

NEW ISSUE
BOOK-ENTRY ONLY

Ratings: Fitch: AA+
Moody's: Aa1
S&P: AA+
(See "Ratings")

In the opinion of Bond Counsel, under current law and subject to conditions described in the section "TAX EXEMPTION," interest on the Series 2024 Bonds (as defined herein) (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax, (c) is taken into account in determining adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations; and (d) is exempt from income taxation by the Commonwealth of Virginia. A holder may be subject to other federal tax consequences as described in the section "TAX EXEMPTION."

\$69,475,000
ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA
PUBLIC FACILITY REVENUE BONDS
(COUNTY GOVERNMENT PROJECTS), SERIES 2024

Dated: Date of Issuance

Due: June 15, as shown on the inside cover

This Official Statement has been prepared by James City County, Virginia (the "County"), on behalf of the Economic Development Authority of James City County, Virginia (the "Authority"), to provide information on its Public Facility Revenue Bonds (County Government Projects), Series 2024 (the "Series 2024 Bonds"), the security therefor, the County, the use of the proceeds of the Series 2024 Bonds and other relevant information. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Series 2024 Bonds, a prospective investor should read this Official Statement in its entirety.

Security **THE SERIES 2024 BONDS WILL BE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM CERTAIN PAYMENTS TO BE MADE BY THE COUNTY PURSUANT TO A FINANCING AGREEMENT DATED AS OF JUNE 1, 2016, AS PREVIOUSLY SUPPLEMENTED AND AS FURTHER SUPPLEMENTED BY A THIRD SUPPLEMENTAL FINANCING AGREEMENT DATED AS OF DECEMBER 1, 2024, (TOGETHER, THE "FINANCING AGREEMENT"), BETWEEN THE COUNTY AND THE AUTHORITY; AND FROM CERTAIN FUNDS AND THE INVESTMENT INCOME THEREFROM HELD BY THE TRUSTEE. THE UNDERTAKING BY THE COUNTY TO MAKE PAYMENTS UNDER THE FINANCING AGREEMENT WILL BE SUBJECT TO APPROPRIATIONS BY THE COUNTY BOARD OF SUPERVISORS FROM TIME TO TIME OF SUFFICIENT FUNDS FOR SUCH PURPOSE. NEITHER THE SERIES 2024 BONDS NOR THE FINANCING AGREEMENT CONSTITUTES A DEBT OF THE COUNTY OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE COUNTY. THE SERIES 2024 BONDS AND THE PREMIUM, IF ANY, 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 AUTHORITY AND THE COUNTY. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE AUTHORITY AND THE COUNTY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2024 BONDS OR OTHER COSTS INCIDENT TO THEM EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED FOR SUCH PURPOSE. THE AUTHORITY HAS NO TAXING POWER.**

Issued Pursuant To The Series 2024 Bonds will be issued pursuant to an Agreement of Trust dated as of June 1, 2016, as previously supplemented and as further supplemented by a Fourth Supplemental Agreement of Trust dated as of December 1, 2024, between the Authority and Wilmington Trust, National Association, as Trustee.

Trustee Wilmington Trust, National Association.

Purpose The proceeds of the Series 2024 Bonds will be used, together with other available funds, to (a) finance a portion of the Series 2024 Project (as defined herein) and (b) pay the related costs of issuance.

Interest Payment Dates June 15 and December 15, commencing June 15, 2025.

Regular Record Dates June 1 and December 1.

Redemption The Series 2024 Bonds are subject to redemption as set forth herein.

Denominations \$5,000 and integral multiples thereof.

Closing/Delivery Date On or about December 5, 2024.

Registration Full book-entry only; The Depository Trust Company, New York, New York

Bond Counsel Hunton Andrews Kurth LLP, Richmond, Virginia.

County Attorney Adam Kinsman, Esquire.

Authority Counsel Adam Kinsman, Esquire.

Dated: November 13, 2024

\$69,475,000
ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA
PUBLIC FACILITY REVENUE BONDS
(COUNTY GOVERNMENT PROJECTS), SERIES 2024

Maturity (June 15)	Principal Amount	Interest Rate	Yield	CUSIP** 47030F
2025	\$2,170,000	5.000%	3.170%	BJ9
2026	2,215,000	5.000	2.860	BK6
2027	2,320,000	5.000	2.670	BL4
2028	2,445,000	5.000	2.700	BM2
2029	2,560,000	5.000	2.740	BN0
2030	2,695,000	5.000	2.790	BP5
2031	2,825,000	5.000	2.860	BQ3
2032	2,965,000	5.000	2.920	BR1
2033	3,120,000	5.000	3.000	BS9
2034	3,265,000	5.000	3.050	BT7
2035	3,430,000	5.000	3.110*	BU4
2036	3,605,000	5.000	3.150*	BV2
2037	3,785,000	5.000	3.210*	BW0
2038	3,970,000	5.000	3.280*	BX8
2039	4,175,000	5.000	3.330*	BY6
2040	4,385,000	5.000	3.420*	BZ3
2041	4,600,000	4.000	3.900*	CA7
2042	4,785,000	4.000	3.950*	CB5
2043	4,980,000	4.000	4.000	CC3
2044	5,180,000	4.000	4.050	CD1

* Yield reflects the Series 2024 Bonds priced to first optional call date of June 15, 2034.

** Copyright 2013, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2024 Bonds, and the County makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2024 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2024 Bonds.

The Series 2024 Bonds will be exempt from registration under the Securities Act of 1933, as amended. As obligations of a political subdivision of the Commonwealth of Virginia, the Series 2024 Bonds will also be exempt from registration under the securities laws of Virginia.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representation should not be relied upon as having been authorized by the Authority or the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Series 2024 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale.

All quotations from and summaries and explanations of provisions of law and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinion and not as representations of fact. This Official Statement speaks as of its date except where specifically noted otherwise and is subject to change without notice. Neither the delivery of this Official Statement, any sale made hereunder, nor any filing of this Official Statement shall under any circumstances create an implication that there has been no change in the affairs of the County or the Authority since the date of this Official Statement or imply that any information herein is accurate or complete as of any later date.

The Trustee has neither reviewed nor participated in the preparation of this Official Statement.

This Official Statement contains statements that, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words, “estimate”, “project”, “anticipate”, “expect”, “intend”, “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the County’s operations and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

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.

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Series 2024 Bonds, including transactions to (a) overallot in arranging the sales of the Series 2024 Bonds and (b) make purchases and sales of the Series 2024 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.

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OFFICIAL STATEMENT

\$69,475,000

ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA PUBLIC FACILITY REVENUE BONDS (COUNTY GOVERNMENT PROJECTS) SERIES 2024

SECTION ONE: INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide information in connection with the issuance by the Economic Development Authority of James City County, Virginia (the “Authority”), a political subdivision of the Commonwealth of Virginia (the “Commonwealth”), of its \$69,475,000 Public Facility Revenue Bonds (County Government Projects), Series 2024 (the “Series 2024 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 A - “Definitions of Certain Terms.”

The Issuer

The issuer of the Series 2024 Bonds is the Economic Development Authority of James City County, Virginia, a political subdivision of the Commonwealth of Virginia.

The Series 2024 Bonds

The County plans to use the proceeds of the Series 2024 Bonds, together with other available funds, to (a) finance a portion of the Series 2024 Project (as defined herein) and (b) pay the related costs of issuance.

The Series 2024 Bonds will be issued in accordance with the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”), and pursuant to a bond resolution adopted by the Authority on October 15, 2024 (the “Bond Resolution”), and an Agreement of Trust dated as of June 1, 2016, as previously supplemented (the “Master Trust Agreement”), and as further supplemented by a Fourth Supplemental Agreement of Trust dated as of December 1, 2024 (the “Fourth Supplemental Trust Agreement” and, together with the Master Trust Agreement, the “Trust Agreement”), all between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). Pursuant to the terms of the Trust Agreement, the Authority has determined to issue from time to time revenue bonds or notes and use the proceeds thereof to finance and refinance certain “authority facilities” (as defined in the Act), as requested by James City County, Virginia (the “County”). The Authority and the County have entered into a Financing Agreement dated as of June 1, 2016, as previously supplemented and as further supplemented by a Third Supplemental Financing Agreement dated as of December 1, 2024 (together, the “Financing Agreement”), pursuant to which the County has requested the Authority finance the Series 2024 Project with the proceeds of the Series 2024 Bonds, and the County has agreed, subject to appropriation by the Board of Supervisors of the County (the “County Board”), to support such requests by paying to or on behalf of the Authority amounts sufficient to pay the principal of and premium, if any, and interest due on the Series 2024 Bonds (the “Basic Payments”) and other amounts due under the Financing Agreement (the “Additional Payments”).

The Series 2024 Bonds are equally and ratably secured under the Trust Agreement as to the pledge of Basic Payments with the Authority’s Public Facility Revenue Bonds (James City County School Project), Series 2016, originally issued in the principal amount of \$26,750,000 (the “Series 2016 Bonds”), the Authority’s Public Facility Revenue and Refunding Bonds (County Government Projects), Series 2018, originally issued in the principal amount of \$21,015,000 (the “Series 2018 Bonds”), and the Authority’s Public Facility Revenue Refunding Bonds (County Government Projects), Series 2021, originally issued in the principal amount of \$11,030,000 (the “Series 2021 Bonds”) and, together with the Series 2016 Bonds and the Series 2018 Bonds, the “Existing Parity Bonds”), and any Additional Bonds that may hereafter be issued under the Trust Agreement.

The Series 2024 Bonds, the premium, if any, and the interest thereon will be limited obligations of the Authority payable solely from the revenues and receipts derived by the Authority under the Financing Agreement, which revenues and receipts have been pledged and assigned to secure payment thereof, and from certain funds established under the Trust Agreement, and the investment income therefrom. The Series 2024 Bonds, the premium, if any, 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 Authority and the

County. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the County, shall be obligated to pay the principal of or premium, if any, or interest on the Series 2024 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 and the County, is pledged to the payment of the principal of or premium, if any, or interest on the Series 2024 Bonds or other costs incident thereto.

A more complete description of the Trust Agreement and the Financing Agreement is provided in Appendix B - "Summary of the Financing Documents."

Redemption

The Series 2024 Bonds are subject to redemption as set forth in "THE SERIES 2024 BONDS - Redemption" in Section Two.

Delivery

The Series 2024 Bonds are offered for delivery when, as and if issued, subject to the approval of validity by Hunton Andrews Kurth LLP, Richmond, Virginia, Bond Counsel, and to certain other exceptions referred to herein. Certain legal matters will be passed upon for the County and the Authority by the County Attorney.

Ratings

The Series 2024 Bonds have been rated as shown on the cover page thereto by Fitch Ratings, One State Street Plaza, New York, New York 10004, Moody's Investors Service, 7 World Trade Center, 250 Greenwich St., New York, New York 10007, and S&P Global Ratings, 55 Water Street, New York, New York 10041. A more complete description of each rating is provided in the section "RATINGS" in Section Three.

Financial Advisor

Davenport & Company LLC, Richmond, Virginia, is employed as Financial Advisor to the County in connection with the issuance of the Series 2024 Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Series 2024 Bonds is contingent upon the issuance and delivery of the Series 2024 Bonds.

Continuing Disclosure

For purposes of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission ("SEC"), the County is the only obligated person with respect to the Series 2024 Bonds. The County has agreed to execute a Continuing Disclosure Agreement at closing to assist the underwriter in complying with the provisions of the Rule as in effect on the date hereof, by providing annual financial information and certain event notices required by the Rule. See "CONTINUING DISCLOSURE" in Section Three.

Additional Information

Any questions concerning the content of this Official Statement should be directed to 101-D Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784 (Telephone No. 757-253-6805), or the County's Financial Advisor, Davenport & Company LLC (804-697-2900).

SECTION TWO: THE SERIES 2024 BONDS

THE AUTHORITY

The Authority is a political subdivision of the Commonwealth of Virginia created pursuant to the Act. The Act empowers the Authority to make loans to, among others, a county in furtherance of the purposes of the Act, to finance and refinance facilities for use by a county and to issue its revenue bonds from time to time for such purposes.

The Authority is not obligated to pay the principal of or premium, if any, or interest on the Series 2024 Bonds or other costs incident thereto except from amounts received therefor under the Financing Agreement. **The Authority has no taxing power.**

THE SERIES 2024 BONDS

General

The Series 2024 Bonds will be dated the date of issuance, will bear interest from their date, payable semiannually on each June 15 and December 15, beginning June 15, 2025, at the rates, and will mature on June 15 in the years and amounts as set forth on the inside cover of this Official Statement. If such interest payment date is not a Business Day, such payment will be made on the next succeeding Business Day with the same effect as if made on the interest payment date and no additional interest will accrue. Interest on the Series 2024 Bonds will be payable by check or draft mailed to the registered owner at his address as it appears on the registration books kept by the Trustee as of the June 1 and December 1 preceding each respective payment date; provided, however, that at the option of a registered owner of at least \$1,000,000 of Series 2024 Bonds, payment will be made by wire transfer pursuant to the most recent wire instructions received by the Trustee from such registered owner.

The Series 2024 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 Series 2024 Bonds will be made in principal amounts of \$5,000 and multiples of \$5,000. Individual purchasers of beneficial ownership in the Series 2024 Bonds (the “Beneficial Owners”) will not receive physical delivery of bond certificates. So long as the Series 2024 Bonds are in book-entry form, transfer of the Series 2024 Bonds and payment of principal of and premium, if any, and interest on the Series 2024 Bonds will be effected as described in Appendix G - Book-Entry Only System. If the book-entry system is discontinued, bond certificates will be delivered as described in the Trust Agreement, and Beneficial Owners will become registered owners of the Series 2024 Bonds. Registered owners of the Series 2024 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 Appendix G - “Book-Entry Only System.”

The Series 2024 Bonds will be limited obligations of the Authority as described more fully in the section “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS.”

Redemption

Optional Redemption. The Series 2024 Bonds maturing on and before June 15, 2034, will not be subject to redemption prior to maturity. The Series 2024 Bonds maturing on and after June 15, 2035, will be subject to redemption prior to maturity, at the option of the Authority upon the direction of the County, at any time on or after June 15, 2034, in whole or in part (in \$5,000 integrals), upon payment of 100% of the principal amount to be redeemed, plus interest accrued to the date fixed for redemption.

Selection of Bonds. If less than all of the Series 2024 Bonds are called for redemption, the Series 2024 Bonds (or principal portions thereof) to be redeemed shall be selected by the Authority (at the direction of the County). If less than all of the Series 2024 Bonds of a particular maturity are called for redemption, DTC or any successor securities depository will select the particular Series 2024 Bonds within each maturity to be redeemed pursuant to its rules and procedures or, if the book-entry system is discontinued, the Series 2024 Bonds to be redeemed will be

selected by the Trustee. In either case, each portion of the \$5,000 principal amount is counted as one Series 2024 Bond for such purpose.

Notice of Redemption. Notice of redemption will be given by the Trustee by facsimile 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 Series 2024 Bonds, to the substitute securities depository, or, if none, to the respective registered owner of each Series 2024 Bond to be redeemed at the address shown on the registration books maintained by the Trustee. This notice of redemption will also be given to certain securities depositories and certain national information services which disseminate redemption notices. During the period that DTC or its nominee is the registered owner of the Series 2024 Bonds, the Trustee will not be responsible for mailing notices of redemption to the Beneficial Owners.

At the direction of the County, 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 will be effective when given. If such proceeds are not available on the redemption date, such Series 2024 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 Series 2024 Bonds called for redemption at the place or places of payment, such Series 2024 Bonds will be paid and redeemed.

Effect of Redemption. On the date on which any Series 2024 Bonds have been called for redemption and sufficient funds for their payment on the redemption date are held by the Trustee, interest on such Series 2024 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.

Plan of Finance

The County expects to use a portion of the Series 2024 Bond proceeds to (1) finance costs of certain capital improvements for public school facilities and general government buildings, including (but not limited to) the construction, renovation, rehabilitation and equipping of pre-kindergarten space, the Jamestown High School cafeteria expansion, the General Services Administration Building and the Government Center (collectively, the “Series 2024 Project”), and (2) pay the related costs of issuance.

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Estimated Sources and Uses of Funds

The proceeds received from the sale of the Series 2024 Bonds are expected to be applied as follows:

Sources of Funds

Principal Amount of Bonds	\$69,475,000.00
Plus Net Original Issue Premium	<u>6,046,989.80</u>
Total Sources	<u>\$75,521,989.80</u>

Uses of Funds

Deposit to Series 2024 Project Account	\$74,902,150.00
Costs of Issuance (including underwriter's discount)	<u>619,839.80</u>
Total Uses	<u>\$75,521,989.80</u>

Estimated Debt Service Requirements

The following table shows for each fiscal year amounts required for payment of principal (either at maturity or upon mandatory sinking fund redemption) of and interest on the Existing Parity Bonds plus the Series 2024 Bonds.*

Fiscal Year	Debt Service on Existing Parity Bonds	Series 2024 Bonds			Agg. Trust Indent. Debt Service
		Principal	Interest	Total	
2025	\$ 4,924,188	\$ 2,170,000	\$ 1,730,214	\$ 3,900,214	\$ 8,824,402
2026	4,916,688	2,215,000	3,169,800	5,384,800	10,301,488
2027	4,926,438	2,320,000	3,059,050	5,379,050	10,305,488
2028	4,919,188	2,445,000	2,943,050	5,388,050	10,307,238
2029	4,916,188	2,560,000	2,820,800	5,380,800	10,296,988
2030	4,913,450	2,695,000	2,692,800	5,387,800	10,301,250
2031	4,092,900	2,825,000	2,558,050	5,383,050	9,475,950
2032	4,093,250	2,965,000	2,416,800	5,381,800	9,475,050
2033	4,100,900	3,120,000	2,268,550	5,388,550	9,489,450
2034	2,899,650	3,265,000	2,112,550	5,377,550	8,277,200
2035	2,900,600	3,430,000	1,949,300	5,379,300	8,279,900
2036	2,898,650	3,605,000	1,777,800	5,382,800	8,281,450
2037	1,068,800	3,785,000	1,597,550	5,382,550	6,451,350
2038	1,070,800	3,970,000	1,408,300	5,378,300	6,449,100
2039	1,071,200	4,175,000	1,209,800	5,384,800	6,456,000
2040		4,385,000	1,001,050	5,386,050	5,386,050
2041		4,600,000	781,800	5,381,800	5,381,800
2042		4,785,000	597,800	5,382,800	5,382,800
2043		4,980,000	406,400	5,386,400	5,386,400
2044		5,180,000	207,200	5,387,200	5,387,200
Total	<u>\$53,712,888</u>	<u>\$69,475,000</u>	<u>\$36,708,664</u>	<u>\$106,183,664</u>	<u>\$159,896,554</u>

* Totals may not foot due to rounding.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS

The following is a summary of the sources of security and sources of payment for the Series 2024 Bonds. The references to the Series 2024 Bonds and the Financing Agreement are qualified in their entirety by reference to such documents.

Security for the Series 2024 Bonds

The Series 2024 Bonds will be equally and ratably secured by (1) Basic Payments, which will be assigned by the Authority to the Trustee and will be applied to the payment of principal of, premium, if any, and interest on the Series 2024 Bonds as set forth in the Trust Agreement, without preference, priority or distinction of any Bond over any other Bond, and (2) certain funds established under the Trust Agreement and the investment income therefrom. The Series 2024 Bonds are equally and ratably secured under the Trust Agreement as to the pledge of Basic Payments with the Existing Parity Bonds and any Additional Bonds that may hereafter be issued under the Trust Agreement; provided that any lease agreement or financing lease relating to a particular Series of Bonds will secure only such Bonds (unless otherwise provided in a Supplemental Trust Agreement), moneys in any account or subaccount of the Bond Fund relating to a particular Series of Bonds will secure only such Bonds, moneys in any account or subaccount of the Project Fund relating to a particular Series of Bonds will secure only such Bonds, and moneys in any account or subaccount of the Debt Service Reserve Fund relating to a particular Series of Bonds will secure only such Bonds (and may also secure any Additional Bonds issued to refund prior Bonds).

The Series 2024 Bonds, the premium, if any, and the interest thereon will be limited obligations of the Authority payable solely from the revenues and receipts derived by the Authority under the Financing Agreement, which revenues and receipts have been pledged and assigned to secure payment thereof, and from certain funds established under the Trust Agreement and the investment income therefrom. The undertaking by the County to make payments under the Financing Agreement is subject to appropriation by the County Board. The County Board has no legal obligation to make any such appropriations. See the section “BONDHOLDERS’ RISKS” in Section Three.

The Series 2024 Bonds, the premium, if any, and the interest thereon will 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 Authority and the County. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the County, will be obligated to pay the principal of or premium, if any, or interest on the Series 2024 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 and the County, is pledged to the payment of the principal of or premium, if any, or interest on the Series 2024 Bonds or other costs incident thereto. The Authority has no taxing power.

Financing Agreement

The Authority is issuing the Series 2024 Bonds for the purpose of providing funds to (a) finance the Series 2024 Project, and (b) finance the costs of issuing the Series 2024 Bonds. The Financing Agreement provides for the County to make payments on behalf of the Authority that will be sufficient to pay the principal of and premium, if any, and interest on the Bonds (currently consisting of the Existing Parity Bonds and the Series 2024 Bonds) as the same shall become due in accordance with their terms and provisions and the terms of the Trust Agreement. The undertaking by the County to make payments under the Financing Agreement will constitute a current expense of the County, subject to appropriation by the County Board from time to time of sufficient funds for such purpose. The County will not be liable for any such payments due under the Financing Agreement unless and until funds have been appropriated by the County Board for payment and then only to the extent of such appropriation.

The Financing Agreement provides for the County to pay to the Trustee, as assignee of the Authority, Basic Payments in amounts calculated to be sufficient to pay principal of and interest when due on the Existing Parity Bonds, the Series 2024 Bonds and any Additional Bonds issued under the Trust Agreement. Basic Payments will be due at least 14 calendar days prior to the respective principal or interest payment dates on the Existing Parity Bonds, the Series 2024 Bonds and any Additional Bonds. The Financing Agreement also provides for the County to pay certain Additional Payments, including any redemption premium that may be payable on the Series 2024 Bonds and any Additional Bonds.

Other provisions of the Financing Agreement are summarized in Appendix B - “Summary of the Financing Documents.”

The undertaking by the County to make payments under the Financing Agreement constitutes neither a debt of the County within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the County beyond any Fiscal Year for which the County 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 County’s obligations to make payments under the Financing Agreement or with respect to the performance by the County of any other covenant contained therein.

No Series Debt Service Reserve Account Established for the Series 2024 Bonds

The Trust Agreement provides for the establishment of a Debt Service Reserve Fund to be held by the Trustee and, if funded, a separate Series Debt Service Reserve Account for a particular Series of Bonds. No Series Debt Service Reserve Account will be established for the Series 2024 Bonds.

Bond Fund

Under the Trust Agreement, the Authority pledges to the Trustee all right, title and interest to the Financing Agreement, including the Basic Payments and Additional Payments made by the County, but excluding certain rights to receive payment of the Authority’s fees and expenses and to receive notices thereunder. Such payments under the Financing Agreement, along with funds on deposit in the Bond Fund, are pledged to the payment of principal of and premium, if any, and interest on the Bonds.

The Trust Agreement provides that the Trustee will deposit in the Bond Fund all Basic Payments received by the Trustee from the County under the Financing Agreement, together with any amounts transferred from the Series 2024 Project Account. From the amounts received by the Trustee from the County, the Trustee will deposit in the subaccount in the Interest Account an amount equal to the interest due and payable on the next interest payment date for the Series 2024 Bonds and will deposit in the subaccount established for the Series 2024 Bonds in the Principal Account an amount equal to the principal due and payable on the next principal payment date for the Series 2024 Bonds. If a redemption premium is payable on the Series 2024 Bonds, the Trustee will deposit in the subaccount in the Premium Account of the Bond Fund that portion of an Additional Payment representing the amount of the redemption premium due. For additional information concerning the Bond Fund, see Appendix B - “Summary of the Financing Documents – THE TRUST AGREEMENT.”

Project Fund

The Trust Agreement establishes within the Project Fund a Series 2024 Project Account into which the Trustee will deposit a portion of the proceeds of the Series 2024 Bonds. The Trustee will use money in the Series 2024 Project Account solely to pay costs of the Series 2024 Project and costs of issuing the Series 2024 Bonds. The Trustee will make payments from the Series 2024 Project Account upon receipt of requisitions signed on behalf of the County providing required information with respect to the use of the amounts being requisitioned. For additional information concerning the Project Fund, see Appendix B - “Summary of the Financing Documents – THE TRUST AGREEMENT.”

Additional Bonds

The Authority may issue from time to time Additional Bonds secured on an equal and ratable basis with the Existing Parity Bonds and the Series 2024 Bonds (a) to finance or refinance the Cost of a Project, (b) to refund any Bonds previously issued or (c) for a combination of such purposes. Any such Additional Bonds will be issued under a Supplemental Trust Agreement and an amendment to the Financing Agreement providing for modification of the amount of Basic Payments to provide for a new amount of Basic Payments sufficient to pay principal of and interest on all Bonds then Outstanding under the Trust Agreement.

SECTION THREE: MISCELLANEOUS

JAMES CITY COUNTY

Appendix C contains financial and demographic information concerning the County. The County's audited financial statements for the Fiscal Year ended June 30, 2023, are contained in Appendix D. The County's outside auditor has not been engaged to perform, and has not performed, since the date of its report included herein any procedures on the financial statements addressed in that report or the financial information contained in this Official Statement.

BONDHOLDERS' RISKS

The purchase of the Series 2024 Bonds involves a degree of risk; therefore, prospective purchasers of the Series 2024 Bonds should review this Official Statement in its entirety in order to identify risk factors and make an informed investment decision. A number of factors, including those set forth below, may affect the County's ability or willingness to make timely payments sufficient for the Trustee to pay debt service on the Series 2024 Bonds:

(1) Source of Payments. The Series 2024 Bonds are not general obligations of the Authority or the County but are payable only from revenues received by the Trustee on behalf of the Authority from payments made by the County under the Financing Agreement and other moneys held by the Trustee and pledged to the payment of the Series 2024 Bonds. The ability of the Authority to make timely payments of principal and premium, if any, and interest on the Series 2024 Bonds depends solely on the ability of the County to make timely payments under the Financing Agreement. **No other collateral security has been established for the Series 2024 Bonds.** The undertaking by the County to make payments under the Financing Agreement is subject to and dependent upon amounts being lawfully appropriated from time to time by the County Board for such purpose. The undertaking by the County to make payments under the Financing Agreement is neither a debt of the County within the meaning of any constitutional or statutory limitation nor a pledge of the faith and credit or the taxing power of the County. **The County Board is not legally obligated to appropriate the funds necessary to meet the County's financial undertaking pursuant to the Financing Agreement.**

(2) Non-Appropriation and Limited Remedies. The County Administrator or other officer charged with the responsibility for preparing the County's annual budget is required to include in the proposed County budget for each Fiscal Year as a single appropriation the scheduled amount of all Basic Payments and the estimated amount of Additional Payments coming due during such Fiscal Year. Throughout the term of the Financing Agreement, the County Administrator or other officer charged with the responsibility for preparing the County's Annual Budget is required to deliver to the Trustee and the Authority within 10 days after its adoption, but not later than 10 days after the beginning of each Fiscal Year, a copy of the County's adopted Annual Budget that includes an approval of funds sufficient to pay, or be credited to the Basic Payments and estimated Additional Payments coming due for the relevant Fiscal Year. If any adopted annual budget does not include an appropriation of funds sufficient to pay both scheduled Basic Payments and estimated Additional Payments coming due for the relevant Fiscal Year, the County Administrator will request the County Board to take a roll call vote immediately after adoption of such annual budget acknowledging the impact of its failure to appropriate such funds. If, by 15 days after the beginning of the Fiscal Year, the County Board has not appropriated funds for the payment of both scheduled Basic Payments and estimated Additional Payments coming due for the then current Fiscal Year, the County Administrator or other officer charged with the responsibility for preparing the County's annual budget is required to give written notice to the County Board of the consequences of such failure to appropriate and to request the County Board to consider a supplemental appropriation for such purposes.

In the event of non-appropriation of funds by the County Board, neither the County nor the Authority may be held liable for the principal of and premium, if any, and interest payments on the Series 2024 Bonds following the last Fiscal Year in which funds to make payment under the Financing Agreement were appropriated by the County Board. In the event of non-appropriation, moneys already on deposit in the Bond Fund will be used for the payment of principal of and premium, if any, and interest payments on all Bonds then Outstanding, but such moneys may not be sufficient to pay the Series 2024 Bonds in full.

Upon an Event of Default under the Trust Agreement, the Trustee has no right to accelerate the payment of the Series 2024 Bonds by declaring the entire principal of and interest on the Series 2024 Bonds to be due and payable. Similarly, upon an Event of Default under the Financing Agreement, the Authority has no right to accelerate the payment of Basic Payments by declaring the Basic Payments to be due and payable.

(3) Political Risk. The current members of the County Board have evidenced in the adopted Bond Resolution a present intent to make future appropriations of such funds as may be necessary to make payments due under the Financing Agreement as and when such payments become due. There can be no guarantee, however, that the County Board will retain its current constituency in the future, and there can be no guarantee that future members of the County Board will continue the current County Board's policy with respect to the Series 2024 Bonds.

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

(5) Project Cost Overruns. As a result of any change orders with respect to design and material costs of the Series 2024 Project, the total expenditures actually incurred by the County may exceed the amount of available Series 2024 Bond proceeds. Any such additional costs of acquiring, constructing and equipping the Series 2024 Project are not expected to materially impact the County's ability to complete the Series 2024 Project.

RATINGS

Fitch Ratings ("Fitch"), One State Street Plaza, New York, New York 10004, has assigned a rating of "AA+" to the Series 2024 Bonds; Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, New York, New York, has assigned a rating of "Aa1" to the Series 2024 Bonds; and S&P Global Ratings ("S&P"), 55 Water Street, New York, New York, has assigned a rating of "AA+" to the Series 2024 Bonds.

The Authority and the County furnished to such rating agencies the information contained in this Official Statement and certain publicly available materials and information about the Authority and the County. Generally, rating agencies base their ratings on such materials and information, as well as their own investigations, studies and assumptions. There is no assurance that a rating will continue for any given period of time or that such rating will not be revised, suspended or withdrawn if, in the judgment of the applicable rating agency, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Series 2024 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 Series 2024 Bonds for investment or any other purchase under any law of any other state. The Act also provides that bonds, such as the Series 2024 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 County, there is no litigation of any kind now pending or threatened to restrain or enjoin the issuance or delivery of the Series 2024 Bonds, in any manner questioning the proceedings and authority under which the Series 2024 Bonds are being issued, or affecting the power and authority of the Authority, the County or the County Board to execute or perform their obligations under the Financing Agreement or the Trust Agreement or to make payments due under the Financing Agreement. In addition, to the best information, knowledge and belief of the County, there is no litigation presently pending or threatened against the County that, in the event of an unfavorable decision, would have a material adverse effect upon the financial condition of the County.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Series 2024 Bonds will be subject to the approving opinion of Hunton Andrews Kurth LLP, Richmond, Virginia, Bond Counsel, which will be furnished at the expense of the County upon delivery of the Series 2024 Bonds, in substantially the form set forth as Appendix E (the "Bond Opinion"). The Bond Opinion will be limited to matters relating to the authorization and validity of the Series 2024 Bonds and to the tax-exempt status of interest thereon as described in the section "TAX EXEMPTION." The Bond Opinion will make no statement as to the financial resources of the County or the Authority or their ability to provide for payment of the Series 2024 Bonds 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 Bonds.

Certain legal matters will be passed upon for the Authority and the County by the County Attorney.

TAX EXEMPTION

Opinion of Bond Counsel. In the opinion of Bond Counsel, under current law, interest, including any accrued original issue discount ("OID"), on the Series 2024 Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax, (c) is taken into account in determining adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder (the "Code")) for the alternative minimum tax imposed on such corporations, and (d) is exempt from income taxation by the Commonwealth. Except as discussed below regarding OID, no other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Series 2024 Bonds.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the Authority and the County as to certain facts relevant to both the opinion and requirements of the Code, and is subject to the condition that there is compliance subsequent to the issuance of the Series 2024 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 and the County have covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2024 Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2024 Bonds. Failure by the Authority or the County to comply with such covenants, among other things, could cause interest, including any accrued OID, on the Series 2024 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. The Authority and the County may in their discretion, but have not covenanted to, take any and all such actions as may be required by future changes in the Code and applicable regulations in order that interest on the Series 2024 Bonds remain excludable from gross income for federal income tax purposes.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is neither a guarantee of a result nor binding on the Internal Revenue Service ("IRS") or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Customary practice in the giving of legal opinions includes not detailing in the opinion all of the assumptions, conditions, limitations and exclusions that are part of the conclusions therein. See “*Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions*,” 63 *Bus. Law.* 1277 (2008), and “*Legal Opinion Principles*,” 53 *Bus. Law.* 831 (May 1998), updated by “*Statement of Opinion Practices*,” 74 *Bus. Law.* 801, 807 (2019). Purchasers of the Series 2024 Bonds should seek the advice of counsel concerning such matters as they deem prudent in connection with their purchase of Series 2024 Bonds.

Alternative Minimum Tax

Individuals – Bond Counsel’s opinion states that under current law interest on the Series 2024 Bonds is not an item of preference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations – Bond Counsel’s opinion also states that under current law interest on the Series 2024 Bonds is taken into account in determining adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. Under current law, an “applicable corporation” generally is a corporation with average annual adjusted financial statement income for a three-taxable-year period ending after December 31, 2021, that exceeds \$1 billion.

Original Issue Discount. The initial public offering prices of the Series 2024 Bonds maturing in the year 2044 (the “OID Bonds”) will be less than their stated principal amount. In the opinion of Bond Counsel, under current law, the difference between the stated principal amount and the initial offering price of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such Series 2024 Bonds is sold will constitute OID. The offering prices set forth on the inside cover of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of such Series 2024 Bonds will be sold.

Under the Code, for purposes of determining the holder’s adjusted basis in an OID Bond, OID treated as having accrued while the holder holds such Series 2024 Bond will be added to the holder’s basis. OID will accrue on a constant yield-to-maturity method. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

Prospective purchasers of the OID Bonds should consult their own tax advisors with respect to the calculation of accrued OID and the state and local tax consequences of owning or disposing of such Series 2024 Bonds.

Original Issue Premium. Series 2024 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 Series 2024 Bond must be reduced by the amount of premium that accrues while such Series 2024 Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Series 2024 Bonds while so held. Purchasers of such Series 2024 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 Series 2024 Bonds.

Other Tax Matters. In addition to the matters addressed above, prospective purchasers of the Series 2024 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 Series 2024 Bonds should consult their tax advisors as to the applicability and impact of such consequences.

The IRS has a program to audit state and local government obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Series 2024 Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer, and the owners of the Series 2024 Bonds will have only limited rights, if any, to participate.

Prospective purchasers of the Series 2024 Bonds should consult their own tax advisors as to the status of interest on the Series 2024 Bonds under the tax laws of any state other than the Commonwealth.

There are many events that could affect the value, liquidity and/or marketability of the Series 2024 Bonds after their issuance, including but not limited to public knowledge of an audit of the Series 2024 Bonds by the IRS, 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 current law. In addition, certain tax considerations relevant to owners of Series 2024 Bonds who purchase Series 2024 Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations, and purchasers of the Series 2024 Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Series 2024 Bonds.

FINANCIAL ADVISOR

Davenport & Company LLC, Richmond, Virginia, serves as financial advisor to the County and has no underwriting responsibility to the Authority or the County with respect to this transaction. As financial advisor, Davenport & Company LLC has advised the County in matters relating to the planning, structuring and issuance of the Series 2024 Bonds, assisted the County with the preparation of this Official Statement and provided to the County other advice with respect to the issuance and sale of the Series 2024 Bonds. The financial advisor's fee will be paid from proceeds of the Series 2024 Bonds. Although the Financial Advisor has assisted in the preparation of the Official Statement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

SALE AT COMPETITIVE BIDDING

After competitive bidding on November 13, 2024, the Series 2024 Bonds were awarded to KeyBanc Capital Markets (the "Underwriter"). The Underwriter has supplied the information as to the offering prices and yields on the Series 2024 Bonds set forth on the inside cover page hereof. If all of the Series 2024 Bonds are resold to the public at such public offering prices and yields, the Underwriter has informed the Authority that it anticipates total underwriting compensation of \$201,278.11 (0.289713% of the principal amount). The Underwriter may change the public offering prices or yields from time to time.

CONTINUING DISCLOSURE

To permit compliance by the underwriter with the continuing disclosure requirements of the Rule, the County will execute a Continuing Disclosure Agreement (the "CDA") at closing agreeing to provide certain annual financial information and certain event notices required by the Rule. Such information will be filed through the Electronic Municipal Market Access System maintained by the Municipal Securities Rulemaking Board and may be accessed through the Internet at emma.msrb.org. As described in Appendix F, the CDA requires the County to provide only limited information at specific times, and the information provided may not be all the information necessary to value the Series 2024 Bonds at any particular time. The County may from time to time disclose certain information and data in addition to that required by the CDA. If the County chooses to provide any additional information, the County will have no obligation to continue to update such information or to include it in any future disclosure filing. Failure by the County to comply with the CDA is not an event of default under the Series 2024 Bonds or the Bond Resolution. The sole remedy for a default under the CDA is to bring an action for specific performance of the County's covenants hereunder, and no assurance can be provided as to the outcome of any such proceeding.

The County has not failed within the last five years to comply in all material respects with its previous continuing disclosure undertakings under the Rule.

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APPENDIX A
DEFINITIONS OF CERTAIN TERMS

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DEFINITIONS OF CERTAIN TERMS

“Account” means any of the various Accounts created within a Fund under the Trust Agreement.

“Additional Bonds” means any Bonds issued pursuant to the Trust Agreement and secured on an equal and ratable basis with the outstanding principal amounts of the Series 2016 Bonds, the Series 2018 Bonds, the Series 2021 Bonds, the Series 2024 Bonds and any other Outstanding Bonds.

“Additional Payments” means payments made by the County pursuant to the Financing Agreement other than Basic Payments.

“Authorized Authority Representative” means any officer of the Authority.

“Authorized County Representative” means the County Administrator and such other person or persons as may be designated to act on behalf of the County by a certificate executed by the County Administrator and on file with the Trustee.

“Basic Payments” means the payments payable by the County under the Financing Agreement which payments are calculated to correspond in amount to the payments of principal and interest due on the Bonds.

“Bond” or “Bonds” means, collectively, the outstanding principal amounts of the Series 2016 Bonds, the Series 2018 Bonds, the Series 2021 Bonds, the Series 2024 Bonds and any additional bonds, notes or other obligations, including any notes or other obligations issued in anticipation of bonds, notes, or other obligations as the same shall be issued from time to time pursuant to the Master Trust Agreement.

“Bond Counsel” means an attorney or a firm of attorneys nationally recognized on the subject of municipal bonds and reasonably acceptable to the Trustee.

“Bond Fund” means the Bond Fund established in the Master Trust Agreement.

“Bond Payment Date” means the date on which any payment of principal of (whether at maturity or pursuant to mandatory sinking fund redemption) or interest on any Bond is due.

“Business Day” means a day on which banking business is transacted, but not including Saturday, Sunday or legal holiday, or any day which banking institutions are authorized by law to close in the city in which the Trustee has its designated corporate trust office.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable regulations, rulings and revenue procedures promulgated or applicable thereunder.

“Fiscal Year” means the twelve-month period beginning on July 1 of one year end and ending on June 30 of the following year, or such other twelve-month period as the County may select as its fiscal year.

“Government Certificates” means certificates representing proportionate ownership of Government Obligations, which Government Obligations are held by a bank or trust company organized under the laws of the United States of America or any of its states in the capacity of custodian of such certificates.

“Government Obligations” means (a) bonds, notes and other direct obligations of the United States of America, (b) securities unconditionally guaranteed as to the timely payment of principal, if applicable, and interest by the United States of America or (c) bonds, notes and other obligations issued or guaranteed as to the timely payment of principal and interest by the Rural Utilities Service (certificates of beneficial ownership), Federal Housing Administration (debentures), General Services Administration (participation certificates), U.S. Maritime Administration (guaranteed Title XI financing), U.S. Department of Housing and Urban Development (project notes and local authority bonds), provided such obligations are backed by the full faith and credit of the United States of America. Stripped securities are permitted only if stripped by the agency itself. Government Obligations may be held directly by the Trustee or in the form of securities of any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio of such investment company or investment trust is limited to Government Obligations.

“Interest Account” means the Interest Account in the Bond Fund established in the Master Trust Agreement.

“Opinion of Counsel” means an opinion of any attorney or firm of attorneys, who may be counsel for the Authority, the County or the Trustee but who shall not be a full-time employee of the Authority, the County or the Trustee.

“Outstanding” means, when used as descriptive of Bonds, that such Bonds have been authorized, issued, authenticated and delivered under the Master Trust Agreement and have not been canceled or surrendered to the Trustee for cancellation, deemed to have been paid as provided in Master Trust Agreement, have had other Bonds issued in exchange therefor or had their principal become due and moneys sufficient for their payment deposited with the Trustee as provided in the Master Trust Agreement.

In determining whether holders of a requisite aggregate principal amount of the Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the Master Trust Agreement, words referring to or connoting “principal of” or “principal amount of” Outstanding Bonds shall be deemed also to be references to, to connote and to include the accreted value of Bonds of any Series as of the immediately preceding interest compounding date for such Bonds. Bonds that are owned by the County shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

“Premium Account” means the Premium Account in the Bond Fund established in the Master Trust Agreement.

“Principal Account” means the Principal Account in the Bond Fund established in the Master Trust Agreement.

“Project” or “Projects” means, individually or collectively, the Series 2024 Project (described earlier in the Official Statement) and any other project undertaken by the Authority, with the County’s consent, from time to time and identified in a Supplemental Financing Agreement, including without limitation, the financing or refinancing of the acquisition, construction, improvement or equipping of infrastructure, public facilities and other improvements and facilities permitted to be undertaken pursuant to the provisions of the Act, including any extensions, additions, replacements, equipment and appurtenances to or for the benefit of such public facilities.

“Project Fund” means the Project Fund established in the Master Trust Agreement.

“Reserve Determination Date” means (a) each interest payment date for the Bonds or (b) any other date established in writing by an Authorized County Representative for the valuation of obligations on deposit in a Series Debt Service Reserve Account.

“Series” or “Series of Bonds” means a separate series of Bonds issued under the Master Trust Agreement and a Supplemental Trust Agreement. The **“Series 2024 Bonds”** is the fourth Series of Bonds issued under the Master Trust Agreement.

