The Authority qualifies as a low-risk auditee under Section 530 of Uniform Guidance

B. Section II – Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None reported.

C. Section III – Findings and Questioned Costs Relating to Federal Awards

None reported.

D. Section IV – Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Regulations, Contracts and Grants

None reported.

E. Section V – Status of Prior Year Findings

None reported.