Williamsburg Area Transit Authority

Basic Financial Statements and Supplementary Information

(With Independent Auditor's Report Thereon)

June 30, 2022

Williamsburg Area Transit Authority

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Williamsburg Area Transit Authority
Authority Officials
June 30, 2022

Board of Directors	
Denise Kirschbaum	Chairman
Paul Holt	Vice Chairman
Sarah Jones	Member
Mark Bellamy	Member
Erin Burke	Member
Bill Horacio	Non-Voting Member
Steven Hennessee	Non-Voting Member

Other Officials	
Zach Trogdon	Executive Director
Joshua Moore	Deputy Director
Jennifer D. Tomes	Treasurer

BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, 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 respective financial position of the governmental activities and each major fund of the Williamsburg Area Transit Authority as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards 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.

Change in Accounting Principles

As described in Notes 1, 9, and 13 to the financial statements, in 2022, the Authority adopted new accounting guidance, GASB Statement No. 87*, Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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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 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 other 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.

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 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 information is 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 8, 2022, on our consideration of the Williamsburg Area Transit 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 Williamsburg Area Transit 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 the Williamsburg Area Transit Authority's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
November 8, 2022

This section of the Williamsburg Area Transit Authority's (Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2022.

Financial Highlights

The Authority's net position increased by $1,960,334 in fiscal year 2022, which represents a 13.6% increase from fiscal year 2021 net position. This was primarily a result of a decrease in materials and contractual services during fiscal year 2022. In addition, the Authority implemented a new accounting standard on leases during fiscal year 2022. Additional information on the impacts of this implementation can be found in Notes 1, 9 and 13 to the basic financial statements. Comparative prior year information, to the extent presented here, has not been restated because the necessary information is not available.

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 fund financial statements and the notes to the financial statements. Government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the Authority's operations are considered to be 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 fund financial statements that focus on individual components of the Authority's operations. In addition, governmental fund 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 2022, 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

	6/30/2022	6/30/2021
Current and other assets	$ 5,779,105	$ 3,952,555
Capital assets, net	11,355,156	11,083,658
Restricted assets	217,307	-
Total assets	17,351,568	15,036,213
Deferred outflows of resources	261,310	346,816
Total assets and deferred outflows	$ 17,612,878	$ 15,383,029
Current liabilities	$ 616,527	$ 423,449
Long-term liabilities	256,246	531,131
Total liabilities	872,773	954,580
Deferred inflows of resources	368,695	17,373
Net position:		
Net investment in capital assets	11,355,156	11,083,658
Restricted	272,757	55,450
Unrestricted	4,743,497	3,271,968
Total net position	16,371,410	14,411,076
Total liabilities, deferred inflows and net position	$ 17,612,878	$ 15,383,029

Total assets increased by $2,315,355 from fiscal year 2021, mainly due to an increase in cash and short-term investments. Total liabilities decreased by ($81,807) from fiscal year 2021, primarily due to decreases in the Authority's pension and other postemployment benefit liabilities.

The Authority's net position was $16,371,410 at June 30, 2022, with the largest portion (69.4%) 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 $272,757 (1.7%) represents pension and other postemployment benefit assets, proffers to be used for New Town, and funds related to a vehicle sale. The remaining portion of net position is unrestricted (28.9%) to be used for future spending.

Summary Statements of Activities

	6/30/2022	6/30/2021
Program revenues:		
Operating grants and contributions	$ 7,330,693	$ 7,960,042
Capital grants and contributions	1,493,274	4,058,481
Charges for services	679,722	128,657
Total program revenues	9,503,689	12,147,180
General revenues:		
Use of money and property	116,435	91,628
Miscellaneous	57,274	77,416
Gain on the disposal of capital assets	14,231	-
Total general revenues	187,940	169,044
Total revenues	9,691,629	12,316,224
Program expenses:		
Personnel expenses	3,580,804	3,433,007
Materials and contractual services	2,879,057	3,945,194
Depreciation	1,215,545	1,247,267
Amortization	52,312	-
Interest	3,577	-
Total program expenses	7,731,295	8,625,468
Change in net position	1,960,334	3,690,756
Net position, beginning of year	$ 14,411,076	$ 10,720,320
Net position, end of year	$ 16,371,410	$ 14,411,076

Program expenses were lower than the previous year by ($894,173), mainly due to decreases in certain service costs during fiscal year 2022.

Charges for services include monies received for bus fares and contracted service revenue received from the College of William and Mary. Charges for services increased in fiscal year 2022 as WATA resumed the collection of bus fares, which had been suspended during fiscal year 2021.

Operating and capital grants and 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 decreased in fiscal year 2022 due to the completion of a one-time project with Virginia Department of Transportation (VDOT) for contracted work on the Jamestown-Scotland ferry. This project was supported with revenues from Federal Transit Administration and the VDOT.

Total net position increased by $1,960,334 for the fiscal year ended June 30, 2022, primarily attributable to the circumstances noted above.

Summary Schedule of Budget-to-Actual - Governmental Funds

	Original Budget	Revised Budget	Actual
Revenues	$ 11,167,366	$ 11,942,040	$ 9,668,146
Expenditures	$ 11,167,366	$ 11,967,040	$ 7,933,265
Net change in fund balance	$ -	$ (25,000)	$ 1,734,881

The Authority has an adopted budget and during fiscal year 2022, the budgeted expenses increased by $799,674, primarily due to increases related to salaries and operating costs.

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, 2022, the General Fund had a total fund balance of $3,740,142, of which $43,850 was restricted and $3,696,292 was unassigned. Total fund balance increased by $832,927 for the General Fund for fiscal year 2022, primarily as a result of decreases in operational expenditures due to the pandemic.

Capital Fund: The Capital Fund reports the capital investment, acquisition, and disposal activities of the Authority. As of June 30, 2022, the Capital Fund had a total fund balance of $1,423,519, of which $11,600 was restricted and $1,411,919 was assigned. Total fund balance increased by $901,954 for the Capital Fund for fiscal year 2022, primarily as a result of an increase in federal revenue that allowed a portion of local funding to be put towards building a capital reserve.

