

# City of Williamsburg, Virginia



## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2019



CITY OF WILLIAMSBURG, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2019

PREPARED BY:

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Department of Finance

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CITY OF WILLIAMSBURG, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

---

	<u>Page</u>
<b><u>Introductory Section</u></b>	
Letter of Transmittal	I-VIII
GFOA Certificate of Achievement	IX
Organizational Chart	X
List of Elected and Appointed Officials	XI
<b><u>Financial Section</u></b>	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-18
<i>Basic Financial Statements</i>	
<i>Government-wide Financial Statements:</i>	
Exhibit 1 Statement of Net Position	19-20
Exhibit 2 Statement of Activities	21-22
<i>Fund Financial Statements:</i>	
Exhibit 3 Balance Sheet - Governmental Funds	23
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	24
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	25
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Exhibit 7 Statement of Net Position - Proprietary Funds	27-28
Exhibit 8 Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	29
Exhibit 9 Statement of Cash Flows - Proprietary Funds	30
Exhibit 10 Statement of Fiduciary Net Position - Fiduciary Funds	31
Notes to Financial Statements	32-86

CITY OF WILLIAMSBURG, VIRGINIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

<u>Financial Section (Continued)</u>	<u>Page</u>
<b><u>Required Supplementary Information:</u></b>	
Exhibit 11 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	87
Exhibit 12 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Special Revenue Fund	88
Exhibit 13 Schedule of Changes in Net Pension Liability and Related Related Ratios	89-90
Exhibit 14 Schedule of Employer Contributions - Pension Plan	91
Exhibit 15 Notes to Required Supplementary Information - Pension Plan	92
Exhibit 16 Schedule of City's Share of Net OPEB Liability - Group Life Insurance	93
Exhibit 17 Schedule of Employer Contributions - Group Life Insurance	94
Exhibit 18 Notes to Required Supplementary Information - Group Life Insurance	95-96
Exhibit 19 Schedule of Employer's Share of Net LODA OPEB Liability - Line of Duty Act Program (LODA)	97
Exhibit 20 Schedule of Employer Contributions - Line of Duty Act Program (LODA)	98
Exhibit 21 Notes to Required Supplementary Information-- Line of Duty Act Program (LODA)	99
<b><u>Other Supplementary Information:</u></b>	
Exhibit 22 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Projects Fund	100
Exhibit 23 Combining Balance Sheet - Nonmajor Special Revenue Funds	101
Exhibit 24 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	102
Exhibit 25 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds	103-104
Exhibit 26 Combining Statement of Fiduciary Net Position - Fiduciary Funds	105
Exhibit 27 Combining Statement of Changes in Assets and Liabilities - Agency Funds	106-107
<b><u>Supporting Schedules:</u></b>	
Schedule 1 Schedule of Revenues - Budget and Actual - Governmental Funds	108-112
Schedule 2 Schedule of Expenditures - Budget and Actual - Governmental Funds	113-117

CITY OF WILLIAMSBURG, VIRGINIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

<u>Statistical Section</u>	<u>Page</u>
Table 1      Net Position by Component	118-119
Table 2      Changes in Net Position	120-123
Table 3      Fund Balances of Governmental Funds	124-125
Table 4      Changes in Fund Balances of Governmental Funds	126-127
Table 5      Tax Revenues by Source, Governmental Funds	128-129
Table 6      Assessed Value and Estimated Actual Value of Taxable Property	130
Table 7      Direct Tax Rates	131
Table 8      Principal Real Estate Property Taxpayers	132
Table 9      Property Tax Levies and Collections	133
Table 10     Ratios of Outstanding Debt by Type	134
Table 11     Ratios of General Bonded Debt Outstanding	135
Table 12     Legal Debt Margin Information	136-137
Table 13     Demographic and Economic Statistics	138
Table 14     Principal Employers	139
Table 15     Full-time Equivalent City Employees by Function/Program	140
Table 16     Operating Indicators by Function/Program	141
Table 17     Capital Asset Statistics by Function	142
<u>Compliance Section</u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	143-144
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	145-146
Schedule of Expenditures of Federal Awards	147
Notes to Schedule of Expenditures of Federal Awards	148
Schedule of Findings and Questioned Costs	149
Summary Schedule of Prior Audit Findings	150

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## CITY OF WILLIAMSBURG

*Department of Finance*

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November 15, 2019

To the Honorable Mayor, Members of City Council, and Citizens of the City of Williamsburg:

The Comprehensive Annual Financial Report (CAFR) of the City of Williamsburg, Virginia, for the fiscal year ended June 30, 2019, is submitted herewith in accordance with Section 15.2-2511 of the Code of Virginia. This report is designed in a manner to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds in conformity with accounting principles generally accepted in the United States of America (GAAP). We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs are included. This report has been prepared by the Department of Finance in accordance with all governmental accounting and financial reporting standards as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) where applicable, and the Commonwealth of Virginia's Auditor of Public Accounts (APA).

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than an absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects, and presents fairly the financial position and results of operations of the various funds of the City.

This report is intended to provide informative and relevant financial information for the citizens of the City, the City Council, investors, creditors, and other concerned readers. All are encouraged to contact the Department of Finance with any comments or questions concerning this report.

The City's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. This is the fifth year of a renewed multi-year contract for professional auditing services with this firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Williamsburg's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with generally accepted accounting principals (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the City's compliance with the financial and administrative requirements applicable to each of the City's major federal programs. These reports are available in the Compliance Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

immediately following the independent auditor's report.

## **Profile of the City**

The City of Williamsburg was established by the General Assembly of the Commonwealth of Virginia in 1699 and was incorporated by British Royal Charter in 1722. Today, it operates under the Council-Manager form of government substantially as established in the City Charter of 1932, and as an independent city under the Constitution and laws of the Commonwealth of Virginia. Policy-making and legislative authority are vested in a governing City Council consisting of the Mayor and four other members. The City Council members serve four-year staggered terms. The Mayor is chosen from among City Council members every two years. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

Williamsburg encompasses some nine square miles located between the James and York Rivers on the Virginia Peninsula in Southeastern Virginia. The 2010 U.S. Census showed Williamsburg with a population of 14,068, up 17.2% from the 2000 U.S. Census. The City is home to two premier institutions: William & Mary, established in 1693, and the Colonial Williamsburg Foundation, a living history museum which recreates the days when Williamsburg was the Capital of Colonial Virginia, from 1699 to 1780.

The financial reporting entity includes all the funds of the City of Williamsburg. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In September 2012, by ordinance, the Williamsburg City Council effectively terminated the Williamsburg Redevelopment & Housing Authority (WRHA) Board of Commissioners and appointed City Council members in their place. In February 2013, a Memorandum of Understanding between the City and the WRHA was signed, integrating services of existing City departments with WRHA. This change was made for operational assistance and administrative convenience, and also as a cost-control measure. The WRHA operation has been presented as a component unit of the City in the financial statements since Fiscal Year 2013.

The City provides the full range of municipal services, including public safety (police, fire and emergency medical services, parking garage), public works (street construction and maintenance, landscaping, stormwater management, engineering, refuse collection, and public cemetery), economic development, planning and zoning, code compliance, human and public housing services, parks and recreation, and general administrative services. The City also provides water and sewer services to approximately 3,863 residential and 925 commercial customers, with user charges set by City Council to ensure adequate coverage of operating and capital expenses.

The City provides education jointly by contract with neighboring James City County for both localities through the Williamsburg-James City County Public Schools (W-JCC Schools). This strong partnership between the City and County governments has served the K-12 education needs of the jurisdictions for over 50 years. FY 2018 marked the first year of a restated five-year contract for operating and capital funding of the joint School system for fiscal years 2018 through 2022. The contract essentially covers board membership, operational and capital funding allocations, use of School surplus operating and capital funds, and equity interest in School property.

The City also provides library services jointly by contract with James City County through the Williamsburg Regional Library. The joint contract provides for board membership, operational funding, and responsibilities for repair and maintenance of facilities and grounds of the respective library building located in each locality. In June 2013, City Council approved an amendment to the joint contract to include neighboring York County. The agreement represents another step forward for regionalism in the Historic Triangle to benefit the citizens of all three jurisdictions.

The annual budget serves as the foundation for the City's financial planning and control. The budget process incorporates City Council's strategic plan "Biennial Goals, Initiatives and Outcomes," and defines, communicates, and funds the City's programs and priorities. The completed budget is City Council's road map and a primary management tool for the City Manager and Department Heads. The annual Budget Guide is a formal call for all departments of the City, and agencies associated with it, to prepare and submit an estimate of the resources required for the next fiscal year. It includes a set of procedures for building a comprehensive budget for the City Manager to present to City Council each year. City Council is required to hold public hearings on the proposed budget and tax rates and to adopt

a final budget resolution no later than June 30. The appropriated budget is prepared by fund, function (e.g., public works), and department (e.g., streets). Department heads may make necessary transfers of appropriations within a department, with the approval of the City Manager. Budget amendments requiring changes in total fund appropriations require subsequent approval of City Council, and a public hearing if it exceeds one percent of the total expenditures adopted in the current year. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the required supplementary information other than management's discussion and analysis under the combining and individual funds tab of the report.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

### **Economic Condition and Outlook:**

The economy of the City of Williamsburg is propelled by tourism and education. Tourism – including major attractions and the hospitality industry – continues to provide the most significant source of tax base for the city government. Within the city limits are 26 hotels/motels with approximately 3,342 rooms, 18 operating bed and breakfasts (with 69 rooms), and five timeshares. There are also 144 eating establishments, including one meadery, one brewery, two distilleries, and one wine tasting room.

The lynchpin of tourism is the Colonial Williamsburg Foundation, which operates the nation's most extensive living history museum. Encompassing 578 restored or reconstructed buildings and employing approximately 1,979, the Foundation interprets the 18<sup>th</sup>-century history of America in Virginia's colonial capital. Other nearby attractions not located in the city include Jamestown (site of the first permanent English settlement in 1607), Yorktown (site of Washington's victory over Cornwallis in the Revolutionary War), and Busch Gardens and Water Country USA theme parks. Next to tourism, higher education drives the Williamsburg economy. William and Mary, located within the City, is the nation's second-oldest university. The University owns 22.6% of the land area of the City, currently enrolls about 8,800 students, and employs approximately 2,890 faculty and staff.

Overall, the Other Local Tax category of taxes decreased \$776K, or 5.2%, compared to FY 2018. In April of 2018, the Virginia General Assembly approved Senate Bill 942. This bill enacted an additional 1% sales tax in the Historic Triangle (which includes the City of Williamsburg, James City County, and York County), of which .50% is remitted to the Greater Williamsburg Chamber and Tourism Alliance (GWCTA) and used to market the Historic Triangle, and .50% is remitted to the locality from which the transaction generating the tax occurred. Also, as a result of Senate Bill 942, the \$2/night lodging tax, which was previously reported in the City's General Fund and passed-thru to the Williamsburg Area Destination Marketing Committee, is now shared (50/50) with the GWCTA. The City has dedicated its share of the Historic Sales Tax and the \$2 Lodging Tax to Tourism and reports both in the City's Tourism Fund. The amount of \$2 Lodging Tax reported in the General Fund in FY2018 was \$1.1 million. When the \$2 Lodging Tax is deducted from FY 2018's Other Local Taxes for comparison purposes, an increase of \$348K or 2.5% is reported in this category for FY 2019

The City has seen a mix of economic activity over the last three fiscal years. Meal taxes increased for each year over the past three years, with a 3.8% cumulative increase since FY 2017. Meanwhile, room tax receipts remained level with FY 2017, and the \$2 lodging tax decreased 4.3%.

Revenues from the Prince George Parking Garage decreased by \$55K or 17% compared to last year. Two factors contributed to the reduced revenue: the parking was free in the garage during the FY 2018 holiday season (mid-November through December), and new parking software and equipment was purchased and implemented to replace old and faulty equipment. The implementation interfered with the collection of fees in the garage. Prince George Garage parking revenues are expected to return to normal levels or exceed them, as the system is fine-tuned to meet customers' needs and expectations.

Although real estate values in Williamsburg have not experienced double-digit declines that communities in northern Virginia and other parts of the country have endured during the recent recession, values declined about 14% from FY 2010 through FY 2013. The real estate tax rate was adjusted in FY 2013 from \$.54/100 to \$.57/100 in response to the cumulative decline in the tax base. In FY 2019, the real estate tax rate increased \$.03/100 to \$.60/100. The

increased revenue was used to support increased contribution for the operations of the Williamsburg-James City County Public Schools (an increase of \$514K or 7%) and to invest in Public Safety personnel, equipment, and training. On a positive note, assessed values were up 10.5% from FY 2014 to FY 2019. City staff continues to monitor the real estate assessment to sales ratio each month by closely tracking sales activity. The ratio is important in analyzing sales trends in neighborhoods and is vital to the City Assessor's job of assessing properties at market value each year. As of October 2019, the City's assessment to sales ratio of residential sales since July 1, 2019, on average, is approximately 98%, which shows current assessments are close to market value. Residential real estate assessments for FY 2019, on average, increased by 1%, while the average commercial real estate assessments decreased .7%.

**Economic Development Activity** – Recent economic development activity in the City includes the following:

- Commercial development projects are progressing:
  - "Quarterpath at Williamsburg," a 350-acre mixed-use development in the southeast quadrant of the City is zoned for retail, Class-A office space, and a 40-bed acute care doctor's hospital operated by Riverside Health System, which opened in May 2013. Riverside continues to work with JLL commercial brokerage to attract retail and Class-A office space users
  - Downtown redevelopment continues with Precarious Beer Hall and Mellow Mushroom opening in renovated spaces.
  - Copper Fox Distillery continues its \$1,600,000 investment in its Phase 3 renovation to open a larger distilling and event area in addition to the existing tasting room, malting building, storage buildings, and distilling buildings.
  - In 2017, Broad St LLC purchased the 20-acre Williamsburg Shopping Center property and 5-acre Monticello Shopping Center at Midtown. Plans to construct a \$120 million vertical mixed-use project on the property have received City approval, and construction has commenced. Phase I of the project is completed with an \$8+ million renovation of the Monticello Shopping Center. Phase II also finished with Marshall's relocating to new space in the Richmond Road facing portion of the renovated Williamsburg Shopping Center. Phase III will commence in October with the groundbreaking of four 5-story vertical mixed-use buildings and a parking garage. Broad St continues to announce leases with new tenants for this project.
- New business openings after renovating existing commercial space between July 1, 2018, and June 30, 2019, include Meadows Original Frozen Custard, London Co. Coffee & Tea, Mellow Mushroom, 9 Round, Chick Fil A, Precarious Beer Hall, Flipping Flea Too, EQ Café, and several professional service operations (accounting, medical, counseling, design, etc.)
- Tippy Bean Café and LuLu Lemon announced as new businesses in the City and plan to open in the fall. Illy Caffè announced its third east coast café location in Williamsburg (after New York and Washington DC) and also plans to open in the fall.
- New business openings in newly constructed space include Popeye's Chicken and Bodego Rio Grande with gas pumps.
- The Economic Development Authority approved a demolition grant to demolish an old motel at 1900 Richmond Road in 2017. The motel was demolished, and Firestone Auto built a new facility that opened on the property in August 2018.
- The Virginia Assembly approved Senate Bill 942 in the FY 2018 Session. This bill levied a one percent sales tax in the Historic Triangle, which includes the City of Williamsburg, James City County, and York County. Half of the funds collected from the additional sales tax will fund the Historic Triangle Marketing Fund, and the other half will be distributed to the locality in which the sales tax was collected. The sole purpose of the Historic Triangle Marketing fund is to market and promote the Historic Triangle area as a tourist destination. In addition, Williamsburg's City Council established a Tourism Fund for the City and will use the City's share of the Historic

sales tax as one of the revenue sources for the Fund. The purpose of the City's Tourism Fund is to provide financial assistance and reinvestment in tourism products through public-private partnerships, place-making projects, and special events that are designed to promote economic growth in the City. The City held its first year grant application round for this fund and received twenty-two applications. City Council awarded seven grants totaling \$2.2 million for FY 2020 at their November 14, 2019, Council meeting.

## **Budget Policies**

The City's adopted Financial Planning Policies include requirements for balanced budgets and long-range planning. The FY 2019 General Fund balanced operating budget was approved in May 2018. In prior years, the City's General Fund and Capital Projects Fund were combined for financial reporting purposes. Beginning with FY 2019, the General Fund and the Capital Improvement Fund will be reported separated for transparency purposes. As discussed in the Management's Discussion and Analysis section of this report, the General Fund operating surplus for the year ended June 30, 2019, was \$1.3 million. Had the General Fund and the Capital Improvement Fund been combined, as in past years, a deficit of \$600K would have been reported. The deficit resulted from the Capital Improvement Fund spending carry forward funds from FY 2018 that were part of the assigned fund balance.

Long-range planning is part of the budget process each year, and included (1) Planning Commission review of current and future capital projects; (2) consideration of revenue, expenditure, and service implications of continuing existing programs, or adding new programs; (3) condition assessment of major buildings, roads, sidewalks, bridges, water lines, vehicles, and equipment; (4) maintaining, at a minimum, the City's 35% of total operating revenues as its unassigned fund balance, which can only be used for emergencies, non-recurring expenditures, or major capital purchases that cannot be acquired on a pay-as-you-go basis.

Revenue policies taken into consideration during the budget process included an annual review of tax rates, collection rates, and identification of all revenue and grant options available to the City. Also, user fees and charges were reviewed to ensure keeping pace with service delivery. Building permit and inspection fees, as well as all recreation program charges, were also considered during the budget process.

