

In the opinion of Bond Counsel, under current law and subject to the conditions described in the section "TAX EXEMPTION," interest on the Bonds (1) will not be included in gross income for federal income tax purposes, (2) will not be an item of tax preference for purposes of the federal alternative minimum income tax, however, for taxable years beginning after December 31, 2022, interest on the Bonds will be part of the adjusted financial statement income in computing the alternative minimum tax for applicable corporations, and (3) will be exempt from income taxation by the Commonwealth of Virginia.



**HISTORIC TRIANGLE RECREATIONAL
FACILITIES AUTHORITY
\$63,985,000 RECREATIONAL FACILITIES
REVENUE BONDS, SERIES 2024
(CITY OF WILLIAMSBURG, VIRGINIA SUPPORT
AGREEMENT)**



Dated: Date of Delivery

Due: July 15, as shown on the inside front cover

This Official Statement has been prepared by the Historic Triangle Recreational Facilities Authority (the "Authority"), to provide information on the Authority's Recreational Facilities Revenue Bonds, Series 2024 (City of Williamsburg, Virginia Support Agreement) (the "Bonds"), the security therefor, the City of Williamsburg, Virginia (the "City") and other relevant information. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding purchase of the Bonds, a prospective investor should read this Official Statement in its entirety.

Security

THE BONDS WILL BE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM CERTAIN PAYMENTS TO BE MADE BY THE CITY PURSUANT TO A SUPPORT AGREEMENT, DATED AS OF AUGUST 1, 2024 (THE "SUPPORT AGREEMENT"), BETWEEN THE AUTHORITY AND THE CITY, AND FROM CERTAIN PAYMENTS ALLOCABLE TO TAX REVENUES UNDER A FUNDING AGREEMENT DATED AS OF MARCH 8, 2024 (THE "FUNDING AGREEMENT") AMONG THE CITY, JAMES CITY COUNTY, VIRGINIA AND YORK COUNTY, VIRGINIA (TOGETHER, THE "MEMBER JURISDICTIONS") AND THE AUTHORITY AND FUNDS AND THE INVESTMENT INCOME THEREFROM HELD BY THE TRUSTEE, AS DEFINED BELOW. THE UNDERTAKING BY THE CITY TO MAKE PAYMENTS UNDER THE SUPPORT AGREEMENT AND THE UNDERTAKINGS OF THE MEMBER JURISDICTIONS UNDER THE FUNDING AGREEMENT WILL BE SUBJECT TO APPROPRIATIONS BY THE GOVERNING BODIES OF EACH SUCH MEMBER JURISDICTION FROM TIME TO TIME OF SUFFICIENT FUNDS FOR SUCH PURPOSE. NEITHER THE BONDS, THE SUPPORT AGREEMENT NOR THE FUNDING AGREEMENT CONSTITUTE A DEBT OF ANY OF THE MEMBER JURISDICTIONS OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF ANY OF THE MEMBER JURISDICTIONS OR THE AUTHORITY. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE MEMBER JURISDICTIONS OTHER THAN LIMITED OBLIGATION OF THE AUTHORITY. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE AUTHORITY AND THE MEMBER JURISDICTIONS, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED FOR SUCH PURPOSE. THE AUTHORITY HAS NO TAXING POWER.

Issued Pursuant To

The Bonds will be issued pursuant to an Indenture of Trust, dated as of August 1, 2024, between the Authority and U.S. Bank Trust Company, National Association, as Trustee (the "Trustee").

Trustee

U.S. Bank Trust Company, National Association

Purpose

The proceeds of the Bonds will be used to provide funds to the Issuer to finance the construction, improvement and equipping of a sports and recreational facility to be located in the City serving the Member Jurisdictions, and the costs of issuing the Bonds.

Interest Payment Dates

January 15 and July 15, commencing January 15, 2025.

Redemption

The Bonds are subject to optional and mandatory sinking fund redemption as set forth herein.

Denominations

\$5,000 and integral multiples thereof.

Closing/Delivery Date

On or about August 22, 2024.

Registration

Full book-entry only: The Depository Trust Company, New York, New York.

Bond Counsel

Sands Anderson PC, Richmond, Virginia.

Authority Counsel

Sands Anderson PC, Richmond, Virginia.

**Conditions Affecting
Issuance**

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Sands Anderson PC, Bond Counsel, and to certain other conditions referred to herein.

This Official Statement is dated August 8, 2024.

HISTORIC TRIANGLE RECREATIONAL FACILITIES AUTHORITY
\$63,985,000
Recreational Facilities Revenue Bonds, Series 2024
(City of Williamsburg, Virginia Support Agreement)

Maturity (July 15)	Principal Amount	Interest Rate	Yield	Initial Offering Price	CUSIP No. †
2027	\$1,195,000	5.000%	2.750%	106.222%	43357D AA8
2028	1,255,000	5.000%	2.750%	108.258	43357D AB6
2029	1,320,000	5.000%	2.750%	110.240	43357D AC4
2030	1,385,000	5.000%	2.750%	112.169	43357D AD2
2031	1,460,000	5.000%	2.800%	113.708	43357D AE0
2032	1,535,000	5.000%	2.850%	115.105	43357D AF7
2033	1,610,000	5.000%	2.870%	116.617	43357D AG5
2034	1,695,000	5.000%	2.900%	117.952	43357D AH3
2035	1,780,000	5.000%	2.990%	117.107*	43357D AJ9
2036	1,870,000	5.000%	3.050%	116.547*	43357D AK6
2037	1,970,000	5.000%	3.120%	115.899*	43357D AL4
2038	2,070,000	5.000%	3.190%	115.255*	43357D AM2
2039	2,175,000	5.000%	3.300%	114.251*	43357D AN0
2040	2,285,000	5.000%	3.400%	113.347*	43357D AP5
2041	2,405,000	5.000%	3.500%	112.452*	43357D AQ3
2044	2,725,000	4.000%	4.050%	99.318	43357D AT7
2045	2,835,000	4.000%	4.100%	98.602	43357D AU4
2046	2,950,000	4.000%	4.150%	97.852	43357D AV2
2047	3,070,000	4.000%	4.200%	97.073	43357D AW0

\$5,130,000 4.000% Term Bond due July 15, 2043, Yield 4.000% Price 100.000% CUSIP 43357D AS9

\$9,985,000 4.000% Term Bond due July 15, 2050, Yield 4.230% Price 96.398% CUSIP 43357D AZ3

\$11,280,000 4.125% Term Bond due July 15, 2053, Yield 4.250% Price 97.927% CUSIP 43357D BC3

† A registered trademark of the American Bankers Association (“**ABA**”), used by Standard & Poor’s in its operation of the CUSIP Service Bureau for the ABA. The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority or the City, and the Authority is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely as a convenience to prospective purchasers and Holders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to the Bonds may be changed while they are outstanding based on a number of factors including, but not limited to, the refunding or defeasance of the Bonds or the use of secondary market financial products. There is no duty or obligation to update this Official Statement to reflect any change of correction in the CUSIP numbers set forth above.

* Priced to the first optional redemption date of July 15, 2034.

HISTORIC TRIANGLE RECREATIONAL FACILITIES AUTHORITY

BOARD MEMBERS; OFFICER	MEMBER JURISDICTION	POSITION WITH MEMBER JURISDICTION
Andrew O. Trivette, Chair	City of Williamsburg	City Manager
Scott Stevens, Vice Chair	James City County	County Administrator
Brian Fuller, Secretary	York County	Deputy County Administrator
Robbi Hutton	City of Williamsburg	Director of Parks and Recreation
John Carnifax	James City County	Director of Parks and Recreation
Mark Bellamy	York County	County Administrator

FINANCIAL ADVISOR

Davenport & Company LLC
Richmond, Virginia

BOND COUNSEL

Sands Anderson PC
Richmond, Virginia

CITY INDEPENDENT AUDITORS

Robinson, Farmer, Cox Associates, PLLC
Richmond, Virginia

THE BONDS ARE EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE BONDS ARE ALSO EXEMPT FROM REGISTRATION UNDER THE SECURITIES LAWS OF THE COMMONWEALTH OF VIRGINIA.

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE AUTHORITY OR THE CITY. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE CITY, THE AUTHORITY, THE UNDERWRITERS OR HOLDERS OF ANY OF THE BONDS.

THE INFORMATION HEREIN IS SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR THE AUTHORITY SINCE THE DATE HEREOF.

THE TRUSTEE HAS NEITHER REVIEWED NOR PARTICIPATED IN THE PREPARATION OF THIS OFFICIAL STATEMENT.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE BONDS, INCLUDING TRANSACTIONS TO (A) OVERALLOT IN ARRANGING THE SALES OF THE BONDS AND (B) MAKE PURCHASES AND SALES OF BONDS, FOR LONG OR SHORT ACCOUNT, ON A WHEN-ISSUED BASIS OR OTHERWISE, AT SUCH PRICES, IN SUCH AMOUNTS AND IN SUCH MANNER AS THE UNDERWRITER MAY DETERMINE.

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFICIAL STATEMENT FOR PURPOSES OF, AND AS THAT TERM IS DEFINED IN, SEC RULE 15C2-12.

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- Appendix B - Basic Financial Statements of the City of Williamsburg, Virginia for the Fiscal Year Ended June 30, 2023
- Appendix C - Definitions and Summary of the Financing Documents
- Appendix D - Form of Bond Counsel Opinion
- Appendix E - Form of Continuing Disclosure Agreement

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OFFICIAL STATEMENT

HISTORIC TRIANGLE RECREATIONAL FACILITIES AUTHORITY \$63,985,000 RECREATIONAL FACILITIES REVENUE BONDS, SERIES 2024 (CITY OF WILLIAMSBURG, VIRGINIA SUPPORT AGREEMENT)

SECTION ONE: INTRODUCTION

The purpose of this Official Statement, including the cover page and Appendices hereto, is to furnish information in connection with the issuance by the Historic Triangle Recreational Facilities Authority (**the “Authority”**), a political subdivision of the Commonwealth of Virginia (**the “Commonwealth”**), of its \$63,985,000 Recreational Facilities Revenue Bonds, Series 2024 (City of Williamsburg, Virginia Support Agreement) (**the “Bonds”**). The following introductory material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, reference to which is hereby made for all purposes. **Certain capitalized terms used in this Official Statement are defined in Appendix C - “Definitions and Summary of the Financing Documents.”**

The Issuer

The issuer of the Bonds is the Historic Triangle Recreational Facilities Authority, a political subdivision of the Commonwealth.

The Bonds

The Bonds will be dated the date of their delivery and will mature on July 15 on the dates and in the amounts set forth on the inside cover of this Official Statement. Interest on the Bonds will be payable on each January 15 and July 15, beginning January 15, 2025, until the earlier of maturity or redemption, at the rates set forth on the inside cover of this Official Statement.

Purpose

The proceeds of the Bonds will be used to provide funds to assist the Authority in financing the construction, improvement and equipping of a sports and recreational facility (**the “Project”**) serving the City of Williamsburg, Virginia (**the “City”**), James City County, Virginia and York County, Virginia (**together with the City, the “Member Jurisdictions”**), and the costs of issuing the Bonds. For a further description of the purposes of the proceeds of the Bonds, see the subsection “THE BONDS – Plan of Financing” in Section Two.

Financing Documents

The Bonds will be issued in accordance with the Public Recreational Facilities Authorities Act, Chapter 56, Title 15.2, Code of Virginia of 1950, as amended (**the “Act”**), and an Indenture of Trust, dated as of August 1, 2024 (**the “Indenture”**), between the Authority and U.S. Bank Trust Company, National Association, as trustee (**the “Trustee”**).

The Member Jurisdictions will make payments of certain designated sales tax revenues to the Authority pursuant to a Funding Agreement, dated as of March 8, 2024 (**the “Funding Agreement”**), between the Authority and the Member Jurisdictions and Section 58.1-603.2(D) of the Code of Virginia of 1950, as amended (**the “Tax Statute”**). Sales tax revenues allocated to the Member Jurisdictions under the Tax Statute are required to be disbursed to the Authority in certain minimum amounts, but specific payments under the Funding Agreement are subject to appropriation by each Member Jurisdiction. The Tax Statute also provides for disbursement of a portion of designated sales tax revenues to the Williamsburg Tourism Council (**the “WTC”**); a portion of these funds are expected to be conveyed to the Authority but are not pledged to payment of the Bonds. Additional discussion of the Tax Statute and the Funding Agreement is provided in “The Tax Statute and Funding Agreement” in Section Two.

Additionally, the City will enter into a Support Agreement, dated as of August 1, 2024 (**the “Support Agreement”**) with the Authority where the City will agree to consider appropriations sufficient to pay debt service on the Bonds.

Payments by the Member Jurisdictions under the Funding Agreement and by the City under the Support Agreement are expected to be sufficient to enable the Authority to pay principal of and interest on the Bonds. Pursuant to the Indenture, the Authority will assign to the Trustee for the benefit of the holders of the Bonds certain of its rights under the Funding Agreement and the Support Agreement including (1) its rights to receive payments under such agreements relating to the Bonds and (2) its rights to exercise other remedies upon default or non-appropriation by the Member Jurisdictions and the City.

The City’s undertaking in any fiscal year to make payments relating to the Bonds under the Support Agreement, which includes any fees and expenses of the Trustee and the Authority and payments of arbitrage rebate amounts due to the United States, is subject to and dependent upon an annual appropriation by the City Council of the City (**the “City Council”**) in an amount equal to the payment relating to the Bonds that is due during such fiscal year. The undertaking by the City to make any payments related to the Bonds under the Support Agreement does not constitute a general obligation of the City.

The Bonds and the interest thereon will be limited obligations of the Authority payable solely from the payments derived by the Authority under the Funding Agreement and the Support Agreement, which payments have been pledged and assigned to secure payment thereof, and from certain funds established under the Indenture. The Bonds and the interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof, including the City and the Member Jurisdictions other than a limited obligation of the Authority. Neither the Commonwealth nor any political subdivision thereof, including the Authority, the City and the Member Jurisdictions, shall be obligated to pay the principal of or interest on the Bonds or other costs incident thereto except from the revenues and receipts pledged and assigned therefore, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the Authority, the City and the Member Jurisdictions, is pledged to the payment of the principal of or interest on the Bonds or other costs incident thereto.

The Bonds are not supported by a general pledge of revenues of the Authority or any revenues or payments received in respect to the Project.

A more complete description of the Support Agreement and the Indenture is provided in Appendix C.

Redemption

The Bonds are subject to redemption prior to maturity, at the option of the Authority, in whole or in part (in \$5,000 integrals), at any time on or after July 15, 2034 upon payment of 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the date fixed for redemption. A more complete description of the redemption features is provided in the subsection “THE BONDS - Redemption” in Section Two.

Delivery

The Bonds are offered for delivery when, as and if issued, subject to the approval of validity by Sands Anderson PC, Bond Counsel, and to certain other exceptions referred to herein. Certain legal matters will be passed upon for the City by the City Attorney, for the Authority by Sands Anderson PC, counsel to the Authority.

Ratings

The Bonds have been rated as shown on the cover page hereto by Moody's Investor's Service (**“Moody's”**) and Standard & Poor's Global Ratings (**“Standard & Poor's”**). A more complete description of the ratings is provided in the section herein “Credit Ratings” in Section Four.

Continuing Disclosure

For purposes of Rule 15c2-12 (“**Rule 15c2-12**”) promulgated by the Securities and Exchange Commission (“**SEC**”), the City is an obligated person with respect to the Bonds. The City has agreed to execute a Continuing Disclosure Agreement at closing to assist the Underwriter in complying with the provisions of Rule 15c2-12 and as in effect on the date hereof, by providing annual financial information and event notices required by Rule 15c2-12. See the section herein “CONTINUING DISCLOSURE” in Section Four.

Additional Information

Any questions concerning the content of this Official Statement should be directed to the Authority’s Financial Advisor, James Sanderson, Senior Vice President, Davenport & Company LLC, 901 East Cary Street, Richmond, Virginia 23219, Attention: Public Finance (804-697-2912).

SECTION TWO: THE BONDS

The Authority

The Authority was created pursuant to the Act by concurrent resolutions adopted by (i) the City Council of the City on November 10, 2021 and reaffirmed on December 14, 2023, (ii) the Board of Supervisors of James City County, Virginia on November 16, 2021 and reaffirmed on December 12, 2023 and (iii) the Board of Supervisors of York County, Virginia on November 9, 2021 and reaffirmed on December 19, 2023, to promote and further the purposes of the Act. The Authority is a political subdivision of the Commonwealth governed by six (6) board members, with two members being appointed by each of the Member Jurisdictions. The Authority is empowered, among other things, to acquire, construct, and operate one or more public recreational facilities not only to serve the citizens of the Member Localities but also to provide and enhance recreation, sports and tourism activities in the geographical area of the Member Localities and to have all of the powers of an authority under the Act and to finance the same by the issuance of its revenue bonds and notes. The Bonds will be limited obligations of the Authority as described in the subsection below entitled “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” **The Authority has no taxing power.**

The Authority will not be obligated to pay the principal of or interest on the Bonds or other costs incident thereto except from amounts received therefor under the Funding Agreement and the Support Agreement and which will be assigned under the Indenture to the Trustee for the benefit of the Bondholders.

Description of the Bonds

The Bonds will be dated the date of their delivery, will bear interest from their date, payable semiannually on each January 15 and July 15, beginning January 15, 2025, at the rate and in maturities, set forth on the inside cover of this Official Statement. If such interest payment date is not a Business Day (as defined in Appendix C hereto), such payment shall be made on the next succeeding Business Day with the same effect as if made on the interest payment date and no additional interest shall accrue.

The Bonds will be issued as fully registered bonds, in denominations of \$5,000 or integral multiples thereof, initially in book-entry form only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“**DTC**”). Individual purchases of beneficial ownership in the Bonds will be made in principal amounts of \$5,000 and integral multiples of \$5,000. Individual purchasers of beneficial ownership in the Bonds (**the “Beneficial Owners”**) will not receive physical delivery of bond certificates. Transfer of the Bonds and payment of principal of and interest on the Bonds will be effected as described below in this section. If the book-entry system is discontinued, Bond certificates will be delivered as described in the Indenture, and Beneficial Owners will become registered owners of the Bonds. Registered owners of the Bonds, whether Cede & Co. or, if the book-entry system is discontinued, the Beneficial Owners, will be defined in this Official Statement as the “Bondholders.” **So long as Cede & Co. is the sole Bondholder, as nominee for DTC, reference in this Official Statement to Bondholders means Cede & Co. and does not mean the Beneficial Owners.** See “Book-Entry Only System” in Section Two.

The Bonds will be limited obligations of the Authority as described more fully in the subsection “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Redemption

Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the Authority (at the direction of the City), on or after July 15, 2034, in whole or in part (in \$5,000 integrals) at any time upon payment of 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the date fixed for redemption.

Mandatory Redemption. Bonds maturing on July 15, 2043 are required to be redeemed in part before maturity on July 15 in the years and in the amounts set forth below, at a redemption price equal to the principal amount of such Bonds to be redeemed, plus interest accrued to the redemption date:

<u>Year</u>	<u>Principal Amount</u>
2042	\$2,515,000
2043*	2,615,000

*final maturity

Bonds maturing on July 15, 2050 are required to be redeemed in part before maturity on July 15 in the years and in the amounts set forth below, at a redemption price equal to the principal amount of such Bonds to be redeemed, plus interest accrued to the redemption date:

<u>Year</u>	<u>Principal Amount</u>
2048	\$3,195,000
2049	3,325,000
2050*	3,465,000

*final maturity

Bonds maturing on July 15, 2053 are required to be redeemed in part before maturity on July 15 in the years and in the amounts set forth below, at a redemption price equal to the principal amount of such Bonds to be redeemed, plus interest accrued to the redemption date:

<u>Year</u>	<u>Principal Amount</u>
2051	\$3,605,000
2052	3,760,000
2053*	3,915,000

*final maturity

Notice of Redemption. Notice of redemption shall be given by the Trustee by facsimile or electronic transmission, registered or certified mail or overnight express delivery not less than 30 nor more than 60 days before the redemption date to DTC, or, if DTC is no longer serving as securities depository for the Bonds, to the substitute securities depository, or, if none, to the respective registered owner of each Bond to be redeemed at the address shown on the registration books maintained by the Trustee. The Trustee shall submit a copy of any notice of redemption to the Municipal Securities Rulemaking Board for inclusion in its Electronic Municipal Market Access (“EMMA”) System. During the period that DTC or its nominee is the registered owner of the Bonds, the Trustee will not be responsible for sending notices of redemption to the Beneficial Owners. The receipt of notice will not be a condition precedent to redemption.

At the direction of the Authority, the Trustee may give a notice of redemption prior to a deposit of redemption moneys if such notice states that the redemption is to be funded with the proceeds of a refunding bond issue and is conditioned on the deposit of such proceeds. Provided that moneys are deposited on or before the

redemption date, such notice shall be effective when given. If such proceeds are not available on the redemption date, such Bonds will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption and principal will continue to be payable as scheduled. On presentation and surrender of the Bonds called for redemption at the place or places of payment, such Bonds shall be paid and redeemed.

Manner of Redemption. If less than all of the Bonds are called for optional redemption, they will be called in such order of maturity as the Authority may determine, at the direction of the Authority. If less than all of the Bonds of any maturity are to be redeemed, such Bonds will be selected by the Trustee in such manner as the Trustee shall deem fair and equitable and pursuant to its rules and procedures. The portion of any Bond to be redeemed will be in the principal amount of \$5,000 or some multiple thereof. In selecting Bonds for redemption, each Bond will be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. If a portion of a Bond is called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

Effect of Redemption. On the date on which any of the Bonds have been called for redemption and sufficient funds for their payment on the redemption date are held by the Trustee, interest on such Bonds will cease to accrue and their registered owners will be entitled to receive payment only from the Trustee from funds available for that purpose.

Book-Entry Only System

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal of and interest on the Bonds to DTC, its nominee, Direct Participants (defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, the Direct Participants and Beneficial Owners is based solely on information furnished by DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (**the "Direct Participants"**) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**the "Indirect Participants"**). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (**the "Beneficial Owner"**) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are expected to receive

written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and principal of and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC (nor its nominee), the Trustee, the Authority nor the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority and the City take no responsibility for the accuracy thereof.

Neither the Authority, the City nor the Trustee has any responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by

DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Bonds for all purposes under the Indenture.

The Authority may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Bonds without the consent of Beneficial Owners or Bondholders.

Plan of Financing

The proceeds of the Bonds will be used by the Authority to finance the Project on property leased to the Authority by the Colonial Williamsburg Foundation, Inc. pursuant to a Ground Lease Agreement with a 40 year term with two (2) ten year renewal options. The aggregate cost of the Project is approximately \$80 million. The Authority expects the balance of the Project to be financed through funds held by the Authority, from designated funds held by the City and tax revenues conveyed by the Member Jurisdictions and the WTC.

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The following table sets forth the anticipated application of the proceeds of the Bonds for the purposes described above:

Sources of Funds	Total
Principal Amount	\$63,985,000.00
Net Original Issue Premium/Original Issue Discount	2,837,912.40
Total Sources	\$66,822,912.40
 Uses of Funds	
Deposit to Project Fund	\$65,386,107.40
Costs of Issuance (including Underwriter's Discount) and Contingency	1,436,805.00
Total Uses	\$66,822,912.40

Security and Sources of Payment for the Bonds

The following is a summary of the sources of security and payment for the Bonds. The references to the Bonds, the Support Agreement and the Indenture are qualified in their entirety by reference to such documents.

Security for the Bonds. The Bonds will be equally and ratably secured by (1) payments under the Support Agreement and the Funding Agreement related to the Bonds which will be assigned by the Authority to the Trustee and shall be applied to the payment of principal of and interest on the Bonds as set forth in the Indenture, without preference, priority or distinction of any Bond over any other Bond, and (2) certain funds established under the Indenture. The Bonds are equally and ratably secured under the Indenture; *provided* that moneys in any account or subaccount of the Bond Fund, if any relating to a particular series of Bonds shall secure only such Bonds. The Bonds are not secured by any debt service reserve fund or account.

The Bonds and the interest thereon will be limited obligations of the Authority payable solely from the revenues and receipts derived by the Authority under the Support Agreement and the Funding Agreement related to the Bonds, which revenues and receipts have been pledged and assigned under the Indenture to secure payment of the Bonds, and from certain funds established under the Indenture and the investment income therefrom. The undertaking by the City to make payments under the Support Agreement and the undertakings by the Member Jurisdictions to make payments under the Funding Agreement are subject to annual appropriation by the respective governing bodies of such localities. The governing bodies of each of the Member Jurisdictions have no legal obligation to make any such annual appropriations. See the subsection "BONDHOLDERS' RISKS" in Section Four.

The Bonds and the interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof, including the City and the Member Jurisdictions other than a limited obligation of the Authority. Neither the Commonwealth nor any political subdivision thereof, including the Authority, the City and the Member Jurisdictions, shall be obligated to pay the principal of or interest on the Bonds or other costs incident thereto except from the revenues and receipts pledged and assigned therefor, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the Authority, the City and the Member Jurisdictions, is pledged to the payment of the principal of or interest on the Bonds or other costs incident thereto. The Authority has no taxing power.

Support Agreement. In the Support Agreement, the City has undertaken to pay the Annual Deficiency Amount. The Annual Deficiency Amount is expected to be sufficient in amount and in time to enable the Authority to pay when due principal of and interest on the Bonds. In the Support Agreement, the City states that the current intention of the City Council is to make sufficient annual appropriations to make all payments of Annual Deficiency Amounts, each fiscal year, if any. However, the City's undertaking to pay the costs of performing its obligations under the Support Agreement and the Indenture, including without limitation its undertaking to pay such payments, shall be subject to and dependent upon appropriations being made from time to time by the City Council in amounts sufficient for such purpose. The Support Agreement provides that the City Manager shall include in the City's budget the amount of the Annual Deficiency Amount required to be paid by the City under the Support Agreement. The City Council is under no obligation, however, to retain such amounts in the budget as finally adopted or to make all or any of such requested appropriations. Failure to pay the Annual Deficiency Amount due to a non-appropriation by the City Council will not constitute an event of default under the Support Agreement, but will permit the Authority and (through the Indenture) the Trustee to terminate the Support Agreement.

Other provisions of the Support Agreement are summarized in Appendix C - "Definitions and Summary of the Financing Documents."

The undertaking by the City to make payments under the Support Agreement does not constitute a debt of the City within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the City beyond any fiscal year for which the City has appropriated moneys to make such payments. Neither the Trustee nor the Authority shall have any obligation or liability to the Bondholders with respect to the City's undertaking to make payments under the Support Agreement or with respect to the performance by the City of any other covenant contained therein.

The Tax Statute and Funding Agreement

The Tax Statute provides for the imposition of an additional one percent (1%) sales and use tax in the "Historic Triangle" which is defined as the areas within the City, James City County, Virginia and York County, Virginia (the "**Historic Triangle Tax**"). Under the Tax Statute, the general purpose of the Historic Triangle Tax is to facilitate regional tourism development in the Historic Triangle. Under the Tax Statute, fifty percent (50%) of the Historic Triangle Tax is deposited to the Historic Triangle Marketing Fund established under the Tax Statute and held by the WTC and fifty percent (50%) is deposited with the State Comptroller and credited to the Member Jurisdiction in which such taxes were assessed, to be used in accordance with the Tax Statute. The portion of the Historic Triangle Tax allocable to WTC historically has been disbursed to the Authority; however such funds are not pledged to the payment of debt service on the Bonds.

Under the Tax Statute and the Funding Agreement, the proceeds of the Historic Triangle Tax credited to the Member Jurisdictions under the Tax Statute are required to be disbursed by the Member Jurisdictions to fund regional tourism in the Historic Triangle area and to fund the Authority to certain minimum amounts. The term of the Funding Agreement is thirty (30) years, with two twenty-five (25) year renewal periods. Under the Funding Agreement, the Member Jurisdictions acknowledge the Project and agree that a portion of the proceeds generated by the Historic Triangle Tax will be paid to the Authority to pay debt service on the Bonds. In the Funding Agreement, the City agrees to pay 64% of the debt service on the Bonds; the Member Jurisdictions agree that the remaining 36% of debt service on the Bonds will be paid from the portion of the Historic Triangle Tax allocable to the Member Jurisdictions.

The Funding Agreement also provides for funding of various operations and reserves related to the operation and maintenance of the Project by the Member Jurisdictions from the Historic Triangle Tax and otherwise. Such funds, however, are not pledged or otherwise expected to be available for payment of debt service on the Bonds.

Additional Bonds

The Authority may issue one or more series of Additional Bonds or Additional Notes under the Indenture to refund any Bonds, Additional Bonds or Additional Notes issued under the Indenture. Such Additional Bonds or Additional Notes shall be issued pursuant to supplements to the Indenture and amendments to the Support Agreement and the Funding Agreement and shall be equally and ratably secured with the Bonds.

Debt Service Requirements

The following table shows for each Fiscal Year amounts required for payment of principal of and interest on the Bonds.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2025		\$ 1,125,568.89	\$ 1,125,568.89
6/30/2026		2,833,600.00	2,833,600.00
6/30/2027		2,833,600.00	2,833,600.00
6/30/2028	\$ 1,195,000	2,803,725.00	3,998,725.00
6/30/2029	1,255,000	2,742,475.00	3,997,475.00
6/30/2030	1,320,000	2,678,100.00	3,998,100.00
6/30/2031	1,385,000	2,610,475.00	3,995,475.00
6/30/2032	1,460,000	2,539,350.00	3,999,350.00
6/30/2033	1,535,000	2,464,475.00	3,999,475.00
6/30/2034	1,610,000	2,385,850.00	3,995,850.00
6/30/2035	1,695,000	2,303,225.00	3,998,225.00
6/30/2036	1,780,000	2,216,350.00	3,996,350.00
6/30/2037	1,870,000	2,125,100.00	3,995,100.00
6/30/2038	1,970,000	2,029,100.00	3,999,100.00
6/30/2039	2,070,000	1,928,100.00	3,998,100.00
6/30/2040	2,175,000	1,821,975.00	3,996,975.00
6/30/2041	2,285,000	1,710,475.00	3,995,475.00
6/30/2042	2,405,000	1,593,225.00	3,998,225.00
6/30/2043	2,515,000	1,482,800.00	3,997,800.00
6/30/2044	2,615,000	1,380,200.00	3,995,200.00
6/30/2045	2,725,000	1,273,400.00	3,998,400.00
6/30/2046	2,835,000	1,162,200.00	3,997,200.00
6/30/2047	2,950,000	1,046,500.00	3,996,500.00
6/30/2048	3,070,000	926,100.00	3,996,100.00
6/30/2049	3,195,000	800,800.00	3,995,800.00
6/30/2050	3,325,000	670,400.00	3,995,400.00
6/30/2051	3,465,000	534,600.00	3,999,600.00
6/30/2052	3,605,000	390,946.88	3,995,946.88
6/30/2053	3,760,000	239,043.76	3,999,043.76
6/30/2054	3,915,000	80,746.88	3,995,746.88
TOTAL	\$63,985,000	\$50,732,506.41	\$114,717,506.41

SECTION THREE: CITY OF WILLIAMSBURG

The City is an independent city under the Constitution and laws of the Commonwealth, and operates under a Council-Manager form of government. The governing body, the City Council, is composed of five members, including the Mayor and four other members. The City Council makes policies for the administration of the City. City Council members are elected at-large and serve four-year staggered terms and the City Council appoints the Mayor from among its members every two years. City Council meetings are aired live on the City's public access cable television channel, and are also archived and available for viewing on the City's website.

The City Council appoints a City Manager to act as administrative head of the City and appoints the City Attorney and the Clerk of Council. The City Manager serves at the pleasure of the City Council, carries out its policies, directs business procedures, and appoints and has the power to remove the heads of various departments of the City. The City Attorney and the Clerk of Council also serve at the pleasure of the City Council. In addition to the elected members of the City Council, five constitutional officers are elected: the Commissioner of the Revenue, the Treasurer, the Clerk of the Circuit Court, the Commonwealth's Attorney and the Sheriff. The Treasurer, the Clerk of Circuit Court, the Commonwealth's Attorney and the Sheriff are elected jointly by the voters of the City and neighboring James City County, Virginia.

Appendix A contains additional financial and demographic information concerning the City. The City's audited financial statements for the fiscal year ended June 30, 2023, are contained in Appendix B. The auditor has not reviewed any matters in connection with this Official Statement or the issuance of the Bonds.

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SECTION FOUR: MISCELLANEOUS

Bondholders' Risks

The purchase of the Bonds involves a degree of risk; therefore, prospective purchasers of the Bonds should review this Official Statement in its entirety in order to identify risk factors and make an informed investment decision. The following factors in particular should be considered:

(1) Source of Payments. The Bonds are not general obligations of the Authority, the City or the Member Jurisdictions but are payable only from revenues received by the Trustee on behalf of the Authority from payments received under the Support Agreement and the Funding Agreement and other moneys held by the Trustee and pledged to the payment of the Bonds. The ability of the Authority to make timely payments of principal of and interest on the Bonds depends solely on the ability of the City to make timely payments under the Support Agreement and the ability of the Member Jurisdictions to make timely payments under the Funding Agreement. The undertakings by the City to make payments under the Support Agreement and the Member Jurisdictions to make payments under the Funding Agreement are subject to and dependent upon sufficient amounts being lawfully appropriated from time to time by the governing bodies of such localities for such purpose. However, no assurance can be made that the City or the Member Jurisdictions will at all times remain in a financial position adequate to afford such payments, without impacting other budgetary priorities. **The City Council is not legally obligated to appropriate the funds necessary to make the payments due under the Support Agreement.**

(2) Non-Appropriation and Limited Remedies. The City Manager or other officer charged with the responsibility for preparing the City's annual budget is required to include in the proposed City budget for each Fiscal Year as a single appropriation the amount of all payments in connection with debt service on the Bonds coming due during such Fiscal Year. Throughout the term of the Support Agreement, the City Manager or other officer charged with the responsibility for preparing the City's annual budget is required to deliver to the Trustee and the Authority not later than July 15 of each year a certificate stating whether an amount equal to the debt service due on the Bonds which will come due during the next succeeding Fiscal Year has been appropriated by the City Council in the adopted annual budget. If any adopted annual budget does not include an appropriation of funds sufficient to pay such amounts coming due for the relevant Fiscal Year, the City Manager shall submit to the City Council a request to the City Council to consider a supplemental appropriation for such purposes.

In the event of non-appropriation of funds by the City Council, neither the City nor the Authority may be held liable for the principal and interest payments on the Bonds following the last Fiscal Year in which funds to make payment under the Support Agreement were appropriated by the City Council. In the event of non-appropriation, moneys already on deposit in the subaccounts in the Bond Fund will be used for the payment of principal and interest payments on the Bonds but these moneys may not be sufficient to pay the Bonds in full.

(3) Economic Risk. The availability of funds and the ability of the City and the other Member Jurisdictions to make appropriations to pay debt service on the Bonds will generally be subject to, among other things, general economic conditions, demographic changes, changes in the economy and costs of complying with state and federal mandates and regulations. It is impossible to predict the future economic strength of the Member Jurisdictions or of industries employing residents and providing tax revenues to the Member Jurisdictions, including, but not limited to, the Historic Triangle Tax.