Capital Assets

At the end of fiscal years 2022 and 2021, the Authority had invested $11,355,156 and $11,083,658, respectively, in net capital assets. This increase of $271,498 is mainly due to the acquisition of property on Mooretown Road. Further 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 2023 approved budget for the Authority is $17,233,228, with appropriations of $8,157,657 and $9,075,571, to the general fund and capital fund, respectively. This budget was adopted on June 15, 2022, and reflects a $6,065,862, or a 54.3%, increase, over the original fiscal year 2022 budget. The operating budget reflects about a 17% increase due to significant increases in personnel and fuel 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 face challenges in the upcoming fiscal year to address operator shortages and lingering inflation in the costs of operating. The upcoming fiscal year will see continued progress on a number of projects, which will include the soliciting of bids for the administration and maintenance facility project and the completion of the design for the northern transfer project. In addition, staff anticipates finalizing the acquisition of property for a northern transfer station location in the Lightfoot area. The Authority also plans to purchase a zero-emission electric bus to replace a clean-diesel bus that has surpassed its useful life. The implementation of a new CAD/AVL system, including mobile fare payment capability, will be undertaken in fiscal year 2023 as well.

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, 2022

Assets and Deferred Outflows of Resources

Assets		
Cash and short-term investments (Note 2)	$	4,861,447
Due from other governmental units (Note 3)		849,890
Lease receivable (Note 9)		52,080
Accounts receivable		11,888
Due from James City County (Note 8)		3,710
Interest receivable (Note 9)		90
Total current assets		5,779,105
Restricted assets		
Pension asset (Note 6)		214,357
Virginia local disability program asset (Note 7)		2,950
		217,307
Capital assets, net (Note 4)		
Non-depreciable		3,419,379
Depreciable		7,835,993
Lease assets, net (Note 9)		99,784
Total capital assets, net		11,355,156
Deferred outflows of resources		
Deferred pension plan (Note 6)		102,347
Deferred group life insurance OPEB plan (Note 7)		124,406
Deferred health insurance credit OPEB plan (Note 7)		5,094
Deferred retiree healthcare OPEB plan (Note 7)		16,473
Deferred Virginia local disability program OPEB plan (Note 7)		12,990
Total deferred outflows of resources		261,310
Total assets and deferred outflows of resources	$	17,612,878

Liabilities, Deferred Inflows of Resources and Net Position

Liabilities		
Accounts payable	$	383,342
Salaries payable		34,435
Unearned revenue		6,757
Interest payable (Note 9)		228
Long-term liabilities (Note 5)		
Due within one year		191,765
Due in more than one year		256,246
Total liabilities		872,773
Deferred inflows of resources		
Deferred pension plan (Note 6)		238,506
Lease related (Note 9)		50,923
Deferred group life insurance OPEB plan (Note 7)		44,784
Deferred Virginia local disability program OPEB plan (Note 7)		7,092
Deferred health insurance credit OPEB plan (Note 7)		1,970
Deferred retiree healthcare OPEB plan (Note 7)		25,420
Total deferred inflows of resources		368,695
Net position		
Net investment in capital assets		11,355,156
Restricted for pensions (Note 6)		214,357
Restricted Virginia local disability program OPEB (Note 7)		2,950
Restricted for proffers		55,450
Unrestricted		4,743,497
Total net position		16,371,410
Total liabilities, deferred inflows of resources and net position	$	17,612,878

See accompanying notes to the financial statements.

Williamsburg Area Transit Authority
Statement of Activities
Year ended June 30, 2022

		Governmental Activities
Program expenses		
Personnel expenses	$	3,580,804
Materials and contractual services		2,879,057
Depreciation		1,215,545
Amortization		52,312
Interest		3,577
Total program expenses		7,731,295
Program revenues		
Operating grants and contributions		7,330,693
Capital grants and contributions		1,493,274
Charges for services		679,722
Total program revenues		9,503,689
Net program revenues		1,772,394
General revenues		
Miscellaneous		57,274
Gain on the disposal of capital assets		14,231
Use of money and property		116,435
Total general revenues		187,940
Change in net position		1,960,334
Net position, beginning of year		14,411,076
Net position, end of year	$	16,371,410

See accompanying notes to the financial statements.

Williamsburg Area Transit Authority
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Capital Fund	Total Governmental Funds
Assets			
Cash and short-term investments (Note 2)	$ 3,510,205	$ 1,351,242	$ 4,861,447
Due from other governmental units (Note 3)	770,630	79,260	849,890
Lease receivable (Note 9)	52,080	-	52,080
Accounts receivable	11,888	-	11,888
Due from James City County (Note 8)	3,710	-	3,710
Interest receivable (Note 9)	90	-	90
Total assets	$ 4,348,603	$ 1,430,502	$ 5,779,105
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts payable	$ 376,359	$ 6,983	$ 383,342
Salaries payable	34,435	-	34,435
Unearned revenue	6,757	-	6,757
Interest payable	228	-	228
Total liabilities	417,779	6,983	424,762
Deferred inflows of resources			
Lease related (Note 9)	50,923	-	50,923
Unavailable revenue	139,759	-	139,759
Total deferred inflows of resources	190,682	-	190,682
Fund balance			
Restricted	43,850	11,600	55,450
Assigned	-	1,411,919	1,411,919
Unassigned	3,696,292	-	3,696,292
Total fund balance	3,740,142	1,423,519	5,163,661
Total liabilities, deferred inflows of resources and fund balance	$ 4,348,603	$ 1,430,502	$ 5,779,105

See accompanying notes to the financial statements.