“Series Debt Service Reserve Account” means any of the Series Debt Service Reserve Accounts in the Debt Service Reserve Fund established in the Master Trust Agreement. No Series Debt Service Reserve Account will be established for the Series 2024 Bonds.

“Series Debt Service Reserve Requirement” for any Series of Bonds shall have the meaning set forth in the Supplemental Trust Agreement authorizing such Series of Bonds. There is no Series Debt Service Reserve Requirement for the Series 2024 Bonds.

“Supplemental Trust Agreement” means any Supplemental Trust Agreement supplementing, amending or modifying the provisions of the Master Trust Agreement entered into by the Authority and the Trustee pursuant to the provisions of the Master Trust Agreement, including, but not limited to, the Fourth Supplemental Trust Agreement.

“Supplemental Financing Agreement” means any Supplemental Financing Agreement supplementing, amending or modifying the provisions of the Financing Agreement entered into by the Authority and the County pursuant to the provisions of the Master Trust Agreement, including, but not limited to, the Third Supplemental Financing Agreement.

“Term Bonds” means any Bonds stated to mature on a specified date and required to be redeemed in part prior to maturity according to a sinking fund schedule.

“Virginia Code” means the Code of Virginia of 1950, as amended.

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APPENDIX B

SUMMARY OF THE FINANCING DOCUMENTS

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SUMMARY OF THE FINANCING DOCUMENTS

Brief summaries of the Trust Agreement and the Financing Agreement are included in this Appendix. The summaries do not purport to be comprehensive or definitive and are qualified by references to such documents in their entirety. All capitalized terms used in this summary have the meaning set forth in the Official Statement and in Appendix A, unless otherwise indicated.

THE TRUST AGREEMENT

Establishment of Funds and Accounts. The following funds and accounts are established and utilized under the Trust Agreement:

- (1) Project Fund, in which there is established the Series 2024 Project Account;
- (2) Bond Fund, in which there are established a separate Interest Account, Principal Account and Premium Account and a separate subaccount in each such Account with respect to each Series of Bonds; and
- (3) Debt Service Reserve Fund, in which there may be established a Series Debt Service Reserve Account for a particular Series. No such Series Account will be established for the Series 2024 Bonds.

The Trust Agreement provides that separate Accounts and subaccounts will be established for each Series of Bonds issued under the Trust Agreement.

Series 2024 Project Account. The Trustee will use money in the Series 2024 Project Account to finance the Series 2024 Project and to pay the costs of issuing the Series 2024 Bonds. The Trustee will make payments from the Series 2024 Project Account upon receipt of requisitions signed on behalf of the County providing required information with respect to the use of the amounts being requisitioned. Any balance remaining in the Series 2024 Project Account after payment of the costs of the Series 2024 Project and costs issuance of the Series 2024 Bonds will be used to pay principal of and interest on the Series 2024 Bonds or all or any portion of the Cost of any other Project designated by the County and approved by Bond Counsel.

Bond Fund. The Trustee will deposit in the Bond Fund installments of all Basic Payments received by the Trustee from the County, together with other amounts transferred from the Project Fund and the Debt Service Reserve Fund (if funded) pursuant to the Financing Agreement or the Trust Agreement, that portion of any Additional Payments received by the Trustee from the County representing the amount of any redemption premium that may be payable, and any other payments transferred to the Authority or its assignee as directed by the County. The Trustee will deposit each installment and amount (a) to the applicable subaccount established in the Interest Account an amount equal to the interest due and payable on the next Bond Payment Date for the applicable Series of Bonds and (b) to the applicable subaccount established in the Principal Account an amount equal to the principal due and payable on the next Bond Payment Date for the applicable Series of Bonds, whether at maturity or pursuant to mandatory sinking fund redemption. The Trustee will deposit to the applicable subaccount established in the Premium Account any moneys received from the County to pay any premium due in connection with redeeming such Bonds pursuant to any optional redemption exercised by the Authority, at the direction of the County.

The Trustee will withdraw from the respective subaccounts within the Interest Account on each Bond Payment Date, amounts equal to the amounts of interest due with respect to the Bonds on such Bond Payment Date, and will cause the same to be applied to the payment of interest due on such Bond Payment Date. The Trustee will withdraw from the respective subaccounts within the Principal Account on each Bond Payment Date, amounts equal to the amounts of principal due with respect to the Bonds on such Bond Payment Date, and will cause the same to be applied to the payment of principal due on such Bond Payment Date. The Trustee will withdraw from the respective subaccounts within the Premium Account on each Bond Payment Date, amounts equal to the amounts of any premium due with respect to the Bonds on such Bond Payment Date, and will cause the same to be applied to the payment of any premium due on such Bond Payment Date.

In the event there are insufficient moneys in the Interest Account or the Principal Account on any Bond Payment Date to pay interest and principal due on such Bond Payment Date, the Trustee will transfer any excess amounts on deposit in the Interest Account or the Principal Account, as applicable, to the other Account in which there are insufficient moneys, being mindful of the provisos in the section ***“Parity of Bonds”*** below. The Trustee will pay from the Bond Fund when due the principal of and premium, if any, and interest on the Bonds then Outstanding and will redeem or purchase Bonds in accordance with the redemption provisions of the Bonds and the Trust Agreement.

The Trustee will provide for redemption of any Term Bonds from amounts upon deposit in the Bond Fund in accordance with the schedules set forth in the Supplemental Agreement of Trust for such Bonds; provided, however, that on or before the 70th day next preceding any such sinking fund payment date, the Authority may:

(x) deliver to the Trustee for cancellation Term Bonds required to be redeemed on such sinking fund payment date in any aggregate principal amount desired; or

(y) instruct the Trustee to apply a credit against the Authority’s next sinking fund redemption obligation for any such Term Bonds that previously have been redeemed (other than through the operation of the sinking fund) and canceled but not theretofore applied as a credit against any sinking fund redemption obligation.

Upon the occurrence of any of the events described in subsections (x) or (y) above, the Trustee shall credit against the Authority’s sinking fund redemption obligation on the next sinking fund payment date the amount of such Term Bonds so delivered or previously redeemed. Any principal amount of such Term Bonds in excess of the principal amount required to be redeemed on such sinking fund payment date shall be similarly credited in such order as may be determined by the Authority against future payments to the Principal Account and shall similarly reduce the principal amount of the Term Bonds of the applicable Series to be redeemed on the applicable sinking fund payment date.

Debt Service Reserve Fund. The Master Trust Agreement provides for the establishment of a Debt Service Reserve Fund and, if funded, a separate Series Debt Service Reserve Account for particular Series of Bonds. No Series Debt Service Reserve Account will be established for the Series 2024 Bonds.

Pledge of Payments and Funds. All payments received by the Trustee under the Trust Agreement (except certain payments to the Trustee for its fees and expenses) and all money in the Project Fund, the Bond Fund and the Debt Service Reserve Fund (if funded) 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 Trust Agreement. The lien and trust created by the Trust Agreement is for the equal and ratable benefit of the holders of the Bonds and any Additional Bonds that may be issued under the Trust Agreement; *provided* that moneys in any account or subaccount of the Bond Fund relating to a particular Series of Bonds shall secure only such Bonds, moneys in any account or subaccount of the Project Fund relating to a particular Series of Bonds shall secure only such Bonds, and moneys in any account or subaccount of the Debt Service Reserve Fund relating to a particular Series of Bonds shall secure only such Bonds (unless otherwise provided in a Supplemental Trust Agreement).

Parity of Bonds. Each Series of Bonds will be issued pursuant to a Supplemental Trust Agreement and will be equally and ratably secured under the Trust Agreement, without preference, priority or distinction; *provided*, that, any lease agreement or financing lease relating to a particular Series of Bonds shall secure only such Bonds (unless otherwise provided in a Supplemental Trust Agreement), the moneys in an account of the Bond Fund, the Project Fund or the Debt Service Reserve Fund will secure only the applicable Series of Bonds to which such account relates, and, as to the Debt Service Reserve Fund, may also secure any additional Series of Bonds issued to refund the original Series of Bonds if and as provided in the respective Supplemental Agreement of Trust; and *provided further*, that any Series of Bonds may have other security pledged to its payment. In connection with the issuance of each Series of Bonds, the Trustee may create additional accounts and subaccounts within any fund or account established by the Master Trust Agreement.

Investments; Valuation. Any money held under the Trust Agreement may be invested, as directed in writing by an Authorized County Representative, in obligations or securities that are permitted for the investment of public funds under the Investment of Public Funds Act (Chapter 45, Title 2.2 of the Virginia Code), the Government Non-Arbitrage Investment Act (Chapter 47, Title 2.2 of the Virginia Code), or any successor provision of law applicable to such investments.

Any investments will be held by or under the control of the Trustee and while so held will be deemed a part of the fund in which such money was originally held. The earnings accruing on such investments, including any profit realized, will be credited to such funds, except as otherwise provided in the Trust Agreement, and any loss resulting from such investments will be charged to such funds. The Trustee will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund is insufficient for its purposes.

In computing the amount in any Fund or Account created by the Trust Agreement, except for the Debt Service Reserve Fund, obligations purchased as an investment of moneys therein will be valued at cost or fair market value thereof, whichever is lower, plus accrued interest. Investments in the Debt Service Reserve Fund (if funded) will be valued at least semiannually at the fair market value thereof, plus accrued interest. Such valuations for each such Fund or Account, other than the Debt Service Reserve Fund, will be made by the party holding each such Fund or Account at least annually not later than the end of each Fiscal Year and at such other times as an Authorized County Representative may direct.

Events of Default and Remedies. Each of the following is an Event of Default under the Trust Agreement: (1) default in the payment of interest on any Bond when due, (2) default in the payment of principal of or premium, if any, of any Bond when due, (3) default in the observance or performance of any other covenant, condition or agreement on the part of the Authority under the Trust Agreement or the Bonds, subject to certain rights of the Authority to notice and an opportunity to cure, and (4) any event of default under the Financing Agreement.

Remedies; Rights of Bondholders. Upon the occurrence and continuation of an Event of Default, the Trustee may (and, if requested by the holders of not less than 25% in aggregate principal amount of Bonds Outstanding and if indemnified in accordance with prevailing industry standards, will) proceed to protect and enforce the rights of the holders of the Bonds by mandamus or other suit, action or proceeding at law or in equity, including an action for specific performance of any covenant or agreement contained in the Trust Agreement; *provided*, that the Trustee will have no right or authority to declare the entire unpaid principal of and interest on the Bonds due and payable. All remedies under the Trust Agreement are cumulative.

Other than the remedies described above, no holder of any Bond will have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Trust Agreement, the execution of any of its trusts or any other remedy under it, unless (1) an Event of Default (as defined in the Trust Agreement) has occurred and is continuing and the Trustee has notice of it; (2) the holders of 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted by the Trust Agreement or to institute such action, suit or proceeding in its own name; (3) the Trustee has been indemnified as provided by the Trust Agreement; (4) the Trustee has failed or refused within a reasonable time to comply with such request; (5) no direction inconsistent with such request has been given to the Trustee by the holders of a majority in principal amount of Outstanding Bonds; and (6) notice of such action, suit or proceeding is given to the Trustee. Notwithstanding any other provision to the contrary, the holders of a majority in aggregate principal amount of Bonds Outstanding, upon compliance with the Trust Agreement'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 Trust Agreement, the Trustee may in its discretion, waive any Event of Default under the Trust Agreement or any action taken pursuant to such Event of Default and will do so on the request of the holders 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 Trust Agreement. A Bond will be deemed no longer Outstanding when any such Bond has been cancelled or surrendered for cancellation or purchased by the Authority from moneys in the Bond Fund or as to any Bond not so cancelled or purchased when (i) payment of the principal and the applicable premium, plus interest to the due date thereof shall have been made or caused to be made in accordance with the terms thereof, or (ii)(A)

payment of the principal and applicable premium, plus interest on such Bond to the due date thereof shall have been provided by irrevocably depositing with the Trustee (1) moneys sufficient to make such payment, (2) noncallable Government Obligations maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment, or (3) a combination of both such moneys and noncallable Government Obligations and (B) payment of all necessary and proper fees, costs and expenses of the Trustee shall have been made. Notwithstanding the foregoing, the Bonds which are to be redeemed before their maturity will be deemed paid and no longer Outstanding only if such Bonds have been irrevocably called or designated for redemption.

Supplemental Agreements of Trust. Any provision of the Trust Agreement may be modified or altered by the Authority and the Trustee, by a Supplemental Trust Agreement, upon consent of the holders of a majority in aggregate principal amount of Bonds Outstanding; *provided*, that certain amendments relating to the payment of the Bonds may be made only with the consent of all holders of the applicable Bonds.

In addition, the Authority and the Trustee may enter into supplemental agreements of trust without the consent of holders of the Bonds (1) to cure any ambiguity, formal defect or omission in the Trust Agreement; (2) to grant to or confer upon the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Bondholders; (3) to modify, amend or supplement the Trust Agreement in such manner as required to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or any state securities (Blue Sky) law; (4) to add to the covenants and agreements of the Authority in the Trust Agreement other covenants and agreements to be observed by the Authority; (5) to modify the Trust Agreement as required to permit the Authority to comply with the provisions of the Code relating to the rebate requirement with respect to investment of proceeds of the Bonds, *provided* that such modification does not materially adversely affect the holders of all Bonds then Outstanding; (6) to modify the Trust Agreement in such manner as may be required to maintain any rating on any Bonds, *provided* that such amendment does not, in the opinion of the Trustee, materially adversely affect the holders of all Bonds then Outstanding; (7) to authorize the issuance of and secure one or more Series of Bonds; and (8) to modify the Trust Agreement in any manner that the Trustee concludes is not materially adverse to holders of all Bonds then Outstanding. The Authority and the Trustee may enter into certain other supplemental agreements of trust upon receiving the consent of certain percentages of holders of the Bonds. If such a Supplemental Trust Agreement will affect only one Series of Bonds, it may be necessary to seek only the consent of the holders of a majority in aggregate principal amount of that Series of Bonds.

FINANCING AGREEMENT

Agreement to Issue Series 2024 Bonds. In the Financing Agreement, the Authority agrees to issue the Series 2024 Bonds and loan the proceeds thereof to the County. The County agrees to make all Basic Payments and Additional Payments when and as the same shall become due and payable, subject to appropriation by the County Board.

Series 2024 Bonds. In order to provide funds for the Series 2024 Project, the Authority will agree to issue the Series 2024 Bonds bearing interest, maturing and having the other terms and provisions set forth in the Fourth Supplemental Trust Agreement.

Payments Under Financing Agreement; Subject to Appropriation. Under the Financing Agreement the County has undertaken to pay to the Authority, or its assignee, the Basic Payments set forth in the Financing Agreement. The Basic Payments are calculated to be due in such amounts and at such times as will be sufficient to pay principal of and interest on the Bonds. The County will receive a credit against its obligation to make Basic Payments to the extent there are amounts on deposit in the Bond Fund; *provided* that such amounts have not been applied previously as a credit with respect to any Basic Payment. The County also has undertaken to make Additional Payments to cover any redemption premium that may be payable on the Bonds, the reasonable fees and expenses of the Trustee, and the expenses of the Authority.

The undertaking by the County to make Basic Payments and Additional Payments is subject to appropriations being made from time to time by the County Board for such purposes. In the Financing Agreement, the County Board has directed the County Administrator or other officer charged with the responsibility for preparing the County's annual budget to include in the budget for each Fiscal Year as a single appropriation the amount of all Basic Payments and estimated Additional Payments during such Fiscal Year.

The County has the option to prepay Basic Payments at the times and amounts as necessary to exercise its option to cause the Bonds to be redeemed before maturity. Any applicable redemption premium would be paid as an Additional Payment.

Agreement to Issue Additional Bonds to Finance Additional Projects. In order to finance the costs of additional projects for the County, the Authority agrees that it will, from time to time, issue additional obligations under the Trust Agreement. Such additional projects will be financed solely from the proceeds of Bonds issued, at the request of the County, from time to time under the Trust Agreement. The obligation of the Authority to finance the costs of additional projects and to issue additional Series of Bonds will be conditioned upon compliance with the provisions of the Master Trust Agreement.

Events of Default. Events of Default under the Financing Agreement include (1) default in the due and punctual payment of a Basic Payment or an Additional Payment made to correct a deficiency in a Series Debt Service Reserve Account when the same becomes due and payable and continuation of such failure for a period of five days, or (2) failure of the County to pay when due any other payment due under the Financing Agreement (including that portion of Additional Payments allocable to any premium on the Bonds but excluding other portions of Additional Payments), or to observe and perform any covenant, condition or agreement, which failure shall continue for a period of 30 days after notice is given, with certain rights to cure as described in the Financing Agreement. Notwithstanding the foregoing, failure to make any payment due or to perform any covenant under the Financing Agreement which results from a failure of the County Board to appropriate moneys for such purposes will not constitute an Event of Default.

Remedies. If an Event of Default occurs, remedies available to the Authority are to take whatever action at law or in equity, other than to declare the entire unpaid principal balance of Basic Payments to be immediately due and payable, as may appear necessary or desirable to collect Basic Payments and Additional Payments then due or to become due, or to enforce performance and observance of any obligation, agreement or covenant of the County. An event of non-appropriation is not an Event of Default. See the section “**BONDHOLDERS’ RISKS -- Non-Appropriation and Limited Remedies.**”

The Financing Agreement will be reinstated and any default waived upon certain conditions, including the payment of all arrears with respect to the Bonds.

Amendments. The Financing Agreement may be supplemented, amended or modified prior to the payment of all Outstanding Bonds, only with the consent of the Trustee, given in accordance with the Master Trust Agreement.

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APPENDIX C

JAMES CITY COUNTY, VIRGINIA

The inclusion of this information does not imply that James City County, Virginia, is legally obligated to make payments on any Bonds outstanding under the Trust Agreement, including the Series 2024 Bonds.

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INTRODUCTION

James City County, Virginia (the “County”), is the site of Jamestown, which in 1607 became the first permanent English settlement in the New World. The United States Congress called Jamestown the birthplace of Virginia and American government.

The County is conveniently located between the major metropolitan areas of Richmond and Norfolk. Adjacent to the County is the City of Williamsburg, Virginia (the “City”), home to historic Colonial Williamsburg and the College of William and Mary. As of July 1, 2023, the County is home to approximately 80,678 residents and encompasses 147 square miles, the largest land area on the Virginia peninsula. Services provided by the County include a transit system, law enforcement, fire protection, parks and a recreation center, public-private health center, and social services that promote self-sufficiency.

Government Services and Facilities

The County provides a comprehensive range of local government services characteristic of its form of government under Virginia law. Although legally separate and independent, the City and the County are closely linked. The City is the County seat and the two jurisdictions share an elected Treasurer, Clerk of the Circuit Court, Commonwealth’s Attorney and Sheriff. The County and the City share a public school system and courts. The County is also a partner in many regional entities such as the jail, library system, transit authority, public health department and behavioral health system. Cooperative agreements exist for fire, emergency medical, social services and recreation.

Form and Organization of Government

The County is governed by a five-member Board of Supervisors (the “Board”). Each member is elected by the voters in his or her district for a term of four years. Terms are staggered with representatives from two districts being elected one year and the other three representatives being elected two years later. At its annual organizational meeting, the Board elects a chairman and vice chairman from among the five supervisors. The Board passes all local ordinances and determines all local policies that govern the County. It appoints a County Administrator as well as most boards and commissions. It also appropriates funds for County operations and generally oversees all County functions.

The County Administrator is the chief administrative officer of the County and is responsible to the Board for executing policies established by the Board. The County Administrator acts as Clerk to the Board and handles the daily administrative operations of the County as well as its strategic planning.

In addition to the elected members of the Board, five constitutional officers are elected. These officers are 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 County and the City. The County and the City courts are part of the 9th Judicial District. The three judges serving the area represent Juvenile, District and Circuit Courts and are appointed by the General Assembly of Virginia. The Circuit Court Judge appoints the members of the County’s Board of Zoning Appeals and members of the County’s Electoral Board which, in turn, appoints the General Registrar.

The County’s schools are operated by the Williamsburg-James City County School Board, which consists of two at-large members appointed by the City and five members elected by the voters of the County. Each of the County members are elected by the voters in his or her district for a term of four years, and the terms are staggered with representatives from two districts being elected one year and the other three representatives being elected two years later.

ECONOMIC AND DEMOGRAPHIC FACTORS

Population

According to estimates by the County, the County's 2023 population was approximately 80,678. The following table presents the population figures for selected years.

POPULATION AND RATES OF CHANGE JAMES CITY COUNTY, THE COMMONWEALTH OF VIRGINIA AND THE UNITED STATES SELECTED YEARS

Year	County	Commonwealth of Virginia	United States
2000	48,102	7,079,030	281,421,906
2010	67,009	8,001,024	308,745,538
2015	72,099	8,394,902	321,418,821
2016	73,189	8,449,049	323,127,515
2017	74,309	8,506,433	325,719,178
2018	75,444	8,549,345	327,167,439
2019	76,633	8,598,513	328,239,523
2020	78,254	8,644,727	331,449,281
2021	78,567	8,655,608	331,893,745
2022	79,488	8,696,955	333,287,562
2023	80,678	8,729,032	334,914,896

Sources: 2015 -2019 and 2021 – 2023 population figures for James City County and the Commonwealth of Virginia are from Weldon Cooper Center for Public Service; all other years are from the U.S. Department of Commerce, Bureau of the Census.

Income

Presented below are comparative tables on per capita income and median household income for selected years.

PER CAPITA INCOME

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 ⁽²⁾
James City County ⁽¹⁾	56,377	\$59,126	\$60,952	\$62,192	\$61,913	\$63,928	\$67,364	\$73,332	\$75,891	-
Commonwealth of Virginia	49,764	51,620	52,659	54,380	56,133	58,368	61,469	66,838	69,021	72,855
United States	46,287	48,060	48,971	51,004	53,309	55,547	59,151	64,427	65,473	68,531

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

⁽¹⁾ Numbers are for the County and the City of Williamsburg combined.

⁽²⁾ Latest information available.

MEDIAN HOUSEHOLD INCOME

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 ⁽²⁾
James City County ⁽¹⁾	\$75,806	\$76,705	\$75,710	\$80,226	\$80,772	\$83,048	\$87,678	\$91,675	\$94,907	\$100,711
Commonwealth of Virginia	62,745	64,792	65,015	66,149	68,766	71,564	74,222	76,398	80,615	87,249
United States	52,250	53,482	53,889	55,322	57,652	60,293	62,843	64,994	69,021	75,149

Source: James City County Annual Comprehensive Financial Report, U.S. Census Bureau.

⁽¹⁾ Numbers are for the County alone; they do not include the City of Williamsburg.

⁽²⁾ Latest information available.

Housing and Construction Activity

As of December 31, 2023, the total number of dwelling units in the County was estimated to be 34,719, an increase of approximately 12.2% from December 31, 2014.

TOTAL DWELLING UNITS

<u>Calendar Year</u>	<u>Total Unit Count</u>
2014	30,943
2015	31,392
2016	31,835
2017	32,357
2018	32,838
2019	33,284
2020	33,699
2021	33,771
2022	34,104
2023	34,719

Source: U.S. Census Bureau.

Selected data is presented below to illustrate the level of new construction that has occurred in the County.

TOTAL NUMBER OF BUILDING PERMITS ISSUED AND VALUE

<u>Fiscal Year</u>	<u>Commercial/Industrial</u>		<u>Residential</u>		<u>Total</u>	
	<u>Number of Permits</u>	<u>Value</u>	<u>Number of Permits</u>	<u>Value</u>	<u>Number of Permits</u>	<u>Value</u>
2014	166	\$33,169,762	741	\$123,841,836	907	\$157,011,598
2015	147	16,449,776	822	126,526,342	969	142,976,118
2016	227	35,201,616	759	113,133,643	986	148,335,259
2017	196	78,253,358	868	127,815,408	1,064	206,068,766
2018	178	31,474,968	881	115,365,412	1,059	146,840,380
2019*	311	71,776,009	1,022	105,656,969	1,333	177,432,978
2020**	178	24,653,454	946	93,085,004	1,124	117,738,458
2021	104	13,110,342	1,045	110,462,392	1,149	123,572,734
2022	202	25,673,815	1,017	140,977,272	1,219	166,651,087
2023***	256	95,350,379	917	123,321,907	1,173	218,672,286

Source: James City County Building and Safety Permits Division

* A new permit system was put in place in fiscal year 2019 that captured additional data on permits and reviews not captured in the prior system. As a result, the number of permits and values show an increase related to this new system.

** The number of permits and related values in fiscal year 2020 reflect the economic impacts of COVID-19.

*** Data available for fiscal year 2023 through June 30, 2023.

Employment

The following table presents the employment and average weekly wages in the County for the first quarter of 2024.

AVERAGE EMPLOYMENT AND AVERAGE WEEKLY WAGE First Quarter 2024

Industry Group	Average Employment For Quarter ⁽¹⁾	Percent of Total	Weekly Wage Per Employee
Private			
Health Care and Social Assistance	4,483	19.4%	\$1,133
Retail Trade	3,561	15.4	607
Accommodation and Food Services	2,931	12.7	549
Arts, Entertainment, and Recreation	2,245	9.7	439
Manufacturing	1,782	7.7	1,707
Professional, Scientific, and Technical Service	1,710	7.4	1,433
Construction	1,576	6.8	1,374
Administrative and Support and Waste Management	1,237	5.4	926
Other Services (except Public Administration)	907	3.9	827
Wholesale Trade	740	3.2	1,335
Real Estate and Rental and Leasing	730	3.2	1,109
Finance and Insurance	552	2.4	2,332
Management of Companies and Enterprises	218	0.9	3,104
Educational Services	206	0.9	586
Information	139	0.6	1,340
Unclassified	70	0.2	1,165
Agriculture, Forestry, Fishing and Hunting	42	0.2	463
Total Private	23,095	100.0%	
Public			
Local Government	3,544	77.0%	\$ 981
State Government	978	21.2	1,178
Federal Government	81	1.8	1,228
Total Public	4,603	100.00%	
Total	27,698		

Source: Virginia Employment Commission.

⁽¹⁾ Data excludes self-employed persons and non-disclosed data for the following industries: Mining, Quarrying and Oil and Gas Extraction; Transportation and Warehousing; and Utilities.

The average annual unemployment rates for the County, the Commonwealth and the United States for recent years are set forth in the following table.

AVERAGE ANNUAL UNEMPLOYMENT RATES Calendar Year

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
James City County	4.8%	4.3%	3.8%	3.5%	2.9%	2.6%	7.1%	4.0%	2.8%	2.8%
Commonwealth of Virginia	5.1	4.4	4.0	3.7	3.0	2.8	6.4	3.9	2.8	2.9
United States	6.2	5.3	4.9	4.4	3.9	3.7	8.1	5.3	3.6	3.6

Source: Bureau of Labor Statistics.

A variety of industrial and commercial service employers are located within the County. The table below presents data regarding the major employers in the County, including the products and services they provide and the approximate number of employees.

MAJOR PRINCIPAL EMPLOYERS
Fiscal Year Ended June 30, 2023

Firm	Type of Business	Approximate Number of Employees
Williamsburg-James City County Public Schools	Educational Institution	1,000+
James City County	Local Government	1,000+
Busch Entertainment	Theme Parks	500-999
Eastern State Hospital	Hospital	500-999
Wal-Mart Distribution Center	Distribution	500-999
Riverside Regional Medical Center	Healthcare	500-999
Anheuser-Busch Inbev	Manufacturing	500-999
Williamsburg Landing	Retirement Community/Assisted Living Facility	250-499
Owens & Minor/AVID Medical	Healthcare Logistics	250-499
Ball Metal	Manufacturing	100-249

Source: James City County Annual Comprehensive Financial Report.

The table presented below is a summary of County taxable sales for the last ten years.

TAXABLE SALES

Fiscal Year	Taxable Sales
2014	\$ 944,881,285
2015	968,747,933
2016	1,012,137,939
2017	984,305,831
2018	971,269,532
2019	965,106,640
2020	955,039,338
2021	877,233,336
2022	1,060,780,715
2023	1,127,882,325

Source: James City County Annual Comprehensive Financial Report.

Economic Development

The Office of Economic Development’s mission is to foster development and expansion of a diversified and sustainable base of primary business and industry that will better balance the tax base, increase job opportunities and contribute positively to both the quality and standard of living in the County. The department focuses on the retention and expansion of the County’s existing primary businesses and industries as well as the diversification of the local economy through the recruitment of new businesses and industries.

The Economic Development Authority of James City County, Virginia (the “Economic Development Authority”) assists and supports James City County and the Office of Economic Development in fostering its goals and objectives and performs required statutory roles. The Economic Development Authority works in collaboration with a variety of organizations to strengthen the economic base in the County through efforts supporting regional business attraction and entrepreneurship. The Economic Development Authority leases space to a business at the James City County Marina and recently sold its property in the James River Commerce Center (a 219-acre industrial park) and Stonehouse Commerce Park to businesses to be utilized in future and ongoing developments.

Economic Development Highlights

Kongsberg Defense & Aerospace Inc. (“Kongsberg”). On September 17, 2024, Governor Youngkin announced Norwegian based Kongsberg, a global provider of defense and aerospace systems, will establish a 150,000-square foot facility in the County. The building will be a state-of-the-art missile production facility to meet global demand. The facility represents a \$71 million investment by Kongsberg and will create 180 high-quality jobs. The company will invest an additional \$30 million in other costs, including engineering and software. In order to assist the County with the project, Governor Youngkin approved a \$1.5 million grant from the Commonwealth’s Opportunity Fund.

Anheuser-Busch opened its County operations in 1972 and has continued to invest in its facility, including modernization in 2006. Anheuser-Busch has continued to expand the number of products manufactured in the County. Currently, the facility operates in 1.2 million square feet and produces 40 different products. The brewery employs over 400 people and ships approximately 250 trucks a day. In May 2017, the company announced its plans to invest \$18 million into its County facility. The investment included new technology and equipment as well as installation of new labeling machines. In September 2022, Anheuser-Busch announced a \$20 million investment into its Williamsburg Brewery. Specific updates included expanding brewing capabilities, enhancing the brewery process technologies and facility renovations. In August 2024, Anheuser-Busch announced a \$6.5 million investment in the facility to uphold quality standards, improve infrastructure and drive efficiency.

Lovett Industrial is developing Enterprise Logistics Park, a 2.2 million-square-foot Class A business park on 328 acres in the County. The business park is expected to be the largest speculative industrial development completed on the I-64 corridor between Norfolk and Richmond, Virginia. Lovett acquired the site for \$12 million in late April of 2023. The business park is expected to be constructed to industry leading specifications and designed to accommodate a variety of building sizes ranging from approximately 100,000-1,000,000 square feet. Planned infrastructure improvements are expected to include a major collector road, which will enable efficient ingress and egress from the property, along with major utility infrastructure capable of accommodating a variety of uses including manufacturing. The business park will feature recreational amenities for employees working within the park and retail and convenience amenities that will benefit the trade area.

Kingsmill Resort. In February 2023, Escalante Golf, owner of Kingsmill Resort, announced a \$25 million investment in the resort’s amenities, club, and guest experience over the next five years. The vision is to enhance the resort and club’s status as a premier golf resort and vacation destination, offering an “ever-evolving and world-class experience” for guests, residents, and local, regional, and national membership. The proposed projects are expected to include improvements to both gatehouses and the entrance, a new Kingsmill Community Park with multiple fields for athletic competitions, covered pavilion areas for large gatherings and holiday celebrations, a dog park, and playgrounds. Also expected is an expansion of the resort’s real estate footprint and roughly 240 new homes over the next 10 to 15 years.

Williamsburg Sports & Events Center. The City of Williamsburg, James City County and York County have partnered to build and operate a regional sports center through the Historic Triangle Recreational Facilities Authority on property adjacent to the Colonial Williamsburg Visitor Center in the City of Williamsburg. It is projected to open in 2026. Two-thirds of the funding for the \$80 million facility is coming directly from the City of Williamsburg, with the remainder being funded through the 1% Historical Triangle Regional Sales Tax. Once completed, James City and York Counties will split the operational costs. The sports center is designed to offer an outstanding venue for sports tourism, a multibillion-dollar industry, generating new visitors, longer stays, and return visits. The sports center will be used for local programs Mondays through Thursdays and will be open to regional and national tournaments Fridays through Saturdays.

Blaine Landing Housing Development. Norfolk-based S.L. Nusbaum Realty Co. is in the final stages of developing a 119-unit affordable apartment community in Norge. The apartment community is expected to consist of 18 one-bedroom, one-bathroom units; 77 two-bedroom, two-bathroom units; and 24 three-bedroom, two-bathroom units; and a clubhouse, fitness center and community room. The rentals will be geared toward accommodating families and individuals with an average income of 60% of the area median income, or “AMI”. The 2023 AMI for the County for a family of four was \$100,500, according to the U.S. Department of Housing and Urban Development.

Housing Development in Lightfoot. In June 2024, the County Board approved the rezoning of approximately 16 acres for a new housing development in Lightfoot. The rezoning allows for the construction of 47 dwellings, composed of 27 single-family homes and 20 duplexes, and a playground and park. The homes are expected to range from 1,100 to 1,400 square feet, have an average of three bedrooms and two bathrooms and be sold at “affordable” prices. The target market for the units includes individuals earning between 30% and 120% of AMI. A minimum of 25% of the housing units are expected to be designated for families earning under 80% of AMI.

Tourism

The tourism industry makes a substantial contribution to the County’s and Virginia’s economy. According to the Virginia Tourism Corporation, in 2023, Greater Williamsburg area visitors contributed approximately \$602 million to the James City County economy and almost \$1.4 billion to the economy of the Greater Williamsburg area. The current hotel room inventory in the Greater Williamsburg area is approximately 6,500 with an inventory of approximately 1,700 in the County. In addition, there are multiple timeshare properties representing nearly 5,000 additional rooms in the region, with an inventory of approximately 1,250 in the County.

**HOTEL ROOMS TAX RECEIPTS
Fiscal Year 2014 to Fiscal Year 2023**

Fiscal Year	Total Hotel Room Tax Receipts
2014	\$3,149,512
2015	3,350,328
2016	3,472,440
2017	3,628,872
2018	3,748,977
2019	3,715,256
2020	2,761,831*
2021	2,949,323
2022	4,376,944
2023	4,637,716

Source: James City County Department of Financial Management Services.

*Reduction in fiscal year 2020 receipts relates to the impact of COVID-19 on the local economy and travel.

Busch Gardens. Located in the County, Busch Gardens Williamsburg is an action-packed European adventure theme park with 17th-century charm and 21st-century technology. Spanning over 100 acres, Busch Gardens opened in 1975 and is one of the largest employers in the County. Busch Gardens has been voted Most Beautiful Theme Park 33 years in a row by the *National Amusement Park Historical Association*, and voted one of the Top 10 Best Theme Parks by *USA Today*, in 2023.

Jamestown. The County is home to the settlement at Jamestown – the first permanent English settlement in North America. Today, visitors are invited to experience the area at Historic Jamestowne and Jamestown Settlement. Historic Jamestowne is the site of the original settlement and allows visitors to walk in the footsteps of the settlers and explore their way of life. Historic Jamestowne is jointly administered by the National Park Service and Jamestown Rediscovery and in total encompasses over 1,500 acres. Jamestown Settlement allows visitors to experience their outdoor living-history areas as well as museum gallery exhibits. At the outdoor living-history areas, costumed historical interpreters describe and demonstrate life in early seventeenth-century Jamestown. Visitors can also board a re-creation of one of the three ships that sailed from England to Virginia in 1607.

Health Care

Located in upper York County is Sentara Williamsburg Regional Medical Center, a comprehensive medical center with an Emergency Department, all private patient rooms, and an array of inpatient and outpatient services. The hospital has a cardiac catheterization lab and advanced imaging services that feature a 32-slice Computed

Tomography (CT) scanner. This five-story, approximately 339,000 square foot facility adjoins the existing Geddy Outpatient Center via an enclosed connector on the first and second floors.

Riverside Doctors Hospital opened in the City of Williamsburg in May of 2013. This two story, 100,000 square foot facility includes an emergency department and is certified as a primary stroke center.

The largest non-military medical provider on the peninsula is Riverside Regional Medical Center in the City of Newport News, Virginia. This 576-bed facility offers comprehensive medical care in 29 specialties, Level II trauma care, complete cardiac care, complete cancer treatment, laser surgeries, hospice, neonatal ICU, home care and health education programs.

Other hospitals located in the area are Sentara Hampton General Hospital, Mary Immaculate Hospital, Newport News General Hospital, Riverside Rehabilitation Institute, Veteran’s Administration Medical Center, McDonald Army Hospital, Langley Air Force Base Hospital, Riverside Psychiatric Institute and Eastern State Hospital. For specialized needs, such as acute care for children, serious trauma or burns, peninsula area citizens can go to Norfolk to the Children’s Hospital of the King’s Daughters, devoted exclusively to children, and Sentara Norfolk General Hospital, which features a Level I trauma center and Nightingale helicopter service. Virginia Commonwealth University Health System in Richmond is located just an hour’s drive northwest.

Education

The Williamsburg-James City County Public Schools Division (the “Public Schools”) was formed in 1954 as a joint venture of the City and County to provide quality public education to the children within the two localities. Local financing for its operating and capital budgets is governed by a contract between the two localities.

The Public Schools are managed by a School Board consisting of seven members. There are five County members who are elected by County voters for four-year terms. There are two City members of the School Board who are appointed for three-year terms by the City Council.

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 that 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.

There are nine elementary schools, four middle schools and three high schools for the 2024-2025 school year. Summarized in the following tables are selected items of information concerning the total annual school membership (enrollment) and the percentage change.

PUBLIC SCHOOLS STUDENT POPULATION

School Year	Number of Students	Percent Change
2014-2015	11,389	0.9%
2015-2016	11,597	1.8
2016-2017	11,775	1.5
2017-2018	11,853	0.7
2018-2019	11,813	(0.3)
2019-2020	11,805	(0.1)
2020-2021	11,152	(5.9)*
2021-2022	11,322	1.5
2022-2023	11,642	2.7
2023-2024	11,694	0.4

Source: Williamsburg – James City County Public Schools.

* The decrease in enrollment for the 2020-2021 school year relates to the COVID-19 pandemic and resulting virtual learning environment.

Colleges and Universities

There are several colleges and universities within a short distance of the County.

The College of William and Mary, located in the City, was founded over three hundred years ago. Fall 2023 enrollment was approximately 9,762 undergraduate and graduate students.

Hampton University, located approximately 40 miles from the County in the City of Hampton, was founded in 1868 and had a Fall 2023 enrollment of approximately 3,649 undergraduate, graduate and professional students.

Christopher Newport University, located approximately 30 miles from the County in Newport News, and had a Fall 2023 enrollment of approximately 4,399 students.

Virginia Peninsula Community College (“VPCC”) is a two-year public college with a campus in Hampton and a campus in the County (the “James City Campus”). The James City Campus is a state-of-the-art academic, administrative, physical plant and student and faculty support facility in a three-story, 120,000 square-foot building located on 74 acres next to the Warhill High School in the County. VPCC has an enrollment of approximately 9,012 students across two campuses. Students can transfer class credits earned at VPCC to most four year universities with no loss of credits.

Public Safety

Police Department. The Police Department is responsible for enforcing the law, preserving the peace, crime prevention services and animal control. The department has 110 sworn officers and annually responds to over 22,000 calls for service. The department is accredited by the Virginia Law Enforcement Professional Standards Commission, which rates agencies on over seven hundred different standards and criteria.

Fire Department. The Fire Department is responsible for providing protective action services to the citizens and visitors of James City County. Those protective services include fire protection, emergency medical services, open water and dive rescue, fire prevention, fire code enforcement, and public education. The Fire Department is also responsible for Emergency Management, which is responsible for the planning, response, and mitigation of emergency situations including natural disasters, hazardous material incidents, any instances at the Surry Nuclear Power Plant, and for overseeing the citizen emergency notification systems. The Fire Department has a staff of 141, including 135 uniformed and six civilians.

Transportation

Interstate 64 links the County with the Tidewater communities to the east and with Interstate 95 and the entire interstate corridor of the eastern seaboard to the west. The commercial and industrial areas in the County are within minutes of Interstate I-64 and within 45 minutes of Interstates I-95 and I-295.

Three international airports, all within 45 minutes of the County, provide air transportation and cargo facilities: Richmond International Airport to the west and Williamsburg/Newport News International and Norfolk International airports to the east. These airports handle international and domestic passenger flights and all-cargo flights daily. Williamsburg-Jamestown airport serves as a regional general aviation airport for turbo-prop and corporate aircraft.

The CSX rail line that passes through the County provides rail service to the County. Along with Interstate I-64, the rail line provides access to the Hampton Roads ports some 40 minutes to the east. Hampton Roads is the second largest commercial port area on the East Coast.

The Williamsburg Area Transit Authority (“WATA”) is a political subdivision of the Commonwealth of Virginia created in 2008. Members include James City County, York County, the City of Williamsburg, and the Colonial Williamsburg Foundation. WATA was created to provide transportation services to the citizens and visitors

of its member jurisdictions and areas owned or operated by Colonial Williamsburg. Services include bus and trolley routes throughout its member jurisdictions.

Water and Wastewater Services

The James City Service Authority (the “JCSA”) is a public body politic and corporate of the Commonwealth of Virginia. The JCSA was created in 1969 by the Board of Supervisors pursuant to the Virginia Water and Sewer Authorities Act (Code of Virginia, 1950, as amended). The JCSA was created to acquire, construct, operate and maintain, to the extent determined by the JCSA to be financially feasible, an integrated water system and an integrated sewer collection system in the County. The JCSA Board of Directors is appointed by the Board of Supervisors. Since 1976, the Board of Supervisors has appointed its own members as Directors of the JCSA to coordinate more fully JCSA activities with those of the County in the planning and development of utility systems. The JCSA’s General Manager serves as the Chief Executive Officer of JCSA and reports to the Board of Directors.

The Board of Supervisors has authorized water and sewer operations for the JCSA within the Primary Service Area (the “PSA”) in the County. With the approval of the County, the JCSA has extended services beyond the PSA to several public sites in the County, including three public schools, Freedom Park and two major planned communities, Greensprings West and Governor’s Land. The JCSA also provides water and/or sewer service to limited sections of York County and the City of Williamsburg with the concurrence of the appropriate governing bodies.

The JCSA’s water system includes the central water system and Five Forks Water Treatment Facility with 10 water production facilities, and eight independent water production facilities that are located outside the PSA. There are approximately 424 miles of water transmission and distribution lines throughout the entire system. The water system facilities supply approximately 4.9 million gallons of water per day to approximately 24,250 water customers.