(4) Political Risk. The current governing bodies of the Member Jurisdictions have evidenced in their resolution adopted in connection with the Support Agreement and the Funding Agreement a present intent to make future appropriations of such funds in such amounts as may be necessary to make payments due under such agreements as and when such payments become due. There can be no guarantee, however, that the governing bodies of the Member Jurisdictions will retain their current constituencies in the future, and there can be no guarantee that a future governing bodies will retain the current policy with respect to the Bonds.

(5) Change in State Law relating to Historic Triangle Tax. While the Tax Statute authorizes the Historic Triangle Tax and establishes permitted uses of such funds, there can be no guarantee that the Tax Statute

may not be modified or terminated by the Virginia General Assembly in future years if the minimum amount set forth therein is not appropriated by Member Jurisdictions or otherwise.

(5) Limitation on Enforceability of Remedies. The realization of any rights upon a default will depend upon the exercise of various remedies specified in the Indenture, the Support Agreement and the Funding Agreement. Any attempt by the Trustee to enforce such remedies may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the legal and equitable remedies specified in the Indenture, the Support Agreement and the Funding Agreement may not be readily available or may not be enforced to the extent such remedy may contravene public policy.

(6) Taxation of Interest on the Bonds. The opinion of Bond Counsel as described in the sub-section below entitled “Tax Exemption” will state that, under the conditions set forth therein, interest on the Bonds is excluded from gross income for Federal income tax purposes. Future action by Congress or regulatory bodies could affect the authority for or value of the tax-exempt status of the Bonds' interest.

(7) Availability of Current Financial Information. The financial and other information with respect to the City that is set forth herein for the City’s fiscal year ended June 30, 2023, has been prepared on an audited basis. No independent verification of such information has been undertaken by anyone, including the Authority.

(8) Bankruptcy. Chapter 9 of the United States Bankruptcy Code (**the “Bankruptcy Code”**) permits “municipalities,” if insolvent or otherwise unable to pay their debts as they become due, to file a voluntary petition for the adjustment of debts, provided that such municipality is “specifically authorized, in its capacity as a municipality or by name, to be a debtor....” Bankruptcy Code, Section 109(c)(2). Current Virginia statutes do not expressly authorize the Authority or municipalities generally to file under Chapter 9. Chapter 9 does not authorize the filing of involuntary petitions against municipalities such as the City or the Authority.

Bankruptcy proceedings by the City or the Authority could have adverse effects on holders of Bonds, including (i) delay in the enforcement of their remedies, (ii) subordination of their claims to claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (iii) imposition without their consent of a plan of reorganization reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any plan of reorganization not accepted by at least a majority of any class of creditors such as the holders of the Bonds, such class of creditors will have the benefit of their original claim or the “indubitable equivalent” thereof, although such “equivalent” may not provide for payment of the Bonds in full. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

(9) No Credit Enhancement. There is no credit enhancement providing additional security for the Bonds.

(10) No Debt Service Reserve Fund. There is no debt service reserve fund or other reserve fund available to pay debt service on the Bonds.

Sale at Competitive Bidding

The Bonds were offered for sale at competitive bidding on August 8, 2024. The Bonds were awarded to Mesirow Financial, Inc. (**the “Underwriter”**). The Underwriter has supplied information as to the initial public offering prices of the Bonds set forth on the inside cover of the Official Statement. The purchase price for the Bonds will be \$65,991,107.40 (representing the par amount of the Bonds (\$63,985,000) plus net original issue premium of \$2,837,912.40 and less Underwriter’s discount of \$831,805.00). The Underwriter may offer to sell the Bonds to certain dealers and others at prices lower than the initial offering prices and the public offering prices may be changed from time to time by the Underwriter

Financial Advisor

Davenport & Company LLC, Richmond, Virginia, is employed as a financial advisor (**“Davenport”**) to the Authority and the City in connection with the issuance of the Bonds. The financial advisor's fee for services

rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Davenport, in its capacity as financial advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents provided, agreed to or made by others with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Davenport, as the financial advisor to the City, has provided the following sentence for inclusion in this Official Statement. Although Davenport has assisted in the preparation of this Official Statement, Davenport is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

Credit Ratings

Moody's has given the Bonds a rating of "A1" based primarily on the creditworthiness of the City. Standard & Poor's have given the Bonds a rating of "AA+" based primarily on the creditworthiness of the City.

Such ratings reflect only the respective view of Moody's and Standard & Poor's. References should be made to Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007 and Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041 for a fuller explanation of the significance of the ratings assigned by such rating agencies. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be changed, suspended or withdrawn entirely by such rating agencies if, in the judgment of such rating agencies, changes in or unavailability of, information so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Bonds Eligible for Investment and Security for Public Deposits

The Act provides that bonds issued pursuant thereto shall be legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees and guardians and for all public funds of the Commonwealth or other political corporations or subdivisions of the Commonwealth. No representation is made as to the eligibility of the Bonds for investment or any other purchase under any law of any other state. The Act also provides that bonds, such as the Bonds, issued pursuant thereto may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or obligations of the Commonwealth is now or may hereafter be authorized by law.

Litigation

To the best information, knowledge and belief of the Authority and the City, there is no litigation of any kind now pending or threatened to restrain or enjoin the issuance or delivery of the Bonds, in any manner questioning the proceedings and authority under which the Bonds are being issued, or affecting the power and authority of the Authority or the City to execute or perform their respective obligations or undertakings under the Support Agreement or the Indenture, as applicable, or to make payments due under the Support Agreement or the Indenture, as applicable. In addition, to the best information, knowledge and belief of the City, there is no litigation presently pending, or threatened against the City which, in the event of an unfavorable decision, would have a material adverse effect upon the financial condition of the City or its ability to make payments under the Support Agreement.

Legal Matters

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approving opinion of Sands Anderson PC, Richmond, Virginia, Bond Counsel, which will be furnished at the expense of the Authority upon delivery of the Bonds, in substantially the form set forth as Appendix D (the "**Bond Opinion**"). The Bond Opinion will be limited to matters relating to the authorization and validity of the Bonds and to the tax-exempt status of interest on the Bonds as described in the section "Tax Exemption." Bond Counsel has not been engaged to investigate the financial resources of the Authority or the City or their ability to provide for payment of

the Bonds, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase the Bonds.

Certain legal matters will be passed upon for the City by the City Attorney, Christina Shelton, and for the Authority by Sands Anderson PC, Richmond, Virginia, counsel to the Authority.

Tax Exemption

Opinion of Bond Counsel. In the opinion of Bond Counsel, under current law, interest on the Bonds, (a) will not be included in gross income for Federal income tax purposes, (b) will not be an item of tax preference for purposes of the Federal alternative minimum income tax, however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022, and (c) will be exempt from income taxation by the Commonwealth of Virginia. Further, no opinion will be expressed by Bond Counsel as to the treatment for Federal income tax purposes of any interest paid on the Bonds in the event of non-appropriation by the City or the Member Jurisdictions or default by the Authority or the City.

Bond Counsel's opinion will be given in reliance upon certifications by representatives of the Authority as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (**the "Code"**), and is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for Federal income tax purposes. The Authority has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds. Failure by the City or the Authority to comply with such covenants, among other things, could cause interest, including accrued OID, on the Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issue.

The Internal Revenue Service (**the "Service"**) has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the Authority as the taxpayer, and the owners of the Bonds will have only limited rights, if any, to participate.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of existing law but is not a guarantee of result or binding on the Service or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law or the interpretation thereof that may thereafter occur or become effective.

Original Issue Premium. Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for Federal income tax purposes as having amortizable bond premium. A holder's basis in such a Bond must be reduced by the amount of premium which accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.

Other Tax Matters. In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral Federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

There are many events which could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purport to address the likelihood or effect of any such potential events or such other tax considerations, and purchasers of the Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors with respect to the status of interest on the Bonds under the tax laws of any state other than Virginia.

Continuing Disclosure

The City is the “obligated person” and has undertaken in the Continuing Disclosure Agreement to comply with the provision of Rule 15c2-12 (the “Rule”) by providing certain annual financial information and operating data and event notices required by the Rule. Such information is to be filed through the Electronic Municipal Market Access System (“EMMA”) maintained by the Municipal Securities Rulemaking Board and may be accessed through the Internet at emma.mrsb.org. As described in Appendix F, such undertaking requires the City to provide only limited information at specified times.

The obligation of the City described above requires it to provide only limited information at specific times and the information provided may not be all the information necessary to value the Bonds at any particular time. The City may from time to time disclose certain information and data in addition to that required by the Continuing Disclosure Agreement. If the City chooses to provide any additional information, the City shall have no obligation to continue to update such information or to include it in any future disclosure filing.

The Authority is not an obligated person within the meaning of the Rule and has no responsibility to update or provide any information in the future.

The City’s existing continuing disclosure obligations provide that the City shall provide annual financial information within 180 days of the end of each fiscal year. The City was slightly late in its filings of annual financial information for fiscal years 2020 and 2021. The City was 138 days late in filing its annual financial information for fiscal year 2023. This was due to delays in receiving the City’s fiscal year 2023 audited annual financial report. All such annual financial reports have been filed with EMMA. Except as described herein and as otherwise posted on EMMA, the City has not failed to make any disclosures under any prior undertakings in the last five years.

Miscellaneous

References in this Official Statement to the Support Agreement and the Indenture and to other materials and documents are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of the provisions thereof. Reference is hereby made to such materials and documents for the complete provisions thereof, copies of which are on file with the Trustee.

All information in this Official Statement, including the appendices, has been furnished by the Authority, except with respect to the information in Appendix A – The City and that part of the section “Litigation” pertaining to the City, which has been furnished by the City and has been reviewed by its representatives and approved for use in this Official Statement. The Authority assumes no responsibility for the accuracy or completeness of such information as to the City.

The distribution of this Official Statement has been duly authorized by the Authority and the City. This Official Statement has been deemed final within the meaning of the Rule.

**HISTORIC TRIANGLE RECREATIONAL FACILITIES
AUTHORITY**

By: /s/ Andrew Trivette
Chairman

CITY OF WILLIAMSBURG, VIRGINIA

By: /s/ Douglas Pons
Mayor

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APPENDIX A
INFORMATION REGARDING
THE CITY OF WILLIAMSBURG, VIRGINIA

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APPENDIX A

CERTAIN INFORMATION REGARDING THE CITY

Introduction

The City of Williamsburg, Virginia (**the “City”**) was established by the General Assembly of the Commonwealth of Virginia (**the “Commonwealth”**) in 1699 to serve as the colonial era capital of Virginia. It was incorporated by British Royal Charter in 1722. The City encompasses approximately nine square miles located between the James and York Rivers on the Virginia Peninsula in Southeastern Virginia. The latest population estimate for the City (for July 1, 2023) is 15,675 people.

The City is located between the major metropolitan areas of Richmond and Norfolk, Virginia bordered by James City County on the west and south and York County on the east. It is situated in the northwestern portion of the Norfolk – Virginia Beach – Newport News metropolitan statistical area, known as Hampton Roads, which includes over 1.6 million people.



The City is known internationally as the premier center for the preservation and interpretation of American colonial history through the Colonial Williamsburg Foundation, the world’s largest outdoor living history museum, and as the home of one of the nation's premier public universities, the College of William & Mary, established in 1693, which is the second oldest university in America.

Government

The City is an independent city under the Constitution and laws of the Commonwealth, and operates under a Council-Manager form of government. The governing body, the City Council, is composed of five members, including the Mayor and four other members. The City Council makes policies for the administration of the City. City Council members are elected at-large and serve four-year staggered terms and the City Council appoints the Mayor from among its members every two years. City Council meetings are aired live on the City’s public access cable television channel, and are also archived and available for viewing on the City’s website.

The City Council appoints a City Manager to act as administrative head of the City, and appoints the City Attorney and the Clerk of Council. The City Manager serves at the pleasure of the City Council, carries out its policies, directs business procedures, and appoints and has the power to remove the heads of various departments of the City. The City Attorney and the Clerk of Council also serve at the pleasure of the City Council.

In addition to the elected members of the City Council, five constitutional officers are elected: the Commissioner of the Revenue, the Treasurer, the Clerk of the Circuit Court, the Commonwealth’s Attorney and the Sheriff. The Treasurer, the Clerk of Circuit Court, the Commonwealth’s Attorney and the Sheriff are elected jointly by the voters of the City and neighboring James City County, Virginia (**the “County”**). The City and James City County are part of the 9th Judicial District and Circuit Courts of the Commonwealth. The three judges serving the area represent Juvenile, District and Circuit Courts and are appointed by the General Assembly of Virginia.

Principal Officers

<u>Official</u>	<u>Name</u>	<u>Term and Manner of Selection</u>	<u>Approx. Length of Service With City</u>	<u>Expiration of Term</u>
Mayor and Council Member	Douglas Pons	4 Years (Elected)	14 Years	12/31/2026
Vice Mayor and Council Member	W. Pat Dent	4 Years (Elected)	14 Years	12/31/2024
City Council Member	Barbara L. Ramsey	4 Years (Elected)	8 Years	12/31/2024
City Council Member	Caleb Rogers	4 Years (Elected)	4 Years	12/31/2024
City Council Member	Stacy Kern-Scheerer	4 Years (Elected)	1.5 Years	12/31/2026
City Manager	Andrew O. Trivette	Appointed by Council	5.5 Years	Pleasure of Council
Assistant City Manager	Michele Mixner DeWitt	Appointed by City Manager	19 Year	Pleasure of City Manager
City Attorney	Christina Shelton	Appointed by Council	14 Years	Pleasure of Council
Clerk of Council	Dustie McCay	Appointed by Council	1 Year	Pleasure of Council
Director of Finance	Barbara Dameron	Appointed by City Manager	6 Years	Pleasure of City Manager
Director of Public Works and Utilities	Jack Reed	Appointed by City Manager	.5 Years	Pleasure of City Manager
Director of Economic Development	Yuri Adams	Appointed by City Manager	2 Years	Pleasure of City Manager
Director of Planning	Tevya Griffin	Appointed by City Manager	2 Years	Pleasure of City Manager
Police Chief	Sean Dunn	Appointed by City Manager	7 Years	Pleasure of City Manager
Fire Chief	Larry Snyder	Appointed by City Manager	2 Years	Pleasure of City Manager

Certain City Administrative and Financial Staff Members

Andrew O. Trivette, City Manager, was appointed effective November 29, 2018. He previously served as the Assistant City Manager of Williamsburg, Virginia. Mr. Trivette has had a varied local government career spanning 17 years. He has worked with Albemarle County, Virginia as a GIS intern which had transitioned to GIS Specialist II when he left Albemarle County. He worked for Monroe County, Florida as a Planning Technician and completed his tenure there as the Growth Management Division Director. His most recent position was Assistant City Manager in Bristol, Virginia where he started as the Community Development Director. He has an Associate's Degree from Virginia Highlands Community College in Abingdon, Virginia and a Bachelor's Degree from the University of Virginia in Charlottesville, Virginia. He is a graduate of the University of Virginia's Weldon Cooper Center Senior Executive Institute and has a Graduate Certificate in Local Government Management from Virginia Tech in Blacksburg, Virginia. He is a member of the American Planning Association and is certified by the American Institute of Certified Planners. Mr. Trivette is a member of the International City/County Management Association and is a member of the Virginia Local Government Management Association.

Michele Mixner DeWitt, Assistant City Manager, was appointed as the Assistant City Manager of Williamsburg, Virginia on August 2, 2021. She previously served as the City's Economic Development Director for 16 years. She received a Bachelor of City Planning from the University of Virginia in 1991, and a Master of Public Administration from the Virginia Commonwealth University in 2002. Prior to her appointment, she served as the Economic Development Director for the Town of West Point, Virginia and prior to that she managed five economic development programs for the Commonwealth. Her certifications include Economic Development Finance Professional and the American Institute of Certified Planners, and Certified Economic Developer. She serves on the Board of Directors of the Virginia Economic Developers Association, the Williamsburg-James City County School Superintendent Advisory Board, Greater Williamsburg Partnership, and Housing Partnerships, Inc.

Christina Workman Shelton, City Attorney, was appointed July 1, 2010. Prior to being appointed City Attorney, Ms. Shelton served as the Assistant City Attorney for 5 years as a part-time contractual attorney and for 3 years as the full-time Deputy City Attorney. Ms. Shelton received her Bachelor of Arts degree in History from Emory & Henry College in 1994, a Master of Arts degree in History from Miami University in Oxford, Ohio in 1999, and a Juris Doctor degree from the Marshall Wythe School of Law at the College of William & Mary in 2000. Upon graduating from law school, Ms. Shelton practiced as an associate attorney at the Law Firm of Phillips & Bartlett, P.C., becoming a partner in 2006. Ms. Shelton has been a member of the Virginia State Bar since 2000, is a member of the Local Government Attorneys of Virginia.

Dustie McCay, Clerk of Council, was appointed effective March 10, 2023. Prior to being appointed Clerk of Council, Ms. McCay was an Administrative Specialist for Executive Leadership and Clerk of the Board for the City of Poquoson Public Schools.

Barbara Dameron, Director of Finance, was appointed on February 16, 2018. Prior to joining the City of Williamsburg, Barbara served as the Finance Director for the City of Roanoke and as the Interim Finance Director for the City of Portsmouth, Virginia. She holds a Bachelor of Science Degree in Business Administration/Accounting from Averett College and is a certified public accountant. Additionally, she has a certificate in Local Government Management from Virginia Tech. Barbara began her career in governmental accounting and finance in February 1999 as a senior accountant with the City of Danville, Virginia. She was subsequently promoted to Deputy Finance Director in June 1999 and then to Finance Director in May 2005, a position she held until June 2014. Barbara is actively involved in professional associations, having served as President of the Virginia Government Finance Officers Association during the 2013-2014 term. She is a member of the Government Finance Officers Association's (GFOA) Accounting, Auditing, & Financial Reporting Committee. She has previously been a member of the GFOA's Retirement & Benefits Administration Committee. In 2016, she was honored with the Outstanding Alumni Award from Danville Community College.

Jack Reed, Director of Public Works and Utilities, was appointed on October 16, 2023. Jack Reed started his local government career as a waterworks operator with the Halifax County Service Authority. His previous experience includes serving as the Water Treatment Plant Manager for the Town of Smithfield and the James City County Service Authority, and as Utility Operations Manager for Prince George County before returning to Smithfield as Director of Public Works and Utilities where he also served as the as the assistant town manager. While in Smithfield, his

department team was able to achieve APWA national re-accreditation for the third time. Reed holds a bachelor's degree in management and leadership from Bluefield University and a Master of Business Administration from Virginia Tech. He is an alumnus of the University of Virginia Weldon Cooper Center for Public Service's LEAD program and a graduate of the Mid-Atlantic Public Works Institute.

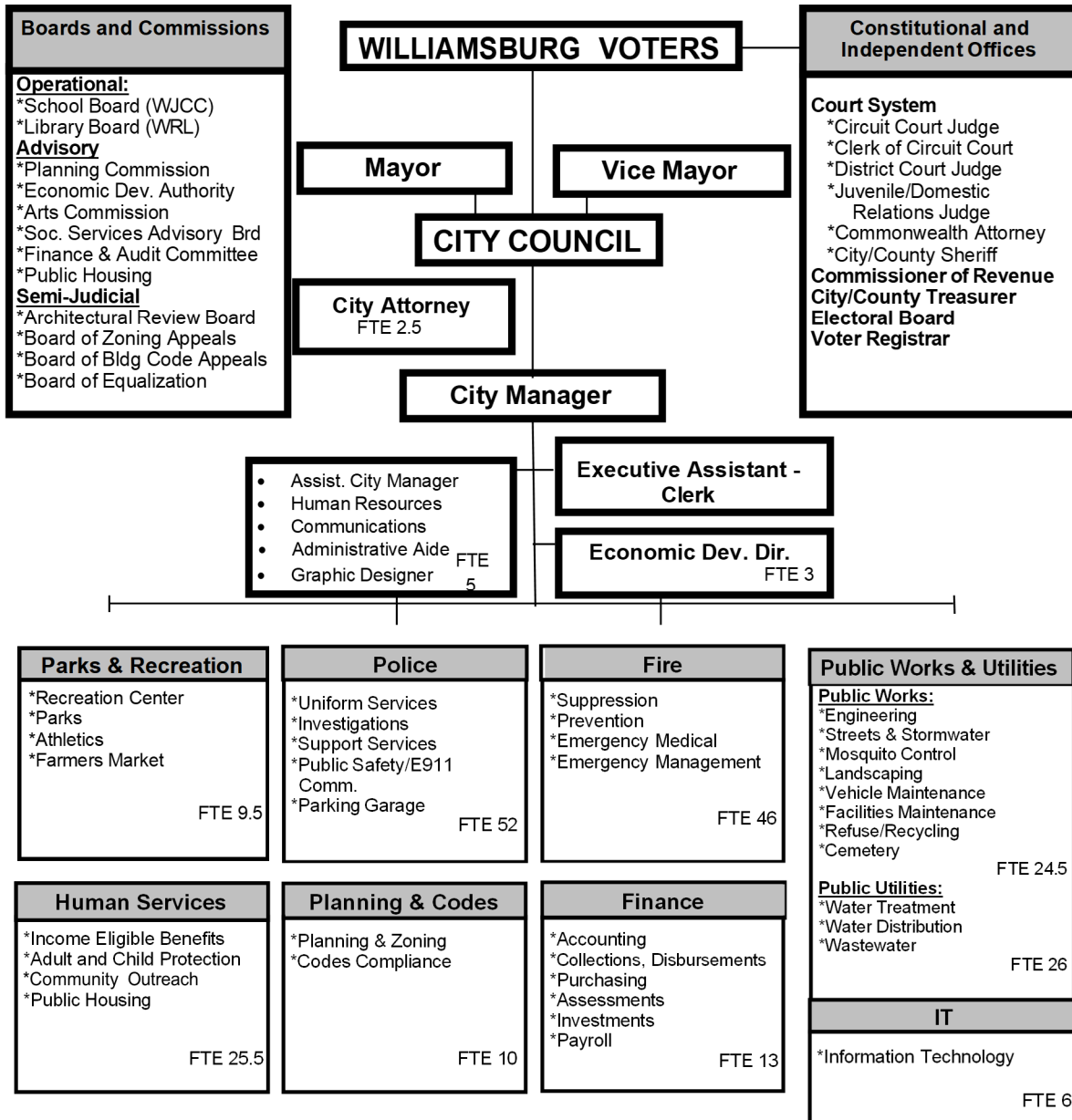
Yuri Matsumoto, Economic Development Director, was appointed July 14, 2022. Yuri Matsumoto is a born and raised Virginian and received her undergraduate degree from William & Mary. She has served the City of Williamsburg's Economic Development Department in various capacities, beginning as Specialist in 2017 before being named Director in 2022. Her department of three provides concierge services to both new and existing businesses, manages a \$5 million Tourism Development Fund, and staffs the Economic Development Authority, Tourism Development Grant Review Committee, Williamsburg Area Arts Commission, and Williamsburg Public Art Council.

Tevya Griffin, Planning Director, was appointed effective May 16, 2022. Prior to working with the City, Tevya worked for the City of Hopewell, Virginia for eighteen years as the Director of Development, City Planner, and the Housing and Grants Coordinator. Prior to this, Tevya served for three years as a Long Range Planner for Isle of Wight County. She received her Masters of Community Planning from the University of Maryland - College Park and her Bachelor of Arts in Urban Planning from Virginia Polytechnic Institute and State University.

Sean L. Dunn, *Police Chief*, was appointed effective June 26, 2017. He previously served as the Police Chief in Martinsville, VA for just over 3 years and served in the Portsmouth Police Department for 21 years rising to the rank of Police Major. He received a Master's Degree in Organizational Leadership with an emphasis in Public Executive Leadership from Regent University in 2006. He completed the Dale Carnegie Leadership Program, FBI National Academy's 239th Session, and the Police Executive Research Forum's Senior Management Institute for Police in addition to over 2,000 professional development hours. He is a member of the Police Executive Research Forum, International Association of Chiefs of Police, the Virginia Association of Chiefs of Police, and the FBI National Academy Associates.

Larry Snyder, *Fire Chief*, was appointed effective November 10, 2022. Chief Snyder started his career in the fire service as a volunteer with Hanover EMS in 1995. After graduating from William & Mary in the spring of 2001, he was hired by Hanover Fire/EMS. Chief Snyder worked his way up through the ranks with Hanover Fire/EMS obtaining the rank of Battalion Chief. During his tenure with Hanover Fire/EMS, Chief Snyder served in Operations, Training, Administration, and Logistics. He also participated in several Metro Richmond regional initiatives, including the Central Virginia Incident Management Team serving as a Deputy Program Manager. Chief Snyder served Hanover Fire/EMS for thirteen (13) years before being selected as the Deputy Fire Chief for the Williamsburg Fire Department in October 2014. He earned the designation of Chief Fire Officer from the Center for Public Safety Excellence in 2024. Chief Snyder holds a bachelor's in science degree from William & Mary, concentrating in Biology, with a minor in Philosophy and master's degree from Virginia Tech in Public Administration. Chief Snyder completed the National Fire Academy's Executive Fire Officer (EFO) Program in 2019.

CITY OF WILLIAMSBURG ORGANIZATIONAL CHART



SERVICES PROVIDED BY THE CITY

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

Certain other services are provided through agreements with neighboring James City County, including the Williamsburg Regional Library system and the Williamsburg-James City County Public Schools.

Public Safety

The City's public safety services are provided by a Police Department and a Fire Department. The City is a member of the Regional E-911 public safety communications system, operated by neighboring York County, to dispatch police, fire and emergency medical services.

The City's police force, the Williamsburg Police Department (“WPD”), includes 43 sworn officers and is celebrating its 35th anniversary as a CALEA accredited agency, the gold standard in policing. All WPD Officers are required to attend Crisis Intervention Training as well as verbal de-escalation training. The WPD manages approximately 40,000 calls for service each year with only 30 or so of these incidents requiring a level of force beyond presence and verbal instructions. The WPD utilizes technology to aid with training, record keeping, accountability, transparency, and overall efficiency of the agency. As for transparency and accountability, officers are required to utilize body worn and in car cameras during police incidents and a citizen advisory board has been recently implemented. In addition to traditional law enforcement services, like prevention, education and responding to police emergencies, officers are equipped with medical supplies, including Narcan and are often the first on scene with life threatening medical emergencies. The WPD has partnered with the public schools and have assigned an SRO to every school in the City. The Neighborhood Resource Officer Program formalizes its commitment to community policing and assigns a dedicated police officer to each neighborhood for trust building and to act as a liaison between the community and the department.

For more than 268 years, the Williamsburg Fire Department has protected the City. The Fire Department is currently staffed with 46 career personnel. Personnel are cross-trained to handle both fire and emergency medical services (EMS). In 2023 the department responded to 4,476 calls for service (1,298 fire responses and 3,178 EMS responses), which was approximately a 1% decrease from the total responses in calendar year 2022. The Department's Community Risk Reduction Division works to identify and prioritize local risks and to strategically invest resources to reduce their occurrence and impact. This comprehensive approach has several supporting programs like smoke alarm checks & installations, child safety seat education, fire inspections, home safety. In 2023, the department reached over 2,672 community members through its community risk reduction programs. The City's Mobile Integrated Healthcare (MIH) program supported over 50 clients and recorded over 2,509 interactions with clients and community members referred to the program.

Since 1754 the Williamsburg Volunteer Fire Department has supported the City. The organization is made up of 26 local and collegiate members. In 2023 members of the program provided more than 6,500 service hours to the community. The volunteer organization is a 501(c)(3) and assists with purchasing supplies and equipment needed to support Williamsburg's career staff.

The career staff consists of 46 members divided among administrative staff and emergency response personnel. Fire and EMS personnel are assigned to three shifts of thirteen people per shift. Each shift is comprised of a Battalion Chief, a Captain and Firefighter/Medics and Firefighter/EMTs. Fire Administration consists of the Fire Chief, Deputy Fire Chief, Battalion Chief of EMS, Battalion Chief of Community Risk Reduction, a Mobile Integrated Healthcare Coordinator, Assistant Fire Marshal, and the Assistant to the Fire Chief. The department also maintains a volunteer unit consisting of approximately 20 members.

Public Schools

The City has partnered with neighboring James City County to operate a joint school system that has served the K-12 education needs of children within the two localities since the Williamsburg-James City County Public Schools Division was formed in 1954. Local financing for the operating and capital budgets of the joint school system is governed by a contract between the two localities.

Currently, the Williamsburg-James City County School Board (**the “School Board”**) governs the joint school system and appoints a school superintendent who serves at the pleasure of the School Board. The City’s two representatives on the School Board are appointed by the City Council to four year terms and serve at-large. James City County’s five members of the School Board are elected to represent geographical districts of such County.

The School Board has the power and responsibility to set policy and ensure that the public schools follow state and federal guidelines. The School Board appoints the superintendent; establishes goals and adopts policies which become the basis for instructional programs in accordance with state regulations and local needs; sets student policies; manages school facilities and identifies additional facility requirements; and maintains public relations.

In a resolution passed on June 8, 2023, the City Council authorized an investigation into the feasibility of a school operations split. On July 25, 2023, the Board of Supervisors of James City County elected to terminate the contract for the joint operations of the school system between James City County and the City effective at the close of the 2025-2026 school year.

The stated reason for this action was to ensure James City County has as much time as possible to prepare for the implications of a system split brought on by the action of the City in June. The contract allowed the agreement between the City and James City County to be terminated at any point by either party, effective at the end of the following school year.

James City County and the City operate as independent government entities that share many regional services including the school system. Currently, James City County has approximately 10,000 students and the City has approximately 1,000 students enrolled in the joint school system. Three schools and the school administration building are located within City limits while the other thirteen schools and the bus operations center are located in James City County. Operating as an independent school division would require the City and James City County to ensure adequate capacity for all grade levels and would require additional classroom space.

City Council and the Board of Supervisors of James City County have indicated they remain willing to consider a new contract if both parties determine it is in the best interest of all students to remain under a joint system. Any potential change in school operations is expected to preserve employment opportunities for all current teachers and staff.

There are 16 schools: nine elementary, four middle and three high schools. Of the 11,965 students served, about 12.4% are City residents. All WJCC schools have earned full accreditation for the 15th year in a row. WJCC ranked 9th out of 131 Virginia school divisions in Niche’s 2021 Best School Districts rankings, scoring an overall A grade.

Summary of Certain School Statistics

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Number of Schools	16	16	16	16	16
Number of Teachers, Administrators and Other Employees	1,829	1,877	1,862	1,941	1,988
Average Daily Enrollment	11,429	11,456	10,730	10,955	11,213
Capacity of Schools	12,562	12,562	12,648	12,648	12,632

Source: Williamsburg-James City County Public Schools

Public Schools Student Population

<u>School Year</u>	<u>Number of Students</u>	<u>Percent Change</u>
2016-2017	11,431	
2017-2018	11,477	0.40%
2018-2019	11,461	-0.14%
2019-2020	11,448	-0.11%
2020-2021	10,858	-5.15%
2021-2022	11,018	1.47%
2022-2023	11,308	2.63%

Source: Williamsburg – James City County Public Schools.

Water and Sewer System

The City operates and maintains its own water and sewer systems, consisting of approximately 50 miles of water and sewer lines, 4 water storage tanks, a water treatment facility located at Waller Mill Reservoir (the main water source, owned by the City and located in neighboring York County located on a 350 acre lake holding 1.5 billion gallons of water), and 15 sewage pumping stations. The City’s water system serves over 4,000 accounts within the City and in parts of neighboring York County. In addition to the City’s water sources, the City has a contract dated April 1, 2009, with the City of Newport News that guarantees up to two million gallons per day of additional raw water supply. The term of such contract is through January 1, 2050 and it is subject to automatic renewal for successive additional 25-year terms.

The City’s wastewater system currently serves approximately 2,900 accounts. Sewage treatment is provided by a regional authority known as the Hampton Roads Sanitation District (“**HRSD**”). The City is responsible for wastewater collection and transmission to HRSD’s interceptor system which conveys sewage to the HRSD Williamsburg Treatment Plant.

During the 1970s possible contamination was discovered at Camp Peary military reservation, near the City’s reservoir, caused by construction activity originating in 1942 when the area was established as the Navy Construction Battalion (Seabee) Training Center. Remedial action was taken on the site from 1994 thru 2008, involving soil and groundwater sampling. Appropriate short- and long-term actions were taken during that period to protect human health and the environment. Offsite remedial investigations of soil and sediment samples from potentially affected areas began in January 2009 and continue to the present day, with a focus on determining whether any polychlorinated biphenyl (“PCB”) pollutants are being transported through stormwater runoff. In 2009 human health and ecological risk assessments indicated that PCB concentrations in Waller Mill Park and Reservoir attributable to releases from Camp Peary did not pose an unacceptable risk to human health and the environment, and therefore, no further remedial action has been planned for the site. The City continues to test the water supply quarterly.

In September 2007 the Department of Environmental Quality, in accordance with the Environmental Protection Agency (EPA) requirements, executed a consent order with 13 jurisdictions within the Hampton Roads region regarding sanitary sewer overflows. The consent order requires jurisdictions within the region (including HRSD) to analyze the sanitary sewer infrastructure and to make repairs and improvements to prevent sanitary sewer overflows (SSOs). The entire costs to the City that could arise out of such consent order are presently unknown.

WATER AND SEWER AVAILABILITY FEES-FY2024 FEE SCHEDULE

City Water and Sewer Availability Fees:

DOMESTIC WATER SERVICE

Meter Size	Water Availability	Sewer Availability Fee
5/8" x 3/4"	\$5,000.00	\$3,000.00
3/4"	6,000.00	4,000.00
1"	10,000.00	6,000.00
1 1/2"	20,000.00	12,000.00
2"	32,000.00	19,000.00
3"	64,000.00	38,000.00
4"	120,000.00	72,000.00
6"	240,000.00	144,000.00
8"	400,000.00	240,000.00
10"	700,000.00	420,000.00

FIRE LINE SERVICE-\$2,000.00/inch; Ex: 8" fire line-\$16,000.00

City Water and Sewer Connection Fees:

Meter Size	Water Connection	Sewer Connection
5/8" x 3/4"	\$800.00	\$800.00
3/4"	800.00	800.00
1"	1,200.00	1,000.00
1 1/2"	2,000.00	1,000.00
2"	3,000.00	1,000.00

HRSD Wastewater Facility Charge:

Meter Size	Facility Charge
5/8"	\$2,420.00
3/4"	4,210.00
1"	7,410.00
1 1/2"	18,395.00
2"	35,825.00
3"	91,665.00
4"	178,485.00
6"	456,620.00
8"	889,185.00
10", 12", 14", 16"	See HRSD Fee Schedule

Fees are to be paid concurrent with issuance of Building Permit

WATER RATES

- In-City rate - \$5.30/1000 gallons
- York County rate - \$6.36/1000 gallons

SEWER RATES

- HRSD (treatment) rate - \$10.16/1000 gallons
Minimum - \$0.30 per day
- No separate City sewer rate

Transportation

The City is located in the northwestern portion of the Norfolk – Virginia Beach – Newport News metropolitan statistical area, also known as the Hampton Roads region, situated about halfway between Richmond, Virginia and the Cities of Newport News, Hampton and Norfolk, Virginia. Interstate 64 runs east-west through the City, linking the Hampton Roads region to Richmond and Charlottesville, Virginia to the west, and via connectors with Interstate 95, to Washington, D.C. 155 miles to the north, and with Interstate 85, to Raleigh, North Carolina 180 miles to the south. State Route 199, officially named the Humelsine Parkway, surrounds the city in a semicircle. State Route 5 links the City with the James River Plantations along the north shore of the James River, Interstate 295 and Richmond. State Route 31 links the city to Jamestown and the toll-free Jamestown Ferry.