Williamsburg Area Transit Authority
Balance Sheet
Governmental Funds (Continued)
June 30, 2022

Reconciliation of the balance sheet for governmental funds to the statement of net position for governmental activities:

Ending fund balance		$ 5,163,661
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.		11,355,156
Amounts receivable collected after 45 days are not available to pay for current period expenditures and therefore are deferred in the funds.		139,759
Net pension and OPEB assets do not provide current financial resources and therefore are not reported in governmental funds		
Net pension asset	214,357	
Virginia local disability program asset	2,950	217,307
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	102,347	
Deferred OPEB retiree healthcare	16,473	
Deferred OPEB group life insurance	124,406	
Deferred OPEB health insurance credit	5,094	
Deferred OPEB VLDP	12,990	261,310
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	(50,195)	
Net OPEB GLI liability	(116,892)	
Net OPEB HIC liability	(2,693)	
Lease payable	(91,495)	
Compensated absences	(186,736)	(448,011)
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	(238,506)	
Deferred OPEB retiree healthcare	(25,420)	
Deferred OPEB GLI	(44,784)	
Deferred OPEB HIC	(1,970)	
Deferred OPEB VLDP	(7,092)	(317,772)
Net position, governmental activities		$ 16,371,410

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, 2022

	General Fund	Capital Fund	Total Governmental Funds
Revenues			
Intergovernmental:			
Commonwealth of Virginia	$ 2,653,377	$ 36,960	$ 2,690,337
Federal government	3,144,757	1,421,538	4,566,295
Local (member contributions)	291,700	1,191,525	1,483,225
Local (non-member contributions)	45,000	-	45,000
Charges for services	679,722	-	679,722
Use of money and property	116,435	-	116,435
Miscellaneous	56,951	30,181	87,132
Total revenues	6,987,942	2,680,204	9,668,146
Expenditures			
Salaries and benefits	3,586,821	-	3,586,821
Capital outlay	55,692	1,778,250	1,833,942
Repairs and maintenance	1,027,070	-	1,027,070
Fuel	548,571	-	548,571
Colonial Williamsburg bus operations	157,754	-	157,754
Contractual services	133,085	-	133,085
Supplies and materials	272,135	-	272,135
Leases/rentals	90	-	90
Fiscal agent services (Note 8)	86,036	-	86,036
Insurance	52,911	-	52,911
Other	92,077	-	92,077
Telecommunications	38,098	-	38,098
Clothing	24,808	-	24,808
Advertising	15,689	-	15,689
Debt service - principal (Note 5)	60,601	-	60,601
Debt service - interest	3,577	-	3,577
Total expenditures	6,155,015	1,778,250	7,933,265
Net change in fund balance	832,927	901,954	1,734,881
Fund balance, beginning of year	2,907,215	521,565	3,428,780
Fund balance, end of year	$ 3,740,142	$ 1,423,519	$ 5,163,661

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, 2022

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		$ 1,734,881
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		(1,215,545)
Capital outlay expenditures		1,403,209
Amortization expense		(52,312)
Loss on disposal of capital assets		(15,950)
		119,402
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.		
Lease payments		60,601
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue increased by this amount in the current year.		39,433
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	$ (20,476)	
Net pension asset and deferred outflows	47,551	
Net OPEB liability and deferred outflows/inflows	(21,058)	
		6,017
Change in net position on statement of activities		$ 1,960,334

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 (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 Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus.* 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 comprehensive annual 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 of 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 fund 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 fund statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. Given that the governmental fund 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: 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.

Capital Fund: The Capital Fund is 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 considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, usually 45 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 accounting principles generally accepted in the United States of America (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

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 $5,000 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.

1) Summary of Significant Accounting Policies, Continued

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.

Depreciation of capital assets is calculated on the straight-line basis over the estimated useful lives as follows:

Buildings and improvements	10-40 years
Improvements other than buildings	10-20 years
Infrastructure	20 years
Furniture and equipment	4-10 years
Vehicles	3-12 years

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 OPEB:*** These contributions are always a deferred outflow, which will be applied to the net pension or OPEB liability in the next fiscal year.
- ***Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability:*** This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as 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.
- ***Difference between projected and actual earnings on pension and OPEB plan investments:*** This difference will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- ***Differences resulting from changes in assumptions on pension plan or OPEB investments:*** These differences will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan.
- ***Value of lease receivables plus any payments received at or before the commencement of the lease term that relate to future periods:*** These values will be recognized as inflows of resources systematically over the term of the lease.

1) Summary of Significant Accounting Policies, Continued

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 GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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.

Adoption of New Accounting Statement

For fiscal year 2022, the Authority implemented GASB Statement No. 87, *Leases* (GASB 87). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets, liabilities and deferred inflows, for leases that previously were classified and treated as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The implementation of this pronouncement did not require a restatement of net position by the Authority, but it resulted in the reevaluation of the Authority's existing arrangements and the recording of new assets, liabilities, and deferred inflows of resources on the Authority's statement of net position on the date of implementation, July 1, 2021. Future lease agreements that the Authority enters into will be evaluated under this pronouncement to determine proper accounting treatment. Additional details on the Authority's leases and the implementation of GASB 87 can be found in notes 9 and 13.

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 $5,000 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.

1) Summary of Significant Accounting Policies, Continued

Leases, Continued

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.

- 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.

Lessor: The Authority is a lessor for a noncancellable lease of property. The Authority recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

- The Authority uses the interest rate included in the lease as the discount rate. When the interest rate is not provided, the interest rate implicit in the lease is determined and used as the discount rate.

- The lease term includes the noncancellable period of the lease. In addition, the likelihood of any extension, renewal, or termination option is assessed in determining the lease term.

- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

2) Cash and Short-Term Investments

The Authority's cash and investments at June 30, 2022, consisted of the following:

	Amount	Maturity
Bank deposits	$ 4,861,335	N/A
LGIP investment (amortized cost)	112	-
Total	$ 4,861,447	

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

2) Cash and Short-Term Investments, Continued

Investment Policy

The Authority utilizes the policies and procedures of the James City County Treasurer and consequently follows the County's investment policy. 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
Commonwealth of Virginia LGIP	100% maximum
Bank deposits	100% maximum
Repurchase agreements	50% maximum
Bankers' acceptances	40% maximum
Commercial paper	35% maximum
Negotiable certificates of deposit/bank notes	20% maximum
Municipal obligations	20% maximum
Corporate notes	15% maximum

Credit Risk

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

At June 30, 2022, 100% of the Authority's portfolio was invested in the LGIP. LGIP is rated AAAm rated by Standard and Poor's.

Concentration of Credit Risk

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

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

2) Cash and Short-Term Investments, Continued

Interest Rate Risk

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

Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities, so long as the maturity does not exceed the expected disbursement date of those funds.