The JCSA’s sewer system includes 77 pump stations with approximately 458 miles of sewer collection lines and 10,456 manholes. The sewer system facilities collect and move approximately 5.3 million gallons of sewage per day for approximately 25,980 sewer customers. The JCSA has no sewage treatment facilities. Sewage treatment for areas served by the JCSA, as well as for other Hampton Roads communities, is provided by the Hampton Roads Sanitation District.

Approximately 95% of customers are residential and 5% are commercial. Residential customers account for roughly 80% of billed consumption revenue for both water and sewer service.

The JCSA’s operating funds are self-supporting, and the JCSA receives no share of any County tax levies. The JCSA’s Board of Directors has the sole power to set water and sewer utility rates. The Board of Directors adopted an inverted block or inclining rate structure in 1996 for single-family residential customers that incorporates a unit charge that increases with increasing consumption. The primary objective of the inverted block structure is to promote water conservation, particularly from large volume residential customers.

In fiscal year 2016, the Board of Directors adopted a new rate structure that included a fixed charge for water and sewer service and proposed incremental service rate increases in subsequent fiscal years to ensure the long-term financial stability of the JCSA. The goals of this initiative are to reduce revenue variability and adequately provide for both current water and wastewater operating needs and future capital infrastructure repairs, upgrades and expansion required by asset age and regulations. Fixed charges and service rates increased in fiscal year 2021 in accordance with the plan.

As a result of a comprehensive water and sewer rate study in 2020, the number and volumes of the single-family residential tiers were updated in fiscal year 2021 to reflect current usage patterns more accurately while promoting water conservation. The current structure contains four tiers sized as follows: Tier 1 (up to 4,000 gallons monthly), Tier 2 (4,001-8,000 gallons monthly), Tier 3 (8,001-12,000 gallons monthly), and Tier 4 (greater than 12,000 gallons monthly). Sewer collection charges are based on water meter readings billed at a per thousand gallon rate.

Water and sewer facility fees were also updated in fiscal year 2021 as a result of the 2020 comprehensive rate study. Facility fees are charged to new development in the JCSEA's service area to cover the cost of system expansion. System facility fees are assessed for major backbone infrastructure and local facility fees are assessed for smaller water distribution and sewer collection mains. The system facility fee structure is based on meter size and the local facility fee structure is a flat charge.

JCSEA's multi-year meter replacement project was completed in fiscal year 2020, which allows meter readings to be collected from a vehicle mounted mobile data collector that significantly reduces meter reading time. This operational efficiency resulted in a shift from quarterly billing to monthly billing, the benefits of which include more efficient household budgeting, more frequent and timely information on usage, and the ability to detect leaks sooner.

FINANCIAL INFORMATION

Budgetary Process

The Code of Virginia requires the County Administrator to submit, for informative and fiscal planning purposes, a balanced, proposed operating budget to the Board of Supervisors at least 90 days before the beginning of each fiscal year, which commences July 1. Inclusion of any item in the proposed budget does not constitute an obligation or commitment on the part of the Board of Supervisors to appropriate funds for such item or purpose.

The budget includes a two-year financial plan for operations and a five-year plan for capital projects. Public hearings are conducted to obtain citizen comments. Prior to June 30, only the first year of the financial plan is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund and function level. The appropriation for each fund and function can be revised only by the Board; however, the County Administrator may amend the budget within functions. The School Board is authorized to transfer budgeted amounts within the Public Schools' categories. Supplemental appropriations may be made without amending the budget.

Each department is required to review its performance versus budget on a monthly basis. In addition, a formal review of actual revenues and expenses versus budget is performed and reported to the Board of Supervisors at least quarterly on a County-wide basis.

All County general fund appropriations lapse June 30.

Operating Budgets

The County has a two-year budget cycle. The first year of a two-year cycle is adopted and appropriated and the second year is adopted for planning purposes. Fiscal year 2025 is the first year of the two-year cycle. On May 14, 2024, the Board of Supervisors adopted a total budget for the fiscal year ending June 30, 2025.

The adopted budget for fiscal year 2025 includes an increase in the general fund of 10.5% over the fiscal 2024 adopted budget, primarily as a result of a real estate reassessment. Overall residential real estate assessed values increased by 21.0% as part of this reassessment, and the real estate tax rate remains at 83 cents per \$100 assessed value. To help lower the tax burden resulting from the reassessment, the County is providing a one-time tax credit to citizens of 5 cents per \$100 assessed value on their fiscal year 2025 real estate tax bills. The credit is expected to provide taxpayers with \$6.5 million of tax relief, which will be funded using the County's unassigned fund balance.

The fiscal year 2025 adopted budget also includes increases to certain fees related to the County's recycling program, parks and recreation programs, and ambulance transport services. The increases to revenues will help to support salary increases, which will allow the County to be more competitive in recruiting, hiring, and retaining qualified employees. In addition, the fiscal year 2025 adopted budget includes new positions and reclassifications of existing positions to assist staff in providing exceptional services to the community.

The following table shows for comparative purposes the County’s General Fund budgeted revenues and expenditures for fiscal years 2023, 2024 and 2025.

**GENERAL FUND OPERATING BUDGET
REVENUES AND EXPENDITURES**

	Fiscal Year 2023 Actual	Fiscal Year 2024 Adopted	Fiscal Year 2025 Adopted
REVENUES:			
Property Taxes	\$160,843,816	\$159,615,000	\$176,282,000
Other Local Taxes	46,005,290	44,330,000	43,835,000
Licenses, Permits and Fees	2,227,922	1,851,000	2,010,000
Fines and Forfeitures	188,209	192,500	168,000
Use of Money and Property	798,462	700,000	700,000
State	15,844,523	15,928,600	16,106,000
Federal	9,164	8,500	9,000
Charges for Services	8,232,122	8,259,400	9,620,000
Miscellaneous	1,829,026	215,000	170,000
Use of Fund Balance – Tax Credit	-	-	6,500,000
Total Revenues	\$235,978,534	\$231,100,000	\$255,400,000
EXPENDITURES:			
County Operations:			
General Administration	\$ 3,940,989	\$ 4,821,620	\$ 5,031,550
Court Services	4,878,703	5,412,070	5,841,270
Public Safety	31,788,890	35,437,020	38,977,280
Financial Administration	5,256,723	6,394,500	7,030,240
Information Resources Management	4,978,224	5,865,510	6,441,780
Community Development	3,411,507	3,892,080	4,405,450
General Services	14,712,078	16,156,090	18,487,640
Parks and Recreation	7,585,978	8,437,220	9,840,120
WJCC School Division	90,483,413	105,602,270	110,494,330
Other Operations	45,622,274	39,081,620	48,850,340
Total Expenditures	\$212,658,779	\$231,100,000	\$255,400,000

Source: James City County Department of Financial Management Services.

Five-Year Summary of Governmental Funds

The financial data shown in the following table present a summary of revenues, expenditures and other sources and uses of the County’s Governmental Funds for each of the five fiscal years through the period ended June 30, 2023. The Governmental Funds consist of the General Fund, the Capital Projects Fund, the Debt Service Fund and the Non-Governmental Funds.

This summary has been compiled from the basic financial statements of the County for Fiscal Years 2019 through 2023. Financial data for the Fiscal Year ended June 30, 2023, should be read in conjunction with the Basic Financial Statements and Notes thereto, submitted by Cherry Bekaert LLP, Richmond, Virginia, and included herein as Appendix D. Cherry Bekaert LLP has not reviewed this Appendix or the Official Statement generally or any other matters related to the issuance of the Series 2024 Bonds.

GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Year End June 30,

	2019	2020	2021	2022	2023
REVENUES:					
General property taxes	\$134,744,837	\$138,724,196	\$ 144,766,114	\$ 146,502,246	\$ 160,843,816
Other local taxes	29,324,049	25,981,646	29,370,617	38,372,537	46,904,944
Licenses, permits, and fees	9,496,531	8,878,568	8,354,258	10,507,338	2,227,922
Fines and forfeitures	292,518	231,608	154,314	205,478	188,209
Use of money and property	795,865	966,252	349,292	444,493	3,877,227
Charges for services	6,586,341	6,291,204	6,341,310	7,678,699	8,232,122
Miscellaneous	2,779,596	1,493,215	3,929,305	4,753,731	3,432,978
Intergovernmental	36,733,787	44,338,305	44,917,875	29,392,759	30,505,767
Total Revenues	<u>\$220,753,524</u>	<u>\$226,904,994</u>	<u>\$238,183,085</u>	<u>\$237,857,281</u>	<u>\$256,212,985</u>
EXPENDITURES:					
General government	\$ 11,651,426	\$ 12,905,240	\$ 15,239,378	\$ 15,448,266	\$ 16,957,522
Judicial administration	5,908,750	5,954,875	6,276,544	6,450,992	6,932,333
Public works	31,127,333	31,102,285	32,582,648	35,344,302	41,889,727
Health and welfare	8,235,686	8,652,838	8,542,554	9,858,415	11,057,736
Education	8,259,078	9,383,160	9,613,906	9,826,707	11,280,547
Parks, recreation & culture	91,070,061	92,286,710	91,265,989	80,953,282	78,622,373
Public safety	10,896,838	10,751,418	10,947,198	11,646,489	13,638,908
Community development	10,451,529	9,682,050	10,318,221	12,209,744	14,621,063
Nondepartmental	1,015,671	16,128	-	51,542	-
Debt service:					
Principal	14,343,182	14,282,841	12,471,271	12,408,938	12,770,426
Interest	5,848,486	5,447,279	4,655,693	4,441,433	3,927,359
Bond issuance costs	380,771	-	273,391	-	-
Lease financing	-	-	-	-	314,423
Subscription financing	-	-	-	-	687,451
Capital outlay ⁽¹⁾	26,793,328	11,824,193	13,411,798	15,893,291	12,605,501
Total Expenditures	<u>\$225,982,139</u>	<u>\$212,289,017</u>	<u>\$215,598,591</u>	<u>\$214,533,401</u>	<u>\$225,305,369</u>
Excess (deficiency) of revenues over (under) expenditures	(\$ 5,228,615)	\$ 14,615,977	\$ 22,584,494	\$ 23,323,880	\$ 30,907,616
Other financing sources:					
Transfers in	\$ 46,365,441	\$ 36,233,275	\$ 26,987,246	\$ 51,568,906	\$ 45,595,301
Transfers out	(46,365,441)	(36,233,275)	(26,987,246)	(51,568,906)	(52,403,952)
Issuance of debt	21,015,000	-	11,030,000	-	-
Premiums on bonds issued	2,007,009	-	2,450,765	-	-
Proceeds from financed purchase	-	-	1,693,311	-	4,708,260
Proceeds from leases	-	-	-	62,571	510,976
Proceeds from subscriptions	-	-	-	-	2,239,151
Payment to refunded bond escrow agent	(9,779,912)	-	(14,297,561)	-	-
Total other financing sources	<u>\$ 13,242,097</u>	<u>-</u>	<u>\$ 876,515</u>	<u>\$ 62,571</u>	<u>\$ 649,736</u>
Net change in fund balances	\$ 8,013,482	\$ 14,615,977	\$ 23,461,009	\$ 23,386,451	\$ 31,557,352
Fund balance, beginning of year	\$ 83,939,323	\$ 91,952,805	\$106,568,782	\$130,029,791	\$153,416,242
Fund balance, end of year	\$ 91,952,805	\$106,568,782	\$130,029,791	\$153,416,242	\$184,973,594

Source: James City County, Virginia, Annual Comprehensive Financial Report

⁽¹⁾ Including operating transfers to capital projects.

⁽²⁾ Noncapital expenditures equals total expenditures less amounts for capitalized assets on the government-wide statement of net assets.

Fiscal Year 2024 Performance

Based on preliminary, unaudited financial information, the County anticipates for the fiscal year ended June 30, 2024, total revenues were \$252,119,566, and total expenditures were \$224,336,156, resulting in a net revenue surplus of \$27,783,410. The County anticipates that the surplus will be allocated for the following purposes: \$6,076,750 to the debt service fund, \$6,219,000 to capital improvement projects, \$7,892,250 to the school system, and \$7,595,410 to the County's unassigned fund balance. The County's fiscal policy targets the General Fund's unassigned fund balance to equal or exceed 15% of general governmental expenditures (or \$44 million). Based on preliminary, unaudited information, the General Fund's unassigned fund balance is estimated to be 27% (or \$80 million) for Fiscal Year 2024.

The County anticipates that final audited financial information for Fiscal Year 2024 will be available in December 2024. Such final information may differ from the preliminary, audited information described above, and such differences may be material.

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Operating Data

The following table sets forth the assessed value of all taxable property in the County for each of its ten most recent fiscal years.

**HISTORICAL ASSESSED VALUE
Fiscal Year 2014 to Fiscal Year 2023**

Year	Total Real Property	General Personal Property	Machinery and Tools	Mobile Homes	Total Personal Property	Public Service	Total Assessed Value
2014	\$11,067,756,400	\$ 710,720,870	\$144,950,305	\$ 8,346,659	\$864,017,834	\$233,973,337	\$12,165,747,571
2015	11,148,405,300	783,249,672	144,694,099	7,901,856	935,845,627	336,370,602	12,420,621,529
2016	11,352,153,219	770,378,346	145,094,277	7,533,858	923,006,481	236,177,856	12,511,337,556
2017	11,608,801,433	809,023,687	147,942,350	7,008,284	963,974,321	245,349,999	12,818,125,753
2018	11,797,419,633	862,391,419	151,313,988	6,377,045	1,020,082,452	247,568,334	13,065,070,419
2019	12,089,303,067	898,095,969	150,923,619	6,628,640	1,055,648,228	262,267,902	13,407,219,197
2020	12,241,257,556	895,259,839	155,315,787	7,099,488	1,057,675,114	388,057,441	13,686,990,111
2021	12,617,887,537	970,206,188	155,735,247	8,655,439	1,134,596,874	551,095,928	14,303,580,339
2022	12,762,586,854	1,060,624,768	156,981,638	9,802,261	1,227,408,667	492,067,041	14,482,062,562
2023	13,991,898,842	1,175,910,328	163,770,203	11,304,406	1,350,984,937	510,430,407	15,853,314,186

Source: Real Estate Assessments and Commissioner of the Revenue, James City County.

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The following table shows the County’s property tax rates for each of its ten most recent fiscal years and the current fiscal year.

PROPERTY TAX RATES ⁽¹⁾

Fiscal Year	Real Estate	Personal Property
2015	\$0.770	\$4.00
2016	0.840	4.00
2017	0.840	4.00
2018	0.840	4.00
2019	0.840	4.00
2020	0.840	4.00
2021	0.840	4.00
2022	0.840	4.00
2023	0.843	4.00
2024	0.830	4.00
2025	0.830	4.00

Source: Fiscal years 2015-2023: James City County, Virginia, Annual Comprehensive Financial Report, Year Ended June 30, 2023.

Fiscal years 2024 – 2025: James City County, Virginia, Budget.

⁽¹⁾ Per \$100 of assessed value.

The following table sets forth information concerning the County’s general property tax collection rate for each of its ten most recent fiscal years.

**GENERAL PROPERTY TAX COLLECTION RATE
Fiscal Year 2014 to Fiscal Year 2023**

Fiscal Year	Collected within the Fiscal Year of the Levy			Collections in Subsequent Years⁽⁴⁾	Total Collections to Date	
	Taxes Levied for the Fiscal Year	Amounts⁽¹⁾	Percentage of Levy		Amount	Percentage of Levy
2014	\$118,794,190	\$100,523,591	84.62%	\$17,985,668	\$118,509,259	99.76%
2015	116,289,522	101,071,578	86.91	14,681,894	115,753,472	99.54
2016	122,616,224	106,867,113	87.16	14,476,777	121,343,890	98.96
2017	126,902,513	109,436,232	86.24	15,895,512	125,331,744	98.76
2018	129,502,759	111,268,080	85.92	17,510,094	128,778,174	99.44
2019	133,720,786	114,672,068	85.75	16,894,911	131,566,979	98.39
2020	135,651,256	114,426,238	84.35	19,252,744	133,678,982	98.55
2021	142,108,857	120,664,965	84.91	19,196,062	139,861,027	98.42
2022	143,792,467	122,219,660	85.00	19,533,920	141,753,580	98.58
2023	157,942,362	133,520,676	84.54	-	133,520,676	84.54

Source: Treasurer, James City County.

⁽¹⁾ Collections related to fiscal year levies include the Personal Property Tax Relief Act (the “PPTRA”) reductions claimed by taxpayers.

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The following tables set forth the County’s ten largest taxpayers of personal property taxes and real estate taxes. The aggregate assessed personal property taxes of the ten largest personal property taxpayers represent 17.71% of the County’s total personal property tax levy for fiscal year 2023. The aggregate assessed real estate taxes of the ten largest real estate taxpayers represent 8.96% of the County’s total real estate tax levy for fiscal year 2023.

**TEN LARGEST TAXPAYERS
(Fiscal Year 2023)**

Principal Personal Property Taxpayers

Name of Business	Property Taxes Assessed	% of County Total
Anheuser-Busch, Inc.	\$4,441,146	8.46%
Seaworld Parks, LLC	1,717,148	3.27
Ball Metal Container	790,023	1.51
Owens-Brockway Glass Container	475,605	0.91
Printpack, Inc.	470,799	0.90
Cox Communications of Hampton Roads	385,378	0.73
Wal-Mart, Inc.	322,567	0.61
Citizen Asset Finance, Inc.	231,809	0.45
HVT, Inc.	228,424	0.44
Toyota Lease Trust	225,089	0.43
	\$9,287,988	17.71%

Principal Real Estate Taxpayers

Name of Business	Property Taxes Assessed	% of County Total
Virginia Electric & Power Company	\$ 3,207,648	2.64%
Premium Outlets of Williamsburg ⁽¹⁾	1,169,965	0.96
Anheuser-Busch, Inc.	1,138,942	0.94
Historic Powhatan Plantation Owners Association ⁽²⁾	997,634	0.82
Wal-Mart, Inc.	883,950	0.73
Williamsburg Landing, Inc.	814,438	0.67
Riverside Healthcare Assoc.	695,724	0.57
Vacation Village at Williamsburg ⁽²⁾	692,239	0.57
Manor Club at Ford’s Colony	643,256	0.53
Virginia United Methodist Homes, Inc.	638,067	0.53
	\$10,881,863	8.96%

Source: Commissioner of Revenue, James City County.

⁽¹⁾ Premium Outlets includes two related parties, Williamsburg Outlets, LLC and Williamsburg Mazel, LLC, which have been combined to show the value of the shopping center.

⁽²⁾ Formerly known as Williamsburg Plantation Owners Association.

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Capital Improvements Program

As a part of the annual budgeting process, each year the County develops a Capital Improvements Program (“CIP”) for the following five fiscal years. Only the first year of the CIP is actually appropriated. The remaining four years are included for planning purposes and are subject to revision in future years.

On May 14, 2024, the Board approved the CIP for fiscal years 2025 through 2029. The following table summarizes anticipated capital expenditures for the next five fiscal years.

SUMMARY OF ANTICIPATED CAPITAL EXPENDITURES FOR FISCAL YEARS ENDING JUNE 30

Description	2025	2026	2027	2028	2029	Total
Schools	\$11,315,780	\$ 9,323,000	\$ 7,530,000	\$18,095,000	\$11,756,000	\$ 58,019,780
General Services	9,441,000	10,977,000	6,438,000	7,076,000	7,025,000	40,957,000
Parks and Recreation	1,820,000	1,840,000	4,711,000	12,671,000	17,274,000	38,316,000
Public Safety	2,894,000	2,563,000	858,000	2,348,000	21,851,000	30,514,000
Library	250,000	444,000	-	4,000,000	18,000,000	22,694,000
County Administration	-	96,740,000	-	-	-	96,740,000
Other	2,040,000	1,650,000	1,700,000	2,250,000	2,250,000	9,890,000
Total Uses	\$27,760,780	\$123,537,000	\$21,237,000	\$46,440,000	\$78,156,000	\$297,130,780

Source: James City County Department of Financial and Management Services.

The sources of funding for the capital improvement projects are shown in the following table:

Sources of Funds	2025	2026	2027	2028	2029	Total
General Fund:						
Current year transfer	\$ 5,870,000	\$ 6,071,000	\$ 7,000,000	\$ 8,500,000	\$10,000,000	\$ 37,441,000
1% Historic Triangle Sales Tax	6,400,000	6,400,000	6,500,000	6,600,000	6,700,000	32,600,000
Cigarette Tax	500,000	500,000	525,000	550,000	575,000	2,650,000
Fund Balance:						
General Fund	6,219,000	2,609,000	3,378,000	2,014,000	1,954,000	16,174,000
WJCC Schools	5,805,780	2,000,000	2,000,000	2,000,000	2,000,000	13,805,780
Capital Projects Fund	1,000,000	1,000,000	500,000	500,000	500,000	3,500,000
Proffers	500,000	500,000	500,000	500,000	500,000	2,500,000
Grants and Donations	393,000	387,000	296,000	424,000	413,000	1,913,000
City of Williamsburg	73,000	95,000	38,000	23,000	28,000	257,000
Tourism Fund	1,000,000	1,000,000	500,000	500,000	500,000	3,500,000
Bond Proceeds	-	102,975,000	-	24,829,000	54,986,000	182,790,000
Total	\$27,760,780	\$123,537,000	\$21,237,000	\$46,440,000	\$78,156,000	\$297,130,780

Source: James City County Department of Financial and Management Services.

Outstanding Bonded Debt and Debt Service

Pursuant to the Constitution of Virginia and the Public Finance Act of 1991 (Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended), a county in Virginia is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds, the governing body of the county is required to levy, if necessary, an annual ad valorem tax on all property in the county subject to local taxation. Although the amount of bonds issued by Virginia counties is not subject to statutory limitation, counties generally are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum. This referendum requirement does not apply to bonds for capital projects for school purposes and sold to the Literary Fund, the Virginia Supplemental Retirement System or other state agencies prescribed by law, including the Virginia

Public School Authority. The County's undertakings to make rental payments under capital and operating leases are subject to annual appropriation and do not constitute general obligation debt under the Constitution of Virginia or the Public Finance Act of 1991.

Set forth below is a statement of long-term general obligation and major capital lease indebtedness of the County at June 30, 2023, and a schedule of debt service payments:

STATEMENT OF LONG-TERM DEBT

Total Long-Term Debt as of June 30, 2023	\$129,539,539
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SCHEDULE OF GENERAL FUND LONG-TERM DEBT SERVICE REQUIREMENTS*

FY	Existing Debt			Plus: Debt Service on Series 2024 Bonds	Total Debt		
	Principal	Interest	Total		Principal	Interest	Total
2025	\$13,337,023	\$ 2,778,739	\$16,115,762	\$ 3,900,214	\$ 15,507,023	\$ 4,508,953	\$ 20,015,976
2026	13,240,470	2,217,789	15,458,259	5,384,800	15,455,470	5,387,589	20,843,059
2027	6,755,064	1,654,244	8,409,308	5,379,050	9,075,064	4,713,294	13,788,358
2028	5,965,000	1,432,176	7,397,176	5,388,050	8,410,000	4,375,226	12,785,226
2029	6,410,000	1,255,938	7,665,938	5,380,800	8,970,000	4,076,738	13,046,738
2030	6,635,000	1,028,200	7,663,200	5,387,800	9,330,000	3,721,000	13,051,000
2031	3,410,000	759,150	4,169,150	5,383,050	6,235,000	3,317,200	9,552,200
2032	3,485,000	608,250	4,093,250	5,381,800	6,450,000	3,025,050	9,475,050
2033	3,605,000	495,900	4,100,900	5,388,550	6,725,000	2,764,450	9,489,450
2034	2,520,000	379,650	2,899,650	5,377,550	5,785,000	2,492,200	8,277,200
2035	2,605,000	295,600	2,900,600	5,379,300	6,035,000	2,244,900	8,279,900
2036	2,690,000	208,650	2,898,650	5,382,800	6,295,000	1,986,450	8,281,450
2037	950,000	118,800	1,068,800	5,382,550	4,735,000	1,716,350	6,451,350
2038	990,000	80,800	1,070,800	5,378,300	4,960,000	1,489,100	6,449,100
2039	1,030,000	41,200	1,071,200	5,384,800	5,205,000	1,251,000	6,456,000
2040				5,386,050	4,385,000	1,001,050	5,386,050
2041				5,381,800	4,600,000	781,800	5,381,800
2042				5,382,800	4,785,000	597,800	5,382,800
2043				5,386,400	4,980,000	406,400	5,386,400
2044				5,387,200	5,180,000	207,200	5,387,200
	\$73,627,557	\$13,355,086	\$86,982,643	\$106,183,664	\$143,102,557	\$50,063,750	\$193,166,307

Source: James City County Department of Financial Management Services.

Note: Includes the County's general obligation/refunding bonds: Series 2011 (\$385,000 principal balance outstanding as of July 1, 2024); Series 2014 (\$8,320,000 principal balance outstanding as of July 1, 2024); Series 2015 (\$7,145,000 principal balance outstanding as of July 1, 2024). Also includes the County's lease payments (subject to annual appropriation from the General Fund) payable to the Economic Development Authority in connection with its lease revenue/refunding bonds: Series 2014 (\$2,685,000 principal balance outstanding as of July 1, 2024), Series 2015 (\$8,820,000 principal balance outstanding as of July 1, 2024), Series 2016 (\$18,270,000 principal balance outstanding as of July 1, 2024), Series 2018 (\$15,920,000 principal balance outstanding as of July 1, 2024); Series 2021 (\$8,855,000 principal balance outstanding as of July 1, 2024). Also includes the County's lease payment obligations under two capital leases (\$2,881,802 and \$345,755 principal balances outstanding as of July 1, 2024).

* Totals may not foot due to rounding.

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The following table shows the County’s ratio of net general bonded debt to assessed value of property and net bonded debt per capita for the last ten fiscal years.

**RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**

Fiscal Year	Population⁽¹⁾	Assessed Value⁽²⁾	Gross Bonded Debt^{(3) (4)}	Less Debt Service Monies Available⁽⁵⁾	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Par Capita
2014	70,020	\$12,165,747,571	\$72,164,244	\$2,920,538	\$69,243,706	56.92%	\$989
2015	71,015	12,420,621,529	65,458,589	2,920,369	62,538,220	50.35	881
2016	72,099	12,511,337,556	49,844,842	1,219,616	48,625,226	38.86	674
2017	73,189	12,818,125,753	44,155,482	1,221,521	42,933,961	33.49	587
2018	74,309	13,065,070,419	38,348,323	1,222,024	37,126,299	28.42	500
2019	75,444	13,407,219,197	33,966,163	1,226,463	32,739,700	24.42	434
2020	76,633	13,686,990,111	29,479,003	-	29,479,003	21.54	385
2021	78,317	14,303,580,339	26,481,646	-	26,481,646	18.51	338
2022	78,567	14,482,062,562	23,404,288	-	23,404,288	16.16	298
2023	79,488	15,853,314,186	20,231,931	-	20,231,931	12.76	255

Source: James City County Annual Comprehensive Financial Report for June 30, 2023.

⁽¹⁾ From Table 13 of James City County Annual Comprehensive Financial Report for June 30, 2023; based on calendar year

⁽²⁾ From Table 5 of James City County Annual Comprehensive Financial Report for June 30, 2023

⁽³⁾ Includes all long-term general obligation bonded debt, bond anticipation notes, and literary fund loans

⁽⁴⁾ Includes general obligation debt payable from enterprise revenues.

⁽⁵⁾ Debt Service Reserve Funds held by a trustee.

Other Indebtedness and Obligations

The County has no overlapping debt. The Williamsburg-James City County School Board, which is a component unit of the County according to the Government Accounting Standards Board, had no outstanding financed purchases as of June 30, 2023.

Retirement Systems

The County, the James City Service Authority and the Williamsburg-James City County Public Schools contribute to the Virginia Retirement System (“VRS”), an agent multiple-employer defined benefit pension plan.

All full-time, salaried permanent employees of the County, the JCSA and the Public Schools must participate in the VRS. Plan members are required to contribute 5% of their annual salary to the VRS. In addition, the County, the JCSA and the Public Schools are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by statute and approved by the VRS Board of Trustees. The employer contribution rates for the fiscal year ended June 30, 2023 were 13.30%, 6.69% and 4.37% of annual covered payroll for the County, the JCSA and the Public Schools, respectively, resulting in contributions of \$5,903,389, \$341,006 and \$206,318, respectively.

See note 10 of the County’s audited financial statements in Appendix D for a more complete description of the County’s defined pension benefit obligation as of June 30, 2023.

Post-Employment Benefits Other Than Pensions

The County, JCSA and Public Schools provide post-employment health care benefits for qualifying retired employees who are not yet eligible for Medicare through a cost-sharing, multiple-employer (for the County and JCSA) and a single-employer (for the Public Schools) defined benefit plan. The plans are administered by the County and Schools, respectively, and the benefits, benefit levels, employee contributions and employer contributions are governed by the County, JCSA and Public Schools and can be amended through their personnel manuals.

Participants must be eligible to retire under VRS and must be full-time active employees who retire directly from the County or JCSA and are at least 55 years of age with 15 years of service. Each year, retirees participating in the County or JCSA sponsored plans will be given the opportunity to change plans or drop coverage during an open enrollment period. For fiscal year 2023, the pre-Medicare retirees have a choice of two plans offered by Optima. Dental plans are available at the retiree's cost and therefore, have no employee obligation. There is no coverage for post-Medicare retirees.

The Public Schools provides a single-employer medical plan and a retiree health insurance premium contribution plan that covers retirees until they reach 65 years of age. There is no coverage for retirees or their spouses once they reach the age of 65 and are eligible for Medicare. Both plans were established under the authority of the Williamsburg-James City County School Board and any amendments to the plans must be approved by the School Board. The Public Schools' single-employer medical plan allows retirees under the age of 65 to remain in the same medical and dental plan as active employees if they have at least five years of service with the Public Schools and are a covered member under the plan at retirement and for at least 24 months prior to retiring. Retirees pay 100% of the premium, minus any applicable \$62.50 monthly contribution. The Public Schools' plan allows eligible retirees to receive a 750 annual contribution toward their health insurance premium if they have a minimum of twelve continuous years of service. The Public Schools' current membership is 30.

Retirees contribute towards their health insurance premiums based on a blended rate and therefore, the County and Authority have an implicit obligation. Retirees pay 100% of the published rates for individual and dependent coverage until age 65. The estimated contributions are based on the implicit rate subsidy payments made during the year by the retirees.

The County, Authority and Public Schools do not intend to establish a trust to pre-fund their obligations. The anticipated growth in the net retiree healthcare OPEB liability is based on contributions to the benefit plan on a pay-as-you-go cost basis. The data has been projected into the future based on the assumption that the current active population remains constant.

In 2021, a consulting firm conducted an actuarial valuation study using the entry age normal funding method. The actuarial assumptions included calculations based on a discount rate of 3.69% for the unfunded liability, rate of inflation of 2.5%, and payroll growth of 2.85% to 1.00% for general employees and 2.25% to 1.00% for public safety employees.

At June 30, 2023, the County and JCSA's proportionate shares of the County's retiree healthcare liability were approximately \$3,264,216 and \$258,038, respectively. The Public Schools' net retiree healthcare OPEB liability was approximately \$5,212,000 for fiscal year 2023.

The County, JCSA, and the Public Schools also participate in various cost-sharing and agent multiple-employer OPEB plans provided by VRS, including the Health Insurance Credit Program, Group Life Insurance Program, and Virginia Local Disability Program.

See note 11 of the County's audited financial statements in Appendix D for a more complete description of the County's other post-employment benefits as of June 30, 2023.

Published Financial Information

The County issues and distributes an Annual Comprehensive Financial Report on its financial operations for each fiscal year. The report covers the fiscal year ending the prior June 30. Copies of the Annual Financial Report are available to the public upon request from the Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187.

In addition to the Annual Financial Report, the County also annually publishes an Adopted Budget and a five-year Capital Improvements Program. These documents are available through the Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187.

APPENDIX D

**AUDITED FINANCIAL STATEMENTS OF THE COUNTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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Report of Independent Auditor

To the Honorable Members of the Board of Supervisors
County of James City, Virginia

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of 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 (the "Specifications"). Our responsibilities under those standards and Specifications are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County 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.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the beginning net position of the aggregate remaining fund information has been restated from the previously issued financial statements to reflect the correction of an error. 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County'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 (the "MD&A") and the required supplementary information other than MD&A, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Richmond, Virginia
January 8, 2024

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2023

As management of James City County (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County, as of and for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information in our letter of transmittal at the front of this report and the County's financial statements, which follow this analysis.

Financial Highlights

- The County's total net position increased by approximately \$51.7 million over the course of this year's operations, which represents a 13.3% increase from fiscal year 2022.
- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources as of June 30, 2023, by approximately \$439.5 million. Of this amount, approximately \$246.9 million, or 56.2% is the net investment in capital assets.
- General Fund revenues were \$16.7 million or 7.6% higher than the final budget. The increase primarily related to growth in personal property and other local taxes, which are reflective of area's economic recovery from the novel coronavirus (COVID-19).

Overview of the Financial Statements

The Annual Comprehensive Financial Report consists of four sections: introductory, financial, statistical, and compliance. The financial section consists of three primary components - government-wide financial statements, fund financial statements, and notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report the County's net position and how it has changed. Net position - the difference between the County's (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources, is one way to measure the County's financial health, or position.

Over time, increases or decreases in the County's net position serve as an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the County, additional nonfinancial factors should be considered, such as changes in the County's property tax base.

The government-wide financial statements of the County are divided into two categories:

- *Governmental activities:* Most of the County's basic services are included here, such as the police, fire, parks and recreation, and general administration. Property taxes and state and federal funding finance most of these activities.
- *Component units:* The County includes three other entities in its report, the James City Service Authority, the Public Schools, and the Economic Development Authority. Although legally separate, these "component units" are important because of the County's financial accountability or financial integration with these entities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and by bond covenants.

Other funds are established to control and manage money for particular purposes or to show that the County is properly using certain taxes and grants.

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2023

The County has three kinds of funds:

- *Governmental funds:* Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps in determining whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, further details are provided at the bottom of the governmental funds statement or on the subsequent page that explain the relationship (or differences) between them.
- *Proprietary fund:* Services for which the County charges customers and users a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The County has one proprietary fund, which is an internal service fund, the Health and Dental Insurance fund, which provides for the revenues and expenses of the health and dental programs.
- *Fiduciary funds:* The County's fiduciary activities are reported in the custodial fund Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. Custodial funds are used to provide accountability of client monies for which the County is the custodian. These activities are excluded from the County's government-wide financial statements because the County cannot use their assets to finance its operations.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's General Fund budget and the County's obligation to provide pension and other post-employment benefits to its employees. The combining statements for nonmajor governmental funds are presented immediately following the required supplementary information.

Financial Analysis

Statements of Net Position

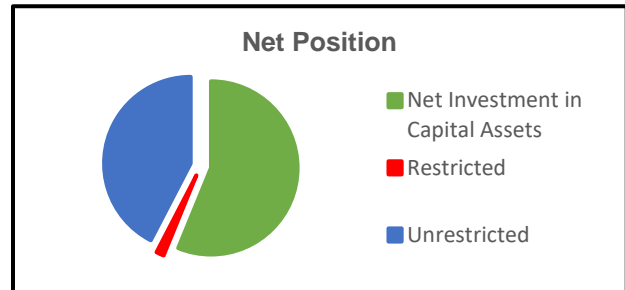
	Governmental activities (condensed)	
	6/30/2023	6/30/2022
Current and other assets	\$ 247,121,745	\$ 205,479,347
Capital assets, net	345,953,485	347,679,452
Total assets	<u>593,075,230</u>	<u>553,158,799</u>
Deferred outflows of resources	11,123,834	15,105,027
Total assets and deferred outflows	<u>\$ 604,199,064</u>	<u>\$ 568,263,826</u>
Long-term liabilities	\$ 129,539,539	\$ 124,101,177
Other liabilities	21,658,003	24,813,716
Total liabilities	<u>151,197,542</u>	<u>148,914,893</u>
Deferred inflows of resources	13,470,678	31,534,653
Net investment in capital assets	246,942,356	240,797,862
Restricted net position	6,314,526	1,276,896
Unrestricted net position	186,273,962	145,739,522
Total net position	<u>439,530,844</u>	<u>387,814,280</u>
Total liabilities, deferred inflows and net position	<u>\$ 604,199,064</u>	<u>\$ 568,263,826</u>

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2023

The County's net position was \$439,530,844 at the close of fiscal year 2023. The largest portion of the County's net position at June 30, 2023 (56.2%) reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its 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, given that the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position (1.4%) is restricted for specific purposes. The unrestricted portion of net position (42.4%) may be used to meet the County's ongoing obligations to citizens and creditors. At the end of fiscal year 2023, the County reported positive balances in all three categories of net position.

The County's overall net position increased 13.3% from last year. The reasons for the overall increase are discussed in the following sections.



Statement of Activities

	Governmental activities (condensed)	
	6/30/2023	6/30/2022
Program revenues:		
Charges for services	\$ 13,602,751	\$ 20,945,425
Operating grants and contributions	27,167,341	26,916,551
Capital grants and contributions	1,093,064	169,569
General revenues:		
Property taxes	164,168,554	149,086,210
Other taxes	46,736,083	38,372,537
Interest and investment earnings	3,877,227	444,493
Miscellaneous	3,476,055	5,433,116
Total revenues	<u>260,121,075</u>	<u>241,367,901</u>
Expenses:		
General government administration	14,403,721	17,494,683
Judicial administration	7,021,177	6,806,106
Public safety	37,517,274	38,479,969
Public works	13,788,008	12,068,804
Health and human services	11,381,315	10,013,082
Education	92,152,089	90,097,401
Parks, recreation, and cultural	12,934,278	13,648,175
Community development	16,863,754	12,755,621
Interest on long-term debt	2,342,895	2,718,104
Total expenses	<u>208,404,511</u>	<u>204,081,945</u>
Change in net position	51,716,564	37,285,956
Net position, beginning of year (as restated)	<u>387,814,280</u>	<u>350,528,324</u>
Net position, end of year	<u>\$ 439,530,844</u>	<u>\$ 387,814,280</u>

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2023

Governmental Activities

As of June 30, 2023, net position for governmental activities was \$439,530,844, which represents an increase of \$51,716,564 from last year.

The County experienced growth in property tax revenues during fiscal year 2023, primarily due to higher real estate and personal property tax revenues. Real estate taxes were higher due to the bi-annual reassessment, which resulted in an 8% average increase in values. Personal property taxes were up due to higher assessed values for used vehicles, in particular. Other local taxes from sales, meals, and lodging taxes increased as the economy continued to recover from the negative financial impacts of the COVID-19 pandemic. Charges for services and certain fee revenue improved as participation in the County's programs, such as parks and recreation, returned to their pre-pandemic levels.

On the expense side, the County experienced savings mainly due to continued turnover and vacant positions as the County continues to experience challenges in the labor market and maintaining full staff levels.

For the fiscal year ended June 30, 2023, revenues from governmental activities totaled \$260,121,075. Of this amount, \$49,216,438, or 18.9%, is received from sources other than local tax revenue.

Real estate tax revenues, the County's largest single revenue source, totaled \$112,488,283. The County's assessed real property tax base for fiscal year 2023 was \$13,931,469,542, which was an increase of 9.2% from fiscal year 2022.

In fiscal year 2023, the County's collected \$36,130,681 in personal property taxes and received reimbursement from the Commonwealth of Virginia of \$9,770,137. Under the Personal Property Tax Relief Act (PPTRA), the state's share of local personal property tax was approximately 27.0% of taxpayer's payments.

For the fiscal year ended June 30, 2023, expenses for governmental activities totaled \$208,404,511, including \$92,152,089 for Education for the public school system. Total expenses had a net increase of 2.1% over fiscal year 2022, primarily due to an increase in funding to the public school system.

Financial Analysis

Governmental Funds

General Fund: The County's General Fund is the chief operating fund of the County. At the end of fiscal year 2023, the General Fund had an overall increase in fund balance of \$16,851,755. This was primarily due to increases in general property taxes and other local tax revenues. The portion of the unassigned fund balance for fiscal liquidity totaled \$79,210,200, which was 26.7% of the total general governmental expenditures (from Table 11 in the Statistical section), including the County's share of the Public Schools' operating expenditures. The County's goal is to maintain a fund balance for fiscal liquidity between 12% and 15% of total general governmental expenditures.

Capital Projects Fund: The Capital Projects Fund is used by the County to account for the financing sources used to acquire and construct major capital projects for the general government. At the end of fiscal year 2023, the Capital Projects Fund's fund balance increased by \$13,569,165, primarily due to an increase in revenues from the use of money and property and transfers from the General Fund of \$21,392,134 to fund multi-year projects not fully expended at the end of fiscal year 2023. During the year, capital project expenditures of \$12,605,501 included maintenance projects whose purpose is to improve and extend the useful life of County and School buildings and to replace major pieces of equipment. Major projects included park improvements at the Warhill Complex, Chickahominy Riverfront Park, and Jamestown Marina, and various stormwater projects. In addition, a medic unit was replaced, and a fire boat was purchased. Significant school expenditures included safety and security upgrades, HVAC replacements, bus replacements, and an auxiliary gym and shelter at Warhill High School.

Debt Service Fund: The Debt Service Fund is used by the County to account for the accumulation of resources for the repayment of long-term debt of the governmental funds. The primary source of funding is transfers from the General Fund.

County of James City, Virginia
 Management's Discussion and Analysis
 June 30, 2023

Grants and Special Projects Fund: The Grants and Special Projects Fund is used by the County to account for revenues and expenditures related to grant programs and special projects. This fund also includes activity supported by the County's allocation of American Rescue Plan Act funds. During fiscal year 2023, the Grants and Special Projects Fund's fund balance increased by \$368,010, primarily due transfers from the General Fund for grants and special projects whose expenditures expand over multiple years.

Non-major Governmental Funds: The County maintains five non-major governmental funds. Information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances for all funds, located on pages 101-102. The non-major governmental funds had an increase in fund balance of \$768,422 in fiscal year 2023.

Proprietary Fund

The County has one proprietary fund type, an internal service fund, which accounts for the charges to users and expenses of the health and dental programs. This was a new fund for the County in fiscal year 2023 as the activity had been accounted for in the General Fund in previous years.

General Fund Budgetary Highlights

General Fund revenues were 7.6% or \$16,653,322 higher than the final budget. Much of this increase (\$8.3 million) was from personal property taxes, and meals taxes and business licenses were also major contributors. These revenue sources were budgeted conservatively at the time of the budget preparation due to the lack of economic uncertainty. The County also had a major sale of property, which was not budgeted and added to the revenue surplus.

General Fund expenditures were 7.9% below the final budget, or \$14,689,510, which included a surplus of \$8.7 million for fiscal year 2023 returned by the School Division to the County. By agreement, 90% of this amount is set aside for future school purposes. Also contributing to the savings in spending was significant staff turnover and vacancies in the departments, particularly in General Services and the Police.