The Colonial Parkway provides a link between the points of the Historic Triangle which in addition to Colonial Williamsburg, includes Jamestown and Yorktown. It passes under the colonial-era "Restored Area" in a tunnel. With the exception of buses, commercial vehicles are not allowed on the Parkway.

The area has both a central intermodal transportation center and an extensive public transit bus system prepared to serve local users and visitors.

The Williamsburg Transportation Center is owned by the City, and located in downtown Williamsburg, and provides rail, bus and taxi services to the area. Companies that operate through the Center include Amtrak, Greyhound Bus Lines, Hampton Roads Transit, Williamsburg Area Transit, Colonial Cabs, Yellow Cab of Williamsburg, Historic Taxi, Triangle Taxi, and Williamsburg Taxi Service. The Center provides for long-term parking to the west of the building free of charge for passengers that wish to drive themselves to the Center.

Williamsburg Area Transit Authority, the community's public bus-system, is the successor of James City County Transit (JCCT) and Williamsburg Area Transport (WAT). In 2006, the Virginia General Assembly granted the region's local governments, the College of William and Mary and the Colonial Williamsburg Foundation permission to form a Regional Transit Authority which included James City County (JCC), York County (YC), and the City, and WAT's name was changed to Williamsburg Area Transit Authority (WATA). WATA provides a transportation system to citizens and visitors of James City County, the City, and York County operating 12 fixed routes. A network of accessible transit bus routes serve the City, James City County, and most portions of York County adjacent to the Williamsburg area, with hourly service seven days a week, and half-hourly service on weekdays during peak travel hours. The routes operated by WATA include a loop around the College of William and Mary campus while classes are in session. The system also provides paratransit services and operates replica trolley buses at the Yorktown Riverfront attraction. WATA connects with the much larger Hampton Roads Transit (HRT) (Routes 108 and 116) bus system at Lee Hall in northwestern Newport News and at the Williamsburg Transportation Center (HRT Route 121). HRT routes connect to many other cities to the east in Hampton Roads and Greyhound Lines bus routes serve a nationwide network.

Intercity bus service is provided by Greyhound Lines (Carolina Trailways) and Hampton Roads Transit (HRT).

A local bus company, Oleta Coach Lines, Inc., operates a weekly public bus route from the Williamsburg Transportation Center to several large shopping malls in the Hampton Roads area. The bus route runs from Williamsburg to Hampton, to Newport News then back to Williamsburg. This has been certified as a Public Convenience and Necessity bus route.

The City is served by several Amtrak trains a day, with direct service to Newport News, along the Virginia Peninsula to Richmond, and points along the Northeast Corridor from Washington DC through New York City to Boston. A high-speed rail connection at Richmond to both the Northeast Corridor and the Southeast High Speed Rail Corridor are also under study.

The City is served by the Newport News/Williamsburg International Airport, in nearby Newport News, approximately 20 miles distant. The Norfolk International Airport and Richmond International Airport, each located about 55 miles away via Interstate highways, are larger and offer considerably more flights. The Williamsburg

Jamestown Airport is a small general aviation airport located approximately 3 miles southwest of the City, that provides services for personal and charter aircraft, as well as related services (aviation goods, car rentals, etc.).

Walking is also a major mode of transportation in the City, with about a fifth of people walking to work between 2006 and 2010. The City is also increasingly bicycle-friendly, having built 48 miles of bicycle facilities in the area since 1992. The Virginia Capital Trail provides a paved off-road path to Richmond for cyclists and pedestrians via the Colonial Parkway.

Public Libraries

The Williamsburg Regional Library ("**WRL**") was created by contract between the City and James City County as an independent agency in 1977, which was amended to include York County, Virginia in September 2013. It was initially founded in 1909 and grew and relocated many times; it now serves the City, James City County and York County pursuant to a service contract among WRL and the three localities.

Under the contract, each jurisdiction pays for the cost of construction for any library building within its borders, and all 3 share the annual operational budget for the library system. The buildings in the system include: the Williamsburg Library in the City that also offers a theatre, an art gallery, and meeting rooms; the James City County Library in James City County where WRL staff also manages public spaces inside; and the Stryker Center in the City which includes a City Council Chamber and Council Workroom that are operated by the City.

The funding contribution of each locality is calculated by the number of items checked out by its residents. WRL is governed by a Board of Trustees made up of appointees from each jurisdiction. The current agreement between the City, James City and York County, dated September 26, 2013, established a Board of Trustees to oversee operations of the library system, including 4 trustees appointed by the city, 6 trustees appointed by James City County and 1 trustee appointed by York County. The term of such agreement is through June 30, 2018 and it is subject to automatic renewal unless either party gives two years' prior notice of an intention not to renew. The agreement represents another step forward for regionalism in the Historic Triangle to benefit the citizens of all three jurisdictions.

In 2017, WRL's Board of Trustees recommended that James City County construct a 40,000 sq. ft. library to serve the growing County population. The Board of Trustees engaged an architect to do an assessment of the existing Williamsburg Library facility. In 2018, the option of new, jointly funded facility was suggested to address both jurisdictional needs. In 2022, the Library Board shared its preference that the City and James City County build a new 55,000 sq. ft. joint facility on the current Williamsburg Library site. This preference is based on the documented need for a new and expanded library space; findings of a 2018 community wide survey expressing strong public support across all 3 jurisdictions for a downtown facility and the need to minimize future operational costs. The decision on how to proceed rests with the jurisdictions.

Additionally, the Swem Library at the College of William & Mary offers a wealth of information resources and services - online research materials, interlibrary loan requests, reserve materials and ask a librarian (just to name a few). The library is named in honor of bibliographer and librarian Earl Gregg Swem, who served as the College's librarian from 1920-1944. Under his leadership, the library collection grew from 25,000 books and 20,000 manuscripts to more than 240,000 books and 400,000 manuscripts.

The Wolf Law Library at the College of William & Mary offers over 400,000 volumes and 568 seats, offers a superb environment for study, research, and relaxation. We provide access to law and law-related resources and a wide range of services that support the law school curriculum and programs, promote the advancement of legal scholarship, and fulfill the information needs of library users. The Wolf Law Library is open during normal library hours to College of William and Mary students, faculty and staff, members of the Virginia bench and bar, and to the general public.

The research center of the Colonial Williamsburg Foundation, the John D Rockefeller Jr Library advances knowledge of colonial British America, the American Revolution, the early United States, American decorative arts and folk art, and the Restoration and continuing story of Colonial Williamsburg. The library has a searchable online catalog of its collection. Additionally it hosts an online digital library which includes a collection of the Virginia Gazette starting in 1736 and a series of York County, Virginia probate records.

Parks, Recreation, Arts & Culture

The City operates twelve parks and recreational facilities. Bicentennial, College Landing, and Redoubt are passive parks, and the remaining parks offer a wide array of recreational activities, nature trails, and bike trails.

Bicentennial Park is a passive park located minutes away from Downtown Williamsburg featuring a brick walkway and a green area for picnics.

City Square Park is a stretch of green space situated between the Williamsburg Regional Library and the Stryker Center. The park features a plaza with a fountain, trellis, and artwork.

College Landing Park is located down the street from the campus of William & Mary that offers views of College Creek. Features offered include fishing, a kayak ramp, park benches and picnic areas.

Geddy Park is a neighborhood park with benches and picnic tables. Highland Park Community offers a multi-station playground, a half-court basketball court and a picnic shelter with grills. Minor Park is comprised of 0.17 acres offering benches, landscaping, and a Little Free Library.

Kiwanis Park is located adjacent to James Blair Middle School. This 27-acre park provides a wide variety of both active and passive recreation including four lighted youth softball fields used for the City's youth softball program, a playground featuring two accessible pieces of play equipment for kids, including a rotating climbing station called Rev8 and an adventure zip line, nine exercise machines in addition to a walking path around the entire playground area, which features shaded sitting areas, a picnic shelter with picnic tables that holds approximately 35 people and tennis courts available to the public on a first-come, first-served basis, except when leagues or lessons are scheduled.

Quarterpath Park is a 23-acre park that provides a wide variety of both active and passive recreation with features including picnic shelters, picnic tables, a playground, sand volleyball, softball fields and a tennis court.

The Quarterpath Recreation Center is a 35,000 square foot facility providing both residents and non-residents with a wide array of recreational activities and amenities. Various instructional classes, athletic programs for youth and adults, sports camps, open gym times and special events are held throughout the year at this facility. The Quarterpath Recreation Center has 4 rooms available for rent for birthday parties, bridal and baby showers and corporate events offering two meeting rooms for rent for corporate meetings and training.

Redoubt Park is a 22 acre park that was dedicated on May 5, 2007 to celebrate the 145th Anniversary of the Battle of Williamsburg that offers a 1 mile trail along the Tuttle Trail. The Strawberry Plains Park is located in the Strawberry Plains subdivision. It contains a multi-station playground, a swing set and several benches. There is also a small open area for children to play kickball, soccer and even football. Wales Park located in the Wales subdivision. contains a multi-station playground, benches and a swing set.

Waller Mill Park is a 2,705-acre park situated around a reservoir that was opened to the public in July 1972. The 360-acre lake is open for fishing, boating, pedal boating, and kayaking with a tunnel connecting the upper and lower sections of the lake. Numerous picnic tables, picnic shelters, play fields, and playground equipment are nestled among the trees providing a scenic picnic area. Other features include a baseball / softball diamond, bike trail, disc golf, fishing, grills, kayak ramp, park benches, parking, picnic shelters, picnic tables, playground, restrooms, swings, tables and chairs and hiking trails. The park also has a new 1.5-acre dog park and trails for hiking, running, and mountain biking. Both the James and York Rivers provide superb opportunities for inland fishing excursions. The Chesapeake Bay is also nearby. Other water-related activities in the area include sailing, windsurfing, and crabbing.

Nearby state parks include Chippokes Plantation State Park and York River State Park. First Landing and False Cape State Parks are also within the Hampton Roads region. The York River State Park offers hiking, biking, kayaking or birdwatching along the York River. The Yorktown Riverwalk Landing is a waterfront area with shops, restaurants, and a boardwalk.

The National Park Service administers two of the most historically significant sites in North America, Historic Jamestowne, and Yorktown Battlefield. It also administers the Colonial Parkway, a 23-mile scenic roadway stretching from the York River at Yorktown, through Williamsburg, and to the James River at Jamestown.

Busch Gardens Williamsburg is located just inside the City limits and offers dozens of thrilling rides and attractions, ten main stage shows, a wide variety of authentic foods and shops, and a magical children's area.

Water Country USA, a subsidiary of Busch Gardens, offers more than 35 water rides, slides, and shows and is the largest water park in Virginia.

Great Wolf Lodge is an indoor water park complete with a wave pool, lazy river, water slides, and play areas.

Sports enthusiasts can enjoy an array of collegiate team sporting events at the College of William & Mary.

The City is also home to several nationally acclaimed golf courses designed by some of the biggest names in golf, including Arnold Palmer and Jack Nicklaus. The Golden Horseshoe operates three courses just adjacent to Colonial Williamsburg. With over a dozen private and public golf courses located in the Greater Williamsburg area, the City has become a premier golf destination.

The City has dozens of historical sites, taverns, shops, walking tours, museums, and things for the whole family to enjoy.

The Art Museums of Colonial Williamsburg – the distinctive collections of the DeWitt Wallace Decorative Arts Museum and the Abby Aldrich Rockefeller Folk Art Museum are located under one roof featuring examples of American and British antiques and decorative art from the 17th, 18th, and 19th centuries as well as bold and imaginative pieces of colonial and contemporary folk art. The Muscarelle Museum of Art can be found at the college of William & Mary, and serves as a working laboratory for its students, as well as an extensive art museum and is a must-stop spot for lovers of classical and modern art.

Popular tourist attractions include Ripley's Believe It Or Not museum that offers 9,000 square feet of optical illusions, hands-on interactive experiences, and sensory experiences including a variety of strange artifacts and includes a mini golf course.

Colonial Williamsburg is one of the area's top attractions. This literal 301-acre historical area of Colonial Williamsburg transports visitors back to the days of 18th-century Virginia with historical reenactments, museums, bakeries, shops, landmarks, and carriage rides, or just enjoying scenery. During Christmas, enjoy music, lights, and so much more along a walking tour.

Historic Jamestowne - Historic Jamestowne is located on Jamestown Island on the James River, where you can learn about Pocahontas, Chief Powhatan, and all things archaeology at this living history museum. The Ed Shed at Historic Jamestowne provides hands-on experiences the whole family will enjoy.

The Governor's Place - this tour takes you to the luxurious site where several of the state's governors lived during the 18th century. The ground is still meticulously kept and the furnishings in the palace are as they were nearly 300 years ago.

Guided Jamestown and Yorktown Tour - if you are a history buff, you will absolutely love these tours in the historic triangle. See sites that almost perfectly preserve 18th-century history like the Jamestown Settlement and the Yorktown Battlefield from the Revolutionary War. The full-day tour lasts about 9 hours and includes a colonial-style meal.

Taste of Williamsburg Walking Food Tour - The three-hour tour takes you to several places where you can watch the food being made and the whole family can even participate discovering the City's culinary scene.

Go Karts Plus features a mini golf course, bumper cars, gemstone panning, a toddler play area, and thrilling rides.

Ghost Tours of Williamsburg - experience a night of fun, frills, and frights during these nightly tours. Look and listen as costumed guides take you around to a number of haunted stops around Gloucester Street.

The Williamsburg Botanical Garden ("**WBG**") is located within Freedom Park. The WBG is not a typical botanical garden. The majority of plantings are species that are native to the Virginia Coastal Plain and are therefore a key component to supporting wildlife and pollinators. There are examples of 18 different habitats, including a Pollinator Meadow and Monarch Way Station #3394, Native Grasses, Wetlands, Pine Woodlands, and a Rock and succulents Garden, to name only a few. Many plants are labeled with both scientific and common names for easy identification. Amenities include two green-roof pavilions with picnic tables for a shady rest and benches along some of the pathways. The Garden is available for small weddings and private parties.

Merchant's Square, located adjacent to Colonial Williamsburg's Historic Area in the heart of downtown Williamsburg, is an 18th-century style retail village with over 40 shops and restaurants. The Shops at High Street offers the perfect combination of dining, entertainment, and shopping - with the ambiance of Williamsburg's signature classic brick and precise landscaping.

The Kimball Theatre, located in Merchants Square, presents cultural events and independent films. The City hosts an outdoor Farmers' Market in Merchants Square on Saturdays from April to October, with monthly markets from November through March. The Virginia Arts Festival season is widely celebrated in the City. An Occasion for the Arts is an annual art festival that takes place the first weekend in October. William & Mary also sponsors plays, concerts, dance performances, and lecture series that are open to the public at William & Mary Hall and Phi Beta Kappa Hall.

Virginia Capital Trail is a dedicated, paved pedestrian and bicycle trail that connects the Commonwealth's past and present capitals of Jamestown and Richmond along the Scenic Route 5 corridor. The Trail traverses approximately 52 miles, four jurisdictions, and more than 400 years of history along one of the first inland routes in North America. Construction began in 2006 and completed to Jamestown in October 2015.

Go Ape Zipline and Adventure Park features high ropes adventures for all ages, plus axe throwing. Located in the lush Freedom Park, a short drive from both downtown Williamsburg and Richmond, visitors can enjoy a botanical garden, two miles of trails and a wealth of history dating to the 17th and 18th centuries.

DEMOGRAPHIC AND ECONOMIC BASE

Population Figures

The following table presents City population figures for selected years:

Year	City of Williamsburg	Virginia
2010	14,068	8,022,832
2011	14,256	8,110,080
2012	14,503	8,201,507
2013	14,893	8,275,067
2014	15,064	8,339,117
2015	14,860	8,394,902
2016	15,429	8,449,049
2017	15,404	8,506,433
2018	15,183	8,549,345
2019	15,383	8,598,513
2020*	16,017	8,646,905
2021	16,015	8,655,608
2022	16,224	8,696,955
2023*	15,675	8,729,032

Source: Weldon Cooper/U.S. Census Bureau/Bureau of Economic Analysis (BEA).

* Across the country, localities with relatively large college populations, including some Virginia localities, were often undercounted in the April 1st, 2020, Census Count. In order to correct this undercount, we have benchmarked the population estimates on the Weldon Cooper Center estimates instead of the 2020 Census count for localities with populations comprising of over 20 percent college students. This includes Charlottesville, Harrisonburg, Lexington, Lynchburg, Montgomery County, Prince Edward County, Radford, and Williamsburg.

Income Profile

Median Household Income			
FY	Williamsburg	Virginia	US
2017	\$53,737	\$83,500	\$72,090
2018	52,845	89,180	73,030
2019	56,569	92,610	78,250
2020	60,655	92,670	76,660
2021	61,750	86,550	76,330
2022	67,543	85,170	74,580

Source: Federal Reserve Economic Data (FRED).

The following table shows per capita personal income for the City, as compared to per capita personal income figures for the Commonwealth and the United States:

Per Capita Personal Income

FY	Williamsburg*	Virginia	US
2019	\$63,928	\$58,368	\$55,547
2020	67,364	61,469	59,151
2021	73,332	66,838	64,427
2022	75,891	69,021	65,473
2023	Not Available	72,855	68,531

Source: Source – Bureau of Economic Analysis Aps.bea.gov/iTable.

*James City County + City of Williamsburg, Virginia combination areas consist of one or two independent cities with 1980 populations of less than 100,000 combined with an adjacent county. The county name appears first, followed by the city name(s). Separate estimates for the jurisdictions making up the combination area are not available.

Employment Distribution

<u>Type of Industry</u>	<u>Number Employed</u>
Construction	123
Manufacturing	444
Wholesale Trade	31
Retail Trade	1,089
Transportation and Warehousing	*
Information	54
Finance and Insurance	141
Real Estate and Rental and Leasing	127
Professional, Scientific and Technical Services	474
Management of Companies and Enterprises	452
Administrative and Support and Waste Management	389
Educational Services	133
Health Care and Social Assistance	623
Arts, Entertainment and Recreation	*
Accommodation and Food Services	3,568
Other Services (except Public Administration)	221
Unclassified	*
Government Total	3,439
Local Government	495
State Government	2,715
Federal Government	229
Total	<u>12,025</u>

Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 4th quarter (October, November, December) 2023.

Taxable Retail Sales

The table below is a summary of recent City taxable retail sales and per capita taxable retail sales.

Taxable Retail Sales and Taxable Retail Sales Per Capita

Calendar Year	Taxable Retail Sales	Population	Taxable Retail Sales Per Capita
2019	\$482,877,700	15,383	\$31,390
2020	443,877,200	16,017	27,713
2021	445,108,000	16,015	27,793
2022	483,767,700	16,224	29,818
2023	571,254,800	15,675	36,444

Source: Department of Taxation, Commonwealth of Virginia. Latest available information.

Total Sales Tax Collected for the 1% Historic Triangle Sales Tax and the .5% Locality Share

1% HT Sales Tax

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual
JCC	\$4,660,000	\$4,260,000	\$5,070,000	\$6,240,000	\$6,310,000
York	4,070,792	4,263,491	4,908,304	5,427,724	5,663,665
York-CDA	228,348	200,028	224,704	212,702	182,574
Williamsburg	2,012,984	1,949,303	1,973,333	2,050,047	2,357,560
Total	<u>\$10,972,124</u>	<u>\$10,672,822</u>	<u>\$12,176,341</u>	<u>\$13,930,473</u>	<u>\$14,513,799</u>

.5% HT Sales Tax (\$2 Lodging)

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual
JCC	\$390,000	\$300,000	\$320,000	\$450,000	\$490,000
York	594,526	466,432	454,371	615,405	671,024
Williamsburg	545,332	368,464	308,993	463,108	489,321
Total	<u>\$1,529,858</u>	<u>\$1,134,896</u>	<u>\$1,083,364</u>	<u>\$1,528,513</u>	<u>\$1,650,345</u>

Source: City of Williamsburg-Finance Department.

Construction Activity

The following data is presented to illustrate construction activity in the City:

Building Permits and Value

Fiscal Year	Residential Construction		Commercial Construction		Total	
	No.	Value	No.	Value	No.	Value
2018	106	\$7,634,286.00	114	\$23,370,841.00	220	\$31,005,127.00
2019	55	1,984,727.00	76	6,768,020.00	131	8,752,747.00
2020	89	6,817,084.00	109	98,464,776.00	198	105,281,860.00
2021	107	7,335,095.00	49	5,457,257.00	156	12,792,352.00
2022	153	40,583,222.00	74	40,052,620.00	227	80,635,842.00
2023	115	10,728,069.00	99	70,429,501.00	214	81,157,570.00

Source: Code Compliance Department, City of Williamsburg.

ECONOMIC PROFILE AND EMPLOYMENT

The economy of the City is propelled by tourism and higher education.

Tourism

The lynchpin of tourism is the Colonial Williamsburg Foundation, which operates the nation's most extensive living history museum. Encompassing 589 restored or reconstructed buildings and employing approximately 1,600, the Foundation interprets the 18th-century history of America in Virginia's colonial capital. Other nearby attractions not located in the City include Jamestown (site of the first permanent English settlement in 1607), Yorktown (site of Washington's victory over Cornwallis in the Revolutionary War), Great Wolf Lodge and Busch Gardens, Water Country USA, amusement parks. Next to tourism, higher education drives the Williamsburg economy. William & Mary, located within the City, is the nation's second-oldest University. The University owns 22.6% of the land area of the City, currently enrolls 9,517 graduate and undergraduate students, and employs approximately 3,800 faculty and staff.

In Fiscal Year 2018, the Virginia General Assembly approved Senate Bill 942, which levies a one percent sales tax in the Historic Triangle, which includes the City of Williamsburg, James City County, and York County. Half of the funds collected from the additional sales tax fund go to the Historic Triangle Marketing Fund, and the other half is distributed to the locality in which the sales tax was collected. The sole purpose of the Historic Triangle Marketing fund is to market and promote the Historic Triangle area as a tourist destination.

Visit Williamsburg is the official destination marketing organization ("**DMO**") for Williamsburg, Yorktown, and Jamestown, Virginia. The organization is committed to driving overnight visitation, growing/enhancing destination awareness, and supporting industry partners through its advertising, marketing, public relations, and sales programs.

In 2018, Virginia's General Assembly enacted §58.1-603.2 to establish the DMO, which is primarily funded through a special retail sales and use tax. The organization is a public body and an advisory board to the legislative branch of state government.

Visit Williamsburg's board of directors is dictated by statute and includes leadership from Colonial Williamsburg, Jamestown Yorktown Foundation, Busch Gardens, Jamestown Rediscovery Foundation, Williamsburg Hotel and Motel Association, Williamsburg Area Restaurant Association, Virginia Tourism Corporation, Greater Williamsburg Chamber of Commerce, and one elected official from the City of Williamsburg, James City County, and York County.

In 2022, nearly two million visitors spent \$941.4 million throughout the region, driving \$48.5 million in travel-related tax revenue.

Other initiatives include a project started from the 2019 cycle of the Tourism Development Fund, an indoor sports complex, approved then paused due to the pandemic, is now ready to break ground in partnership with James City County and York County in the site of the old Colonial Williamsburg Visitor Center, as discussed below. Additionally, the City itself is in the process of developing an African American heritage trail spanning a couple miles through the City, Colonial Williamsburg and William and Mary "highlighting important places and stories about African American culture in the area.

The Historic Triangle Recreational Facilities Authority ("**HTRFA**") was formed to oversee the construction and management of regional recreational facilities as part of the redevelopment of the Colonial Williamsburg Visitors Center. The board is made up of representatives from the City of Williamsburg, York County, and James City County. In September 2022, the HTRFA selected a firm to design and build a regional sports facility on property in the City of Williamsburg. The sports facility will be at least 160,000 square feet and include 12 basketball courts that can be converted to 24 volleyball courts and 36 pickleball courts. When constructed, the facility will have significant positive economic and fiscal impacts on the region and the City.

The Virginia Tourism Corporation reports \$729.97 million in visitors spending in the Greater Williamsburg for 2020, \$445.71 million of which was spent in the City. The fall and holiday advertising influenced about 54,000 Williamsburg trips and about \$75 million in visitor spending during November and December. From January to October 2022, Visit Williamsburg's advertising ultimately influenced approximately 432,000 trips to the region, resulting in \$832 million in visitor spending.

As with the rest of the nation, the City's tourism and hospitality industry was significantly impacted by the COVID-19 pandemic, but significant progress toward recovery was occurring in FY 2022.

The City was allocated \$18.4 million from the American Rescue Plan Act (ARPA) funds with a receipt of \$10.7 million at the end of FY 2022, with the remaining \$7.7 to be received in FY 2023. The City used the ARPA funding to cover lost revenue. In addition, the City received allocations from the Commonwealth of Virginia's ARPA funding for aid to utility ratepayers and aid to the tourism industry. In FY 2022, the total received for utility ratepayers' municipal relief assistance was \$51.9 thousand, and the Commonwealth approved a \$670 thousand spending plan of the allocation for aid to the tourism industry to be received when the funds are spent in FY 2023 and FY 2024.

Tourism Related Tax Revenues

Fiscal Year	Hotel and Motel Tax Revenues	Lodging Tax Revenues	Meal Tax Revenues
2013	\$3,369,785	\$1,222,448	\$6,391,022
2014	3,129,262	1,130,804	6,446,505
2015	3,220,638	1,122,632	6,819,385
2016	3,319,625	1,130,176	7,022,994
2017	3,316,634	1,128,430	7,043,184
2018	3,358,649	1,123,558	7,062,010
2019	3,308,661	1,079,370	7,308,479
2020	2,305,404	748,242	5,896,140
2021	1,770,894	617,886	5,850,176
2022	3,489,094	926,216	7,877,823
2023	3,851,435	978,642	8,832,389

Source: City of Williamsburg.

Higher Education

Other than tourism, the City's most important industry is higher education. The College of William & Mary, located within the City, is the nation's second oldest university and is one of only eight "Public Ivy" schools in the nation. It has more than 8,500 students in five undergraduate and graduate schools: Arts & Sciences, Business, Education, Law and Marine Science. The school offers more than 30 undergraduate programs, 10 graduate programs and professional degree programs in Business, Education, Law and Marine Science. William & Mary also offers many state-of-the-art facilities and resources for business. The College also sponsors the Virginia Institute of Marine Science at Gloucester Point, Virginia, and it participates in the Southeastern Universities Research Association's support of Jefferson Labs in Newport News. Jefferson Labs conducts advanced physics research.

Other nearby colleges and universities with undergraduate and/or graduate programs include Christopher Newport University in Newport News, Hampton University in Hampton, Norfolk State University, Old Dominion University and Eastern Virginia Medical School in Norfolk, Virginia Wesleyan College and Regent University in Virginia Beach, Virginia State University in Petersburg, Virginia and Virginia Commonwealth University, the University of Richmond, and Virginia Union University in Richmond.

There are also several nearby units of the Virginia Community College System, including Richard Bland College of William & Mary, a public junior college associated with the College of William & Mary located in Petersburg, Virginia, Virginia Peninsula Community College, formerly known as Thomas Nelson Community

College, Tidewater Community College and Rappahannock Community College, which offer technical, arts and sciences, and business courses leading to an associate degree.

Health Care

Riverside Doctors' Hospital Williamsburg opened in the City in May, 2013. It is a two-story, approximately 120,000 square foot facility. The facility sits on a beautifully landscaped campus at the intersection of Route 199 and Route 60. The campus is over 25 acres and is a component of the 380+ acre multi-use development named Quarterpath. It is licensed for 40 private rooms - 33 medical/surgical rooms and seven intensive care rooms. The full-service emergency department has 12 private patient rooms and offers geriatric emergency department services. Surgical services feature two operating rooms, two procedure rooms, in addition to the two ORs already located at Riverside Doctors' Surgery Center, eight private patient preparation and recovery rooms, and 12 private patient recovery rooms dedicated for GI patients. The ground floor of the hospital features a lobby/public area; café; community education/conference space; emergency department; cardio/pulmonary services; physical therapy, and outpatient diagnostic services that include laboratory and imaging. The second floor includes inpatient and outpatient surgery; medical/surgical patient rooms; intensive care unit; and pharmacy. Riverside Doctors' Hospital is a Certified Primary Stroke Center and has received NICHE Exemplar Status - A Commitment to highest quality care of older adults. It has also achieved the Nursing Pathway to Excellence designation. Riverside Doctors' Hospital is a DNV advanced hip and knee replacement certification hospital.

In the spring 2006, Sentara Williamsburg Regional Medical Center opened a 340,000 square foot acute care hospital in Williamsburg with 145 all private patient rooms. The facility offers emergency, surgical, medical, maternal and pediatric care, 139 Beds, with Riverside Regional Medical Center – Level 2 Trauma Center, complete emergency department capabilities – Advanced Life Support care, 139 active medical staff serving medical center, with over twenty specialties and/or subspecialties.

Sentara Medical Arts & Urgent Care at New Town is a 50,000 square foot facility which houses several internal medicine and family practice physician offices with Urgent Care open seven days a week. Occupational Medicine, coumadin clinic, and pediatric practice and specialized teen health clinic are also located on the campus

Mary Immaculate Hospital offers 110 Beds and Riverside Regional Medical Center is a Level 2 Trauma Center, full service emergency room, offering QuickER Care fast track service for minor emergencies. The QuickER Care is designed to get medical attention faster. Patients coming into the emergency room are assessed and either sent to the ER or to QuickER Care. Unlike urgent care facilities, QuickER Care is supported by the on-site resources of a hospital that include state-of-the-art imaging and diagnostics. QuickER Care is available from 2:00 p.m. to 12:00 midnight, everyday and has 230 active medical staff members, and an additional 150 consulting and courtesy medical staff members with over 50 specialties and/or subspecialties of medical staff.

Mercy Health-Kings Mills Hospital a 60-bed, state-of-the-art hospital and new medical office building offering a comprehensive range of high-quality healthcare services in Kings Mills, Mason and the surrounding communities opened in January of 2024. The hospital employs 200 full-time staff providing: Cardiac services, Surgical services, Emergency care, Imaging, and Critical care. Specialty care at the new medical office building will include: ENT, Audiology, General surgery, Pulmonology, Orthopedics, Cardiology and Lab services.

The largest non-military medical provider on the peninsula is Riverside Regional Medical Center in the City of Newport News, Virginia. This 439-bed facility is the most comprehensive medical facility in the region, offering advanced diagnostics and emergency treatment. It is the Peninsula's only Level II Trauma Center and Neonatal Intensive Care Unit and is also recognized as a Chest Pain Center and a Comprehensive Stroke Center. Services include advanced treatment in neurosciences, heart and cancer.

Other area Health Care facilities include Olde Town Medical Center, Eastern State Hospital, Colonial Mental Health, Riverside Healthcare Center, Riverside Renal Dialysis, Bon Secours-Depaul Medical Center, Children's Hospital of the Kings Daughters Pediatric Clinic.

Economic Development and Principal Employers

Commercial development projects are progressing:

- In 2017, Broad St LLC purchased the 20-acre Williamsburg Shopping Center property and the 5-acre Monticello Shopping Center at Midtown. Construction on this \$120 million vertical mixed-use project was completed in 2021 despite COVID-19 impacts. Phase I of the project included an \$8+ million renovation of the Monticello Shopping Center and the location of the Earth Fare grocery store. Phase II was completed with Marshalls relocating to new space in the Richmond Road facing portion of the renovated Williamsburg Shopping Center. Phase III included the construction of four 5-story vertical mixed-use buildings and a parking garage. City Staff continues to work with Broad Street Realty on the recruitment of commercial tenants for the development.
- "Quarterpath at Williamsburg" is a 350-acre mixed-use development in the southeast quadrant of the City that will offer retail, class-A office space, mixed-residential options, and a 40-bed acute care hospital at buildout. The \$22 million, 227-unit Aura at Quarterpath apartments opened in 2016 and remains fully leased. H.H. Hunt has constructed townhomes as part of the project and demand continues to exceed supply for these units. The 40-bed. Riverside Doctor's Hospital Williamsburg (RDHW) opened in May 2013 and is part of Riverside Health System. In August of 2022, RDHW broke ground on a 67,000-square-foot medical office building scheduled to open in the Spring of 2024, which will house more than 30 medical and surgical specialists supported by more than 125 support team members. In September 2022, Resort Lifestyle Communities (RLC) announced a \$30 million, 180,000-square-foot Virginia Greens Retirement Community at Quarterpath, RLC's second location in Virginia. This age-restricted, 55+ retirement community will create more than 35 local jobs.
- Downtown redevelopment continues with the William & Mary Spirit Shop, William & Harry, Penny and a Sixpence, Memorie Group, Nurtured Notion, J. McLaughlin, Two Rivers Built, Cowan Gates Title, and SRM&F Realtors opening in renovated spaces.
- New business openings after renovating existing commercial in addition to the spaces downtown between July 1, 2021, and June 30, 2022, include Tiny Textures, Two Drummers Butcher and BBQ Provisions, King Crab Seafood, Cookie Chris, 7 Mares, and several professional service operations (marketing and design, medical, counseling, etc.).
- COVID-19 relief efforts for the City's business community continued through FY 2022, with more than \$2.3 million in grant funds awarded.

Tourism Development Fund (TDF):

- The Williamsburg City Council established a Tourism Fund using the City's share of the Historic sales tax as one of the revenue sources for the Fund. The Fund's purpose is to provide financial assistance and reinvestment in tourism products through public-private partnerships, place-making projects, and special events designed to promote the City's economic growth. While the COVID-19 pandemic delayed the program, five projects from the first round of grant applications have been completed or are underway and include the following:
 - Indoor Sports Complex. The Historic Triangle Recreational Facilities Authority (HTRFA) was formed to oversee the construction and management of regional recreational facilities as part of the redevelopment of the Colonial Williamsburg Visitors Center. The board is made up of representatives from the City of Williamsburg, York County, and James City County. In September 2022, the HTRFA selected a firm to design and build a regional sports facility on property in the City of Williamsburg. The sports facility will be at least 160,000 square feet and include 12 basketball courts that can be converted to 24 volleyball courts and 36 pickleball courts. When constructed, the facility will have significant positive economic and fiscal impacts on the region and the City.
 - Lighted Softball Field in Kiwanis Park. The finished field debuted in July, 2022.

- Portable Stage. A stage was purchased in 2020, which is available for rent and is currently used for William & Mary Commencement Ceremonies, Summer Breeze Concert Series, and An Occasion for the Arts.
- Wayfinding Signage. After a public procurement process, the City hired a nationally known firm to design a Wayfinding Master Plan. In early 2021, after a comprehensive public input process, a design was selected. Construction is expected to begin in the spring/summer of 2023.
- Outdoor Furniture in the City Square Plaza (Williamsburg Regional Library). Furniture was purchased and installed in early 2021, and in FY 2022, the Library installed "café lighting" in the outside structure near the fountain.