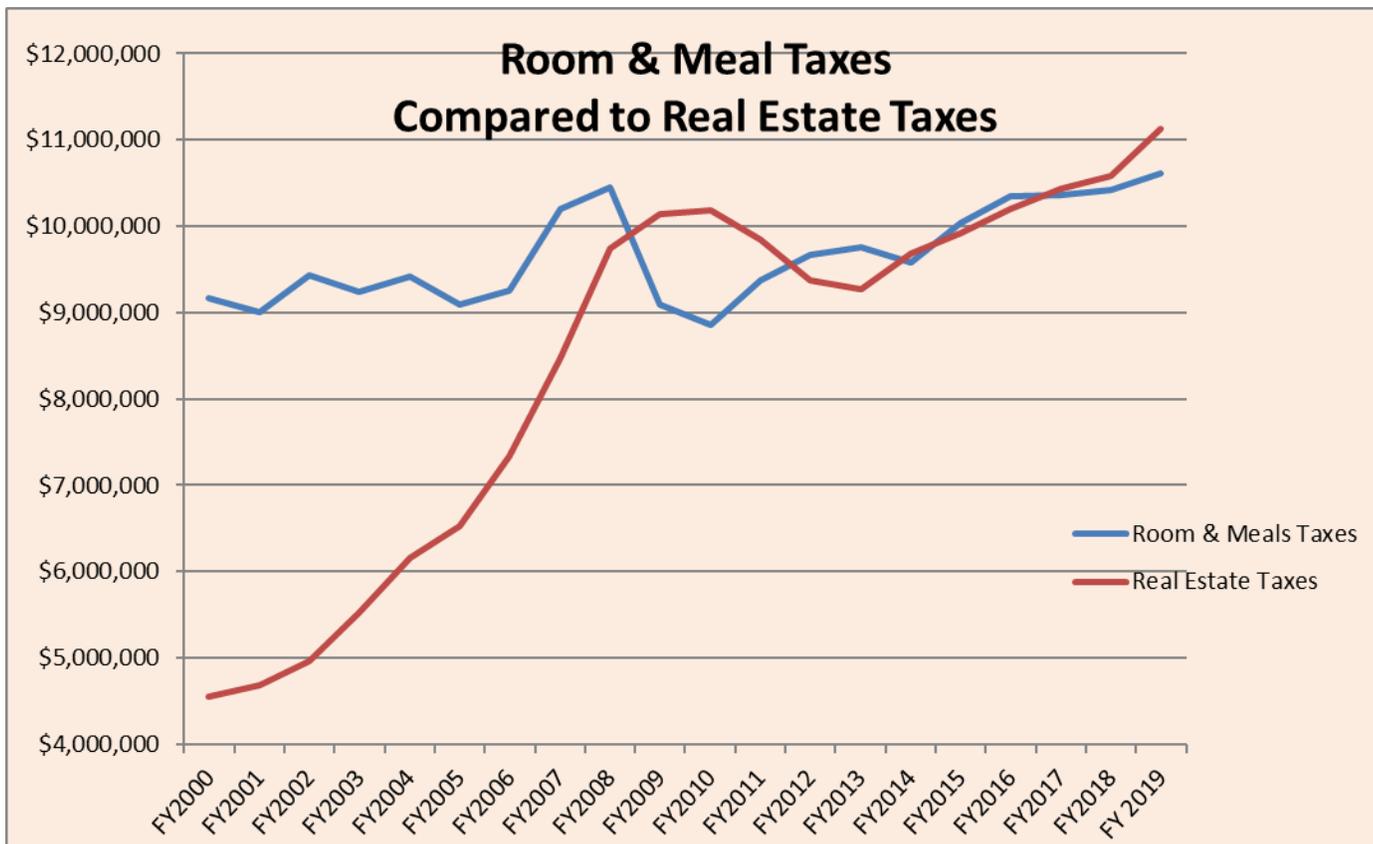
Expenditure policies that also contributed to the positive operating outcome of FY 2019 include financing all current operating expenditures with current revenues. In addition, the City staff began a multi-year financial software conversion from its legacy software to a comprehensive and multi-functional Tyler-Munis platform during June 2017. Budgetary, as well as internal controls, have been further enhanced with the new software. The new accounting software went live July 1, 2017, followed by payroll, which went live in January 2018. Codes compliance cashiering went live in August 2019. Utility billing, general billing, and business license are anticipated to be live in November of 2019. The final phase, tax billing, is expected to go live in fall of 2020. Staff also expanded the City's performance management system with MySidewalk software, with revisions of monthly departmental operating reports available on the City's website.

## **Long-Term Financial Planning**

**Major Operating Revenues** - The City of Williamsburg takes pride in providing a high level of public services to its residents at a reasonable cost. The real estate tax rate of 60¢ per \$100 of assessed value continues to be one of the lowest city tax rates in Virginia. Prior to FY 2009, room and meal taxes provided the largest source of funding for City services since the mid-1980s. Rising property assessments brought revenues that surpassed room and meal taxes during FY 2009 for the first time when most local governments began to feel the effects of the recent recession. Real estate taxes made up 30% of total revenues in FY 2019, compared to 19.9% in FY 2000. This shifting of the tax base is more pronounced when comparing actual tax revenues. During that 19-year period, room and meal taxes increased from \$9.17 million to \$10.62 million, a 15.8% increase. Real estate taxes increased from \$4.5 million in FY 2000 to \$11.1 million in FY 2019, an increase of 147%. The City's total personal property tax collections, including State reimbursement for the Car Tax program, increased by 1.3% compared to FY 2018 collections.

Though declining for two years from the highs of FY 2008, room and meal taxes tracked upward from FY 2011 to FY 2013, and briefly surpassed real estate taxes in FY 2012 and FY 2013. This shift was due to increased meal taxes and reduced real estate values from FY 2010 through FY 2013. In FY 2014, room and meal taxes declined about 1.9%; however, were still about 8% higher than the all-time lows of FY 2010. The gap between room and meal tax receipts and real estate taxes for FY 2014 was just over \$100K. Room and meal taxes again surpassed real estate taxes during FY15 and FY16. In FY 2017, room and meal taxes were almost level with real estate taxes, with real

estate taxes a modest \$70K more than room and meal taxes. Room and meals taxes were 98.4% of real estate taxes in FY 2018 and only 95.4% in FY 2019. In FY 2019, room taxes decreased 1.5% compared to FY 2018, while meal taxes increased 3.5%. Room and meal taxes accounted for 28.6% of the General Fund operating revenues for FY 2019, compared to 39.7% in FY 2000<sup>1</sup>.



<sup>1</sup> Not including the \$2/night lodging tax, which is dedicated for tourism promotion.

Revenue trends for other local taxes increased by 2.5% compared to last year. Business license taxes increased \$280K, or 13.7%. Bank stock taxes increased by 16.6%, recordation taxes decreased by \$164K or 2.4%, and tobacco taxes decreased by \$27K or 16.4% compared to last year. Other local taxes, net of the revenues discussed above, and the room and meal taxes discussed in preceding paragraphs were about level with FY 2018.

Recovered costs increased \$165K, or 19%, compared to FY 2018, primarily due to increased Utility Fund overhead charges. The utility overhead charges increased 23%, or \$160K, to capture the increased cost of administration, equipment, and materials from the General Fund, as well as covering the Utility Fund's use of the GIS position in Information Technology and Public Works landscaping position.

Total revenue from the Commonwealth increased overall by 3.2% for FY 2019, primarily due to an increase sales tax for education receipts in the amount of \$191K, or 17%, which is dedicated to funding school operations. Reimbursement for street maintenance costs increased by \$60K, or 3.3% over last year. These increases were offset by decreases in the Communication Taxes of \$47.5K and the Rolling Stock Taxes of \$48.3K.

Business growth and economic development initiatives mentioned above, along with investment by new and existing businesses in the City, will help to strengthen the City's real estate, personal property, and retail sales tax bases in the next few years. Increased marketing efforts and financial assistance funded by the Historic Triangle Sales Tax, as discussed under the Economic Development Activity Section on page V, is expected to further strengthen the City's tax base.

A more detailed analysis of revenue trends is included in Management's Discussion and Analysis.

**Major Operating Expenditures** – The economy continues to challenge the City's ability to provide the quality of services our residents are accustomed to, and at relatively low tax rates. Total approved full-time positions were 204.5, an increase of 7.5 full-time positions compared to FY 2018. Positions added and funded from the City's General Fund included: three police officers, one firefighter/emergency medical technician, one business auditor in the Commissioner of Revenue's office, one GIS analyst, and a part-time position in landscaping. A Tourism Development Specialist position was also added and funded from the newly created Tourism Fund.

**Personnel Costs** - Employee benefit costs have increased substantially over the past several years. Healthcare benefits are analyzed each year relative to increases in premiums, and adjustments are recommended, if necessary, during the budget process. Beginning July 1, 2012, the City ended its self-insured healthcare plan, which was administered by Anthem, and now is offering employee & family coverage through the State's Local Choice healthcare plan. This move was intended (1) to limit exposure by joining a traditional insurance plan, with partial risk absorbed by the overall plan, which is made up of thousands of employees statewide, and (2) to reduce overall healthcare premiums by offering employees two different deductible plans. FY 2019 was the City's seventh year participating with the Local Choice healthcare plan. In FY 2019, the City budgeted a 12.5% increase over FY 2018 for the cost of health insurance premiums. The actual increase in cost for FY 2019, as compared to FY 2018, was 1.7%. The reduction was the result of changes in the type of plan selected by employees and from vacancies during the year.

The City is a member locality of the Virginia Retirement System (VRS). Pension costs are compensation-based, with funding rates set by VRS actuaries bi-annually. Significant increases in defined-benefit pension costs around the country have forced a variety of pension reform initiatives, as liabilities continue to outpace assets backing these long-term benefits. Pension reform by the Virginia General Assembly in 2011 has impacted localities and school districts by mandating employee contributions and changes in various components of benefit formulas. Note 13 of the financial statements includes extensive information on all VRS pension options, including the new Hybrid pension plan, which was effective January 2014.

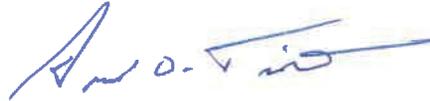
The City's full-time salaried permanent employees are also covered by the VRS Group Life Insurance Program, and all paid employees and volunteers in hazardous duty positions are automatically covered by the Line of Duty Act Program (LODA). Note 15 of the financial statement includes information regarding the Group Life Insurance Program, and Note 16 covers information regarding the Line of Duty Act Program.

City staff continues to analyze market conditions and formulate financing strategies with financial advisors, Davenport and Co., LLC, to stay on schedule with major projects. Since 2004, the City's fiscal policies include maintaining a minimum of 35% of total General Fund operating revenues as its operating fund balance. A detailed analysis of the

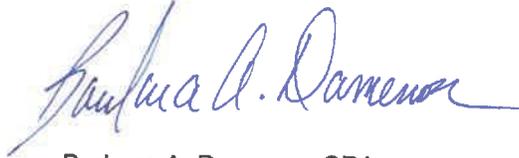
**Acknowledgments**

The preparation of this report has been accomplished with the efficient and dedicated services of the City Department of Finance. We want to express our appreciation to all members of the departments who assisted and contributed to its preparation. In addition, the accounting firm of Robinson, Farmer, Cox Associates, is to be congratulated for their substantial contributions by way of design, counsel, and interpretation of recent guidelines, planning, and implementation of the requirements of all GASB standards. We also wish to express thanks to the Mayor and members of City Council for their unfailing support in planning and conducting the financial operations of the City of Williamsburg in a responsible and progressive manner.

Respectfully Submitted,



Andrew O. Trivette  
City Manager



Barbara A. Dameron, CPA  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
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Presented to

**City of Williamsburg  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

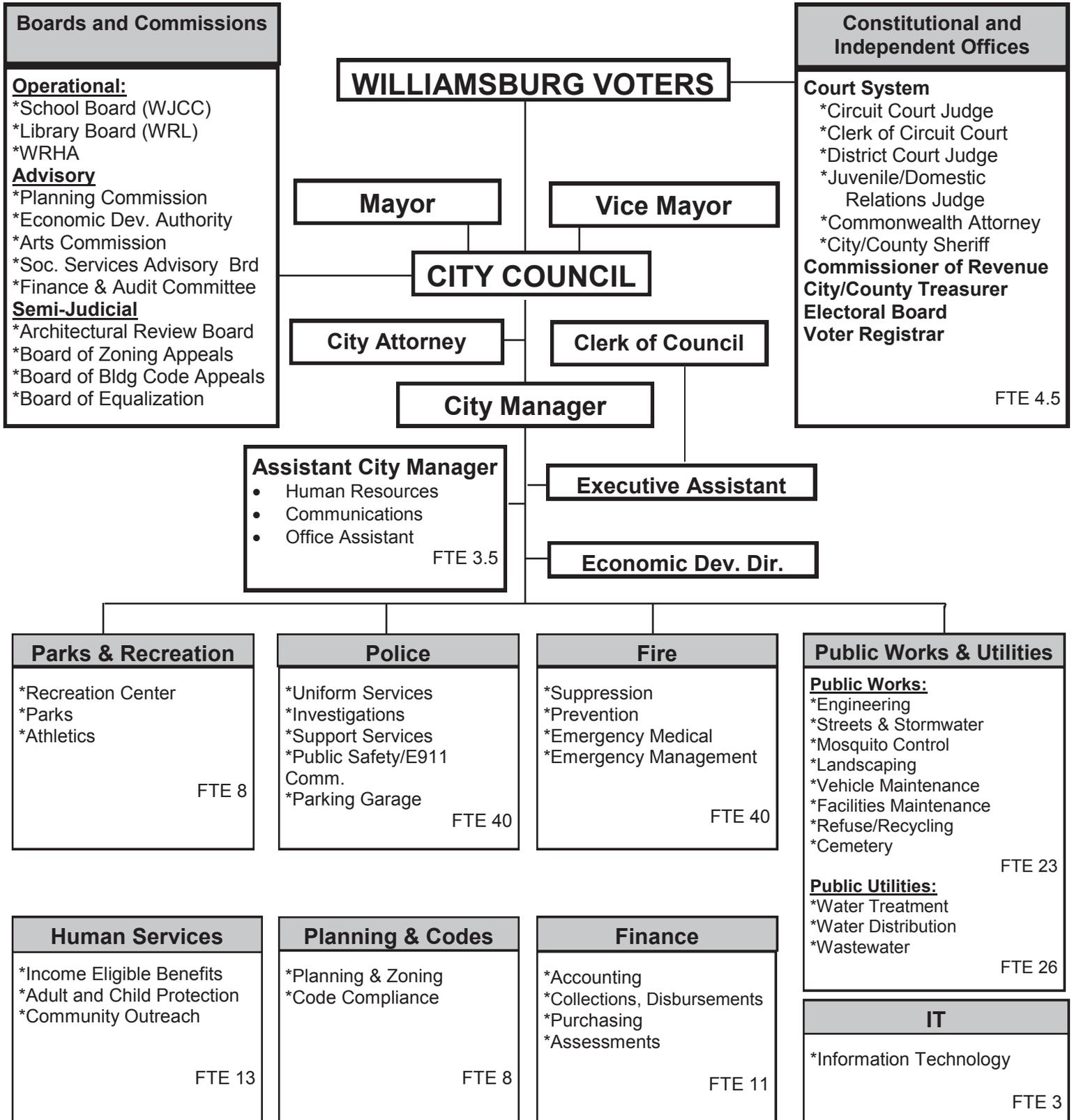
**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

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# City of Williamsburg Organizational Chart



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# CITY OF WILLIAMSBURG, VIRGINIA

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## Members of the City Council

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Paul Freiling, Mayor  
Douglas G. Pons, Vice-Mayor

Edward F. “Ted” Maslin  
Benming Zhang

Barbara L. Ramsey  
Debi Burcham, Clerk of Council

## City Officials

---

City Manager ..... Andrew O. Trivette  
Director of Finance ..... Barbara A. Dameron  
Assistant City Manager ..... Vacant  
Commonwealth’s Attorney ..... Nate Green  
City Attorney ..... Christina Shelton  
Treasurer ..... Jennifer Otey Tomes  
Commissioner of Revenue ..... Lara M. S. Overy  
Clerk of Circuit Court..... Mona A. Foley  
Sheriff..... Robert Deeds  
Director of Public Works & Utilities..... Daniel G. Clayton, III  
Director of Planning ..... Carolyn Murphy  
Director of Human Services ..... Wendy Evans  
Director of Information Technology..... Mark A. Barham  
Director of Recreation ..... Robbi Hutton  
Director of Economic Development ..... Michele Mixner DeWitt  
Chief, Fire Department ..... W. Patrick Dent  
Chief, Police Department..... Sean Dunn  
WHRA Executive Director ..... Tyrone Franklin

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*FINANCIAL SECTION*

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Williamsburg, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Williamsburg, Virginia, as of June 30, 2019, 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.

## *Change in Accounting Principle*

As described in Note 17 to the financial statements, in 2019, the City adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding progress on pages 4-18, 87-88, 89-99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Williamsburg, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

*Supplementary and Other Information (Continued)*

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2019, on our consideration of City of Williamsburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Williamsburg, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Williamsburg, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
October 3, 2019

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The Management's Discussion and Analysis (MD&A) offers readers of the City's financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2019. Readers are encouraged to consider the information presented in conjunction with additional information furnished in our letter of transmittal, the financial statements, and in the notes to the financial statements (which immediately follow this discussion).

## FINANCIAL HIGHLIGHTS

### Government-wide:

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows (net position) at the close of Fiscal Year 2019 by \$117.1 million. The unrestricted portion of net position is \$21.6 million for the Governmental Activities and \$7.1 million for the Business-type Activities, for a total of \$28.7 million. In the current year, the unrestricted net position increased \$2.5 million in the Governmental Activities and \$1.4 million in the Business-type Activities.
- The City's total net position increased by \$7.4 million from the prior fiscal year, of which the governmental activities increased by \$5.9 million, and business-type activities increased by \$1.5 million. In the governmental activities, total revenues increased \$5.1 million, or 11.4%, while expenses increased \$870K from the prior fiscal year. In the business-type activities, total revenues exceeded expenses by \$1.5 million.