As a result of revenues exceeding budget and underspending, the fund balance increased by \$16,851,755, to \$113,527,060 at the end of fiscal year 2023.

Capital Assets

At the end of fiscal year 2023, the County's investment in capital assets for its governmental activities totaled \$345,953,485 (net of accumulated depreciation). This total includes land and land improvements, construction in progress, intangibles, buildings, improvements, infrastructure, equipment, vehicles, and leases. In addition, the County implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023, and consequently, the County's investment in capital assets includes subscriptions, net of accumulated amortization. The County does not own its roads, and therefore they are not included in capital assets. In addition, the Public Schools own the school buildings and the related debt is County debt. The value associated with the purchase and/or construction of the Public Schools' buildings is reported as capital assets in the governmental activities of the County to properly match with the associated debt, as allowed by Virginia state law. In fiscal year 2023, the net value of school buildings and related construction reflected in the governmental activities of the County equals \$195,381,669, and the associated current year's depreciation expense of \$6,702,194 is reflected in Education expense in the County's governmental activities in the statement of net position.

**Summary of Capital Assets, Net
 Governmental activities**

	6/30/2023	6/30/2022
Non-depreciable	\$ 51,363,237	\$ 54,485,711
Depreciable	294,590,248	293,193,741
Total	\$ 345,953,485	\$ 347,679,452

Additional information about the County's capital assets can be found in Note 6 to the financial statements.

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2023

Long-Term Debt

Below is a summary of the County's long-term debt as of June 30, 2023, and 2022, respectively.

Summary of Long-Term Debt		
Governmental activities		
	6/30/2023	6/30/2022
		(as restated)
General obligation bonds, net	\$ 18,835,000	\$ 21,720,000
EDA payable, net	71,645,924	81,652,047
Bond premiums, net	1,396,931	1,684,288
Financed purchases	4,488,517	1,015,683
Leases payable	996,926	779,568
Subscriptions liability	1,551,700	-
Pension	19,855,824	7,716,325
OPEB	6,296,811	6,501,747
Compensated absences	4,471,906	4,577,962
Total	\$ 129,539,539	\$ 125,647,620

Additional information about the County's long-term debt can be found in Note 9 to the financial statements.

Economic Factors and Next Year's Budget and Tax Rates

The County has a two-year budget cycle. The first year of a two-year cycle is adopted and appropriated and the second year is adopted for planning purposes. Fiscal year 2023 was the first year of the current two-year cycle. The fiscal year 2023 approved budget for the General Fund was \$217,100,000.

Fiscal year 2024 is the second year of the two-year cycle. The General Fund's fiscal year 2024 approved budget is \$231,100,000. This budget was adopted on May 9, 2023, and reflects a \$14,000,000, or a 6.4%, increase over the fiscal year 2023 budget. Part of the increase is due to the expectation that revenue from personal property will be higher with the assessed values of used vehicles returning to 100%, which had been reduced to 75% in calendar year 2022 (partially impacting fiscal year 2023). In addition, local excise taxes from sales, meals, and lodging taxes are projected to return to pre-pandemic levels, with sales tax increasing more due to the tax now being imposed on internet sales as well. Much of the increase in revenue will be used to invest in education, infrastructure and capital, and employee retention and recruitment initiatives to attract and a maintain qualified workforce.

Contacting the County's Financial Management

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

* * * * *

County of James City, Virginia
Statement of Net Position
June 30, 2023

	Primary Government	Discretely Presented Component Units		
	Governmental Activities	James City Service Authority	Public schools	Economic Development Authority
Assets				
Cash and cash equivalents (note 2)	\$ 133,950,956	\$ 15,101,121	\$ 32,205,030	\$ 1,505,938
Investments (note 2)	33,297,222	43,183,250	-	-
Restricted cash and cash equivalents (note 2)	15,685,448	1,807,604	-	-
Receivables, net of allowance for uncollectibles:				
Taxes, including penalties	36,862,718	-	-	-
Accounts	-	2,980,594	42,931	-
Interest	174,572	87,812	-	3,024
Loans (note 3)	368,217	-	-	-
Leases (note 16)	3,375,918	286,134	412,525	718,026
Miscellaneous (note 3)	7,475,438	6,913	-	72,659
Due from component units, net (note 7)	6,862,884	-	-	-
Due from other governments, net (note 5)	8,698,154	-	6,727,613	71,645,924
Inventory	282,519	1,884,966	67,166	-
Prepaid items	26,599	-	-	-
Other assets	61,100	-	-	-
Net pension asset (note 10)	-	-	1,976,129	-
Net OPEB assets (note 11)	-	-	6,971	-
Capital assets, net (note 6):				
Non-depreciable	51,363,237	11,643,320	14,097,757	549,956
Depreciable	294,590,248	145,544,772	48,652,021	566,337
Net capital assets	345,953,485	157,188,092	62,749,778	1,116,293
Total assets	593,075,230	222,526,486	104,188,143	75,061,864
Deferred Outflows of Resources				
Deferred charge on refundings, net	-	1,282,221	-	-
Deferred pensions (note 10)	9,846,931	989,778	24,432,513	-
Deferred OPEB retiree healthcare (note 11)	460,836	24,747	165,967	-
Deferred OPEB group life insurance (note 11)	557,022	82,198	1,219,173	-
Deferred OPEB health insurance credit (note 11)	259,045	11,896	1,759,711	-
Deferred OPEB Virginia local disability program (note 11)	-	-	233,707	-
Total deferred outflows of resources	11,123,834	2,390,840	27,811,071	-
Total assets and deferred outflows of resources	\$ 604,199,064	\$ 224,917,326	\$ 131,999,214	\$ 75,061,864
Liabilities				
Accounts payable	\$ 4,576,265	\$ 1,152,175	\$ 2,309,568	\$ -
Accrued liabilities	2,003,838	551,351	17,307,176	-
Liabilities payable from restricted assets	1,532,978	-	-	-
Due to Primary Government, net (note 7)	-	729,267	6,133,617	-
Due to other governments	4,173	50	732,682	-
Advances for construction	-	32,902	-	-
Amounts held for others	-	829,924	-	-
Unearned revenues (note 8)	13,540,749	-	3,970,517	-
Long-term liabilities (notes 9, 10, 11, 16, and 17):				
Due within one year	18,577,318	1,852,551	1,142,320	10,106,210
Due in more than one year	110,962,221	26,721,611	103,852,106	60,237,568
Total liabilities	151,197,542	31,869,831	135,447,986	70,343,778
Deferred Inflows of Resources				
Deferred charge on refundings, net	124,869	-	-	1,302,147
Deferred leases (note 16)	3,218,066	281,996	388,794	676,111
Deferred pensions (note 10)	7,559,069	658,780	19,385,992	-
Deferred OPEB retiree healthcare (note 11)	1,841,069	175,719	1,719,052	-
Deferred OPEB group life insurance (note 11)	599,792	58,689	1,133,209	-
Deferred OPEB health insurance credit (note 11)	127,813	17,049	910,235	-
Deferred OPEB Virginia local disability program (note 11)	-	-	24,527	-
Total deferred inflows of resources	13,470,678	1,192,233	23,561,809	1,978,258
Net Position				
Net position:				
Net investment in capital assets	246,942,356	132,964,313	61,671,700	1,116,293
Restricted:				
Debt service	-	882,704	-	-
Net pension and OPEB asset	-	-	1,983,100	-
Other	6,314,526	-	7,194,830	-
Unrestricted	186,273,962	58,008,245	(97,860,211)	1,623,535
Total net position (deficit)	439,530,844	191,855,262	(27,010,581)	2,739,828
Total liabilities, deferred inflows of resources and net position	\$ 604,199,064	\$ 224,917,326	\$ 131,999,214	\$ 75,061,864

See accompanying notes to basic financials statements

County of James City, Virginia
Statement of Activities
Year ended June 30, 2023

Functions/programs	Expenses	Net (expenses) revenues and changes in net position						
		Program revenues			Primary Government	Discretely Presented Component Units		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	James City Service Authority	Public schools	Economic Development Authority
Primary Government:								
Governmental activities:								
General government administration	\$ 14,403,721	\$ 723,447	\$ 11,194,120	\$ -	\$ (2,486,154)	\$ -	\$ -	\$ -
Judicial administration	7,021,177	2,578,045	1,573,299	-	(2,869,833)	-	-	-
Public safety	37,517,274	2,530,564	3,814,871	305,825	(30,866,014)	-	-	-
Public works	13,788,008	2,393,552	47,725	80,398	(11,266,333)	-	-	-
Health and human services	11,381,315	-	5,853,668	-	(5,527,647)	-	-	-
Education (including School system)	92,152,089	-	-	-	(92,152,089)	-	-	-
Parks, recreation, and cultural	12,934,278	3,961,768	358,193	706,841	(7,907,476)	-	-	-
Community development	16,863,754	1,415,375	4,325,465	-	(11,122,914)	-	-	-
Interest on long-term debt	2,342,895	-	-	-	(2,342,895)	-	-	-
Total governmental activities	208,404,511	13,602,751	27,167,341	1,093,064	(166,541,355)	-	-	-
Total Primary Government	\$ 208,404,511	\$ 13,602,751	\$ 27,167,341	\$ 1,093,064	\$ (166,541,355)	\$ -	\$ -	\$ -
Component units:								
Economic Development Authority	\$ 3,126,268	\$ 47,725	\$ 3,020,496	\$ -	\$ -	\$ -	\$ -	\$ (58,047)
James City Service Authority	24,616,714	20,639,771	-	4,068,010	-	91,067	-	-
Public Schools	166,393,226	2,294,638	29,971,851	1,267,535	-	-	(132,859,202)	-
Total component units	\$ 194,136,208	\$ 22,982,134	\$ 32,992,347	\$ 5,335,545	\$ -	\$ 91,067	\$ (132,859,202)	\$ (58,047)
General revenues:								
Property taxes, levied for general purposes					\$ 164,168,554	\$ -	\$ -	\$ -
Local sales and use taxes					21,199,519	-	-	-
Franchise license taxes					887,994	-	-	-
Taxes on recordation and wills					1,402,986	-	-	-
Hotel and motel room taxes					4,637,716	-	-	-
Restaurant food taxes					8,839,539	-	-	-
Cigarette tax					560,442	-	-	-
Business license taxes					8,602,096	-	-	-
Deeds of conveyance					462,678	-	-	-
Penalties and interest					143,113	-	-	-
Grants and contributions not restricted to specific programs					-	-	146,957,626	-
Interest and investment earnings					3,877,227	689,902	250,908	45,801
Miscellaneous					3,476,055	562,421	2,312,497	654,621
Total general revenues and transfers					218,257,919	1,252,323	149,521,031	700,422
Change in net position					51,716,564	1,343,390	16,661,829	642,375
Net position (deficit), beginning of year					387,814,280	190,511,872	(43,672,410)	2,097,453
Net position (deficit), end of year					\$ 439,530,844	\$ 191,855,262	\$ (27,010,581)	\$ 2,739,828

See accompanying notes to basic financials statements.

County of James City, Virginia
 Balance Sheet
 Governmental Funds
 June 30, 2023

	Major Funds				Nonmajor governmental funds	Total governmental funds
	General	Capital projects	Debt service	Grants and special projects		
Assets						
Cash and cash equivalents (note 2)	\$ 52,362,786	\$ 55,827,498	\$ -	\$ 8,075,776	\$ 8,263,865	\$ 124,529,925
Investments (note 2)	33,297,222	-	-	-	-	33,297,222
Restricted cash and cash equivalents (note 2)	1,325,058	267,738	-	14,092,652	-	15,685,448
Receivables, net of allowance:						
Taxes	36,771,606	-	-	-	91,112	36,862,718
Interest	6,873	167,699	-	-	-	174,572
Leases (note 16)	3,375,918	-	-	-	-	3,375,918
Loans, net (note 3)	-	-	-	-	368,217	368,217
Miscellaneous (note 3)	6,052,188	-	-	683,572	21,172	6,756,932
Due from component units (note 7)	9,402,356	-	-	-	-	9,402,356
Due from other governments (note 5)	5,953,069	770,895	-	1,252,548	721,642	8,698,154
Inventory	276,396	-	-	-	6,123	282,519
Prepaid items	26,599	-	-	-	-	26,599
Total assets	<u>\$ 148,850,071</u>	<u>\$ 57,033,830</u>	<u>\$ -</u>	<u>\$ 24,104,548</u>	<u>\$ 9,472,131</u>	<u>\$ 239,460,580</u>
Liabilities						
Liabilities:						
Accounts payable	\$ 2,405,607	\$ 769,802	\$ -	\$ 1,189,733	\$ 162,133	\$ 4,527,275
Accrued liabilities	553,482	70,175	-	11,648	100,343	735,648
Payables from restricted assets	1,293,978	239,000	-	-	-	1,532,978
Due to component units (note 7)	21,135	2,354,234	-	164,103	-	2,539,472
Due to other governments (note 5)	4,173	-	-	-	-	4,173
Unearned revenues (note 8)	453,893	111,007	-	12,893,675	82,174	13,540,749
Total liabilities	<u>4,732,268</u>	<u>3,544,218</u>	<u>-</u>	<u>14,259,159</u>	<u>344,650</u>	<u>22,880,295</u>
Deferred Inflows of Resources						
Unavailable revenue (note 8)	27,372,677	64,054	-	1,673,990	30,466	29,141,187
Leases (note 16)	3,218,066	-	-	-	-	3,218,066
Total deferred inflows of resources	<u>30,590,743</u>	<u>64,054</u>	<u>-</u>	<u>1,673,990</u>	<u>30,466</u>	<u>32,359,253</u>
Fund Balances						
Fund balances:						
Nonspendable:						
Inventory	276,396	-	-	-	-	276,396
Prepaid items	26,599	-	-	-	-	26,599
Restricted:						
Debt service - bond proceeds held in escrow	-	28,738	-	-	-	28,738
Grants and special projects	-	-	-	1,984,281	-	1,984,281
Other governmental funds	-	-	-	-	4,330,245	4,330,245
Committed:						
Public Schools	7,805,781	-	-	-	-	7,805,781
Grants and special projects	-	-	-	6,187,118	-	6,187,118
Other governmental funds	-	-	-	-	1,390,129	1,390,129
Assigned:						
General	1,910,388	-	-	-	-	1,910,388
Capital projects	8,644,565	53,396,820	-	-	-	62,041,385
Debt service	15,653,131	-	-	-	-	15,653,131
Other governmental funds	-	-	-	-	3,376,641	3,376,641
Unassigned	79,210,200	-	-	-	-	79,210,200
Total fund balances	<u>113,527,060</u>	<u>53,425,558</u>	<u>-</u>	<u>8,171,399</u>	<u>9,097,015</u>	<u>184,221,032</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 148,850,071</u>	<u>\$ 57,033,830</u>	<u>\$ -</u>	<u>\$ 24,104,548</u>	<u>\$ 9,472,131</u>	<u>\$ 239,460,580</u>

See accompanying notes to basic financial statements.

County of James City, Virginia
 Balance Sheet
 Governmental Funds
 June 30, 2023

Reconciliation of the Balance Sheet for governmental funds to the government-wide statement of net position:

Ending fund balance, governmental funds		\$ 184,221,032
Amounts reported for governmental activities in the Balance Sheet are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		345,953,485
Land held for resale and future development used in governmental activities are not financial resources and, therefore, are not reported in the funds.		61,100
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds.		29,141,187
Deferred outflows of resources represent a consumption of net position applying to future periods and, therefore, are not reported in the governmental funds.		
Deferred pension	\$ 9,846,931	
Deferred OPEB retiree healthcare	460,836	
Deferred OPEB group life insurance	557,022	
Deferred OPEB health insurance credit	<u>259,045</u>	11,123,834
Unmatured interest payable reported in governmental activities will not be paid with current financial resources and, therefore, is not reported in the funds.		(110,190)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	(18,835,000)	
EDA payable (lease revenue bonds), net	(71,645,924)	
Unamortized bond premiums, net	(1,396,931)	
Financed purchases	(4,488,517)	
Lease payable	(996,926)	
Subscription liability	(1,551,700)	
Net pension liability	(19,855,824)	
Net OPEB liabilities	(6,296,811)	
Compensated absences	<u>(4,471,906)</u>	(129,539,539)
Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period and, therefore, is not reported in the governmental funds.		
Deferred charge on refundings, net	(124,869)	
Deferred pension	(7,559,069)	
Deferred OPEB retiree healthcare	(1,841,069)	
Deferred OPEB GLI	(599,792)	
Deferred OPEB HIC	<u>(127,813)</u>	(10,252,612)
The Internal Service Fund is used by management to provide certain goods and services to governmental funds. The assets and liabilities of the Internal Service Fund is included in the governmental activities in the Statement of Net Position.		<u>8,932,547</u>
Net position, governmental activities		<u>\$ 439,530,844</u>

See accompanying notes to basic financials statements.

County of James City, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2023

	Major Funds				Nonmajor governmental funds	Total governmental funds
	General	Capital projects	Debt service	Grants and special projects		
Revenues:						
General property taxes	\$ 160,843,816	\$ -	\$ -	\$ -	\$ -	\$ 160,843,816
Other local taxes	46,005,290	-	-	-	899,654	46,904,944
Permits, privilege fees and regulatory licenses	2,227,922	-	-	-	-	2,227,922
Fines and forfeitures	188,209	-	-	-	-	188,209
Use of money and property	798,462	3,054,069	24,696	-	-	3,877,227
Charges for services	8,232,122	-	-	-	-	8,232,122
Miscellaneous	1,829,026	635,399	40,078	545,738	382,737	3,432,978
Intergovernmental:						
Local	-	-	-	-	217,531	217,531
Commonwealth	15,844,523	80,398	-	1,665,185	2,417,019	20,007,125
Federal	9,164	1,012,666	-	3,352,908	5,906,373	10,281,111
Total revenues	<u>235,978,534</u>	<u>4,782,532</u>	<u>64,774</u>	<u>5,563,831</u>	<u>9,823,314</u>	<u>256,212,985</u>
Expenditures:						
Current:						
General government administration	16,756,192	-	49,152	152,178	-	16,957,522
Judicial administration	5,122,525	-	-	412,145	1,397,663	6,932,333
Public safety	35,289,561	-	4,708,260	1,883,507	8,399	41,889,727
Public works	10,984,516	-	-	73,220	-	11,057,736
Health and human services	3,179,433	-	-	2,181,275	5,919,839	11,280,547
Education	78,622,373	-	-	-	-	78,622,373
Parks, recreation and cultural	13,253,644	-	-	353,693	31,571	13,638,908
Community development	6,480,640	-	-	2,251,638	5,888,785	14,621,063
Debt service:						
Principal	-	-	12,770,426	-	-	12,770,426
Interest and other fiscal charges	-	-	3,927,359	-	-	3,927,359
Lease financing - principal	257,578	-	-	-	36,040	293,618
Lease financing - interest	20,354	-	-	-	451	20,805
Subscription financing - principal	681,158	-	-	-	6,293	687,451
Capital outlay - County activities	-	5,777,979	-	-	-	5,777,979
Capital outlay - School activities	-	6,827,522	-	-	-	6,827,522
Total expenditures	<u>170,647,974</u>	<u>12,605,501</u>	<u>21,455,197</u>	<u>7,307,656</u>	<u>13,289,041</u>	<u>225,305,369</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65,330,560</u>	<u>(7,822,969)</u>	<u>(21,390,423)</u>	<u>(1,743,825)</u>	<u>(3,465,727)</u>	<u>30,907,616</u>
Other financing sources (uses):						
Transfers in (note 4)	454,797	21,392,134	16,682,163	2,452,484	4,613,723	45,595,301
Transfers out (note 4)	(51,449,155)	-	-	(340,649)	(614,148)	(52,403,952)
Proceeds from financed purchase	-	-	4,708,260	-	-	4,708,260
Proceeds from leases	282,695	-	-	-	228,281	510,976
Proceeds from subscriptions	2,232,858	-	-	-	6,293	2,239,151
Total other financing sources (uses), net	<u>(48,478,805)</u>	<u>21,392,134</u>	<u>21,390,423</u>	<u>2,111,835</u>	<u>4,234,149</u>	<u>649,736</u>
Net change in fund balances	16,851,755	13,569,165	-	368,010	768,422	31,557,352
Fund balances, beginning of year	<u>96,675,305</u>	<u>39,856,393</u>	<u>-</u>	<u>7,803,389</u>	<u>8,328,593</u>	<u>152,663,680</u>
Fund balances, end of year	<u>\$ 113,527,060</u>	<u>\$ 53,425,558</u>	<u>\$ -</u>	<u>\$ 8,171,399</u>	<u>\$ 9,097,015</u>	<u>\$ 184,221,032</u>

See accompanying notes to basic financial statements.

County of James City, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2023

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

Net change in fund balances, governmental funds \$ 31,557,352

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

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the difference between depreciation expense and capital outlay expenditures. The details of this difference are as follows:

Depreciation and amortization expense	\$ (15,712,692)	
Capital outlay expenditures	14,135,272	
Loss on disposal of capital assets	<u>(148,547)</u>	(1,725,967)

Because some revenues will not be collected for several months after the County's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Unavailable revenues increased by this amount this year.

3,908,090

The issuance of long-term debt 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 and refunding gains/losses, 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 accounts. The details of this difference are as follows:

Proceeds from financed purchase	(4,708,260)	
Proceeds from leases	(510,976)	
Proceeds from subscriptions	(2,239,151)	
Principal payments on bonds and financed purchases	12,770,426	
Principal payments on leases	293,618	
Principal payments on subscriptions	687,451	
Amortization on premium	1,488,876	
Amortization on deferred charge on refundings	<u>160,650</u>	7,942,634

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The details of this difference is as follows:

Compensated absences	106,056	
Interest payable	(44,257)	
Pension expense, net of employer contributions	595,016	
OPEB expense, net of employer contributions	<u>445,093</u>	<u>1,101,908</u>

The Internal Service Fund is used by management to charge the costs of certain activities to other funds. The net income of the Internal Service Fund is reported in governmental activities in the Statement of Activities.

8,932,547

Change in net position, governmental activities

\$ 51,716,564

See accompanying notes to basic financials statements.

County of James City, Virginia
 Statement of Net Position
 Proprietary Fund - Internal Service Fund
 June 30, 2023

	<u>Health and Dental Claims</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 9,421,031
Miscellaneous receivables - rebates and refunds	718,506
Total current assets	<u>\$ 10,139,537</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 48,990
Claims payable	1,158,000
Total current liabilities	<u>1,206,990</u>
Net Position	
Net position - unrestricted	<u>8,932,547</u>
Total liabilities and net position	<u>\$ 10,139,537</u>

See accompanying notes to basic financials statements.

Exhibit 6

County of James City, Virginia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund - Internal Service Fund
Year ended June 30, 2023

	<u>Health and Dental Claims</u>
Operating revenues:	
Charges for services	<u>\$ 15,016,962</u>
Operating expenses:	
Personnel services	11,050,938
Contractual services	<u>1,842,128</u>
Total operating expenses	<u>12,893,066</u>
Operating income	2,123,896
Transfer in - General Fund	<u>6,808,651</u>
Change in net position	8,932,547
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ 8,932,547</u></u>

See accompanying notes to basic financials statements.

County of James City, Virginia
 Statement of Cash Flows
 Proprietary Fund - Internal Service Fund
 Year ended June 30, 2023

	Health and Dental Claims
Cash flows from operating activities:	
Receipts from users	\$ 14,298,456
Payments for personnel services	(9,892,938)
Payments to suppliers of goods and services	(1,793,138)
Net cash provided by operating activities	2,612,380
Cash flows from noncapital financing activities	
Transfer in - General Fund	6,808,651
Net cash provided by operating activities	6,808,651
Increase in cash and cash equivalents	9,421,031
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ 9,421,031
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,123,896
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in operating assets and liabilities:	
(Increase) in miscellaneous receivables	(718,506)
Increase in accounts payable	48,990
Increase in claims payable	1,158,000
Net cash provided by operating activities	\$ 2,612,380

See accompanying notes to basic financials statements.

Exhibit 8

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

	Custodial funds
Assets	
Cash, cash equivalents and investments	\$ 15,986,923
Restricted cash, cash equivalents and investments	5,566,905
Accounts receivable	291,705
Due from other governmental units	3,471,818
Due from other funds	15,326
Total assets	\$ 25,332,677
Liabilities	
Accounts payable	\$ 1,263,716
Due to other governmental units	13,866
Accrued payroll and benefits	89,625
Total liabilities	1,367,207
Net Position	
Restricted:	
Individuals	19,641
Organizations	5,734,982
Other governments	18,210,847
Total net position	23,965,470
Total liabilities and net position	\$ 25,332,677

See accompanying notes to basic financials statements.

Exhibit 9

County of James City, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

	Custodial funds
Additions	
Fees from members	\$ 9,797,913
Receipts from the Commonwealth	10,863,146
Receipts from the federal government	4,570,243
Operating grants and contributions	1,033,201
Charges for services	2,849,868
Use of money and property	713,035
Other	410,534
Total additions	<u>30,237,940</u>
Deductions	
Personnel expenses	16,820,858
Materials and contractual services	9,149,761
Furniture and equipment	2,199,177
Other	63,420
Total deductions	<u>28,233,216</u>
Net increase in fiduciary net position	2,004,724
Net position, beginning of year (as restated) (note 18)	21,960,746
Net position, end of year	<u><u>\$ 23,965,470</u></u>

See accompanying notes to basic financials statements.

1) Summary of Significant Accounting Policies

The James City County (the County or the Primary Government) operates under the County Administrator form of government (as defined under Virginia Law). The elected five-member Board of Supervisors appoints a County Administrator to serve as the Chief Executive Officer of the County.

The accompanying financial statements of the County conform to accounting principles generally accepted in the United States of America (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The County's significant accounting and reporting policies are described below.

The Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of the Primary Government and its component units, which are legally separate organizations for which the Board of Supervisors of the County is financially accountable or closely related. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Primary Government. In addition, an organization that is closely related to or financially integrated with a Primary Government should be reported as a component unit if the nature and significance of that relationship warrants the inclusion of the organization in the reporting entity.

These financial statements present the County and its component units. The component units discussed below are included in the County's Reporting Entity because of the significance of the operational or financial relationships with the County.

Discretely Presented Component Units

James City Service Authority (the Authority): The Authority was established on June 30, 1969, by resolution of the Board of Supervisors of James City County, Virginia and was chartered by the Commonwealth of Virginia State Corporation Commission in July 1969 to provide water and sewer service to County residents as permitted under the *Code of Virginia*, 1950, as amended (the Enabling Act).

The Authority serves all the citizens and businesses of the County and is governed by a Board of Directors that is comprised of the County's elected Board of Supervisors. The Authority is considered to be financially integrated with the County based on the nature and significance of its relationship with the County. The County's Strategic Plan includes a sustainable long-term water supply as a primary goal, which is to be achieved through the efforts of the Authority. In addition, the Authority has adopted other Strategic Plan goals in developing its initiatives. As a result, the County's Strategic Plan serves as the basis for budgetary and operational decisions of both the County and the Authority and financially integrates these entities.

The County does not have operational responsibility over the Authority, but the Authority remains financially integrated with the County. As a result, the Authority is included as a discretely presented component unit in the County's financial statements for reporting purposes.

Separate audited financial statements may be obtained from the Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

Williamsburg-James City County Public Schools (the Public Schools): The Public Schools, pursuant to an agreement dated January 14, 1954, as amended, are responsible for educating the school-age population of the City of Williamsburg, Virginia (the City) and the County. Two members of the School Board are appointed by the City Council of the City. Five members of the School Board represent James City County and are elected by the citizens of James City County.

Although the Public Schools are legally separate, the County is financially accountable due to the significance of the fiscal dependency relationship with the Public Schools.

1) Summary of Significant Accounting Policies, Continued

Local costs related to operations and capital projects of the Public Schools are apportioned between the participating localities in accordance with the agreement, as amended. Per the agreement, the apportionment is based on school enrollment and for the fiscal year ended June 30, 2023, the County share was 90.02% and the City's share was 9.98%. Separate audited financial statements may be obtained from the Public Schools' Finance Department, 117 Ironbound Road, Williamsburg, Virginia 23185.

James City County Economic Development Authority (the EDA): The EDA is responsible for industrial and commercial development in the County. The EDA makes recommendations to the James City County Board of Supervisors. The EDA consists of seven members appointed by the County's Board of Supervisors. Although the EDA is a legally separate entity, the County is financially accountable due to the significance of the fiscal dependency relationship with the EDA because the majority of their income is appropriated by the County.

From time to time, the EDA has issued Industrial Revenue Bonds (the Bonds) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the Bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the state, nor any political subdivision thereof is obligated in any manner for repayment of the Bonds. Accordingly, the Bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2023, there were 6 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$143.9 million.

Separate audited financial statements may be obtained from the Director of Economic Development, 101-D Mounts Bay Road, Williamsburg, Virginia 23185.

Joint Venture Government Organizations

The County participates in several governmental organizations created as separate legal entities under the laws of the Commonwealth of Virginia. These entities have sufficient autonomy in the management of their affairs to distinguish them as separate from the administrative organization of the County although the County Board of Supervisors appoints certain members of their governing bodies. While the County may have some reversionary interest in the assets of these entities in the event they are dissolved, the nature and extent of that interest would be subject to negotiation at the time of dissolution. Separate audited financial statements for these entities may be obtained from the Department of Financial and Management Services of James City County, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784, except for the Colonial Community Corrections Program, Inc., the Virginia Peninsulas Public Service Authority, and the Williamsburg Regional Library.

Williamsburg Area Medical Assistance Corporation (the Corporation): The Corporation was incorporated on February 19, 1993. The Corporation provides a primary medical care clinic to economically disadvantaged persons in the Counties of James City and York and the City of Williamsburg. The County appoints two board members to the Corporation. The Corporation is a legally separate organization, and the County cannot impose its will on the Corporation. The program is fiscally independent, and there is no financial benefit or burden relationship with the County. However, the County is fiscal agent for the Corporation and has control over the Corporation's assets. These assets are not derived solely from the County's revenues, from the County's mandated or voluntary nonexchange transactions, or from the County's provision of goods or services to the Corporation. Instead, these assets are for the benefit of the Corporation. As a result, the Corporation's financial transactions are included as a custodial fund in the County's fiduciary financial statements.

Virginia Peninsulas Public Service Authority (the Public Service Authority): The Public Service Authority was created pursuant to the *Code of Virginia*, 1950, as amended, between the Cities of Hampton, Newport News, Poquoson and Williamsburg, and the Counties of Essex, Gloucester, James City, King and Queen, King William, Mathews, Middlesex and York. Each jurisdiction appoints one board member. The Public Service Authority is a legally separate organization, and the County cannot impose its will on the Public Service Authority. The Public Service Authority is fiscally independent, and there is no financial benefit or burden relationship with the County; therefore, it is not included in the County's financial statements. Separate audited financial statements may be obtained from the Public Service Authority, 475 McLaws Circle, Suite 3B, Williamsburg, Virginia 23185-5676.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

1) Summary of Significant Accounting Policies, Continued

Colonial Community Corrections Program (the Program): The Program serves the Counties of James City, New Kent, York and Charles City, and the City of Williamsburg. The Program is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is the fiscal and administrative agent, and the Program is included as a special revenue fund in the County's financial statements.

Williamsburg Regional Library (the Library): The Library, pursuant to an agreement dated May 26, 1977, as amended, provides library services to the City of Williamsburg, James City County and York County. The Library is operated by a board of trustees. The County appoints 6 trustees, the City of Williamsburg appoints 4 trustees and York County appoints 1 trustee. The Library is a legally separate organization, and the County cannot impose its will on the trustees. The Library is fiscally independent, and there is no financial benefit or burden relationship with the County; therefore, it is not included in the County's financial statements. Separate audited financial statements may be obtained from the Library, 7770 Croaker Road, Williamsburg, Virginia 23188.

Virginia Peninsula Regional Jail Authority (the Jail Authority): The Jail Authority was organized and exists pursuant to resolutions adopted in 1993 by and between the Cities of Williamsburg and Poquoson and the Counties of James City and York. The Jail Authority is operated by a board. Each member jurisdiction appoints one member and the sheriff from that jurisdiction. The County, as fiscal agent, appoints one additional member. The Jail Authority is a legally separate organization, and the County cannot impose its will on the Jail Authority. The Jail Authority is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is charged user fees based on inmate population to cover direct and indirect costs of the Jail Authority. The County is fiscal agent for the Jail Authority and has control over the Jail Authority's assets. These assets are not derived solely from the County's revenues, from the County's mandated or voluntary nonexchange transactions, or from the County's provision of goods or services to the Jail Authority. Instead, these assets are for the benefit of the Jail Authority. As a result, the Jail Authority's financial transactions are included as a custodial fund in the County's fiduciary financial statements.

Middle Peninsula Juvenile Detention Commission (the Commission): The Commission was created as a political subdivision of the Commonwealth of Virginia by resolutions adopted in 1993. The member jurisdictions are as follows: Caroline County, Charles City County, Essex County, Gloucester County, Hanover County, James City County, King and Queen County, King William County, Lancaster County, Mathews County, Middlesex County, New Kent County, Northumberland County, City of Poquoson, Richmond County, Westmoreland County, City of Williamsburg, and York County. The Commission is operated by a board. Each member jurisdiction appoints one member. The Commission is a legally separate organization, and the County cannot impose its will on the Commission. The Commission is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is charged user fees based on juvenile population to cover direct and indirect costs of the Commission. The County is fiscal agent for the Commission and has control over the Commission's assets. These assets are not derived solely from the County's revenues, from the County's mandated or voluntary nonexchange transactions, or from the County's provision of goods or services to the Commission. Instead, these assets are for the benefit of the Commission. As a result, the Commission's financial statements are included as a custodial fund in the County's fiduciary financial statements.

Williamsburg Area Transit Authority (the Transit Authority): The Transit Authority was created as a political subdivision of the Commonwealth of Virginia by resolutions adopted in 2008. Members include the County, City of Williamsburg, County of York, and the Colonial Williamsburg Foundation. The Transit Authority is governed by a board, consisting of five representatives appointed by the members. The Transit Authority is a legally separate organization, and the County cannot impose its will on the Transit Authority. The Transit Authority is fiscally independent from the County, and there is no financial benefit or burden relationship with the County. The County is fiscal agent for the Transit Authority and has control over the Transit Authority's assets. These assets are not derived from solely the County's revenues, from the County's mandated or voluntary nonexchange transactions, or from the County's provision of goods or services to the Transit Authority. Instead, these assets are for the benefit of the Transit Authority. As a result, the Transit Authority's financial statements are included as a custodial fund in the County's fiduciary financial statements.

1) Summary of Significant Accounting Policies, Continued

Basis of Presentation

Government-Wide and Fund Financial Statements

The accompanying basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual basis of accounting and economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations. The County generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The County may defer the use of restricted assets based on a review of the specific transaction.

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

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The governmental funds' statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. Since the governmental funds' statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities' column, a reconciliation is presented which explains the adjustments necessary to reconcile the fund financial statements to the governmental activities' column of the government-wide financial statements. The County's fiduciary funds are presented in the fund financial statements. Given that, by definition, these assets are being held for the benefit of third parties and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

The County reports the following major governmental funds:

General Fund: The general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in other funds. A significant part of the General Fund's revenues is contributed to the joint-school system or is transferred to other funds principally to fund debt service, capital projects and social services requirements.

Capital Projects Fund: Accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund: Accounts for the accumulation of resources for, and the payment of principal, interest, and related costs on long-term debt of governmental funds.

Grants and Special Projects Fund: Accounts for the financial resources to be used for grant programs and special projects, including American Rescue Plan Act funds and related projects.

1) Summary of Significant Accounting Policies, Continued

Additionally, the County reports the following fund types:

Internal Service Fund: accounts for the payment of claims and other expenses related to medical and dental benefits provided to employees and retirees.

Nonmajor Governmental Funds: include special revenue funds which account for revenue derived from specific sources that are restricted by legal and regulatory provisions to finance specific activities of the County. These funds consist of Virginia Public Assistance, Colonial Community Corrections, Housing and Neighborhood Development, Donation Trust, and Tourism.

Fiduciary Funds: used to account for assets held by the County in a trustee capacity or as a custodian for individuals, private organizations, other governmental units and/or other funds. The County's Fiduciary Funds consists of the following Custodial Funds: Special Welfare, Williamsburg Area Medical Assistance Corporation, Regional Jail, Juvenile Detention, and Williamsburg Area Transit Authority.

Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The accompanying fund financial statements of the governmental funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available to finance operations during the year. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures, other than interest on long-term debt, are recorded when the fund liability is incurred. Interest on long-term debt is recorded when due.

In applying the modified accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of those revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the County, which is usually within 45 days; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Real estate and personal property taxes are recorded as revenues and receivables when levied and billed, net of allowances for uncollectible amounts. Property taxes levied but not collected within 45 days after year end are reflected as deferred revenues. Sales taxes, which are collected by the state and subsequently remitted to the County, are recognized as revenues and receivables upon execution of the sale, which is generally two months preceding receipt by the County. License and permits, fines and rents are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded at fair value as earned since they are measurable and available.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

1) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

For purpose of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash, and (b) so near the maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, the County considers investments with original maturities of 90 days or less to be cash equivalents.

Investments

Investments are reported at fair value except for the position in Virginia's Local Government Investment Pool (LGIP) which in accordance with state law, is reported at amortized cost. The County determines fair value in accordance with GAAP, which requires the use of valuation techniques, which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach. GAAP establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The County uses a market approach as the valuation technique for Level 2 inputs. Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. GAAP contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements.

Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and specific account analysis.

Inventory

All inventories, which consist of materials and supplies, are valued at cost using the average-cost method. Reported inventories are accounted for under the consumption method (i.e., recorded as expenditures when used) in the governmental funds. The cost is recorded as an expenditure at the time individual inventory items are consumed. Quantities on hand at year end are recorded at cost on the balance sheet with an offset to nonspendable fund balance, which indicates that they do not constitute available spendable resources.

Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the accompanying government-wide financial statements to the extent the County's capitalization threshold of \$5,000 is met. Depreciation is recorded on capital assets on a government-wide basis. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Contributed capital assets are valued at their acquisition value on the date donated.

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

Depreciation of capital assets and right-to-use assets are calculated on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10 to 50 years
Improvements other than buildings	6 to 40 years
Equipment and vehicles	3 to 20 years
Infrastructure	20 to 40 years
Leased buildings	3 to 33 years
Leased equipment	2 to 5 years

1) Summary of Significant Accounting Policies, Continued

Compensated Absences

County employees are granted sick and vacation leave in varying amounts based on length of service. They may accumulate, subject to certain limitations, unused sick and vacation leave, and upon retirement, termination, or death, may be compensated for certain amounts at their then current rates of pay. The accumulated annual sick and vacation leave estimated to be payable upon separation are recorded in the accompanying government-wide financial statements.

Property Taxes

Real property taxes are recognized as receivables when levied. Real property taxes attach as an enforceable lien on property automatically. Taxes are levied no later than October 1 and are due by December 5 and June 5. Property taxes levied in the current and prior year have been recorded in governmental activities as receivables as of the date the County has the legal right to receive payments thereon. Personal property taxes create a lien on the assessed property. The receivables collected during the fiscal year and during the first 45 days of the succeeding fiscal year are recognized in the General Fund as revenues in the current fiscal year. A penalty of 10% of the tax is assessed the business day after the due date on taxes outstanding as of those dates and interest at 10% per annum is added.

Bond Premiums, Discounts, and Issuance Costs

In the accompanying government-wide financial statements, bond premiums and discounts are deferred and amortized over the terms of the related issues on a straight-line basis, which approximates the effective interest method.

In the accompanying fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then. Deferred inflows represent an acquisition of net assets that applies to future periods and, therefore, will not be recognized as an inflow of resources until that time. The County has the following items that qualify for reporting in these categories:

Deferred gain/loss on refunding: A deferred amount on refunding is a deferred outflows/inflows, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Contributions subsequent to the measurement date for pensions and OPEB: These contributions are always a deferred outflow, which will be applied to the net pension or OPEB liability in the next fiscal year.

Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability: This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as deferred inflows or outflows as appropriate.

1) Summary of Significant Accounting Policies, Continued

Differences resulting from a change in proportion of the collective net pension and OPEB liabilities: This difference will be recognized in pension and OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.

Net difference between projected and actual earnings on pension and OPEB plan investments: This difference will be recognized in pension or OPEB expense over the closed five-year period and may be reported as a deferred outflow or inflow as appropriate.

Differences resulting from changes in assumptions on pension plan or OPEB investments: These differences will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan.

Value of lease receivables plus any payments received at or before the commencement of the lease term that relate to future periods: These values will be recognized as inflows of resources systematically over the term of the lease.

Encumbrances

Encumbrance accounting in which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration. Outstanding encumbrances at year-end are reported in their appropriate fund balance classification in accordance with GAAP.

Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. Fund balances are reported according to the following categories:

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

Restricted: Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed: Amounts that can be used only for the specific purposes determined by formal action of the Board of Supervisors by adoption of an ordinance and cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process.

Assigned: Amounts that are intended to be used for specific purposes, but do not meet the criteria as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Supervisors, or as delegated to the Director of Financial and Management Services. The Board of Supervisors has, by resolution, authorized the Director of Financial and Management Services to assign fund balance. Unlike commitments, assignments generally only exist temporarily, and an additional action is not normally required to be taken for the removal of an assignment.

Unassigned: Includes the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications. Only the General Fund can report a positive unassigned fund balance. This includes the County's goal of maintaining a fiscal liquidity balance between 12%-15% of the total general governmental expenditures. The County's policy is to apply expenditures against restricted resources first when either restricted or unrestricted amounts are available. Within unrestricted fund balance, it is the County's policy to apply expenditures against committed amounts first, followed by assigned, and then unassigned amounts.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

1) Summary of Significant Accounting Policies, Continued

In a governmental fund other than the General Fund, a negative unassigned fund balance could result if expenditures incurred for a specific purpose exceed the amounts in the fund that are restricted, committed, and assigned for that purpose. The use of the General Fund's unassigned fund balance may be necessary from time to time to meet unexpected events including, but not limited to: catastrophic (emergency funds in the event of natural or man-made disasters); financial opportunity (to enhance the well-being of the County or other such global purpose to protect its long-term fiscal security); operational (provide additional funds for limited unexpected needs); and revenue shortfalls (to provide limited funds to smooth fluctuations caused by changes in economic conditions). It is the County's policy that if the use of the General Fund's unassigned fund balance causes the balance to fall below the minimum fiscal liquidity balance of 12%, the Board of Supervisors will adopt a plan and a timeline for replenishing the balance to its minimum level.