Top Employers within the City

<u>Employer</u>	<u>Type of Business</u>	<u>CY 2023 Approximate Number of Employees</u>
College of William & Mary	Institution of higher education	1,000 ⁺
Colonial Williamsburg Foundation	Tourist destination	1,000 ⁺
Colonial Williamsburg Company	Educational living museum	250 to 499
Riverside Doctor's Hospital	Hospital	250 to 499
W-JCC Schools	Public School	250 to 499
Sodexo	Food Service	250 to 499
City of Williamsburg	City	100 to 249
Crescent Hospitality Corp.	Hotel Management	100 to 249
Harris Teeter Supermarket	Grocery Store	100 to 249
OS Restaurant Services	Food Service	100 to 249

Source: City of Williamsburg ACFR – 2023

Unemployment Rate

Set forth below is the unemployment information for the last 10 years.

<u>FY</u>	<u>Williamsburg</u>	<u>Virginia</u>	<u>U.S.</u>
2013	7.5%	5.6%	7.4%
2014	7.2%	5.1%	6.2%
2015	6.3%	4.4%	5.3%
2016	5.4%	4.0%	4.9%
2017	5.1%	3.7%	4.4%
2018	4.1%	3.0%	3.9%
2019	3.8%	2.8%	3.7%
2020	8.4%	6.4%	8.1%
2021	4.8%	3.9%	5.3%
2022	3.9%	2.8%	3.6%
2023	4.0%	2.9%	3.6%

Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 4th quarter (October, November, December) 2023.

TAX BASE DATA

The following tables are presented to illustrate trends and characteristics of the City's tax related revenues.

Tax Revenues By Source

Last Ten Fiscal Years

Fiscal Year	Property	1% Sales & Use	Consumer Utility	Business			Hotel &					Total
				License	Franchise	Tobacco	Motel	\$2 Lodging	Restaurant	Other		
2014	\$12,861,621	\$4,239,957	\$1,032,653	\$1,630,018	\$129,792	\$148,320	\$3,129,262	\$1,130,804	\$6,446,505	\$484,184	\$31,233,116	
2015	13,008,328	4,352,601	1,024,760	1,685,718	123,048	156,911	3,220,638	1,122,632	6,819,384	604,285	32,118,305	
2016	13,372,869	4,298,743	1,004,008	1,790,395	114,402	134,640	3,319,625	1,130,176	7,022,994	582,371	32,770,223	
2017	13,690,588	4,388,595	968,943	1,833,991	119,948	130,032	3,316,633	1,128,430	7,043,184	646,796	33,267,140	
2018	13,863,394	4,706,583	949,973	2,049,988	122,942	167,638	3,358,649	1,123,558	7,062,010	800,005	34,204,740	
2019	14,505,397	6,841,762	903,929	2,330,418	120,660	140,211	3,308,661	1,079,370	7,308,479	699,050	37,237,937	
2020	15,374,378	6,388,075	884,473	2,174,694	109,411	126,420	2,305,404	748,242	5,896,140	732,541	34,739,778	
2021	15,947,750	6,424,415	818,488	1,770,953	96,664	129,061	1,770,894	617,886	5,850,176	728,091	34,154,377	
2022	17,515,894	6,887,726	810,646	2,349,858	94,819	182,672	3,489,094	926,216	7,877,823	905,622	41,040,370	
2023	20,060,754	8,070,108	786,238	2,638,176	93,554	166,866	3,851,435	978,642	8,832,389	837,762	46,315,923	

Source: City of Williamsburg ACFR – 2023

Assessed Value of All Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property ¹	Motor Vehicles ²	Other			
2014	\$1,083,446,200	\$1,522,534,200	\$39,582,570	\$37,495,959	\$918,768,400	\$1,764,290,529	4.07
2015	1,108,726,200	1,571,532,200	40,845,200	38,241,433	943,646,700	1,815,698,333	4.07
2016	1,168,895,100	1,581,516,100	42,220,440	36,393,827	964,234,400	1,864,791,067	4.07
2017	1,190,581,300	1,610,013,500	43,377,030	37,405,286	971,263,000	1,910,114,116	4.07
2018	1,216,085,400	1,620,357,700	44,053,770	39,765,792	976,996,200	1,943,266,462	4.07
2019	1,225,705,700	1,628,894,100	44,479,900	42,369,965	989,455,800	1,951,993,865	4.10
2020	1,322,641,400	1,709,250,800	47,608,960	43,749,786	1,043,197,900	2,080,053,046	4.10
2021	1,371,385,600	1,754,778,800	49,398,887	45,944,506	1,068,742,900	2,152,764,893	4.10
2022	1,192,790,550	2,104,599,350	65,402,520	38,797,064	1,147,301,800	2,254,287,684	4.14
2023	1,609,430,100	2,085,955,570	84,516,670	37,536,890	1,202,452,000	2,614,987,230	4.12

Source: City of Williamsburg ACFR – 2023/City of Williamsburg Assessor's Office, Commissioner of Revenue.

⁽¹⁾ Includes tax-exempt property.

⁽²⁾ Motor Vehicles are assessed at Jd Power's NADA average loan value as of January 1st each year. In FY 2022, motor vehicle values are at 80% valuation.

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

Direct Tax Rates

Last Ten Fiscal Years

Fiscal Year	Real Estate Tax ⁽¹⁾	Personal Property Tax ⁽¹⁾	Room Tax	Meal Tax	Retail Sales Tax ⁽²⁾	Senate Bill 942 Sales Tax ⁽²⁾	Total Direct Tax Rate
2014	\$0.57	\$3.50	5%	5%	1%	-	\$4.07
2015	0.57	3.50	5	5	1	-	4.07
2016	0.57	3.50	5	5	1	-	4.07
2017	0.57	3.50	5	5	1	-	4.07
2018	0.57	3.50	5	5	1	-	4.07
2019	0.60	3.50	5	5	1	0.50%	4.10
2020	0.60	3.50	5	5	1	0.50	4.10
2021	0.60	3.50	5	5	1	0.50	4.10
2022	0.64	3.50	5	5	1	0.50	4.14
2023	0.62	3.50	5	5	1	0.50	4.12

Source: City of Williamsburg ACFR – 2023/City of Williamsburg Director of Finance.

(1) Per \$100 assessed value.

(2) Collected by State, remitted monthly to City.

The City has no overlapping taxes.

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$12,348,440	\$12,122,381	98.17%	\$170,906	\$12,293,287	99.55%
2015	12,632,981	12,409,075	98.23%	181,600	12,590,675	99.67%
2016	13,009,018	12,796,868	98.37%	148,154	12,945,022	99.51%
2017	13,314,963	13,079,983	98.24%	130,468	13,210,451	99.22%
2018	13,477,747	13,258,466	98.37%	150,159	13,408,625	99.49%
2019	14,165,997	13,886,696	98.03%	213,192	14,099,888	99.53%
2020	15,040,398	14,661,249	97.48%	307,700	14,968,950	99.52%
2021	15,601,477	15,202,930	97.45%	183,377	15,386,307	98.62%
2022	17,355,816	16,833,039	96.99%	217,500	17,050,539	96.99%
2023	19,790,249	19,298,041	97.51%	N/A	19,298,041	97.51%

Source: City of Williamsburg ACFR – 2023/City of Williamsburg Assessor's Office.

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

Principal Real Estate Property Taxpayers

Taxpayers	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Colonial Williamsburg Foundation	\$340,998,700	1	13.68%
BSR Midtown LLC	118,937,900	2	4.77
HS APT Land LC	112,157,700	3	4.50
CCC Sterling Manor DE LLC	63,532,800	4	2.55
BRG Quarterpath LLC	63,196,400	5	2.54
Riverside Healthcare Associates	53,729,100	6	2.16
Quarterpath Williamsburg LLC	46,707,000	7	1.87
160 Merrimac Associates LLC	24,843,000	8	1.00
GEI Ludwell LLC & TRP Ludwell LLC	21,266,300	9	0.85
AJJ Avalon Axis Parkway LLC	21,019,100	10	0.84

Source: City of Williamsburg ACFR – 2023.

CERTAIN FINANCIAL PROCEDURES

As required under Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments (“Statement No. 34”) issued by the Governmental Accounting Standards Board (“GASB”), the City prepares government-wide statements of net assets and activities using the accrual basis of accounting. Statement No. 34 also requires the City to record all capital assets and infrastructure, record the related depreciation expense, and record all long term liabilities.

The City’s basic financial statements include both government-wide financial statements, which are based on the City as a whole, and fund financial statements. This reporting model focuses on either the City as a whole or on major individual funds (within the fund financial statements).

Accounting System and Annual Audit

The City’s accounting system is organized on the basis of funds and groups of accounts, each of which is considered to be a separate accounting and reporting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The various funds are grouped in the City’s financial statements as follows:

Governmental Funds account for the expendable financial resources, other than those accounted for in proprietary or fiduciary funds. The Governmental Fund measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds which are budgeted are the General Fund, Sales Tax Fund, which are combined in the General Fund as presented in the City’s Annual Comprehensive Financial Report (ACFR) each year. The Public Assistance Fund is also a governmental fund, and accounts for programs offered by the Human Services Department.

General Fund - This fund accounts for all revenues and expenditures of the City which are not accounted for in other funds. Revenues are derived from general property taxes, other local taxes, licenses and permits, and revenues from other governmental units.

Sales Tax Fund (also referred to as General Capital Improvement Program) - This fund accounts for scheduled major capital improvements for the upcoming year. Revenues are traditionally derived from the 1% Sales Tax monies collected monthly at the State level, and interest earnings.

Public Assistance Fund – This fund accounts for activities of the City’s Human Services Department. The majority of funding is provided by the Federal and State governments for social service programs. The remainder of its funding is provided by the City as annual contributions from the General Fund.

Governmental Funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as deferred revenues - uncollected property taxes. Sales and utility taxes, which are collected by the State or utilities and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the City. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Expenditures are recorded as the related fund liabilities are incurred.

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and cash flows. Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services. The Utility Fund, consisting of the operations for water and sewer services, is the City’s only Enterprise Fund.

The accrual basis of accounting is used for the Utility Fund. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

An annual audit is made of the various funds of the City, and a copy of the FY 2023 financial statements audited by Robinson, Farmer, Cox Associates, independent certified public accountants, is presented as Appendix B to this Official Statement. Robinson, Farmer, Cox Associates will not be reviewing this Official Statement or any other matters in connection with the issuance of the Bonds.

Note 1 of the City's audited financial statements, attached as Appendix B, gives a more detailed summary of significant accounting policies.

Budgetary Procedures

Strategic Planning. To advance the City's vision, every two years the City Council identifies new strategic objectives for City government. Biennial Goals, Initiatives and Outcomes (GIOs) provide an expression of City priorities, as specific and measurable as possible, covering a two year period. GIOs are not intended to comprise a comprehensive list of all city services and activities. Instead, they provide a concrete, coordinated expression of the City Council's direction for change and focus in the near future. In that way, they drive city government operating budget and capital budget formation. The 2017-2018 Biennial Goals, Initiatives and Outcomes, adopted in November 2016, guide budget decisions for Fiscal Year 2018 and Fiscal Year 2019. Under the categories of eight "Goal" statements, 49 specific "Initiatives" with 124 sub-initiatives are identified. In addition to the Initiatives, "Outcomes" from five biennial National Citizen Surveys (NCS), "Desired Outcomes" and "Observed Results" provide performance metrics which help assess goal achievement. The City participated in the NCS in 2008, 2010, 2012, 2014, and most recently 2016. Overall, ratings in Williamsburg for 2016 generally remained stable. Of the 133 items for which comparisons were available, 112 items were rated similarly in 2014 and 2016, 14 items showed a decrease in ratings and 7 showed an increase in ratings, and whether those ratings were "above," "below," or "similar" to the benchmark average of hundreds of other cities and counties across the nation are, reported in the document. The Biennial GIOs are created with the help of a variety of resources including the City's Comprehensive Plan, Five Year Capital Improvement Program (CIP), and Economic Development Strategic Plan, and with input from citizens, city staff, and volunteers.

Budget Development. The City's Strategic Planning Team (SPT), made of up all senior-level staff members, meets periodically throughout the year. The SPT meetings serve as a forum for communicating management issues across the City's departments, including current budget challenges facing all local governments with the recent downturn in the economy. Directives are given to department managers as they submit budget requests during the budget preparation timeline of January through March of each year. By mid-March of each year the City Manager submits to the City Council a proposed operating and capital budget for the Fiscal Year commencing on July 1 of such year. The operating and capital budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is enacted by resolution of the City Council. Thereafter, appropriations are approved annually by the City Council. Additions to the budget must be approved and appropriated by the City Council. The City Manager is authorized to transfer budgeted amounts within general government departments, and has limited authority to transfer budgeted amounts between departments.

Formal budgetary integration is employed as a management control device during the year for the General Fund, the Utility Fund, and the Public Assistance Fund. Cash-basis budget-to-actual expenditure and revenue reports are included with the information packet provided to City Council members and the public each month. A detailed report highlighting investments for the major City funds is also included in the monthly packet. All reports are available for download on the City's website (www.williamsburgva.gov). The annual operating budget also includes a performance metrics chapter, comparing input indicators (such as expenditures and staffing) against output and outcome indicators.

Set forth in the table below is a summary of the Fiscal Year 2024 Adopted Budget of the City, together with a summary of the final Fiscal Year 2023 Adopted Budget of the City.

	FY 2023 Final Budget	FY 2024 Adopted Budget
Revenues		
General Fund Property Taxes	\$ 18,830,928	\$ 22,218,838
Other Local Taxes	14,664,800	16,704,800
Licenses and Permits	156,100	112,250
Fines	220,000	210,000
Use of Money and Property	741,954	862,151
Charges for Services	1,244,324	433,425
Miscellaneous	1,657,540	2,974,650
Total Non-Categorical Aid	1,336,647	63,000
Total Shared Cost	171,885	160,000
Total Categorical Aid	2,869,554	2,796,786
Transfer from Surplus	550,420	-
Transfer from ARPA Fund	<u>9,209,832</u>	<u>-</u>
Total Revenues	<u>\$ 51,653,984</u>	<u>\$ 46,535,900</u>
Expenditures		
General Gov't Administration	\$ 6,016,912	\$ 8,810,527
Judicial Administration	584,150	670,000
Public Safety	13,556,169	13,756,184
Public Works	3,639,467	3,840,890
Health and Welfare	2,137,392	2,450,481
Education	9,689,456	10,380,889
Parks, Rec., and Cultural	2,507,331	2,603,136
Community Development	1,912,287	1,228,793
Debt Service	111,068	-
Transfer to Tourism	2,205,000	2,205,000
Transfer to CIP	<u>9,294,752</u>	<u>590,000</u>
Total Expenditures	<u>\$ 51,653,984</u>	<u>\$ 46,535,900</u>

CAPITAL IMPROVEMENT PLAN

The City makes annual appropriations for capital projects on a continuing basis. These appropriations cover projects until completed unless amended or superseded by action of the City Council.

The Capital Improvement Plan (“CIP”) represents a five-year program of capital outlays for general City and water and sewer improvements. It is reviewed and updated annually but does not represent a legislative commitment to expend capital funds for the projects indicated. It is a plan for future spending and establishes priorities for the orderly development of the City. The CIP is subject to continuing examination and revision and is reviewed and adopted by the City Council on an annual basis. The planned expenditures set forth in the most recent CIP adopted by the City Council appear below. Such expenditures are to be funded through the City’s operations.

**PLANNED
EXPENDITURES**

5 YEAR SUMMARY

	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
General Gov. CIP - City Projects:	\$25,809,691	\$36,939,844	\$33,180,267	\$19,608,394	\$8,600,143
General Gov. CIP - City Share of School Prj.	<u>1,646,400</u>	<u>1,017,962</u>	<u>1,082,869</u>	<u>1,850,141</u>	<u>1,511,590</u>
Total General Government CIP	<u>27,456,091</u>	<u>37,957,806</u>	<u>34,263,136</u>	<u>21,458,535</u>	<u>10,111,733</u>
 Utility Fund	 <u>\$3,994,000</u>	 <u>\$1,440,000</u>	 <u>\$575,000</u>	 <u>\$655,000</u>	 <u>\$655,000</u>
Total All Funds	<u>\$31,450,091</u>	<u>\$39,397,806</u>	<u>\$34,838,136</u>	<u>\$22,113,535</u>	<u>\$10,766,733</u>

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SELECTED FINANCIAL INFORMATION

The financial data shown in the following table presents a summary for the last five Fiscal Years of the City's General Fund revenues, expenditures and fund balances. The summaries for the Fiscal Years have been compiled from the audited financial statements of the City for the Fiscal Years ending June 30, 2019 through 2023.

Five-Year Summary of Revenues, Expenditures and Fund Balances General Fund Fiscal Year Ended June 30					
	2019	2020	2021	2022	2023
Revenues:					
Taxes	\$27,933,536	\$26,234,094	\$ 25,809,285	\$ 31,939,210	\$ 35,994,864
Licenses, fees, and permits	282,660	501,907	240,832	275,127	446,096
Fines and penalties	277,729	218,387	197,671	200,957	187,316
Use of money and property	699,926	576,510	571,330	800,689	813,300
Charges for services	1,202,675	1,096,153	990,218	1,248,421	1,235,591
Intergovernmental	5,215,555	5,601,436	8,525,814	4,126,715	4,965,693
Other Revenues	1,547,382	1,471,933	1,739,458	2,131,834	2,446,782
Total Revenues	<u>\$ 37,159,463</u>	<u>\$ 35,700,420</u>	<u>\$ 38,074,608</u>	<u>\$ 40,722,953</u>	<u>\$ 46,089,642</u>
Expenditures:					
General government	\$ 3,954,853	\$ 4,103,114	\$ 4,966,751	\$ 4,967,798	\$ 5,905,236
Judicial	434,188	409,373	449,662	482,442	572,862
Police	5,258,936	5,277,431	5,246,345	5,631,954	6,100,214
Fire	4,153,194	4,259,192	4,843,222	4,814,109	5,159,136
Other public safety	1,700,142	1,622,504	1,664,437	1,578,134	1,567,000
Public works	3,145,566	3,202,810	3,230,663	3,456,518	3,529,910
Health and welfare	488,778	528,215	616,665	487,145	509,602
Education	9,605,544	9,490,247	10,073,887	8,665,672	8,727,917
Parks and recreation	1,236,425	1,156,877	1,322,261	1,223,059	1,471,167
Library	871,852	909,764	918,276	906,654	917,956
Community development	1,784,156	1,958,141	2,365,783	1,660,825	1,796,613
Debt Service					
Principal	-	-	-	38,435	110,400
Interest	-	-	-	661	668
Total expenses	<u>\$ 32,633,634</u>	<u>\$ 32,917,668</u>	<u>\$ 35,697,952</u>	<u>\$ 33,913,406</u>	<u>\$ 36,368,681</u>
Excess of revenues over (under) expenditures	4,525,829	2,782,752	2,376,656	6,809,547	9,720,961
Transfers In:					
From ARPA Fund	\$ -	\$ -	\$ -	\$ 12,892,454	\$ 5,527,208
From Tourism Fund	-	-	2,500,000	-	-
Total Transfers In	\$ -	\$ -	\$ 2,500,000	\$ 12,892,454	\$ 5,527,208
Other Financing Sources (Uses):					
Transfers Out					
To CIP Fund	\$ -	\$ -	\$ -	\$ (10,238,661)	\$ (9,294,751)
To Tourism Fund	(2,205,000)	(2,205,000)	(2,205,000)	(2,205,000)	(2,205,000)
To Public Assistance Fund	(1,050,533)	(1,163,077)	(1,482,951)	(1,258,274)	(1,422,387)
To Utility Fund - Cares Util Relief	-	-	(71,796)	(88,206)	-
Total Transfers Out	<u>\$(3,255,533)</u>	<u>\$(3,368,077)</u>	<u>\$(3,759,747)</u>	<u>\$(13,790,141)</u>	<u>\$(12,922,138)</u>
Issuance of Subscription Liability	-	-	-	-	190,830
Net Change in Fund Balance	<u>\$ 1,270,296</u>	<u>\$ (585,325)</u>	<u>\$ 1,116,909</u>	<u>\$ 5,911,860</u>	<u>\$ 2,516,861</u>

Source: Director of Finance, City of Williamsburg.

The following is a summary of Fiscal Year 2024 financial data that is preliminary, unaudited, subject to change due to internal adjustments and pending the results of the independent audit.

The City estimates that General Fund revenue for Fiscal Year 2024 was \$48,900,500, or 2.8% higher than the general fund final budgeted revenue of \$47,592,346. Local taxes make up approximately 82.6% of the City’s general fund revenues. The Commonwealth provides approximately 7% of general fund revenues which consist of funding for dedicated purposes such as mental health, social services, transportation, and public safety.

General fund expenditures were approximately \$47,000,000 or 98.8% of the Fiscal Year 2024 general fund final budgeted expenditures of \$47,577,248.

Looking solely at General Fund operating revenues and expenditures, without capital spending, results in revenues over budget by approximately \$1,300,000, with expenditures under budget by \$590,000, with an operating surplus of \$1,890,000 for FY 2024. The largest variances in the operating budget revenues were from increased general property taxes, local taxes, EMS fees, and a FEMA grant. The largest variances in expenditures were from attrition savings in public safety, parks and recreation, and planning department, and a refund of school operating surplus funds from the Williamsburg-James City County Public Schools.

DEBT MANAGEMENT

Debt Limit

Pursuant to the Constitution of Virginia and the Public Finance Act of 1991, a city in Virginia is authorized to issue bonds and notes secured by a pledge of its full faith and credit. The Constitution and the Public Finance Act limit the indebtedness which may be incurred without referendum by cities to 10% of the assessed valuation of taxable real estate subject to local taxation as shown in the last preceding assessment for taxes.

The City’s legal debt limit is computed as follows:

Assessed Value	
Real Estate as of June 30, 2023	\$2,492,933,670
Debt Limit (10% of Assessed Value).....	249,293,367
Reduced by Outstanding Bonds	41,171,631
Legal Debt Margin	208,121,736

Source: City of Williamsburg ACFR-2023; Director of Finance, City of Williamsburg.

The following is a summary of long-term obligation transactions of the City for the fiscal year ended June 30, 2023:

Primary Government:

	Balance July 1, 2022	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2023	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 14,236,920	\$ 24,500,000	\$ 952,200	\$ 37,784,720	\$ 1,003,800
Lease liabilities	106,959	-	38,626	68,333	38,833
Subscription liability	-	190,830	71,774	119,056	69,537
Compensated absences	1,194,219	1,462,220	872,403	1,784,036	1,259,893
Net pension liability	5,781,771	6,371,184	2,417,354	9,735,601	-
Net OPEB liability	2,553,448	1,782,603	2,026,479	2,309,572	-
Adjustment for deferred amounts:					
For issuance premium	1,038,139	-	100,341	937,798	-
Total Governmental activities	\$ 24,911,456	\$ 34,306,837	\$ 6,479,177	\$ 52,739,116	\$ 2,372,063
Business-type activities:					
General obligation bond	\$ 2,553,080	\$ -	\$ 397,800	\$ 2,155,280	\$ 421,200
Compensated absences	110,597	145,332	76,887	179,042	130,766
Subscription liability	-	6,462	-	6,462	6,462
Net pension liability	571,123	636,557	239,961	967,719	-
Net OPEB liability	69,810	42,911	41,849	70,872	-
Adjustment for deferred amounts:					
For issuance premium	352,552	-	58,758	293,794	-
Total Business-type activities	\$ 3,657,162	\$ 831,262	\$ 815,255	\$ 3,673,169	\$ 558,428

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

Year Ended June 30	Governmental Activities				Business-type Activities	
	Lease Liabilities		General Obligation Bonds		General Obligation Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$38,833	\$263	\$1,003,800	\$1,438,914	\$421,200	\$97,227
2025	29,500	79	1,052,740	1,218,722	442,260	75,641
2026	-	-	1,106,680	1,164,737	463,320	53,001
2027	-	-	1,163,280	1,107,988	486,720	29,250
2028	-	-	828,860	858,184	166,140	12,929
2029 - 2033	-	-	28,349,360	4,616,831	175,640	4,387
2034 - 2038	-	-	4,280,000	337,768	-	-
Total	\$ 68,333	\$ 342	\$ 37,784,720	\$ 10,743,144	\$ 2,155,280	\$ 272,435

Overlapping and Underlying Debt

The City is autonomous and entirely independent of any county or other political subdivision. It is not subject to taxation by any county or school district, nor is it liable for any county or school district indebtedness. There is no overlapping or underlying debt.

Statement of No Default

The City has never defaulted in the payment of principal or interest on any indebtedness.

Pension Plan

All permanent full-time employees of the City are automatically enrolled in the Virginia Retirement System (“VRS”), which provides retirement and disability benefits. The VRS maintains separate accounts for each participating locality based on contributions made by the locality and its employees and the benefits being paid to former employees. 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 City Council adopted Resolution #10-06 on June 10, 2010, electing to fund the entire 5% VRS employee contribution for employees hired after July 1, 2010.

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

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

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

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, of 1950 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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The City's contractually required employer contribution rate for the year ended June 30, 2023 was 17.0% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from them were \$2,114,322 and \$1,795,434 for the years ended June 30, 2023 and June 30, 2022, respectively.

Post-Employment Benefits Other Than Pensions

In June 2004, the Governmental Accounting Standards Board (GASB) released Statement #45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions" ("GASB 45"), which requires that localities recognize the post-employment benefits other than pensions (such as healthcare and related costs) that localities have agreed to provide to their retired employees. Prior to July 1, 2012 the City provided a health insurance supplement payment to eligible retirees who participated in the City's health insurance plan for at least ten consecutive years, and who had either a minimum of 15 years of service or were disabled. Effective July 1, 2012 City Council rescinded the benefit due to budget constraints, and as such, the city has no future other postemployment benefit liability.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF

THE CITY OF WILLIAMSBURG, VIRGINIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Williamsburg, Virginia, 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 Note 18 to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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 City of Williamsburg, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, 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 City of Williamsburg, Virginia'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 City of Williamsburg, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding 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

Required Supplementary Information (Continued)

the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' 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 May 6, 2024, on our consideration of City of Williamsburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Williamsburg, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Williamsburg, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
May 6, 2024

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The Management's Discussion and Analysis (MD&A) offers readers of the City's financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2023. Readers are encouraged to consider the information presented in conjunction with additional information furnished in our letter of transmittal, the financial statements, and the notes to the financial statements (which immediately follow this discussion).

FINANCIAL HIGHLIGHTS

Government-wide:

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows (net position) at the close of the Fiscal Year 2023 by \$150.3 million. The unrestricted portion of the net position is \$51.4 million for governmental activities and \$8.8 million for business-type activities, for a total of \$60.2 million. In the current year, the unrestricted net position increased by \$13.7 million in governmental activities and increased by \$1.1 million in business-type activities.
- The City's total net position increased by \$14.3 million from the prior fiscal year, of which the governmental activities increased by \$13.5 million, and business-type activities increased by \$828 thousand.

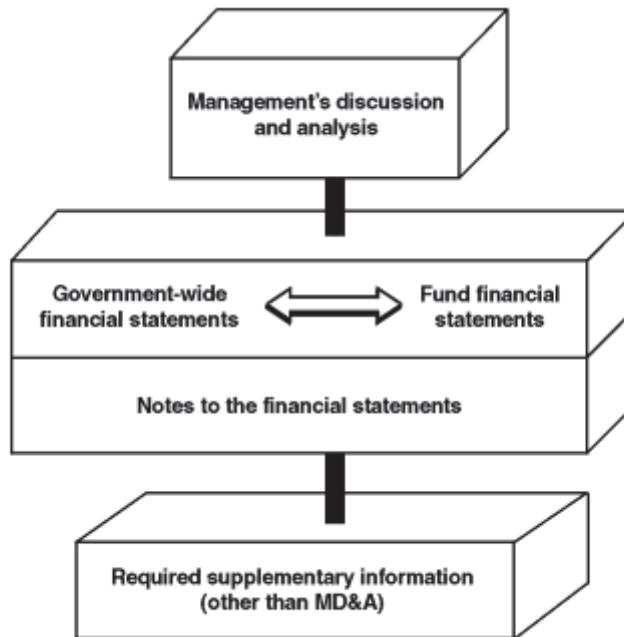
Fund Level:

- Total General Fund revenues were \$46.1 million for FY 2023, an increase of \$5.4 million compared with FY 2022. General property tax receipts were \$19.3 million, an increase of 15.2% compared with last year. Other local taxes increased by 9.9% or \$1.5 million compared with FY 2022. The increase of other local taxes was primarily due to increased revenue in meals, lodging, business and professional licenses, and recordation taxes. These increases were the result of increased activity and the impact of inflation. Intergovernmental Revenues were \$5.0 million, an increase of \$839 thousand or 20.3%. Of this amount, \$523 thousand was from the Commonwealth, and \$316 thousand was from the Federal Government.
- Total General Fund expenditures increased by \$2.5 million or 7.2% compared with FY 2022. Most of this increase occurred in the General Administration, Public Safety, Parks and Recreation, and Community Development categories. Increased expenditures were for studies regarding schools and sustainability (energy) studies, and costs related to a parking software demonstration, community engagement events, a community survey, professional services regarding grants, temporary employees in Finance due to staff turnover, the increased cost of instructors for parks and recreation classes, the purchase of laptops for new employees, salary and benefit increases to cover the cost of living adjustment and pay adjustments for police and fire employees, and increased costs of maintenance contracts for computers, software, and equipment.
- Spending on capital projects increased by \$9 million, or 132.9%, compared with last year. Debt service expenditures remained relatively level compared with FY 2022.
- The City's General Fund bonded debt increased by \$23 million with a bond issue of \$24.5 million and scheduled ongoing debt principal on existing debt being paid down.
- The City's governmental funds reported combined ending fund balances of \$90.8 million, an increase of \$30 million from the prior year. Fund balances are further categorized as Nonspendable (\$3.8 million land held for inventory and a very small portion for prepaid expenditures), Restricted (\$26.5 million for general obligation bonds issued for public safety facilities, \$391 thousand for American Rescue Plan Fund, and \$843 thousand for the Public Assistance Fund), Assigned (\$31.9 million of carryover and future capital projects and \$4.0 million for investment in tourism projects), and Unassigned (\$23.2 million). The unassigned fund balance is 50.4% of the General Fund operating revenues.
- Business-type activities (Utility Fund) reported a net position on June 30, 2023, of \$28.1 million. Capital assets (net of depreciation and related debt) account for 68.77% of this amount, with the remaining net position of \$8.8 million available without restriction. The Utility Fund reports combined

cash and investments at year-end of \$9.3 million, with total current liabilities of \$1.7 million, including the current portion (due within one year) of compensated absences and bonds payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



Government-wide Financial Statements

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

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

The Statement of Net Position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. However, this is just one indicator of the

financial health of the City. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in the property tax base, and general economic conditions within the City.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net position are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes, unpaid vendor invoices for items received before June 30, 2023, and earned but unused vacation and sick leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed until after June 30, 2023.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Williamsburg, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Each of the City of Williamsburg funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental Funds are used to account for most, if not all, of a government's tax-supported activities. Proprietary Funds are used to account for a government's business-type activities, where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities. Fiduciary Funds are used to account for resources that the government holds in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. The resources of fiduciary funds cannot be used to support the government's own programs.

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

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

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

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

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Williamsburg has one type of fiduciary funds - Custodial Funds (which are clearing accounts for assets held by the City in its role as a custodian until the funds are allocated to the organizations or government agencies to which they belong). The Statement of Fiduciary Net Position can be found following the proprietary fund financial statements.

Notes to the Financial Statements

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

Other Information

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, changes in net position may serve as a useful indicator of a City's financial position over time. The City's net position totaled \$150.3 million on June 30, 2023. The following table reflects the condensed Government-Wide Statement of Net Position:

City of Williamsburg - Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other Assets	\$ 97,628,581	\$ 67,974,529	\$ 13,331,341	\$ 12,416,634	\$ 110,959,922	\$ 80,391,163
Capital Assets	<u>83,143,188</u>	<u>74,968,137</u>	<u>21,661,858</u>	<u>22,334,266</u>	<u>104,805,046</u>	<u>97,302,403</u>
Total Assets	\$ 180,771,769	\$ 142,942,666	\$ 34,993,199	\$ 34,750,900	\$ 215,764,968	\$ 177,693,566
Deferred Outflow of Resources	<u>\$ 3,872,485</u>	<u>\$ 5,122,180</u>	<u>\$ 393,450</u>	<u>\$ 500,423</u>	<u>\$ 4,265,935</u>	<u>\$ 5,622,603</u>
Long-term Liabilities	\$ 52,739,116	\$ 24,911,456	\$ 3,660,446	\$ 3,657,162	\$ 56,399,562	\$ 28,568,618
Other Liabilities	<u>4,301,366</u>	<u>4,130,251</u>	<u>1,176,301</u>	<u>1,113,648</u>	<u>5,477,667</u>	<u>5,243,899</u>
Total Liabilities	\$ 57,040,482	\$ 29,041,707	\$ 4,836,747	\$ 4,770,810	\$ 61,877,229	\$ 33,812,517
Deferred Inflow of Resources	<u>\$ 5,368,019</u>	<u>\$ 10,666,509</u>	<u>\$ 2,484,558</u>	<u>\$ 3,243,473</u>	<u>\$ 7,852,577</u>	<u>\$ 13,909,982</u>
Net Position:						
Net Invested in Capital Assets	\$ 70,767,336	\$ 70,587,642	\$ 19,281,426	\$ 19,518,759	\$ 90,055,224	\$ 90,106,401
Restricted for:						
Fire and Police Capital	-	-	-	-	-	-
Unrestricted	<u>51,468,415</u>	<u>37,768,988</u>	<u>8,783,918</u>	<u>7,718,281</u>	<u>60,245,871</u>	<u>45,487,269</u>
Total Net Position	<u>\$ 122,235,751</u>	<u>\$ 108,356,630</u>	<u>\$ 28,065,344</u>	<u>\$ 27,237,040</u>	<u>\$ 150,301,095</u>	<u>\$ 135,593,670</u>

The City of Williamsburg's total assets were \$216 million as of June 30, 2023. The City's investment in capital assets, less any related debt used to acquire the assets that are still outstanding, is \$90.1 million or 41.7% of total assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining City assets, approximately \$95 million is accounted for in cash, cash equivalents, and pooled investments, \$5 million in accounts and notes receivable, \$4 million in inventories, \$3 million due from other governmental units, and \$4 million in leases receivable.

On June 30, 2023, outstanding liabilities were \$62 million, with \$56 million in general obligation bonds payable, compensated absences, and net pension and other post-employment (OPEB) liabilities. Of the bonds payable, \$2.9 million is due within one year, with the remainder due at various dates until 2037. Additional information on the City's long-term debt obligations is included in Note 8 in the notes to the financial statement. Included in other liabilities above are \$3.2 million in accounts payable, \$185 thousand in unearned

revenue, \$678 thousand in accrued liabilities, \$839 thousand in accrued interest payable, and \$463 thousand in customer deposits payable.

As of June 30, 2023, the City had positive balances in all categories of net position for the government as a whole and its separate governmental and business-type activities.