Custodial Credit Risk

The Policy requires 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, 2022, all of 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, 2022:

	General Fund	Capital Fund
Federal (Dept. of Transportation)	$ 719,362	$ 69,500
Commonwealth of Virginia	-	9,760
William & Mary	49,543	-
Other Localities	1,725	-
Total	$ 770,630	$ 79,260

4) Capital Assets

A summary of changes in capital assets for the fiscal year ended June 30, 2022, is as follows:

	Balance 7/1/2021 *	Increase	Decrease	Balance June 30, 2022
Capital assets not being depreciated:				
Land	$ 2,100,000	$ 1,280,609	$ -	$ 3,380,609
Construction in progress	38,770	-	-	38,770
Total capital assets not being depreciated	2,138,770	1,280,609	-	3,419,379
Capital assets being depreciated:				
Land improvements - depreciable	55,349	-	-	55,349
Intangibles - depreciable	29,750	-	-	29,750
Buildings and improvements	562,945	-	-	562,945
Leased asset - buildings and improvements	142,268	-	-	142,268
Infrastructure	11,600	-	-	11,600
Furniture and equipment	1,872,634	122,600	(317,541)	1,677,693
Leased asset - furniture and equipment	9,828	-	-	9,828
Vehicles	20,091,726	-	(2,525,598)	17,566,128
Total capital assets being depreciated	22,776,100	122,600	(2,843,139)	20,055,561
Less accumulated depreciation:				
Land improvements - depreciable	4,394	2,779	-	7,173
Intangibles - depreciable	11,030	6,071	-	17,101
Buildings and improvements	188,787	29,587	-	218,374
Leased asset - buildings and improvements	-	47,423	-	47,423
Infrastructure	4,447	1,160	-	5,607
Furniture and equipment	1,642,615	71,236	(301,591)	1,412,260
Leased asset - furniture and equipment	-	4,889	-	4,889
Vehicles	11,827,843	1,104,712	(2,525,598)	10,406,957
Total accumulated depreciation	13,679,116	1,267,857	(2,827,189)	12,119,784
Total capital assets being depreciated, net	9,096,984	(1,145,257)	(15,950)	7,935,777
Capital assets, net	$ 11,235,754	$ 135,352	$ (15,950)	$ 11,355,156

**Restated for the effects of GASB 87 implementation. See Note 13.*

The Authority charged depreciation of $1,215,545 on capital assets and amortization of $52,312 on leased assets, for the year ended June 30, 2022.

5) Long-Term Liabilities

A summary of the Authority's long-term liability activity for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Due Within One Year
Net pension liability*	$ 129,774	$ -	$ 129,774	$ -	$ -
Retiree healthcare OPEB	62,259		12,064	50,195	-
Group life insurance OPEB	166,049	-	49,157	116,892	-
Health insurance credit OPEB	3,661	-	968	2,693	-
Virginia local disability program OPEB*	3,128	-	3,128	-	-
Lease payable**	152,096	-	60,601	91,495	51,713
Compensated absences	166,260	207,934	187,458	186,736	140,052
Total	$ 683,227	$ 207,934	$ 443,150	$ 448,011	$ 191,765

*At June 30, 2022, the Authority recognized a net pension asset and a net Virginia local disability program asset based on activity in these postemployment benefits during the fiscal year. These assets are reported as restricted assets on the Authority's Statement of Net Position.

**The lease payable resulted from the implementation of GASB Statement No. 87. Additional information on this liability can be found in Note 9, and information on the related restatements can be found in Note 13.

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. 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

6) Defined Benefit Pension Plan, Continued

Employees Covered by Benefit Terms

As of the June 30, 2020, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	1
Inactive members:	
Vested inactive members	6
Non-vested inactive members	31
LTD	-
Active elsewhere in VRS	18
Total inactive members	55
Active members	52
Total covered employees	108

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, 2022, was 5.26% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority was $81,801 for the year ended June 30, 2022.

Net Pension Liability (Asset)

The net pension liability (asset) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Authority, the net pension liability (asset) was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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 Mortality Table with various set backs or set forwards for both males and females.

6) Defined Benefit Pension Plan, Continued

Actuarial Assumptions, Continued

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

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): 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%	5.00%	1.70%
Fixed income	15.00%	0.57%	0.09%
Credit strategies	14.00%	4.49%	0.63%
Real assets	14.00%	4.76%	0.67%
Private equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP- Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

** The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the fiscal year 2020 actuarial valuations, provide a median return of 7.11%, including expected inflation of 2.50%.*

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2022, 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, 2021, 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, 2017, actuarial valuations, whichever is greater. From July 1, 2021, 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 Liability (Asset)

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net pension (b)	Net pension liability (asset) (a) - (b)
Balances at June 30, 2020	$ 1,611,063	$ 1,481,289	$ 129,774
Changes for the year:			
Service cost	170,414	-	170,414
Interest	108,662	-	108,662
Change of assumptions	28,966	-	28,966
Difference between expected and actual experience	(43,410)	-	(43,410)
Contributions - employer	-	84,982	(84,982)
Contributions - employee	-	91,024	(91,024)
Net investment income	-	433,595	(433,595)
Benefit payments, including refunds of employee contributions	(2,519)	(2,519)	-
Administrative expenses	-	(881)	881
Other changes	-	43	(43)
Net changes	262,113	606,244	(344,131)
Balances at June 30, 2021	$ 1,873,176	$ 2,087,533	$ (214,357)

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

The following presents the net pension liability (asset) of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension liability (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)	$ 57,727	$ (214,357)	$ (436,627)

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

For the year ended June 30, 2022, the Authority recognized pension expense of $34,250. At June 30, 2022, 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	$ -	$ 30,791
Changes of assumptions	20,546	-
Net difference between projected and actual earnings on pension plan investments	-	207,715
Employer contributions subsequent to the measurement date	81,801	-
Total	$ 102,347	$ 238,506

6) Defined Benefit Pension Plan, Continued

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

The $81,801 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 Liability (Asset) in the year ending June 30, 2023. 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
2023	$ (48,826)
2024	(48,827)
2025	(54,750)
2026	(65,557)
	$ (217,960)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2021 Annual Report. A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

7) Other Post-Employment Benefits (OPEB) Liability

Multiple Employer Cost-Sharing Plan – Retiree Healthcare

The Authority provides other post-employment 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. 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 2022, the pre-Medicare retirees have a choice of two plans offered by Optima. 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.