### Fund Level:

- Total General Fund revenues were \$37.2 million for FY 2019, an increase of \$248.7 thousand from last year. General property tax receipts were \$13.7 million, an increase of 4.9% from last year. Other local taxes decreased by 5.3% compared to last year. The decrease stems from the \$2 Lodging Tax that, beginning in FY 2019, is reported in the Tourism Fund. When adjusting for the \$2 Lodging Tax, other local taxes for FY 2019 increased 2.1%, mostly from increased meal taxes and business licenses, offset by reductions in recordation taxes, room taxes, and communication taxes. Room taxes decreased by \$50K, and meal taxes increased by \$246.5K, or 3.5%, compared to the previous fiscal year.
- FY 2019 expenditures decreased by \$1.7 million compared to FY 2018 expenditures. The reduction is due to \$3.3 million of FY 2018 General Fund tourism related expenditures that in FY 2019 were appropriated in the newly formed Tourism Fund. When these expenditures are deducted from FY 2018 for comparability, FY 2019 expenditures increased \$1.6 million compared to FY 2018. About \$0.5 million of the increase funded the cost of living increase for personnel and increases in staffing levels. The remaining increase in expenditures was primarily related to increased support of public schools and increased investments in public safety and economic development.
- Spending on capital projects increased by \$1.6 million or 25.1%. Debt service expenditures decreased by \$4.3 million compared to last year; however, in FY 2018, \$4.4 million of debt was retired from refunding bonds that were issued. When adjusted for the refunding, debt service payments increased by \$127K, or 9%.
- The City's General Fund bonded debt decreased by \$1.4 million during FY 2019, with scheduled ongoing debt principal being paid down.
- The City's governmental funds reported combined ending fund balances of \$46.9 million, an increase of \$1.6 million from the prior year. Fund balances are further categorized as *Nonspendable* (\$3.1 million for real property owned by the City and held for resale), *Restricted* (\$13.5 million for general obligation bonds issued for public safety facilities and \$0.6 million for the Public Assistance Fund), *Assigned* (\$13.2 million for carryover and future capital projects and \$2.2 million for investment in tourism projects), and *Unassigned* (\$14.3 million). The unassigned fund balance is 38.4% of General Fund operating revenues, slightly above City Council's reserve policy of 35% of total General Fund operating revenues.

- In October 2012, the Williamsburg City Council members were appointed as the Board of Commissioners of the Williamsburg Redevelopment & Housing Authority (WRHA). With the fiscal dependence, by way of City staff involvement in the areas of payroll, accounts payable, and other managerial responsibilities, the WRHA is presented in this report as a Discretely Presented Component Unit of the City. Financial information is included herein for WRHA's latest fiscal year ending September 30, 2018.
- Business-type activities (Utility Fund) reported net position on June 30, 2019, of \$25.9 million. Capital assets (net of depreciation and related debt) account for 73% of this amount, with the remaining net position of \$7.1 million available without restriction. The Utility Fund reports combined cash and investments at year-end of \$8.1 million, with total current liabilities of \$1.5 million, including the current portion (due within one year) of compensated absences and bonds payable.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

The government-wide financial statements (Exhibits 1 and 2) include not only the City itself (known as the *primary government*) but also a legally separate Housing Authority for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, this is just one indicator of financial health of the City. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in the property tax base, and general economic conditions within the City.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net position are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned, and expenses are reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes, unpaid vendor invoices for items received before June 30, 2019, and earned but unused vacation and sick leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed until after June 30, 2019.

## Fund Financial Statements

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

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

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

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

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

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

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

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

## Notes to the Financial Statements

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

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the (1) General Fund and Special Revenue Fund revenues, expenditures, and changes in fund balances-budget and actual; and (2) the City's progress in funding its obligations to provide pension and other post-employment benefits to its current and future retirees. This required supplementary information can be found in Exhibits 11 through 21 of this report.

The combining financial statements for nonmajor special revenue funds and fiduciary funds immediately follow the required supplementary information at exhibits 22 through 27 of this report.

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

As noted earlier, changes in net position may serve over time as a useful indicator of a City's financial position. The City's net position totaled \$117.1 million at June 30, 2019. The following table reflects the condensed Government-Wide Statement of Net Position:

City of Williamsburg, Virginia - Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 48,673,643	\$ 47,319,932	\$ 9,255,727	\$ 8,148,210	\$ 57,929,370	\$ 55,468,142
Capital Assets	<u>73,766,565</u>	<u>71,702,055</u>	<u>23,095,031</u>	<u>23,802,309</u>	<u>96,861,596</u>	<u>95,504,364</u>
<b>Total Assets</b>	\$ 122,440,208	\$ 119,021,987	\$ 32,350,758	\$ 31,950,519	\$ 154,790,966	\$ 150,972,506
Deferred Outflow of Resources	<u>\$ 1,716,120</u>	<u>\$ 1,416,254</u>	<u>\$ 294,910</u>	<u>\$ 319,038</u>	<u>\$ 2,011,030</u>	<u>\$ 1,735,292</u>
Long-term Liabilities	\$ 30,165,357	\$ 31,426,275	\$ 5,609,158	\$ 6,375,403	\$ 35,774,515	\$ 37,801,678
Other Liabilities	<u>1,899,578</u>	<u>2,282,109</u>	<u>886,839</u>	<u>1,202,704</u>	<u>2,786,417</u>	<u>3,484,813</u>
<b>Total Liabilities</b>	\$ 32,064,935	\$ 33,708,384	\$ 6,495,997	\$ 7,578,107	\$ 38,560,932	\$ 41,286,491
Deferred Inflow of Resources	<u>\$ 944,159</u>	<u>\$ 1,456,570</u>	<u>\$ 203,551</u>	<u>\$ 237,331</u>	<u>\$ 1,147,710</u>	<u>\$ 1,693,901</u>
Net Position:						
Net investment in capital assets	\$ 68,662,151	\$ 65,632,503	\$ 18,817,665	\$ 18,769,281	\$ 87,479,816	\$ 84,401,784
Restricted for:						
Fire and Police capital	337,948	-			337,948	
Other restrictions	593,836	584,890			593,836	584,890
Unrestricted - restated*	<u>21,553,299</u>	<u>19,055,894</u>	<u>7,128,455</u>	<u>5,684,838</u>	<u>28,681,754</u>	<u>24,740,732</u>
<b>Total Net Position</b>	\$ 91,147,234	\$ 85,273,287	\$ 25,946,120	\$ 24,454,119	\$ 117,093,354	\$ 109,727,406

The City of Williamsburg's total assets were \$155 million as of June 30, 2019. The largest portion, \$96.8 million (62.6%), reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining City assets, approximately \$49 million is accounted for in cash, cash equivalents, and pooled investments, \$5.7 million in accounts and notes receivable and amounts due from other governmental units, and the remainder is spread among miscellaneous assets.

At June 30, 2019, outstanding liabilities were \$38.6 million, with \$35.8 million in general obligation bonds payable, compensated absences, net pension liability, and net other post-employment benefits (OPEB) liability. Of the bonds payable, \$2.2 million is due within one year, with the remainder due at various dates until 2037. Additional information on the City's long-term debt obligations is included in Note 8 in the notes to the financial statements. Included in other liabilities above are \$1.3 million in accounts payable, \$432K in accrued interest payable, \$230K in unearned revenue, \$609K in accrued liabilities, and \$228K in customer deposits payable. In addition, net pension liability totaling \$9.8 million and net OPEB liability totaling \$2.1 million is included in the Statement of Net Position, as required by GASB Statements No. 68 and No. 75.

At June 30, 2019, the City had positive balances in all categories of net position, for the government as a whole, and for its separate governmental and business-type activities.

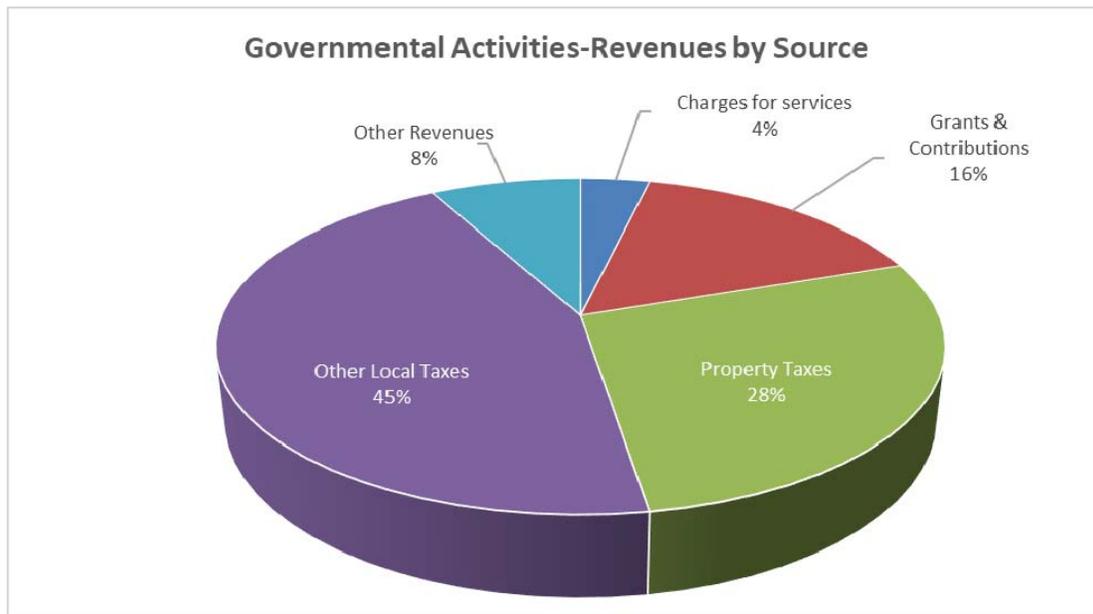
The following schedule summarizes the Statement of Activities of the primary government for the fiscal years ended June 30, 2019, and 2018:

**City of Williamsburg, Virginia - Summary of Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 1,822,024	\$ 1,734,483	\$ 7,679,905	\$ 8,176,441	\$ 9,501,929	\$ 9,910,924
Operating grants and contributions	5,221,437	2,939,477	-	-	5,221,437	2,939,477
Capital grants and contributions	2,752,760	3,329,824	-	-	2,752,760	3,329,824
<b>General Revenues:</b>						
Property taxes	13,780,244	13,056,359	-	-	13,780,244	13,056,359
Other local taxes	22,122,843	19,684,136	-	-	22,122,843	19,684,136
Other	<u>3,951,541</u>	<u>3,314,608</u>	<u>323,144</u>	<u>283,030</u>	<u>4,274,685</u>	<u>3,597,638</u>
<b>Total Revenues</b>	<u>\$ 49,650,849</u>	<u>\$ 44,058,887</u>	<u>\$ 8,003,049</u>	<u>\$ 8,459,471</u>	<u>\$ 57,653,898</u>	<u>\$ 52,518,358</u>
<b>Expenses:</b>						
General government	\$ 4,272,998	\$ 5,009,427	\$ -	\$ -	\$ 4,272,998	\$ 5,009,427
Judicial administration	434,188	422,688	-	-	434,188	422,688
Public safety	11,328,192	10,746,688	-	-	11,328,192	10,746,688
Public works	5,447,775	4,716,472	-	-	5,447,775	4,716,472
Health and welfare	2,815,978	2,816,519	-	-	2,815,978	2,816,519
Education	11,403,225	10,936,896	-	-	11,403,225	10,936,896
Parks, recreation, & cultural	2,626,637	2,648,545	-	-	2,626,637	2,648,545
Community Development	4,874,645	5,013,184	-	-	4,874,645	5,013,184
Interest expense	573,264	596,354	-	-	573,264	596,354
Water	-	-	6,511,048	6,713,633	6,511,048	6,713,633
<b>Total Expenses</b>	<u>\$ 43,776,902</u>	<u>\$ 42,906,773</u>	<u>\$ 6,511,048</u>	<u>\$ 6,713,633</u>	<u>\$ 50,287,950</u>	<u>\$ 49,620,406</u>
Change in net position, before transfers	\$ 5,873,947	\$ 1,152,114	\$ 1,492,001	\$ 1,745,838	\$ 7,365,948	\$ 2,897,952
Transfers	-	500,000	-	(500,000)	-	-
Change in net position	\$ 5,873,947	\$ 652,114	\$ 1,492,001	\$ 2,245,838	\$ 7,365,948	\$ 2,897,952
Net position - beginning	<u>85,273,287</u>	<u>83,621,173</u>	<u>24,454,119</u>	<u>23,208,281</u>	<u>109,727,406</u>	<u>106,829,454</u>
Net position - ending	<u>\$ 91,147,234</u>	<u>\$ 84,273,287</u>	<u>\$ 25,946,120</u>	<u>\$ 25,454,119</u>	<u>\$ 117,093,354</u>	<u>\$ 109,727,406</u>

## Governmental Activities – Revenues

The City's total revenues from governmental activities were \$49.7 million for FY 2019, an increase of \$5.1 million from last year. Percentages of FY 2019 governmental revenues by source are as follows:



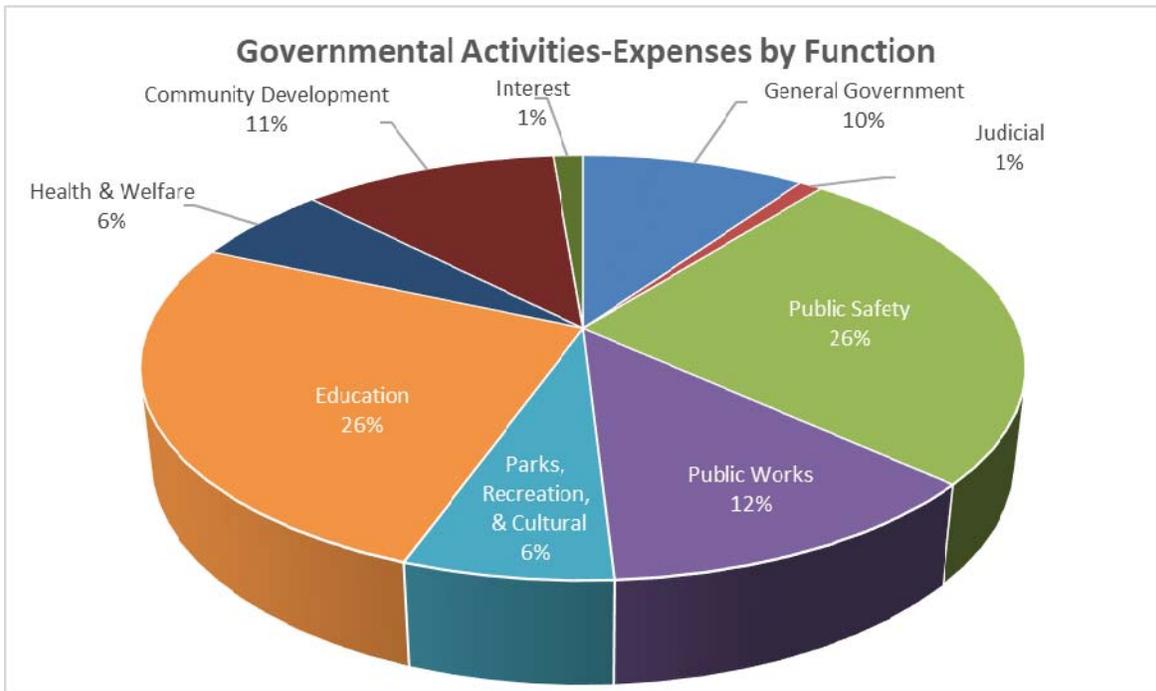
Taxes are the largest City revenue source – property and other local taxes accounted for 73% of the City's governmental activities. General property tax receipts were \$13.8 million, an increase of 5.5% compared to the previous year, with property values again turning positive for the fifth consecutive year following a three-year decline totaling about 14% during the recession. Other local taxes totaled \$22.1 million during FY 2019, an increase of 12.4% compared to FY 2018. The majority of the increase (87.6%) in other local taxes is attributed to the City's share of the 1% Historic Sales Tax enacted by Senate Bill 942.

## Governmental Activities – Expenses

The Summary of Changes in Net Position shows that total expenses for all of the City's governmental activities for FY 2019 were \$43.7 million, an increase of \$807K compared to FY 2018.

Highlights of expense activity for governmental funds include:

- General Government Administration expenses decreased by \$736K compared to FY 2018, primarily due to adjusting the value of property held for resale to market value in FY 2018.
- Public Works expenses increased by \$731K, primarily due to increased capital spending for street projects and corridor enhancements. To a lesser extent, higher operating costs also contributed to the increase. The majority of the increase in operating costs was in salaries and related benefits, electricity cost due to additional streetlights, and building maintenance expenses.
- Public Safety expenses increased by \$582K, mainly in salary and related benefits due to increased staffing (3 new police officers and one new firefighter/emergency medical technician) and the cost of living increase.
- Education expenses increased \$466K compared to last year. School operation cost increased \$643K, of which \$167K was due to the new middle school that opened this year, and the remaining amount supported salary increases and new or enhanced programs. Increases in operational cost were offset by a reduction of \$177K in capital spending.
- Community Development expenses decreased by \$139K. The majority of this reduction occurred as the City transitioned to the adoption of Senate Bill 942, as discussed on page IV of the Letter of Transmittal.