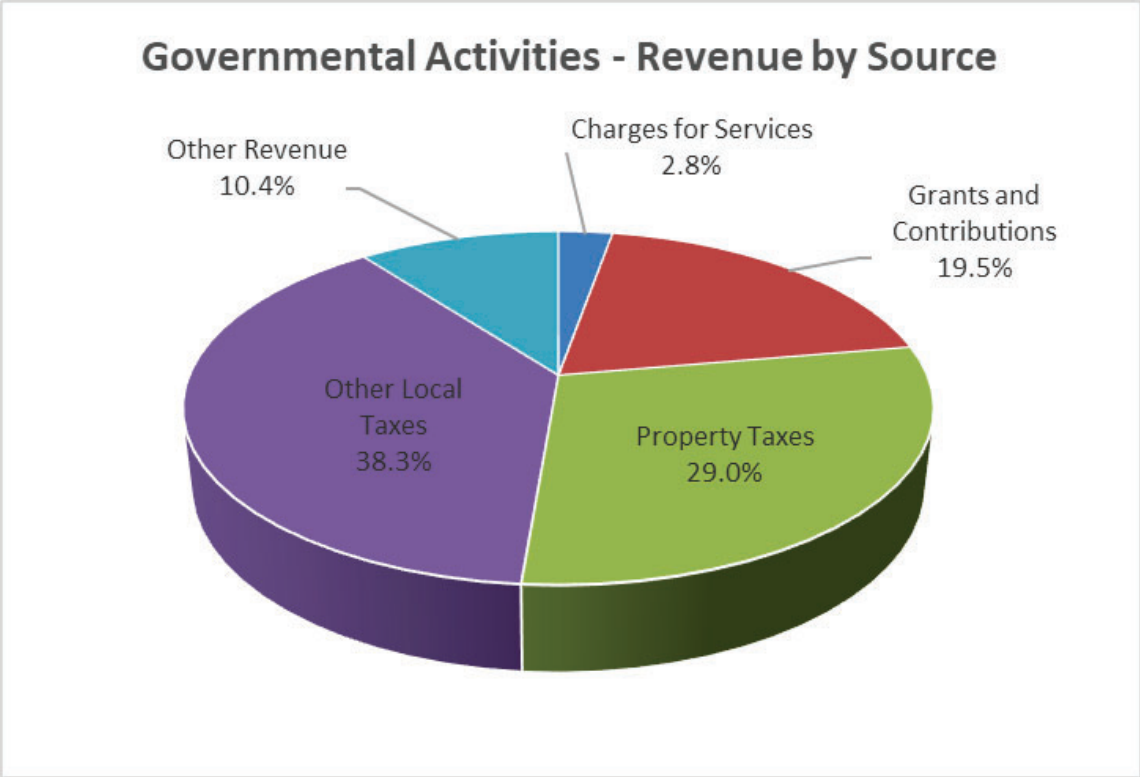
The following schedule summarizes the Statement of Activities of the primary government for the fiscal years ended June 30, 2023, and 2022:

City of Williamsburg - Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,869,003	\$ 1,724,505	\$ 9,147,275	\$ 8,258,979	\$ 11,016,278	\$ 9,983,484
Operating Grants and Contributions	11,210,269	17,170,067	-	-	11,210,269	17,170,067
Capital Grants and Contributions	1,884,375	528,108	-	-	1,884,375	528,108
General Revenues:						
Property Taxes	19,513,531	17,062,033	-	-	19,513,531	17,062,033
Other Local Taxes	25,756,432	23,010,830	-	-	25,756,432	23,010,830
Transfers	194,864	160,411	(194,864)	(160,411)	-	-
Other	6,956,222	3,630,808	346,069	332,854	7,302,291	3,963,662
Total Revenues	<u>\$ 67,384,696</u>	<u>\$ 63,286,762</u>	<u>\$ 9,298,480</u>	<u>\$ 8,431,422</u>	<u>\$ 76,683,176</u>	<u>\$ 71,718,184</u>
Expenses						
General Government	\$ 6,259,696	\$ 5,093,268	\$ -	\$ -	\$ 6,259,696	\$ 5,093,268
Judicial Administration	572,862	482,442	-	-	572,862	482,442
Public Safety	16,144,432	12,811,708	-	-	16,144,432	12,811,708
Public Works	4,653,005	6,107,188	-	-	4,653,005	6,107,188
Health and Welfare	3,822,049	3,064,367	-	-	3,822,049	3,064,367
Education	9,333,226	8,937,883	-	-	9,333,226	8,937,883
Parks, Recreation, & Cultural	3,173,203	1,751,740	-	-	3,173,203	1,751,740
Community Development	8,327,028	6,235,582	-	-	8,327,028	6,235,582
Interest Expense	1,220,074	485,833	-	-	1,220,074	485,833
Water	-	-	8,470,176	7,572,444	8,470,176	7,572,444
Total Expenses	<u>\$ 53,505,575</u>	<u>\$ 44,970,011</u>	<u>\$ 8,470,176</u>	<u>\$ 7,572,444</u>	<u>\$ 61,975,751</u>	<u>\$ 52,542,455</u>
Changes in Net Position	\$ 13,879,121	\$ 18,316,751	\$ 828,304	\$ 858,978	\$ 14,707,425	\$ 19,175,729
Net Position - Beginning	108,356,630	90,039,879	27,237,040	26,378,062	135,593,670	116,417,941
Net Position - Ending	<u>\$122,235,751</u>	<u>\$108,356,630</u>	<u>\$ 28,065,344</u>	<u>\$ 27,237,040</u>	<u>\$150,301,095</u>	<u>\$135,593,670</u>

Governmental Activities – Revenues

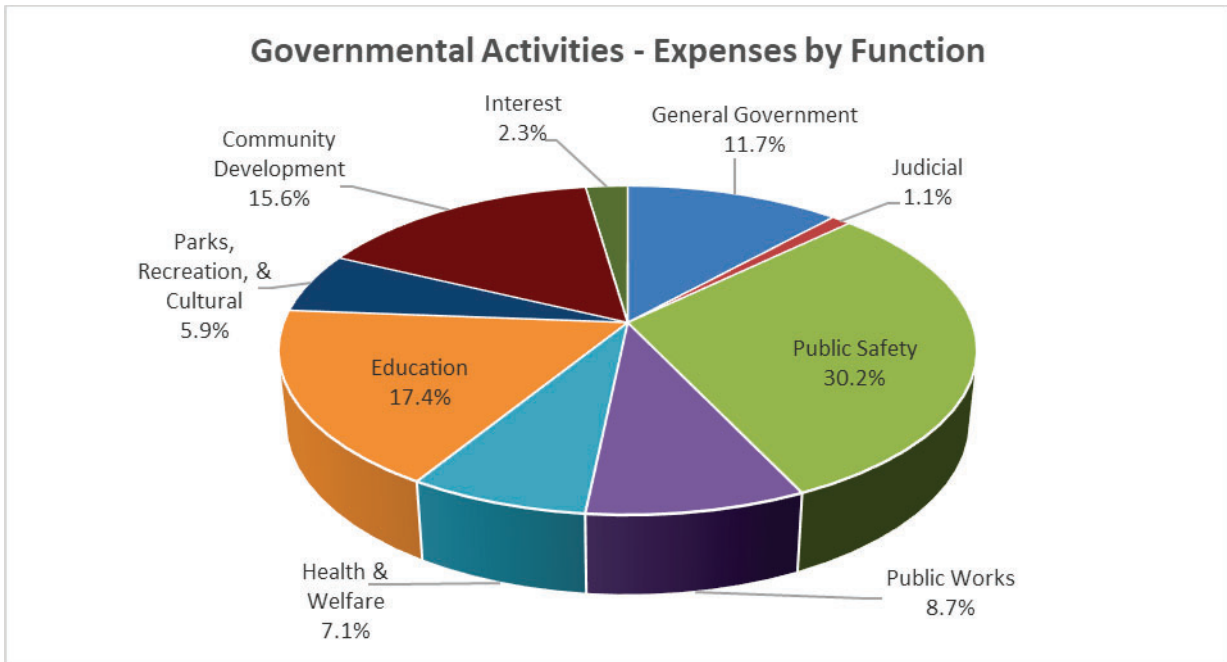
The City's total revenues from governmental activities were \$7 million for FY 2023, an increase of \$4.1 million from last year. Percentages of FY 2023 governmental revenues by source are as follows:



Taxes are the largest City Revenue source, with property and other local taxes accounting for 67.4% of the City's governmental activities. General property tax receipts were \$19.5 million, an increase of 14.4% compared with last year. Other local taxes totaled \$25.8 million during FY 2023, an increase of 11.9%, or \$2.7 million, due to increased tourism and the impact of inflation on the revenue that is the base for the tax. The majority of the increases in other local taxes in FY 2023 are attributed to increases in lodging taxes, meal taxes, and business licenses over FY 2022.

Governmental Activities – Expenses

The City's FY 2023 total expenses for governmental activities were \$53.5 million, an increase of \$8.6 million compared with FY 2022. The Governmental Fund expenditures increased by \$14.3 million, and the major variances are further discussed in the Financial Analysis of the City's Funds section. In the transition from fund statements to government-wide, some expenses are reported in the Statement of Activities that do not require the use of current financial resources; therefore, these items are not reported as expenditures in the governmental funds. An example would be expense accruals for compensated absences that are not reported as expenditures in the fund statements. There are also some expenditures reported in the governmental funds that are not reported as expenses in the Statement of Activities. An example would be capital assets that are purchased or constructed are reported as expenditures in the governmental funds; however, for government-wide, the asset is reported in the Statement of Net Position, and the cost of the asset is allocated over its useful life as depreciation expense.



Business-type activities – The Utility Fund is the City's only business-type activity. The utility rate structure recovers as much as possible from the operating expenses incurred to meet service demands through user charges. Change in the fund's net position is the difference between revenues and expenses, which for FY 2023 resulted in an increase of \$828 thousand. More information on the operation of the Utility Fund is shown in the Funds section of this discussion.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

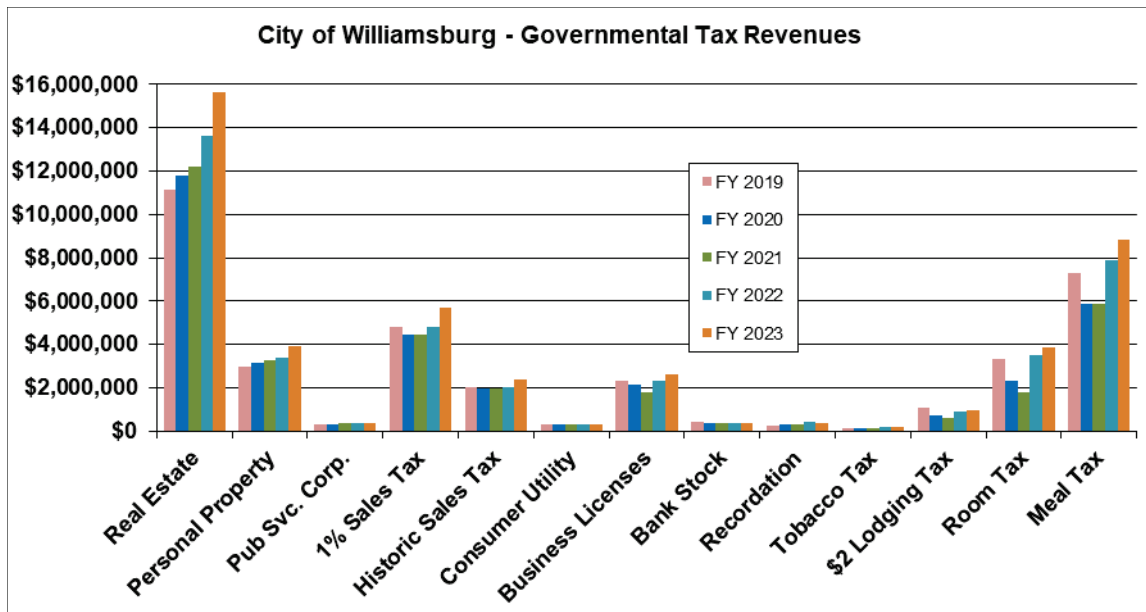
The Governmental Funds include the General Fund, Tourism Fund, American Rescue Plan Fund, Capital Projects Fund, Public Assistance Fund, and the Law Enforcement Block Grant Fund. The general governmental functions are contained in the General Fund, the City's chief operating fund. The City's governmental funds focus on near-term inflows, outflows, and balances of spendable resources. On June 30, 2023, the total fund balance of the General Fund was \$23.3 million. A small portion of the fund balance, \$23 thousand, is *Nonspendable*, consisting of prepaid expenditures. The majority of the fund balance is *Unassigned*, representing 50.4% of operating revenue, in compliance with the City's unassigned fund balance policy of 35% of operating revenues for the year.

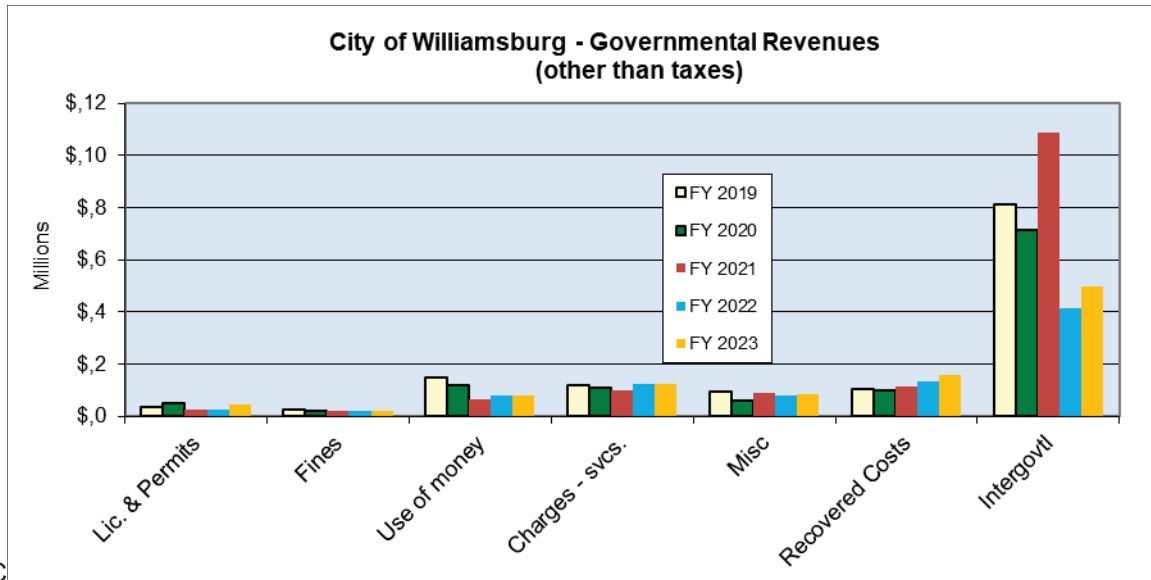
**Revenues Classified by Source
Governmental Funds**

Revenue by Source:	June 30, 2023		June 30, 2022		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General Property Taxes	\$ 19,287,183	28.2%	\$ 16,742,322	26.1%	\$ 2,544,861	15.2%
Other Local Taxes	25,756,432	37.6%	23,010,830	35.9%	2,745,602	11.9%
Permits, privilege fees, and regulatory licenses	446,096	0.7%	275,127	0.4%	170,969	62.1%
Fines and forfeitures	187,316	0.3%	200,957	0.3%	(13,641)	-6.8%
Use of Money and Property	3,274,368	4.8%	913,416	1.4%	2,360,952	258.5%
Charges for Services	1,235,591	1.8%	1,248,421	1.9%	(12,830)	-1.0%
Miscellaneous	2,258,600	3.3%	1,365,850	2.1%	892,750	65.4%
Recovered Costs	1,578,766	2.3%	1,342,479	2.1%	236,287	17.6%
Intergovernmental	14,438,393	21.1%	19,049,717	29.7%	(4,611,324)	-24.2%
Total Revenues:	\$ 68,462,745	100.0%	\$ 64,149,119	100.0%	\$ 4,313,626	6.7%

The following provides more detailed information about General Fund operating revenue collections during FY 2023:

- General Property Taxes** – This consists of real and personal property tax receipts. Real property tax receipts were \$15.6 million, an increase of \$2.0 million or 14.6%, compared with FY 2022. The increase is attributed to an average increase of 16.6% for the FY 2023 real estate assessment. Personal property tax receipts for individuals and businesses include reimbursement from the State's Car Tax relief block grant program and total \$3.9 million, an increase of \$511 thousand, or 15.1%, compared with last year, primarily because of the increased assessments of motor vehicles.
- Other Local Taxes** – Overall, these revenues increased by \$1.5 million from last year. The majority of the increase was in meals tax of \$955 thousand, lodging tax of \$362 thousand, and business licenses of \$288 thousand as the continued economic recovery from the pandemic resulted in increased visitation from tourism, as well as the impact of inflation on tax revenue.





C

- **Licenses and Permits** – This category of revenues increased \$171 thousand, or 62%, compared with FY 2022, mainly due to an increase in building, electrical, plumbing, and permits.
- **Fines and Forfeitures** – This category includes court fines and forfeitures, and parking fines. This revenue decreased by \$14 thousand compared with FY 2022, primarily due to a reduction in court fines and forfeitures.
- **Revenue from the Use of Money and Property** – In the General Fund, revenue in this category is primarily generated from the use of property and the sale of surplus equipment. In FY 2023, the category of revenue increased by \$13 thousand, with rental income decreasing by \$10 thousand, primarily from the Prince George Parking Garage, while the sale of surplus equipment increased by \$23 thousand as more items were sold.
- **Charges for Services** – This category consists mainly of EMS medical transport fees, recreation programs and facility rentals, and cemetery lots and fees. Overall revenues in this category were \$1.2 million and, as a category, level with last year. However, Parks and Recreation fees increased by \$53 thousand, while EMS recovery of fees decreased by \$66 thousand compared with FY 2022.
- **Miscellaneous** – This category comprises fiscal agent fees, payments in lieu of taxes, and other revenues that are either small in amount or infrequent, or both. FY 2023 revenues in this category increased by \$79 thousand compared with FY 2022. The FY 2023 increase is primarily due to an increase in fiscal agent fees offset by a decrease in a grant from the Williamsburg Health Foundation.
- **Recovered Cost** – These include reimbursements for Utility Fund overhead charges, public safety overtime, stormwater management fees, and James City County's reimbursed portion of annual Arts Commission grants. FY 2023 recovered cost revenue increased by \$236 thousand compared with FY 2022 and was due to an increase in Utility Fund Overhead charges to capture increased costs of administration, equipment, and materials.
- **Intergovernmental** – Intergovernmental revenue in the General Fund for FY 2023 was \$5.0 million, \$484 thousand from the Federal government, and \$4.5 million from the Commonwealth. Intergovernmental revenue increased by \$839 thousand compared with FY 2022, with \$316 thousand of the increase from federal grants and \$523 thousand from state grants. The increase in Federal grants resulted primarily from a FEMA grant of \$137 thousand and an increase from a SAFER grant for firefighters of \$169 thousand. The majority of the increase in grants from the Commonwealth was the result of an increase in funding for streets of \$302 thousand, a grant for School Resource Officers of \$168 thousand, and an increase of \$41 thousand in 599 funds.

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

- **Other Local Taxes** – Sales tax revenues increased \$875 thousand in the Capital Projects Fund (CIP) and \$307 thousand in the Tourism Fund compared with FY 2022.
- **Miscellaneous** - In the Capital Projects Fund, this revenue category increased by \$690 thousand, primarily due to insurance proceeds received of \$365 thousand and the change in the market value of inventory of \$390 thousand.
- **Intergovernmental** - The Capital Projects Fund realized \$157 thousand less in State revenue and an increase of \$1.4 million in Federal revenue compared with FY 2022. The Public Assistance Fund realized an increase of \$330 thousand in State revenue and \$64 thousand in Federal revenue.

Governmental Funds Expenditure – Analysis

The following table represents governmental expenditures by function compared with amounts for the previous year.

	Expenditures by Function Governmental Funds					
	June 30, 2023		June 30, 2022		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Expenditures by Function:						
General government administration	\$ 5,905,236	9.3%	\$ 4,967,798	10.1%	\$ 937,438	18.9%
Judicial administration	572,862	0.9%	482,442	1.0%	90,420	18.7%
Public safety	12,832,957	20.2%	12,042,615	24.5%	790,342	6.6%
Public works	3,536,104	5.6%	3,456,518	7.0%	79,586	2.3%
Health and welfare	3,819,544	6.0%	3,131,539	6.4%	688,005	22.0%
Education	8,727,917	13.8%	8,665,672	17.7%	62,245	0.7%
Parks, recreation, and cultural	2,389,123	3.8%	2,129,713	4.3%	259,410	12.2%
Community development	7,855,738	12.4%	5,851,661	11.9%	2,004,077	34.2%
Capital projects	15,856,171	25.0%	6,808,437	13.9%	9,047,734	132.9%
Principal retirement	1,062,600	1.7%	944,355	1.9%	118,245	12.5%
Interest and other fiscal charges	824,806	1.3%	606,650	1.2%	218,156	36.0%
Total Expenditures:	<u>\$ 63,383,058</u>	<u>100.0%</u>	<u>\$ 49,087,400</u>	<u>100.0%</u>	<u>\$ 14,295,658</u>	<u>29.1%</u>

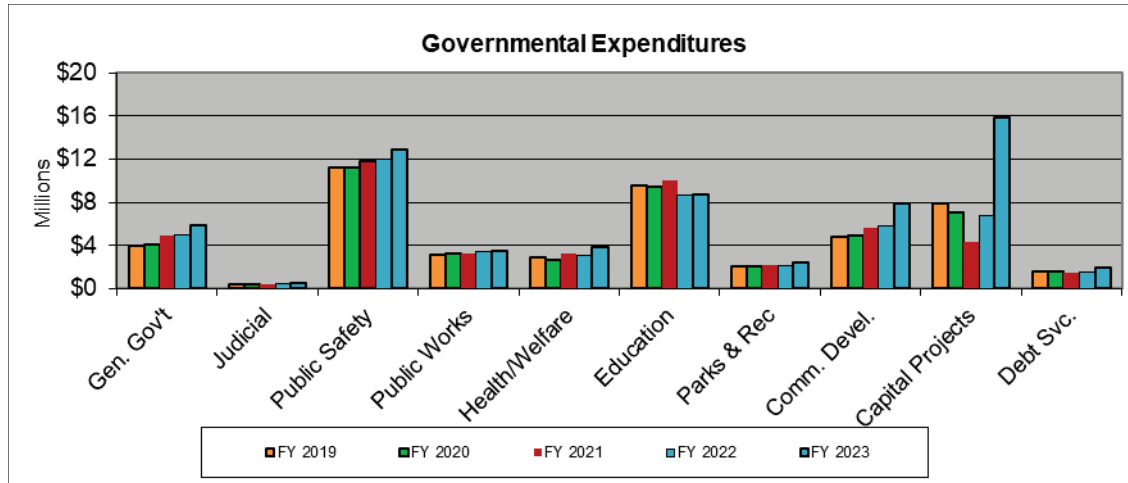
The City's FY 2023 budget included \$813 thousand in the General Fund to adjust public safety and general employee salaries. The employer contribution rate during FY 2023 for full-time employees covered by the Virginia Retirement System was 17.1% of salaries, with covered employees contributing their 5% share above the employer rate. Healthcare premiums for the City's plan with Anthem's Local Choice program administered by the state increased by 11% compared with FY 2022.

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

- **General Government Administration** – increased \$937 in FY 2023 compared to FY 2022. Increases in salaries and benefits amounted to \$610 thousand, which includes the cost-of-living increase and pay adjustments for public safety, the City's share of health insurance, and retirement contributions. Maintenance costs for computer software and hardware increased by \$155 thousand, office and operating supplies increased by \$75 thousand, and insurance costs increased by \$45 thousand. The remaining \$52 thousand increase was the netting of small positive and negative variances spread throughout the category.
- **Education** – Education costs were \$8.7 million, which is only a slight increase compared with compared with FY 2022. The City's share of the jointly operated Williamsburg-James City County Schools for Fiscal Year FY 2023 was 9.98%. FY 2023 was the first year of a five-year renegotiated joint agreement, with operating funding based on the City's share of the student population multiplied by a 14% factor, then averaged over the past three years. The City also funds approved capital projects at the same rate.
- **Capital Projects** – Capital project spending varies each year, depending on the 5-year program. Major capital projects in FY 2023 included fire station construction and a new police station project,

the street resurfacing program, corridor enhancements, pedestrian improvements, surveys of hazardous substances, purchase of law enforcement equipment, improvements to schools, public housing renovations, and purchase of vehicles. More information is provided under the Capital Asset section of this analysis. For FY 2023, capital spending increased by \$9 million compared with FY 2022.

- **Principal and Interest Payments** – Total principal payments during FY 2023 were \$952 thousand, and interest payments on outstanding debt totaled \$560 thousand. Details on long-term debt obligations are included in the notes to the financial statements.



Budget Variances

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

General Fund operating revenues were over budget by \$4.2 million, or 10%. Most of the variance was due to the following accounts compared with the budgeted amount: real property taxes \$377 thousand higher, business license \$438 thousand higher, lodging taxes \$ 471 thousand higher, meal taxes \$ 1 million higher, miscellaneous revenue \$388 thousand higher, enterprise overhead \$372 thousand higher, categorical aid for streets \$302 thousand higher, permits and other licenses \$292 higher, grant for school resource officers \$167 thousand higher, FEMA grant \$137 thousand higher, and police and fire grants \$211 thousand lower.

General Fund operating expenditures were under budget by \$2.2 million. A large portion of this variance is the City's share of surplus funds from the operating budget of the schools, totaling \$962 thousand. Section 22.1-100 of the Code of Virginia requires that schools' unspent funds at year-end revert back to the locality that funded the appropriation. The overall general government administration was under budget by \$112 thousand, mainly due to vacancy savings in several departments.

Public Safety was under budget by \$730 thousand. Reduction in expenses for the Police Department, Fire Department, and the Prince George parking garage of \$589 thousand were due to vacant position savings and changes in health benefit selections, vacancy-related savings of \$60 thousand in the building inspection division, and reductions to the contribution to the Regional Jail of \$84 thousand were the main contributors to the variance.

Public Works was under budget by \$110 thousand. Vacancies resulted in salaries and benefits coming in under budget by \$155 thousand. The City's recycling program's costs were also under budget by \$31 thousand. These savings were offset by overages in garbage collection costs of \$25 thousand, utilities costs of \$26 thousand, and maintenance services contracts of \$26 thousand.

Overall spending in Parks and Recreation was under budget by \$118 thousand. \$56 thousand was related to health insurance coming under budget, \$34 thousand was due to underspending in professional services, and \$21 thousand was underspending in salaries and benefits due to vacancies.

Community development was under budget by \$116 thousand mainly due to salary and benefit savings in the Economic Development department and a lower-than-budgeted contribution to the Economic Development Authority.

Capital Projects - \$15.9 million was expended on capital projects in FY 2023. As mentioned earlier, capital project funding and expenditures vary each year, depending on the five-year plan. The budget balances of any appropriated capital projects not completed at year-end carry forward to the next fiscal year, as provided for in the City's Financial Policies. More information is provided in the Capital Assets section of this analysis.

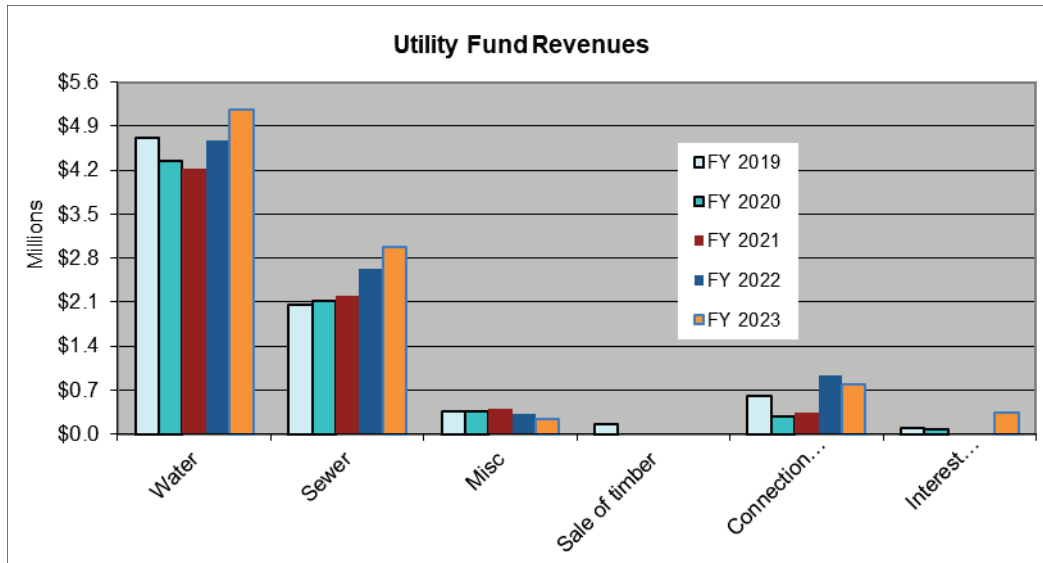
Fund Balance

The total Fund Balance for the General Fund increased from \$20.8 million to \$23.3 million for the year. Of that, \$23 thousand is nonspendable and represents prepaid expenditures, and the remaining amount is unassigned. The increase in fund balance is primarily attributed to increases in property tax, other local taxes, permits, enterprise overhead, miscellaneous, and street maintenance revenues, which were offset by a decrease in the transfer from the ARPA Fund of \$3.7 million, as well as expenditures that came in under budget. The primary expenditures under budget were in Public Safety (due to vacancy savings, reductions in health care costs related to changes in benefit levels selected by employees, and reduced contribution to the Regional Jail) and Education (due to the School's return of operating surplus).

Enterprise Funds Revenue/Expense Analysis

The business-type activity (water and sewer services of the Utility Fund) operating revenues for the year were \$9.2 million, an increase of \$602 thousand, or 7%, compared with the last year. There was no increase in water rates, which are \$5.30 per 1,000 gallons. Highlights include:

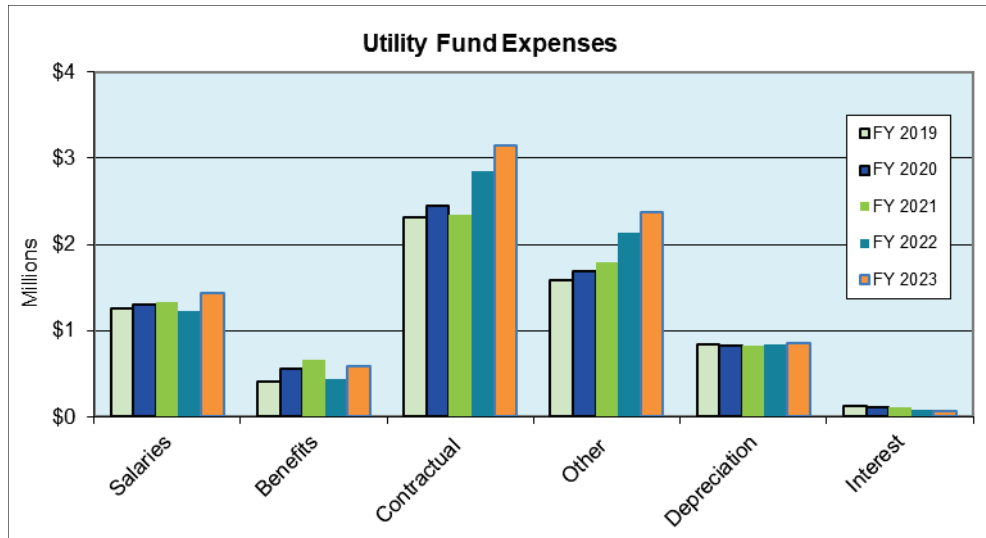
- Total billed water consumption for FY 2023 was 858 million gallons, an increase of 1.4% compared with the 846 million gallons consumed last year.
- Water revenues were \$5.2 million, a 10.4% increase compared with FY 2022.
- Sewer revenues were \$3.0 million, a 13.5% increase compared with last year.
- Tap and availability fees were \$781 thousand, a 16.4% decrease compared with last year.
- Rental fees from cell phone providers using water tanks as a base for telecommunications equipment were \$187 thousand, a 27.5% decrease from FY 2022.
- Investment earnings were \$304 thousand in FY 2023, an increase of 293 thousand compared to the interest earned in FY 2022 of \$11 thousand. This increase is due to the increase in interest rates.



Utility Fund operating expenses totaled \$8.4 million, an increase of \$918 thousand, or 12.3% compared with FY 2022. This increase is primarily attributed to:

- Fringe benefits increased by \$151 thousand compared with last year. This increase is primarily due to increases in salaries that occurred in FY 2022 as part of the City's recruitment and retention initiative.
- Contractual services increased by \$300 thousand. This increase is attributed to an increase in pass-thru payments to the Hampton Roads Sewer District for sewage treatment fees collected on their behalf.
- Other charges increased by \$235 thousand, most of which resulted from an increase in the cost of operating supplies compared with FY 2022.
- Personnel services increased \$210 thousand compared with last year, primarily due to the salary adjustments and cost-of-living increase that occurred during FY 2023 as part of the City's recruitment and retention initiative.
- Depreciation expense increased by \$22 thousand compared with last year. Depreciation charges include a portion of the 25-lease amortization of the total \$12.5 million costs of the Newport News Water agreement, classified as intangible water rights in the Utility Fund.

The year's operating income was \$750.4 thousand, a decrease of \$316 thousand, compared with the \$1.07 million reported in FY 2022. The total net position of the Utility Fund increased by the change in net position for FY 2023 of \$828 thousand, leaving the fund's ending total net position at \$28.1 million, an increase of 3.% compared with last year.



Original and Final Amended Budgets

By resolution, the FY 2023 General Fund Budget was amended by \$791,725. Of this amount \$541,352 was a transfer to CIP for the school year-end surplus, \$236,805 was to appropriate police grants for school resource officers, bulletproof vests, training, and to address alcohol, pedestrian, and speed violations, \$9,068 was to transfer police grants to the Capital Projects Fund, \$3,500 was for a grant to purchase a portable traffic arrow and tripod, and \$1,000 was a private donation for the purchase of police supplies.

The Capital Projects Fund was amended by \$885,336. Of this amount, \$541,352 was appropriated for School System projects, \$25,635 was appropriated for National Opioid Funds, \$23,174 was appropriated for emergency management service grants, and \$10,175 was appropriated for police grants.

The Public Assistance Fund's budget was amended by \$97,638. Of this amount, \$87,000 was appropriated for a Sentara Home First Grant, and \$10,638 was appropriated to fund a Housing Navigator position.

The American Rescue Plan Act (ARPA) Fund was amended by \$11,329 to appropriate funding for Municipal Utility Relief.

The Utility Fund was amended by \$5,135 to appropriate and apply ARPA utility relief funds to qualifying customer accounts. The remaining \$6,194 of unspent utility relief funds was returned to the state.