7) Other Post-Employment Benefits (OPEB) Liability, Continued

Actuarial Methods and Assumptions

For the actuarial valuation at April 1, 2022 (measurement date of June 30, 2021), 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 1.92% for June 30, 2021, 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 April 1, 2022, the medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in October 2010 and updated in October 30, 2021. The following assumptions were used as input variables into this model:

Inflation	2.50%
Rate of growth in real income/ GDP per capita	1.40%
Excess trend due to technology and other factors	1.00%
Expected health share of GDP in 2031	19.00%
Health share of GDP resistance point	20.00%
Year for limiting cost growth to GDP growth	2075

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

The actuarial assumptions included calculations based on salary increases of 2.85%-1.00% (general) and 2.55%-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 April 1, 2022, valuation:

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

7) Other Post-Employment Benefits (OPEB) Liability, Continued

Changes in Assumptions Since Prior Valuation

- The discount rate was updated to 1.92% (the latest 20-year Municipal GO AA Index as of June 30, 2021).
- The mortality improvement scale was updated to the latest MP2021 scale.
- The medical trend was updated. The trend was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions.
- The Salary Scale, Retirement, Termination, and Disability assumptions have been updated to the rates disclosed in the Virginia Retirement System Experience Study dated September 10, 2021.

Retiree Healthcare OPEB Liability

At June 30, 2022, the Authority reported a retiree healthcare OPEB liability of $50,195 for its proportionate share of the County's retiree healthcare OPEB liability. The County's June 30, 2022, retiree healthcare OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation performed April 1, 2022. 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, 2022, the Authority's proportion of the County's retiree healthcare OPEB liability was 1.14%.

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

The following presents the OPEB liability using the discount rate of 1.92%, 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 (0.92%) or one percentage point higher (2.92%), than the current rate for the measurement date of June 30, 2021:

	1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
Retiree Healthcare OPEB Liability	$ 55,045	$ 50,195	$ 45,715

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 3.94%, 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 (2.94%) or one percentage point higher (4.94%) than the current rate for the June 30, 2021 measurement date:

	1% Decrease (2.94%)	Health Care Cost Trend Rate (3.94%)	1% Increase (4.94%)
Retiree Healthcare OPEB Liability	$ 44,323	$ 50,195	$ 57,090

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

For the year ended June 30, 2022, the Authority recognized retiree healthcare OPEB expense of $3,683. At June 30, 2022, 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	$ 3,264	$ 21,715
Changes of assumptions	2,689	3,705
Change in proportion	10,520	-
Total	$ 16,473	$ 25,420

7) Other Post-Employment Benefits (OPEB) Liability, Continued

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retiree healthcare OPEB as of June 30, 2022 will be recognized in retiree healthcare OPEB expense as follows:

Year Ended	Increase to OPEB Expense
2023	$ (2,416)
2024	(2,417)
2025	(1,736)
2026	(1,972)
2027	406
Thereafter	(812)
	$ (8,947)

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

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.

7) Other Post-Employment Benefits (OPEB) Liability, Continued

Plan Descriptions, Continued

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, 2020, 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	-
Inactive members:	
Vested inactive members	1
Non-vested inactive members	-
Active elsewhere in VRS	-
Total inactive members	1
Active members	52
Total covered employees	53

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2020. 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, 2022 Contribution	$10,646

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:	0.83% of covered employee compensation.
June 30, 2022 Contribution	$9,161

7) Other Post-Employment Benefits (OPEB) Liability, Continued

Contributions, Continued

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:	0.15% of covered employee compensation.
June 30, 2022 Contribution	$2,980

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

The net OPEB liabilities (assets) were measured as of June 30, 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The Authority's proportion of the net OPEB liabilities were based on the Authority's actuarially determined employer contributions for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2022 proportionate share of liability	$116,892
June 30, 2021 proportion	0.01004%
June 30, 2020 proportion	0.00995%
June 30, 2022 expense	$29,540

Virginia Local Disability Program

June 30, 2022 proportionate share of liability (asset)	($2,950)
June 30, 2021 proportion	0.29146%
June 30, 2020 proportion	0.31335%
June 30, 2022 expense	$8,447

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.

7) Other Post-Employment Benefits (OPEB) Liability, Continued

OPEB Liabilities (Assets), OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB, Continued

General Employee Health Insurance Credit Program

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 (a) - (b)
Balances at June 30, 2020	$ 17,523	$ 13,862	$ 3,661
Changes for the year:			
Service cost	2,480	-	2,480
Interest	1,183	-	1,183
Changes of assumptions	291	-	291
Difference between expected and actual experience	2,170	-	2,170
Contributions - employer	-	3,082	(3,082)
Net investment income	-	4,067	(4,067)
Benefit payments	-	-	-
Administrative expense	-	(57)	57
Other changes	-	-	-
Net changes	6,124	7,092	(968)
Balances at June 30, 2021	$ 23,647	$ 20,954	$ 2,693

In addition, for the year ended June 30, 2022, the Authority recognized OPEB expense of $2,594 related to the General Employee Health Insurance Credit Program.

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 13,332	$ 891
Net difference between projected and actual investment earnings on OPEB Plan investments	-	27,900
Changes of assumptions	6,444	15,993
Changes in proportionate share	93,984	-
Employer contributions subsequent to the measurement date	10,646	-
Total	$ 124,406	$ 44,784

Virginia Local Disability Program

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 1,753	$ 4,420
Net difference between projected and actual investment earnings on OPEB Plan investments	-	1,646
Changes of assumptions	100	800
Changes in proportionate share	1,976	226
Employer contributions subsequent to the measurement date	9,161	-
Total	$ 12,990	$ 7,092

7) Other Post-Employment Benefits (OPEB) Liability, Continued

OPEB Liabilities (Assets), OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB, Continued

General Employee Health Insurance Credit Program

	Deferred outflows of resources	Deferred inflows of resources
Net difference between expected and actual experience	$ 1,864	$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	1,970
Change of assumptions	250	-
Employer contributions subsequent to the measurement date	2,980	-
Total	$ 5,094	$ 1,970

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, 2022.