The constraints placed on fund balance at June 30, 2023, were as follows:

	<u>General</u>	<u>Capital projects</u>	<u>Grants and special projects</u>	<u>Nonmajor governmental</u>
Nonspendable:				
Inventory	\$ 276,396	\$ -	\$ -	\$ -
Prepaid items	26,599	-	-	-
	<u>302,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted:				
Bond proceeds held in escrow	-	28,738	-	-
Public safety	-	-	235,206	-
Education	-	-	250,000	-
Community development	-	-	-	4,274,957
Encumbrances	-	-	1,499,075	55,288
Total restricted	<u>-</u>	<u>28,738</u>	<u>1,984,281</u>	<u>4,330,245</u>
Committed:				
School operations	7,805,781	-	-	-
Education	-	-	427,081	-
Community development	-	-	5,760,037	1,386,539
Encumbrances	-	-	-	3,590
Total committed	<u>7,805,781</u>	<u>-</u>	<u>6,187,118</u>	<u>1,390,129</u>
Assigned:				
General government	-	5,584,745	-	-
Judicial administration	-	-	-	625,399
Public safety	-	2,916,206	-	85,459
Public works	-	17,269,322	-	-
Health and welfare	-	-	-	1,695,914
Education	-	17,175,400	-	-
Parks, recreation and cultural	-	3,016,426	-	14,432
Community development	-	3,442,506	-	946,131
Encumbrances	1,910,388	3,992,215	-	9,306
Capital projects	8,644,565	-	-	-
Debt service reserve	15,653,131	-	-	-
Total assigned	<u>26,208,084</u>	<u>53,396,820</u>	<u>-</u>	<u>3,376,641</u>
Unassigned				
	<u>79,210,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 113,527,060</u>	<u>\$ 53,425,558</u>	<u>\$ 8,171,399</u>	<u>\$ 9,097,015</u>

1) Summary of Significant Accounting Policies, Continued

Estimates

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

Leases

Lessee: The County is a lessee for noncancellable leases of equipment and property. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. In addition, the likelihood of any extension, renewal, or termination option is assessed in determining the lease term.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

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

Lessor: The County is a lessor for noncancellable leases of property. The County recognizes a lease receivable and deferred inflows of resources in the government-wide and governmental funds' financial statements.

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

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

- The County uses the interest rate included in the lease as the discount rate. When the interest rate is not provided, the interest rate implicit in the lease is determined and used as the discount rate.
- The lease term includes the non-cancellable period of the lease. In addition, the likelihood of any extension, renewal, or termination option is assessed in determining the lease term.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

1) Summary of Significant Accounting Policies, Continued

Adoption of New Accounting Statement

For fiscal year 2023, the County implemented GASB Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The adoption of the new standard did not result in any restatement of net position, but the County has reclassified certain liabilities and deferred inflows of resources related to lease revenue bonds, as discussed further in Note 18, to reflect the change in definition of conduit debt.

The County also implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) for fiscal year 2023. This statement provides guidance on the accounting and financial reporting for SBITAs for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The objective of this statement is to improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition, which will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The implementation of this statement resulted in the County recognizing new assets and liabilities related to its SBITAs, as well as the amortization of the subscription assets over the subscription term and the reduction of the subscription liabilities for the portion of principal payments made.

Subscription-Based Information Technology Arrangements

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

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

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

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

The County monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription liabilities and right-to-use subscription assets if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use subscription assets are reported with other depreciable capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Position.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

2) Cash, Cash Equivalents, and Investments

Primary Government

Cash, cash equivalents and investments at June 30, 2023, consisted of the following:

	Primary Government	Fiduciary Funds	Totals
Bank deposits	\$ 30,622,059	\$ 7,877,338	\$ 38,499,397
Petty cash	7,500	964	8,464
Amounts held for others	-	135	135
Money market	119,006,845	8,108,486	127,115,331
Investments	33,297,222	5,566,905	38,864,127
Total	<u>\$ 182,933,626</u>	<u>\$ 21,553,828</u>	<u>\$ 204,487,454</u>
Per Exhibit 1:			
Cash and cash equivalents	\$ 133,950,956	\$ -	\$ 133,950,956
Investments	33,297,222	-	33,297,222
Restricted cash and cash equivalents	15,685,448	-	15,685,448
Per Exhibit 8:			
Cash, cash equivalents and investments	-	15,986,923	15,986,923
Restricted cash and investments	-	5,566,905	5,566,905
Total	<u>\$ 182,933,626</u>	<u>\$ 21,553,828</u>	<u>\$ 204,487,454</u>

The Fiduciary Funds balance of \$21,553,828 is not a part of the government-wide financial statements.

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

Restricted cash, cash equivalents and investments at June 30, 2023, was:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>	<u>Total</u>
Major governmental funds:			
General	Subdivision escrow	\$ 1,298,728	
	Non-Judicial Sales	26,330	\$ 1,325,058
Capital projects	Unspent bond proceeds	28,738	
	Developer escrow	239,000	267,738
Grants and special projects	ARPA grant	12,634,148	
	Other grants	1,458,504	14,092,652
	Total		<u>\$ 15,685,448</u>

Fair Value Hierarchy

GAAP establishes a hierarchy of valuation techniques based on inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs. The County uses a market approach as the valuation technique for Level 2 inputs.

As of June 30, 2023, investments valued at fair value were as follows:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury securities	\$ 18,649,167	\$ 18,242,944	\$ -	\$ 18,242,944	\$ -
Federal agency notes and bonds	2,423,286	2,390,086	-	2,390,086	-
Corporate notes and bonds	4,432,370	4,337,928	-	4,337,928	-
Commercial paper	2,214,979	2,222,765	-	2,222,765	-
Certificates of deposit	2,175,000	2,169,118	-	2,169,118	-
Municipal notes and bonds	539,925	530,339	-	530,339	-
Federal agency commercial mortgage-backed security	2,426,508	2,383,106	-	2,383,106	-
Federal agency CMO	148,371	145,821	-	145,821	-
Supra-National agency bond/note	903,638	875,115	-	875,115	-
Total	<u>\$ 33,913,244</u>	<u>\$ 33,297,222</u>	<u>\$ -</u>	<u>\$ 33,297,222</u>	<u>\$ -</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

2) Cash, Cash Equivalents, and Investments, Continued

	Fair value	Investment maturity (in years)		
		Less than 1	1-2	2-7
U.S. Treasury securities	\$ 18,242,944	\$ 600,807	\$ 14,193,348	\$ 3,448,789
Federal agency notes and bonds	2,390,086	565,308	1,558,746	266,032
Corporate notes and bonds	4,337,928	-	1,658,438	2,679,490
Commercial paper	2,222,765	2,222,765	-	-
Certificates of deposit	2,169,118	1,772,601	-	396,517
Municipal notes and bonds	530,339	309,309	-	221,030
Federal agency collateralized mortgage obligation	2,383,106	103,041	1,145,459	1,134,606
Federal agency CMO	145,821	-	145,821	-
Supra-National agency bond/note	875,115	-	612,203	262,912
Total	\$ 33,297,222	\$ 5,573,831	\$ 19,314,015	\$ 8,409,376

Investment Policy

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

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

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

Credit Risk

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

The County's investments and cash equivalents as of June 30, 2023, were rated by Standard & Poor's, Moody's, and Fitch and/or an equivalent national rating organization, and the ratings are as follows:

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

2) Cash, Cash Equivalents, and Investments, Continued

	Unrated	AAA	AA+	AA	AA-	A+	A-1
Federal agency notes and bonds	\$ -	\$ -	\$ 2,390,086	\$ -	\$ -	\$ -	\$ -
Corporate notes and bonds	-	274,279	387,977	809,695	2,631,213	234,764	-
Commercial paper	-	-	-	-	-	-	2,222,765
Certificates of deposit	-	-	396,517	-	-	-	1,772,601
Municipal notes and bonds	-	215,195	-	54,138	261,006	-	-
Federal agency commercial mortgage-backed security	-	-	2,383,106	-	-	-	-
Federal agency CMO	-	-	145,821	-	-	-	-
Supra-National agency bond and notes	-	875,115	-	-	-	-	-
US Treasury securities	-	-	18,242,944	-	-	-	-
LGIP	-	37,939,350	-	-	-	-	-
Money market	28,738	81,038,757	-	-	-	-	-
Total	\$ 28,738	\$ 120,342,696	\$ 23,946,451	\$ 863,833	\$ 2,892,219	\$ 234,764	\$ 3,995,366

Concentration of Credit Risk

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

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

As of June 30, 2023, the portion of the County's portfolio, excluding U.S. Treasury securities, which exceed 5% of the total portfolio was Freddie MAC at 10.4%.

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the County's Policy limits the investment of short-term operating funds to an average weighted maturity of no more than 180 days, with a portion of the portfolio continuously invested in readily available funds. The operating fund core portfolio will be invested in permitted investments with a stated maturity of no more than five years from the date of purchase.

To control the volatility of the core portfolio, the Treasurer will determine a duration target, not to exceed three years. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities, so long as the maturity does not exceed the expected disbursement date of those funds.

Custodial Credit Risk

The Policy requires that all investment securities purchased by the County or held as collateral on deposits or investments shall be held by the County or by a third-party custodial agent who may not otherwise be a counterparty to the investment transaction. As of June 30, 2023, all the County's investments are held in a bank's trust department in the name of the County.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

2) Cash, Cash Equivalents, and Investments, Continued

Component Units

The component units' cash, cash equivalents and investments at June 30, 2023, consisted of the following:

	Component unit -		
	Authority	Public Schools	EDA
Bank deposits	\$ 1,045,606	\$ 26,685,818	\$ 803,856
Petty cash	700	-	-
Money market	1,996,687	-	-
Investments, LGIP	13,865,732	5,488,515	702,082
Investments, other	43,183,250	30,697	-
Total	\$ 60,091,975	\$ 32,205,030	\$ 1,505,938

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

3) Receivables

Amounts due from miscellaneous sources at June 30, 2023, are detailed as follows:

	Grants and special projects			Nonmajor governmental	Total governmental activities
	General				
Sales tax	\$ 2,579,225	\$ -	\$ -	\$ -	\$ 2,579,225
Historic 1% sales tax	1,130,422	-	-	-	1,130,422
Meals tax	966,266	-	-	-	966,266
Medical transport services, net allowance for doubtful accounts of \$338,276	601,381	-	-	-	601,381
National opioid settlement	-	565,778	-	-	565,778
Business license	238,852	-	-	-	238,852
Recordation tax	138,277	-	-	-	138,277
Charges for services	109,028	-	-	-	109,028
Deeds of conveyance	51,528	-	-	-	51,528
Cigarette tax	39,900	-	-	-	39,900
Motor vehicle licenses	31,516	-	-	-	31,516
Utility consumption fee	22,140	-	-	-	22,140
Other	143,653	117,794	21,172	-	282,619
Total	\$ 6,052,188	\$ 683,572	\$ 21,172	\$ -	\$ 6,756,932

The Housing and Neighborhood Development Fund provides loans related to certain programs. The net balance as of June 30, 2023, as presented on the Balance Sheet is comprised of net of an allowance for forgiven and deferred loans, as shown below:

Gross loan balances outstanding	\$ 2,266,775
Less allowance for forgiven and deferred loans	(1,898,558)
Loans receivable, net	\$ 368,217

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

4) Interfund Transfers

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, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2023, consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 454,797	\$ (51,449,155)
Capital projects	21,392,134	-
Debt service	16,682,163	-
Grants and special projects	2,452,484	(340,649)
Nonmajor governmental	4,613,723	(614,148)
Internal Service	6,808,651	-
Total	\$ 52,403,952	\$ (52,403,952)

Transfers from the General Fund of \$51,449,155 consisted of the following: \$20,892,134 to the Capital Projects fund for pay-as-you-go project funding; \$16,682,163 to the Debt Service fund for the repayment of outstanding debt as the payments became due; \$2,452,484 to the Grants and Special Projects fund for the local portion of grants and to fund other special projects; transfers of \$4,613,723 to the Nonmajor governmental funds for the local share of grants and for the portion of the lodging tax required to be used for tourism related purposes; and transfers of \$6,808,651 to the Internal Service Fund for the accumulation of health and dental employer and employee contributions in excess of claims in prior years.

The transfer of \$340,649 from the Grants and special projects fund was to return remaining local funds from expired and/or closed grants and projects.

The transfer from the nonmajor governmental funds of \$614,148 consisted of \$114,148 to the General Fund to partially fund tourism-related positions and \$500,000 to the Capital Projects Fund for tourism-related capital projects.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

5) Due from/to Other Governments

Details of amounts due from other governments as of June 30, 2023, are as follows:

<u>Primary Government</u>	<u>General</u>	<u>Capital projects</u>	<u>Grants & special projects</u>	<u>Nonmajor governmental</u>	<u>Total</u>
Local:					
City of Williamsburg	\$ 129,168	\$ 64,054	\$ -	\$ -	\$ 193,222
Other	32,135	-	-	-	32,135
WJCC Schools - Services Provided	171,320	-	-	-	171,320
Wmbg. Regional Library	256,599	-	-	-	256,599
Commonwealth of Virginia:					
Car rental tax	7,659	-	-	-	7,659
CMAQ Incentive program	-	-	9,040	-	9,040
Communications sales and use tax	187,808	-	-	-	187,808
Compensation Board	227,835	-	229	-	228,064
Personal property tax relief	4,836,856	-	-	-	4,836,856
E911 Wireless Board	23,271	-	2,753	-	26,024
Mobile Home Tax Commission	20,644	-	-	-	20,644
Office of Children's Services	-	-	571,656	-	571,656
Rolling stock tax	18,559	-	-	-	18,559
Virginia Employment Commission	4,569	-	-	-	4,569
Virginia Housing Development Authority	-	-	-	31,484	31,484
Virginia Supreme Court	5,610	-	-	-	5,610
Virginia Dept. of Environmental Quality	-	-	9,750	-	9,750
Virginia Dept. of Motor Vehicles	8,751	-	-	-	8,751
Virginia Dept. of Social Services	-	-	-	134,114	134,114
Virginia Dept. of Criminal Justice Services	-	-	20,704	-	20,704
Virginia Dept. of Transportation	-	-	506,362	-	506,362
Federal:					
CMAQ Incentive Program	-	-	36,160	-	36,160
Dept. of Emergency Management	-	-	40,543	-	40,543
Dept. of Criminal Justice Services	-	-	30,346	-	30,346
Dept. of Housing & Community Development	-	-	-	288,461	288,461
Dept. of Social Services	-	-	1,312	267,583	268,895
Dept. of Transportation	-	-	3,738	-	3,738
FEMA	22,285	-	16,370	-	38,655
US Land & Water Conservation	-	706,841	3,585	-	710,426
Total	<u>\$ 5,953,069</u>	<u>\$ 770,895</u>	<u>\$ 1,252,548</u>	<u>\$ 721,642</u>	<u>\$ 8,698,154</u>

Component unit - Public Schools

Federal government	\$ 3,449,911
Commonwealth of Virginia	3,277,702
Total	<u>\$ 6,727,613</u>

Details of amounts due to other governments as of June 30, 2023, are as follows:

<u>Primary Government</u>	<u>General</u>
Virginia Peninsula Regional Jail	\$ (1,630)
Williamsburg Area Transit Authority	(459)
Middle Peninsula Juvenile Detention Center	(2,084)
Total	<u>\$ (4,173)</u>

All amounts due from other governments are expected to be collected within one year.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

6) Capital Assets

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

Governmental activities:	Balances			Balances
	July 1, 2022	Increases	Decreases	June 30, 2023
Capital assets not being depreciated:				
Land and land improvements	\$ 33,451,861	\$ 312,216	\$ -	\$ 33,764,077
Construction in progress	10,207,501	4,651,600	8,086,290	6,772,811
Intangible assets - easements	10,826,349	-	-	10,826,349
Total capital assets not being depreciated	<u>54,485,711</u>	<u>4,963,816</u>	<u>8,086,290</u>	<u>51,363,237</u>
Capital assets being depreciated:				
Depreciable land improvements	7,132,877	4,060,856	-	11,193,733
Right-to-use lease land	-	228,281	-	228,281
Intangible assets	5,493,157	8,999	72,041	5,430,115
Buildings	380,883,975	1,821,331	-	382,705,306
Right-to-use lease buildings	687,807	221,885	249,695	659,997
Improvements other than buildings	47,401,016	81,867	-	47,482,883
Infrastructure	12,209,410	69,300	-	12,278,710
Equipment and vehicles	57,991,401	8,465,265	1,288,044	65,168,622
Right-to-use subscription asset*	-	2,239,151	-	2,239,151
Right-to-use lease equipment	259,225	60,811	34,764	285,272
Total capital assets being depreciated	<u>512,058,868</u>	<u>17,257,746</u>	<u>1,644,544</u>	<u>527,672,070</u>
Less accumulated depreciation for:				
Depreciable land improvements	1,140,160	529,005	-	1,669,165
Right-to-use lease land	-	22,828	-	22,828
Intangible assets	4,665,207	361,133	72,041	4,954,299
Buildings	140,183,644	8,366,799	-	148,550,443
Right-to-use lease buildings	96,508	83,556	138,719	41,345
Improvements other than buildings	21,904,003	2,109,159	-	24,013,162
Infrastructure	6,404,608	427,352	-	6,831,960
Equipment and vehicles	44,391,010	3,150,651	1,250,473	46,291,188
Right-to-use subscription asset*	-	578,673	-	578,673
Right-to-use lease equipment	79,987	83,536	34,764	128,759
Total accumulated depreciation	<u>218,865,127</u>	<u>15,712,692</u>	<u>1,495,997</u>	<u>233,081,822</u>
Total capital assets being depreciated, net	<u>293,193,741</u>	<u>1,545,054</u>	<u>148,547</u>	<u>294,590,248</u>
Total	<u>\$ 347,679,452</u>	<u>\$ 6,508,870</u>	<u>\$ 8,234,837</u>	<u>\$ 345,953,485</u>

*The right-to-use subscription asset and related amortization resulted from the implementation of GASB Statement No. 96. Additional information on this asset can be found in Note 17.

Depreciation and amortization were charged to governmental functions as follows:

General government administration	\$ 1,605,909
Judicial administration	345,752
Public safety	3,417,207
Public works	639,979
Parks, recreation, and cultural	2,238,545
Community development	499,432
Education	6,702,194
Health and welfare	263,674
Total	<u>\$ 15,712,692</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

6) Capital Assets, Continued

Component unit - Authority:	Balances			Balances
	July 1, 2022	Increases	Decreases	June 30, 2023
Capital assets not being depreciated:				
Land	\$ 1,740,391	\$ 7,399	\$ -	\$ 1,747,790
Land - utility plant	955,995	-	-	955,995
Land improvements	13,183	-	-	13,183
Construction in progress	8,753,533	6,435,317	6,267,068	8,921,782
Intangible assets - easements	4,570	-	-	4,570
Total capital assets not being depreciated	<u>11,467,672</u>	<u>6,442,716</u>	<u>6,267,068</u>	<u>11,643,320</u>
Capital assets being depreciated:				
Water and sewer systems - utility plant	278,188,208	10,134,938	-	288,323,146
Land improvements (depreciable)	63,370	-	-	63,370
Buildings and improvements	6,283,904	-	-	6,283,904
Right-to-use lease building	-	61,868	-	61,868
Office fixtures and equipment	4,495,367	144,488	138,213	4,501,642
Right-to-use lease equipment	11,661	23,382	-	35,043
Right-to-use subscription asset*	60,892	48,753	-	109,645
Automotive equipment	3,506,242	244,821	59,146	3,691,917
Water rights	25,000,000	-	-	25,000,000
Software	10,562	81,179	-	91,741
Infrastructure	91,798	-	-	91,798
Total capital assets being depreciated	<u>317,712,004</u>	<u>10,739,429</u>	<u>197,359</u>	<u>328,254,074</u>
Less accumulated depreciation for:				
Water and sewer systems - utility plant	159,685,491	6,927,545	-	166,613,036
Land improvements	1,938	3,171	-	5,109
Buildings and improvements	1,704,262	194,674	-	1,898,936
Right-to-use lease building	-	4,125	-	4,125
Office fixtures and equipment	2,240,239	235,611	131,968	2,343,882
Right-to-use lease equipment	6,655	5,666	-	12,321
Right-to-use subscription asset*	27,245	51,653	-	78,898
Automotive equipment	2,816,703	171,480	62,508	2,925,675
Water rights	8,164,503	631,331	-	8,795,834
Software	4,296	11,333	-	15,629
Infrastructure	12,788	3,069	-	15,857
Total accumulated depreciation	<u>174,664,120</u>	<u>8,239,658</u>	<u>194,476</u>	<u>182,709,302</u>
Total capital assets being depreciated, net	<u>143,047,884</u>	<u>2,499,771</u>	<u>2,883</u>	<u>145,544,772</u>
Total	<u>\$ 154,515,556</u>	<u>\$ 8,942,487</u>	<u>\$ 6,269,951</u>	<u>\$ 157,188,092</u>

*The right-to-use subscription asset and related amortization resulted from the implementation of GASB Statement No. 96. Additional information on this asset can be found in Note 17.

Depreciation was charged to the Authority's operations as follows:

Water	\$ 5,148,790
Sewer	3,090,868
Total	<u>\$ 8,239,658</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

6) Capital Assets, Continued

Component unit - Public Schools	Balances			Balances
	July 1, 2022	Increases	Decreases	June 30, 2023
Capital assets not being depreciated:				
Land improvements	\$ 8,435,126	\$ -	\$ -	\$ 8,435,126
Construction in progress	2,312,906	6,474,877	3,125,152	5,662,631
Total capital assets not being depreciated	<u>10,748,032</u>	<u>6,474,877</u>	<u>3,125,152</u>	<u>14,097,757</u>
Capital assets being depreciated:				
Buildings and improvements	73,881,849	3,370,722	-	77,252,571
Furniture and equipment	30,744,419	2,566,243	50,144	33,260,518
Lease assets	1,908,011	155,467	51,752	2,011,726
Total capital assets being depreciated	<u>106,534,279</u>	<u>6,092,432</u>	<u>101,896</u>	<u>112,524,815</u>
Less accumulated depreciation for:				
Buildings and improvements	34,880,937	4,588,692	-	39,469,629
Furniture and equipment	21,923,999	1,564,104	50,144	23,437,959
Lease assets	492,203	524,755	51,752	965,206
Total accumulated depreciation	<u>57,297,139</u>	<u>6,677,551</u>	<u>101,896</u>	<u>63,872,794</u>
Total capital assets being depreciated, net	<u>49,237,140</u>	<u>(585,119)</u>	<u>-</u>	<u>48,652,021</u>
Total	<u>\$ 59,985,172</u>	<u>\$ 5,889,758</u>	<u>\$ 3,125,152</u>	<u>\$ 62,749,778</u>

Depreciation and amortization of \$6,677,551 was charged to the Public Schools' governmental functions.

For fiscal year 2023, there are no capital outlay expenditures presented in the County's construction in progress balance to match the corresponding debt, as a result of no new borrowings issued in the fiscal year.

Component unit - EDA	Balances			Balances
	July 1, 2022	Increases	Decreases	June 30, 2023
Capital assets not being depreciated:				
Land	\$ 710,795	\$ -	\$ 195,039	\$ 515,756
Land improvements	34,200	-	-	34,200
Total capital assets not being depreciated	<u>744,995</u>	<u>-</u>	<u>195,039</u>	<u>549,956</u>
Capital assets being depreciated:				
Land improvements	237,988	-	-	237,988
Buildings and improvements	290,095	-	-	290,095
Infrastructure	182,379	-	-	182,379
Total capital assets being depreciated	<u>710,462</u>	<u>-</u>	<u>-</u>	<u>710,462</u>
Less accumulated depreciation for:				
Buildings and improvements	33,877	7,269	-	41,146
Land improvements	55,646	11,957	-	67,603
Infrastructure	29,124	6,252	-	35,376
Total accumulated depreciation	<u>118,647</u>	<u>25,478</u>	<u>-</u>	<u>144,125</u>
Total capital assets being depreciated, net	<u>591,815</u>	<u>(25,478)</u>	<u>-</u>	<u>566,337</u>
Total	<u>\$ 1,336,810</u>	<u>\$ (25,478)</u>	<u>\$ 195,039</u>	<u>\$ 1,116,293</u>

7) Due From and To Component Units

The Authority owed the County \$729,267 at June 30, 2023, which primarily represented payroll and purchase card expenses paid by the County on behalf of the Authority.

For fiscal year 2023, the Public Schools owed the County \$8,673,089 for local funds unexpended at year-end that are contractually required to be returned to the County. The County funds its share of the construction costs for the component unit - Public Schools through the Capital Projects Fund and owed the Public Schools \$2,354,234 for capital project work done in fiscal year 2023. In addition, the County owed the Public Schools \$185,238 for reimbursements from the State for Comprehensive Services Act expenditures and utilities. The net due from component unit – Public Schools was \$6,133,617 at June 30, 2023.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

8) Unavailable Revenues and Unearned Revenues

Unavailable revenues represent amounts that have been earned but that were not collected within the availability period. Details of unavailable revenue as of June 30, 2023, were:

<u>Source</u>	<u>General</u>	<u>Capital projects</u>	<u>Grants and special projects</u>	<u>Nonmajor governmental</u>	<u>Total</u>
Property taxes	\$ 26,857,581	\$ -	\$ -	\$ -	\$ 26,857,581
Medic transport and other fees	492,811	64,054	-	-	556,865
National opioid settlement	-	-	565,778	-	565,778
Grants	22,285	-	1,108,212	30,466	1,160,963
Total	<u>\$ 27,372,677</u>	<u>\$ 64,054</u>	<u>\$ 1,673,990</u>	<u>\$ 30,466</u>	<u>\$ 29,141,187</u>

Unearned revenues represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Details of unearned revenues as of June 30, 2023, were:

<u>Source</u>	<u>Primary Government</u>				<u>Total</u>	<u>Component unit - Public Schools</u>
	<u>General</u>	<u>Capital projects</u>	<u>Grants and special projects</u>	<u>Nonmajor governmental</u>		<u>Total</u>
Prepaid property taxes and fees	\$ 427,563	\$ -	\$ -	\$ -	\$ 427,563	\$ -
Non-judicial sales	26,330	-	-	-	26,330	-
ARPA Relief	-	-	12,893,675	-	12,893,675	-
Grants received in advance	-	111,007	-	82,174	193,181	3,970,517
Total	<u>\$ 453,893</u>	<u>\$ 111,007</u>	<u>\$ 12,893,675</u>	<u>\$ 82,174</u>	<u>\$ 13,540,749</u>	<u>\$ 3,970,517</u>

9) Long-Term Liabilities

Primary Government

A summary of the County's long-term liability activity for governmental activities for the fiscal year ended June 30, 2023, is presented below:

<u>Governmental activities</u>	<u>(As Restated)</u>			<u>Balance June 30, 2023</u>	<u>Due within one year</u>
	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>		
General obligation bonds	\$ 21,720,000	\$ -	\$ 2,885,000	\$ 18,835,000	\$ 2,985,000
EDA payable, net*:					
Lease revenue bonds	72,015,000	-	8,650,000	63,365,000	8,815,000
Premium, net	8,090,604	-	1,201,518	6,889,086	1,201,518
Deferred charge on refundings, net	1,441,985	-	139,839	1,302,146	-
Interest payable	104,458	-	14,766	89,692	89,692
Bond premiums, net	1,684,288	-	287,357	1,396,931	287,357
Financed purchases	1,015,683	4,708,260	1,235,426	4,488,517	1,260,961
Compensated absences	4,577,962	5,530,310	5,636,366	4,471,906	3,353,930
Lease payable	779,568	510,976	293,618	996,926	126,675
Subscription liability**	-	2,239,151	687,451	1,551,700	457,185
Net pension liability	7,716,325	12,139,499	-	19,855,824	-
Net OPEB retiree healthcare liability	3,598,216	-	334,000	3,264,216	-
Net OPEB group life insurance liability	2,310,729	80,486	-	2,391,215	-
Net OPEB health insurance credit liability	592,802	48,578	-	641,380	-
Total	<u>\$ 125,647,620</u>	<u>\$ 25,257,260</u>	<u>\$ 21,365,341</u>	<u>\$ 129,539,539</u>	<u>\$ 18,577,318</u>

*The EDA payable, net total was \$71,645,924 as of June 30, 2023 and is a reclassification due to the EDA's implementation of GASB Statement No. 91, *Conduit Debt Obligations*, which resulted in the EDA recognizing assets, liabilities, and deferred inflows/outflows of resources related to the County's lease revenue bonds issued by the EDA, which is not considered conduit debt. All costs and liabilities related to these bonds are the responsibility of the County and, as a result, the liabilities and costs reflected in the EDA's financial statements are fully offset by receivables and contributions from the County. The County previously reported these in the following categories: lease revenue/refunding bonds; bond premiums, net; deferred charge on refundings, net; and interest payable.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

9) Long-Term Liabilities, Continued

**The Subscription liability resulted from the implementation of GASB Statement No. 96. Additional information on this liability can be found in Note 17.

The General Fund or the Special Revenue Fund, where the employees' salaries are charged, generally liquidates compensated absences and the pension and OPEB liabilities.

Arbitrage

Arbitrage is the difference between the yield on an issuer's tax-exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U.S. Treasury. As of June 30, 2023, there was no rebate liability.

Details of long-term bond indebtedness at June 30, 2023, for governmental activities were as follows:

<u>General obligation bonds</u>	<u>Sale date</u>	<u>Original borrowing</u>	<u>Interest rates</u>	<u>Final maturity</u>	<u>Balance June 30, 2023</u>
Virginia Public School Authority bonds (Series A)	2011	\$ 1,000,000	4.25%	2031	\$ 440,000
General obligation refunding bonds	2014	21,610,000	2.00-5.00%	2028	10,235,000
General obligation refunding bonds (Series A)	2015	11,280,000	2.50-5.00%	2030	8,160,000
				Total	<u>\$ 18,835,000</u>
<u>Financed purchases</u>					
Financed purchase - Portable radio	2020	\$ 1,693,311	2.140%	2024	\$ 684,266
Financed purchase - Motorola radio system upgrade	2023	4,708,260	2.040%	2027	3,804,251
				Total	<u>\$ 4,488,517</u>

The debt service requirements for the governmental activities' bond obligations are as follows:

<u>Year ending June 30,</u>	<u>General obligation bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,985,000	\$ 645,288
2025	3,055,000	516,813
2026	3,115,000	405,713
2027	2,190,000	292,813
2028	2,250,000	227,988
2029-2031	5,240,000	335,750
Total	<u>\$ 18,835,000</u>	<u>\$ 2,424,365</u>

In July 2016, the County entered a Memorandum of Understanding with York County, Virginia to upgrade the joint public safety/public services radio communication system. The County's portion of \$4,736,044 is included in capital assets and accumulated depreciation was \$4,736,044 as of June 30, 2023.

An additional Memorandum of Understanding was entered into with York County, Virginia to upgrade the joint public safety/public services radio communication system, and the County's portion was \$4,708,260, which is included in capital assets. Depreciation expense and accumulated depreciation were \$313,884 as of and for the year ended June 30, 2023.

In November 2020, the County entered into a financed purchase agreement with Motorola to replace public safety portable radios. The amount included in capital assets was \$1,693,311 and accumulated depreciation was \$903,099 as of June 30, 2023. Depreciation expense was \$338,662 for the fiscal year ended June 30, 2023.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

9) Long-Term Liabilities, Continued

The present value of future minimum financed purchase payments of the County as of June 30, 2023 was:

Year ending June 30:	
2024	\$1,353,211
2025	1,353,211
2026	1,000,057
2027	1,000,057
Total minimum lease payments	4,706,536
Less amount representing interest	(218,019)
Present value of minimum financed purchase payments	\$ 4,488,517

Component Unit - Economic Development Authority

As a result of the implementation of GAAP required by GASB Statement No. 91, *Conduit Debt Obligations*, the EDA no longer presents the County's lease revenue bonds, which are issued by the EDA, as conduit debt. In fiscal year 2023, these bonds are now reflected as debt of the EDA along with related transactions. The Statement of Net Position also includes a corresponding receivable from the County, reflecting that these bonds and related transactions are the responsibility of the County. A summary of the EDA's long-term liability activity for the fiscal year ended June 30, 2023, is presented below:

	(As Restated)	Balance	Additions	Reductions	Balance	Due within
	July 1, 2022	July 1, 2022	July 1, 2022	July 1, 2022	June 30, 2023	one year
Lease revenue/refunding bonds	\$ 72,015,000	\$ -	\$ -	\$ 8,650,000	\$ 63,365,000	\$ 8,815,000
Bond premiums, net	8,090,604	-	-	1,201,518	6,889,086	1,201,518
Interest payable	104,458	-	-	14,766	89,692	89,692
Total	\$ 80,210,062	\$ -	\$ -	\$ 9,866,284	\$ 70,343,778	\$ 10,106,210

Details of long-term bond indebtedness at June 30, 2023, for the EDA were as follows:

	Sale	Original	Interest	Final	Balance
	date	borrowing	rates	maturity	June 30, 2023
Lease revenue refunding bonds	2014	\$ 12,575,000	3.00-4.00%	2026	\$ 3,960,000
Lease revenue refunding bonds	2015	49,815,000	4.00-5.00%	2026	13,260,000
Lease revenue bonds	2016	26,750,000	2.00-5.00%	2036	19,475,000
Lease revenue refunding bonds	2018	21,015,000	4.00-5.00%	2039	17,045,000
Lease revenue refunding bonds	2021	11,030,000	3.00-5.00%	2033	9,625,000
Total					\$ 63,365,000

The debt service requirements for the EDA's bond obligations are as follows:

Year ending	Lease revenue/refunding bonds	
June 30,	Principal	Interest
2024	\$ 8,815,000	\$ 2,623,738
2025	8,995,000	2,195,737
2026	9,165,000	1,772,488
2027	3,585,000	1,341,437
2028	3,715,000	1,204,188
2029-2033	18,305,000	3,811,688
2034-2038	9,755,000	1,083,500
2039	1,030,000	41,200
Total	\$ 63,365,000	\$ 14,073,976

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

9) Long-Term Liabilities, Continued

Component Unit - James City Service Authority

A summary of the Authority's long-term liability activity for the fiscal year ended June 30, 2023, is as follows:

	<u>Balance</u> <u>7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2023</u>	<u>Due within</u> <u>one year</u>
Refunding revenue bonds	\$ 18,510,000	\$ -	\$ 745,000	\$ 17,765,000	\$ 785,000
Revenue bonds	8,025,000	-	538,000	7,487,000	550,000
Premium, refunding revenue bonds	1,139,667	-	63,907	1,075,760	63,907
Lease liability	5,143	85,250	9,651	80,742	18,100
Subscription liability*	30,950	48,753	57,305	22,398	10,820
Net pension liability	-	1,002,620	-	1,002,620	-
Net retiree healthcare OPEB liability	284,440	-	26,402	258,038	-
Net GLI OPEB liability	263,708	24,071	-	287,779	-
Net HIC OPEB liability	22,074	6,453	-	28,527	-
Compensated absences	554,285	672,590	660,577	566,298	424,724
Total	<u>\$ 28,835,267</u>	<u>\$ 1,839,737</u>	<u>\$ 2,100,842</u>	<u>\$ 28,574,162</u>	<u>\$ 1,852,551</u>

*The Subscription liability resulted from the implementation of GASB Statement No. 96. Additional information on this liability can be found in Note 17.

Details of long-term bond indebtedness at June 30, 2023, for the Authority were as follows:

	Sale date	Original borrowing	Interest rates	Final maturity	Balance June 30, 2023
Revenue refunding bonds					
Water and sewer system revenue refunding bonds	2016	\$ 22,595,000	3.00-5.00%	2040	\$ 17,765,000
Water and sewer system revenue bonds	2020	9,135,000	2.26%	2035	7,487,000

The debt service requirements for the Authority's debt obligations are as follows:

Year Ended June 30	Revenue refunding bonds		Revenue bonds	
	Principal	Interest	Principal	Interest
2024	\$ 785,000	\$ 573,950	\$ 550,000	\$ 169,506
2025	820,000	534,700	562,000	157,054
2026	855,000	501,900	575,000	144,330
2027	895,000	459,150	588,000	131,312
2028	925,000	432,300	602,000	118,000
2029-2033	5,040,000	1,729,500	3,218,000	379,422
2034-2038	5,855,000	926,250	1,392,000	47,452
2039-2040	2,590,000	117,150	-	-
Total	<u>\$ 17,765,000</u>	<u>\$ 5,274,900</u>	<u>\$ 7,487,000</u>	<u>\$ 1,147,076</u>

Component Unit - Public Schools

A summary of the Public Schools' long-term liability activity for the fiscal year ended June 30, 2023, is as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due within</u> <u>one year</u>
Net pension liability	\$ 64,726,377	\$ 16,880,386	\$ -	\$ 81,606,763	\$ -
Other postemployment benefits	20,396,536	419,345	-	20,815,881	-
Leases	1,435,317	155,467	512,706	1,078,078	470,153
Compensated absences	1,430,816	1,267,045	1,204,157	1,493,704	672,167
Total	<u>\$ 87,989,046</u>	<u>\$ 18,722,243</u>	<u>\$ 1,716,863</u>	<u>\$ 104,994,426</u>	<u>\$ 1,142,320</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan

The County, Authority, and Public Schools' non-professional employees participate in a multi-employer, agent defined benefit pension plan (Political Subdivision Retirement Plan) administered by the Virginia Retirement System (VRS). The Public Schools' professional employees participate in a multi-employer, cost sharing defined benefit pension plan (Teacher Retirement Plan) administered by VRS. The VRS establishes a separate annual contribution requirement for the Public Schools' professional employees who participate in the VRS statewide teacher cost-sharing pool.

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 retirement plans and the additions to/deductions from the retirement plans' net fiduciary position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

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

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at

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

Agent Multiple-Employer Political Subdivision Retirement Plan
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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:

	Governmental activities Number	Component unit-	
		Authority Number	Public Schools (non-professional) Number
Inactive members or their beneficiaries currently receiving benefits	556	61	130
Inactive members:			
Vested	153	15	30
Non-vested	262	34	124
Long-term disability	-	-	1
Active elsewhere in VRS	281	38	58
Total inactive members	1,252	148	343
Active members	750	91	200
Total	2,002	239	543

10) Pension Plan, Continued

Contributions

The contributions 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% of their compensation toward their retirement.

The County's, Authority's and Public Schools' contractually required contribution rates for the year ended June 30, 2023, were 13.30%, 6.69% and 4.37%, respectively, of covered employee compensation. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2021.

These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Total contributions to the pension plan from the County were \$5,903,389 and \$4,743,535, the Authority were \$341,006 and \$295,888, and the Public Schools were \$206,318 and \$163,014 for years ended June 30, 2023, and 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 GAAP, less that employer's fiduciary net position. 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

The total pension liability for general employees, public safety employees with hazardous duty benefits, and teachers 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, general employees	3.5% – 5.35%
Salary increases, including inflation, public safety employees with hazardous duty benefits	3.5% – 4.75%
Salary increases, including inflation, teacher cost-sharing plan	3.5% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

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 are as follows:

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

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan, Continued

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70; decreased withdrawal rates to better fit experience; no change to disability rates, salary scale, line of duty disability, or discount rate.

Long Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	5.71%	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. The 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 6.75% which is 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, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan, Continued

Changes in Net Pension Liability (Asset)

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net pension (b)	Net pension liability (asset) (a) - (b)
<u>Governmental activities:</u>			
Balances at June 30, 2021	\$ 229,872,735	\$ 222,156,410	\$ 7,716,325
Changes for the year:			
Service cost	4,837,048	-	4,837,048
Interest	15,493,524	-	15,493,524
Difference between expected and actual experience	(1,746,972)	-	(1,746,972)
Contributions - employer	-	4,743,535	(4,743,535)
Contributions - employee	-	2,057,224	(2,057,224)
Net investment income	-	(223,827)	223,827
Benefit payments, including refunds of employee contributions	(10,352,191)	(10,352,191)	-
Administrative expenses	-	(137,959)	137,959
Other changes	-	5,128	(5,128)
Net changes	<u>8,231,409</u>	<u>(3,908,090)</u>	<u>12,139,499</u>
Balances at June 30, 2022	<u>\$ 238,104,144</u>	<u>\$ 218,248,320</u>	<u>\$ 19,855,824</u>
<u>Component unit - Authority:</u>			
Balances at June 30, 2021	\$ 21,395,112	\$ 22,537,868	\$ (1,142,756)
Changes for the year:			
Service cost	387,269	-	387,269
Interest	1,441,308	-	1,441,308
Difference between expected and actual experience	817,428	-	817,428
Contributions - employer	-	295,888	(295,888)
Contributions - employee	-	241,614	(241,614)
Net investment income	-	(23,391)	23,391
Benefit payments, including refunds of employee contributions	(859,354)	(859,354)	-
Administrative expenses	-	(14,003)	14,003
Other changes	-	521	(521)
Net changes	<u>1,786,651</u>	<u>(358,725)</u>	<u>2,145,376</u>
Balances at June 30, 2022	<u>\$ 23,181,763</u>	<u>\$ 22,179,143</u>	<u>\$ 1,002,620</u>
<u>Component unit - Public Schools (non-professional):</u>			
Balances at June 30, 2021	\$ 22,770,941	\$ 26,564,585	\$ (3,793,644)
Changes for the year:			
Service cost	477,779	-	477,779
Interest	1,530,373	-	1,530,373
Difference between expected and actual experience	202,069	-	202,069
Contributions - employer	-	163,014	(163,014)
Contributions - employee	-	266,640	(266,640)
Net investment income	-	(20,911)	20,911
Benefit payments, including refunds of employee contributions	(1,153,064)	(1,153,064)	-
Administrative expenses	-	(16,643)	16,643
Other changes	-	606	(606)
Net changes	<u>1,057,157</u>	<u>(760,358)</u>	<u>1,817,515</u>
Balances at June 30, 2022	<u>\$ 23,828,098</u>	<u>\$ 25,804,227</u>	<u>\$ (1,976,129)</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan, Continued

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<u>Governmental activities:</u>			
Net pension liability (asset)	\$ 52,458,866	\$ 19,855,824	\$ (6,755,698)
<u>Component unit - Authority:</u>			
Net pension liability (asset)	\$ 4,128,883	\$ 1,002,620	\$ (1,534,010)
<u>Component unit - Public Schools (non-professional):</u>			
Net pension liability (asset)	\$ 890,949	\$ (1,976,129)	\$ (4,338,823)

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

For the year ended June 30, 2023, the County, Authority, and Public Schools (non-professional) recognized pension expense of \$5,308,373, \$346,693, and \$197,037, respectively. At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

	Deferred outflows of resources	Deferred inflows of resources
<u>Governmental activities:</u>		
Differences between expected and actual experience	\$ 412,732	\$ 1,206,114
Changes of assumptions	3,530,810	-
Net difference between projected and actual earnings on pension plan investments	-	6,352,955
Employer contributions subsequent to the measurement date	5,903,389	-
Total	<u>\$ 9,846,931</u>	<u>\$ 7,559,069</u>
<u>Component unit - Authority:</u>		
Differences between expected and actual experience	\$ 504,237	\$ 18,498
Changes of assumptions	144,535	-
Net difference between projected and actual earnings on pension plan investments	-	640,282
Employer contributions subsequent to the measurement date	341,006	-
Total	<u>\$ 989,778</u>	<u>\$ 658,780</u>
<u>Component unit - Public Schools (non-professional):</u>		
Differences between expected and actual experience	\$ 205,223	\$ -
Changes of assumptions	215,241	-
Net difference between projected and actual earnings on pension plan investments	-	769,711
Employer contributions subsequent to the measurement date	206,318	-
Total	<u>\$ 626,782</u>	<u>\$ 769,711</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan, Continued

The County, Authority, and Public Schools reported deferred outflows of resources of \$5,903,389, \$341,006, and \$206,318, respectively, related to pensions resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the 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 as follows:

Year ended	Governmental Activities	Component unit - Authority	Component unit - Public Schools (non-professional)
2024	\$ 163,998	\$ 187,037	\$ 85,657
2025	(2,395,723)	(70,918)	(274,411)
2026	(4,402,811)	(432,802)	(518,305)
2027	3,019,009	306,675	357,812
Total	<u>\$ (3,615,527)</u>	<u>\$ (10,008)</u>	<u>\$ (349,247)</u>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS's 2022 Annual Comprehensive Annual Report, which can be downloaded from the VRS website at <https://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.