The Law Enforcement Block Grant Fund was amended to appropriate \$2,094 of grant funds for police equipment.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Williamsburg's total investment in capital assets for its governmental and business-type activities as of June 30, 2023, was \$104 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, machinery and equipment, and recreation and park facilities. Major capital assets of the Utility Fund consist of all assets used to provide water and sewer services to City residents, including the significant investments in the Waller Mill Reservoir and all properties adjacent to this watershed and intangible water rights with the Newport News water agreement.

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

Government Funds (Capital Projects Fund):

- Fire Station – Work on the construction of the new Fire station was completed in the fall of 2023, with \$9.9 million expended in FY 2023.
- Public safety expenditures totaled \$1.2 million and included law enforcement and Fire Department equipment, police vehicles, and surveys of hazardous materials.
- Police Station Construction – Work for the construction of a new Police Station continued with \$583 thousand expended for professional services.
- Street construction and repaving costs during the year totaled \$1.6 million.
- Vehicles were replaced citywide under the replacement plan at the cost of \$755 thousand.
- The School System expended \$605 thousand of the City's share of funding for the School's CIP, which includes renovations to existing facilities.
- Economic development expenditures totaled \$276 thousand for the procurement of land.
- Parks and recreation expenditures totaled \$272 thousand for park improvements and repairs.
- Housing projects included renovations and security improvements totaling \$193 thousand.
- Stormwater improvements totaled \$142 thousand and included work on the Capitol Landing Outfall Stream project and Port Anne Outfall Stabilization.
- Information Technology projects totaled \$108 thousand and included PC upgrades, software upgrades, and wireless internet at city parks.
- Work on the Francis Street Sidewalk project totaled \$99 thousand.
- Other general government projects totaled \$96 thousand and included LED lighting at the Prince George Parking Garage, the replacement of the Lafayette Street Fence, and the purchase of voting equipment.

Utility Fund:

The Utility Fund capital improvements totaled \$182 thousand in FY 2023, the majority of which was spent on Waller Mill Dam improvements.

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

Long-Term Debt

On June 30, 2023, the City of Williamsburg's total outstanding bonded debt was \$41.2 million. Bonds payable for Governmental Activities were \$38.7 million, while business-type activities owed \$2.5 million at year-end. The full faith and credit of the government back these instruments. The City's total bonded debt increased by \$23 million because of general obligation bonds issued during the year totaling \$24.5 million, less debt service and premium amortization totaling \$1.5 million. The City's remaining legal debt capacity on June 30, 2023, is approximately \$ 213 million.

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

ECONOMIC FACTORS AND THE FY 2025 BUDGET

In preparing for the FY 2025 budget, many factors and challenges were taken into consideration in meeting both the current funding needs and preparing for future needs while preserving the City's stable and strong financial foundation. The FY 2025 Budget accomplishes these goals and the continued commitment to

including the City Council's Goal Initiatives and Objectives. The goals and initiatives addressed in the FY 2025 Budget include:

- Fully fund the joint school system's request for an additional \$8 million in funding, of which the City's share is 10% or \$886 thousand.
- To plan for future debt service requirements for the City's major public infrastructure renewal projects. This FY 2025 budget includes \$1.2 million to meet this need.
- Maintain the progress made on the City's recruitment and retention initiative to attract and retain talent. The FY 2025 Budget includes funds of \$593 thousand for cost-of-living and merit adjustments, as well as recommended increases recommended through the biennial benchmarking process.
- The City takes pride in providing outstanding services to City residents. Each year, the costs of providing services increase. The FY 2025 Budget includes \$819 thousand to accommodate increases in contractual services, maintenance costs, increases for the Public Assistance Fund, and increases in general service costs.
- City services are augmented through 70 outside agencies. The FY 2025 Budget includes \$671 thousand to meet approved outside agencies' request for increased funding.

REQUEST FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Williamsburg, Virginia
Statement of Net Position
June 30, 2023

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Williamsburg Redevelopment and Housing Authority	Williamsburg Economic Development Authority
ASSETS					
Cash and cash equivalents	\$ 26,967,454	\$ 819,951	\$ 27,787,405	\$ 950,318	\$ 92,498
Investments	32,052,660	8,433,353	40,486,013	263,287	264,074
Investments in custody of others	26,523,198	-	26,523,198	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,034,849	-	1,034,849	-	-
Accounts receivable	2,032,862	1,770,303	3,803,165	38,633	43,403
Notes receivable	114,000	-	114,000	-	-
Due from other governmental units	2,706,682	-	2,706,682	-	-
Inventories	3,778,524	-	3,778,524	39,821	-
Prepaid items	23,257	-	23,257	28,176	-
Leases receivable	2,395,095	2,307,734	4,702,829	-	-
Capital assets (net of accumulated depreciation):					
Land and land improvements	9,497,497	7,194,469	16,691,966	2,377,895	-
Works of art	135,798	-	135,798	-	-
Buildings and system	18,965,055	3,688,650	22,653,705	1,040,319	-
Improvements other than buildings	4,543,373	2,019,903	6,563,276	8,838	-
Lease equipment	69,578	-	69,578	-	-
Subscription assets	103,734	2,810	106,544	-	-
Machinery and equipment	5,236,384	579,567	5,815,951	29,596	-
Intangibles	856,597	8,125,003	8,981,600	-	-
Infrastructure	30,982,595	51,456	31,034,051	-	-
Construction in progress	12,752,577	-	12,752,577	-	-
Total assets	\$ 180,771,769	\$ 34,993,199	\$ 215,764,968	\$ 4,776,883	\$ 399,975
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 2,893,255	\$ 299,603	\$ 3,192,858	\$ -	\$ -
OPEB related items	968,373	18,743	987,116	-	-
Deferred charges on refunding	10,857	75,104	85,961	-	-
Total deferred outflows of resources	\$ 3,872,485	\$ 393,450	\$ 4,265,935	\$ -	\$ -
LIABILITIES					
Accounts payable	\$ 2,445,653	\$ 854,299	\$ 3,299,952	\$ 28,362	\$ 10,366
Accrued liabilities	678,254	-	678,254	14,742	-
Refundable deposits	392,351	70,400	462,751	40,862	-
Accrued interest payable	785,108	53,879	838,987	-	-
Unearned revenue	-	185,000	185,000	2,132	-
Long-term liabilities:					
Due within one year	2,372,063	558,428	2,930,491	-	-
Due in more than one year	38,321,880	2,076,150	40,398,030	114,000	-
Net pension liability, due in more than one year	9,735,601	967,719	10,703,320	-	-
Net OPEB liability, due in more than one year	2,309,572	70,872	2,380,444	-	-
Total liabilities	\$ 57,040,482	\$ 4,836,747	\$ 61,877,229	\$ 200,098	\$ 10,366
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 2,153,585	\$ 266,041	\$ 2,419,626	\$ -	\$ -
OPEB related items	909,292	17,138	926,430	-	-
Deferred revenue - property taxes	3,516	-	3,516	-	-
Lease related	2,301,628	2,201,379	4,503,007	-	-
Total deferred inflows of resources	\$ 5,368,021	\$ 2,484,558	\$ 7,852,579	\$ -	\$ -
NET POSITION					
Net Investment in capital assets	\$ 70,767,336	\$ 19,281,426	\$ 90,048,762	\$ 3,342,648	\$ -
Unrestricted	51,468,415	8,783,918	60,252,333	1,234,137	389,609
Total net position	\$ 122,235,751	\$ 28,065,344	\$ 150,301,095	\$ 4,576,785	\$ 389,609

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

City of Williamsburg, Virginia
Statement of Activities
For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 6,259,696	\$ -	\$ 209,295	\$ -
Judicial administration	572,862	187,316	-	-
Public safety	16,144,432	1,232,079	7,111,805	-
Public works	4,653,005	-	2,258,841	1,548,179
Health and welfare	3,822,049	-	1,619,328	-
Education	9,333,226	-	-	-
Parks, recreation, and cultural	3,173,203	449,608	-	-
Community development	8,327,028	-	11,000	336,196
Interest on long-term debt	1,220,074	-	-	-
Total governmental activities	<u>\$ 53,505,575</u>	<u>\$ 1,869,003</u>	<u>\$ 11,210,269</u>	<u>\$ 1,884,375</u>
Business-type activities:				
Utility Fund	\$ 8,470,176	\$ 9,147,275	\$ -	\$ -
Total business-type activities	<u>\$ 8,470,176</u>	<u>\$ 9,147,275</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 61,975,751</u>	<u>\$ 11,016,278</u>	<u>\$ 11,210,269</u>	<u>\$ 1,884,375</u>
COMPONENT UNITS:				
WRHA	\$ 1,184,305	\$ 510,590	\$ 321,404	\$ 368,075
EDA	217,386	8,550	-	-
Total component units	<u>\$ 1,401,691</u>	<u>\$ 519,140</u>	<u>\$ 321,404</u>	<u>\$ 368,075</u>

General revenues and transfers:

General property taxes
Local sales and use taxes
Restaurant food taxes
Hotel and motel taxes
\$2 lodging taxes
Business license taxes
Other local taxes
Unrestricted revenues from use of money and property
Miscellaneous
Grants and contributions not restricted to specific programs
Payment from City of Williamsburg
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Williamsburg Redevelopment and Housing Authority	Williamsburg Economic Development Authority
\$ (6,050,401)	\$ -	\$ (6,050,401)	\$ -	\$ -
(385,546)	-	(385,546)	-	-
(7,800,548)	-	(7,800,548)	-	-
(845,985)	-	(845,985)	-	-
(2,202,721)	-	(2,202,721)	-	-
(9,333,226)	-	(9,333,226)	-	-
(2,723,595)	-	(2,723,595)	-	-
(7,979,832)	-	(7,979,832)	-	-
(1,220,074)	-	(1,220,074)	-	-
<u>\$ (38,541,928)</u>	<u>\$ -</u>	<u>\$ (38,541,928)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 677,099	\$ 677,099		
\$ -	\$ 677,099	\$ 677,099		
<u>\$ (38,541,928)</u>	<u>\$ 677,099</u>	<u>\$ (37,864,829)</u>		
			\$ 15,764	\$ -
			-	(208,836)
			<u>\$ 15,764</u>	<u>\$ (208,836)</u>
\$ 19,513,531	\$ -	\$ 19,513,531	\$ -	\$ -
8,070,109	-	8,070,109	-	-
8,832,389	-	8,832,389	-	-
3,851,435	-	3,851,435	-	-
978,642	-	978,642	-	-
2,638,176	-	2,638,176	-	-
1,385,681	-	1,385,681	-	-
3,274,368	335,159	3,609,527	2,413	10,286
2,338,105	10,910	2,349,015	981	5,474
1,343,749	-	1,343,749	-	-
-	-	-	-	173,015
194,864	(194,864)	-	-	-
<u>\$ 52,421,049</u>	<u>\$ 151,205</u>	<u>\$ 52,572,254</u>	<u>\$ 3,394</u>	<u>\$ 188,775</u>
<u>\$ 13,879,121</u>	<u>\$ 828,304</u>	<u>\$ 14,707,425</u>	<u>\$ 19,158</u>	<u>\$ (20,061)</u>
<u>108,356,630</u>	<u>27,237,040</u>	<u>135,593,670</u>	<u>4,557,627</u>	<u>409,670</u>
<u>\$ 122,235,751</u>	<u>\$ 28,065,344</u>	<u>\$ 150,301,095</u>	<u>\$ 4,576,785</u>	<u>\$ 389,609</u>

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FUND FINANCIAL STATEMENTS

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City of Williamsburg, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Tourism Fund</u>	<u>American Rescue Plan Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 4,737,891	\$ 2,144,899	\$ -	\$ 19,444,511	\$ 640,153	\$ 26,967,454
Investments	16,164,219	1,530,004	9,936,072	4,422,365	-	32,052,660
Investments in custody of others	-	-	-	26,523,198	-	26,523,198
Receivables (net of allowance for uncollectibles):						
Taxes receivable	1,034,849	-	-	-	-	1,034,849
Accounts receivable	1,712,275	102,245	-	218,342	-	2,032,862
Notes receivable	114,000	-	-	-	-	114,000
Leases receivable	2,395,095	-	-	-	-	2,395,095
Due from other funds	812	-	-	9,544,831	-	9,545,643
Due from other governmental units	1,164,843	326,181	-	1,008,672	206,986	2,706,682
Inventories	-	-	-	3,778,524	-	3,778,524
Prepaid items	23,257	-	-	-	-	23,257
Total assets	<u>\$ 27,347,241</u>	<u>\$ 4,103,329</u>	<u>\$ 9,936,072</u>	<u>\$ 64,940,443</u>	<u>\$ 847,139</u>	<u>\$ 107,174,224</u>
LIABILITIES						
Accounts payable	\$ 367,019	\$ 56,246	\$ -	\$ 2,018,992	\$ 3,396	\$ 2,445,653
Accrued liabilities	335,683	41,072	-	301,499	-	678,254
Refundable deposits	99,332	-	-	293,019	-	392,351
Due to other funds	-	-	9,544,831	-	812	9,545,643
Total liabilities	<u>\$ 802,034</u>	<u>\$ 97,318</u>	<u>\$ 9,544,831</u>	<u>\$ 2,613,510</u>	<u>\$ 4,208</u>	<u>\$ 13,061,901</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 975,083	\$ -	\$ -	\$ -	\$ -	\$ 975,083
Opioid settlement	-	-	-	79,505	-	79,505
Lease related	2,301,628	-	-	-	-	2,301,628
Total deferred inflows of resources	<u>\$ 3,276,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,505</u>	<u>\$ -</u>	<u>\$ 3,356,216</u>
FUND BALANCES						
Nonspendable	\$ 23,257	\$ -	\$ -	\$ 3,778,524	\$ -	\$ 3,801,781
Restricted	-	-	391,241	26,523,198	842,931	27,757,370
Assigned	-	4,006,011	-	31,945,706	-	35,951,717
Unassigned	23,245,239	-	-	-	-	23,245,239
Total fund balances	<u>\$ 23,268,496</u>	<u>\$ 4,006,011</u>	<u>\$ 391,241</u>	<u>\$ 62,247,428</u>	<u>\$ 842,931</u>	<u>\$ 90,756,107</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,347,241</u>	<u>\$ 4,103,329</u>	<u>\$ 9,936,072</u>	<u>\$ 64,940,443</u>	<u>\$ 847,139</u>	<u>\$ 107,174,224</u>

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

City of Williamsburg, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	90,756,107
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>\$</u>	<u>83,143,188</u>
		83,143,188
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the funds. The following is a summary of items supporting this adjustment:		
Unavailable revenue - property taxes	\$	971,567
Unavailable revenue - opioid settlement	<u></u>	<u>79,505</u>
		1,051,072
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Deferred charge on refunding	\$	10,857
Pension related items		2,893,255
OPEB related items	<u></u>	<u>968,373</u>
		3,872,485
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
General obligation bonds	\$	(38,722,518)
Net OPEB liability		(2,309,572)
Net pension liability		(9,735,601)
Lease liabilities		(68,333)
Subscription liabilities		(119,056)
Accrued interest payable		(785,108)
Compensated absences	<u></u>	<u>(1,784,036)</u>
		(53,524,224)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
OPEB related items	\$	(909,292)
Pension related items	<u></u>	<u>(2,153,585)</u>
		(3,062,877)
Net position of governmental activities	<u>\$</u>	<u>122,235,751</u>

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

City of Williamsburg, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Tourism Fund	American Rescue Plan Fund	Capital Projects Fund	Other Governmental Funds	Total
REVENUES						
General property taxes	\$ 19,287,183	\$ -	\$ -	\$ -	\$ -	\$ 19,287,183
Other local taxes	16,707,681	3,336,202	-	5,712,549	-	25,756,432
Permits, privilege fees, and regulatory licenses	446,096	-	-	-	-	446,096
Fines and forfeitures	187,316	-	-	-	-	187,316
Revenue from the use of money and property	813,300	107,904	372,114	1,981,050	-	3,274,368
Charges for services	1,235,591	-	-	-	-	1,235,591
Miscellaneous	868,016	-	-	1,209,523	181,061	2,258,600
Recovered costs	1,578,766	-	-	-	-	1,578,766
Intergovernmental:						
Commonwealth	4,481,841	-	-	97,632	811,764	5,391,237
Federal	483,852	-	5,940,538	1,811,024	811,742	9,047,156
Total revenues	<u>\$ 46,089,642</u>	<u>\$ 3,444,106</u>	<u>\$ 6,312,652</u>	<u>\$ 10,811,778</u>	<u>\$ 1,804,567</u>	<u>\$ 68,462,745</u>
EXPENDITURES						
Current:						
General government administration	\$ 5,905,236	\$ -	\$ -	\$ -	\$ -	\$ 5,905,236
Judicial administration	572,862	-	-	-	-	572,862
Public safety	12,826,350	-	-	-	6,607	12,832,957
Public works	3,529,910	-	6,194	-	-	3,536,104
Health and welfare	509,602	-	-	-	3,309,942	3,819,544
Education	8,727,917	-	-	-	-	8,727,917
Parks, recreation, and cultural	2,389,123	-	-	-	-	2,389,123
Community development	1,796,613	5,657,125	402,000	-	-	7,855,738
Capital projects	-	-	-	15,856,171	-	15,856,171
Debt service:						
Principal retirement	110,400	-	-	952,200	-	1,062,600
Interest and other fiscal charges	668	-	-	824,138	-	824,806
Total expenditures	<u>\$ 36,368,681</u>	<u>\$ 5,657,125</u>	<u>\$ 408,194</u>	<u>\$ 17,632,509</u>	<u>\$ 3,316,549</u>	<u>\$ 63,383,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,720,961</u>	<u>\$ (2,213,019)</u>	<u>\$ 5,904,458</u>	<u>\$ (6,820,731)</u>	<u>\$ (1,511,982)</u>	<u>\$ 5,079,687</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 5,527,208	\$ 2,205,000	\$ -	\$ 9,984,751	\$ 1,422,636	\$ 19,139,595
Transfers out	(12,922,387)	-	(5,532,344)	(490,000)	-	(18,944,731)
Issuance of bonds	-	-	-	24,500,000	-	24,500,000
Issuance of subscription liability	190,830	-	-	-	-	190,830
Total other financing sources (uses)	<u>\$ (7,204,349)</u>	<u>\$ 2,205,000</u>	<u>\$ (5,532,344)</u>	<u>\$ 33,994,751</u>	<u>\$ 1,422,636</u>	<u>\$ 24,885,694</u>
Net change in fund balances	\$ 2,516,612	\$ (8,019)	\$ 372,114	\$ 27,174,020	\$ (89,346)	\$ 29,965,381
Fund balances - beginning	20,751,884	4,014,030	19,127	35,073,408	932,277	60,790,726
Fund balances - ending	<u>\$ 23,268,496</u>	<u>\$ 4,006,011</u>	<u>\$ 391,241</u>	<u>\$ 62,247,428</u>	<u>\$ 842,931</u>	<u>\$ 90,756,107</u>

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

**City of Williamsburg, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2023**

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

Net change in fund balances - total governmental funds \$ 29,965,381

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlay exceeded the depreciation expense in the current period. The following is a summary of items supporting this adjustment:

Capital outlay	\$ 12,661,960	
Depreciation expense	<u>(4,482,620)</u>	8,179,340

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. (4,289)

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

Property taxes	\$ 226,348	
Opioid settlement	<u>79,505</u>	305,853

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The following is a summary of items supporting this adjustment:

Principal retirement on general obligation bonds	\$ 952,200	
Issuance of bond	(24,500,000)	
Issuance of subscription liability	(190,830)	
Principal retirement on subscription liabilities	71,774	
Principal retirement on lease liabilities	<u>38,626</u>	(23,628,230)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

Change in compensated absences	\$ (589,817)	
Change in OPEB related items	(135,961)	
Change in pension related items	182,112	
Amortization of premium	100,341	
Amortization of deferred charges on refunding	(2,171)	
Change in accrued interest payable	<u>(493,438)</u>	<u>(938,934)</u>

Change in net position of governmental activities \$ 13,879,121

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

City of Williamsburg, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2023

	<u>Utility Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 819,951
Investments	8,433,353
Accounts receivable (net of allowances for uncollectibles)	1,770,303
Leases receivable	2,307,734
Total current assets	<u>\$ 13,331,341</u>
Noncurrent assets:	
Capital assets:	
Land and land improvement and open easement	\$ 7,194,469
Buildings and system	12,121,333
Improvements other than buildings	8,668,204
Machinery and equipment	3,003,222
Intangibles	12,525,344
Infrastructure	93,472
Subscription assets	6,462
Accumulated depreciation	(21,950,648)
Net capital assets	<u>\$ 21,661,858</u>
Total noncurrent assets	<u>\$ 21,661,858</u>
Total assets	<u>\$ 34,993,199</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refundings	\$ 75,104
Pension related items	299,603
OPEB related items	18,743
Total deferred outflows of resources	<u>\$ 393,450</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 854,299
Refundable deposits	70,400
Accrued interest payable	53,879
Compensated absences - current portion	130,766
Unearned revenue	185,000
General obligation bonds - current portion	421,200
Subscription liability	6,462
Total current liabilities	<u>\$ 1,722,006</u>

City of Williamsburg, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2023

	<u>Utility Fund</u>
LIABILITIES (Continued)	
Noncurrent liabilities:	
General obligation bonds - net of current portion	\$ 2,027,874
Net pension liability	967,719
Net OPEB liability	70,872
Compensated absences - net of current portion	48,276
Total noncurrent liabilities	<u>\$ 3,114,741</u>
Total liabilities	<u>\$ 4,836,747</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 266,041
OPEB related items	17,138
Lease related	2,201,379
Total deferred inflows of resources	<u>\$ 2,484,558</u>
 NET POSITION	
Net investment in capital assets	\$ 19,281,426
Unrestricted	8,783,918
Total net position	<u>\$ 28,065,344</u>

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

City of Williamsburg, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Utility Fund</u>
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 5,159,946
Sewer revenues	2,984,648
Tap and availability fees	780,990
Penalty and interest	32,813
Lease revenue	187,278
Miscellaneous	10,910
Total operating revenues	<u>\$ 9,156,585</u>
OPERATING EXPENSES	
Personnel services	\$ 1,437,512
Fringe benefits	585,567
Contractual services	3,153,098
Other charges	2,368,999
Depreciation	860,981
Total operating expenses	<u>\$ 8,406,157</u>
Operating income (loss)	<u>\$ 750,428</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 335,159
Interest and other fiscal charges	(64,019)
Connection fees	1,600
Total nonoperating revenues (expenses)	<u>\$ 272,740</u>
Income before transfers	<u>\$ 1,023,168</u>
Transfers in	5,136
Transfers out	(200,000)
Change in net position	<u>\$ 828,304</u>
Net position - beginning	27,237,040
Net position - ending	<u>\$ 28,065,344</u>

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

City of Williamsburg, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Utility Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 8,775,189
Payments to suppliers	(5,410,294)
Payments to and for employees	(2,081,900)
Net cash provided by (used for) operating activities	<u>\$ 1,282,995</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Connection fees	\$ 1,600
Transfers from other funds	(194,864)
Net cash provided by (used for) noncapital financing activities	<u>\$ (193,264)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	\$ (182,111)
Principal payments on bonds	(397,800)
Interest expense	(117,701)
Net cash provided by (used for) capital and related financing activities	<u>\$ (697,612)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	\$ (4,001,836)
Net cash provided by (used for) investing activities	<u>\$ (4,001,836)</u>
Net increase (decrease) in cash and cash equivalents	\$ (3,609,717)
Cash and cash equivalents - beginning	4,429,668
Cash and cash equivalents - ending	<u>\$ 819,951</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 750,428
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	\$ 860,981
(Increase) decrease in accounts receivable	(352,342)
(Increase) decrease in lease receivable	164,913
(Increase) decrease in deferred outflows of resources related to pension and OPEB	91,952
Increase (decrease) in compensated absences	68,445
Increase (decrease) in accounts payable	111,803
Increase (decrease) in accrued liabilities	(52,678)
Increase (decrease) in unearned revenue	(5,000)
Increase (decrease) refundable deposits	5,750
Increase (decrease) in net pension liability	396,596
Increase (decrease) in net OPEB liability	1,062
Increase (decrease) in deferred inflows of resources related to leases	(194,717)
Increase (decrease) in deferred inflows of resources related to pension and OPEB	(564,198)
Total adjustments	<u>\$ 532,567</u>
Net cash provided by (used for) operating activities	<u>\$ 1,282,995</u>

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

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

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 10,416,135
Investments, at fair value:	
Other investments	1,433,792
Other assets	43,109
Total assets	\$ 11,893,036
LIABILITIES	
Accounts payable	\$ 804,279
Accrued liabilities	61,472
Total liabilities	\$ 865,751
NET POSITION	
Restricted for:	
Individuals	\$ 136,728
Organizations	138,638
Other governments	10,751,919
Total net position	\$ 11,027,285

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

City of Williamsburg, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

**Custodial
Funds**

ADDITIONS

Contributions:

Other governmental entities	\$ 16,728,191
ARPA funding	30,628
Participant fees	258,268
Miscellaneous	133,842

Investment earnings:

Interest and dividends	198,541
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Special assessment tax collected for other governments	370,491
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Miscellaneous	33,289
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Total additions	\$ 17,753,250
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DEDUCTIONS

Recipient payments	\$ 12,150
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Administrative expenses	12,315
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Payment of special assessment taxes to governments	370,491
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Payments for personnel	5,905,850
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Payments for operations	2,411,859
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Purchases for supplies	676,400
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Principal retirement	98,915
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Interest and other fiscal charges	13,345
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Total deductions	\$ 9,501,325
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Net increase (decrease) in fiduciary net position	\$ 8,251,925
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Net position, beginning	\$ 2,775,360
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Net position, ending	\$ 11,027,285
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The notes to the financial statements are an integral part of this statement.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2023

Note 1—Summary of Significant Accounting Policies:

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

The financial statements of the City of Williamsburg, Virginia, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

Government-wide and Fund Financial Statements

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Notes to Financial Statements (Continued)
As of June 30, 2023

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit - The City has no blended component units to be included for the fiscal year ended June 30, 2023.

Discretely Presented Component Units - The Williamsburg Redevelopment and Housing Authority (WRHA) is responsible for operating a low income housing program in the City which provides housing for eligible families, for operating redevelopment and conservation programs and for delivering of services to citizens of low income housing and urban renewal areas through the encouragement and development of social and economic opportunities. The Commissioners of the Authority are the members of City Council in addition to a Member-at-Large and a Public Housing Resident Member. The Authority is fiscally dependent on the City. The City does not have operational responsibility for the WRHA. The City is involved in the day-to-day fiscal operations of the WRHA, including the processing of their payroll, accounts payable and other managerial functions and therefore, the WRHA is included in the City's financial statements as a discrete presentation for the year ended June 30, 2023. WRHA's fiscal year of October 1 to September 30 differs from the City's fiscal year of July 1 to June 30. A copy of the separately issued financial statements may be obtained for the WRHA by writing to Williamsburg Redevelopment and Housing Authority, 401 Lafayette Street, P.O. Box 411, Williamsburg, VA 23185 or by calling (757) 220-3477.

The Williamsburg Economic Development Authority (EDA) is responsible for industrial prospective bond issues and commercial development in the City. The Authority consists of seven members appointed by the City Council. The Authority is fiscally dependent on the City as the City is involved in the day-to-day operations of the EDA, including the approval of private activity prospective bond issues and therefore, it is included in the City's financial statements as a discrete presentation for the year ended June 30, 2023. Separate audited financial statements are available from the EDA, 401 Lafayette Street, Williamsburg, VA 23185 or by calling (757) 220-6104.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

C. Other Related Organizations

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

1. The City of Williamsburg - County of James City, Virginia Joint Public Schools - Under the terms of an agreement dated January 14, 1954, and subsequently revised, between the governing bodies and the school boards of the City of Williamsburg, Virginia and the County of James City, Virginia, effective July 1, 1955, the two localities consolidated the operations of their schools. The latest agreement was amended April 13, 2017 for Fiscal Years 2019 through 2023. That agreement provides that the City’s share of operational costs will be equivalent to the percentage of City students each year, times an add-on factor, then averaged over the two past fiscal year funding shares. The add-on factor for Fiscal Year 2023 and forward is as follows:

Fiscal Year	Factor
2023	1.14
2024	1.14

Summary financial information on the school operations (General Fund) as of June 30, 2023, is as follows:

Total assets	\$ 28,049,953
Liabilities	\$ 26,756,224
Deferred inflows of resources	\$ 388,794
Fund balance and other credits	902,935
Total liabilities, deferred inflows, fund balance, and other credits	\$ 28,047,953
Revenues and other financing sources	\$ 155,115,152
Expenditures and other financing uses	156,366,577
Excess of expenditures and other financing uses over revenues and other financing sources	\$ (1,251,425)
Fund balance, beginning	2,154,360
Fund balance, ending	\$ 902,935

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

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

C. Other Related Organizations (Continued)

2. Williamsburg Regional Library - The Library is a joint operation of the City of Williamsburg and the Counties of James City and York, Virginia, operating under a contract dated September 26, 2013. It receives funding from the Commonwealth of Virginia, the federal government, and some private sources. The Library's board is split between City and County appointees. During the current fiscal year, the City contributed \$917,956 to the Library's operating budget, or 12.43% of its net appropriated support. Separate financial statements are prepared and are available, which reflect the details of its operations.
3. Other Agencies - Certain agencies and commissions service both the City of Williamsburg and surrounding localities. Board membership is allocated among the localities and their governing bodies make appointments. These agencies include: Hampton Roads Planning District Commission (HRPDC), Colonial Behavioral Health, Virginia Peninsula Regional Jail, Colonial Group Home Commission, Middle Peninsula Juvenile Detention Commission, Peninsula Agency on Aging, Community Action Agency, Virginia Peninsula Public Service Authority, Greater Williamsburg Partnership, and the Williamsburg Area Arts Commission.

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to

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

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

each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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

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

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

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

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

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

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

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

1. Governmental Funds (Continued)

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

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

2. Proprietary Funds

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

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

3. Fiduciary Funds

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

E. Cash and Cash Equivalents

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

F. Investments

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

Notes to Financial Statements (Continued)
As of June 30, 2023

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

F. Investments (Continued)

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$147,238 at June 30, 2023 and is comprised of property taxes of \$58,789 and water and sewer charges of \$88,449.

Real and Personal Property Tax Data:

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

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

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

H. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

As the City and Component Unit School Board constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

H. Capital Assets (Continued)

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, subscription assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements other than buildings	20
Infrastructure	
Roads	30
Bridges and culverts	50
Water/sewer system	40
Lease equipment	4-5
Subscription asset	2-5
Machinery and equipment	3-10
Intangibles	40

I. Leases and Subscription-Based IT Arrangements

The City has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity’s nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessee

The City recognizes lease liabilities and intangible right-to-use lease assets (leased equipment) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The leased equipment is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

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

I. Leases (Continued)

Lessor

The City recognizes leases receivable and deferred inflows of resources in the government-wide fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Subscriptions

The City recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$5,000, in individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key Estimates and Judgments

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The City uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the City uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

The City monitors changes in circumstances that would require a remeasurement or modification of its leases and subscriptions. The City will remeasure the lease receivable and deferred inflows of resources (lessor), the lease asset and liability (lessee) or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease receivable, lease liability or subscription liability.

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

J. Compensated Absences

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

K. Use of Estimates

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

M. Net Position

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

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

M. Net Position (Continued)

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

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

N. Pensions

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

O. Other Postemployment Benefits (OPEB)

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

P. Long-term Obligations

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

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

Q. Prepaid Items

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

R. Inventory

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

S. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance”. Town’s governmental funds report the following categories of fund balances, based on the nature of any limitations requiring the use of resources for specific purposes:

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

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

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

S. Fund Balance (Continued)

City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives).

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

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

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

	Major Special Revenue Fund		Major Special Revenue Fund		Nonmajor Special Revenue Funds		Major Capital Projects Fund	Total
	General Fund	Tourism Fund	American Rescue Plan Fund	Virginia Public Assistance Fund	Law Enforcement Block Grant Fund	Capital Projects Fund		
Fund Balances:								
Nonspendable:								
Prepaid Items	\$ 23,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	23,257
Inventory of land held for resale	-	-	-	-	-	-	3,778,524	3,778,524
Total Nonspendable	\$ 23,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,778,524	\$ 3,801,781
Restricted:								
Social services	\$ -	\$ -	\$ -	\$ 833,282	\$ -	\$ -	\$ -	833,282
Law enforcement	-	-	-	-	9,649	-	-	9,649
ARPA	-	-	391,241	-	-	-	-	391,241
Capital improvements	-	-	-	-	-	26,523,198	-	26,523,198
Total Restricted	\$ -	\$ -	\$ 391,241	\$ 833,282	\$ 9,649	\$ 26,523,198	\$ -	\$ 27,757,370
Assigned:								
Future capital projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,945,706	\$ -	31,945,706
Tourism	-	4,006,011	-	-	-	-	-	4,006,011
Total Assigned	\$ -	\$ 4,006,011	\$ -	\$ -	\$ -	\$ 31,945,706	\$ -	\$ 35,951,717
Unassigned	\$ 23,245,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,245,239
Total Fund Balances	\$ 23,268,496	\$ 4,006,011	\$ 391,241	\$ 833,282	\$ 9,649	\$ 62,247,428	\$ -	\$ 90,756,107

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 2—Stewardship, Compliance, and Accounting:

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

1. The City Charter requires the City Manager to submit to the City Council an annual budget for the ensuing fiscal year at least 60 days prior to the beginning of such fiscal year.
2. A public hearing on the budget is held after a synopsis of the budget is published in a local newspaper of general circulation. After a public hearing, the City Council may change any item in the budget (other than debt service or items required by law). A budget resolution must be adopted by the City Council prior to June 30 or as soon thereafter as is practicable.
3. The City utilizes the budget resolution of budgetary control whereby City Council adopts budgets for estimated revenues and expenditures on a departmental basis for the General Fund and Special Revenue Funds. Adopted budgets may be amended or superseded by action of City Council.
4. Budgets are also adopted by City Council for the Enterprise Funds. Budget to actual comparisons for these funds are not presented herein since there is no legal requirement for such presentation.
5. All operating budgets include proposed expenditures and the means of financing them. The City Manager has the authority to transfer amounts within the departments, so long as the total appropriation for a department is not adjusted. Budgeted amounts as presented in the financial statements reflect reallocations within budget categories through June 30, 2023.
6. Appropriation control is maintained at the department level. Appropriations lapse at year end. Encumbrances and committed fund balances outstanding at year end are re-appropriated in the succeeding year.
7. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
8. The City utilizes a Finance and Audit Committee to assist City Council in carrying out its oversight responsibilities as they relate to financial reporting, internal controls and compliance with laws and regulations.
9. Expenditures and Appropriations
Expenditures did exceed appropriations in the American Rescue Plan and the Law Enforcement Block Grant Fund.

Note 3—Deposits and Investments:

Deposits

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

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 3—Deposits and Investments: (Continued)

At year-end the carrying value of the City’s deposits with banks and savings institutions was \$38,286,177 and the bank balance was \$38,769,888. Of the Bank balance, \$15,831,923 was uncollateralized in banks or savings and loans not qualifying under the Virginia Security for Public Deposits Act at June 30, 2023.