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:

Group Life Insurance Program

Year Ended June 30,	Increase OPEB Expense
2023	$ 18,992
2024	20,289
2025	20,347
2026	7,937
2027	1,411
Thereafter	-
Total	$ 68,976

Virginia Local Disability Program

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2023	$ (317)
2024	(311)
2025	(364)
2026	(1,269)
2027	(337)
Thereafter	(665)
Total	$ (3,263)

General Employee Health Insurance Credit Program

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2023	$ (88)
2024	(88)
2025	(148)
2026	(258)
2027	347
Thereafter	379
Total	$ 144

7) Other Post-Employment Benefits (OPEB) Liability, Continued

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2020, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

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

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

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

Net OPEB Liabilities (Assets)

The net OPEB liabilities (assets) represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, 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	$ 3,577,346	$ 5,156
Plan Fiduciary Net Position	2,413,074	6,166
Employers' Net OPEB Liability (Asset)	$ 1,164,272	$ (1,010)
Plan Fiduciary Net Position as a % of the Total OPEB Liability	67.45%	119.59%

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

7) Other Post-Employment Benefits (OPEB) Liability, Continued

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Onvestment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.39%

** The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, 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 7.11%, including expected inflation of 2.50%.*

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, 2021, 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, 2021 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, 2022, 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	$ 170,784	$ 116,892	$ 73,372
Authority's proportionate share of the Virginia Local Disability Program Net OPEB Liability (Asset)	$ (1,580)	$ (2,950)	$ (4,138)
General Employee Health Insurance Credit Net OPEB Liability	$ 5,881	$ 2,693	$ 16

7) Other Post-Employment Benefits (OPEB) Liability, Continued

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report. A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-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

Certain financial management, accounting and other services are provided to the Authority by James City County. The following lists these services for the fiscal year ended June 30, 2022, which are reflected as expenditure/expenses on the Authority's financial statements.

Fiscal agent services				
Financial management and accounting	$	42,158		
Human Resources		22,369		
Treasurer		21,509		
			$	86,036
Radio maintenance				62,977
Purchasing				55,000
	Total		$	204,013

James City County owes the Authority $3,710 at June 30, 2022 for certain payroll expenses, and this amount is included on the statement of net position as due from James City County. These payroll expenses were paid by the Authority to the County prior to June 30, 2022, for Authority employees' VRS benefits. The amount owed back to the Authority primarily relates to payments made on behalf of employees who were determined to be ineligible for the VRS benefits subsequent to year-end due to termination or other circumstances.

9) Leases

The Authority implemented GASB 87 in fiscal year 2022, and the Authority's lease assets and liabilities in its role as a lessee, and its lease receivable and deferred inflow of resources in its role as a lessor were determined as of the start of the fiscal year. Restated balances as of July 1, 2021, are provided in Note 13.

Lease Receivable

The Authority leases approximately 18,000 square feet of its property at 7239 Pocahontas Trail to the Colonial Williamsburg Foundation. The term of this lease is estimated to run through December 2023, and the Authority receives monthly payments which increase by the lesser of CPI or 3% each calendar year. The discount rate for this lease is 2.09% annually. The Authority recognized $33,949 of lease revenue and $1,403 of interest revenue during fiscal year 2022 related to this lease, which is included in revenues from use of money and property on the statement of revenues, expenditures, and changes in fund balance. As of June 30, 2022, the Authority's receivable for lease payments was $52,080, and the lease interest receivable was $90. Also, the Authority has a deferred inflow of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was $50,923.

The future payments on this lease as of June 30, 2022, were as follows:

Fiscal Year Ending June 30,		Principal		Interest		Total
2023	$	34,365	$	762	$	35,127
2024		17,715		108		17,823
Total	$	52,080	$	870	$	52,950

9) Leases, Continued

Lease Payable

The Authority is a lessee of two copiers, and the term of the lease for one of the copiers runs through August 2023 and the other runs through November 2022. The discount rate for these leases is 3% annually. As of June 30, 2022, the Authority has a lease liability for the copier equipment of $4,994, and interest payable of $13. The Authority is required to make monthly principal and interest payments of $418 for the two copiers. The value of the right-to-use assets is $9,828, which had accumulated amortization and amortization expense of $4,889, as of and for the year ended June 30, 2022.

The future principal and interest lease payments for this lease as of June 30, 2022, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	$ 4,331	$ 87	$ 4,418
2024	663	2	665
Total	$ 4,994	$ 89	$ 5,083

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 runs through June 2024. The discount rate for this lease is 3% annually. As of June 30, 2022, the Authority has a lease liability for the property of $86,501 and interest payable of $215. For fiscal year 2022, the Authority was required to make fixed monthly principal and interest payments of $4,909 for the property. The value of the right-to-use asset as of June 30, 2022, is $142,268, and had accumulated amortization and amortization expense of $47,423, as of and for the year ended June 30, 2022.

The future principal and interest lease payments for this lease as of June 30, 2022, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	$ 47,382	$ 1,947	$ 49,329
2024	39,119	639	39,758
Total	$ 86,501	$ 2,586	$ 89,087

10) Other Commitments

In March 2011, the Authority entered into a five-year agreement with First Transit, Inc. for vehicle maintenance services, and the agreement permits up to five one-year extensions. The agreement was renewed in 2021, for the period April 1, 2021 through March 31, 2022, with a 3% annual CPI increase. The Authority is in the process of procuring a new contract for third-party vehicle maintenance services. While that process is underway, the Authority chose to extend the terms of the current contract with First Transit until July 31, 2022. 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, and they do not exceed the stipulated contract ceiling price of $1,526,585.