Cost-Sharing Multiple-Employer Plan - Teacher Retirement Plan (Professional Plan)
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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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement. The Public Schools' contractually required contribution rate for the year ended June 30, 2023, was 16.62% 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, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Public Schools were \$13,448,721 and \$12,731,972 for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows for Resources Related to Pensions

At June 30, 2023, the Public Schools' reported a liability of \$81,606,763 for its proportionate share of the Net Pension Liability of the Teacher Retirement Plan. The Net Pension Liability was measured as of June 30, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

The Public Schools' proportion of the Net Pension Liability was based on the Public Schools' actuarially determined employer contributions to the pension 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 Public Schools' proportion was 0.85716% as compared to 0.83377% at June 30, 2021.

County of James City, Virginia
Notes to Basic Financial Statements
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10) Pension Plan, Continued

For the year ended June 30, 2023, the Public Schools recognized pension expense of \$3,893,388. Given that there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2023, the Public Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Teacher Retirement Plan:

	Deferred outflows of resources	Deferred inflows of resources
<u>Component unit - Public Schools (professional plan):</u>		
Differences between expected and actual experience	\$ -	\$ 5,627,109
Change in assumptions	7,693,874	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,663,136	2,349,359
Differences between expected and actual investment earnings on pension plan investments	-	10,639,813
Employer contributions subsequent to the measurement date	13,448,721	-
Total	\$ 23,805,731	\$ 18,616,281

Deferred outflows of resources report in the amount of \$13,448,721 related to pensions resulting from the Public Schools' contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended 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 (recovery) in future reporting periods as follows:

Year ended	Component unit - Public Schools (professional plan)
2024	\$ (2,752,470)
2025	(3,700,178)
2026	(7,129,520)
2027	5,322,897
Total	\$ (8,259,271)

Actuarial Assumptions

The total pension liability for the VRS Teacher 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:	
Teacher cost-sharing plan	3.50% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan, Continued

Mortality rates

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

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)	Updated to a more current mortality table – PUB2010 public sector
Retirement Rates	Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service year through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GAAP, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	45,211,731
Employers' Net Pension Liability	<u>\$ 9,520,598</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	82.61%

The total pension 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 pension liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on 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.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

10) Pension Plan, Continued

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	5.71%	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	<u>100.00%</u>	Total	<u>5.33%</u>
		Inflation	<u>2.50%</u>
		**Expected arithmetic nominal return	<u>7.83%</u>

* 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. The 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 6.75% which is 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 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.

Through the fiscal year ending June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan 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, school divisions are assumed 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.

Sensitivity of the Public Schools' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the Public Schools' proportionate share of the 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<u>Component unit - Public Schools (professional plan):</u>			
Net pension liability	\$ 145,755,927	\$ 81,606,763	\$ 29,375,238

10) Pension Plan, Continued

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://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.

11) Other Post Employment Benefits (OPEB)

Multiple Employer Cost-Sharing Plan - Retiree Healthcare

The County, Authority and Public Schools provide post employment health care benefits for qualifying retired employees who are not yet eligible for Medicare through a cost-sharing, multiple-employer (County and Authority) and a single-employer (for the Public Schools) defined benefit plan. The plans are administered by the County and Schools, respectively, and the benefits, benefit levels, employee contributions and employer contributions are governed by the County and Public Schools and can be amended through their personnel manuals.

Valuation reports were prepared for the County, Authority and Schools by Bolton Partners. The County and Authority reports may be obtained from the James City County Department of Financial and Management Services, 101-F Mounts Bay Road, Williamsburg, Virginia 23187-8784. The Public Schools' report may be obtained from the Finance Department, 117 Ironbound Road, Williamsburg, Virginia 23185.

Plan Description

Participants must be eligible to retire under VRS and must be full-time active employees who retire directly from the County or Authority and are at least 55 years of age with 15 years of service. Each year, retirees participating in the County or Authority's sponsored plans will be given the opportunity to change plans or drop coverage during an open enrollment period. For fiscal year 2023, the pre-Medicare retirees have a choice of two plans offered by Optima. Dental plans are available at the retiree's cost and therefore, have no employer obligation. There is no coverage for post-Medicare retirees.

The Public Schools provides a single-employer medical plan and a retiree health insurance premium contribution plan that covers retirees until they reach 65 years of age. There is no coverage for retirees or their spouses once they reach the age of 65 and are eligible for Medicare. Both plans were established under the authority of the Williamsburg-James City County School Board and any amendments to the plans must be approved by the School Board. The Public Schools' single-employer medical plan allows retirees under the age of 65 to remain in the same medical and dental plan as active employees if they have at least five years of service with the Public Schools and are a covered member under the plan at retirement and for at least 24 months prior to retiring. Retirees pay 100% of the premium, minus any applicable \$62.50 monthly contribution. The Public Schools' plan allows eligible retirees to receive a \$750 annual contribution toward their health insurance premium if they have a minimum of twelve continuous years of service. The Public Schools' current membership is 30.

Funding Policy

Retirees contribute towards their health insurance premiums based on a blended rate and therefore, the County and Authority have an implicit obligation. Retirees pay 100% of the published rates for individual and dependent coverage until age 65. The estimated contributions are based on the implicit rate subsidy payments made during the year by the retirees.

The County, Authority and Public Schools do not intend to establish a trust to pre-fund their obligations. The anticipated growth in the net retiree healthcare OPEB liability is based on contributions to the benefit plan on a pay-as-you-go cost basis. The data has been projected into the future based on the assumption that the current active population remains constant.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

Employees Covered by Benefit Terms - Component Unit - Public Schools

As of the March 1, 2022, actuarial valuation, the following employees were covered by the benefit terms of the Public Schools' retiree healthcare OPEB plan:

	Number
Active employees	1,340
Retirees	30
Total	1,370

Actuarial Methods and Assumptions

For the actuarial valuation at March 1, 2022, for the Public Schools and April 1, 2021, for the County and Authority (measurement date of June 30, 2022), the entry age normal funding method was used. The goal of this method is that the annual accrual (or normal cost) be a level percent of pay throughout an employee's career. This method requires a salary increase assumption. The normal cost percentage is equal to the present value of benefits divided by the present value of future salary determined when the employee was hired. The actuarial accrued liability is equal to the present value of benefits minus the normal cost percentage times the present value of future salaries at the valuation date.

The actuarial assumptions included calculations based on a discount rate of 3.69% for the unfunded liability. Benefits are discounted based on an index rate for 20-year tax exempt general obligation (GO) municipal bonds with an average rating of AA/Aa or higher.

The medical trend assumption for the County and Authority were changed from the previous valuation to an assumption developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in October 2010 and updated on October 30, 2021. The following assumptions were used as input variables into this model:

Inflation	2.50%
Rate of growth in real income/ GDP per capita	1.40%
Extra trend due to technology and other factors	1.00%
Expected health share of GDP in 2029	19.00%
Health share of GDP resistance point	20.00%
Year for limiting cost growth to GDP growth	2075

The medical trend assumption for the Public Schools was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in October 2010 and updated in November 2021. The following assumptions were used as input variables into this model:

Inflation	2.50%
Rate of growth in real income/ GDP per capita	1.40%
Extra trend due to technology and other factors	1.00%
Expected health share of GDP in 2029	19.00%
Health share of GDP resistance point	20.00%
Year for limiting cost growth to GDP growth	2075

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

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

11) Other Post Employment Benefits (OPEB), Continued

Mortality decrements used in the April 1, 2021, valuation:

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

The actuarial assumptions for the Public Schools included calculations based on a net of 2.5% inflation assumption. The valuation assumed that 25% of participants currently with coverage will elect coverage upon retirement.

Mortality decrements:

- Healthy Pre-Retirement: Pub-2010 Teachers Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
- Healthy Post-Employment: Pub-2010 Teachers Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
- Healthy Surviving Spouses: Pub-2010 Teachers Contingent Survivors Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
- Disabled: Pub-2010 Teachers Disable Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale

Changes in Assumptions Since Prior Valuation for the County and the Authority

- The discount rate was updated to 3.69% (the latest 20-year Municipal GO AA Index as of June 30, 2022).

Changes in Assumptions Since Prior Valuation for the Public Schools

- Discount rate was updated as required under the GASB 75 standard.
- Mortality improvement was updated to the latest improvement scale MP2021.
- Decrement and salary assumptions were updated to the latest Virginia Retirement System experience study rates.
- The medical trend was updated using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions.

Retiree Healthcare OPEB Liability for the County and the Authority

At June 30, 2023, the County reported a retiree healthcare OPEB liability of \$3,264,216 for its proportionate share of the County's retiree healthcare OPEB liability and the Authority reported a retiree healthcare OPEB liability of \$258,038 for its proportionate share of the County's retiree healthcare OPEB liability. The County's and the Authority's June 30, 2023, retiree healthcare OPEB liabilities were measured as of June 30, 2022, and were determined by an actuarial valuation performed April 1, 2022. The County's and the Authority's proportion of the County's retiree healthcare OPEB liability was based on each entity's projected long-term contribution effort to the OPEB plan as compared to the total projected long-term contribution effort of all contributing entities to determine each entity's proportion. At June 30, 2023, and 2022, the County's proportion of the County's retiree healthcare OPEB liability was 81.72% and 81.72%, respectively, and the Authority's proportion of the County's retiree healthcare OPEB liability was 6.46% and 6.46%, respectively.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

Changes in Retiree Healthcare OPEB Liability for the Component Unit - Public Schools

	Increase (decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a) - (b)
Balances at June 30, 2021	\$ 5,216,440	\$ -	\$ 5,216,440
Changes for the year:			
Service cost	551,331	-	551,331
Interest	98,456	-	98,456
Experience losses	(38,738)	-	(38,738)
Employer contribution	-	150,218	(150,218)
Changes in assumptions	(477,580)	-	(477,580)
Benefit payments	(138,264)	(138,264)	-
Administrative expenses	-	(11,954)	11,954
Net changes	(4,795)	-	(4,795)
Balances at June 30, 2022	\$ 5,211,645	\$ -	\$ 5,211,645

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

The following presents the retiree healthcare OPEB liability using the discount rate of 3.69%, as well as what the retiree healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
<u>Governmental activities:</u>			
Retiree Healthcare OPEB liability	\$ 3,575,156	\$ 3,264,216	\$ 2,980,463
<u>Component unit - Authority:</u>			
Retiree Healthcare OPEB liability	\$ 282,618	\$ 258,038	\$ 235,607
<u>Component unit - Public Schools:</u>			
Total and Net OPEB liability	\$ 5,482,890	\$ 5,211,645	\$ 4,942,383

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

The following presents the retiree healthcare OPEB liability using the health care cost trend rate of 3.94%, as well as what the retiree healthcare OPEB liability would be if it were calculated using a health cost trend rate that is one percentage point lower (2.94%) or one percentage point higher (4.94%) than the current rate:

	1% Decrease (2.94%)	Ultimate Trend Rate (3.94%)	1% Increase (4.94%)
<u>Governmental Activities:</u>			
Retiree Healthcare OPEB liability	\$ 2,891,097	\$ 3,264,216	\$ 3,701,401
<u>Component unit - Authority:</u>			
Retiree Healthcare OPEB liability	\$ 228,543	\$ 258,038	\$ 292,597
<u>Component unit - Public Schools:</u>			
Total and Net OPEB liability	\$ 4,710,761	\$ 5,211,645	\$ 5,792,918

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

For the year ended June 30, 2023, the County, Authority, and Public Schools recognized retiree healthcare OPEB expense (recovery) of (\$190,546), (\$29,301), and \$222,899, respectively.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

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

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
<u>Governmental activities:</u>		
Differences between expected and actual experience	\$ 168,188	\$ 1,207,580
Change of assumptions	144,575	620,723
Change in proportion	148,073	12,766
Total	<u>\$ 460,836</u>	<u>\$ 1,841,069</u>
<u>Component unit - Authority:</u>		
Differences between expected and actual experience	\$ 13,295	\$ 95,460
Change of assumptions	11,428	49,068
Change in proportion	24	31,191
Total	<u>\$ 24,747</u>	<u>\$ 175,719</u>
<u>Component unit - Public Schools:</u>		
Differences between expected and actual experience	\$ -	\$ 669,230
Change of assumptions	142,342	1,049,822
Employer contributions subsequent to the measurement date	23,625	-
Total	<u>\$ 165,967</u>	<u>\$ 1,719,052</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retiree healthcare OPEB will be recognized in retiree healthcare OPEB expense (recovery) as follows:

<u>Year ended</u>	<u>Governmental activities</u>	<u>Component unit -</u>	
		<u>Authority</u>	<u>Public Schools</u>
2024	\$ (480,137)	\$ (52,193)	\$ (438,843)
2025	(431,929)	(48,382)	(403,874)
2026	(338,616)	(40,157)	(363,198)
2027	(129,551)	(10,240)	(284,742)
2028	-	-	(86,053)
Total	<u>\$ (1,380,233)</u>	<u>\$ (150,972)</u>	<u>\$ (1,576,710)</u>

Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the VRS, the County, Authority, and Public Schools also participate in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Description

General Employee Health Insurance Credit (HIC) Program

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC upon employment. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents.

The credit cannot exceed the amount of the premiums and ends upon the retiree's death. This plan is a multi-employer agent plan.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

As of the June 30, 2021, actuarial valuation, the following employees were covered by the benefit terms of the General Employee HIC Program:

	Governmental activities Number	Component unit -	
		Authority	Public Schools (non-professional)
		Number	Number
Inactive members or their beneficiaries currently receiving benefits	184	17	49
Inactive members:			
Vested	11	1	1
Total inactive members	195	18	50
Active members	643	91	200
Total	<u>838</u>	<u>109</u>	<u>250</u>

The specific information for the General Employee HIC program is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

Group Life Insurance (GLI) Program

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI PEB. The specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Public Schools Professional Plan HIC Program

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death. The specific information about the Teacher HIC Program is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

Virginia Local Disability Program (VDLP) – Public Schools Non-Professional Plan

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee VLDP.

VDLP – Public Schools Professional Plan

All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee VLDP. School divisions are required by Title 51.1 of the *Code of Virginia*, as amended, to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the VLDP. The specific information about the VLDP is available at <https://www.varetirement.org/hybrid/benefits/disability/virginia-local-disability-program.html>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

The GLI, Teacher HIC, VLDP non-professional, and Teacher VLDP are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. All these plans are considered multiple employer, cost sharing plans.

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

General Employee HIC Program	Component unit -		
	Governmental activities	Authority	Public Schools' (non-professional)
Governed by	<i>Code of Virginia</i> 51.1-1401(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly		
Total rate of employee compensation	0.22%	0.10%	0.17%
June 30, 2023 Contribution	\$ 89,781	\$ 5,884	\$ 28,360

GLI Program	Component unit -		
	Governmental activities	Authority	Public Schools' (professional and non-professional)
Governed by	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly		
Total rate of employee compensation*	1.34%		
June 30, 2023 Contribution	\$ 251,200	\$ 31,526	\$ 491,663

*Rate is allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.

Component Unit - Public Schools' Professional Plan HIC Program

Governed by	<i>Code of Virginia</i> 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate of employee compensation	1.21%
June 30, 2023 Contribution	\$ 1,026,696

Component Unit - Public Schools' VLDP Non-Professional Plan

Governed by	<i>Code of Virginia</i> 51.1-1178(C) and may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly.
Total rate of employee compensation	0.83%
June 30, 2023 Contribution	\$ 26,087

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

Component Unit - Public Schools' VLDP Professional Plan

Governed by	<i>Code of Virginia 51.1-1178(C) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate of employee compensation	0.47%
June 30, 2023 Contribution	\$ 148,588

VRS OPEB Liabilities, VRS OPEB Expense, VRS OPEB Deferred Inflows and Outflows of Resources

The net VRS OPEB liabilities were measured as of June 30, 2022, and the total VRS OPEB liabilities used to calculate the net VRS OPEB liabilities were determined by actuarial valuations performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

Changes in net OPEB liability of the General Employee HIC Program were as follows:

	\$	\$	\$
<u>Governmental activities:</u>			
Balances at June 30, 2021	1,498,244	905,442	592,802
Changes for the year:			
Service cost	46,706	-	46,706
Interest	100,817	-	100,817
Changes of assumptions	118,163	-	118,163
Difference between expected and actual experience	(112,702)	-	(112,702)
Contributions - employer	-	82,163	(82,163)
Net investment income	-	1,379	(1,379)
Benefit payments, including refunds of employee contributions	(102,727)	(102,727)	-
Administrative expenses	-	(1,555)	1,555
Other changes	-	22,419	(22,419)
Net changes	50,257	1,679	48,578
Balances at June 30, 2022	\$ 1,548,501	\$ 907,121	\$ 641,380
<u>Component unit - Authority:</u>			
Balances at June 30, 2021	\$ 167,455	\$ 145,381	\$ 22,074
Changes for the year:			
Service cost	2,822	-	2,822
Interest	11,172	-	11,172
Changes of assumptions	3,212	-	3,212
Difference between expected and actual experience	1,335	-	1,335
Contributions - employer	-	9,357	(9,357)
Net investment income	-	172	(172)
Benefit payments, including refunds of employee contributions	(9,518)	(9,518)	-
Administrative expenses	-	(256)	256
Other changes	-	2,815	(2,815)
Net changes	9,023	2,570	6,453
Balances at June 30, 2022	\$ 176,478	\$ 147,951	\$ 28,527
<u>Component unit - Public Schools (non-professional):</u>			
Balances at June 30, 2021	\$ 387,497	\$ 416,238	\$ (28,741)
Changes for the year:			
Service cost	5,774	-	5,774
Interest	25,358	-	25,358
Changes in benefit terms	199,383	-	199,383
Changes of assumptions	47,991	-	47,991
Difference between expected and actual experience	(76,824)	-	(76,824)
Contributions - employer	-	16,404	(16,404)
Net investment income	-	883	(883)
Benefit payments, including refunds of employee contributions	(35,205)	(35,205)	-
Administrative expenses	-	(693)	693
Other changes	-	9,500	(9,500)
Net changes	166,477	(9,111)	175,588
Balances at June 30, 2022	\$ 553,974	\$ 407,127	\$ 146,847

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

In addition, for the year ended June 30, 2023, the County, Authority, and Public Schools recognized OPEB expense (recovery) of \$74,981, (\$2,941), and \$183,553, respectively, related to the General Employee Health Insurance Credit Program. The covered employer's proportion of the net OPEB liabilities (assets) were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers.

GLI Program	Component unit - Public Schools'			
	Governmental activities	Component unit - Authority	Professional	Non-professional
June 30, 2023 proportionate share of liability	\$ 2,391,215	\$ 287,779	\$ 4,439,142	\$ 327,033
June 30, 2022 proportion	0.19859%	0.02390%	0.36867%	0.02716%
June 30, 2021 proportion	0.19847%	0.02265%	0.35894%	0.02735%
June 30, 2023 expense	\$ 50,132	\$ 12,693	\$139,810 (combined total)	

Component Unit - Public Schools' Professional Plan HIC Program

June 30, 2023 proportionate share of liability	\$ 10,691,214
June 30, 2022 proportion	0.85595%
June 30, 2021 proportion	0.83226%
June 30, 2023 expense	\$ 825,272

Component Unit - Public Schools' Non-Professional Plan VLDP

June 30, 2023 proportionate share of asset	\$ (3,302)
June 30, 2022 proportion	0.50142%
June 30, 2021 proportion	0.55743%
June 30, 2023 expense	\$ 17,801

Component Unit - Public Schools' Professional Plan VLDP

June 30, 2023 proportionate share of asset	\$ (3,669)
June 30, 2022 proportion	3.37952%
June 30, 2021 proportion	2.91940%
June 30, 2023 expense	\$ 93,231

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

At June 30, 2023, reported deferred outflows and inflows of resources related to VRS OPEB were as follows:

	Deferred outflows of resources	Deferred inflows of resources
General Employee HIC Program		
Governmental activities:		
Differences between expected and actual experience	\$ 34,771	\$ 103,245
Change of assumptions	134,493	1,539
Net difference between projected and actual earnings on OPEB plan investments	-	23,029
Employer contributions subsequent to the measurement date	89,781	-
Total	<u>\$ 259,045</u>	<u>\$ 127,813</u>
Component unit - Authority:		
Differences between expected and actual experience	\$ 1,098	\$ 12,960
Change of assumptions	4,914	581
Net difference between projected and actual earnings on OPEB plan investments	-	3,508
Employer contributions subsequent to the measurement date	5,884	-
Total	<u>\$ 11,896</u>	<u>\$ 17,049</u>
Component unit - Public Schools (non-professional):		
Differences between expected and actual experience	\$ 4,225	\$ 64,291
Change of assumptions	46,648	-
Net difference between projected and actual earnings on OPEB plan investments	-	11,038
Employer contributions subsequent to the measurement date	28,360	-
Total	<u>\$ 79,233</u>	<u>\$ 75,329</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

<u>GLI Program</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
<u>Governmental activities:</u>		
Differences between expected and actual experience	\$ 189,354	\$ 95,930
Change of assumptions	89,189	232,914
Net difference between projected and actual earnings on OPEB plan investments	-	149,416
Changes in proportionate share	27,279	121,532
Employer contributions subsequent to the measurement date	251,200	-
Total	<u>\$ 557,022</u>	<u>\$ 599,792</u>
<u>Component unit - Authority:</u>		
Differences between expected and actual experience	\$ 22,788	\$ 11,545
Change of assumptions	10,734	28,031
Net difference between projected and actual earnings on OPEB plan investments	-	17,982
Changes in proportionate share	17,150	1,131
Employer contributions subsequent to the measurement date	31,526	-
Total	<u>\$ 82,198</u>	<u>\$ 58,689</u>
<u>Component unit - Public Schools:</u>		
Differences between expected and actual experience	\$ 377,421	\$ 191,208
Change of assumptions	177,771	464,244
Net difference between projected and actual earnings on OPEB plan investments	-	297,816
Changes in proportionate share	172,318	179,941
Employer contributions subsequent to the measurement date	491,663	-
Total	<u>\$ 1,219,173</u>	<u>\$ 1,133,209</u>
<u>Component Unit - Public Schools' Professional Plan HIC Program</u>		
Differences between expected and actual experience	\$ -	\$ 435,791
Change of assumptions	312,345	27,302
Net difference between projected and actual earnings on OPEB plan investments	-	10,731
Changes in proportionate share	341,437	361,082
Employer contributions subsequent to the measurement date	1,026,696	-
Total	<u>\$ 1,680,478</u>	<u>\$ 834,906</u>
<u>Component Unit - Public Schools' Non-Professional Plan VLDP</u>		
Differences between expected and actual experience	\$ 4,642	\$ 7,066
Change of assumptions	126	1,185
Net difference between projected and actual earnings on OPEB plan investments	-	14
Changes in proportionate share	41	974
Employer contributions subsequent to the measurement date	26,087	-
Total	<u>\$ 30,896</u>	<u>\$ 9,239</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

Component Unit - Public Schools' Professional Plan VLDP	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 43,268	\$ 11,131
Change of assumptions	10,944	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,020
Changes in proportionate share	11	3,137
Employer contributions subsequent to the measurement date	148,588	-
Total	<u>\$ 202,811</u>	<u>\$ 15,288</u>

The deferred outflows of resources related to VRS OPEB resulting from the County's, Authority's, and Public Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net VRS OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to VRS OPEB will be recognized in VRS OPEB expense (recovery) as follows:

General Employee HIC Program			
Year ended	Governmental activities	Component unit -	
		Authority	Public Schools (non-professional)
2024	\$ 9,658	\$ (4,462)	\$ (7,544)
2025	10,394	(3,953)	(6,862)
2026	(251)	(3,985)	(10,365)
2027	18,196	851	653
2028	2,823	512	(338)
Thereafter	631	-	-
Total	<u>\$ 41,451</u>	<u>\$ (11,037)</u>	<u>\$ (24,456)</u>

GLI Program			
Year ended	Governmental activities	Component unit -	
		Authority	Public Schools
2024	\$ (69,999)	\$ (1,296)	\$ (94,704)
2025	(73,488)	(955)	(76,550)
2026	(148,346)	(11,360)	(246,691)
2027	15,455	4,849	25,761
2028	(17,592)	745	(13,515)
Total	<u>\$ (293,970)</u>	<u>\$ (8,017)</u>	<u>\$ (405,699)</u>

Component Unit - Public Schools' Professional Plan HIC Program	
Year ended	Amount
2024	\$ (61,778)
2025	(51,633)
2026	(31,390)
2027	2,268
2028	(41,763)
Thereafter	3,172
Total	<u>\$ (181,124)</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

Component Unit - Public Schools' VLDP			
Year ended	Non-Professional Plan		Professional Plan
	Amount		Amount
2024	\$	(497)	\$ 2,535
2025		(544)	2,565
2026		(1,803)	1,863
2027		104	6,949
2028		(265)	3,733
Thereafter		(1,425)	21,290
Total	\$	(4,430)	\$ 38,935

Actuarial Assumptions

The total VRS OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, 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:	
Locality – General employees	3.50% – 5.35%
Locality – Hazardous duty employees	3.50% – 4.75%
Teachers	3.50% – 5.95%
Healthcare cost trend rates:	
Under age 65	7.00% – 4.75%
Ages 65 and older	5.375% – 4.75%
Investment rate of return	GLI & HIC: 6.75%; net of investment expenses, including inflation*

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

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail in Note 10.

Net VRS OPEB Liabilities

The net VRS OPEB liabilities represent each program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2022, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Component unit - Public Schools			
	GLI OPEB Program	Professional Plan HIC	Non- Professional Plan VLDP	Professional Plan VLDP
Total OPEB Liability	\$ 3,672,085	\$ 1,470,891	\$ 7,208	\$ 7,360
Plan Fiduciary Net Position	2,467,989	221,845	7,320	7,948
Employers' Net OPEB Liability (Asset)	\$ 1,204,096	\$ 1,249,046	\$ (112)	\$ (588)
Plan Fiduciary Net Position as a % of the Total OPEB Liability	67.21%	15.08%	101.56%	107.99%

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	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 Onvestment Partnership	3.00%	6.55%	0.20%
Total	100.00%	Total	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. The 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 6.75% which is 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 VRS OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

Sensitivity of the Net VRS OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net VRS OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net VRS 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.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
General Employee HIC Program			
<u>Governmental activities:</u>			
Net OPEB liability	\$ 810,269	\$ 641,380	\$ 498,281
<u>Component unit - Authority:</u>			
Net OPEB liability	\$ 47,526	\$ 28,527	\$ 12,392
<u>Component unit - Public Schools (non-professional):</u>			
Net OPEB liability	\$ 208,073	\$ 146,847	\$ 94,564
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
GLI Program			
<u>Governmental activities</u>			
Net OPEB liability	\$ 3,479,498	\$ 2,391,215	\$ 1,511,734
<u>Component unit - Authority</u>			
Net OPEB liability	\$ 418,752	\$ 287,779	\$ 181,935
<u>Component unit - Public Schools</u>			
Net OPEB liability	\$ 6,935,343	\$ 4,766,175	\$ 3,013,191
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Component Unit - Public Schools' Professional Plan HIC			
Net OPEB liability	\$ 12,049,121	\$ 10,691,214	\$ 9,540,150
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Component Unit - Public Schools' Non-Professional Plan			
Net OPEB liability (asset)	\$ 350	\$ (3,302)	\$ (6,473)
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Component Unit - Public Schools' Professional Plan VLDP			
Net OPEB liability (asset)	\$ 26,580	\$ (3,669)	\$ (29,830)

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS's 2022 Annual Comprehensive Financial Report, which can be downloaded from the VRS website at <https://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.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

11) Other Post Employment Benefits (OPEB), Continued

Payables to the OPEB Plan

At June 30, 2023, the following amounts were payable to the VRS for the legally required contributions related to June 2023 payroll:

- Public Schools' GLI Program	\$117,854
- Public Schools' Professional Plan Teacher HIC Program	\$97,785
- Public Schools' Non-Professional Plan HIC Program	\$1,535
- Public Schools' Professional Teacher VLDP	\$14,341
- Public Schools' Non-Professional VLDP	\$2,401

<i>OPEB Expense – Aggregate Information</i>
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The total amount of expense (recovery) recognized by the County, the Authority, and the Public Schools for their OPEB plans is summarized below for fiscal year 2023:

	Governmental activities	Component unit -	
		Authority	Public Schools
Retiree healthcare	\$ (190,546)	\$ (29,301)	\$ 222,899
Group life insurance	50,132	12,693	139,810
General employee HIC program	74,981	(2,941)	183,553
Professional plan HIC program	-	-	825,272
Non-professional VLDP	-	-	17,801
Professional VLDP	-	-	93,231
Total	<u>\$ (65,433)</u>	<u>\$ (19,549)</u>	<u>\$ 1,482,566</u>

12) Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to permanent part-time and full-time County and Authority employees, permits them to defer 25% of their gross income up to the maximum allowable by the IRC (\$22,500 and \$20,500 in calendar years 2023 and 2022, respectively). The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the participants. The County sponsors the plan with the choice of investment options being made by the participants.

13) Related-Party Transactions

The County provides procurement, risk management, accounting, fleet maintenance, and other services to the Authority. Total charges for these services were \$1,100,704 for the year ended June 30, 2023. In addition, the County leases space in the Authority's buildings under a long-term agreement, which is discussed in Note 17.

In April 2013, the County entered a memorandum of understanding (MOU) with the Public Schools to provide risk management services. The MOU had an initial term of one year with the option of renewal for four additional one-year terms and is currently on a month-to-month basis.

14) Risk Management

The County 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. Property, liability, and line of duty coverages are provided through a group self-insurance risk pool. Surety coverage for principal officials is provided under the general liability coverage with a limit of \$9,000,000. Elected officials, appointed officials, members of all appointed governing bodies, employees and volunteers are covered while acting within the scope of their duties with the County. The County's retention is through deductibles on a per-claim basis.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

14) Risk Management, Continued

Deductibles and coverage limits at June 30, 2023, are as follows:

	Deductibles	Liability Coverage Limits
Property insurance:		
Building and contents	\$ 10,000	Replacement cost
Inland marine	\$ 1,000	Replacement cost/ actual cash value
Flood/earthquake (outside 100 year flood plain)	\$ 25,000	\$ 100,000,000
Business interruption/extra expense	N/A	\$ 3,000,000
Property in transit	N/A	\$ 5,000,000
Increased cost of construction/ordinance/demolition	N/A	\$ 20,000,000
Back-up of sewers and drains	N/A	\$ 10,000,000
Debris removal	N/A	\$ 25,000,000
Pollutant clean-up and removal	N/A	\$ 500,000
Utility services time element	N/A	\$ 5,000,000
Newly acquired locations for up to 120 days	N/A	\$ 25,000,000
Boiler/equipment breakdown	\$ 1,000	\$ 100,000,000
General liability	\$ 100,000	\$ 2,000,000
Public officials liability	\$ 100,000	\$ 1,000,000
Law enforcement liability	\$ 100,000	\$ 2,000,000
Automobile liability	\$ 100,000	\$ 2,000,000
Automobile comprehensive/collision	\$ 1,000	Actual cash value/ repair cost
Crime	\$ 250	\$ 500,000
Cyber risk	\$ 100,000	\$ 5,000,000
Environmental liability	\$ 100,000	\$ 1,000,000
Excess liability - General; Automotive; Law enforcement	N/A	\$ 7,000,000
Excess liability - Public officials	N/A	\$ 8,000,000
Worker's compensation; Line of duty	\$ -	Statutory limits

The County reports its risk management expenditures in the General Fund. There have been no reductions in insurance coverages from the prior year and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The County is subject to certain claims that arise in the ordinary course of operations, many of which are in the early stages of the evaluation process. Accordingly, it is not possible at the present time to estimate the ultimate legal and financial liability, if any, with respect to certain lawsuits or other proceedings. In management's opinion, after consultation with counsel, the eventual outcome of such claims has not yet been determined probable to have a material adverse effect on the County's operations or financial position.

15) Commitments and Contingencies

Construction in Progress

At June 30, 2023, the County and Authority had several major projects under construction presented in the accompanying financial statements as construction in progress.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

15) Commitments and Contingencies, Continued

Below are the financial details.

<u>Project</u>	<u>Budget</u>	<u>Expenditures to date</u>	<u>Balance of contract</u>	<u>Budget balance</u>
Primary Government - Governmental activities				
General government admin.	\$ 9,014,476	\$ 283,833	\$ 219,090	\$ 8,511,553
Public safety	11,348,291	451,257	1,472,602	9,424,432
Public works	58,700	-	58,700	-
Judicial administration	10,262,667	797,384	771,909	8,693,374
Community development	4,950,711	1,096,849	2,247,817	1,606,045
Parks, recreation, and cultural	7,015,355	4,143,488	703,925	2,167,942
Total	<u>\$ 42,650,200</u>	<u>\$ 6,772,811</u>	<u>\$ 5,474,043</u>	<u>\$ 30,403,346</u>
Component unit - Authority				
Sewer improvements	\$ 7,020,809	\$ 1,498,893	\$ 963,973	\$ 4,557,943
Water supply	7,639,536	2,110,596	357,609	5,171,331
Water distribution	9,310,809	3,714,294	3,893,794	1,702,721
Water transmission	1,487,335	946,783	165,823	374,729
Water storage	285,620	79,620	2,330	203,670
Other	7,555,815	571,596	578,238	6,405,981
Total	<u>\$ 33,299,924</u>	<u>\$ 8,921,782</u>	<u>\$ 5,961,767</u>	<u>\$ 18,416,375</u>

Encumbrances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 1,910,388
Capital projects	3,992,215
Grants and special projects	2,053,694
Nonmajor governmental	68,184
Internal service fund	40,958
Total	<u>\$ 8,065,439</u>

Other

The County and the Public Schools participate in a number of federal awards. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County, the Public Schools and the EDA are currently not involved in any litigation in which management deems any potential impact would be material to their respective financial statements.

16) Leases

Lease Receivables

The County leases approximately 155 acres of its property at 2285 Greensprings Road to Renwood Farms, Inc. The term of the previous lease for this property ran through December 2022, and a new lease agreement began on January 1, 2023. This lease will end on December 31, 2027, with the option of renewal for up to two additional five-year periods. The County receives annual payments of \$14,725 each year under both the original and new agreements. The original agreement's discount rate was 3.0% annually, and the new agreement's discount rate is 3.13% annually. The County recognized \$14,511 of lease revenue during fiscal year 2023 related to the original lease, which is included in revenues from use of money and property on the statement of revenues, expenditures, and changes in fund balance.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

16) Leases, Continued

As of June 30, 2023, the County had no remaining receivable for lease payments or deferred inflows of resources under the original lease. As of June 30, 2023, the County's receivable for lease payments under the new lease was \$179,595. Also, the County has a deferred inflows of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2023, the balance of the deferred inflows of resources was \$173,609. The future payments on the new lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 14,725	\$ -	\$ 14,725
2025	9,565	5,160	14,725
2026	9,864	4,861	14,725
2027	10,173	4,552	14,725
2028	10,491	4,234	14,725
2029-2033	57,591	16,034	73,625
2034-2038	67,186	6,439	73,625
Total	<u>\$ 179,595</u>	<u>\$ 41,280</u>	<u>\$ 220,875</u>

The County leases approximately 10,000 square feet of its property at 5249 Olde Towne Road to the Williamsburg Area Medical Assistance Corporation. The term of this lease is estimated to run through June 2024, and the County receives quarterly payments which increase by 10.0% each year. The discount rate for this lease is 3.0% annually. The County recognized \$126,541 of lease revenue and \$6,023 of interest revenue during fiscal year 2023 related to this lease, which is included in revenues from use of money and property on the Statement of Revenues, Expenditures, and Changes in Fund Balance. As of June 30, 2023, the County's receivable for lease payments was \$142,868, and the lease interest receivable was \$357. Also, the County has deferred inflows of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2023, the balance of the deferred inflows of resources was \$126,541. The future payments on this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 142,868	\$ 2,332	\$ 145,200

The County leases approximately 2.066 acres of its property at 5100 Warhill Trail to 757 Swim, Inc. The term of this lease is estimated to run through March 2051, and the County receives monthly payments, which increase as specified in the agreement over the term of the lease. The discount rate for this lease is 3.0% annually. The County recognized \$5,490 of lease revenue and \$4,835 of interest revenue during fiscal year 2023 related to this lease, which is included in revenues from use of money and property on the Statement of Revenues, Expenditures, and Changes in Fund Balance. As of June 30, 2023, the County's receivable for lease payments was \$160,635 and the lease interest receivable was \$402. Also, the County has deferred inflows of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2022, the balance of the deferred inflows of resources was \$152,352.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

16) Leases, Continued

The future payments on this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,197	\$ 4,803	\$ 6,000
2025	1,324	4,766	6,090
2026	1,550	4,723	6,273
2027	1,788	4,673	6,461
2028	2,039	4,616	6,655
2029-2033	14,451	21,940	36,391
2034-2038	23,019	19,168	42,187
2039-2043	33,965	14,941	48,906
2044-2048	47,831	8,864	56,695
2049-2051	33,471	1,462	34,933
Total	<u>\$ 160,635</u>	<u>\$ 89,956</u>	<u>\$ 250,591</u>

The County leases property at 5720 Warhill Trail to Williamsburg Indoor Sports Complex, LLC. The term of this lease is estimated to run through July 2059, and the County receives monthly payments which increase as specified in the agreement over the term of the lease. The discount rate for this lease is 1.0% annually. The County recognized \$13,179 of lease revenue and \$4,942 of interest revenue during fiscal year 2023 related to this lease, which is included in revenues from use of money and property on the Statement of Revenues, Expenditures, and Changes in Fund Balance. As of June 30, 2023, the County's receivable for lease payments was \$492,077, and the lease interest receivable was \$410. Also, the County has a deferred inflows of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2023, the balance of the deferred inflows of resources was \$475,534. The future payments on this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 4,769	\$ 4,899	\$ 9,668
2025	4,962	4,851	9,813
2026	5,308	4,800	10,108
2027	5,666	4,745	10,411
2028	6,036	4,687	10,723
2029-2033	36,216	22,421	58,637
2034-2038	47,639	20,337	67,976
2039-2043	61,171	17,951	79,122
2044-2048	77,162	14,192	91,354
2049-2053	96,022	9,883	105,905
2054-2058	118,221	4,552	122,773
2059	28,905	170	29,075
Total	<u>\$ 492,077</u>	<u>\$ 113,488</u>	<u>\$ 605,565</u>

The County leases approximately 0.2 acres of its property at 5300 Palmer Lane to the Virginia Department of General Services. The term of this lease is estimated to run through July 2028, and the County receives monthly payments of \$8,000. The discount rate for this lease is 2.32% annually based on the County's incremental borrowing rate. The County recognized \$78,358 of lease revenue and \$10,531 of interest revenue during fiscal year 2023 related to this lease, which is included in revenues from use of money and property on the Statement of Revenues, Expenditures, and Changes in Fund Balance. As of June 30, 2023, the County's receivable for lease payments was \$459,904, and the lease interest receivable was \$889. Also, the County has deferred inflows of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2023, the balance of the deferred inflows of resources was \$456,028.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

16) Leases, Continued

The future payments on this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 86,243	\$ 9,757	\$ 96,000
2025	88,266	7,734	96,000
2026	90,335	5,665	96,000
2027	92,454	3,546	96,000
2028	94,621	1,379	96,000
2029	7,985	15	8,000
Total	<u>\$ 459,904</u>	<u>\$ 28,096</u>	<u>\$ 488,000</u>

The County leases office space at its property at 109 Tewning Road to James City Service Authority. The term of this lease is estimated to run through February 2028, and the County receives monthly payments of \$1,029. The discount rate for this lease is 2.23% annually based on the County's incremental borrowing rate. The County recognized \$4,021 of lease revenue and \$441 of interest revenue during fiscal year 2023 related to this lease, which is included in revenues from use of money and property on the Statement of Revenues, Expenditures, and Changes in Fund Balance. As of June 30, 2023, the County's receivable for lease payments was \$57,847, and the lease interest receivable was \$108. Also, the County has deferred inflows of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2023, the balance of the deferred inflows of resources was \$57,743. The future payments on this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 11,895	\$ 1,169	\$ 13,064
2025	12,162	902	13,064
2026	12,437	627	13,064
2027	12,717	347	13,064
2028	8,636	72	8,708
Total	<u>\$ 57,847</u>	<u>\$ 3,117</u>	<u>\$ 60,964</u>

The County leases six cell towers on various properties to different communication companies. The terms of these leases are expected to run over varying periods of time, expiring as early as October 2023 and as late as April 2041. Payments are made monthly for each lease and increase by 3.0% annually. The discount rate for these leases is 3.0% annually. The County recognized \$172,974 of lease revenue and \$58,204 of interest revenue during fiscal year 2023 related to these leases, which is included in revenues from use of money and property on the statement of revenues, expenditures, and changes in fund balance. As of June 30, 2023, the County's receivable for lease payments related to the cell towers was \$1,882,992, and the lease interest receivable was \$4,707. Also, the County has a deferred inflow of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$1,776,259. The future payments on this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 116,647	\$ 54,834	\$ 171,481
2025	117,563	51,397	168,960
2026	126,278	47,752	174,030
2027	135,411	43,840	179,251
2028	144,982	39,646	184,628
2029-2033	736,337	127,840	864,177
2034-2038	306,708	53,881	360,589
2039-2041	199,066	8,464	207,530
Total	<u>\$ 1,882,992</u>	<u>\$ 427,654</u>	<u>\$ 2,310,646</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

16) Leases, Continued

Lease Payable

The County is a lessee of twenty-one copiers, the terms of which end at varying points from July 2023 through April 2028 depending on when the equipment was placed in service. During fiscal year 2023, eight copier leases ended, and six new copier leases were entered into by the County. The discount rate for these leases is 3.0% annually. As of June 30, 2023, the County has a lease liability for this copier equipment of \$109,588, and interest payable of \$265. The County is required to make monthly principal and interest payments of \$5,534 for the twenty-one copiers. The value of the right-to-use assets is \$108,134, which is net of accumulated amortization of \$92,677 as of June 30, 2023, and amortization expense of \$64,444 was recognized for the year ended June 30, 2023. The future principal and interest lease payments for this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 43,937	\$ 2,632	\$ 46,569
2025	27,215	1,594	28,809
2026	20,429	844	21,273
2027	11,502	369	11,871
2028	6,505	80	6,585
Total	<u>\$ 109,588</u>	<u>\$ 5,519</u>	<u>\$ 115,107</u>

The County is a lessee of two postage machines, the terms of which end in November 2025 and March 2026. During fiscal year 2023, one postage lease ended. The discount rate for these leases is 3.0% annually. As of June 30, 2023, the County has a lease liability for this equipment of \$28,533, and interest payable of \$71. The County is required to make monthly principal and interest payments of \$937 for the two postage machines. The value of the right-to-use assets is \$27,652, which is net of accumulated amortization of \$20,920 as of June 30, 2023, and amortization expense of \$10,460 was recognized for the year ended June 30, 2023. The future principal and interest lease payments for this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 10,533	\$ 712	\$ 11,245
2025	10,853	391	11,244
2026	7,147	82	7,229
Total	<u>\$ 28,533</u>	<u>\$ 1,185</u>	<u>\$ 29,718</u>

The County is a lessee of taser and camera equipment for public safety, and the terms of these leases run through May 2027 and April 2027, respectively. The discount rate for these leases is 3.0% annually. As of June 30, 2023, the County has a lease liability for this equipment of \$21,233, and interest payable of \$53. The County is required to make monthly principal and interest payments of \$483 for this equipment. The value of the right-to-use assets is \$20,942, which is net of accumulated amortization of \$5,992, and amortization expense of \$5,387 was recognized for the year ended June 30, 2023. The future principal and interest lease payments for this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 5,228	\$ 566	\$ 5,794
2025	5,387	407	5,794
2026	5,551	243	5,794
2027	5,067	74	5,141
Total	<u>\$ 21,233</u>	<u>\$ 1,290</u>	<u>\$ 22,523</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

16) Leases, Continued

The County is a lessee of approximately 3,600 square feet of property at 129 Industrial Boulevard. The term of this lease runs through June 2054. The discount rate for this lease is 3.0% annually. As of June 30, 2023, the County has a lease liability for this property of \$424,328, and interest payable of \$1,061. The County is required to make monthly principal and interest payments of \$1,606 for the property, and payments increase by 3.0% every five years. The value of the right-to-use assets is \$411,559, which is net of accumulated amortization of \$26,552 for the year ended June 30, 2023, and amortization expense of \$13,276 was recognized for the year ended June 30, 2023. The future principal and interest lease payments for this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 6,637	\$ 12,639	\$ 19,276
2025	7,425	12,429	19,854
2026	7,651	12,203	19,854
2027	7,883	11,971	19,854
2028	8,123	11,731	19,854
2029-2033	47,003	54,649	101,652
2034-2038	57,884	46,818	104,702
2039-2043	70,622	37,220	107,842
2044-2048	85,521	25,557	111,078
2049-2053	102,932	11,479	114,411
2054	22,647	370	23,017
Total	<u>\$ 424,328</u>	<u>\$ 237,066</u>	<u>\$ 661,394</u>

The County is the lessee of 9.5 acres of property from the Jamestown-Yorktown Foundation, the term of which runs through December 2032. The discount rate for this lease is 2.67% annually. As of June 30, 2023, the County has a lease liability of \$205,780, and interest payable of \$1,836. The County is required to make annual principal and interest payments starting at \$22,500 for 2023 and increasing by 3.0% each January. The value of the right-to-use assets is \$205,453, which is net of accumulated amortization and amortization expense of \$22,828, as of and for the year ended June 30, 2023. The future principal and interest lease payments for this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 17,681	\$ 5,494	\$ 23,175
2025	18,848	5,022	23,870
2026	20,067	4,519	24,586
2027	21,340	3,983	25,323
2028	22,670	3,413	26,083
2029-2032	105,174	7,222	112,396
Total	<u>\$ 205,780</u>	<u>\$ 29,653</u>	<u>\$ 235,433</u>

The County is a lessee of property at 107 Tewning Road from the Authority. The term of this lease was scheduled to continue through June 2024, with the County making monthly payments of \$7,140 and a discount rate of 2% annually. During fiscal year 2023, the County and the Authority entered into a new lease agreement whereby the County leases 107 Tewning Road from the Authority, and the Authority leases 109 Tewning Road from the County. At the termination of the original lease in fiscal year 2023, the remaining liability of \$112,638 and the remaining right-to-use lease asset of \$110,975 were written off, and a new liability and right-to-use lease asset were established under the terms of the new lease.