Investments

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

Credit Risk of Debt Securities

The City’s rated debt investments as of June 30, 2023 were rated by *Standard and Poor’s* and the ratings are presented below using the *Standard and Poor’s* rating scale. The City’s investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio, and not more than 5% per issuer.

City's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 42,183,879
Virginia State Non-Arbitrage Pool	26,523,198
Total	\$ 68,707,077

Interest Rate Risk

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

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Local Government Investment Pool	\$42,183,879	\$42,183,879	\$ -
Virginia State Non-Arbitrage Pool	26,523,198	26,523,198	-
Total	\$68,707,077	\$68,707,077	\$ -

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 3—Deposits and Investments: (Continued)

External Investment Pools

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

Note 4—Due from Other Governments:

At June 30, 2023, the City has receivables from other governments as follows:

	<u>Governmental Activities</u>
Other Local Governments:	
Williamsburg-James City County Public Schools	\$ 968,800
Williamsburg Redevelopment and Housing Authority	28,179
Commonwealth of Virginia:	
Communications tax	79,190
Car rental tax	9,044
CSA pool funds	81,687
Local sales tax	994,253
Rolling stock tax	8,678
Shared expenses	11,418
School resource officer	72,983
Social services	44,719
Historic Triangle sales tax	326,181
Federal Government:	
Police and fire grant	970
Social Services	80,580
Total	<u>\$ 2,706,682</u>

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2023 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 812	\$ -
Capital Projects	9,544,831	-
American Rescue Plan	-	9,544,831
Virginia Public Assistance	-	812
Total	<u>\$ 9,545,643</u>	<u>\$ 9,545,643</u>

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 5—Interfund Obligations: (Continued)

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

Note 6—Capital Assets:

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

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
<i>Governmental activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 9,497,497	\$ -	\$ -	\$ 9,497,497
Works of art	86,900	48,898	-	135,798
Construction in progress	3,167,743	9,584,834	-	12,752,577
Total capital assets not subject to depreciation	<u>\$ 12,752,140</u>	<u>\$ 9,633,732</u>	<u>\$ -</u>	<u>\$ 22,385,872</u>
Capital assets subject to depreciation:				
Buildings and system	\$ 43,590,797	\$ 355,224	\$ -	\$ 43,946,021
Improvements other than buildings	16,738,687	99,017	-	16,837,704
Infrastructure	70,427,981	335,649	-	70,763,630
Intangible	1,507,903	11,354	-	1,519,257
Lease equipment	145,394	-	-	145,394
Subscription asset	-	190,830	-	190,830
Machinery and equipment	15,523,450	2,036,154	130,515	17,429,089
Total capital assets subject to depreciation	<u>\$147,934,212</u>	<u>\$ 3,028,228</u>	<u>\$ 130,515</u>	<u>\$150,831,925</u>
Accumulated depreciation:				
Buildings and system	\$ 23,784,084	\$ 1,196,882	\$ -	\$ 24,980,966
Improvements other than buildings	11,842,719	451,612	-	12,294,331
Infrastructure	38,091,039	1,689,996	-	39,781,035
Intangible	568,739	93,921	-	662,660
Lease equipment	37,908	37,908	-	75,816
Subscription asset	-	87,096	-	87,096
Machinery and equipment	11,393,726	925,205	126,226	12,192,705
Total accumulated depreciation	<u>\$ 85,718,215</u>	<u>\$ 4,482,620</u>	<u>\$ 126,226</u>	<u>\$ 90,074,609</u>
Total capital assets subject to depreciation, net	<u>\$ 62,215,997</u>	<u>\$(1,454,392)</u>	<u>\$ 4,289</u>	<u>\$ 60,757,316</u>
Governmental activities capital assets, net	<u>\$ 74,968,137</u>	<u>\$ 8,179,340</u>	<u>\$ 4,289</u>	<u>\$ 83,143,188</u>

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 6—Capital Assets: (Continued)

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

	Balance July 1, 2022	GASB 96 Adjustments	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
<i>Business-type activities:</i>						
Capital assets not subject to depreciation:						
Land and land improvements	\$ 6,806,869	\$ -	\$ 6,806,869	\$ 12,500	\$ 278,700	\$ 6,540,669
Open easement	653,800	-	653,800	-	-	653,800
Total capital assets not subject to depreciation	\$ 7,460,669	\$ -	\$ 7,460,669	\$ 12,500	\$ 278,700	\$ 7,194,469
Capital assets subject to depreciation:						
Buildings and system	\$ 11,842,633	\$ -	\$ 11,842,633	\$ 278,700	\$ -	\$12,121,333
Intangibles	12,525,344	-	12,525,344	-	-	12,525,344
Improvements other than buildings	8,595,241	-	8,595,241	72,963	-	8,668,204
Infrastructure	83,860	-	83,860	9,612	-	93,472
Subscription assets	-	6,462	6,462	-	-	6,462
Machinery and equipment	2,953,639	-	2,953,639	87,036	37,453	3,003,222
Total capital assets subject to depreciation	\$ 36,000,717	\$ 6,462	\$ 36,007,179	\$ 448,311	\$ 37,453	\$36,418,037
Accumulated depreciation:						
Buildings and system	\$ 8,198,731	\$ -	\$ 8,198,731	\$ 233,952	\$ -	\$ 8,432,683
Intangibles	4,087,841	-	4,087,841	312,500	-	4,400,341
Improvements other than buildings	6,483,853	-	6,483,853	164,448	-	6,648,301
Infrastructure	38,837	-	38,837	3,179	-	42,016
Subscription assets	-	-	-	3,652	-	3,652
Machinery and equipment	2,317,858	-	2,317,858	143,250	37,453	2,423,655
Total accumulated depreciation	\$ 21,127,120	\$ -	\$ 21,127,120	\$ 860,981	\$ 37,453	\$21,950,648
Total capital assets subject to depreciation, net	\$ 14,873,597	\$ 6,462	\$ 14,880,059	\$ (412,670)	\$ -	\$14,467,389
Business-type activities capital assets, net	\$ 22,334,266	\$ 6,462	\$ 22,340,728	\$ (400,170)	\$ 278,700	\$21,661,858

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CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 6—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 1,623,790
Public safety	745,949
Public works	1,689,753
Health and welfare	6,011
Parks, recreation and cultural	399,336
Community development	<u>17,781</u>
Total depreciation expense - governmental activities	<u>\$ 4,482,620</u>
Business-type activities:	
Utility Fund	<u>\$ 860,981</u>

Note 7— Interfund Transfers:

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 5,527,208	\$ 12,922,387
Utility Fund	5,136	200,000
Capital Projects Fund	9,984,751	490,000
Special Revenue Fund:		
American Rescue Plan Fund	-	5,532,344
Tourism Fund	2,205,000	-
Virginia Public Assistance Fund	<u>1,422,636</u>	<u>-</u>
Total	<u>\$ 19,144,731</u>	<u>\$ 19,144,731</u>

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

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CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 8—Long-Term Obligations:

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2023:

Primary Government:

	Adjusted Balance July 1, 2022	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2023	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$14,236,920	\$24,500,000	\$ 952,200	\$37,784,720	\$1,003,800
Lease liabilities	106,959	-	38,626	68,333	38,833
Subscription liability	-	190,830	71,774	119,056	69,537
Compensated absences	1,194,219	1,462,220	872,403	1,784,036	1,259,893
Net pension liability	5,781,771	6,371,184	2,417,354	9,735,601	-
Net OPEB liability	2,553,448	1,782,603	2,026,479	2,309,572	-
Adjustment for deferred amounts:					
For issuance premium	1,038,139	-	100,341	937,798	-
Total Governmental activities	\$24,911,456	\$ 34,306,837	\$ 6,479,177	\$52,739,116	\$2,372,063
Business-type activities:					
General obligation bond	\$ 2,553,080	\$ -	\$ 397,800	\$ 2,155,280	\$ 421,200
Compensated absences	110,597	145,332	76,887	179,042	130,766
Subscription liability	-	6,462	-	6,462	6,462
Net pension liability	571,123	636,557	239,961	967,719	-
Net OPEB liability	69,810	42,911	41,849	70,872	-
Adjustment for deferred amounts:					
For issuance premium	352,552	-	58,758	293,794	-
Total Business-type activities	\$ 3,657,162	\$ 831,262	\$ 815,255	\$ 3,673,169	\$ 558,428

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

Year Ended June 30	Governmental Activities				Business-type Activities	
	Lease Liabilities		General Obligation Bonds		General Obligation Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 38,833	\$ 263	\$ 1,003,800	\$ 1,438,914	\$ 421,200	\$ 97,227
2025	29,500	79	1,052,740	1,218,722	442,260	75,641
2026	-	-	1,106,680	1,164,737	463,320	53,001
2027	-	-	1,163,280	1,107,988	486,720	29,250
2028	-	-	828,860	858,184	166,140	12,929
2029 - 2033	-	-	28,349,360	4,616,831	175,640	4,387
2034 - 2038	-	-	4,280,000	337,768	-	-
Total	\$ 68,333	\$ 342	\$ 37,784,720	\$ 10,743,144	\$ 2,155,280	\$ 272,435

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 8—Long-Term Obligations: (Continued)

Details of long-term indebtedness are as follows:

Long-Term Obligations, Governmental Activities:

Total
Amount

General Obligation Bonds :

The City authorized and issued a \$7,370,000 general obligation refunding bond in December 2017 for the purpose of refunding a Series 2010 and a Series 2013 general obligation and enterprise fund obligation bonds. The bond is payable in annual principal installments plus semi-annual interest payments at 5.00%. Payments are due on July 1 and January 1. Payments began July 1, 2018 and end June 30, 2029. Carrying value of the debt allocable to general government is \$2,449,720 plus unamortized premium of \$259,435.

\$ 2,709,155

The City authorized and issued a \$12,260,000 general obligation public improvement bond to finance fire and police capital improvements in December 2017. The bond is payable in annual principal installments plus semi-annual interest payments at various coupon rates, 3.00% thru 5.00%. Payments are due on July 1 and January 1. Payments began July 1, 2018 and end June 30, 2038. Carrying value of the debt is \$10,835,000 plus unamortized premium of \$678,363.

11,513,363

The City authorized and issued a \$24,500,000 general obligation public improvement bond to finance the design, construction, and equipping of governmental facilities, including a police station. The bond is due in full on November 1, 2032 plus semi-annual interest payments at 3.10%.

24,500,000

Total general obligation bonds

\$ 38,722,518

Lease Liabilities:

\$22,345 copier lease, due in monthly installments of \$471 through November 2024, interest at 0.60%.

\$ 7,971

\$58,405 copier lease, due in monthly installments of \$985 through June 2025, interest at 0.48%.

23,519

\$14,754 copier lease, due in monthly installments of \$249 through March 2025, interest at 0.52%.

5,207

\$15,179 copier lease, due in monthly installments of \$320 through November 2024, interest at 0.60%.

5,412

\$36,552 copier lease, due in monthly installments of \$769 through June 2025, interest at 0.50%.

18,359

\$22,024 copier lease, due in monthly installments of \$464 through November 2024, interest at 0.60%.

7,865

Total lease liabilities

\$ 68,333

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 8—Long-Term Obligations: (Continued)

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

Subscription Liabilities:

On July 18, 2022, the City entered into a 36 month subscription for the use of Graylog Operations Cloud License. An initial subscription liability was recorded in the amount of \$36,998. The City is required to make annual fixed payments of \$12,600. The subscription has an interest rate of 2.1843%. \$ 24,398

On July 1, 2022, the City entered into a 24 month subscription for the use of PaperCut Account License. An initial subscription liability was recorded in the amount of \$478. The City is required to make annual fixed payments of \$503. The subscription has an interest rate of 2.0237%. 238

On July 1, 2022, the City entered into a 33 month subscription for the use of PaperCut Software. An initial subscription liability was recorded in the amount of \$749. The City is required to make annual fixed payments of \$583. The subscription has an interest rate of 2.1843%. 377

On July 1, 2022, the City entered into a 21 month subscription for the use of Small Government Term Enterprise License. An initial subscription liability was recorded in the amount of \$20,463. The City is required to make annual fixed payments of \$27,500. The subscription has an interest rate of 2.0237%. 20,463

On July 1, 2022, the City entered into a 30 month subscription for the use of mySidewalk Subscription. An initial subscription liability was recorded in the amount of \$111,580. The City is required to make annual fixed payments of \$38,000. The subscription has an interest rate of 2.1843%. 73,580

Total subscription liabilities	\$ 119,056
Compensated absences (payable from General Fund)	\$ 1,784,036
Net pension liability (payable from General Fund)	\$ 9,735,601
Net OPEB liability (payable from General Fund)	\$ 2,309,572
Total Long-Term Obligations, Governmental Activities	\$ 52,739,116

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 8—Long-Term Obligations: (Continued)

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

Long-Term Obligations, Business-type Activities:	Total Amount
<i>General Obligation Bond:</i>	
The City authorized and issued a \$7,370,000 general obligation refunding bond in December 2017 for the purpose of refunding a Series 2010 and a Series 2013 general obligation and enterprise fund obligation bonds. The bond is payable in annual principal installments plus semi-annual interest payments at 5.00%. Payments are due on July 1 and January 1. Payments began July 1, 2018 and end June 30, 2029. Carrying value of the debt allocable to the business-type activities is \$2,553,080 plus unamortized premium of \$352,552.	\$ 2,449,074
Total general obligation bond	\$ 2,449,074
<i>Subscription Liability:</i>	
On July 1, 2022, the City entered into a 21 month subscription for the use of Small Government Term Enterprise License. An initial subscription liability was recorded in the amount of \$20,463. The City is required to make annual fixed payments of \$27,500. The subscription has an interest rate of 2.0237%.	\$ 6,462
Total subscription liability	\$ 6,462
Compensated absences (payable from Enterprise Fund)	\$ 179,042
Net pension liability (payable from Enterprise Fund)	\$ 967,719
Net OPEB liability (payable from Enterprise Fund)	\$ 70,872
Total Long-Term Obligations, Business-type Activities	\$ 3,673,169

Note 9—Unearned and Unavailable Revenue:

Unearned and unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Unavailable revenue of \$975,083 and unearned revenue of \$185,000 are comprised of the following:

Unavailable Property Tax Revenue: Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$971,567 at June 30, 2023.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2023 but paid in advance by the taxpayers totaled \$3,516.

The Utility Fund reports unearned revenue of \$185,000 which represents a lease agreement paid in advance by the County of York.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 10—Commitments and Contingencies:

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

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

The City is committed on a construction contract with David A. Nice Builders, Inc to build a new fire station. The construction contract total is \$13,865,418 with \$2,170,345 outstanding at June 30, 2023.

The City is committed on a construction contract with Henderson, Inc. for a police station. The construction contract total is \$2,331,973 with \$1,786,792 outstanding at June 30, 2023.

Note 11—Litigation:

At June 30, 2023, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

Note 12—Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other local governments in Virginia to form the Virginia Municipal Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The City pays annual premiums to the pool for its property, theft, auto liability, and general liability coverage. Settled claims for the City resulting from these risks have not exceeded insurance coverage for each of the past three years. There was no reduction in insurance coverage during fiscal year 2023.

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

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

Note 13—Pension Plan:

Plan Description

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

Benefit Structures

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

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

Note 13—Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

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

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>278</u>
Inactive members:	
Vested inactive members	48
Non-vested inactive members	53
Inactive members active elsewhere in VRS	<u>95</u>
Total inactive members	<u>196</u>
Active members	<u>199</u>
Total covered employees	<u><u>673</u></u>

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 13—Pension Plan: (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The City's contractually required employer contribution rate for the year ended June 30, 2023 was 17.10% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from them were \$2,114,322 and \$1,795,434 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the City, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Note 13—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: (Continued)

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City’s Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Note 13—Pension Plan: (Continued)

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

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

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Notes to Financial Statements (Continued)
As of June 30, 2023

Note 13—Pension Plan: (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience 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 Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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Note 13—Pension Plan: (Continued)**Long-Term Expected Rate of Return**

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

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

*The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return 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 total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the City was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2022, the alternate rate was the employer contribution rate used

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 13—Pension Plan: (Continued)

Discount Rate (Continued)

in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 81,544,707	\$ 75,191,813	\$ 6,352,894
Changes for the year:			
Service cost	\$ 1,490,899	-	1,490,899
Interest	5,429,380	-	5,429,380
Changes of assumptions	-	-	-
Differences between expected and actual experience	(228,679)	-	(228,679)
Contributions - employer	-	1,808,284	(1,808,284)
Contributions - employee	-	615,393	(615,393)
Net investment income	-	(36,860)	36,860
Benefit payments, including refunds of employee contributions	(5,200,679)	(5,200,679)	-
Administrative expenses	-	(47,343)	47,343
Other changes	-	1,700	(1,700)
Net changes	\$ 1,490,921	\$ (2,859,505)	\$ 4,350,426
Balances at June 30, 2023	\$ 83,035,628	\$ 72,332,308	\$ 10,703,320

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 13—Pension Plan: (Continued)

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

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

	Rate		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
City Net Pension Liability	\$ 20,923,932	\$ 10,703,320	\$ 2,281,534

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

For the year ended June 30, 2023, the City recognized pension expense of \$1,877,166. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 143,848	\$ 147,874
Changes of assumptions	871,816	-
Net difference between projected and actual earnings on plan investments	-	2,208,880
Proportionate share	62,872	62,872
Employer contributions subsequent to the measurement date	2,114,322	-
Total	<u>\$ 3,192,858</u>	<u>\$ 2,419,626</u>

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 13—Pension Plan: (Continued)

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

\$2,114,322 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2024	\$ 88,874
2025	(954,410)
2026	(1,478,961)
2027	1,003,407
2028	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 14—Surety Bonds:

Surety bonds covered the following constitutional officers and City employees at June 30, 2023:

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

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions,

Notes to Financial Statements (Continued)
As of June 30, 2023**Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****Contributions (Continued)**

was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$68,974 and \$64,681 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

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

At June 30, 2023, the entity reported a liability of \$662,975 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.05510% as compared to 0.05610% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$23,122. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 52,499	\$ 26,597
Net difference between projected and actual earnings on GLI OPEB plan investments	-	41,426
Change of assumptions	24,728	64,576
Changes in proportionate share	29,136	27,721
Employer contributions subsequent to the measurement date	<u>68,974</u>	<u>-</u>
Total	<u>\$ 175,337</u>	<u>\$ 133,723</u>

Notes to Financial Statements (Continued)
As of June 30, 2023

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

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

\$68,974 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (8,931)
2025	(10,656)
2026	(34,267)
2027	7,238
2028	(7,341)
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience 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

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	2,467,989
GLI Net OPEB Liability (Asset)	\$ 1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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

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Notes to Financial Statements (Continued)
As of June 30, 2023**Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****Long-Term Expected Rate of Return**

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

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

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

** On October 10, 2019, the VRS Board elected a long-term rate of return 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 total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City's proportionate share of the GLI Plan Net OPEB Liability	\$ 964,707	\$ 662,975	\$ 419,135

GLI Plan Fiduciary Net Position

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

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

Plan Description

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

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

Eligible Employees

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

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

Benefit Amounts

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

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the Line of Duty Act Program from the entity were \$56,593 and \$62,501 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

At June 30, 2023, the entity reported a liability of \$1,717,469 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the entity's proportion was 0.045380% as compared to 0.44680% at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of \$248,473. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB: (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 131,948	\$ 320,991
Net difference between projected and actual earnings on LODA OPEB program investments	-	7,345
Change of assumptions	478,954	423,608
Changes in proportionate share	144,284	14,166
Employer contributions subsequent to the measurement date	<u>56,593</u>	<u>-</u>
Total	<u>\$ 811,779</u>	<u>\$ 766,110</u>

\$56,593 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year Ended June 30

2024	\$	17,499
2025		17,656
2026		17,823
2027		20,606
2028		10,694
Thereafter		(95,202)

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

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.69%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

Notes to Financial Statements (Continued)
As of June 30, 2023

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

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience 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

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	LODA Program
Total LODA OPEB Liability	\$ 385,669
Plan Fiduciary Net Position	7,214
Employers' Net OPEB Liability (Asset)	<u>\$ 378,455</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 3.69%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	Discount Rate		
	1% Decrease (2.69%)	Current (3.69%)	1% Increase (4.69%)
County’s proportionate share of the total LODA Net OPEB Liability	\$ 1,960,474	\$ 1,717,469	\$ 1,518,662

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

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

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75)
City’s proportionate share of the LODA Net OPEB Liability	\$ 1,447,341	\$ 1,717,469	\$ 2,056,521

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

LODA OPEB Fiduciary Net Position

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

Aggregate OPEB Information

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Plan (Note 15)	\$ 175,337	\$ 160,320	\$ 662,975	\$ 23,122
Line of Duty Act Plan (Note 16)	811,779	766,110	1,717,469	248,473
Totals	<u>\$ 987,116</u>	<u>\$ 926,430</u>	<u>\$ 2,380,444</u>	<u>\$ 271,595</u>

Note 17—Leases Receivable:

The City leases land and rights-of-way to tenants under various lease contracts. In fiscal year 2023, the City recognized lease and interest revenue in the amount of \$410,448 and \$58,679, respectively. A description of the leases is as follows:

Lease Description	Start Date	End Date	Frequency	Rate	Balance
24 parking spaces in parking terrace	7/1/2021	6/30/2025	Monthly	0.52%	\$ 38,172
City Square Lot 2 Parking and amenities	7/1/2021	12/31/1949	Quarterly	1.63%	604,663
City Square Lot 3 Parking and amenities	7/1/2021	12/31/1949	Monthly	1.63%	301,171
Municipal Center additional parking	3/1/2022	2/28/2027	Monthly	1.30%	60,834
Office space at Transportation Center	8/1/2021	7/31/2026	Monthly	1.19%	553,816
Use of Transportation Center	7/1/2021	6/30/2024	Monthly	0.41%	24,945
Office space at Transportation Center	7/1/2021	6/30/2024	Monthly	0.41%	14,726
601 Prince George Street Bookstore	7/1/2021	5/31/2026	Monthly	0.55%	526,656
204 Armistead Street Bakery	7/1/2021	5/31/2026	Monthly	0.55%	158,110
603 Prince George Street	7/1/2021	7/31/2025	Monthly	0.50%	58,704
206 Armistead	7/1/2021	12/31/2021	Monthly	0.41%	53,298
Water Tower Usage for cellular antenna	7/1/2021	9/30/2024	Annually	1.41%	523,382
Water Tower Usage for cellular antenna	7/1/2021	10/15/2022	Annually	1.41%	623,201
Water Tower Usage for cellular antenna	7/1/2021	12/31/2026	Annually	0.22%	250,029
Water Tower Usage for cellular antenna	7/1/2021	9/30/1940	Annually	1.41%	911,122
Total					<u>\$ 4,702,829</u>

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 17—Leases Receivable: (Continued)

Expected future payments at June 30, 2023 are as follows:

Year Ended June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	241,915	25,782	267,697	166,582	29,564	196,146
2025	209,409	24,403	233,812	172,814	27,873	200,687
2026	162,887	22,853	185,740	178,403	26,096	204,499
2027	157,472	21,474	178,946	181,526	24,244	205,770
2028 - 2032	694,249	88,119	782,368	730,555	92,407	822,962
2033 - 2037	356,321	58,528	414,849	651,406	40,460	691,866
2038 - 2042	199,362	39,234	238,596	226,448	6,697	233,145
2043 - 2047	255,755	20,846	276,601	-	-	-
2048 - 2049	117,725	3,127	120,852	-	-	-
Total	<u>\$ 2,395,095</u>	<u>\$ 304,366</u>	<u>\$ 2,699,461</u>	<u>\$ 2,307,734</u>	<u>\$ 247,341</u>	<u>\$ 2,555,075</u>

Note 18 –Adoption of Accounting Principles:

The City implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2022 related to the subscription:

	<u>Business-type Activities</u>
Subscription equipment	\$ <u>6,462</u>
Subscription liabilities	\$ <u>6,462</u>

Note 19—Upcoming Pronouncements:

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 19—Upcoming Pronouncements: (Continued)

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.*

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023, effective for fiscal years beginning after June 15, 2023.*

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

REQUIRED SUPPLEMENTARY INFORMATION

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City of Williamsburg, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		(Negative)
REVENUES				
General property taxes	\$ 18,830,928	\$ 18,830,928	\$ 19,287,183	\$ 456,255
Other local taxes	14,664,800	14,664,800	16,707,681	2,042,881
Permits, privilege fees, and regulatory licenses	156,100	156,100	446,096	289,996
Fines and forfeitures	220,000	220,000	187,316	(32,684)
Revenue from the use of money and property	741,954	741,954	813,300	71,346
Charges for services	1,244,324	1,244,324	1,235,591	(8,733)
Miscellaneous	475,500	480,000	868,016	388,016
Recovered costs	1,177,540	1,177,540	1,578,766	401,226
Intergovernmental:				
Commonwealth	3,916,028	3,916,028	4,481,841	565,813
Federal	226,360	462,058	483,852	21,794
Total revenues	\$ 41,653,534	\$ 41,893,732	\$ 46,089,642	\$ 4,195,910
EXPENDITURES				
Current:				
General government administration	\$ 6,225,252	\$ 6,016,912	\$ 5,905,236	\$ 111,676
Judicial administration	584,150	584,150	572,862	11,288
Public safety	13,429,771	13,556,169	12,826,350	729,819
Public works	3,539,167	3,639,467	3,529,910	109,557
Health and welfare	492,350	509,750	509,602	148
Education	9,689,456	9,689,456	8,727,917	961,539
Parks, recreation, and cultural	2,468,760	2,507,331	2,389,123	118,208
Community development	1,881,986	1,912,287	1,796,613	115,674
Debt service:				
Principal retirement	-	110,400	110,400	-
Interest and other fiscal charges	-	668	668	-
Total expenditures	\$ 38,310,892	\$ 38,526,590	\$ 36,368,681	\$ 2,157,909
Excess (deficiency) of revenues over (under) expenditures	\$ 3,342,642	\$ 3,367,142	\$ 9,720,961	\$ 6,353,819
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 9,209,832	\$ 9,209,832	\$ 5,527,208	\$ (3,682,624)
Transfers out	(12,552,474)	(13,127,394)	(12,922,387)	205,007
Issuance of subscription liability	-	-	190,830	190,830
Total other financing sources (uses)	\$ (3,342,642)	\$ (3,917,562)	\$ (7,204,349)	\$ (3,286,787)
Net change in fund balances	\$ -	\$ (550,420)	\$ 2,516,612	\$ 3,067,032
Fund balances - beginning	-	550,420	20,751,884	20,201,464
Fund balances - ending	\$ -	\$ -	\$ 23,268,496	\$ 23,268,496

City of Williamsburg, Virginia
 Tourism Fund - Major Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ 2,809,100	\$ 2,809,100	\$ 3,336,202	\$ 527,102
Revenue from the use of money and property	-	-	107,904	107,904
Total revenues	\$ 2,809,100	\$ 2,809,100	\$ 3,444,106	\$ 635,006
EXPENDITURES				
Current:				
Community development	\$ 5,014,100	\$ 7,159,188	\$ 5,657,125	\$ 1,502,063
Total expenditures	\$ 5,014,100	\$ 7,159,188	\$ 5,657,125	\$ 1,502,063
Excess (deficiency) of revenues over (under) expenditures	\$ (2,205,000)	\$ (4,350,088)	\$ (2,213,019)	\$ 2,137,069
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,205,000	\$ 2,205,000	\$ 2,205,000	\$ -
Total other financing sources (uses)	\$ 2,205,000	\$ 2,205,000	\$ 2,205,000	\$ -
Net change in fund balances	\$ -	\$ (2,145,088)	\$ (8,019)	\$ 2,137,069
Fund balances - beginning	-	2,145,088	4,014,030	1,868,942
Fund balances - ending	\$ -	\$ -	\$ 4,006,011	\$ 4,006,011

City of Williamsburg, Virginia
American Rescue Plan Fund - Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 372,114	\$ 372,114
Intergovernmental revenues:				
Federal	-	11,329	5,940,538	5,929,209
Total revenues	\$ -	\$ 11,329	\$ 6,312,652	\$ 6,301,323
EXPENDITURES				
Current:				
Public works	\$ -	\$ 11,329	\$ 6,194	\$ 5,135
Community development	-	-	402,000	(402,000)
Total expenditures	\$ -	\$ 11,329	\$ 408,194	\$ (396,865)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 5,904,458	\$ 5,904,458
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (5,532,344)	\$ (5,532,344)
Total other financing sources (uses)	\$ -	\$ -	\$ (5,532,344)	\$ (5,532,344)
Net change in fund balances	\$ -	\$ -	\$ 372,114	\$ 372,114
Fund balances - beginning	-	-	19,127	19,127
Fund balances - ending	\$ -	\$ -	\$ 391,241	\$ 391,241

CITY OF WILLIAMSBURG, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability			
Service cost	\$ 1,490,899	\$ 1,383,990	\$ 1,338,975
Interest	5,429,380	4,994,877	4,840,945
Changes of assumptions	-	3,078,948	-
Difference between expected and actual experience	(228,679)	508,022	854,275
Benefit payments	(5,200,679)	(4,838,617)	(4,668,833)
Net change in total pension liability	\$ 1,490,921	\$ 5,127,220	\$ 2,365,362
Total pension liability - beginning	81,544,707	76,417,487	74,052,125
Total pension liability - ending (a)	<u>\$ 83,035,628</u>	<u>\$ 81,544,707</u>	<u>\$ 76,417,487</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,808,284	\$ 1,801,653	\$ 1,487,194
Contributions - employee	615,393	578,702	539,231
Net investment income	(36,860)	16,460,541	1,185,570
Benefit payments	(5,200,679)	(4,838,617)	(4,668,833)
Administrator charges	(47,343)	(42,205)	(41,859)
Other	1,700	1,543	(1,381)
Net change in plan fiduciary net position	\$ (2,859,505)	\$ 13,961,617	\$ (1,500,078)
Plan fiduciary net position - beginning	75,191,813	61,230,196	62,730,274
Plan fiduciary net position - ending (b)	<u>\$ 72,332,308</u>	<u>\$ 75,191,813</u>	<u>\$ 61,230,196</u>
City's net pension liability - ending (a) - (b)	\$ 10,703,320	\$ 6,352,894	\$ 15,187,291
Plan fiduciary net position as a percentage of the total pension liability	87.11%	92.21%	80.13%
Covered payroll	\$ 11,963,840	\$ 11,573,683	\$ 11,036,370
City's net pension liability as a percentage of covered payroll	89.46%	54.89%	137.61%

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

	2019	2018	2017	2016	2015	2014
\$	1,272,636	\$ 1,203,231	\$ 1,169,362	\$ 1,192,219	\$ 1,178,813	\$ 1,182,529
	4,806,679	4,691,888	4,592,124	4,472,336	4,331,841	4,155,774
	1,969,052	-	(295,496)	-	-	-
	(619,735)	(386,020)	(515,043)	(554,448)	(361,478)	-
	(4,086,702)	(3,651,762)	(3,399,707)	(3,398,006)	(2,886,192)	(2,759,933)
\$	3,341,930	\$ 1,857,337	\$ 1,551,240	\$ 1,712,101	\$ 2,262,984	\$ 2,578,370
	70,710,195	68,852,858	67,301,618	65,589,517	63,326,533	60,748,163
\$	<u>74,052,125</u>	<u>\$ 70,710,195</u>	<u>\$ 68,852,858</u>	<u>\$ 67,301,618</u>	<u>\$ 65,589,517</u>	<u>\$ 63,326,533</u>
\$	1,453,252	\$ 1,464,447	\$ 1,390,195	\$ 1,666,704	\$ 1,649,556	\$ 1,558,890
	567,049	520,088	494,042	487,862	506,966	478,336
	3,979,585	4,279,006	6,434,478	915,305	2,381,156	7,179,163
	(4,086,702)	(3,651,762)	(3,399,707)	(3,398,006)	(2,886,192)	(2,759,933)
	(40,666)	(37,516)	(37,916)	(33,783)	(32,867)	(38,979)
	(2,504)	(3,777)	(5,696)	(392)	(500)	379
\$	<u>1,870,014</u>	<u>\$ 2,570,486</u>	<u>\$ 4,875,396</u>	<u>\$ (362,310)</u>	<u>\$ 1,618,119</u>	<u>\$ 6,417,856</u>
	60,860,260	58,289,774	53,414,378	53,776,688	52,158,569	45,740,713
\$	<u>62,730,274</u>	<u>\$ 60,860,260</u>	<u>\$ 58,289,774</u>	<u>\$ 53,414,378</u>	<u>\$ 53,776,688</u>	<u>\$ 52,158,569</u>
\$	11,321,851	\$ 9,849,935	\$ 10,563,084	\$ 13,887,240	\$ 11,812,829	\$ 11,167,964
	84.71%	86.07%	84.66%	79.37%	81.99%	82.36%
\$	10,806,259	\$ 10,581,720	\$ 9,988,509	\$ 9,830,879	\$ 9,695,347	\$ 9,570,924
	104.77%	93.08%	105.75%	141.26%	121.84%	116.69%

Schedule of Employer Contributions - Pension Plan
 For the Years Ended June 30, 2014 through June 30, 2023

<u>Date</u>	<u>Contractually Required Contribution (1)*</u>	<u>Contributions in Relation to Contractually Required Contribution (2)*</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2023	\$ 2,114,322	\$ 2,114,322	\$ -	\$ 12,769,409	16.56%
2022	1,795,434	1,795,434	-	11,963,840	15.01%
2021	1,744,139	1,744,139	-	11,573,683	15.07%
2020	1,484,653	1,484,653	-	11,036,370	13.45%
2019	1,460,073	1,460,073	-	10,806,259	13.51%
2018	1,464,447	1,464,447	-	10,581,720	13.84%
2017	1,407,381	1,407,381	-	9,988,509	14.09%
2016	1,675,182	1,675,182	-	9,830,879	17.04%
2015	1,652,087	1,652,087	-	9,695,347	17.04%
2014	1,559,104	1,559,104	-	9,570,924	16.29%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2023

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience 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 Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of City's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2022

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as Percentage of Total GLI OPEB Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
2022	0.05510% \$	662,975 \$	11,978,035	5.53%	67.21%
2021	0.05610% \$	653,040	11,580,642	5.64%	67.45%
2020	0.05370%	897,000	11,057,270	8.11%	52.64%
2019	0.05534%	901,000	10,848,895	8.30%	52.00%
2018	0.05572%	846,000	10,594,918	7.98%	51.22%
2017	0.05415%	815,000	9,988,509	8.16%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2016 through June 30, 2023

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2023	\$ 68,974	\$ 68,974	\$ -	\$ 12,772,992	0.54%
2022	64,681	64,681	-	11,978,035	0.54%
2021	62,535	62,535	-	11,580,642	0.54%
2020	57,498	57,498	-	11,057,270	0.52%
2019	56,414	56,414	-	10,848,895	0.52%
2018	55,094	55,094	-	10,594,918	0.52%
2017	51,940	51,940	-	9,988,509	0.52%
2016	47,188	47,188	-	9,830,879	0.48%

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

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2023

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

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience 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

Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through 2022

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2022	0.45380% \$	1,717,469	N/A	N/A	1.87%
2021	0.44680%	1,970,218	N/A	N/A	1.68%
2020	0.41680%	1,745,455	N/A	N/A	1.02%
2019	0.42332%	1,518,814	N/A	N/A	0.79%
2018	0.41149%	1,290,000	N/A	N/A	0.60%
2017	0.39849%	1,047,000	N/A	N/A	1.30%

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

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

Schedule of Employer Contributions
 Line of Duty Act (LODA) Program
 For the Years Ended June 30, 2016 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2023	\$ 56,593	\$ 56,593	\$ -	N/A	N/A
2022	62,501	62,501	-	N/A	N/A
2021	61,509	61,509	-	N/A	N/A
2020	56,638	56,638	-	N/A	N/A
2019	56,814	56,814	-	N/A	N/A
2018	43,829	43,829	-	N/A	N/A
2017	42,978	42,978	-	N/A	N/A
2016	38,913	38,913	-	N/A	N/A

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

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

Notes to Required Supplementary Information
 Line of Duty Act (LODA) Program
 For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience 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

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APPENDIX C

DEFINITIONS AND SUMMARY OF THE FINANCING DOCUMENTS

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APPENDIX C

DEFINITIONS AND SUMMARY OF THE FINANCING DOCUMENTS

The following is a summary of certain provisions of the Indenture and the Support Agreement. This summary does not purport to be comprehensive or definitive and is qualified by references to such documents in their entirety, copies of which may be obtained at the office of the Authority. All capitalized terms have the meanings set forth in the Indenture or the Support Agreement. The definitions of certain key terms used in the Indenture and the Support Agreement are also set forth below.