10) Other Commitments, continued

During the year ended June 30, 2022, the Authority paid First Transit, Inc., $1,425,649 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	$	624,188
Fuel		548,571
Supplies and materials		241,992
Capital outlay		4,995
Insurance		5,903
Total	$	1,425,649

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. The current arrangement ended on March 31, 2022 and became month-to-month for the remainder of the fiscal year, during which time, First Transit made monthly payments of $6,757. The total received under these arrangements for the year ended June 30, 2022, was $81,084 which is included in use of money and property revenue on the statement of revenues, expenditures, and changes in fund balance. The Authority is entering into a new arrangement with First Transit effective starting in September 2022, which is discussed further in Note 12.

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 renew up to four times after this first renewal. The fee for ADA Services for the initial term was $1,725 per month, and the Authority received $17,250 from York County during fiscal year 2022, which is included in local member contributions on the statement of revenues, expenditures, and changes in fund balance. The fee for fiscal year 2023 is $1,725 per month. Fees for subsequent terms will be agreed upon by the Authority and York County's County Administrator no later than 30 days prior to the commencement of each renewal term.

11) COVID-19

During fiscal year 2022 and prior fiscal years, the novel coronavirus disease (COVID-19) impacted the operational and financial activities of the Authority.

In May 2020, the Authority was awarded with $5,777,110 of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, for which the Authority must incur eligible expenditures and then apply for reimbursement. The Authority developed plans to expend this funding and seek reimbursement during fiscal years 2021 through 2023, and during fiscal year 2022, the Authority utilized $2,133,300 of this funding for operational needs.

The extent to which COVID-19 may impact the Authority's operations and financial condition in subsequent fiscal years will depend on future developments, which remain uncertain and cannot be predicted due to the evolving nature of this situation. As a result, the Authority cannot reasonably estimate the future impact of COVID-19 at this time, except as discussed regarding the CARES Act funding.

12) Subsequent Event

In September 2022, the Authority entered into a new 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 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.

13) Restatement of Beginning Balances

Certain line items on the Authority's statement of net position as of the beginning of fiscal year 2022 were restated to reflect adjustments to related to the Authority's implementation of GASB 87. More information regarding the adjustments can be found in Note 9 and the related balances have been adjusted as follows:

	6/30/2021 Previously Reported	Restatement	7/1/2021 As Restated
Lease receivable	$ -	$ 84,872	$ 84,872
Deferred inflow of resources for leases	$ -	$ (84,872)	$ (84,872)
Lease asset	$ -	$ 152,096	$ 152,096
Lease payable	$ -	$ (152,096)	$ (152,096)

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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, 2022

	Original budget	Revised budget	Actual	Variance positive (negative)
Revenues				
Intergovernmental:				
Commonwealth of Virginia	$ 2,180,708	$ 2,668,934	$ 2,653,377	$ (15,557)
Federal government	3,404,390	3,404,390	3,144,757	(259,633)
Local (member contributions):				
James City County	371,178	136,830	137,069	239
York County	198,142	71,203	71,203	-
City of Williamsburg	193,117	66,178	66,178	-
Local Share Capital CWF/York	-	17,500	17,250	(250)
Local (non-member contributions)	45,000	45,000	45,000	-
Charges for services	400,615	651,863	679,722	27,859
Use of money and property	94,917	112,617	116,435	3,818
Miscellaneous	35,000	35,000	56,951	21,951
Total revenues	6,923,067	7,209,515	6,987,942	(221,573)
Expenditures				
Salaries and benefits	4,016,059	4,168,439	3,586,821	581,618
Repairs and maintenance	1,299,256	1,322,208	1,027,070	295,138
Fuel	587,390	633,958	548,571	85,387
Capital outlay	-	-	55,692	(55,692)
Colonial Williamsburg bus operations	157,754	157,754	157,754	-
Contractual services	129,680	167,520	133,085	34,435
Supplies and materials	279,750	329,722	272,135	57,587
Leases/rentals	58,911	64,372	90	64,282
Fiscal agent services	84,476	86,036	86,036	-
Other	162,292	148,514	92,077	56,437
Insurance	48,200	48,200	52,911	(4,711)
Telecommunications	48,860	48,860	38,098	10,762
Clothing	36,139	36,139	24,808	11,331
Advertising	14,300	22,793	15,689	7,104
Debt service - principal	-	-	60,601	(60,601)
Debt service - interest	-	-	3,577	(3,577)
Total expenditures	6,923,067	7,234,515	6,155,015	1,079,500
Net change in fund balance	-	(25,000)	832,927	857,927
Fund balance, beginning of year	-	25,000	2,907,215	2,882,215
Fund balance, end of year	$ -	$ -	$ 3,740,142	$ 3,740,142

See independent auditor's report

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) *

	2021	2020	2019
Total pension liability			
Service cost	$ 170,414	$ 161,537	$ -
Interest	108,662	91,734	-
Changes of benefit terms	-	-	1,360,253
Differences between expected and actual experience	(43,410)	-	-
Changes in assumptions	28,966	-	-
Benefit payments, including refunds of employee contributions	(2,519)	(2,461)	-
Net change in total pension liability	262,113	250,810	1,360,253
Total pension liability, beginning	1,611,063	1,360,253	-
Total pension liability, ending	$ 1,873,176	$ 1,611,063	$ 1,360,253
Plan fiduciary net position			
Contributions - employer	84,982	110,648	51,842
Contributions - employee	91,024	98,499	42,101
Net investment income	433,595	28,017	2,328
Benefit payments, including refunds of employee contributions	(2,519)	(2,461)	-
Administrative expense	(881)	285	100
Other	43	(4,941)	1,154,871
Net change in plan fiduciary net position	606,244	230,047	1,251,242
Plan fiduciary net position, beginning	1,481,289	1,251,242	-
Plan fiduciary net position, ending	$ 2,087,533	$ 1,481,289	$ 1,251,242
Net pension liability (asset)	$ (214,357)	$ 129,774	$ 109,011
Plan fiduciary net position as a percentage of the total pension liability	111.44%	91.94%	91.99%
Covered payroll	$ 2,054,619	$ 2,070,531	$ 953,649
Net pension liability (asset) as a percentage of the total covered payroll	(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.

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
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 independent auditor's report.