In March 2023, the County entered into a new agreement to lease 107 Tewning Road, and the term of this lease goes through February 2028 with the County making monthly payments of \$3,904 for this lease. The discount rate for this lease is the incremental borrowing rate of 2.23% annually. As of June 30, 2023, the County has a lease liability of \$207,464 and interest payable of \$386. The value of the right-to-use lease asset is \$207,093, which is net of accumulated amortization and amortization expense of \$14,792, as of and for the year ended June 30, 2023.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

16) Leases, Continued

The future principal and interest lease payments for this lease as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 42,659	\$ 4,192	\$ 46,851
2025	43,620	3,231	46,851
2026	44,603	2,248	46,851
2027	45,607	1,244	46,851
2028	30,975	260	31,235
Total	<u>\$ 207,464</u>	<u>\$ 11,175</u>	<u>\$ 218,639</u>

17) Subscription-Based Information Technology Arrangements

The County implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. Information on the County's SBITAs is provided below.

In July 2022, the County entered a 36-month subscription for the use of Central Square One Solution Software. An initial subscription liability was recorded in the amount of \$487,010. As of June 30, 2023, there is a balance on this subscription liability of \$321,388. The County is required to make annual fixed payments of \$165,623 and the subscription has an interest rate of 2.04% annually. The value of the right-to-use asset as of June 30, 2023, is \$324,674 and had accumulated amortization of \$162,337.

In July 2022, the County entered a 36-month subscription for the use of CCG Systems Software. An initial subscription liability was recorded in the amount of \$18,508. As of June 30, 2023, there is a balance on this subscription liability of \$12,397. The County is required to make annual payments of \$6,112, increasing by 3.0% annually and the subscription has an interest rate of 2.04% annually. The value of the right-to-use asset as of June 30, 2023, is \$18,508 and had accumulated amortization of \$6,169.

In July 2022, the County entered a 72-month subscription for the use of CivicPlus Software. An initial subscription liability was recorded in the amount of \$198,376. As of June 30, 2023, there is a balance on this subscription liability of \$163,388. The County is required to make annual fixed payments of \$34,989 and the subscription has an interest rate of 2.32% annually. The value of the right-to-use asset as of June 30, 2023, is \$198,376 and had accumulated amortization of \$33,063.

In July 2022, the County entered a 72-month subscription for the use of ImageTrend Software. An initial subscription liability was recorded in the amount of \$120,803. As of June 30, 2023, there is a balance on this subscription liability of \$101,000. The County is required to make annual payments of \$19,803, increasing by 3.0%, and the subscription has an interest rate of 2.32% annually. The value of the right-to-use asset as of June 30, 2023, is \$120,803 and had accumulated amortization of \$20,134.

In July 2022, the County entered a 24-month subscription for the use of Stratus VMware Software. An initial subscription liability was recorded in the amount of \$15,891. As of June 30, 2023, there is a balance on this subscription liability of \$8,103. The County is required to make annual payments of \$7,788, increasing at 6.0% annually, and the subscription has an interest rate of 1.89% annually. The value of the right-to-use asset as of June 30, 2023, is \$15,891 and had accumulated amortization of \$7,945.

In July 2022, the County entered a 60-month subscription for the use of PowerDMS Software. An initial subscription liability was recorded in the amount of \$20,271. As of June 30, 2023, there is a balance on this subscription liability of \$16,820. The County is required to make annual payments of \$3,451 and the subscription has an interest rate of 2.19% annually. The value of the right-to-use asset as of June 30, 2023, is \$20,271 and had accumulated amortization of \$4,054.

17) Subscription-Based Information Technology Arrangements, Continued

In July 2022, the County entered a 72-month subscription for the use of LogRhythm Software. An initial subscription liability was recorded in the amount of \$59,933. As of June 30, 2023, there is a balance on this subscription liability of \$50,447. The County is required to make annual payments of \$9,486, increasing to \$10,803 in fiscal year 2024 and the subscription has an interest rate of 2.32% annually. The value of the right-to-use asset as of June 30, 2023, is \$59,933 and had accumulated amortization of \$9,989.

In July 2022, the County entered a 13-month subscription for the use of Microsoft Software. An initial subscription liability was recorded in the amount of \$196,091. As of June 30, 2023, there is no balance on this subscription liability. The County is required to make annual fixed payments of \$196,091 and the subscription has an interest rate of 1.89% annually. The value of the right-to-use asset as of June 30, 2023, is \$196,091 and had accumulated amortization of \$179,750.

In July 2022, the County entered a 60-month subscription for the use of Everbridge Software. An initial subscription liability was recorded in the amount of \$98,634. As of June 30, 2023, there is a balance on this subscription liability of \$78,045. The County is required to make annual fixed payments of \$20,589 and the subscription has an interest rate of 2.19% annually. The value of the right-to-use asset as of June 30, 2023, is \$98,634 and had accumulated amortization of \$19,727.

In July 2022, the County entered a 36-month subscription for the use of ESRI Software. An initial subscription liability was recorded in the amount of \$129,381. As of June 30, 2023, there is a balance on this subscription liability of \$85,381. The County is required to make annual fixed payments of \$44,000 and the subscription has an interest rate of 2.04% annually. The value of the right-to-use asset as of June 30, 2023, is \$129,381 and had accumulated amortization of \$43,127.

In October 2022, the County entered a 60-month subscription for the use of Sisense Software. An initial subscription liability was recorded in the amount of \$460,416. As of June 30, 2023, there is a balance on this subscription liability of \$362,525. The County is required to make annual fixed payments of \$97,891, and the subscription has an interest rate of 3.16% annually. The value of the right-to-use asset as of June 30, 2023, is \$460,416 and had accumulated amortization of \$69,062.

In January 2023, the County entered a 72-month subscription for the use of Symantec Software. An initial subscription liability was recorded in the amount of \$73,192. As of June 30, 2023, there is a balance on this subscription liability of \$60,203. The County is required to make annual fixed payments of \$12,989 and the subscription has an interest rate of 2.58% annually. The value of the right-to-use asset as of June 30, 2023, is \$73,192 and had accumulated amortization of \$6,099.

In February 2023, the County entered a 72-month subscription for the use of Adobe Creative Cloud Software. An initial subscription liability was recorded in the amount of \$40,680. As of June 30, 2023, there is a balance on this subscription liability of \$33,461. The County is required to make annual fixed payments of \$7,219, and the subscription has an interest rate of 2.58% annually. The value of the right-to-use asset as of June 30, 2023, is \$40,680 and had accumulated amortization of \$3,390.

In March 2023, the County entered a 48-month subscription for the use of Sharegate Software. An initial subscription liability was recorded in the amount of \$34,576. As of June 30, 2023, there is a balance on this subscription liability of \$25,634. The County is required to make annual fixed payments of \$8,942 and the subscription has an interest rate of 2.31% annually. The value of the right-to-use asset as of June 30, 2023, is \$34,576, and had accumulated amortization of \$2,881.

In May 2023, the County entered a 72-month subscription for the use of Aruba Software. An initial subscription liability was recorded in the amount of \$44,317. As of June 30, 2023, there is a balance on this subscription liability of \$36,518. The County is required to make annual fixed payments of \$7,799 and the subscription has an interest rate of 2.23% annually. The value of the right-to-use asset as of June 30, 2023, is \$44,317 and had accumulated amortization of \$1,847.

In May 2023, the County entered a 72-month subscription for the use of SHI VMware Software. An initial subscription liability was recorded in the amount of \$141,747.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

17) Subscription-Based Information Technology Arrangements, Continued

As of June 30, 2023, there is a balance on this subscription liability of \$116,801. The County is required to make annual fixed payments of \$24,946 and the subscription has an interest rate of 2.23% annually. The value of the right-to-use asset as of June 30, 2023, is \$141,747 and had accumulated amortization of \$3,937.

In May 2023, the County entered a 60-month subscription for the use of Recollect Software. An initial subscription liability was recorded in the amount of \$56,263. As of June 30, 2023, there is a balance on this subscription liability of \$44,509. The County is required to make annual fixed payments of \$11,754 and the subscription has an interest rate of 2.23% annually. The value of the right-to-use asset as of June 30, 2023, is \$56,263 and had accumulated amortization of \$1,875.

In May 2023, the County entered a 72-month subscription for the use of Bluebeam Revu Software. An initial subscription liability was recorded in the amount of \$25,187. As of June 30, 2023, there is a balance on this subscription liability of \$20,754. The County is required to make annual fixed payments of \$4,433 and the subscription has an interest rate of 2.23% annually. The value of the right-to-use asset as of June 30, 2023, is \$25,187 and had accumulated amortization of \$700.

In May 2023, the County entered a 72-month subscription for the use of Bluebeam Extreme Software. An initial subscription liability was recorded in the amount of \$5,740. As of June 30, 2023, there is a balance on this subscription liability of \$4,730. The County is required to make annual fixed payments of \$1,010 and the subscription has an interest rate of 2.23% annually. The value of the right-to-use asset as of June 30, 2023, is \$5,740 and had accumulated amortization of \$159.

In July 2022, the County entered a 60-month subscription for the use of Legal Files Software. An initial subscription liability was recorded in the amount of \$12,134. As of June 30, 2023, there is a balance on this subscription liability of \$9,599. The County is required to make annual fixed payments of \$2,535 and the subscription has an interest rate of 2.23% annually. The value of the right-to-use asset as of June 30, 2023, is \$12,134 and had accumulated amortization of \$2,427.

The future principal and interest payments on these subscriptions as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 457,185	\$ 37,722	\$ 494,907
2025	460,413	27,039	487,452
2026	255,739	16,237	271,976
2027	254,120	9,563	263,683
2028	124,243	2,902	127,145
Total	<u>\$ 1,551,700</u>	<u>\$ 93,463</u>	<u>\$ 1,645,163</u>

18) Restatement

In fiscal year 2021, the County implemented GASB Statement No. 84, *Fiduciary Activities*, which required an evaluation of activities to determine if they were fiduciary in nature and changed the reporting and presentation requirements of fiduciary activities. Based on the criteria, management has determined that certain assets are not controlled by the County and should have been excluded from the County's fiduciary fund statements. Consequently, the County's custodial funds' net position was restated as follows:

<u>Net position</u>	<u>(As Previously Reported) 6/30/2022</u>	<u>Restatement</u>	<u>(As Restated) 7/1/2022</u>
Net investment in capital assets	\$ 26,730,642	\$ (26,730,642)	\$ -
Restricted	9,634,473	12,326,273	21,960,746
Assigned	855	(855)	-
Unrestricted	14,620,752	(14,620,752)	-
Total	<u>\$ 50,986,722</u>	<u>\$ (29,025,976)</u>	<u>\$ 21,960,746</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2023

18) Restatement, Continued

In fiscal year 2023, the County implemented GASB Statement No. 91, *Conduit Debt Obligations*, which resulted in a restatement of the County's liabilities and deferred inflows of resources related to lease revenue bonds. Previously, the County reflected these **bonds** and the related deferred charge on refundings directly as liabilities and deferred inflows of resources on the County's Statement of Net Position and the EDA, which issued the bonds on the County's behalf, treated these bonds as conduit debt and did not report them on their Statement of Net Position. Under the new accounting standard, these bonds are not considered conduit debt of the EDA and the bonds and related deferred charge on refundings are now reflected on the EDA's Statement of Net Position. The repayment of these bonds remains the responsibility of the County, and as such, the County's liabilities now reflect amounts due to the EDA for the bonds, the related deferred charge on refundings, and associated accrued liabilities in long-term liabilities on the Statement of Net Position. The County's balances as of the start of fiscal year 2023 were restated as follows:

	(As Previously Reported) 6/30/2022	Restatement	(As Restaed) 7/1/2022
Liabilities			
Accrued liabilities	\$ (639,446)	\$ 104,458	\$ (534,988)
Long-term liabilities	\$ (124,101,177)	\$ (1,546,443)	\$ (125,647,620)
Deferred Inflows of Resources			
Deferred charge on refundings, net	\$ (1,587,665)	\$ 1,441,985	\$ (145,680)

19) Subsequent Events

On June 13, 2023, the County entered into a Joint Exercise of Powers Agreement with York County, Virginia ("York") for the operation of a Regional 9-1-1 Emergency Communications Center ("Center") located in and managed by York. The agreement requires that the County and York jointly fund the Center, along with the Cities of Williamsburg and Poquoson, each of which are served by the Center.

A Memorandum of Understanding (MOU) was entered into on July 17, 2023, with York. Under the terms of the MOU, York shall be the employer for all Center employees, employees will be subject to York's personnel policies, and their salaries and benefits will be paid by York. For fiscal year 2024, the County will compensate York for the actual compensation of County employees plus \$58,524 for the proportion of vacant positions for the year plus 6%. The County is responsible for a portion of the Center's non-personnel costs not to exceed \$327,000 in fiscal year 2024.

In addition, the County is responsible for paying certain one-time implementation costs including:

- A building and technology contribution not to exceed \$2,250,000. This amount is to be reduced by \$750,000 upon York's acceptance of grant funding from the Virginia 9-1-1 Services Board.
- A labor contribution not to exceed \$321,300.
- A health insurance premium payment for each County employee employed by York on July 17, 2023 or August 14, 2023 equal to one month's premium cost estimated to be \$17,474.
- A retirement health benefits contribution of \$15,000 per County employee hired by York.
- A carryover leave balance of \$175,470 for sick, vacation, paid time off, and comp. time credited for each County employee hired by York.

For health insurance utilization, the County will contribute to York's self-insured medical and dental fund a yearly contribution for 10 years equal to net per employee per year cost averaged trended cost for the last 3 years, as calculated by the County's benefits consultants times 23 positions. For fiscal year 2024, the amount is \$26,758. As additional implementation costs arise, the County shall pay additional contributions not to exceed \$300,000 and this contingency funding is available until June 30, 2024. The County is responsible for contributing its proportionate share of capital improvements approved and recommended in conformance with the agreement.

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Required Supplementary Information Other Than MD&A

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County of James City, Virginia
Budgetary Comparison Schedule
General Fund

The General Fund is the operating fund of the County, which is used to account for the financial resources except those required to be accounted for in another fund. Revenues are derived primarily from general property taxes, other local taxes, licenses, permits and fees and intergovernmental revenues. Primary expenditures are for public safety, public works, health and human services, parks, recreation and culture, education, and the general administration of the County.

County of James City, Virginia
 Budgetary Comparison Schedule - General Fund (Unaudited)
 Year ended June 30, 2023

<u>Fund, major and minor revenue source</u>	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 113,400,000	\$ 113,400,000	\$ 112,488,283	\$ (911,717)
Real and personal public service corporation property taxes	4,000,000	4,000,000	4,348,034	348,034
Personal property taxes	27,868,000	27,868,000	36,130,681	8,262,681
Machinery and tools taxes	6,000,000	6,000,000	6,551,940	551,940
Penalties	600,000	600,000	973,834	373,834
Interest	350,000	350,000	351,044	1,044
Total general property taxes	<u>152,218,000</u>	<u>152,218,000</u>	<u>160,843,816</u>	<u>8,625,816</u>
Other local taxes:				
Local sales and use taxes	18,750,000	20,571,933	21,199,519	627,586
Franchise license taxes	800,000	800,000	887,994	87,994
Taxes on recordation and wills	1,500,000	1,500,000	1,402,986	(97,014)
Hotel and motel room taxes	3,000,000	3,442,837	3,738,062	295,225
Restaurant food taxes	7,200,000	7,200,000	8,839,539	1,639,539
Cigarette taxes	600,000	560,442	560,442	-
Business licenses	6,700,000	6,700,000	8,602,096	1,902,096
Motor vehicle licenses	175,000	175,000	168,861	(6,139)
Deeds of conveyance	550,000	550,000	462,678	(87,322)
Penalties	-	-	94,494	94,494
Interest	-	-	48,619	48,619
Total other local taxes	<u>39,275,000</u>	<u>41,500,212</u>	<u>46,005,290</u>	<u>4,505,078</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	12,000	12,000	9,865	(2,135)
Building permits	950,000	950,000	1,276,803	326,803
Permits and other licenses	820,000	820,000	941,254	121,254
Total permits, privilege fees and regulatory licenses	<u>1,782,000</u>	<u>1,782,000</u>	<u>2,227,922</u>	<u>445,922</u>
Fines and forfeitures	217,000	217,000	188,209	(28,791)
Use of money and property	337,000	337,000	798,462	461,462
Charges for services:				
Court related costs	384,000	384,000	255,911	(128,089)
Law enforcement and traffic control	6,000	6,000	5,080	(920)
Emergency medical services	2,200,000	2,200,000	2,358,169	158,169
Parks and recreation	3,349,000	3,349,000	3,961,769	612,769
Recycling fees	925,000	925,000	1,014,112	89,112
Landfill user fees	475,000	475,000	570,588	95,588
Other fees	57,000	57,000	66,493	9,493
Total charges for services	<u>7,396,000</u>	<u>7,396,000</u>	<u>8,232,122</u>	<u>836,122</u>
Miscellaneous revenue:				
Sale of property	85,000	85,000	1,547,761	1,462,761
Miscellaneous	100,000	100,000	281,265	181,265
Total miscellaneous revenue	<u>185,000</u>	<u>185,000</u>	<u>1,829,026</u>	<u>1,644,026</u>
Total revenue from local sources	<u>201,410,000</u>	<u>203,635,212</u>	<u>220,124,847</u>	<u>16,489,635</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	40,000	40,000	60,352	20,352
Railroad rolling stock taxes	55,000	55,000	62,159	7,159
Personal property tax relief	9,770,000	9,770,000	9,770,137	137
Communications sales and use tax	1,220,000	1,220,000	1,182,807	(37,193)
Car rental tax	80,000	80,000	89,398	9,398
Total noncategorical aid	<u>11,165,000</u>	<u>11,165,000</u>	<u>11,164,853</u>	<u>(147)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	665,000	665,000	665,032	32
Sheriff	835,000	835,000	854,938	19,938
Commissioner of the Revenue	210,000	210,000	226,487	16,487
Treasurer	240,000	240,000	236,067	(3,933)
Registrar/Electoral Board	88,000	88,000	92,380	4,380
Clerk of the Circuit Court	595,000	595,000	613,955	18,955
Total shared expenses	<u>2,633,000</u>	<u>2,633,000</u>	<u>2,688,859</u>	<u>55,859</u>
Other categorical aid:				
Wireless Board	280,000	280,000	262,395	(17,605)
Commission of the arts	4,500	4,500	4,500	-
Spay and Neuter animal support	-	-	2,790	2,790
HB 599 payments	1,469,000	1,469,000	1,614,622	145,622
DMV Select	130,000	130,000	106,504	(23,496)
Total other categorical aid	<u>1,883,500</u>	<u>1,883,500</u>	<u>1,990,811</u>	<u>107,311</u>
Total categorical aid	<u>4,516,500</u>	<u>4,516,500</u>	<u>4,679,670</u>	<u>163,170</u>
Total from the Commonwealth	<u>15,681,500</u>	<u>15,681,500</u>	<u>15,844,523</u>	<u>163,023</u>
Revenue from the federal government:				
Payments in lieu of taxes	8,500	8,500	9,164	664
Total from the federal government	<u>8,500</u>	<u>8,500</u>	<u>9,164</u>	<u>664</u>
Total revenues	<u>\$ 217,100,000</u>	<u>\$ 219,325,212</u>	<u>\$ 235,978,534</u>	<u>\$ 16,653,322</u>

(Continued)

County of James City, Virginia
 Budgetary Comparison Schedule - General Fund (Unaudited)
 Year ended June 30, 2023

<u>Fund, major and minor expenditure source</u>	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
General government administration:				
Legislative:				
Board of supervisors	\$ 190,980	\$ 190,980	\$ 187,260	\$ 3,720
General and financial administration:				
County administrator	1,337,410	1,356,954	1,316,791	40,163
County Attorney	583,410	693,200	586,432	106,768
Human resources	854,565	1,108,172	828,250	279,922
Commissioner of the Revenue	1,063,310	1,083,038	1,024,598	58,440
Real estate assessments	880,710	895,777	807,980	87,797
Treasurer	1,630,505	1,646,272	1,367,097	279,175
Financial management services	1,545,880	747,545	666,741	80,804
Accounting	418,975	329,568	223,507	106,061
Purchasing	355,230	369,316	356,948	12,368
Risk management	-	920,399	803,630	116,769
Information Resource Management	5,489,830	5,066,662	6,396,175	(1,329,513)
Fleet maintenance	1,322,100	1,369,486	1,463,721	(94,235)
Total general and financial administration	<u>15,481,925</u>	<u>15,586,389</u>	<u>15,841,870</u>	<u>(255,481)</u>
Board of elections:				
Office of Elections	915,820	918,252	727,062	191,190
Total general government administration	<u>16,588,725</u>	<u>16,695,621</u>	<u>16,756,192</u>	<u>(60,571)</u>
Judicial administration:				
Courts:				
Circuit court and judicial services	173,315	175,049	148,309	26,740
General district court	50,775	47,276	14,845	32,431
Juvenile and domestic relations district court	29,045	26,296	15,576	10,720
Clerk of the circuit court	1,089,140	1,105,795	1,047,448	58,347
Sheriff	1,640,205	1,665,974	1,511,817	154,157
9th judicial district	7,035	7,583	10,541	(2,958)
Court services and juvenile detention	320,815	320,267	321,042	(775)
Courthouse	721,570	868,137	613,727	254,410
Total courts	<u>4,031,900</u>	<u>4,216,377</u>	<u>3,683,305</u>	<u>533,072</u>
Commonwealth's attorney	1,355,845	1,376,157	1,439,220	(63,063)
Total judicial administration	<u>5,387,745</u>	<u>5,592,534</u>	<u>5,122,525</u>	<u>470,009</u>
Public safety:				
Law enforcement and traffic control:				
Police department	13,130,855	13,583,233	12,005,312	1,577,921
Emergency communications	3,733,235	3,739,208	3,296,315	442,893
Total law enforcement and traffic control	<u>16,864,090</u>	<u>17,322,441</u>	<u>15,301,627</u>	<u>2,020,814</u>
Fire and rescue services:				
Fire department and emergency medical services	14,967,645	15,287,155	15,946,054	(658,899)
Correction and detention:				
Regional jail	2,210,060	2,182,524	1,995,991	186,533
Inspections:				
Building and safety permits	1,587,810	1,801,684	1,436,711	364,973
Other protection:				
Animal control	244,305	298,987	244,624	54,363
Emergency management	294,675	291,654	364,554	(72,900)
Total other protection	<u>538,980</u>	<u>590,641</u>	<u>609,178</u>	<u>(18,537)</u>
Total public safety	<u>36,168,585</u>	<u>37,184,445</u>	<u>35,289,561</u>	<u>1,894,884</u>

(Continued)

County of James City, Virginia
 Budgetary Comparison Schedule - General Fund (Unaudited)
 Year ended June 30, 2023

<u>Fund, major and minor expenditure source</u>	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Public works:				
Sanitation and waste removal:				
Grounds maintenance	\$ 3,294,170	\$ 3,731,658	\$ 2,660,114	\$ 1,071,544
Solid waste and recycling	2,587,905	2,698,301	2,442,742	255,559
Total sanitation and waste removal	<u>5,882,075</u>	<u>6,429,959</u>	<u>5,102,856</u>	<u>1,327,103</u>
Maintenance of general buildings and grounds:				
Facilities management	6,292,670	6,402,663	5,881,660	521,003
Total public works	<u>12,174,745</u>	<u>12,832,622</u>	<u>10,984,516</u>	<u>1,848,106</u>
Health and human services:				
Local health department	399,945	427,481	427,481	-
Behavioral health and development services	2,741,200	2,751,950	2,751,952	(2)
Total health and human services	<u>3,141,145</u>	<u>3,179,431</u>	<u>3,179,433</u>	<u>(2)</u>
Education:				
School board administration	<u>87,304,835</u>	<u>87,304,835</u>	<u>78,622,373</u>	<u>8,682,462</u>
Parks, recreation and cultural:				
Parks and recreation:				
Administration and recreation services	7,137,505	7,361,392	6,811,779	549,613
Community centers	495,980	507,382	385,199	122,183
Park operations	554,945	744,545	491,866	252,679
Total parks and recreation	<u>8,188,430</u>	<u>8,613,319</u>	<u>7,688,844</u>	<u>924,475</u>
Library:				
Regional library	5,564,800	5,564,800	5,564,800	-
Total parks, recreation and cultural	<u>13,753,230</u>	<u>14,178,119</u>	<u>13,253,644</u>	<u>924,475</u>
Community development:				
Planning and community development:				
Planning	1,020,105	1,184,331	1,074,972	109,359
Community Development	589,365	647,587	587,820	59,767
Zoning enforcement	372,380	353,086	318,321	34,765
Economic development	612,310	614,166	316,981	297,185
Contributions to Outside Agencies	1,174,735	1,174,735	1,148,020	26,715
Regional transportation	708,760	708,760	708,760	-
Total planning and community development	<u>4,477,655</u>	<u>4,682,665</u>	<u>4,154,874</u>	<u>527,791</u>
Environmental management:				
Stormwater & Resource protection	2,406,835	2,601,057	2,325,766	275,291
Total community development	<u>6,884,490</u>	<u>7,283,722</u>	<u>6,480,640</u>	<u>803,082</u>
Nondepartmental:				
Miscellaneous	147,815	127,065	-	127,065
Total nondepartmental	<u>147,815</u>	<u>127,065</u>	<u>-</u>	<u>127,065</u>
Debt service:				
Lease financing - principal	-	257,578	257,578	-
Lease financing - interest	-	20,354	20,354	-
Subscription financing - principal	-	681,158	681,158	-
Total debt service	<u>-</u>	<u>959,090</u>	<u>959,090</u>	<u>-</u>
Total expenditures	<u>181,551,315</u>	<u>185,337,484</u>	<u>170,647,974</u>	<u>14,689,510</u>
Excess of revenues over expenditures	<u>35,548,685</u>	<u>33,987,728</u>	<u>65,330,560</u>	<u>31,342,832</u>
Other financing sources (uses):				
Transfers in	108,100	108,100	454,797	346,697
Transfers out	(35,656,785)	(48,540,282)	(51,449,155)	(2,908,873)
Proceeds from leases	-	-	282,695	282,695
Proceeds from subscriptions	-	-	2,232,858	2,232,858
Total other financing uses, net	<u>(35,548,685)</u>	<u>(48,432,182)</u>	<u>(48,478,805)</u>	<u>(46,623)</u>
Net change in fund balance	<u>-</u>	<u>(14,444,454)</u>	<u>16,851,755</u>	<u>31,296,209</u>
Fund balance, beginning of year	<u>-</u>	<u>14,444,454</u>	<u>96,675,305</u>	<u>82,230,851</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,527,060</u>	<u>\$ 113,527,060</u>

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

County of James City, Virginia
Budgetary Comparison Schedule
Grants and Special Projects Fund

The Grants and Special Projects Fund is a special revenue fund used to account for the financial resources related to grants and special projects. Revenues are primarily derived from intergovernmental grants awarded to the County as well as funding from local and other sources to support special projects. Primary expenditures are as allowed under the specific grant or project requirements and relate to public safety; public works; health and human services; parks, recreation, and culture; judicial administration; community development; education; and the general administration of the County.

County of James City, Virginia
 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)
 Grants and Special Projects Fund
 Year ended June 30, 2023

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:				
Miscellaneous	\$ -	\$ 963,986	\$ 545,738	\$ (418,248)
Intergovernmental:				
Commonwealth	1,303,000	4,213,778	1,665,185	(2,548,593)
Federal	39,978	16,152,342	3,352,908	(12,799,434)
Total revenues	<u>1,342,978</u>	<u>21,330,106</u>	<u>5,563,831</u>	<u>(15,766,275)</u>
Expenditures:				
Current:				
General government administration	50,000	2,185,804	152,178	2,033,626
Judicial administration	233,000	591,113	412,145	178,968
Public safety	39,978	2,650,078	1,883,507	766,571
Public works	-	633,791	73,220	560,571
Health and human services	1,455,000	2,382,220	2,181,275	200,945
Education	-	677,081	-	677,081
Parks, recreation and cultural	-	9,243,666	353,693	8,889,973
Community development	1,750,000	13,120,515	2,251,638	10,868,877
Total expenditures	<u>3,527,978</u>	<u>31,484,268</u>	<u>7,307,656</u>	<u>24,176,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,185,000)</u>	<u>(10,154,162)</u>	<u>(1,743,825)</u>	<u>8,410,337</u>
Other financing sources (uses):				
Transfers in	2,165,000	2,452,484	2,452,484	-
Transfers out	-	-	(340,649)	(340,649)
Total other financing sources (uses), net	<u>2,165,000</u>	<u>2,452,484</u>	<u>2,111,835</u>	<u>(340,649)</u>
Net change in fund balance	<u>(20,000)</u>	<u>(7,701,678)</u>	<u>368,010</u>	<u>(8,069,688)</u>
Fund balance, beginning of year	20,000	7,701,678	7,803,389	(101,711)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,171,399</u>	<u>\$ (8,171,399)</u>

See accompanying report of independent auditor.

County of James City, Virginia
 Schedule of Changes in the Net Pension Liability and Related Ratios (1)
 Required Supplementary Information (Unaudited)

Year ended June 30,*	Component unit - Service Authority		Component unit - Service Authority		Component unit - Service Authority		Component unit - Service Authority		Component unit - Service Authority		Component unit - Service Authority		Component unit - Service Authority		Component unit - Service Authority			
	County	2015	County	2016	County	2017	County	2018	County	2019	County	2020	County	2021	County	2022	County	2023
Total pension liability																		
Service cost	\$ 4,376,092	\$ 417,066	\$ 4,416,137	\$ 430,269	\$ 4,398,469	\$ 404,294	\$ 4,344,463	\$ 411,137	\$ 4,233,955	\$ 379,365	\$ 4,329,341	\$ 378,585	\$ 4,498,054	\$ 400,579	\$ 4,539,185	\$ 393,653	\$ 4,837,048	\$ 387,269
Interest	9,996,496	913,818	10,586,624	978,647	11,164,260	1,032,165	11,561,915	1,104,651	12,034,506	1,132,686	12,600,514	1,198,755	12,930,800	1,265,059	13,977,620	1,317,521	15,493,524	1,441,308
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-	(4,186,347)	-	3,287,161	26,989	-	-	-	817,428
Differences between expected and actual experience	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	252,227	(146,331)	(2,733,673)	128,139	(554,290)	(213,521)	(258,300)	62,537	1,286,792	182,506	4,023,942	(172,618)	8,045	(27,793)	(1,746,972)	-
Benefit payments, including refunds of employee contributions	(5,223,843)	(376,365)	(6,660,511)	(433,146)	(7,345,595)	(562,945)	(6,950,943)	(495,181)	(7,656,974)	(637,522)	(8,191,674)	(623,967)	(8,736,556)	(756,401)	(9,726,471)	(729,183)	(10,352,191)	(859,354)
Net change in total pension liability	9,148,745	954,519	8,594,477	829,439	5,483,461	1,001,653	7,104,313	471,659	8,353,187	937,066	11,832,502	1,682,754	16,003,401	763,608	17,933,647	1,511,691	8,231,409	1,786,651
Total pension liability, beginning	145,419,002	13,242,723	154,567,747	14,197,242	163,162,224	15,026,681	168,645,685	16,028,334	175,749,998	16,499,993	184,103,185	17,437,059	195,935,687	19,119,813	211,939,088	19,883,421	229,872,735	21,395,112
Total pension liability, ending (a)	\$ 154,567,747	\$ 14,197,242	\$ 163,162,224	\$ 15,026,681	\$ 168,645,685	\$ 16,028,334	\$ 175,749,998	\$ 16,499,993	\$ 184,103,185	\$ 17,437,059	\$ 195,935,687	\$ 19,119,813	\$ 211,939,088	\$ 19,883,421	\$ 229,872,735	\$ 21,395,112	\$ 238,104,144	\$ 23,181,763
Plan fiduciary net position																		
Contributions - employer	4,362,691	308,820	4,065,806	329,381	4,133,647	336,720	3,536,962	288,588	3,660,271	297,525	3,662,166	235,463	3,904,631	243,251	4,535,863	271,540	4,743,535	295,888
Contributions - employee	1,909,429	197,188	1,844,202	193,349	1,870,648	197,261	1,934,998	210,624	1,952,900	204,311	2,023,105	212,351	1,927,807	220,872	1,960,133	219,619	2,057,224	241,614
Net investment income	18,931,089	1,802,418	6,365,577	612,704	2,508,354	245,617	17,721,493	1,734,000	11,930,106	1,174,317	11,422,082	1,128,516	3,361,921	340,716	48,333,112	4,896,608	(223,827)	(23,391)
Benefit payments, including refunds of employee contributions	(5,223,843)	(376,365)	(6,660,511)	(433,146)	(7,345,595)	(562,945)	(6,950,943)	(495,181)	(7,656,974)	(637,522)	(8,191,674)	(623,967)	(8,736,556)	(756,401)	(9,726,471)	(729,183)	(10,352,191)	(859,354)
Administrative expense	(100,186)	(9,511)	(86,580)	(8,173)	(89,515)	(8,604)	(101,649)	(9,804)	(102,498)	(10,045)	(112,707)	(11,054)	(117,595)	(11,611)	(120,157)	(12,988)	(137,959)	(14,003)
Other	998	95	(1,349)	(130)	(1,066)	(104)	(15,816)	(1,553)	(10,651)	(1,050)	(3,597,077)	(713)	12,497	(403)	4,559	463	5,128	521
Net change in plan fiduciary net position	19,880,178	1,922,645	5,527,145	693,985	1,076,473	207,945	16,125,045	1,726,674	9,773,153	1,027,536	5,205,895	940,596	352,705	36,424	44,987,039	4,646,959	(3,908,090)	(358,725)
Plan fiduciary net position, beginning	119,228,777	11,335,104	139,108,955	13,257,749	144,636,100	13,951,734	145,712,573	14,159,679	161,837,618	15,886,353	171,610,771	16,913,889	176,816,666	17,854,485	177,169,371	17,890,909	222,156,410	22,537,868
Plan fiduciary net position, ending (b)	139,108,955	13,257,749	144,636,100	13,951,734	145,712,573	14,159,679	161,837,618	15,886,353	171,610,771	16,913,889	176,816,666	17,854,485	177,169,371	17,890,909	222,156,410	22,537,868	218,248,320	22,179,143
Net pension liability (a) - (b)	\$ 15,458,792	\$ 939,493	\$ 18,526,124	\$ 1,074,947	\$ 22,933,112	\$ 1,868,655	\$ 13,912,380	\$ 613,640	\$ 12,492,414	\$ 523,170	\$ 19,119,021	\$ 1,265,328	\$ 34,769,717	\$ 1,992,512	\$ 7,716,325	\$ (1,142,756)	\$ 19,855,824	\$ 1,002,620
Plan fiduciary net position as a percentage of the total pension liability	90.00%	93.38%	88.65%	92.85%	86.40%	88.34%	92.08%	96.28%	93.21%	97.00%	90.24%	93.38%	83.59%	89.98%	96.64%	105.34%	91.66%	95.67%
Covered payroll	\$ 37,347,889	\$ 3,943,686	\$ 36,788,968	\$ 3,897,762	\$ 36,788,968	\$ 4,026,779	\$ 38,853,860	\$ 4,083,082	\$ 40,475,381	\$ 4,230,543	\$ 40,710,451	\$ 4,445,820	\$ 40,413,598	\$ 4,673,979	\$ 40,918,484	\$ 4,675,862	\$ 43,073,802	\$ 5,198,520
Net pension liability as a percentage of the total covered payroll	41.39%	23.82%	50.36%	27.58%	62.34%	46.41%	35.81%	15.03%	30.86%	12.37%	46.96%	28.46%	86.03%	42.63%	18.86%	-24.44%	46.10%	19.29%

(1) This schedule is intended to present 10 years of information. GASB 68 and 71 were implemented in fiscal year 2015, and additional years will be presented as the information becomes available.