**Business-type activities** - The Utility Fund is the City's only business-type activity. The utility rate structure recovers as much as possible of the operating expenses incurred to meet service demands through user charges. Change in the fund's net position is the difference between revenues and expenses, which for FY 2019 resulted in an increase of \$1.5 million. More operating information for the Utility Fund operation is shown below in the Funds section of this discussion.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

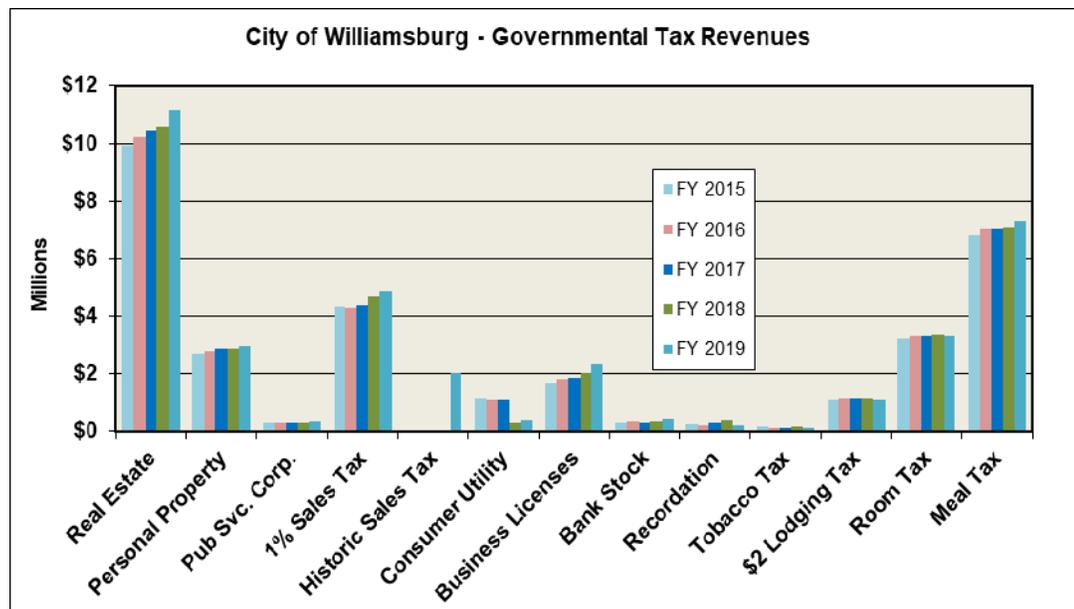
### Governmental Funds Revenues – Analysis

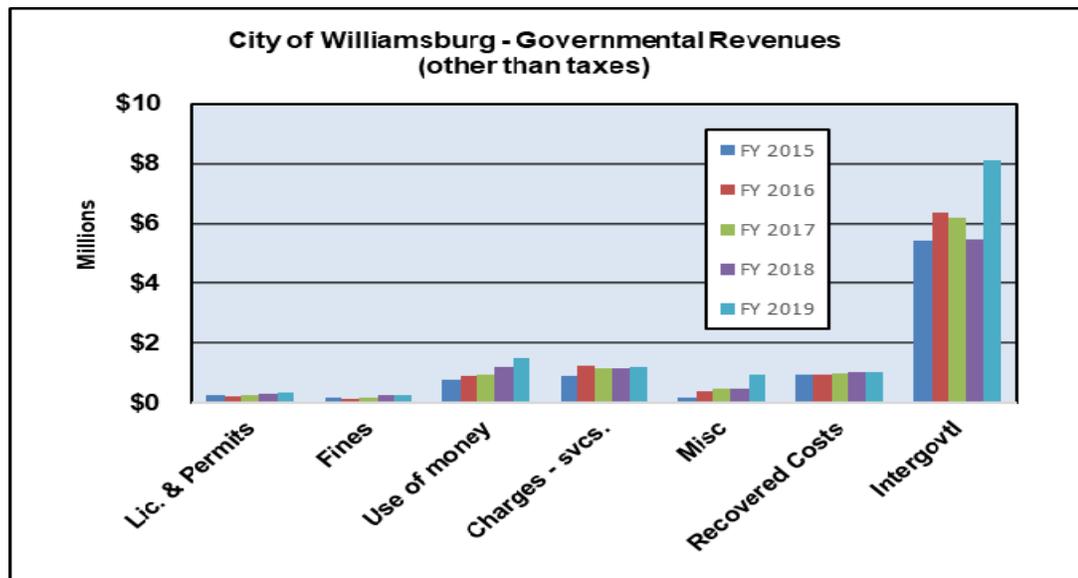
Revenues by Source	Revenues Classified by Source					
	Governmental Funds					
	June 30, 2019		June 30, 2018		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
General Property Taxes	\$ 13,731,825	27.86%	\$ 13,089,822	29.77%	\$ 642,003	4.90%
Other Local Taxes	22,122,843	44.88%	19,684,136	44.76%	2,438,707	12.39%
Licenses and permits	341,620	0.69%	302,819	0.69%	38,801	12.81%
Fines & Forfeitures	277,729	0.56%	249,211	0.57%	28,518	11.44%
Use of Money and Property	1,508,346	3.06%	1,200,582	2.73%	307,764	25.63%
Charges for Services	1,202,675	2.44%	1,182,453	2.69%	20,222	1.71%
Miscellaneous	957,800	1.94%	525,463	1.19%	432,337	82.28%
Recovered Costs	1,024,418	2.08%	1,026,582	2.33%	(2,164)	-0.21%
Intergovernmental	8,125,667	16.48%	6,712,840	15.27%	1,412,827	21.05%
<b>Total Revenues</b>	<b>\$ 49,292,923</b>	<b>100.00%</b>	<b>\$ 43,973,908</b>	<b>100.00%</b>	<b>\$ 5,319,015</b>	<b>12.10%</b>

The Governmental Funds consist of the General Fund, Tourism Fund, Capital Projects Fund, Public Assistance Fund, and the Law Enforcement Block Grant Fund. The general governmental functions are contained in the General Fund, the City's chief operating fund. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. On June 30, 2019, total fund balance of the General Fund was \$14.3 million. A small portion of fund balance, \$28K, is *Nonspendable*, consisting of prepaid expenditures. The majority of fund balance is *Unassigned*, representing 38.4% of operating revenue, in compliance with the City's unassigned fund balance policy of 35% of operating revenues for the year.

The following provides more detailed information about major General Fund operating revenue collections during FY 2019:

- **General Property Taxes** –This consists of real and personal property tax receipts. Real property tax receipts were \$13.7 million, an increase of 5.2% compared to last year. Personal property tax receipts for individuals and businesses, including reimbursement for the State's Car Tax relief block grant program, totaled \$3 million, an increase of 3% compared to FY 2018.
- **Other Local Taxes** – Overall, these revenues increased 12.4% from last year. The majority of the increase is attributed to the local share of the Historic Sales Tax, enacted by Senate Bill 942, as discussed on page IV of Letter of Transmittal and page 9 of the MD&A. Without considering the revenue from the new tax, the overall increase in other local taxes is 2.2%. Local 1% share of the State sales tax receipts increased 2.6%, while local share of the Historic Sales Tax generated an additional \$2.1 million in new revenue for a total increase in sales tax of 45.4%. Business licenses increased 13.7%, and bank stock taxes increased 16.6%. Recordation taxes decreased 41.7%, and cigarette taxes decreased 16.4% compared to the previous fiscal year. Room taxes were \$3.3 million, a decrease from the prior fiscal year of 1.5%, while meal taxes totaled \$7.3 million, realizing an increase of 3.5% compared to last year. The \$2 lodging taxes decreased by \$44K, or 3.9%, compared to the previous year. Overall, increases in local taxes above suggest positive signs of an improving local economy.





- Revenue from the Use of Money and Property** – Interest earnings were \$805K for the year, a significant increase from last year’s \$479K. The average yield on deposits and investments for FY 2019 was 2.06%. Prince George Parking Garage receipts were \$263K, a decrease of 17.4% from last year as a result of offering free parking during the Holiday Season and the implementation of new equipment and parking software. The new equipment and software will allow parking fees to be collected consistently in the current year.
- Charges for Services** – This category consists largely of EMS medical transport fees, recreation programs and facility rentals, and cemetery lots and fees. Overall revenues in this category were \$1.2 million, about level with collections in FY 2018.
- Miscellaneous** – Consists primarily of a variety of smaller fees, adjustments, and a Grant from the Williamsburg Health Foundation in the amount of \$260,000 for both FY 2019 and FY 2018. Total revenue for FY 2019 was \$957,800, an increase of \$432K, or 82%, from FY 2018. The majority of the increase related to the lower of cost or market adjustment for property held for resale in the Capital Projects Fund for \$434K.
- Recovered Costs** – These include reimbursements for Utility Fund overhead charges, public safety overtime, stormwater management fees, and James City County’s reimbursed portion of annual Arts Commission grants under miscellaneous receipts. While in total, recovered costs for FY 2019 remained level with FY 2018 at \$1 million, the individual components of this category had variances compared to FY 2018. Most notably, Utility Fund overhead charges increased by \$160K to capture increased costs of administration, equipment, materials, and the Utility Fund’s share of the cost for a GIS position in the Information Technology Department and a Landscaping position in the Public Works Department. Offsetting the increase in Utility Fund overhead charges is a decrease of \$167K related to a grant received in FY 2018 for improvements to the Stryker Building.
- Intergovernmental** – Overall, intergovernmental revenues were \$8.1 million, an increase of \$1.4 million or 21% compared to last year. The increase was due to:
  - an increase of \$1.1 million in VDOT state construction grant funding for various projects in FY 2019;
  - an increase of \$60K in State highway maintenance funds;
  - an increase of \$191K in Sales Tax for Education; and,
  - an increase of \$94K for Comprehensive Service Act expenditures in the Public Assistance Fund.

## Governmental Funds Expenditures - Analysis

The following table represents Governmental expenditures by function, including capital projects, compared to prior year amounts.

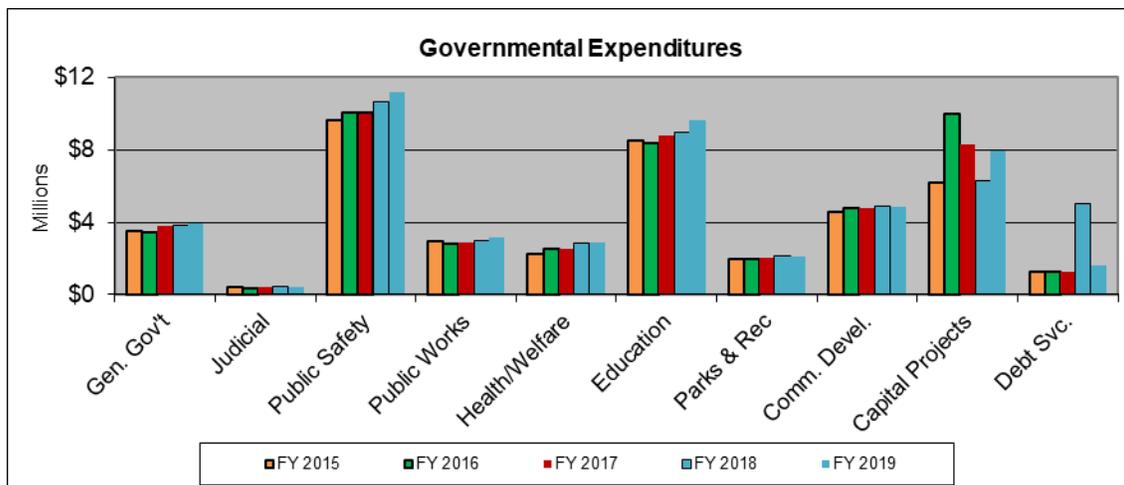
Expenditures by Function	June 30, 2019		June 30, 2018		Increase/(Decrease)	
	Amount	Percent of	Amount	Percent of	Amount	Percent of
		Total		Total		Change
General Government	\$3,954,853	8.30%	\$3,852,694	8.09%	\$102,159	2.65%
Judicial Administration	434,188	0.91%	422,688	0.89%	11,500	2.72%
Public Safety	11,159,742	23.42%	10,641,971	22.34%	517,771	4.87%
Public Works	3,145,566	6.60%	2,986,028	6.27%	159,538	5.34%
Health and Welfare	2,890,326	6.07%	2,865,062	6.01%	25,264	0.88%
Education	9,605,544	20.16%	8,962,074	18.81%	643,470	7.18%
Parks, Recreation, and Cultural	2,108,277	4.42%	2,104,895	4.42%	3,382	0.16%
Community Development	4,842,357	10.16%	4,896,820	10.28%	(54,463)	-1.11%
Capital Projects	7,913,834	16.61%	6,323,793	13.27%	1,590,041	25.14%
Principal Retirement	837,370	1.76%	4,880,676	10.24%	(4,043,306)	-82.84%
Interest	752,932	1.58%	147,577	0.31%	605,355	410.20%
Total Expenditures	<u>\$47,644,989</u>	<u>100.00%</u>	<u>\$48,084,278</u>	<u>100.92%</u>	<u>(\$439,289)</u>	-0.91%

The City's FY 2019 budget included \$260K in the General Fund to implement a 2% across the board cost of living increase and to fund a \$500 bonus to employees whose salary was under \$50K. The employer contribution rate during FY 2019 for all full-time employees covered by the Virginia Retirement System was 13.78% of salaries, with covered employees contributing their 5% share above the employer rate. Healthcare premiums for the City's plan with the Anthem's Local Choice program administered by the State incurred an increase of 9.2% for FY 2019.

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

- **General Government Administration** – increased by 2.7% primarily due to increased salary and benefits costs in various departments. The following departments incurred the majority of the increase in salary and benefits: Clerk of Council (filled vacant position), Commissioner of Revenue (added an audit position), Real Estate Assessment, Information Technology, and City Shop. A reduction in salary and benefits, due to a vacant position, in the City Manager's budget and in contingency funds expended in FY 2019 compared to FY 2018 offset increases from the other departments.
- **Judicial Administration** – The City funds judicial offices with James City County in the jointly owned Courthouse, according to a population-based formula each year. The City's share of expenditures totaled \$434K, an increase of \$12K compared to last year.
- **Public Safety** – This category includes the Police Department, Fire Department, Prince George Parking Garage, Line of Duty Act, contractual cost for emergency dispatch, and cost for correction and detention. This category of expenditures increased 518K, or 4.9%, compared to the previous fiscal year. The majority of the increase related to increased salary and related expenses for new positions and the cost of living raise in both the Police Department and the Fire Department and also increased overtime in the Police Department. Juvenile detention services are provided by the Middle Peninsula Juvenile Detention Commission, which operates the 48-bed Merrimac Center. Juvenile detention costs, which were based on per diems, were \$55K for FY 2019, a decrease compared to \$74K last year.

- **Public Works** – Overall, costs increased 5.3% compared to last year. The Streets Department expenditures increased by 7.3%. The majority of the increase was due to increases in the cost of electricity (streetlights), salaries and related benefits, and the cost of car and truck supplies. Sanitation costs increased 3.6% due primarily to increased cost for garbage collection and disposal; and to a lesser extent, increased recycling costs.
- **Health & Welfare** – Local health department costs were \$195K, up slightly from last year.
- **Education** – Education costs were \$9.6 million, an increase of 7.2% from last year. The City's share of the jointly operated Williamsburg-James City County Schools for Fiscal Year 2019 was 9.53%. FY 2019 was the second year of a five year renegotiated joint agreement, with operating funding based on the City's share of student population multiplied by a 1.14% factor, then averaged over the past three years. Historically, the City has also funded approved capital projects at that same rate. The City's share of school capital costs paid during the year was \$1.8 million and included new projects as well as projects carried forward from prior years.
- **Parks, Recreation, and Cultural** – Parks and Recreation costs of \$1.7 million were level with FY 2018. Library expenditures were \$872K for FY 2019, an increase of 1.4% compared to last year. Williamsburg's support of the Regional Library is based on a joint contract with the counties of James City and York.
- **Community Development** – This category consists of cost for the Planning, Economic Development, Tourism, and support of outside agencies. Costs for FY 2019 were \$4,842,357, a slight decrease of 1% compared to FY 2018 due to a reduction in outside funding requests.
- **Capital Projects** – Capital project spending varies each year, depending on the 5-year program. City project spending totaled \$7.9 million for FY 2019. Capital projects included street construction, corridor enhancements, school improvements, and the replacement of vehicles. More information is provided under the Capital Asset section of this analysis.
- **Principal and Interest payments** –Total principal payments during FY 2019 were 837K, and interest payments on outstanding debt totaled \$753K. Details of long-term debt obligations are included in the notes to the financial statements.



## Budget Variances

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

General Fund operating revenues exceeded the budget by \$740K for FY 2019, while operating expenditures were under budget by \$530K for an operating surplus of \$1.3 million. Although many revenue sources were slightly lower than budgeted, many sources, including personal property taxes, business licenses, meal taxes, permits, court fines and forfeitures, and miscellaneous revenues, all ended the year higher than budgeted. On the expenditure side, major contributing departments that were underspent for FY 2019 included City Manager, Clerk of City Council, Fire, Parks and Recreation, Planning and Community Development. In addition, the Williamsburg-James City County Schools were under their operating budget by \$243K.

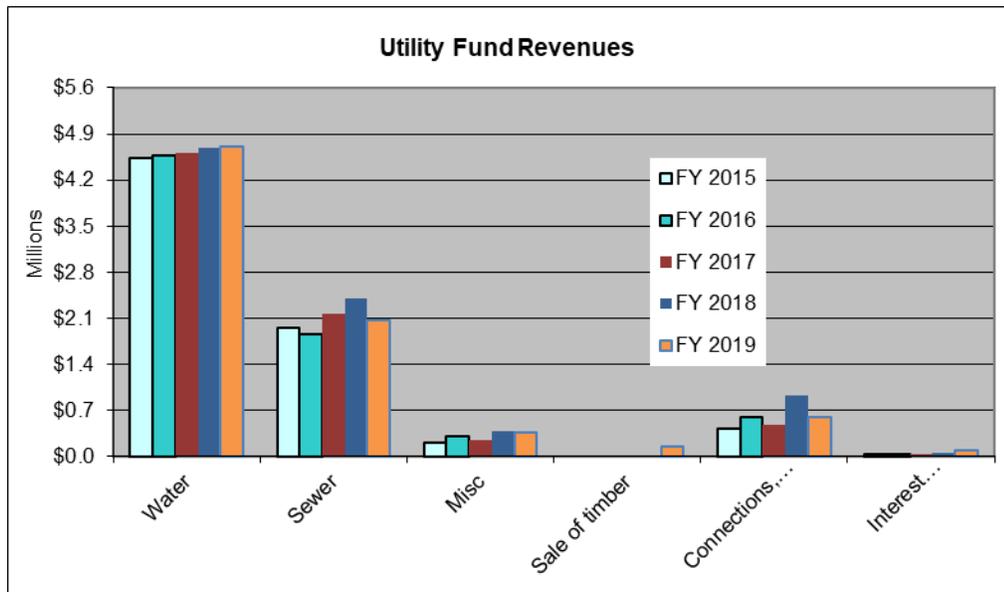
## Fund Balance

Total Fund Balance for the General Fund increased from \$13.0 million to \$14.3 million for the year. Of that, (1) \$23.7K is *nonspendable* and represents prepaid items, and the remaining fund balance is *unassigned*.