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,	**2021**	**2020**	**2019**	**2018**	**2017**
Employer's proportion of the County's Retiree Healthcare OPEB liability	1.14%	1.05%	1.05%	0.86%	0.86%
Employer's proportionate share of the County's Retiree Healthcare OPEB liability	$ 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%
Expected average remaining service years of all participants	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.

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

	2021	2020	2019
Total OPEB - HIC liability			
Service cost	$ 2,480	$ 2,329	$ -
Interest cost	1,183	961	-
Changes of benefit terms	-	-	14,233
Differences between expected and actual experience	2,170	-	-
Changes in assumptions	291	-	-
Benefit payments, including refunds of employee contributions	-	-	-
Net change in total OPEB - HIC liability	6,124	3,290	14,233
Total OPEB - HIC liability, beginning	17,523	14,233	-
Total OPEB - HIC liability, ending (a)	$ 23,647	$ 17,523	$ 14,233
Plan fiduciary net position - HIC			
Contributions - employer	3,082	2,898	1,335
Contributions - employee	-	-	-
Net investment income	4,067	236	32
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	(57)	(37)	(2)
Other	-	1,097	8,303
Net change in plan fiduciary net position - HIC	7,092	4,194	9,668
Plan fiduciary net position - HIC, beginning	13,862	9,668	-
Plan fiduciary net position - HIC, ending (b)	20,954	13,862	9,668
Net OPEB - HIC liability (a) - (b)	$ 2,693	$ 3,661	$ 4,565
Plan fiduciary net position - HIC as a percentage of the total OPEB - HIC liability (1)	88.61%	79.11%	67.93%
Covered payroll (1)	$ 2,054,619	$ 2,070,531	$ 953,649
Net OPEB - HIC liability as a percentage of the total covered payroll (1)	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*

	2021	2020	2019
Employer's proportion of the net GLI OPEB liability	0.01004%	0.00995%	0.00494%
Employer's proportionate share of the net GLI OPEB liability	$ 116,892	$ 166,049	$ 80,387
Employer's covered payroll	$ 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	5.69%	8.02%	8.30%
Plan fiduciary net position as a % of total GLI OPEB liability	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 independent auditor's report.

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*

	2021	2020	2019
Employer's proportion of the net VLDP OPEB liability (asset)	0.29146%	0.31335%	0.18063%
Employer's proportionate share of the net VLDP OPEB liability (asset)	$ (2,950)	$ 3,128	$ 3,660
Employer's covered payroll	$ 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	-0.25%	0.27%	0.66%
Plan fiduciary net position as a % of total VLDP OPEB liability	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 independent auditor's report.

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)
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
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
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
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

(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

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

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%

4) Group Life Insurance OPEB - Changes of Assumptions

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

General State 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

Teachers:

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
Discount Rate	No change

4) Group Life Insurance OPEB - Changes of Assumptions, Continued

SPORS 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	Increased rates for ages 55 to 61,63, and 64 with 26 or more years of service; changed final retirement age from 66 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

VaLORS 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	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
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

JRS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

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

4) Group Life Insurance OPEB - Changes of Assumptions, Continued

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

Largest 10 Locality Employers – Hazardous Duty Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality rates. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MO-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest 10 Locality Employers – Hazardous Duty Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality rates. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MO-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

5) Health Insurance Credit and Virginia Local Disability Program OPEB - Changes of Assumptions

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

Non-Largest 10 Locality Employers – General Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement 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, 2022

	Original budget	Revised budget	Actual	Variance positive (negative)
Revenues				
Intergovernmental:				
Commonwealth of Virginia	$ 839,600	$ 839,600	$ 36,960	$ (802,640)
Federal government	2,701,400	2,701,400	1,421,538	(1,279,862)
Local (member contributions):				
James City County	337,583	571,931	571,931	-
York County	182,858	309,797	309,797	-
City of Williamsburg	182,858	309,797	309,797	-
Local Share Capital CWF/York	-	-	-	-
Miscellaneous	-	-	30,181	30,181
Total revenues	4,244,299	4,732,525	2,680,204	(2,052,321)
Expenditures				
Capital outlay	4,244,299	4,732,525	1,778,250	2,954,275
Contractual services	-	-	-	-
Total expenditures	4,244,299	4,732,525	1,778,250	2,954,275
Net change in fund balance	-	-	901,954	901,954
Fund balance, beginning of year	-	-	521,565	521,565
Fund balance, end of year	$ -	$ -	$ 1,423,519	$ 1,423,519

See independent auditor's report

Compliance

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, 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, 2022, and the related notes to the financial statements, which collectively comprise the Williamsburg Area Transit Authority's basic financial statements, and have issued our report thereon dated November 8, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Williamsburg Area Transit Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
November 8, 2022

As more fully described in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards,* we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

- Cash and Investment Laws
- Conflicts of Interest Act
- Local Retirement Systems
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Williamsburg Area Transit Authority's (the "Authority") compliance with the types of compliance requirements described 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, 2022. 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 Company, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

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Report on Compliance for Each Major Federal Program (Continued)

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 Company'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 judgement made by a reasonable user of the report on compliance about the Company's compliance the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 Company'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 Company'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 Company'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 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.

Report on Internal Control over Compliance (Continued)

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 have not been 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
November 8, 2022

Williamsburg Area Transit Authority
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

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	$ 1,742,217
COVID-19 - Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	N/A	2,133,300
Total Federal Transit Cluster			3,875,517
Department of Rail & Public Transportation			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	VA-80-0024-00	180,000
COVID-19 - Formula Grants for Rural Areas	20.509	VA-18-X036-00 and VA-18-X038-00	549,888
Total Federal Awards			$ 4,605,405

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

1) Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2022. 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 (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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or 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, 2022, the Authority did not allocate any indirect costs to grant expenditures.

WILLIAMSBURG AREA TRANSIT AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award program was reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major program**.
7. The program tested as major was: Major program: Federal Transit Cluster (Assistance Listing Number.: 20.507)
8. The threshold for distinguishing Type A and B programs was $750,000.
9. The Authority was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None

E. STATUS OF PRIOR YEAR AUDIT FINDINGS

None