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

County of James City, Virginia
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (1)
Required Supplementary Information (Unaudited)

Year ended June 30,*	Component unit - Public Schools' Non-professional								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability									
Service cost	\$ 507,972	\$ 526,136	\$ 540,481	\$ 523,460	\$ 506,887	\$ 485,858	\$ 552,167	\$ 545,063	\$ 477,779
Interest	1,021,383	1,087,945	1,157,021	1,222,200	1,254,419	1,297,224	1,309,428	1,366,821	1,530,373
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(13,491)	(122,658)	(318,599)	(287,441)	(426,300)	78,555	324,773	202,069
Changes in assumptions	-	-	-	(236,957)	-	528,041	-	813,135	-
Benefit payments, including refunds of employee contributions	(570,189)	(586,736)	(640,852)	(646,577)	(813,097)	(911,625)	(1,123,687)	(1,056,098)	(1,153,064)
Net change in total pension liability	959,166	1,013,854	933,992	543,527	660,768	973,198	816,463	1,993,694	1,057,157
Total pension liability, beginning	14,876,279	15,835,445	16,849,299	17,783,291	18,326,818	18,987,586	19,960,784	20,777,247	22,770,941
Total pension liability, ending (a)	\$ 15,835,445	\$ 16,849,299	\$ 17,783,291	\$ 18,326,818	\$ 18,987,586	\$ 19,960,784	\$ 20,777,247	\$ 22,770,941	\$ 23,828,098
Plan fiduciary net position									
Contributions - employer	435,519	372,141	369,942	233,501	224,276	173,657	172,426	158,331	163,014
Contributions - employee	237,728	256,454	256,786	257,483	249,325	268,278	279,227	255,416	266,640
Net investment income	2,265,304	764,646	309,381	2,158,117	1,451,191	1,377,110	404,254	5,804,084	(20,911)
Benefit payments, including refunds of employee contributions	(570,189)	(586,736)	(640,852)	(646,577)	(813,097)	(911,625)	(1,123,687)	(1,056,098)	(1,153,064)
Administrative expense	(12,002)	(10,296)	(10,703)	(12,355)	(12,546)	(13,730)	(14,290)	(14,667)	(16,643)
Other	120	(162)	(130)	(1,926)	(1,291)	(866)	(483)	545	606
Net change in plan fiduciary net position	2,356,480	796,047	284,424	1,988,243	1,097,858	892,824	(282,553)	5,147,611	(760,358)
Plan fiduciary net position, beginning	14,283,651	16,640,131	17,436,178	17,720,602	19,708,845	20,806,703	21,699,527	21,416,974	26,564,585
Plan fiduciary net position, ending (b)	16,640,131	17,436,178	17,720,602	19,708,845	20,806,703	21,699,527	21,416,974	26,564,585	25,804,227
Net pension liability (asset) (a) - (b)	\$ (804,686)	\$ (586,879)	\$ 62,689	\$ (1,382,027)	\$ (1,819,117)	\$ (1,738,743)	\$ (639,727)	\$ (3,793,644)	\$ (1,976,129)
Plan fiduciary net position as a percentage of the total pension liability	105.08%	103.48%	99.65%	107.54%	109.58%	108.71%	103.08%	116.66%	108.29%
Covered payroll	\$ 4,812,365	\$ 5,154,307	\$ 5,123,850	\$ 5,000,257	\$ 4,802,484	\$ 4,905,565	\$ 4,870,819	\$ 5,556,149	\$ 5,858,963
Net pension liability (asset) as a percentage of the total covered payroll	-16.72%	-11.39%	1.22%	-27.64%	-37.88%	-35.44%	-13.13%	-68.28%	-33.73%

(1) This schedule is intended to present 10 years of information. GASB 68 and 71 were implemented in fiscal year 2015, and additional years will be presented as the information becomes available.

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

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

County of James City, Virginia
 Schedule of Employer's Share of Net Pension Liability (1)
 Required Supplementary Information (Unaudited)

Year ended June 30,*	Component unit - Public Schools' Professional								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employer's proportion of the net pension liability	0.85987%	0.87896%	0.87104%	0.86356%	0.84943%	0.86221%	0.85779%	0.83377%	0.85716%
Employer's proportionate share of the net pension liability	\$ 103,913,000	\$ 110,629,000	\$ 122,069,000	\$ 106,201,000	\$ 99,893,000	\$ 113,471,736	\$ 124,830,972	\$ 64,726,377	\$ 81,606,763
Employer's covered payroll	\$ 62,882,350	\$ 65,034,559	\$ 65,800,057	\$ 67,052,585	\$ 67,353,977	\$ 70,456,378	\$ 72,905,344	\$ 73,604,525	\$ 79,775,536
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	165.25%	170.11%	185.52%	158.38%	148.31%	161.05%	171.22%	87.94%	102.30%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%	74.81%	73.51%	71.47%	85.46%	82.61%

(1) This schedule is intended to present 10 years of information. GASB 68 and 71 were implemented in fiscal year 2015, and additional years will be presented as the information becomes available.

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

County of James City, Virginia
 Schedule of Employer Pension Contributions (1)
 Required Supplementary Information (Unaudited)

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution		Contribution deficiency (excess)*		Employer's covered payroll		Contributions as a % of covered payroll	
	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority
2015	\$ 4,090,933	\$ 330,920	\$ 4,091,153	\$ 330,920	\$ 220	\$ -	\$ 36,788,968	\$ 3,897,762	11.12%	8.49%
2016	4,190,228	341,874	4,190,244	341,874	16	-	37,681,907	4,026,779	11.12%	8.49%
2017	3,640,607	297,668	3,640,677	297,668	70	-	38,853,860	4,083,082	9.37%	7.29%
2018	3,792,543	308,672	3,793,308	308,672	765	-	40,475,381	4,230,543	9.37%	7.30%
2019	3,814,569	250,534	3,816,392	250,534	1,823	-	40,710,451	4,445,820	9.37%	5.64%
2020	4,085,815	265,027	4,085,863	265,027	48	-	40,413,598	4,673,979	10.11%	5.67%
2021	4,535,863	271,540	4,535,863	271,540	-	-	40,918,484	4,675,862	11.09%	5.81%
2022	4,743,535	295,888	4,743,535	295,888	-	-	43,073,802	5,198,520	11.01%	5.69%
2023	5,903,389	341,006	5,903,389	341,006	-	-	46,865,712	5,881,716	12.60%	5.80%

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution		Contribution deficiency (excess)		Employer's covered payroll		Contributions as a % of covered payroll	
	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional
2015	\$ 372,141	\$ 9,430,011	\$ 372,141	\$ 9,430,011	\$ -	\$ -	\$ 5,154,307	\$ 65,034,559	7.22%	14.50%
2016	369,942	9,251,488	369,942	9,251,488	-	-	5,123,850	65,800,057	7.22%	14.06%
2017	233,512	9,829,909	233,512	9,829,909	-	-	5,000,257	67,052,585	4.67%	14.66%
2018	224,276	10,992,169	224,276	10,992,169	-	-	4,802,484	67,353,977	4.67%	16.32%
2019	173,657	11,047,560	173,657	11,047,560	-	-	4,905,565	70,456,378	3.54%	15.68%
2020	172,427	11,431,558	172,427	11,431,558	-	-	4,870,819	72,905,344	3.54%	15.68%
2021	158,334	11,795,307	158,334	11,795,307	-	-	5,556,149	73,604,525	2.85%	16.03%
2022	163,014	12,731,972	163,014	12,731,972	-	-	5,858,963	79,775,536	2.78%	15.96%
2023	206,318	13,448,721	206,318	13,448,721	-	-	6,165,355	84,788,694	3.35%	15.86%

(1) This schedule is intended to present 10 years of information. GASB 68 and 71 were implemented in fiscal year 2015, and additional years will be presented as the information becomes available.

* Excess contributions are a result of an amount due for retroactive payment for a prior fiscal year.

County of James City, Virginia
 Schedule of Employer's Share of Retiree Healthcare OPEB Liability (1) (2)
 Required Supplementary Information (Unaudited)

Measurement date as of June 30,	Component unit - Service County Authority		Component unit - Service County Authority		Component unit - Service County Authority		Component unit - Service County Authority		Component unit - Service County Authority		Component unit - Service County Authority	
	2018		2019		2020		2021		2022		2023	
Employer's proportion of the County's Retiree Healthcare OPEB Liability	77.59%	7.35%	77.59%	7.35%	78.42%	7.30%	78.42%	7.30%	81.72%	6.46%	81.72%	6.46%
Employer's proportionate share of the County's Retiree Healthcare OPEB Liability	\$ 4,296,213	\$ 406,742	\$ 4,571,936	\$ 432,969	\$ 4,097,564	\$ 381,436	\$ 4,649,834	\$ 432,846	\$ 3,598,216	\$ 284,440	\$ 3,264,216	\$ 258,038
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected average remaining service years of all participants	7	7	7	7	6	6	6	6	5	5	5	5

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

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

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

County of James City, Virginia
 Schedule of Changes in the Net OPEB - Retiree Healthcare (RH) Liability and Related Ratios (1) (2)
 Required Supplementary Information (Unaudited)

Year ended June 30,*	Component Unit - Public Schools' Non-professional					
	2018	2019	2020	2021	2022	2023
Total OPEB - RH liability						
Service cost	\$ 457,670	\$ 432,740	\$ 448,112	\$ 580,721	\$ 657,420	\$ 551,331
Interest cost	126,557	165,148	180,316	158,452	142,801	98,456
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(270,907)	(487,307)	(180,989)	(370,916)	(38,738)
Changes in assumptions	(244,756)	(13,843)	(61,871)	249,100	(879,609)	(477,580)
Changes in proportions	-	-	-	-	-	-
Benefit payments	(127,182)	64,113	(9,510)	(21,200)	(282,806)	(138,264)
Net change in total OPEB - RH liability	212,289	377,251	69,740	786,084	(733,110)	(4,795)
Total OPEB - RH liability, beginning	4,504,186	4,716,475	5,093,726	5,163,466	5,949,550	5,216,440
Total OPEB - RH liability, ending (a)	\$ 4,716,475	\$ 5,093,726	\$ 5,163,466	\$ 5,949,550	\$ 5,216,440	\$ 5,211,645
Plan fiduciary net position - RH						
Contributions - employer	206,794	(64,113)	9,510	21,200	293,622	150,218
Net investment income	-	-	-	-	-	-
Benefit payments	(206,794)	64,113	(9,510)	(21,200)	(282,806)	(138,264)
Administrative expense	-	-	-	-	(10,816)	(11,954)
Net change in plan fiduciary net position - RH	-	-	-	-	-	-
Plan fiduciary net position - RH, beginning	-	-	-	-	-	-
Plan fiduciary net position - RH, ending (b)	-	-	-	-	-	-
OPEB - RH liability (a) - (b)	\$ 4,716,475	\$ 5,093,726	\$ 5,163,466	\$ 5,949,550	\$ 5,216,440	\$ 5,211,645
Plan fiduciary net position - RH as a percentage of the total OPEB - RH liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected average remaining service years of all participants	7	7	7	7	6	6

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

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

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

County of James City, Virginia
 Schedule of Changes in the Net OPEB - Health Insurance Credit (HIC) Liability (1)
 Required Supplementary Information (Unaudited)

	Component unit -		Component unit -		Component unit -		Component unit -		Component unit -		Component unit -	
	County	Service Authority	County	Service Authority	County	Service Authority	County	Service Authority	County	Service Authority	County	Service Authority
Year ended June 30,*	2018		2019		2020		2021		2022		2023	
Total OPEB - HIC liability												
Service cost	\$ 29,486	\$ 3,682	\$ 29,285	\$ 3,588	\$ 31,239	\$ 3,579	\$ 28,624	\$ 3,812	\$ 29,856	\$ 3,338	\$ 46,706	\$ 2,822
Interest cost	84,387	10,769	86,675	11,121	89,705	11,031	91,010	11,040	94,908	11,465	100,817	11,172
Changes of benefit terms	-	-	-	-	(36,541)	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	12,586	(7,706)	32,810	(3,892)	32,494	(113)	(10,093)	(13,932)	(112,702)	1,335
Changes in assumptions	(10,761)	(3,953)	-	-	36,394	4,095	-	-	26,493	919	118,163	3,212
Benefit payments, including refunds of employee contributions	(53,124)	(3,508)	(87,727)	(7,440)	(82,782)	(9,131)	(90,830)	(8,554)	(97,936)	(8,357)	(102,727)	(9,518)
Net change in total OPEB - HIC liability	49,988	6,990	40,819	(437)	70,825	5,682	61,298	6,185	43,228	(6,567)	50,257	9,023
Total OPEB - HIC liability, beginning	1,232,086	155,602	1,282,074	162,592	1,322,893	162,155	1,393,718	167,837	1,455,016	174,022	1,498,244	167,455
Total OPEB - HIC liability, ending (a)	\$ 1,282,074	\$ 162,592	\$ 1,322,893	\$ 162,155	\$ 1,393,718	\$ 167,837	\$ 1,455,016	\$ 174,022	\$ 1,498,244	\$ 167,455	\$ 1,548,501	\$ 176,478
Plan fiduciary net position - HIC												
Contributions - employer	65,197	8,166	67,836	8,467	74,871	8,002	74,360	8,413	78,543	8,417	82,163	9,357
Contributions - employee	-	-	-	-	-	-	-	-	-	-	-	-
Net investment income	71,316	10,122	49,083	7,150	46,337	6,922	14,671	2,272	191,205	30,356	1,379	172
Benefit payments, including refunds of employee contributions	(53,124)	(3,508)	(87,727)	(7,440)	(82,782)	(9,131)	(90,830)	(8,554)	(97,936)	(8,357)	(102,727)	(9,518)
Administrative expense	(1,170)	(170)	(1,138)	(170)	(1,004)	(151)	(1,374)	(219)	(2,217)	(362)	(1,555)	(256)
Other	3,562	494	(3,562)	(494)	(19,114)	(8)	(2,240)	(1)	-	-	22,419	2,815
Net change in plan fiduciary net position - HIC	85,781	15,104	24,492	7,513	18,308	5,634	(5,413)	1,911	169,595	30,054	1,679	2,570
Plan fiduciary net position - HIC, beginning	612,679	85,165	698,460	100,269	722,952	107,782	741,260	113,416	735,847	115,327	905,442	145,381
Plan fiduciary net position - HIC, ending (b)	698,460	100,269	722,952	107,782	741,260	113,416	735,847	115,327	905,442	145,381	907,121	147,951
Net OPEB - HIC liability (a) - (b)	\$ 583,614	\$ 62,323	\$ 599,941	\$ 54,373	\$ 652,458	\$ 54,421	\$ 719,169	\$ 58,695	\$ 592,802	\$ 22,074	\$ 641,380	\$ 28,527
Plan fiduciary net position - HIC as a percentage of the total OPEB - HIC liability	54.48%	61.67%	54.65%	66.47%	53.19%	67.58%	50.57%	66.27%	60.43%	86.82%	58.58%	83.84%
Covered payroll	\$ 38,853,860	\$ 4,083,082	\$ 40,475,381	\$ 4,230,543	\$ 40,710,451	\$ 4,445,820	\$ 40,413,598	\$ 4,673,979	\$ 40,918,484	\$ 4,675,862	\$ 43,073,802	\$ 5,198,520
Net OPEB - HIC liability as a percentage of the total covered payroll	1.50%	1.53%	1.48%	1.29%	1.60%	1.22%	1.78%	1.26%	1.45%	0.47%	1.49%	0.55%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

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

County of James City, Virginia
Schedule of Changes in the Net OPEB - Health Insurance Credit (HIC) Liability (1)
Required Supplementary Information (Unaudited)

Year ended June 30,*	Component Unit - Public Schools Non-professional					
	2018	2019	2020	2021	2022	2023
Total OPEB - HIC liability						
Service cost	\$ 8,750	\$ 8,619	\$ 7,967	\$ 8,604	\$ 8,696	\$ 5,774
Interest cost	21,536	21,905	21,557	21,755	23,703	25,358
Changes of benefit terms	-	-	-	23,639	-	199,383
Differences between expected and actual experience	-	(16,514)	(2,594)	(765)	6,777	(76,824)
Changes in assumptions	(11,335)	-	7,656	-	9,929	47,991
Benefit payments, including refunds of employee contributions	(6,674)	(20,665)	(17,320)	(23,176)	(25,544)	(35,205)
Net change in total OPEB - HIC liability	<u>12,277</u>	<u>(6,655)</u>	<u>17,266</u>	<u>30,057</u>	<u>23,561</u>	<u>166,477</u>
Total OPEB - HIC liability, beginning	<u>310,991</u>	<u>323,268</u>	<u>316,613</u>	<u>333,879</u>	<u>363,936</u>	<u>387,497</u>
Total OPEB - HIC liability, ending (a)	<u>\$ 323,268</u>	<u>\$ 316,613</u>	<u>\$ 333,879</u>	<u>\$ 363,936</u>	<u>\$ 387,497</u>	<u>\$ 553,974</u>
Plan fiduciary net position - HIC						
Contributions - employer	11,391	11,165	9,260	9,712	9,444	16,404
Contributions - employee	-	-	-	-	-	-
Net investment income	33,666	23,057	21,491	6,935	88,482	883
Benefit payments, including refunds of employee contributions	(6,674)	(20,665)	(17,320)	(23,176)	(25,544)	(35,205)
Administrative expense	(552)	(535)	(466)	(657)	(1,007)	(693)
Other	1,683	(1,683)	(25)	(3)	-	9,500
Net change in plan fiduciary net position - HIC	<u>39,514</u>	<u>11,339</u>	<u>12,940</u>	<u>(7,189)</u>	<u>71,375</u>	<u>(9,111)</u>
Plan fiduciary net position - HIC, beginning	<u>288,259</u>	<u>327,773</u>	<u>339,112</u>	<u>352,052</u>	<u>344,863</u>	<u>416,238</u>
Plan fiduciary net position - HIC, ending (b)	<u>327,773</u>	<u>339,112</u>	<u>352,052</u>	<u>344,863</u>	<u>416,238</u>	<u>407,127</u>
Net OPEB - HIC liability (asset) (a) - (b)	<u>\$ (4,505)</u>	<u>\$ (22,499)</u>	<u>\$ (18,173)</u>	<u>\$ 19,073</u>	<u>\$ (28,741)</u>	<u>\$ 146,847</u>
Plan fiduciary net position - HIC as a percentage of the total OPEB - HIC liability	101.39%	107.11%	105.44%	94.76%	107.42%	73.49%
Covered payroll	\$ 5,000,257	\$ 4,854,348	\$ 5,766,438	\$ 6,070,000	\$ 5,556,149	\$ 5,858,963
Net OPEB - HIC liability as a percentage of the total covered payroll	-0.09%	-0.46%	-0.32%	0.31%	-0.52%	2.51%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

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

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

County of James City, Virginia
 Schedule of Employer's Share of Net OPEB - Group Life Insurance (GLI) Liability (1)
 Required Supplementary Information (Unaudited)

Year ended June 30,*	Component unit - Service Authority		Component unit - Service Authority		Component unit - Service Authority		Component unit - Service Authority		Component unit - Service Authority		Component unit - Service Authority													
	County	2018	County	2019	County	2020	County	2021	County	2022	County	2023												
Employer's proportionate share of the net OPEB - GLI liability		0.21149%	0.02217%	0.21342%	0.02234%	0.20827%	0.02269%	0.19670%	0.02274%	0.19847%	0.02265%	0.19859%	0.02390%											
Employer's proportionate share of the net OPEB - GLI liability	\$	3,183,000	\$	333,000	\$	3,241,000	\$	340,000	\$	3,389,000	\$	369,227	\$	3,282,601	\$	379,494	\$	2,310,729	\$	263,708	\$	2,391,215	\$	287,779
Employer's covered payroll	\$	38,853,860	\$	4,083,082	\$	40,475,381	\$	4,230,543	\$	40,710,451	\$	4,445,820	\$	40,413,598	\$	4,673,979	\$	40,918,484	\$	4,675,862		43,073,802		5,198,520
Employer's proportionate share of the net OPEB - GLI liability as a percentage of its		8.19%	8.16%	8.01%	8.04%	8.32%	8.31%	8.12%	8.12%	5.65%	5.64%	5.55%	5.54%											
Plan fiduciary net position as a % of total OPEB - GLI liability		48.86%	48.86%	51.22%	51.22%	52.00%	52.00%	52.64%	52.64%	67.45%	67.45%	67.21%	67.21%											

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

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

County of James City, Virginia
 Schedule of Employer's Share of Net OPEB - Group Life Insurance (GLI) Liability (1)
 Required Supplementary Information (Unaudited)

Year ended June 30,*	Component Unit - Public Schools											
	Non-professional		Professional		Non-professional		Professional		Non-professional		Professional	
	2018	2018	2019	2019	2020	2020	2021	2021	2022	2022	2023	2023
Employer's proportion of the net OPEB - GLI liability	0.02951%	0.37116%	0.02817%	0.36332%	0.02987%	0.37153%	0.02965%	0.36879%	0.02735%	0.35894%	0.02716%	0.36867%
Employer's proportionate share of the net OPEB - GLI liability	\$ 444,000	\$ 5,585,000	\$ 428,000	\$ 5,518,000	\$ 486,064	\$ 6,045,782	\$ 494,810	\$ 6,154,501	\$ 318,428	\$ 4,179,035	\$ 327,033	\$ 4,439,142
Employer's covered payroll	\$ 5,000,257	\$ 67,052,585	\$ 4,802,484	\$ 67,353,977	\$ 5,844,231	\$ 72,572,692	\$ 6,149,423	\$ 76,495,192	\$ 5,645,747	\$ 74,108,820	\$ 5,907,714	\$ 80,195,631
Employer's proportionate share of the net OPEB - GLI liability as a percentage of its covered payroll	8.88%	8.33%	8.91%	8.19%	8.32%	8.33%	8.05%	8.05%	5.64%	5.64%	5.54%	5.54%
Plan fiduciary net position as a % of total OPEB - GLI liability	48.86%	48.86%	51.22%	51.22%	52.00%	52.00%	52.64%	52.64%	67.45%	67.45%	67.21%	67.21%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

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

County of James City, Virginia
 Schedule of Employer OPEB - Group Life Insurance Contributions (1)
 Required Supplementary Information (Unaudited)

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution		Contribution (deficiency) excess *		Employer's covered payroll		Contributions as a % of covered payroll	
	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority
2018	\$ 210,472	\$ 21,999	\$ 212,091	\$ 22,168	\$ 1,619	\$ 169	\$ 40,475,381	\$ 4,230,543	0.52%	0.52%
2019	211,694	23,118	213,323	21,000	1,629	(2,118)	40,710,451	4,445,820	0.52%	0.47%
2020	210,151	23,131	211,767	24,492	1,616	1,361	40,413,598	4,673,979	0.52%	0.52%
2021	219,323	24,339	221,278	25,063	1,955	724	40,918,484	4,675,862	0.54%	0.54%
2022	230,876	25,250	230,876	27,864	-	2,614	43,073,802	5,198,520	0.54%	0.54%
2023	251,200	28,072	251,200	31,526	-	3,454	46,865,712	5,881,716	0.54%	0.54%

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution		Contribution deficiency		Employer's covered payroll		Contributions as a % of covered payroll	
	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional
Component unit - Public Schools										
2018	\$ 25,165	\$ 352,935	\$ 25,165	\$ 352,935	\$ -	\$ -	\$ 4,802,484	\$ 67,353,977	0.52%	0.52%
2019	30,390	377,378	30,390	377,378	-	-	5,844,231	72,572,693	0.52%	0.52%
2020	31,977	397,775	31,977	397,775	-	-	6,149,423	76,695,192	0.52%	0.52%
2021	30,260	397,270	30,260	397,270	-	-	5,645,747	74,108,820	0.54%	0.54%
2022	31,666	429,466	31,666	429,466	-	-	5,907,714	80,195,631	0.54%	0.54%
2023	33,422	458,241	33,422	458,241	-	-	6,189,259	84,859,444	0.54%	0.54%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

* Excess contributions are a result of an amount due for retroactive payment for a prior fiscal year.

County of James City, Virginia
 Schedule of Employer OPEB - Health Insurance Credit Program Contributions (1)
 Required Supplementary Information (Unaudited)

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution		Contribution deficiency (excess)*		Employer's covered payroll		Contributions as a % of covered payroll	
	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority	County	Component unit - Service Authority
2018	\$ 76,903	\$ 8,461	\$ 67,836	\$ 8,467	\$ (9,067)	\$ 6	\$ 40,475,381	\$ 4,230,543	0.17%	0.20%
2019	77,350	8,002	74,871	8,467	(2,479)	465	40,710,451	4,445,820	0.18%	0.19%
2020	76,786	8,413	74,360	8,413	(2,426)	-	40,413,598	4,673,979	0.18%	0.18%
2021	78,543	8,417	78,541	8,417	(2)	-	40,918,484	4,675,862	0.19%	0.18%
2022	82,163	9,358	82,163	9,358	-	-	43,073,802	5,198,520	0.19%	0.18%
2023	89,781	5,884	89,781	5,884	-	-	46,865,712	5,881,716	0.19%	0.10%

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution		Contribution deficiency (excess)		Employer's covered payroll		Contributions as a % of covered payroll	
	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional	Non-professional	Professional
Component unit - Public Schools										
2018	\$ 11,165	\$ 851,814	\$ 11,165	\$ 851,814	\$ -	\$ -	\$ 4,854,348	\$ 69,253,171	0.23%	1.23%
2019	9,226	864,798	9,226	864,798	-	-	5,766,438	72,066,466	0.16%	1.20%
2020	9,712	905,688	9,712	905,688	-	-	6,070,000	75,474,000	0.16%	1.20%
2021	9,444	890,724	9,444	890,724	-	-	5,556,149	73,604,525	0.17%	1.21%
2022	16,404	965,285	16,404	965,285	-	-	5,858,963	79,775,536	0.28%	1.21%
2023	28,360	1,026,696	28,360	1,026,696	-	-	6,165,217	84,850,909	0.46%	1.21%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

* Excess contributions are a result of an amount due for retroactive payment for a prior fiscal year.

County of James City, Virginia
 Schedule of Employer's Share of Net OPEB - Health Insurance Credit Program (HIC) Liability (1)
 Required Supplementary Information (Unaudited)

Year ended June 30,*	Component Unit - Public Schools' Professional					
	2018	2019	2020	2021	2022	2023
Employer's proportion of the net OPEB - HIC liability	0.86281%	0.85004%	0.86297%	0.86058%	0.83226%	0.85595%
Employer's proportionate share of the net OPEB - HIC liability	\$ 10,946,000	\$ 10,793,000	\$ 11,297,117	\$ 11,226,409	\$ 10,682,633	\$ 10,691,214
Employer's covered payroll	\$ 67,052,585	\$ 69,253,171	\$ 72,066,466	\$ 75,474,000	\$ 73,604,525	\$ 79,775,536
Employer's proportionate share of the net OPEB - HIC liability as a percentage of its covered payroll	16.32%	15.58%	15.68%	14.87%	14.51%	13.40%
Plan fiduciary net position as a % of total OPEB - HIC liability	7.04%	8.08%	8.97%	9.95%	13.15%	15.08%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

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

County of James City, Virginia
 Schedule of Employer's Share of Net OPEB - Virginia Local Disability Program (VLDP) Liability (Asset) (1)
 Required Supplementary Information (Unaudited)

Year ended June 30,*	Component unit - Public Schools											
	Non-professional		Professional		Non-professional		Professional		Non-professional		Professional	
	2018	2018	2019	2019	2020	2020	2021	2021	2022	2022	2023	2023
Employer's proportion of the net OPEB - VLDP liability (asset)	0.75284%	3.31886%	0.67880%	3.37801%	0.68330%	3.28952%	0.65040%	3.13334%	0.55743%	2.91940%	0.50142%	3.37952%
Employer's proportionate share of the net OPEB - VLDP liability (asset)	\$ 4,000	\$ 20,000	\$ 5,000	\$ 25,000	\$ 13,843	\$ 19,124	\$ 6,492	\$ 25,138	\$ (5,643)	\$ (20,553)	\$ (3,302)	\$ (3,669)
Employer's covered payroll	\$ 5,000,257	\$ 67,052,585	\$ 1,648,333	\$ 12,595,806	\$ 2,093,665	\$ 15,633,273	\$ 2,423,750	\$ 18,547,073	\$ 2,239,265	\$ 19,644,936	\$ 2,631,055	\$ 26,262,831
Employer's proportionate share of the net OPEB - VLDP liability (asset) as a percentage of its covered payroll	0.08%	0.03%	0.30%	0.20%	0.66%	0.12%	0.27%	0.14%	-0.25%	-0.10%	-0.13%	-0.01%
Plan fiduciary net position as a % of total OPEB - VLDP liability (asset)	38.40%	31.96%	51.22%	46.18%	49.19%	74.12%	76.84%	78.28%	119.59%	114.46%	107.99%	101.57%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

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

County of James City, Virginia
 Schedule of Employer OPEB - Virginia Local Disability Program Program Contributions (1)
 Required Supplementary Information (Unaudited)

Fiscal year	Contractually required contribution		Contributions in relation to contractually required contribution				Employer's covered payroll		Contributions as a % of covered payroll	
	Non-professional	Professional	Non-professional	Professional	Contribution deficiency (excess)		Non-professional	Professional	Non-professional	Professional
Component unit - Public Schools										
2018	\$ 9,890	\$ 39,047	\$ 9,890	\$ 39,047	\$ -	\$ -	\$ 1,648,333	\$ 12,595,806	0.60%	0.31%
2019	15,074	64,098	15,074	64,098	-	-	2,093,665	15,633,273	0.72%	0.41%
2020	17,451	76,043	17,451	76,043	-	-	2,433,750	18,547,073	0.72%	0.41%
2021	18,585	92,336	18,585	92,336	-	-	2,239,265	19,644,936	0.83%	0.47%
2022	21,838	123,435	21,838	123,435	-	-	2,631,055	26,262,831	0.83%	0.47%
2023	26,087	148,588	26,087	148,588	-	-	3,069,059	31,614,468	0.85%	0.47%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018, and additional years will be presented as the information becomes available.

* Excess contributions are a result of an amount due for retroactive payment for a prior fiscal year.

County of James City, Virginia
Notes to Required Supplementary Information (Unaudited)
June 30, 2023

1) Budgeting and Budgetary Accounting

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

Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget and capital budget include proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund and function level. The total appropriated budget for each fund can be revised only by the Board of Supervisors unless authority has been specifically delegated to the County Administrator in the Appropriations Resolution. However, the County Administrator may transfer budgets within and between the functions. Supplemental appropriations to the original budget were done throughout the year.

Formal budgetary integration is employed as a management control device during the year for those funds with legally adopted annual budgets, which are the General Fund, Debt Service Fund, Capital Projects Fund, and Special Projects Funds (except the Donation Trust Fund). Certain funds such as the Capital Projects Fund and Special Revenue Funds include projects and grants expanding greater than one year and those appropriations remain open and carry over to the succeeding years.

All budgets are adopted on the modified accrual basis of accounting. Appropriations lapse on June 30 for all County funds, except the funds referenced above. The budget presented in the accompanying basic financial statements represents the appropriated budget as of June 30, 2023, as adopted and amended by supplemental appropriations.

2) Pensions - Changes of Benefit Terms

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

3) Pensions, OPEB HIC and VLDP Political Subdivision Plan - 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-Largest 10) – Non-Hazardous Duty and Hazardous Duty:

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

4) OPEB GLI - 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.

See accompanying report of independent auditor.

County of James City, Virginia
Notes to Required Supplementary Information (Unaudited)
June 30, 2023

4) OPEB GLI, Continued

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

	Non-Largest 10 Locality Employers - General Employees and Teachers:	Non-Largest 10 - Hazardous Duty:
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020	Update to PUB2010 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 for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each age and servicedecrement through 9 years of service	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	No change
Salary Scale	No change	No change
Line of Duty Disability	No change	No change
Discount Rate	No change	No change

5) OPEB Retiree Healthcare

Trust Arrangement and Funding Policy: The County, Authority, and Public Schools do not intend to establish a trust to pre-fund the obligation. The anticipated growth in the net OPEB liability is based on contributions to the benefit plan on a pay-as-you-go cost basis.

Changes of Benefit Terms: There have been no actuarially material changes to the benefit provisions since the prior actuarial valuation.

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

<u>Measurement Date</u>	<u>Discount Rate</u>
June 30, 2016	2.85%
June 30, 2017	3.58%
June 30, 2018	3.62%
June 30, 2019	3.13%
June 30, 2020	2.45%
June 30, 2021	1.92%
June 30, 2022	3.69%

6) OPEB GLI, HIC, and VLDP - Changes of Benefit Terms

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

7) OPEB Teacher VLDP Plan - 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.

See accompanying report of independent auditor.

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APPENDIX E
FORM OF BOND COUNSEL OPINION

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*Set forth below is the proposed opinion of Hunton Andrews Kurth LLP, Richmond, Virginia, Bond Counsel.
It is preliminary and subject to change prior to the delivery of the Bonds.*

[Closing Date]

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

Board of Supervisors of
James City County, Virginia
Williamsburg, Virginia

**Economic Development Authority of
James City County, Virginia
\$69,475,000 Public Facility Revenue Bonds
(County Government Projects), Series 2024**

Ladies and Gentlemen:

We have examined the applicable law, including the Industrial Development and Revenue Bond Act (Chapter 49, Title 15.2 of the Code of Virginia of 1950, as amended) (the “Act”) and certified copies of proceedings and documents relating to the organization of the Economic Development Authority of James City County, Virginia (the “Authority”), and the issuance and sale by the Authority of its \$69,475,000 Public Facility Revenue Bonds (County Government Projects), Series 2024 (the “Series 2024 Bonds”), for the benefit of James City County, Virginia (the “County”). Reference is made to the form of the Series 2024 Bonds for information concerning their details, including payment and redemption provisions, and the proceedings pursuant to which they are issued. Terms used but not otherwise defined herein have the same meanings assigned to such terms in the Agreement of Trust dated as of June 1, 2016, as previously supplemented (the “Master Trust Agreement”), and as further supplemented by a Fourth Supplemental Agreement of Trust dated as of December 1, 2024 (the “Supplemental Trust Agreement” and, together with the Master Trust Agreement, the “Trust Agreement”), all between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”).

The Series 2024 Bonds are being issued pursuant to the Trust Agreement on a parity with the outstanding principal amounts of the Authority’s \$26,750,000 Public Facility Revenue Bonds (James City County School Project), Series 2016, \$21,015,000 Public Facility Revenue and Refunding Bonds (County Government Projects), Series 2018, and \$11,030,000 Public Facility Revenue Refunding Bonds (County Government Projects), Series 2021 (collectively, the “Existing Parity Bonds”), in order to loan funds to the County pursuant to the terms of a Financing Agreement dated as of June 1, 2016, as previously supplemented, and as further supplemented by a Third Supplemental Financing Agreement dated as of December 1, 2024 (collectively, the “Financing Agreement”), all between the Authority and the County. The proceeds of such loan will be used to (a) finance certain capital projects, and (b) pay the related costs of issuance.

The Financing Agreement provides for the County to make Basic Payments to the Authority in amounts and on dates expected to be sufficient for payment of principal of and interest on all Bonds (including the Series 2024 Bonds) outstanding under the Trust Agreement. Pursuant to the Trust Agreement, the Authority has assigned certain of its rights under the Financing Agreement, including the right to receive Basic Payments and certain Additional Payments, to the Trustee as security for the Bonds (including the Series 2024 Bonds).

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the Authority and the County as to certain facts relevant to both our opinion and requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Authority and the County have covenanted to comply with the current provisions of the Code, regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2024 Bonds and the timely payment to the United States of any arbitrage rebate amounts

with respect to the Series 2024 Bonds, all as set forth in the proceedings and documents relating to the issuance of the Series 2024 Bonds (the “Covenants”).

Based on the foregoing, in accordance with customary opinion practice and assuming due authorization, execution and delivery of the Documents (as hereinafter defined) by the Trustee, we are of the opinion that:

1. The Authority is a political subdivision of the Commonwealth duly created under the Act and is vested with all rights and powers conferred by the Act.

2. The Series 2024 Bonds (a) have been duly authorized and issued in accordance with the Act and constitute valid and binding limited obligations of the Authority payable as to principal, premium, if any, and interest solely from certain payments made by the County under the Financing Agreement and other funds pledged under the Trust Agreement and (b) are secured on parity with the Existing Parity Bonds and any additional bonds subsequently issued on a parity with the Series 2024 Bonds and the Existing Parity Bonds as provided in the Trust Agreement. The Series 2024 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 County.

3. The Trust Agreement and the Financing Agreement (collectively, the “Documents”) have been duly authorized, executed and delivered, constitute valid and binding obligations of the Authority and the County, as applicable, and are enforceable against the Authority and the County in accordance with their terms. The Fourth Supplemental Trust Agreement and the Third Supplemental Financing Agreement are authorized or permitted by the Master Trust Agreement and comply with its terms. The undertaking by the County to make payments under the Financing Agreement is subject to and dependent upon appropriations made by the Board of Supervisors of the County from time to time of sufficient funds for such purpose. Such undertaking constitutes neither a debt of the County within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the County beyond any fiscal year for which the Board of Supervisors has appropriated moneys for such purpose.

4. The rights of holders of the Series 2024 Bonds and the enforceability of such rights, including the enforcement by the Trustee of the obligations of the Authority and the County under the Documents, as applicable, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity, and by public policy.

5. Under current law, interest, including accrued original issue discount (“OID”), on the Series 2024 Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax, and (c) is taken into account in determining adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. The opinions in (a) and (b) of the preceding sentence are subject to the condition that there is compliance subsequent to the issuance of the Series 2024 Bonds with all requirements of the Code that must be satisfied in order that interest on the Series 2024 Bonds not be included in gross income for federal income tax purposes. Failure by the Authority and the County to comply with the Covenants, among other things, could cause interest, including accrued OID, on the Series 2024 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. In the case of the Series 2024 Bonds maturing in the year 2044 (the “OID Bonds”), the difference between (x) the stated principal amount of the OID Bonds and (y) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of such OID Bonds is sold will constitute OID; OID will accrue for Federal income tax purposes on a constant yield-to-maturity method based on regular compounding; and a holder’s basis in such a Series 2024 Bond will be increased by the amount of OID treated for Federal income tax purposes as having accrued on such Series 2024 Bond while the holder holds the Series 2024 Bond. The Authority and the County may in their discretion, but have not covenanted to, take any and all such actions as may be required by future changes in the Code and applicable regulations in order that interest on the Series 2024 Bonds remain excludable from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences of the ownership of or receipt or accrual of interest on the Series 2024 Bonds. Further, we express no opinion as to the treatment for federal income tax purposes of any interest paid on the Series 2024 Bonds after an event of default or non-appropriation by the Board of Supervisors of the County resulting in a termination of the Financing Agreement.

6. Under current law, interest, including accrued OID, on the Series 2024 Bonds is exempt from income taxation by the Commonwealth of Virginia and any political subdivision thereof.

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. 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 Series 2024 Bonds and the tax-exempt status of interest thereon. Our services have not included financial or other non-legal advice. We express no opinion herein as to the financial resources of the Authority or the County, the ability or willingness of the County to make payments under the Financing Agreement or the accuracy or completeness of any information, including the Authority's Preliminary Official Statement dated November 6, 2024, and its Official Statement dated November 13, 2024, that may have been relied upon by anyone in making the decision to purchase Series 2024 Bonds. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law or the interpretation thereof that may hereafter occur or become effective.

Very truly yours,

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated as of _____, 2024 (the “Disclosure Agreement”), is executed and delivered by the Board of Supervisors of James City County, Virginia, on behalf of James City County, Virginia (the “County”), in connection with the issuance by the Economic Development Authority of James City County, Virginia (the “Issuer”), of its \$69,475,000 Public Facility Revenue Bonds (County Government Projects), Series 2024 (the “Series 2024 Bonds”). The County hereby covenants and agrees as follows:

Section 1. Purpose. This Disclosure Agreement is being executed and delivered by the County for the benefit of the holders of the Series 2024 Bonds and in order to assist the original purchasers of the Series 2024 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 material event notices required by the Rule (collectively, the “Continuing Disclosure”).

Section 2. Annual Disclosure. (a) The County shall provide annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) financial statements of the County, prepared in accordance with generally accepted accounting principles; and

(ii) to the extent not included in (a)(i) above, certain operating data with respect to the County substantially of the type described in Appendix C of the Issuer’s Official Statement dated November 13, 2024, under the subsection “FINANCIAL INFORMATION - Operating Data.”

If the financial statements filed pursuant to Section 2(a)(i) are not audited, the County shall subsequently file such statements as audited when available.

(b) The County shall file annually with the Municipal Securities Rulemaking Board (“MSRB”) the financial information and operating data described in subsection (a) above (collectively, the “Annual Disclosure”) no later than the March 31 following the end of the County’s preceding fiscal year, commencing with the County’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 County shall file with the MSRB in a timely manner the notice specifying any failure of the County to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure. The County 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 Series 2024 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 by 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 Series 2024 Bonds, or other material events affecting the tax status of the Series 2024 Bonds;

- (g) modifications to rights of holders of the Series 2024 Bonds, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasances of all or any portion of the Series 2024 Bonds;
- (j) release, substitution, or sale of property securing repayment of the Series 2024 Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the County; *
- (m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into 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 (hereinafter defined) of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect holders of the Series 2024 Bonds, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the County, any of which reflect financial difficulties;

provided that nothing in this Section (3) shall require the County to maintain any debt service reserve, credit enhancement or credit or liquidity providers with respect to the Series 2024 Bonds or to pledge any property as security for repayment of the Series 2024 Bonds.

The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” does 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 obligation of the County hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Series 2024 Bonds.

Section 5. Amendment. The County may modify its obligations hereunder without the consent of bondholders, provided that the County receives an opinion of nationally recognized bond counsel to the effect that this Disclosure Agreement as so modified complies with the Rule as it exists at the time of modification. The County shall within a reasonable time thereafter file with the MSRB a description of such modification(s).

* For the purposes of the event identified in Subsection (3)(l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Section 6. Defaults. (a) If the County fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Agreement, any holder (within the meaning of the Rule) of the Series 2024 Bonds then outstanding may, by notice to the County, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the County’s covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the County 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 Series 2024 Bonds or the Trust Agreement (as defined in the Official Statement) providing for the issuance of the Series 2024 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 system pursuant to procedures promulgated by the MSRB.

Section 8. Additional Disclosure. The County may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the County 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.

**BOARD OF SUPERVISORS OF
JAMES CITY COUNTY, VIRGINIA, ON
BEHALF OF JAMES CITY COUNTY, VIRGINIA**

Chairman

County Administrator

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APPENDIX G

BOOK ENTRY ONLY SYSTEM

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BOOK-ENTRY ONLY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Series 2024 Bonds, payments of principal of and premium, if any and interest on the Series 2024 Bonds to The Depository Trust Company, New York, New York (“DTC”), its nominee, Participants or Beneficial Owners (each as hereinafter defined), confirmation and transfer of beneficial ownership interests in the Series 2024 Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 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 the Series 2024 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the 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, 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 (“Indirect Participants” and, together with the Direct Participants, the “Participants”). DTC has an S&P 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 Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2024 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, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of the Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 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 Series 2024 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 Series 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024 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 Series 2024 Bonds 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 Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or 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 Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and premium, if any, and interest on the Series 2024 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 Authority or the Registrar, 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 Participant and not of DTC, the Authority or the Trustee subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and premium, if any, and interest on the Series 2024 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2024 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, Series 2024 Bond certificates will be printed and delivered.

The Authority, at the direction of the County, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2024 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 and the County believe to be reliable, but the Authority and the County take no responsibility for the accuracy thereof.

Neither the Authority, the County nor the Trustee has any responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Series 2024 Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Trust Agreement 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 Series 2024 Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Series 2024 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Series 2024 Bonds for all purposes under the Trust Agreement.

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 Series 2024 Bonds without the consent of Beneficial Owners or Bondholders.