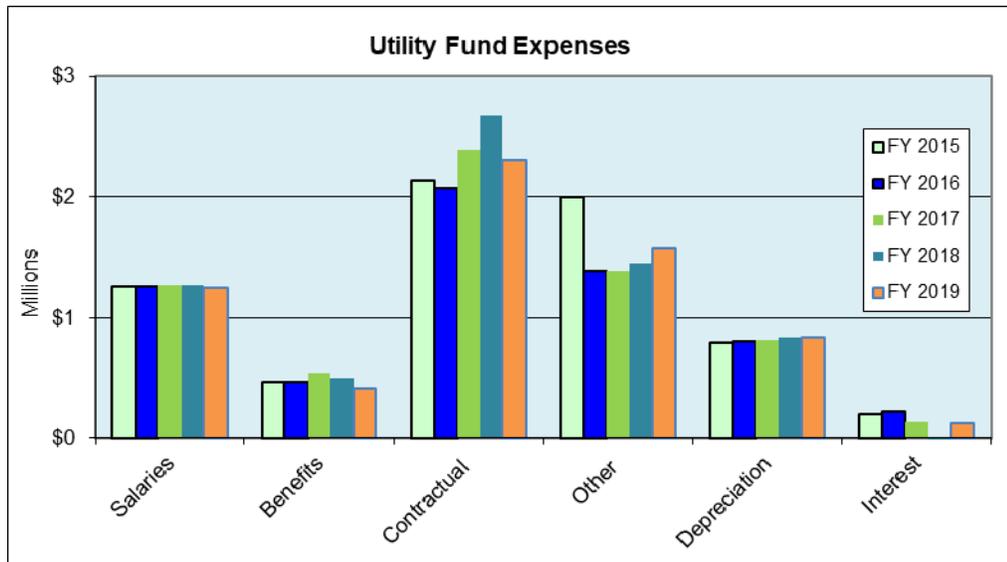
## Enterprise Funds Revenue/Expense Analysis

The business-type activity (water and sewer services of the Utility Fund) operating revenues for the year were \$7.7 million, an increase of 7.8% from last year. There was no increase in Water rates, which are \$5.30 per 1,000 gallons. Highlights include:

- Total billed water consumption for FY 2019 was 840 million gallons, an increase of 1.8% compared to the 825 million gallons consumed last year.
- Water revenues were \$4.7 million and were level with FY 2018.
- Sewer revenues were \$2.1 million, a decrease of 14.1% compared to last year, due to decreased sewer consumption billed for Hampton Roads Sanitation District (pass-thru), FY 2019.
- Tap and availability fees were \$723.1K, a decrease of 31.7% from fees of \$1.1 million collected in FY 2018.
- Total operating expenses decreased \$336.7K, or 5.0%, compared to last year, of which the majority is attributed to decreased cost for contractual services (pass-thru payments to the Hampton Roads Sewer District for sewage treatment).
- Nonoperating income of \$161,573 was realized in FY 2019 from the sale of timber at Waller Mill Park.
- Investment earnings were \$95K, an increase of 65.5% from last year.



The City received \$218K this year from contracts with cell-phone providers using water tanks as a base for telecommunications equipment, which was level with the revenue received last year. Utility Fund operating expenses totaled \$6.4 million for the year, a decrease of 5.0% from the previous year, primarily due to a reduction in contractual services for sewage treatment, as mentioned in the bullet points above. Depreciation charges include a portion of the 25-year amortization of the total \$12.5 million costs of the Newport News Water agreement, classified as intangible water rights in the Utility Fund. Operating income for the year was \$1.4 million, a 19.2% decrease compared to the \$1.7 million reported last year. Total net position of the Utility Fund increased by the total net income for FY 2019 of \$1.5 million, leaving the fund's ending total net position at \$25.9 million, an increase of 19.8% compared to FY 2018.



## **ORIGINAL AND FINAL AMENDED BUDGETS**

By resolution, the FY 2019 General Fund Budget was amended for public safety grants totaling \$11K and a grant for parks and recreation for \$5K. The public safety grants were used for personnel cost to enforce alcohol and speed violations. The grant for parks and recreation was used for the dog park at Waller Mill Park. Williamsburg-James City County (WJCC) Public Schools had an operating surplus at June 30, 2018, in the amount of \$3,053,736. The City's share of local funding of Schools was 9.46%, and, as a result, \$288,884 of the surplus was City funds. In February of 2019, WJCC School Board asked for, and City Council approved, an appropriation for \$194,069 from surplus funds for the purchase of school buses, textbooks, renovations to school entrances at Matthew Whaley and Jamestown High, replacement of the Warhill High School Track, and various other purchases of equipment, fixtures, and improvements.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The City of Williamsburg's total investment in capital assets, including construction in progress, for its governmental and business-type activities as of June 30, 2019, was \$97 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and recreation and park facilities. Major capital assets of the Utility Fund consist of all assets used to provide water and sewer services to City residents, including the major investments in the Waller Mill Reservoir and all properties adjacent to this watershed, and intangible water rights with the Newport News water agreement. Major capital project fund activities during the current fiscal year included the following:

#### Governmental Funds:

- Ironbound Rd/Longhill Rd intersection right-of-way work continued with costs totaling \$2.2 million in FY 2019.
- Monticello Avenue Redesign work continued, incurring cost of \$181K.
- Pedestrian and Bicycle Improvements along the Monticello Avenue Multi-use Trail continued incurring cost of \$116K in FY 2019.
- The Second Street Underground Wiring project was completed, incurring cost of \$1.1 million in FY 2019.
- Park Improvements at Quarterpath Park, Kiwanis Park, and Waller Mill Park were made totaling \$496K.
- Information technology virtual server and CAMA system replacements were completed at a combined cost of \$138K. ERP system replacement continued, incurring cost of \$105K in FY 2019.
- New parking equipment and software were installed at the Prince George Parking Garage for a cost of \$166K.
- School project costs, including renovations to existing facilities, were paid during the year in the amount of \$1.8 million.
- Vehicles were replaced citywide under the replacement plan at a cost of \$1.1 million.

The budget balances of any appropriated capital projects not completed at year-end are carried forward to the next fiscal year, as provided for in the City's financial policies. Carryover funds for capital projects totaled approximately \$14.9 million, including \$4.5 million for Monticello Avenue improvements, \$3.5 for Capital Landing Road intersection improvements, \$1.7 million in School Capital Projects, \$1.3 for a new Fire Station, \$1.1 million for Bicycle Facility Improvements, \$556K for Ironbound Rd/Longhill Rd intersection improvements, \$350K for Police Station renovations, \$300K for Bridge Inspections \$209K for Library renovations, \$174K for Park improvements, \$149K for Vehicle replacements, \$140K for Capitol Landing Road Redesign, \$136K for Tyler/Munis software implementation, \$97K for Parking Study implementation, \$83K for Stormwater Management projects, and \$600K in various other projects.

### Utility Fund:

- Water distribution and collection systems maintenance and upgrades totaled \$29K in the Utility Fund.
- Water treatment improvements totaled \$38K
- Sewer System Rehabs total \$71K.
- Vehicle purchases totaled \$28K.

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

### **Long-Term Debt**

At June 30, 2019, the City of Williamsburg's total outstanding bonded debt was \$20.7 million. Bonds payable for Governmental Activities were \$17.3 million, while business-type activities owed \$3.4 million at year-end. The full faith and credit of the government backs these instruments. The City's total bonded debt decreased \$1.4 million. The City's remaining capacity for debt at June 30, 2019, is approximately \$166 million.

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

### **Requests for Information**

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

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*BASIC FINANCIAL STATEMENTS*

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*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

City of Williamsburg, Virginia  
Statement of Net Position  
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Williamsburg Redevelopment and Housing Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 22,596,014	\$ 4,095,853	\$ 26,691,867	\$ 856,324
Investments	4,912,137	4,014,180	8,926,317	251,893
Investments in custody of others	13,470,129	-	13,470,129	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	335,628	-	335,628	-
Accounts receivable	1,329,688	1,145,694	2,475,382	7,061
Notes receivable	114,000	-	114,000	-
Due from other governmental units	2,802,306	-	2,802,306	-
Inventories	3,085,024	-	3,085,024	14,550
Prepaid items	28,717	-	28,717	21,226
Capital assets (net of accumulated depreciation):				
Land and land improvements	8,797,413	6,434,330	15,231,743	2,377,895
Works of art	28,400	-	28,400	-
Buildings and system	23,376,770	4,324,887	27,701,657	1,290,422
Improvements other than buildings	4,975,361	2,600,083	7,575,444	26,763
Machinery and equipment	4,331,362	303,940	4,635,302	11,883
Intangibles	725,124	9,377,327	10,102,451	-
Infrastructure	31,014,387	54,464	31,068,851	-
Construction in progress	517,748	-	517,748	-
Total assets	\$ 122,440,208	\$ 32,350,758	\$ 154,790,966	\$ 4,858,017
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 1,313,223	\$ 146,850	\$ 1,460,073	\$ -
OPEB related items	383,355	12,873	396,228	-
Deferred charges on refunding	19,542	135,187	154,729	-
Total deferred outflows of resources	\$ 1,716,120	\$ 294,910	\$ 2,011,030	\$ -
<b>LIABILITIES</b>				
Accounts payable	\$ 710,281	\$ 577,335	\$ 1,287,616	\$ 23,952
Accrued liabilities	574,415	34,653	609,068	5,396
Retainage payable	-	-	-	-
Refundable deposits	166,087	61,635	227,722	35,330
Accrued interest payable	345,276	87,216	432,492	-
Unearned revenue	103,519	126,000	229,519	444
Long-term liabilities:				
Due within one year	1,533,265	635,083	2,168,348	-
Due in more than one year	17,711,294	3,908,938	21,620,232	114,000
Net pension liability, due in more than one year	8,875,235	974,700	9,849,935	-
Net OPEB liability, due in more than one year	2,045,563	90,437	2,136,000	-
Total liabilities	\$ 32,064,935	\$ 6,495,997	\$ 38,560,932	\$ 179,122

City of Williamsburg, Virginia  
Statement of Net Position  
June 30, 2019 (Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Williamsburg Redevelopment and Housing Authority
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	\$ 717,139	\$ 194,571	\$ 911,710	\$ -
OPEB related items	227,020	8,980	236,000	-
Total deferred inflows of resources	\$ 944,159	\$ 203,551	\$ 1,147,710	\$ -
<b>NET POSITION</b>				
Net Investment in capital assets	\$ 68,662,151	\$ 18,817,665	\$ 87,479,816	\$ 3,592,963
Restricted:				
Fire and police capital improvements	337,948	-	337,948	-
Other restrictions	593,836	-	593,836	-
Unrestricted	21,553,299	7,128,455	28,681,754	1,085,932
Total net position	\$ 91,147,234	\$ 25,946,120	\$ 117,093,354	\$ 4,678,895

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

City of Williamsburg, Virginia  
Statement of Activities  
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 4,272,998	\$ -	\$ 131,304	\$ -
Judicial administration	434,188	278,401	-	-
Public safety	11,328,192	1,112,089	586,694	-
Public works	5,447,775	-	1,859,430	2,752,760
Health and welfare	2,815,978	-	1,350,595	-
Education	11,403,225	-	1,287,212	-
Parks, recreation, and cultural	2,626,637	392,219	-	-
Community development	4,874,645	39,315	6,202	-
Interest on long-term debt	573,264	-	-	-
Total governmental activities	<u>\$ 43,776,902</u>	<u>\$ 1,822,024</u>	<u>\$ 5,221,437</u>	<u>\$ 2,752,760</u>
Business-type activities:				
Utility Fund	\$ 6,511,048	\$ 7,679,905	\$ -	\$ -
Total business-type activities	<u>\$ 6,511,048</u>	<u>\$ 7,679,905</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 50,287,950</u>	<u>\$ 9,501,929</u>	<u>\$ 5,221,437</u>	<u>\$ 2,752,760</u>
<b>COMPONENT UNIT:</b>				
WRHA	\$ 886,420	\$ 458,315	\$ 186,542	\$ 300,111
Total component unit	<u>\$ 886,420</u>	<u>\$ 458,315</u>	<u>\$ 186,542</u>	<u>\$ 300,111</u>

General revenues:

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

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>	Williamsburg Redevelopment and Housing <u>Authority</u>
\$ (4,141,694)	\$ -	\$ (4,141,694)	\$ -
(155,787)	-	(155,787)	-
(9,629,409)	-	(9,629,409)	-
(835,585)	-	(835,585)	-
(1,465,383)	-	(1,465,383)	-
(10,116,013)	-	(10,116,013)	-
(2,234,418)	-	(2,234,418)	-
(4,829,128)	-	(4,829,128)	-
(573,264)	-	(573,264)	-
<u>\$ (33,980,681)</u>	<u>\$ -</u>	<u>\$ (33,980,681)</u>	<u>\$ -</u>
\$ -	\$ 1,168,857	\$ 1,168,857	\$ -
\$ -	\$ 1,168,857	\$ 1,168,857	\$ -
<u>\$ (33,980,681)</u>	<u>\$ 1,168,857</u>	<u>\$ (32,811,824)</u>	<u>\$ -</u>
			\$ 58,548
			<u>\$ 58,548</u>
\$ 13,780,244	\$ -	\$ 13,780,244	\$ -
6,841,762	-	6,841,762	-
7,308,479	-	7,308,479	-
3,308,661	-	3,308,661	-
1,079,370	-	1,079,370	-
2,330,418	-	2,330,418	-
1,254,153	-	1,254,153	-
1,508,346	94,973	1,603,319	4,414
957,800	228,171	1,185,971	-
1,485,395	-	1,485,395	-
<u>\$ 39,854,628</u>	<u>\$ 323,144</u>	<u>\$ 40,177,772</u>	<u>\$ 4,414</u>
\$ 5,873,947	\$ 1,492,001	\$ 7,365,948	\$ 62,962
85,273,287	24,454,119	109,727,406	4,615,933
<u>\$ 91,147,234</u>	<u>\$ 25,946,120</u>	<u>\$ 117,093,354</u>	<u>\$ 4,678,895</u>

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*FUND FINANCIAL STATEMENTS*

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City of Williamsburg, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2019

	General Fund	Tourism Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,688,180	\$ 1,906,764	\$ 11,404,735	\$ 596,335	\$ 22,596,014
Investments	4,656,938	-	255,199	-	4,912,137
Investments in custody of others	-	-	13,470,129	-	13,470,129
Receivables (net of allowance for uncollectibles):					
Taxes receivable	335,628	-	-	-	335,628
Accounts receivable	1,230,193	99,384	111	-	1,329,688
Notes receivable	114,000	-	-	-	114,000
Due from other funds	30,709	-	-	-	30,709
Due from other governmental units	541,421	306,560	1,824,251	130,074	2,802,306
Inventories	-	-	3,085,024	-	3,085,024
Prepaid items	28,717	-	-	-	28,717
Total assets	<u>\$ 15,625,786</u>	<u>\$ 2,312,708</u>	<u>\$ 30,039,449</u>	<u>\$ 726,409</u>	<u>\$ 48,704,352</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 308,554	\$ 73,554	\$ 321,198	\$ 6,975	\$ 710,281
Accrued liabilities	569,412	-	5,003	-	574,415
Refundable deposits	166,087	-	-	-	166,087
Due to other funds	-	-	-	30,709	30,709
Unearned revenue	8,630	-	-	94,889	103,519
Total liabilities	<u>\$ 1,052,683</u>	<u>\$ 73,554</u>	<u>\$ 326,201</u>	<u>\$ 132,573</u>	<u>\$ 1,585,011</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 264,663	\$ -	\$ -	\$ -	\$ 264,663
Total deferred inflows of resources	<u>\$ 264,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,663</u>
<b>FUND BALANCES</b>					
Nonspendable	\$ 28,717	\$ -	\$ 3,085,024	\$ -	\$ 3,113,741
Restricted	-	-	13,470,129	593,836	14,063,965
Assigned	-	2,239,154	13,158,095	-	15,397,249
Unassigned	14,279,723	-	-	-	14,279,723
Total fund balances	<u>\$ 14,308,440</u>	<u>\$ 2,239,154</u>	<u>\$ 29,713,248</u>	<u>\$ 593,836</u>	<u>\$ 46,854,678</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,625,786</u>	<u>\$ 2,312,708</u>	<u>\$ 30,039,449</u>	<u>\$ 726,409</u>	<u>\$ 48,704,352</u>

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

City of Williamsburg, Virginia  
 Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Position  
 June 30, 2019

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 46,854,678
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		73,766,565
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the funds. The following is a summary of items supporting this adjustment:

Unavailable revenue - property taxes	\$ 264,663	264,663
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Deferred charge on refunding	\$ 19,542	
Pension related items	1,313,223	
OPEB related items	<u>383,355</u>	1,716,120

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

General obligation bonds	\$ (18,256,137)	
Net OPEB liability	(2,045,563)	
Net pension liability	(8,875,235)	
Accrued interest payable	(345,276)	
Compensated absences	<u>(988,422)</u>	(30,510,633)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