Definitions

The terms set forth below have the following meanings in this Official Statement unless the context clearly requires otherwise:

“Act” means the Public Recreational Facilities Authorities Act, Chapter 56, Title 15.2, Code of Virginia of 1950, as amended and in force from time to time.

“Additional Bonds” mean any bonds issued to refund any of the Bonds or Additional Bonds pursuant to the terms of an Indenture in accordance with the Indenture.

“Additional Payments” means the Additional Payments that are payable pursuant to the Support Agreement.

“Annual Deficiency Amount” shall mean the amount determined by which the Authority reasonably expects the Revenues (as defined in the Indenture) to be insufficient to pay (i) the debt service obligations under the Indenture and the Bonds, and (ii) any other payments due and owing by the Authority under the Indenture in full as and when due during the Authority’s fiscal year beginning the following July 1st.

“Authority” means the Historic Triangle Recreational Facilities Authority, a political subdivision of the Commonwealth, its successors and assigns.

“Authority Representative” means the Chairman or any other person or persons designated to act on behalf of the Authority by a certificate duly executed by the Chairman and filed with the Trustee.

“Basic Documents” means the Indenture, the Support Agreement and the Funding Agreement.

“Bond” or “Bonds” shall mean any bond or all of the bonds, as the case may be, issued pursuant to the Indenture (not including any Additional Bonds), but does not include any bonds, note, or other evidence of indebtedness of the Authority issued from time to time under any other indenture, trust agreement, resolution or similar instrument.

“Bond Counsel” means Sands Anderson PC, or an attorney or other firm of attorneys (designated by the Authority and acceptable to the Trustee and the Authority) of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

“Bond Fund” means the Bond Fund established by the Indenture.

“Bondholder” or “Bond Owner” or “Owner” means the registered Owner of any Bond.

“Business Day” means any day other than (1) a Saturday or Sunday, (2) a day on which commercial banks in the Commonwealth, or the city in which the principal corporate trust office of the Trustee is located, are authorized by law to close, (3) a day on which the New York Stock Exchange is closed, or (4) such other days as may be specified in an Indenture.

“Chairman” means the Chairman or Chairperson or Vice Chairman or Vice Chairperson of the Authority.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable regulations and revenue rulings, and any successor codification.

“Commonwealth” means the Commonwealth of Virginia.

“Cost of Issuance” means the costs incurred with respect to the issuance of the Bonds, including without limitation, the Trustee’s initial fees and expenses, rating agency fees, if any, bond insurance and surety premiums and related fees and expenses, if any, fees and expenses of consultants and attorneys, financial advisors, underwriters, printing costs and expenses, and fees and expenses of the Authority and the City incurred in connection with the issuance and sale of the Bonds.

“Cost” or **“Cost of the Project”** means the cost of design, construction, renovation, equipping and improvement of the Project or any portion thereof, the cost of acquisition of rights-of-way, franchises, easements and other property rights and interests, the cost of demolishing, removing or relocating any buildings or structures on land acquired, the cost of all labor, materials, machinery and equipment, financing charges, the Cost of Issuance, interest on all Bonds prior to and during construction and, if deemed advisable by the Authority, for a period not exceeding one year after completion of such construction, plans, specifications, studies, surveys, estimates of cost and of revenues, other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expenses, reserves for interest and for extensions, enlargements, additions and improvements, the cost of acquisition and installation of furnishings and equipment, such other expenses as may be necessary or incident to the design, construction, renovation and equipping of the Project, the financing of such design, construction, renovation and equipping and the placing of the Project in operation and such other costs as may be permitted by the Act.

“Council” or **“City Council”** means the City Council of the City.

“Counsel” means any attorney or firm of attorneys designated by the Authority and acceptable to the Trustee duly admitted to practice law before the highest court of any state of the United States of America, who may be a full-time employee, director or officer of the Authority, the City or the Trustee.

“City” means the City of Williamsburg, Virginia, a municipal corporation and political subdivision of the Commonwealth.

“City Representative” means the Mayor or Vice Mayor of the City, the City Manager or other City official designated by City Council in writing to the Trustee.

“Event of Default” means any Event of Default specified in the Indenture.

“Fiscal Year” means the twelve-month period commencing July 1 through the following June 30, or such other twelve-month period established by the City as its annual accounting period.

“Funding Agreement” shall mean the Funding Agreement, dated as of March 8, 2024 among the Authority and the Member Jurisdictions, as it may be amended, changed or modified from time to time.

“Government Certificates” mean certificates representing ownership of United States Treasury bond principal at maturity or coupons for accrued periods of interest, which bonds or coupons are held in the capacity of a custodian and independent of the seller of such certificates by a bank or trust company that meets the requirements for a Successor Trustee set forth in the Indenture.

“Government Obligations” mean bonds, notes and other obligations of the United States of America and securities unconditionally guaranteed as to payment by the United States of America.

“Indenture” shall mean the Indenture of Trust, dated as of August 1, 2024, between the Authority and the Trustee, relating to the Bonds, as it may be modified, altered, amended and supplemented from time to time in accordance with its terms.

“Interest Payment Date” means the semiannual dates on which payments of interest under the Bonds are due, commencing January 15, 2025 and continuing on each July 15 and January 15 thereafter until maturity.

“Opinion of Counsel” means a written opinion of any Counsel in form and substance acceptable to the Trustee.

“Outstanding” means, at any date, the aggregate of all Bonds and any Additional Bonds authorized, issued, authenticated and delivered under the Indenture, except:

1. The Bonds and any Additional Bonds cancelled or surrendered to the Trustee for cancellation;
2. The Bonds and any Additional Bonds deemed to have been paid as provided in the Indenture; and
3. The Bonds and any Additional Bonds in lieu of or in substitution for which other Bonds and any Additional Bonds have been authenticated and delivered pursuant to the Indenture unless proof satisfactory to the Trustee is presented that any such Bond or Additional Bond is held by a bona fide Owner.

The Bonds or any Additional Bonds which are owned by the Authority will be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that for the purpose of determining whether the Trustee will be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only the Bonds and any Additional Bonds which the Trustee knows to be so owned will be so disregarded.

“Owner” means the Person in whose name a particular Bond is registered on the records of the Trustee.

“Person” means an individual, a corporation, a partnership, a general partner of a partnership, an association, a joint stock company, a trust, any unincorporated organization, or a governmental unit or its political subdivision.

“Record Date” means the 1st day of the month immediately prior to an Interest Payment Date.

“Revenues” means all revenues, rents and other amounts received by, or on behalf of, the Authority, from or in connection with the Bonds, including without limitation (i) all revenues received by the Authority from the City under the Support Agreement (except payments of the fees and expenses of the Trustee), (ii) all payments received by the Authority under Section 5 of the Funding Agreement from the Member Jurisdictions and specifically designated by the Authority as available for debt service on the Bonds and (iii) any other amounts pledged to the payment of the Bonds under the terms of the Indenture, including the proceeds of any long-term financing intended to redeem all or any portion of the Bonds.

“Secretary” means the Secretary or Assistant Secretary of the Authority.

“Series” or **“Series of Bonds”** means the Bonds or any separate series of Additional Bonds issued under the Indenture as it may be modified by any Indenture.

“Support Agreement” shall mean the Support Agreement, dated as of August 1, 2024 between the Authority and the City, as it may be amended, changed or modified from time to time.

“Trustee” means U.S. Bank Trust Company, National Association, and its successor or successors under the Indenture.

The Indenture

Establishment of Funds and Accounts. The following fund is established under the Indenture:

Bond Fund

Pledge of Revenues and Funds. All Revenues and all money in the Bond Fund under the Indenture are trust funds and are pledged to the payment of the principal of and interest on the Bonds, subject only to the right of the Authority to apply them to other purposes as provided in the Indenture. The lien and trust created by the Indenture is for the equal and ratable benefit of the Owners of the Bonds and any Additional Bonds until all the Bonds and any Additional Bonds have been paid, subject to the limitations expressed in the preceding sentence; provided that moneys in any account or subaccount of the Bond Fund relating to a particular Series of Bonds shall secure only such Series of Bonds; and that any municipal bond insurance policy relating to a particular Series of Bonds shall secure only such Series of Bonds.

Bond Fund. The Trustee will deposit in the Bond Fund (1) all Payments received by the Trustee under the Support Agreement, (2) all prepayments made under the Support Agreement, and (3) any other amounts authorized to be deposited in the Bond Fund. Each deposit of money described in (2) of the first sentence of this paragraph will be into a separate special account in the Bond Fund and used at the Authority’s direction (A) to redeem the Bonds at the applicable redemption price plus accrued interest to the date of redemption, or (B) in such other manner as permitted under the Indenture. The Trustee will pay from the Bond Fund when due the principal of and interest on the Bonds and will redeem or purchase Bonds in accordance with the redemption provisions of the Indenture.

The Authority will receive a credit against payments required to be made on any mandatory redemption date in an amount equal to the principal amount of any Bonds subject to mandatory redemption on such date that have been redeemed (other than by mandatory redemption) before such mandatory redemption date, that have been defeased under the Indenture or that have been purchased by the Authority or the Trustee on behalf of the Authority and delivered to the Trustee for cancellation at least seventy days before such date, provided that such Bonds have not previously been applied as a credit against any mandatory redemption payment.

On the date that is five (5) days prior to each Interest Payment Date on the Bonds, the Trustee will determine if it has sufficient amounts on deposit in the Bond Fund available for such purpose to make the next ensuing interest or principal and interest payment. If the amounts available in the Bond Fund are insufficient for such purpose, the Trustee promptly will give notice of this fact and the amount of the deficiency to the Authority and the City.

No Project Fund. There is no Project Fund. Monies from proceeds from the Bonds will be deposited in a SNAP (State Non-Arbitrage Account) on behalf of the Authority and will be used to pay Costs of the Project and costs of issuance related thereto.

Additional Bonds. The Authority may not issue any bonds, notes or other evidence of indebtedness equally and ratably secured with the Bonds, except for Additional Bonds issued pursuant to any Indenture, which will be secured equally and ratably by the pledge of the Revenues securing the Bonds; provided that moneys in any account or subaccount of the Bond Fund relating to a particular Series of Bonds shall secure only such Series of Bonds; and that any municipal bond insurance policy relating to a particular Series of Bonds shall secure only such Series of Bonds. The Authority may not incur any new indebtedness secured by a pledge of Revenues superior to the pledge securing the Bonds. The Authority may issue one or more series of Additional Bonds, upon compliance with the terms of the Indenture, for the following purpose: financing the Costs of the Project, or the costs of refunding any of the Bonds or Additional Bonds.

The Indenture requires that the Authority deliver to the Trustee the following items, among other things, in order to issue Additional Bonds: (1) an original executed counterpart of an Indenture providing for the issuance of the Additional Bonds, (2) an original executed counterpart of an amendment to the Support Agreement increasing

the payments due thereunder to provide for the payment of principal of, premium, if any, and interest on the Additional Bonds, (3) a certified copy of a resolution of the City authorizing the execution and delivery of an amendment to the Support Agreement providing for sufficient payments, (4) a certified copy of a resolution of the Authority authorizing the execution and delivery of a supplemental indenture, the issuance, sale, execution and delivery of the Additional Bonds, and the amendment to the Support Agreement providing for sufficient rental payments, (5) a certificate of the Authority as described in the Indenture stating that no event of default under the Indenture has occurred and no event or condition which, with the giving of notice or lapse of time or both, would become an event of default under the Indenture will have occurred and be continuing, (6) the opinions of Counsel and Bond Counsel as described in the Indenture and (7) a request and authorization of the Authority to the Trustee to authenticate and deliver the Additional Bonds as directed in the request upon payment therefore.

Investments. Any money held under the Indenture may be separately invested and reinvested in accordance with the Virginia Investment of Public Funds Act (**the “Investment Act”**), at the direction of an Authority Representative, in the following investments, to the extent they comport with requirements of the Investment Act: (1) bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia to which its full faith and credit is pledged or which are unconditionally guaranteed by the Commonwealth which are rated in one of the two highest debt rating categories by Moody’s Investor’s Service, Inc. (**“Moody’s”**) and Standard & Poor’s, a division of the McGraw-Hill Companies, Inc. (**“S&P”**), without regard to any refinement or gradation of such rating category by numerical modifier or otherwise; (2) Government Obligations; (3) Government Certificates; (4) bonds, notes or other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth, which are rated in one of the two highest long-term debt rating categories by Moody’s and S&P, without regard to any refinement or gradation of such rating category by numerical modifier or otherwise; (5) savings accounts, time deposits and certificates of deposit of any bank, including the Trustee and its affiliates, provided that such funds are secured in the manner required by the Virginia Security for Public Deposits Act or any successor legislation and no deposit will be made for more than five years and provided further that if any such savings account, time deposit or certificate of deposit is not insured by the Federal Deposit Insurance Corporation, such bank or savings and loan association shall be rated A-1+ or better by S&P and any such certificate of deposit will be secured by collateral described in (2) and (3) above and will have a maturity of one year or less; (6) obligations of the Farmers Home Administration, the General Services Administration, the United States Maritime Administration, the Government National Mortgage Association, the Department of Housing and Urban Development, and the Federal Housing Administration, provided such obligations represent the full faith and credit of the United States; (7) bonds, notes or other evidences of indebtedness of the Federal National Mortgage Association, the Federal Farm Credit Bank, the Federal Home Loan Bank or the Federal Home Loan Mortgage Corporation which are rated in the highest debt rating category by Moody’s and S&P, without regard to any refinement or gradation of such rating category by numerical modifier or otherwise; (8) commercial paper issued by corporations (including banks and bank holding companies) organized under the laws of the United States or any state, which is rated by Moody’s or its successor, within its Moody’s rating of prime 1, and by S&P, or its successor, within its rating of A-1+ or better, and which matures not more than 270 days after the date of its purchase; (9) bankers’ acceptances, as permitted by the Investment Act, with a maximum term of one year, with any bank with an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A-3” or both by Moody’s and “A-1+” by S&P; (10) money market funds rated AAAM or AAAM-G by S&P; (11) the Virginia State Non-Arbitrage Program; and (12) such other investments as are permitted by the Investment Act and rated at least investment grade by Moody’s and S&P. Subject to certain conditions, investments described in this paragraph may be purchased pursuant to repurchase agreements with certain banks or financial institutions. Investment in certain money market funds or in certain registered management type investment companies, the investments of which are exclusively in obligations described in subsections (2), (3) or (6) of this paragraph, will be considered investments in such obligations, provided that any such fund or company meet certain criteria.

Events of Default and Remedies. Each of the following is an Event of Default under the Indenture: (1) payment of interest on any Bond is not made when due and payable, (2) payment of principal of or premium, if any, on any Bond is not made when due and payable, (3) default in the observance or performance of any other covenant, condition or agreement on the part of the Authority under the Indenture or the Bonds, subject to certain rights of the Authority to notice and an opportunity to cure (**the “Notice and Opportunity to Cure”**), (4) appointment of a receiver for all or any substantial part of the Revenues or approval of any petition for reorganization of the Authority or rearrangement or readjustment of the obligations of the Authority under provisions of any applicable bankruptcy or insolvency law, and (5) the occurrence and continuation of any “Event of Default” under the Support Agreement.

The Notice and Opportunity to Cure identified in subsection (3) above requires the Trustee or the Owners of not less than twenty-five percent in aggregate principal amount of all Outstanding Bonds to give actual notice to the Authority and the City of the failure to observe or perform the required covenant, condition or agreement, and the Authority and the City shall have thirty days after receipt of the notice to correct the default or cause the default to be corrected, provided that if the default is such that it cannot be corrected within this period it will not constitute an Event of Default if corrective action is instituted by the Authority of the City within the applicable period and diligently pursued until the default is corrected, but in no event for a period longer than an additional sixty days.

The Trustee is not required to take notice, or be deemed to have notice, of any default or Event of Default other than a default or Event of Default under subsections (1) or (2) above, or unless specifically notified in writing of the default or Event of Default by the Authority, the City or the Owners of at least twenty-five percent in aggregate principal amount of the Outstanding Bonds. The Trustee may, however, require of the Authority full information and advice at any time as to the performance of any of the conditions and agreements contained in the Indenture. The Trustee is under no obligation to take any action in respect of any default or Event of Default, or toward the execution or enforcement of any of the trusts created by the Indenture or to institute, appear in or defend any related suit or other proceeding, unless requested in writing to do so by the Authority, the City or the Owners of at least twenty-five percent in aggregate principal amount of the Outstanding Bonds and, if in the Trustee's opinion such action may involve the Trustee in expense or liability, unless furnished, from time to time as often as the Trustee may require, with reasonable security and indemnity satisfactory to the Trustee.

Remedies, Rights of Bondholders. The Trustee may, with or without the action described in the preceding paragraph, proceed to protect and enforce the rights of the Owners of the Bonds and to enforce the covenants and conditions of the Support Agreement in the manner it deems most expedient to the interests of such Owners. All remedies under the Indenture are cumulative.

No Owner of any Bond will have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture, the execution of any of its trusts or any other remedy under it, unless (1) an Event of Default as defined in the Indenture has occurred and is continuing and the Owner has given the Trustee written notice of it; (2) the Owners of a majority in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee, and offered it reasonable opportunity, to proceed to exercise the powers granted by the Indenture and to institute such action, suit or proceeding in its own name; (3) the Trustee has been indemnified as provided by the Indenture; and (4) the Trustee has failed or refused within a reasonable time to comply with such request. Notwithstanding any other provision to the contrary, the Owners of a majority in aggregate principal amount of Bonds Outstanding, upon compliance with the Indenture's requirements as to indemnification of the Trustee, will have the right to direct all proceedings to be taken by the Trustee.

Subject to limitations set forth in the Indenture, the Trustee will waive any Event of Default under the Indenture or any action taken pursuant to such Event of Default, on the request of the Owners of a majority in aggregate principal amount of Bonds then Outstanding. However, no waiver will extend to any subsequent or other default or impair any right resulting from it.

Discharge of Indenture. If (1) all Bonds secured by the Indenture have become due and payable in accordance with their terms or otherwise as provided in the Indenture, and (2) the Trustee holds cash or obligations that are noncallable Government Obligations or Government Certificates, the principal of and the interest on which at maturity will be sufficient to redeem in accordance with the Indenture, all Bonds called for redemption, to pay at maturity all Bonds not irrevocably called for redemption, to pay interest accruing on all Bonds before their redemption or payment at maturity, to pay the Trustee its reasonable fees and other costs and expenses required to cancel and discharge the Indenture, then the Trustee will cancel and discharge the Indenture.

Bonds will be deemed paid and no longer Outstanding under the Indenture when there has been deposited with the Trustee cash or noncallable Governmental Obligations or Government Certificates, the principal of and interest on which will be sufficient to pay or redeem such Bonds; provided, however, that if such Bonds are to be redeemed before their maturity, notice of redemption must have been given or irrevocable instructions to redeem such Bonds must have been given by the Authority to the Trustee.

Supplemental Indentures. Any provisions of the Indenture may be modified or altered by the Authority and the Trustee, with the consent of the City, by a Supplemental Indenture, upon consent of the Owners of a majority in aggregate principal amount of the Bonds Outstanding, or, if less than all of the Bonds then Outstanding are affected by the modification or amendments, of the Owners of a majority in aggregate principal amount of the Bonds so affected then Outstanding, provided that certain amendments affecting the terms of the Bonds and their security may be made only with the consent of all Owners of the Bonds affected.

In addition, the Authority and the Trustee, upon the Trustee's receipt of the Opinion of Counsel required by the Indenture and with the consent of the City, may enter into a Supplemental Indenture to the Indenture without the consent of Owners of the Bonds (1) to add to the covenants and agreements of the Authority contained in the Indenture other covenants and agreements to be observed, and to surrender any right or power in such Indenture reserved to or conferred upon the Authority; (2) to cure any ambiguity, defect, inconsistency or omission in such Indenture; (3) to grant to the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority; (4) to subject to the Indenture additional revenues, property or collateral; (5) to modify, amend or supplement the Indenture or the Bonds in such manner as required to permit its qualification under the Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under any state securities (Blue Sky) law; (6) to provide for certificated bonds; (7) to evidence a successor Trustee or to appoint a Co-Trustee; or (8) to make any modifications or changes necessary or appropriate to issue Additional Bonds under the Indenture; (9) to obtain, maintain or enhance a credit rating for any of the Bonds; or (10) to make any other change which, in the judgment of the Trustee, will not materially adversely affect the rights of the Owners of the affected Bonds then Outstanding.

In the event of the dissolution of the Authority, all of the covenants, stipulations, promises and agreements contained in the Indenture by or on behalf of, or for the benefit of, the Authority will bind or inure to the benefit of the successors of the Authority from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Authority is transferred.

Amendment of Support Agreement. With the consent of the City, the Authority and the Trustee, without the consent of or notice to the Owners of any of the Bonds Outstanding, may execute or consent to, as applicable, any amendment, change or modification of any of the Support Agreement, as may be required (1) by the terms of the Support Agreement or by the Indenture; (2) to cure any ambiguity, formal defect or omission in the Support Agreement, (3) to subject to the Indenture additional revenues, leased properties or collateral, (4) in connection with the issuance and sale of Additional Bonds, to provide for the payment of the principal of, premium, if any, and interest on the Additional Bonds, and such other changes as will not, in the opinion of the Trustee, materially adversely affect the rights of the Owners of the Bonds then Outstanding, or (5) in connection with any other change in the Support Agreement, which, in the judgment of the Trustee, will not materially adversely affect the rights of the Owners of the Bonds then Outstanding.

Except as otherwise provided in the Indenture, neither the Authority nor the Trustee will execute or consent to, as applicable, any amendment, change or modification of the Support Agreement, without the consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, or, if less than all of the Bonds then Outstanding are affected by the modification, change or amendments, the Owners of a majority in aggregate principal amount of the Bonds so affected then Outstanding.

The Support Agreement

Term of Support Agreement. The Support Agreement will commence on the date of issuance and delivery of the Bonds and will terminate, unless sooner terminated as provided by the Support Agreement terms, on December 1, 2053 (provided that all Payments due under the Support Agreement have been paid on such date) or payment in full of the Bonds.

Payments. The City agrees, subject to annual appropriation, to pay the Annual Deficiency Amount under the Support Agreement, commencing January 15, 2025, such amount which, together with other money then available in the Bond Fund, including payments receiving under the Funding Agreement, will equal the principal of and interest due on the next ensuing interest or principal and interest payment date on the Bonds.

Nature of City's Undertakings. The City's undertaking to perform its obligations under the Support Agreement are subject to annual appropriation by the City Council of amounts to be paid thereunder. The City Council has directed the City Manager (or other officer charged with preparing the City budget) to include in the budget for each fiscal year of the City during the term of the Support Agreement, the amounts due under the Support Agreement. The City's undertaking to make all payments under the Support Agreement is dependent on and subject to annual appropriations being made by the City Council for such purpose. **The City will not be liable for any such payments under the Support Agreement unless and until funds have been appropriated by the City Council for payment and then only to the extent of such appropriations. The City Council has no legal obligation to make any such appropriation. The undertaking of the City to make payments under the Support Agreement does not constitute a debt of the City within the meaning of any constitutional or statutory limitation or a pledge of the faith or credit or the taxing power of the City.**

Covenants with Respect to Tax-Exempt Status of Bonds. The City and the Authority have covenanted not to take any action with respect to the use of the proceeds of the Bonds which will adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Non-Appropriation. If the City Council fails to appropriate funds for amounts due under the Support Agreement or if the City cannot observe and perform any covenant or agreement as a result of such non-appropriation, the Authority, or the Trustee on behalf of the Authority, may terminate the Support Agreement upon 30 days' notice. The City may reinstate such Support Agreement upon satisfaction of certain conditions.

The Assignment

Under the Indenture, the Authority will assign to the Trustee for the benefit of the Owners of the Bonds, all of its rights under the Support Agreement and the Funding Agreement (except, in each case, for certain rights to indemnification, notices and payment of expenses). The rights assigned to the Trustee under the Indenture include, without limitation, the right to receive Payments from the Member Jurisdictions and the right to exercise remedies upon the occurrence of an Event of Default.

APPENDIX D
FORM OF BOND COUNSEL OPINION

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APPENDIX D

FORM OF BOND COUNSEL OPINION

August 22, 2024

Historic Triangle Recreational
Facilities Authority
Williamsburg, Virginia

\$63,985,000

**Historic Triangle Recreational Facilities Authority
Recreational Facilities Revenue Bonds, Series 2024
(City of Williamsburg, Virginia Support Agreement)**

Ladies and Gentlemen:

We have examined the applicable law, including the Public Recreational Facilities Authorities Act, Chapter 56, Title 15.2, Code of Virginia of 1950, as amended (**the “Act”**), and certified copies of proceedings and documents relating to the organization of the Historic Triangle Recreational Facilities Authority (**the “Authority”**) and the issuance and sale by the Authority of its \$63,985,000 Recreational Facilities Revenue Bonds, Series 2024 (City of Williamsburg, Virginia Support Agreement) (**the “Bonds”**). Reference is made to the form of the Bonds for information concerning their details, including payment, security and redemption provisions, and the proceedings pursuant to which they are issued. Terms used but not defined herein are defined in the Indenture (as defined below).

The Bonds are being issued to provide funds to assist in financing the construction, improvement and equipping of a sports and recreational facility (**the “Project”**) serving the City of Williamsburg, Virginia (**the “City”**), James City County, Virginia and York County, Virginia (**together with the City, the “Member Jurisdictions”**), and the costs of issuing the Bonds. The Member Jurisdictions will make payments of certain designated sales tax revenues to the Authority pursuant to Section 5 of a Funding Agreement, dated as of March 8, 2024 (**the “Funding**

Agreement”), between the Authority and the Member Jurisdictions. The City and the Authority have entered into a Support Agreement, dated as of August 1, 2024 (**the “Support Agreement”**), pursuant to which, the City has agreed to make payments to the Authority of amounts which are expected to be sufficient for the payment of principal of and interest on the Bonds above and beyond any payments made under the Funding Agreement allocable to debt service on the Bonds. The Authority and U. S. Bank Trust Company, National Association, as trustee (**the “Trustee”**) have entered into an Indenture of Trust, dated as of August 1, 2024 (**the “Indenture”**), providing for the issuance of and security for the Bonds and the assignment of payments under Section 5 of the Funding Agreement and the Support Agreement to the Trustee for the benefit of the holders of the Bonds.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the Authority as to certain facts relevant to both our opinion and requirements of the Internal Revenue Service Code of 1986, as amended (**the “Code”**). The Authority has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds, all as set forth in the proceedings and documents relating to the issuance of the Bonds (**the “Covenants”**).

Based on the foregoing and assuming the due authorization, execution and delivery of the documents described above by parties other than the Authority and the City, we are of the opinion that:

1. The Indenture, the Funding Agreement and the Support Agreement have been duly authorized, executed and delivered by the Authority, the Member Jurisdictions and the City, as appropriate, constitute valid and binding obligations of the Authority, the Member Jurisdictions and the City, as appropriate, and are enforceable against the Authority, the Member Jurisdictions and the City, as appropriate, in accordance with their terms. The City’s obligation to make payments under the Support Agreement is subject to and dependent upon the City Council of the City (**the “City Council”**) making annual appropriations for such purpose. Such obligation does not constitute a debt of the City within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the City beyond any fiscal year for which City Council has appropriated moneys for such purpose. The Member Jurisdictions obligations to make payments under the Funding Agreement is subject to and dependent upon the governing bodies of each Member Jurisdiction making annual appropriations for such purpose. Such obligations do not constitute a debt of any of the Member Jurisdictions within the meaning of any constitutional or statutory limitation nor a lien or charge upon funds or property of the Member Jurisdictions beyond any fiscal year for which a Member Jurisdiction has appropriated moneys for such purpose.
2. The Bonds have been duly authorized and issued in accordance with the Act and constitute valid and binding limited obligations of the Authority payable as to both principal and interest solely from payments under the Support Agreement, funds identified as available for debt service under the Funding Agreement and other funds pledged under the Indenture. The Bonds

do not create or constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the Authority and the Member Jurisdictions.

3. The rights of holders of the Bonds and the enforceability of such rights, including the enforcement by the Trustee of the obligations of the Authority, the Member Jurisdictions and the City, as appropriate, under the Indenture, the Support Agreement and the Funding Agreement, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.
4. Under existing law, interest on the Bonds (a) is not included in gross income for Federal income tax purposes and (b) is not an item of tax preference for purposes of the Federal alternative minimum income tax under the Code; however, for tax years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The opinions set forth in this paragraph are subject to the Authority complying with the Covenants and all of the requirements of the Code that must be satisfied after the issuance of the Bonds so that the interest on them is, or continues to be, excluded from gross income for Federal income tax purposes. Failure of the Authority to comply with the Covenants or these requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issue. We express no opinion regarding any other Federal tax consequences of the ownership, receipt or accrual of interest on the Bonds. We express no opinion regarding treatment of interest on the Bonds for Federal income tax purposes in the event of failure by (i) the City to pay any amounts due under the Support Agreement resulting from a failure by City Council to appropriate funds for such purposes or (ii) the Member Jurisdictions to pay any amounts due under the Funding Agreement resulting from a failure by the governing body of a Member Jurisdiction to appropriate funds for such purpose.
5. Under existing law, interest on the Bonds is exempt from income taxation by the Commonwealth of Virginia and any political subdivision thereof. No other opinion is expressed regarding any other tax consequences of ownership of, or receipt or accrual of interest on, the Bonds under the laws of the Commonwealth of Virginia or any other state.

Our services as bond counsel to the Authority have been limited to rendering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax-exempt status of the interest thereon. We express no opinion herein as to the financial resources of the City, the ability of the City to make payments under the Support Agreement, the ability of the Member Jurisdictions to make payments under the Funding Agreement or the accuracy or completeness of any information relating to the Bonds that may have been relied upon by anyone in making the decision to purchase the Bonds. Furthermore, we express no opinion relating to the Bonds, the issuance thereof or of any information relating thereto (including, without limitation, any information contained in the Preliminary Official Statement

Historic Triangle Recreational
Facilities Authority
August 22, 2024
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dated July 24, 2024 and the final Official Statement dated August 8, 2024) except as specifically and expressly set forth herein.

Very truly yours,

SANDS ANDERSON PC

By: _____

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (**the “Disclosure Agreement”**) is executed and delivered by the City of Williamsburg, Virginia (**the “City”**) as of August 1, 2024 in connection with the issuance by the Historic Triangle Recreational Facilities Authority (**the “Authority”**) of its \$63,985,000 Recreational Facilities Revenue Bonds, Series 2024 (City of Williamsburg, Virginia Support Agreement) (**the “Bonds”**) under an Indenture of Trust, dated as of August 1, 2024 (**the “Indenture of Trust”**), between the Authority and U.S. Bank Trust Company, National Association, as Trustee (**the “Trustee”**). The City hereby covenants and agrees as follows:

Section 1. Purpose. This Disclosure Agreement is being executed and delivered by the Authority for the benefit of the holders of the Bonds and in order to assist the original purchasers of the Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12 (**the “Rule”**) promulgated by the Securities and Exchange Commission (**the “SEC”**) by providing certain annual financial information and event notices required by the Rule (**collectively, “Continuing Disclosure”**).

Section 2. Annual Disclosure. (a) The City shall provide annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) audited financial statements of the City, prepared in accordance with generally accepted accounting principles; and

(ii) the operating data with respect to the City of the type described in the section of Appendix A of the Authority’s Official Statement dated August 8, 2024, entitled **“Direct Tax Rates,” “Assessed Value of All Taxable Property,” “Property Tax Levies and Collections,”** and **“Debt Limit.”**

If the financial statements filed pursuant to Section 2(a) are not audited, the City shall file such statements in unaudited form no later than the deadline set forth in Section 2(b) below, and thereafter shall file such statements in audited form as soon as they are available.

(b) The City shall file annually with the Municipal Securities Rulemaking Board (**the “MSRB”**) the financial information and operating data described in subsection (a) above (**collectively, the “Annual Disclosure”**) within 270 days after the end of the City’s fiscal year, commencing with the City’s fiscal year ending June 30, 2024.

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) The City shall file with the MSRB in a timely manner notice specifying any failure of the City to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure. The City shall file with the MSRB in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance of the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;

(g) modifications to rights of holders of the Bonds, if material;

(h) call of any of the Bonds, if material, and tender offers;

(i) defeasance of all or any portion of the Bonds;

(j) release, substitution, or sale of property securing repayment of the Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the City;

(m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business the entry of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional Trustee or the change of name of a trustee, if material;

(o) incurrence of a financial obligation (as defined below) of the City or the Authority if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or the Authority, any of which affect beneficial holders of the Bonds, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City or the Issuer, any of which reflect financial difficulties.

For purposes of this Section 3, the term “financial obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b), but shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 4. Termination. The obligations of the City hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Bonds.

Section 5. Amendment. The City may modify its obligations hereunder without the consent of Bondholders, provided that this Disclosure Agreement as so modified complies with the Rule as it exists at the time of modification. The City shall within a reasonable time thereafter file with the MSRB a description of such modification(s).

Section 6. Defaults. (a) If the City fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Agreement, any holder (within the meaning of the Rule) or beneficial holder of Bonds then outstanding may, by notice to the City, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the City’s covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the City to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Agreement (i) shall not be deemed to constitute an event of default under the Bonds or the resolution providing for the issuance of the Bonds and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

Section 7. Filing Method. Any filing required hereunder shall be made by transmitting such disclosure, notice or other information in electronic format to the MSRB through the MSRB's Electronic Municipal Market Access (EMMA) system pursuant to procedures promulgated by the MSRB.

Section 8. Additional Disclosure. The City may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the City shall not incur any obligation to continue to provide, or to update, such additional information or data.

Section 9. Counterparts. This Disclosure Agreement may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10. Governing Law. This Disclosure Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

CITY OF WILLIAMSBURG, VIRGINIA

By: _____
Mayor

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