OPEB related items	\$ (227,020)	
Pension related items	<u>(717,139)</u>	<u>(944,159)</u>

Net position of governmental activities		<u>\$ 91,147,234</u>
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The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2019

	General Fund	Tourism Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 13,731,825	\$ -	\$ -	\$ -	\$ 13,731,825
Other local taxes	14,201,711	3,092,355	4,828,777	-	22,122,843
Permits, privilege fees, and regulatory licenses	282,660	-	58,960	-	341,620
Fines and forfeitures	277,729	-	-	-	277,729
Revenue from the use of money and property	699,926	-	808,414	6	1,508,346
Charges for services	1,202,675	-	-	-	1,202,675
Miscellaneous	522,964	-	434,324	512	957,800
Recovered costs	1,024,418	-	-	-	1,024,418
Intergovernmental:					
Commonwealth	5,199,135	-	1,287,482	620,216	7,106,833
Federal	16,420	-	215,717	786,697	1,018,834
Total revenues	<u>\$ 37,159,463</u>	<u>\$ 3,092,355</u>	<u>\$ 7,633,674</u>	<u>\$ 1,407,431</u>	<u>\$ 49,292,923</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 3,954,853	\$ -	\$ -	\$ -	\$ 3,954,853
Judicial administration	434,188	-	-	-	434,188
Public safety	11,112,272	-	-	47,470	11,159,742
Public works	3,145,566	-	-	-	3,145,566
Health and welfare	488,778	-	-	2,401,548	2,890,326
Education	9,605,544	-	-	-	9,605,544
Parks, recreation, and cultural	2,108,277	-	-	-	2,108,277
Community development	1,784,156	3,058,201	-	-	4,842,357
Capital projects	-	-	7,913,834	-	7,913,834
Debt service:					
Principal retirement	-	-	837,370	-	837,370
Interest and other fiscal charges	-	-	752,932	-	752,932
Total expenditures	<u>\$ 32,633,634</u>	<u>\$ 3,058,201</u>	<u>\$ 9,504,136</u>	<u>\$ 2,449,018</u>	<u>\$ 47,644,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,525,829</u>	<u>\$ 34,154</u>	<u>\$ (1,870,462)</u>	<u>\$ (1,041,587)</u>	<u>\$ 1,647,934</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 2,205,000	\$ -	\$ 1,050,533	\$ 3,255,533
Transfers out	(3,255,533)	-	-	-	(3,255,533)
Total other financing sources (uses)	<u>\$ (3,255,533)</u>	<u>\$ 2,205,000</u>	<u>\$ -</u>	<u>\$ 1,050,533</u>	<u>\$ -</u>
Net change in fund balances	\$ 1,270,296	\$ 2,239,154	\$ (1,870,462)	\$ 8,946	\$ 1,647,934
Fund balances - beginning, as restated	13,038,144	-	31,583,710	584,890	45,206,744
Fund balances - ending	<u>\$ 14,308,440</u>	<u>\$ 2,239,154</u>	<u>\$ 29,713,248</u>	<u>\$ 593,836</u>	<u>\$ 46,854,678</u>

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

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City of Williamsburg, Virginia  
 Reconciliation of Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds	\$	1,647,934
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded the depreciation expense in the current period. The following is a summary of items supporting this adjustment:

Capital outlay	\$	5,875,095	
Depreciation expense		<u>(3,810,585)</u>	2,064,510

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

Property taxes	\$	48,419	48,419
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The following is a summary of items supporting this adjustment:

Principal retirement on general obligation bonds	\$	837,370	837,370
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

Change in compensated absences	\$	(6,591)	
OPEB expense		(8,922)	
Pension expense		1,111,559	
Amortization of premium		141,951	
Amortization of deferred charges on refunding		(2,172)	
Change in accrued interest payable		<u>39,889</u>	<u>1,275,714</u>

Change in net position of governmental activities	\$	<u>5,873,947</u>
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The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2019

	<u>Utility Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 4,095,853
Investments	4,014,180
Accounts receivable (net of allowances for uncollectibles)	1,145,694
Total current assets	<u>\$ 9,255,727</u>
Noncurrent assets:	
Capital assets:	
Land and land improvement and open easement	\$ 6,434,330
Buildings and system	11,842,633
Improvements other than buildings	8,575,937
Machinery and equipment	2,301,863
Intangibles	12,525,344
Infrastructure	83,860
Accumulated depreciation	(18,668,936)
Total net capital assets	<u>\$ 23,095,031</u>
Total noncurrent assets	<u>\$ 23,095,031</u>
Total assets	<u>\$ 32,350,758</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refundings	\$ 135,187
Pension related items	146,850
OPEB related items	12,873
Total deferred outflows of resources	<u>\$ 294,910</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 577,335
Accrued liabilities	34,653
Refundable deposits	61,635
Accrued interest payable	87,216
Compensated absences - current portion	70,306
Unearned revenue	126,000
General obligation bonds - current portion	564,777
Total current liabilities	<u>\$ 1,521,922</u>

City of Williamsburg, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2019 (Continued)

	<u>Utility Fund</u>
<b>LIABILITIES (Continued)</b>	
Noncurrent liabilities:	
General obligation bonds - net of current portion	\$ 3,847,776
Net pension liability	974,700
Net OPEB liability	90,437
Compensated absences - net of current portion	61,162
Total noncurrent liabilities	<u>\$ 4,974,075</u>
Total liabilities	<u>\$ 6,495,997</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	\$ 194,571
OPEB related items	8,980
Total deferred inflows of resources	<u>\$ 203,551</u>
 <b>NET POSITION</b>	
Net investment in capital assets	\$ 18,817,665
Unrestricted	7,128,455
Total net position	<u>\$ 25,946,120</u>

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

City of Williamsburg, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2019

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	<u>Utility Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenues	\$ 4,702,919
Sewer revenues	2,063,225
Tap and availability fees	723,095
Penalty and interest	20,293
Miscellaneous	228,171
Total operating revenues	<u>\$ 7,737,703</u>
<b>OPERATING EXPENSES</b>	
Personnel services	\$ 1,251,257
Fringe benefits	406,184
Contractual services	2,308,458
Other charges	1,577,177
Depreciation	837,623
Total operating expenses	<u>\$ 6,380,699</u>
Operating income (loss)	<u>\$ 1,357,004</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	\$ 94,973
Sale of timber	161,573
Interest and other fiscal charges	(130,349)
Connection fees	8,800
Total nonoperating revenues (expenses)	<u>\$ 134,997</u>
Change in net position	<u>\$ 1,492,001</u>
Total net position - beginning	24,454,119
Total net position - ending	<u><u>\$ 25,946,120</u></u>

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

City of Williamsburg, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2019

	<u>Utility Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 7,563,211
Payments to suppliers	(4,019,639)
Payments to and for employees	(1,827,884)
Net cash provided by (used for) operating activities	<u>\$ 1,715,688</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Connection fees	\$ 8,800
Sale of timber	161,573
Net cash provided by (used for) noncapital financing activities	<u>\$ 170,373</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	\$ (130,345)
Principal payments on bonds	(537,629)
Interest expense	(213,502)
Net cash provided by (used for) capital and related financing activities	<u>\$ (881,476)</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,004,585
Cash and cash equivalents - beginning	3,091,268
Cash and cash equivalents - ending	<u>\$ 4,095,853</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	<u>\$ 1,357,004</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	\$ 837,623
(Increase) decrease in accounts receivable	(7,959)
(Increase) decrease in deferred outflows of resources related to pension and OPEB	9,107
Increase (decrease) in compensated absences	5,190
Increase (decrease) in accounts payable	(134,153)
Increase (decrease) in accrued liabilities	149
Increase (decrease) in unearned revenue	(166,073)
Increase (decrease) refundable deposits	(460)
Increase (decrease) in OPEB liability	3,314
Increase (decrease) in net pension liability	(154,274)
Increase (decrease) in deferred inflows of resources related to pension and OPEB	(33,780)
Total adjustments	<u>\$ 358,684</u>
Net cash provided by (used for) operating activities	<u>\$ 1,715,688</u>

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

City of Williamsburg, Virginia  
 Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2019

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,795,949
Investments, at fair value:	
Other investments	1,624,501
Other assets	9,723
Total assets	<u>\$ 3,430,173</u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 426,970
Accrued liabilities	40,955
Amounts held for others	2,962,248
Total liabilities	<u>\$ 3,430,173</u>

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

## CITY OF WILLIAMSBURG, VIRGINIA

### Notes to Financial Statements As of June 30, 2019

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#### ***Note 1—Summary of Significant Accounting Policies:***

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

#### Financial Statement Presentation

#### Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

*Blended Component Unit* - The City has no blended component units to be included for the fiscal year ended June 30, 2019.

*Discretely Presented Component Units* - The Williamsburg Redevelopment and Housing Authority (WRHA) is responsible for operating a low income housing program in the City which provides housing for eligible families, for operating redevelopment and conservation programs and for delivering of services to citizens of low income housing and urban renewal areas through the encouragement and development of social and economic opportunities. The Commissioners of the Authority are the members of City Council in addition to a Member-at-Large and a Public Housing Resident Member. The Authority is fiscally dependent on the City. The City does not have operational responsibility for the WRHA. The City is involved in the day-to-day fiscal operations of the WRHA, including the processing of their payroll, accounts payable and other managerial functions and therefore, the WRHA is included in the City's financial statements as a discrete presentation for the year ended June 30, 2019. WRHA's fiscal year of October 1 to September 30 differs from the City's fiscal year of July 1 to June 30. A copy of the separately issued financial statements may be obtained for the WRHA by writing to Williamsburg Redevelopment and Housing Authority, 401 Lafayette Street, P.O. Box 411, Williamsburg, VA 23185 or by calling (757) 220-3477.

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

C. Other Related Organizations

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

1. The City of Williamsburg - County of James City, Virginia Joint Public Schools - Under the terms of an agreement dated January 14, 1954, and subsequently revised, between the governing bodies and the school boards of the City of Williamsburg, Virginia and the County of James City, Virginia, effective July 1, 1955, the two localities consolidated the operations of their schools. The latest agreement was amended April 13, 2017 for Fiscal Years 2018 through 2022. That agreement provides that the City’s share of operational costs will be equivalent to the percentage of City students each year, times an add-on factor, then averaged over the two past fiscal year funding shares. The add-on factor for Fiscal Year 2019 and forward is as follows:

Fiscal Year	Factor
2019	1.14
2020	1.14
2021	1.14
2022	1.14

Summary financial information on the school operations (General Fund) as of June 30, 2019, is as follows:

Total assets	\$ 19,062,775
Liabilities	18,862,775
Fund equity and other credits	200,000
Total liabilities, fund equity, and other credits	\$ 19,062,775
Revenues	\$ 137,339,266
Expenditures and other financing uses	137,339,266
Excess of expenditures and other financing uses over revenues	\$ -
Fund balance, beginning	200,000
Fund balance, ending	\$ 200,000

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

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

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C. Other Related Organizations (Continued)

2. Williamsburg Regional Library - The Library is a joint operation of the City of Williamsburg and the Counties of James City and York, Virginia, operating under a contract dated September 26, 2013. It receives funding from the Commonwealth of Virginia, the federal government, and some private sources. The Library's board is split between City and County appointees. The Library's management is independent from City and County control. During the current fiscal year, the City contributed \$871,852 to the Library's operating budget, or 14.29% of its net appropriated support. Separate financial statements are prepared and are available, which reflect the details of its operations.
3. Other Agencies - Certain agencies and commissions service both the City of Williamsburg and surrounding localities. Board membership is allocated among the localities and their governing bodies make appointments. These agencies include: Hampton Roads Planning District Commission (HRPDC), Colonial Behavioral Health, Virginia Peninsula Regional Jail, Colonial Group Home Commission, Middle Peninsula Juvenile Detention Commission, Peninsula Agency on Aging, Community Action Agency, Virginia Peninsula Public Service Authority, Greater Williamsburg Partnership, and the Williamsburg Area Arts Commission.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The City's fiduciary funds are presented in the fund financial statements by type and have no measurement focus but use the accrual basis of accounting for asset and liability recognition. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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

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

1. Governmental Funds

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

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

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

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

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

1. Governmental Funds (Continued)

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

2. Proprietary Funds

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

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

3. Fiduciary Funds

Fiduciary Funds (Trust and Agency Funds) account for assets held by the City unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. Agency Funds utilize the accrual basis of accounting as described in the Proprietary Funds Presentation. Agency funds do not have a measurement focus. Agency funds include the Williamsburg Regional Library, the Williamsburg Tricentennial Fund, Economic Development Authority, the Farmers Market Fund, and the Special Welfare Fund. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

F. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value. Investments in the custody of others include unspent bond proceeds and accumulated interest that the City intends to use to fund public safety improvements.

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

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

**G. Receivables and payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$360,348 at June 30, 2019 and is comprised of property taxes of \$75,901 water and sewer charges of \$68,331, and ambulance recovery fees of \$216,116.

**Real and Personal Property Tax Data:**

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

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

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

**H. Capital Assets**

Capital assets, which include property, plant and equipment, infrastructure, and intangibles are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the City as land, buildings, infrastructure, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Intangible assets lack physical substance and have a nonfinancial nature and initial useful life extending beyond a single reporting period.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2019 was immaterial.

**Note 1—Summary of Significant Accounting Policies: (Continued)****H. Capital Assets (Continued)**

Property, plant and equipment, infrastructure, and intangibles of the primary government are depreciated (including amortization of intangible assets) using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	20
Infrastructure	
Roads	30
Bridges and culverts	50
Water/sewer system	40
Machinery and equipment	3-10
Intangibles	40

**I. Compensated Absences**

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

**J. Use of Estimates**

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

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

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**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and is deferred and recognized as an inflow of resources in the period that the amount becomes available. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the related notes.

**L. Net Position**

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

**M. Net Position Flow Assumption**

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

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

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N. Pensions

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

O. Other Postemployment Benefits (OPEB)

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

P. Long-term Obligations

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

Q. Prepaid Items

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

R. Inventory

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

S. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

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

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S. Fund Balance (Continued)

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by the City Manager to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives).

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

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

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Notes to Financial Statements (Continued)  
As of June 30, 2019**Note 1—Summary of Significant Accounting Policies: (Continued)****S. Fund Balance (Continued)**

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

	Major Special Revenue Fund		Nonmajor Special Revenue Funds		Major Capital Projects Fund	Total
	General Fund	Tourism Fund	Virginia Public Assistance Fund	Law Enforcement Block Grant Fund	Sales Tax Fund	
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Prepaid Items	\$ 28,717	\$ -	\$ -	\$ -	\$ -	\$ 28,717
Inventory of land held for resale	-	-	-	-	3,085,024	3,085,024
<b>Total Nonspendable</b>	<b>\$ 28,717</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,085,024</b>	<b>\$ 3,113,741</b>
<b>Restricted:</b>						
Social services	\$ -	\$ -	\$ 572,503	\$ -	\$ -	\$ 572,503
Law enforcement	-	-	-	21,333	-	21,333
Fire and police capital improvements	-	-	-	-	13,470,129	13,470,129
<b>Total Restricted</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 572,503</b>	<b>\$ 21,333</b>	<b>\$ 13,470,129</b>	<b>\$ 14,063,965</b>
<b>Assigned:</b>						
Future capital projects	\$ -	\$ -	\$ -	\$ -	13,158,095	13,158,095
Tourism	-	2,239,154	-	-	-	2,239,154
<b>Total Assigned</b>	<b>\$ -</b>	<b>\$ 2,239,154</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,158,095</b>	<b>\$ 15,397,249</b>
<b>Unassigned</b>	<b>\$ 14,279,723</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,279,723</b>
<b>Total Fund Balances</b>	<b>\$ 14,308,440</b>	<b>\$ 2,239,154</b>	<b>\$ 572,503</b>	<b>\$ 21,333</b>	<b>\$ 29,713,248</b>	<b>\$ 46,854,678</b>

**Note 2—Stewardship, Compliance, and Accounting:**

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

1. The City Charter requires the City Manager to submit to the City Council an annual budget for the ensuing fiscal year at least 60 days prior to the beginning of such fiscal year.
2. A public hearing on the budget is held after a synopsis of the budget is published in a local newspaper of general circulation. After a public hearing, the City Council may change any item in the budget (other than debt service or items required by law). A budget resolution must be adopted by the City Council prior to June 30 or as soon thereafter as is practicable.

**Note 2—Stewardship, Compliance, and Accounting: (Continued)**

3. The City utilizes the budget resolution of budgetary control whereby City Council adopts budgets for estimated revenues and expenditures on a departmental basis for the General Fund and Special Revenue Funds. Adopted budgets may be amended or superseded by action of City Council.
4. Budgets are also adopted by City Council for the Enterprise Funds. Budget to actual comparisons for these funds are not presented herein since there is no legal requirement for such presentation.
5. All operating budgets include proposed expenditures and the means of financing them. The City Manager has the authority to transfer amounts within the departments, so long as the total appropriation for a department is not adjusted. Budgeted amounts as presented in the financial statements reflect reallocations within budget categories through June 30, 2019.
6. Appropriation control is maintained at the department level. Appropriations lapse at year end. Encumbrances and committed fund balances outstanding at year end are re-appropriated in the succeeding year.
7. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
8. The City utilizes a Finance and Audit Committee to assist City Council in carrying out its oversight responsibilities as they relate to financial reporting, internal controls and compliance with laws and regulations.

Expenditures and Appropriations

Expenditures exceeded appropriations in the following departments:

<u>Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over exceed Amount</u>
<b>General Fund:</b>			
Public safety, Line of Duty Act	\$ 54,525	\$ 56,814	\$ (2,289)
<b>Virginia Public Assistance Fund:</b>			
Comprehensive services	486,609	503,653	(17,044)
<b>Sales Tax Fund:</b>			
Interest and other fiscal charges	745,441	752,932	(7,491)

**Note 3—Deposits and Investments:**

Deposits

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

At year-end the carrying value of the City’s deposits with banks and savings institutions was \$28,472,842 and the bank balance was \$27,281,694. Of the bank balance, \$27,281,694 was covered by Federal Depository Insurance Corporation. Of the Bank balance, \$14,877,692 was uncollateralized in banks or savings and loans not qualifying under the Virginia Security for Public Deposits Act at June 30, 2019.

Investments

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The City’s rated debt investments as of June 30, 2019 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale. The City’s investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio, and not more than 5% per issuer.

City's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 10,550,818
Virginia State Non-Arbitrage Pool	13,470,129
Total	\$ 24,020,947

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2019

**Note 3—Deposits and Investments: (Continued)**

**Interest Rate Risk**

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

Investment Type	Fair Value	Investment Maturities (in years)	
		Less Than 1 Year	1-5 Years
Local Government Investment Pool	\$ 10,550,818	\$ 10,550,818	\$ -
Virginia State Non-Arbitrage Pool	13,470,129	13,470,129	-
<b>Total</b>	<b>\$ 24,020,947</b>	<b>\$ 24,020,947</b>	<b>\$ -</b>

**External Investment Pools**

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

**Note 4—Due from Other Governments:**

At June 30, 2019, the City has receivables from other governments as follows:

	Governmental Activities
Other Local Governments:	
Williamsburg-James City County Public Schools	\$ 247,897
Williamsburg Redevelopment and Housing Authority	9,344
Commonwealth of Virginia:	
Communications tax	97,314
CSA pool funds	50,401
Local sales tax	996,633
Recordation tax	11,663
Shared expenses	8,231
Social services	31,298
Historic Triangle sales tax	306,560
State sales tax	155,902
Highway planning and construction	819,436
Other	11,070
Federal Government:	
Highway planning and construction	8,182
Social Services	48,375
<b>Total</b>	<b>\$ 2,802,306</b>

**Note 5—Interfund Obligations:**

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Details of the Primary Government's interfund receivables and payables as of June 30, 2019 are as follows:

Fund	Interfund Receivables	Interfund Payables
General	\$ 30,709	\$ -
Virginia Public Assistance	-	30,709
Total	<u>\$ 30,709</u>	<u>\$ 30,709</u>

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

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CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2019

**Note 6—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<i>Governmental activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 8,797,413	\$ -	\$ -	\$ 8,797,413
Works of art	28,400	-	-	28,400
Construction in progress	592,030	2,725,146	2,799,428	517,748
<b>Total capital assets not subject to depreciation</b>	<b>\$ 9,417,843</b>	<b>\$ 2,725,146</b>	<b>\$ 2,799,428</b>	<b>\$ 9,343,561</b>
Capital assets subject to depreciation:				
Buildings and system	\$ 43,590,797	\$ -	\$ -	\$ 43,590,797
Improvements other than buildings	15,020,742	480,824	-	15,501,566
Infrastructure	60,221,036	4,345,365	-	64,566,401
Intangible	683,309	375,687	-	1,058,996
Machinery and equipment	12,951,750	747,501	229,443	13,469,808
<b>Total capital assets subject to depreciation</b>	<b>\$ 132,467,634</b>	<b>\$ 5,949,377</b>	<b>\$ 229,443</b>	<b>\$ 138,187,568</b>
Accumulated depreciation:				
Buildings and system	\$ 19,024,008	\$ 1,190,019	\$ -	\$ 20,214,027
Improvements other than buildings	10,047,826	478,379	-	10,526,205
Infrastructure	32,281,470	1,270,544	-	33,552,014
Intangible	265,968	67,904	-	333,872
Machinery and equipment	8,564,150	803,739	229,443	9,138,446
<b>Total accumulated depreciation</b>	<b>\$ 70,183,422</b>	<b>\$ 3,810,585</b>	<b>\$ 229,443</b>	<b>\$ 73,764,564</b>
<b>Total capital assets subject to depreciation, net</b>	<b>\$ 62,284,212</b>	<b>\$ 2,138,792</b>	<b>\$ -</b>	<b>\$ 64,423,004</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 71,702,055</b>	<b>\$ 4,863,938</b>	<b>\$ 2,799,428</b>	<b>\$ 73,766,565</b>

## CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2019**Note 6—Capital Assets: (Continued)**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<i>Business-type activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 5,780,530	\$ -	\$ -	\$ 5,780,530
Open easement	653,800	-	-	653,800
Total capital assets not subject to depreciation	6,434,330	-	\$ -	\$ 6,434,330
Capital assets subject to depreciation:				
Buildings and system	\$ 11,842,633	\$ -	\$ -	\$ 11,842,633
Intangibles	12,525,344	-	-	12,525,344
Improvements other than buildings	8,518,945	56,992	-	8,575,937
Infrastructure	83,860	-	-	83,860
Machinery and equipment	2,322,204	73,353	93,694	2,301,863
Total capital assets subject to depreciation	\$ 35,292,986	\$ 130,345	\$ 93,694	\$ 35,329,637
Accumulated depreciation:				
Buildings and system	\$ 7,287,435	\$ 230,311	\$ -	\$ 7,517,746
Intangibles	2,832,983	315,034	-	3,148,017
Improvements other than buildings	5,803,867	171,987	-	5,975,854
Infrastructure	26,249	3,147	-	29,396
Machinery and equipment	1,974,473	117,144	93,694	1,997,923
Total accumulated depreciation	\$ 17,925,007	\$ 837,623	\$ 93,694	\$ 18,668,936
Total capital assets subject to depreciation, net	\$ 17,367,979	\$ (707,278)	\$ -	\$ 16,660,701
Business-type activities capital assets, net	\$ 23,802,309	\$ (707,278)	\$ -	\$ 23,095,031

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**Note 6—Capital Assets: (Continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 1,478,533
Public safety	610,981
Public works	1,296,736
Health and welfare	8,287
Parks, recreation and cultural	405,892
Community development	<u>10,156</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 3,810,585</u></u>
 Business-type activities:	
Utility Fund	<u><u>\$ 837,623</u></u>

**Note 7— Interfund Transfers:**

Interfund transfers for the year ended June 30, 2019, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 3,255,533
Tourism Fund	2,205,000	-
Special Revenue Fund:		
Virginia Public Assistance Fund	<u>1,050,533</u>	<u>-</u>
 Total	 <u><u>\$ 3,255,533</u></u>	 <u><u>\$ 3,255,533</u></u>

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

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CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2019

**Note 8—Long-Term Obligations:**

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2019:

*Primary Government:*

	Balance July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2019	Amounts Due Within One Year
<b>Governmental activities:</b>					
General obligation bond	\$ 17,712,733	\$ -	\$ 837,370	\$ 16,875,363	\$ 870,225
Compensated absences	981,831	201,409	194,818	988,422	663,040
Net pension liability	9,434,109	5,432,678	5,991,553	8,875,234	-
Net OPEB liability	1,774,877	588,720	318,034	2,045,563	-
<b>Adjustment for deferred amounts:</b>					
For issuance premium	1,522,725	-	141,951	1,380,774	-
<b>Total Governmental activities</b>	<b>\$ 31,426,275</b>	<b>\$ 6,222,807</b>	<b>\$ 7,483,726</b>	<b>\$ 30,165,356</b>	<b>\$ 1,533,265</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 4,397,266	\$ -	\$ 537,629	\$ 3,859,637	\$ 564,777
Compensated absences	126,278	29,830	24,640	131,468	70,306
Net pension liability	1,128,974	587,437	741,711	974,700	-
Net OPEB liability	87,123	18,280	14,966	90,437	-
<b>Adjustment for deferred amounts:</b>					
For issuance premium	635,762	-	82,846	552,916	-
<b>Total Business-type activities</b>	<b>\$ 6,375,403</b>	<b>\$ 635,547</b>	<b>\$ 1,401,792</b>	<b>\$ 5,609,158</b>	<b>\$ 635,083</b>

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

Year Ended June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 870,225	\$ 690,039	\$ 564,777	\$ 183,661
2021	862,300	650,194	362,700	155,669
2022	905,920	605,989	379,080	137,124
2023	952,200	559,535	397,800	117,702
2024	1,003,800	510,636	421,200	97,227
2025 - 2029	5,025,920	1,767,730	1,734,080	175,207
2030 - 2034	3,780,000	837,913	-	-
2035 - 2038	3,474,998	219,206	-	-
<b>Total</b>	<b>\$ 16,875,363</b>	<b>\$ 5,841,242</b>	<b>\$ 3,859,637</b>	<b>\$ 866,590</b>

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2019

**Note 8—Long-Term Obligations: (Continued)**

Details of long-term indebtedness are as follows:

Long-Term Obligations, Governmental Activities:

General Obligation Bonds :

The City authorized and issued a \$5,180,000 general obligation refunding bond in June 2012 for the purpose of refunding a Series 2005 general government obligation. The bond is payable in annual principal installments plus semi-annual interest payments at a various coupon rates, 2.00% thru 4.00%. Payments are due the first day October and April. Payments began October 1, 2012 and end April 1, 2020. Carrying value of debt is \$705,000 plus amortized premium of \$37,631.

	Total Amount
\$	742,631

The City authorized and issued a \$10,635,000 general obligation refunding bond in October 2010 for the purpose of refunding a Series 2002 general government obligation and a Series 2009 enterprise fund obligation. The bond is payable in annual principal installments plus semi-annual interest payments at various coupon rates, 2.005% thru 4.50%. The bond was partially refunded on December 8, 2017 by another general obligation refunding bond. The final payments are due May 1, 2019 and end May 1, 2020. Carrying value of the debt allocable to general government is \$69,463 plus unamortized premium of \$3,980.

73,443

The City authorized and issued a \$7,370,000 general obligation refunding bond in December 2017 for the purpose of refunding a Series 2010 and a Series 2013 general obligation and enterprise fund obligation bonds. The bond is payable in annual principal installments plus semi-annual interest payments at 5.00%. Payments are due on July 1 and January 1. Payments began July 1, 2018 and end June 30, 2029. Carrying value of the debt allocable to general government is \$3,840,900 plus unamortized premium of \$466,982.

4,307,882

The City authorized and issued a \$12,260,000 general obligation public improvement bond to finance fire and police capital improvements in December 2017. The bond is payable in annual principal installments plus semi-annual interest payments at various coupon rates, 3.00% thru 5.00%. Payments are due on July 1 and January 1. Payments began July 1, 2018 and end June 30, 2038. Carrying value of the debt is \$12,260,000 plus unamortized premium of \$872,181.

13,132,181

Total general obligation bonds

\$ 18,256,137

Compensated absences (payable from General Fund)

\$ 988,422

Net pension liability (payable from General Fund)

\$ 8,875,234

Net OPEB liability (payable from General Fund)

\$ 2,045,563

Total Long-Term Obligations, Governmental Activities

\$ 30,165,356

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2019

**Note 8—Long-Term Obligations: (Continued)**

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

Long-Term Obligations, Business-type Activities:

Total  
Amount

General Obligation Bond :

The City authorized and issued a \$10,635,000 general obligation refunding bond in October 2010 for the purpose of refunding a Series 2002 general government obligation and a Series 2009 enterprise fund obligation. The bond is payable in annual principal installments plus semi-annual interest payments at various coupon rates, 2.00% thru 4.50%. The bond was partially refunded on December 8, 2017 by another general obligation refunding bond. The final payments are due May 1, 2019 and May 1, 2020. Carrying value of the debt allocable to the business-type activities is \$480,537 plus unamortized premium of \$24,087.

\$ 504,624

The City authorized and issued a \$7,370,000 general obligation refunding bond in December 2017 for the purpose of refunding a Series 2010 and a Series 2013 general obligation and enterprise fund obligation bonds. The bond is payable in annual principal installments plus semi-annual interest payments at 5.00%. Payments are due on July 1 and January 1. Payments began July 1, 2018 and end June 30, 2029. Carrying value of the debt allocable to the business-type activities is \$3,379,100 plus unamortized premium of \$528,829.

3,907,929

Total general obligation bond

\$ 4,412,553

Compensated absences (payable from Enterprise Fund)

\$ 131,468

Net pension liability (payable from Enterprise Fund)

\$ 974,700

Net OPEB liability (payable from Enterprise Fund)

\$ 90,437

Total Long-Term Obligations, Business-type Activities

\$ 5,609,158

**Note 9—Unearned and Unavailable Revenue:**

Unearned and unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue of \$264,663 and unearned revenue of \$229,519 is comprised of the following:

Unavailable Property Tax Revenue: Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$264,663 at June 30, 2019.

**Note 9—Unearned and Unavailable Revenue: (Continued)**

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Unearned Revenue: Unearned revenue representing state personal property tax relief, courthouse maintenance funds, and other amounts not available for funding of current expenditures totaled \$8,630 at June 30, 2019 and were reported in the general fund. The Special Revenue Funds reports \$94,889 in unearned revenue related to summer youth program funds received but not expended at June 30, 2019.

The Utility Fund reports unearned revenue of \$126,000 which represents a lease agreement paid in advance by Crossroads Community Youth Home.

**Note 10—Commitments and Contingencies:**

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

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

**Note 11—Litigation:**

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At June 30, 2019, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

**Note 12—Risk Management:**

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The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other local governments in Virginia to form the Virginia Municipal Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The City pays annual premiums to the pool for its property, theft, auto liability, and general liability coverage. Settled claims for the City resulting from these risks have not exceeded insurance coverage for each of the past three years. There was no reduction in insurance coverage during fiscal year 2019.

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

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

**Note 13—Pension Plan:**

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**Plan Description**

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

**Benefit Structures**

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

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

**Note 13—Pension Plan: (Continued)*****Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

***Employees Covered by Benefit Terms***

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>226</u>
Inactive members:	
Vested inactive members	46
Non-vested inactive members	32
Inactive members active elsewhere in VRS	<u>101</u>
Total inactive members	<u>179</u>
Active members	<u>183</u>
Total covered employees	<u><u>588</u></u>

**Note 13—Pension Plan: (Continued)**

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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 options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The City’s contractually required employer contribution rate for the year ended June 30, 2019 was 13.78% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from them were \$1,460,073 and \$1,464,447 for the years ended June 30, 2019 and June 30, 2018, respectively.

**Net Pension Liability**

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. For the City, the net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

**Actuarial Assumptions - General Employees**

The total pension liability for General Employees in the City’s Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

**Note 13—Pension Plan: (Continued)**

**Actuarial Assumptions - General Employees (Continued)**

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

**Note 13—Pension Plan: (Continued)**

**Actuarial Assumptions - General Employees (Continued)**

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

**Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits**

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City’s Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Note 13—Pension Plan: (Continued)**

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

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - LEOS:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
	*Expected arithmetic nominal return		<u>7.30%</u>

\* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the City was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Note 13—Pension Plan: (Continued)****Changes in Net Pension Liability**

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 68,852,858	\$ 58,289,774	\$ 10,563,084
Changes for the year:			
Service cost	\$ 1,203,231	\$ -	\$ 1,203,231
Interest	4,691,888	-	4,691,888
Differences between expected and actual experience	(386,020)	-	(386,020)
Contributions - employer	-	1,464,447	(1,464,447)
Contributions - employee	-	520,088	(520,088)
Net investment income	-	4,279,006	(4,279,006)
Benefit payments, including refunds of employee contributions	(3,651,762)	(3,651,762)	-
Administrative expenses	-	(37,516)	37,516
Other changes	-	(3,777)	3,777
Net changes	\$ 1,857,337	\$ 2,570,486	\$ (713,149)
Balances at June 30, 2018	\$ 70,710,195	\$ 60,860,260	\$ 9,849,935

**Note 13—Pension Plan: (Continued)****Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
City Net Pension Liability	\$ 18,162,899	\$ 9,849,935	\$ 2,882,520

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

For the year ended June 30, 2019, the City recognized pension expense of \$178,107. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 356,193
Changes of assumptions	-	69,062
Net difference between projected and actual earnings on plan investments	-	486,455
Employer contributions subsequent to the measurement date	1,460,073	-
Total	\$ 1,460,073	\$ 911,710

**Note 13—Pension Plan: (Continued)****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

\$1,460,073 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2020	\$ (131,836)
2021	(126,458)
2022	(601,712)
2023	(51,704)
2024	-
Thereafter	-

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Note 14—Surety Bonds:**

Surety bonds covered the following constitutional officers and City employees at June 30, 2019:

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

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

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***Plan Description***

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

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

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

***Eligible Employees***

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

***Benefit Amounts***

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

***Contributions***

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee

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

contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$56,414 and \$55,094 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the entity reported a liability of \$846,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was .05572% as compared to .05415% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$8,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 41,000	\$ 15,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	28,000
Change of assumptions	-	35,000
Changes in proportionate share	23,000	6,000
Employer contributions subsequent to the measurement date	<u>56,414</u>	<u>-</u>
Total	<u>\$ 120,414</u>	<u>\$ 84,000</u>

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

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

\$56,414 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2020	\$	(10,000)
2021		(10,000)
2022		(10,000)
2023		(1,000)
2024		7,000
Thereafter		4,000

**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of OPEB liabilities.

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

**Actuarial Assumptions: (Continued)**

**Mortality Rates - General State Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

**Mortality Rates - Teachers**

**Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

**Post-Retirement:**

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)****Actuarial Assumptions: (Continued)****Mortality Rates - Teachers (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

**Mortality Rates - SPORS Employees****Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

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

**Actuarial Assumptions: (Continued)**

**Mortality Rates - VaLORS Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

**Mortality Rates - JRS Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

**Actuarial Assumptions: (Continued)**

**Mortality Rates - JRS Employees (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

**Actuarial Assumptions: (Continued)**

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

**Actuarial Assumptions: (Continued)**

**Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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

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**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
	<u>                    </u>
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	<u>1,594,773</u>
Employers' Net GLI OPEB Liability (Asset)	\$ 1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

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

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**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)****Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that 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 ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer’s proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
City's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,106,000	\$ 846,000	\$ 635,000

**GLI Program Fiduciary Net Position**

Detailed information about the GLI Program’s Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

**Plan Description**

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

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

**Eligible Employees**

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers’ Retirement System (SPORS), or the Virginia Law Officers’ Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA).

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

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***Benefit Amounts***

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

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

***Contributions***

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2019 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the Line of Duty Act Program from the entity were \$56,814 and \$43,829 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the entity reported a liability of \$1,290,000 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2018 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of that date. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2018, the entity's proportion was .41149% as compared to .39849% at June 30, 2017.

For the year ended June 30, 2019, the entity recognized LODA OPEB expense of \$107,000. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

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

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

At June 30, 2019, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 185,000	\$ -
Net difference between projected and actual earnings on LODA OPEB plan investments	-	3,000
Change of assumptions	-	149,000
Changes in proportionate share	34,000	-
Employer contributions subsequent to the measurement date	56,814	-
Total	<u>\$ 275,814</u>	<u>\$ 152,000</u>

\$56,814 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ 7,000
2021	7,000
2022	7,000
2023	8,000
2024	8,000
Thereafter	30,000

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

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.50%-5.35%
SPORS employees	3.50%-4.75%
VaLORS employees	3.50%-4.75%
Locality employees	3.50%-4.75%
Medical cost trend rates assumption:	
Under age 65	7.75%-5.00%
Ages 65 and older	5.75%-5.00%
Year of ultimate trend rate	Fiscal year ended 2024
Investment rate of return	3.89%, net of OPEB 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 of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.89%. However, since the difference was minimal, a more conservative 3.89% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.89% was used since it approximates the risk-free rate of return.

**Mortality rates - General State Employees****Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

**Actuarial Assumptions: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

**Mortality rates - SPORS Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

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

**Actuarial Assumptions: (Continued)**

**Mortality rates - VaLORS Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

**Actuarial Assumptions: (Continued)**

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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

**Net LODA OPEB Liability**

The net OPEB liability (NOL) for the LODA Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 315,395
Plan Fiduciary Net Position	1,889
Employers' Net OPEB Liability (Asset)	<u>\$ 313,506</u>
 Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	 0.60%

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.89% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.89% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2018.

**Discount Rate**

The discount rate used to measure the total LODA OPEB liability was 3.89%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2018, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

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

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 3.89%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.89%) or one percentage point higher (4.89%) than the current rate:

	Discount Rate		
	1% Decrease (2.89%)	Current (3.89%)	1% Increase (4.89%)
County's proportionate share of the total LODA Net OPEB Liability	\$ 1,478,000	\$ 1,290,000	\$ 1,138,000

***Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate***

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 5.00%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.75% decreasing to 4.00%)	Current (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
County's proportionate share of the total LODA Net OPEB Liability	\$ 1,099,000	\$ 1,290,000	\$ 1,528,000

***LODA OPEB Fiduciary Net Position***

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

**Aggregate OPEB Information**

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 15)	\$ 120,414	\$ 84,000	\$ 846,000	\$ 8,000
Line of Duty Act Program (Note 16)	275,814	152,000	1,290,000	107,000
Totals	<u>\$ 396,228</u>	<u>\$ 236,000</u>	<u>\$ 2,136,000</u>	<u>\$ 115,000</u>

**Note 17 - Adoption of Accounting Principles:**

The City implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

**Note 18—Restatement of Beginning Fund Balance:**

The City separated the Sales Tax Fund from the General Fund to improve its financial reporting. This resulted in the following restatement of beginning fund balance:

	Governmental Funds	
	General Fund	Capital Projects Fund: Sales Tax Fund
Fund balance, July 1, 2018, as previously stated	\$ 44,621,854	\$ -
Restatement: To separate the Sales Tax fund from the General Fund for financial reporting	<u>(31,583,710)</u>	<u>31,583,710</u>
Fund balance, July 1, 2018, as restated	<u>\$ 13,038,144</u>	<u>\$ 31,583,710</u>

**Note 19—Upcoming Pronouncements:**

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Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

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*REQUIRED SUPPLEMENTARY INFORMATION*

City of Williamsburg, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 13,700,849	\$ 13,700,849	\$ 13,731,825	\$ 30,976
Other local taxes	13,626,004	13,626,004	14,201,711	575,707
Permits, privilege fees, and regulatory licenses	235,890	235,890	282,660	46,770
Fines and forfeitures	215,200	215,200	277,729	62,529
Revenue from the use of money and property	795,368	795,368	699,926	(95,442)
Charges for services	1,167,700	1,167,700	1,202,675	34,975
Miscellaneous	443,920	448,920	522,964	74,044
Recovered costs	1,043,300	1,043,300	1,024,418	(18,882)
Intergovernmental:				
Commonwealth	5,174,140	5,174,140	5,199,135	24,995
Federal	-	11,800	16,420	4,620
Total revenues	\$ 36,402,371	\$ 36,419,171	\$ 37,159,463	\$ 740,292
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 4,036,515	\$ 4,119,464	\$ 3,954,853	\$ 164,611
Judicial administration	440,000	440,000	434,188	5,812
Public safety	11,017,823	11,156,359	11,112,272	44,087
Public works	3,036,792	3,145,588	3,145,566	22
Health and welfare	490,894	488,782	488,778	4
Education	9,848,360	9,848,360	9,605,544	242,816
Parks, recreation, and cultural	2,169,182	2,141,815	2,108,277	33,538
Community development	1,844,760	1,823,270	1,784,156	39,114
Nondepartmental	262,512	-	-	-
Total expenditures	\$ 33,146,838	\$ 33,163,638	\$ 32,633,634	\$ 530,004
Excess (deficiency) of revenues over (under) expenditures	\$ 3,255,533	\$ 3,255,533	\$ 4,525,829	\$ 1,270,296
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (3,255,533)	\$ (3,255,533)	\$ (3,255,533)	\$ -
Total other financing sources (uses)	\$ (3,255,533)	\$ (3,255,533)	\$ (3,255,533)	\$ -
Net change in fund balances	\$ -	\$ -	\$ 1,270,296	\$ 1,270,296
Fund balances - beginning, as restated	-	-	13,038,144	13,038,144
Fund balances - ending	\$ -	\$ -	\$ 14,308,440	\$ 14,308,440

City of Williamsburg, Virginia  
Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other local taxes	\$ 3,077,000	\$ 3,077,000	\$ 3,092,355	\$ 15,355
Total revenues	\$ 3,077,000	\$ 3,077,000	\$ 3,092,355	\$ 15,355
<b>EXPENDITURES</b>				
Current:				
Community development	\$ 5,282,000	\$ 5,282,000	\$ 3,058,201	\$ 2,223,799
Total expenditures	\$ 5,282,000	\$ 5,282,000	\$ 3,058,201	\$ 2,223,799
Excess (deficiency) of revenues over (under) expenditures	\$ (2,205,000)	\$ (2,205,000)	\$ 34,154	\$ 2,239,154
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 2,205,000	\$ 2,205,000	\$ 2,205,000	\$ -
Total other financing sources (uses)	\$ 2,205,000	\$ 2,205,000	\$ 2,205,000	\$ -
Net change in fund balances	\$ -	\$ -	\$ 2,239,154	\$ 2,239,154
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 2,239,154	\$ 2,239,154

CITY OF WILLIAMSBURG, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios  
For the Measurement Dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>
Total pension liability		
Service cost	\$ 1,203,231	\$ 1,169,362
Interest	4,691,888	4,592,124
Difference between expected and actual experience	(386,020)	(515,043)
Changes in assumptions	-	(295,496)
Benefit payments, including refunds of employee contributions	<u>(3,651,762)</u>	<u>(3,399,707)</u>
Net change in total pension liability	\$ 1,857,337	\$ 1,551,240
Total pension liability - beginning	68,852,858	67,301,618
Total pension liability - ending (a)	<u>\$ 70,710,195</u>	<u>\$ 68,852,858</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,464,447	\$ 1,390,195
Contributions - employee	520,088	494,042
Net investment income	4,279,006	6,434,478
Benefit payments, including refunds of employee contributions	(3,651,762)	(3,399,707)
Administrative expense	(37,516)	(37,916)
Other	<u>(3,777)</u>	<u>(5,696)</u>
Net change in plan fiduciary net position	\$ 2,570,486	\$ 4,875,396
Plan fiduciary net position - beginning	58,289,774	53,414,378
Plan fiduciary net position - ending (b)	<u>\$ 60,860,260</u>	<u>\$ 58,289,774</u>
City's net pension liability - ending (a) - (b)	\$ 9,849,935	\$ 10,563,084
Plan fiduciary net position as a percentage of the total pension liability	86.07%	84.66%
Covered payroll	\$ 10,581,720	\$ 9,988,509
City's net pension liability as a percentage of covered payroll	93.08%	105.75%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 13

	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	1,192,219	\$ 1,178,813	\$ 1,182,529
	4,472,336	4,331,841	4,155,774
	(554,448)	(361,478)	-
	-	-	-
	<u>(3,398,006)</u>	<u>(2,886,192)</u>	<u>(2,759,933)</u>
\$	1,712,101	\$ 2,262,984	\$ 2,578,370
	65,589,517	63,326,533	60,748,163
\$	<u><u>67,301,618</u></u>	<u><u>65,589,517</u></u>	<u><u>63,326,533</u></u>
\$	1,666,704	\$ 1,649,556	\$ 1,558,890
	487,862	506,966	478,336
	915,305	2,381,156	7,179,163
	(3,398,006)	(2,886,192)	(2,759,933)
	(33,783)	(32,867)	(38,979)
	(392)	(500)	379
\$	<u>(362,310)</u>	<u>1,618,119</u>	<u>6,417,856</u>
	53,776,688	52,158,569	45,740,713
\$	<u><u>53,414,378</u></u>	<u><u>53,776,688</u></u>	<u><u>52,158,569</u></u>
\$	13,887,240	\$ 11,812,829	\$ 11,167,964
	79.37%	81.99%	82.36%
\$	9,830,879	\$ 9,695,347	\$ 9,570,924
	141.26%	121.84%	116.69%

Schedule of Employer Contributions - Pension  
 For the Years Ended June 30, 2010 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	\$ 1,460,073	1,460,073	\$ -	\$ 10,806,259	13.51%
2018	1,464,447	1,464,447	-	10,581,720	13.84%
2017	1,407,381	1,407,381	-	9,988,509	14.09%
2016	1,675,182	1,675,182	-	9,830,879	17.04%
2015	1,652,087	1,652,087	-	9,695,347	17.04%
2014	1,559,104	1,559,104	-	9,570,924	16.29%
2013	1,503,579	1,503,579	-	9,230,075	16.29%
2012	1,020,021	1,020,021	-	8,916,264	11.44%
2011	1,002,249	1,002,249	-	8,760,922	11.44%
2010	923,738	923,738	-	8,805,887	10.49%

Notes to Required Supplementary Information - Pension  
For the Year Ended June 30, 2019

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Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from
Withdrawal Rates	Adjusted rates to better fit experience at each year age and
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of City's Share of Net OPEB Liability  
 Group Life Insurance Program  
 For the Measurement Dates of June 30, 2018 and June 30, 2017

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as Percentage of Total GLI OPEB Liability (6)
2018	0.05572% \$	846,000 \$	10,594,918	7.98%	51.22%
2017	0.05415%	815,000	9,988,509	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions  
 Group Life Insurance Program  
 For the Years Ended June 30, 2016 through June 30, 2019

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	\$ 56,414	\$ 56,414	\$ -	\$ 10,848,895	0.52%
2018	55,094	55,094	-	10,594,918	0.52%
2017	51,940	51,940	-	9,988,509	0.52%
2016	47,188	47,188	-	9,830,879	0.48%

Schedule is intended to show information for 10 years. Information is only available from 2016. Additional information will be added to table as it becomes available.

Notes to Required Supplementary Information  
 Group Life Insurance Program  
 For the Year Ended June 30, 2019

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Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**General State Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

**Teachers**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

**SPORS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

**VaLORS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Notes to Required Supplementary Information  
 Group Life Insurance Program  
 For the Year Ended June 30, 2019 (Continued)

**JRS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

**Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

**Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

## Schedule of Employer's Share of Net LODA OPEB Liability

Line of Duty Act (LODA) Program

For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2018	0.41149% \$	1,290,000 \$	N/A \$	N/A	1.30%
2017	0.39849%	1,047,000	N/A	N/A	1.30%

Covered payroll for the LODA Program is not a relevant measurement as 30% of covered participants are volunteers rather than employees.

## Schedule of Employer Contributions

## Line of Duty Act (LODA) Program

For the Years Ended June 30, 2016 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2019	\$ 56,814	\$ 56,814	- \$	N/A	N/A
2018	43,829	43,829	-	N/A	N/A
2017	42,978	42,978	-	N/A	N/A
2016	38,913	38,913	-	N/A	N/A

\* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

FY 2011 was the first year for the Line of Duty Act Program (LODA), however there were no contributions. Information is available beginning in 2016. Ten years of information will be accumulated moving forward.

Notes to Required Supplementary Information  
Line of Duty Act (LODA) Program  
For the Year Ended June 30, 2019

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**General State Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

**SPORS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

**ValORS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

**Employees in the Largest Ten Locality Employers with Public Safety Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Employees in the Non-Largest Ten Locality Employers with Public Safety Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

*OTHER SUPPLEMENTARY INFORMATION*

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City of Williamsburg, Virginia  
 Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other local taxes	\$ 4,400,000	\$ 4,400,000	\$ 4,828,777	\$ 428,777
Permits, privilege fees, and regulatory licenses	-	-	58,960	58,960
Revenue from the use of money and property	160,000	160,000	808,414	648,414
Charges for services	40,000	40,000	-	(40,000)
Miscellaneous	-	-	434,324	434,324
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Commonwealth	1,190,000	1,190,000	1,287,482	97,482
Federal	-	-	215,717	215,717
Total revenues	<u>\$ 5,790,000</u>	<u>\$ 5,790,000</u>	<u>\$ 7,633,674</u>	<u>\$ 1,843,674</u>
<b>EXPENDITURES</b>				
Capital projects	\$ 5,786,871	\$ 23,078,905	\$ 7,913,834	\$ 15,165,071
Debt service:				
Principal retirement	907,571	907,571	837,370	70,201
Interest and other fiscal charges	745,441	745,441	752,932	(7,491)
Total expenditures	<u>\$ 7,439,883</u>	<u>\$ 24,731,917</u>	<u>\$ 9,504,136</u>	<u>\$ 15,227,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,649,883)</u>	<u>\$ (18,941,917)</u>	<u>\$ (1,870,462)</u>	<u>\$ 17,071,455</u>
Net change in fund balances	\$ (1,649,883)	\$ (18,941,917)	\$ (1,870,462)	\$ 17,071,455
Fund balances - beginning, as restated	1,649,883	18,941,917	31,583,710	12,641,793
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,713,248</u>	<u>\$ 29,713,248</u>

City of Williamsburg, Virginia  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2019

	Virginia Public Assistance <u>Fund</u>	Law Enforcement Block Grant <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 568,027	\$ 28,308	\$ 596,335
Due from other governmental units	130,074		130,074
Total assets	<u>\$ 698,101</u>	<u>\$ 28,308</u>	<u>\$ 726,409</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 6,975	\$ 6,975
Due to other funds	30,709	-	30,709
Unearned revenue	94,889	-	94,889
Total liabilities	<u>\$ 125,598</u>	<u>\$ 6,975</u>	<u>\$ 132,573</u>
<b>FUND BALANCES:</b>			
Restricted	\$ 572,503	\$ 21,333	\$ 593,836
Total fund balances	<u>\$ 572,503</u>	<u>\$ 21,333</u>	<u>\$ 593,836</u>
Total liabilities and fund balances	<u>\$ 698,101</u>	<u>\$ 28,308</u>	<u>\$ 726,409</u>

City of Williamsburg, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2019

	Virginia Public Assistance <u>Fund</u>	Law Enforcement Block Grant <u>Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 6	\$ 6
Miscellaneous	512	-	512
Intergovernmental:			
Commonwealth	620,216	-	620,216
Federal	730,379	56,318	786,697
Total revenues	<u>\$ 1,351,107</u>	<u>\$ 56,324</u>	<u>\$ 1,407,431</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	\$ -	\$ 47,470	\$ 47,470
Health and welfare	2,401,548	-	2,401,548
Total expenditures	<u>\$ 2,401,548</u>	<u>\$ 47,470</u>	<u>\$ 2,449,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,050,441)</u>	<u>\$ 8,854</u>	<u>\$ (1,041,587)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 1,050,533	\$ -	\$ 1,050,533
Total other financing sources (uses)	<u>\$ 1,050,533</u>	<u>\$ -</u>	<u>\$ 1,050,533</u>
Net change in fund balances	\$ 92	\$ 8,854	\$ 8,946
Fund balances - beginning	572,411	12,479	584,890
Fund balances - ending	<u>\$ 572,503</u>	<u>\$ 21,333</u>	<u>\$ 593,836</u>

City of Williamsburg, Virginia  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2019

	Virginia Public Assistance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	35,000	194,303	512	(193,791)
Intergovernmental:				
Commonwealth	605,873	650,683	620,216	(30,467)
Federal	584,413	564,392	730,379	165,987
Total revenues	<u>\$ 1,225,286</u>	<u>\$ 1,409,378</u>	<u>\$ 1,351,107</u>	<u>\$ (58,271)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ -
Health and welfare	2,268,015	2,742,149	2,401,548	340,601
Total expenditures	<u>\$ 2,268,015</u>	<u>\$ 2,742,149</u>	<u>\$ 2,401,548</u>	<u>\$ 340,601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,042,729)</u>	<u>\$ (1,332,771)</u>	<u>\$ (1,050,441)</u>	<u>\$ 282,330</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,042,729	\$ 1,050,533	\$ 1,050,533	\$ -
Total other financing sources (uses)	<u>\$ 1,042,729</u>	<u>\$ 1,050,533</u>	<u>\$ 1,050,533</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (282,238)	\$ 92	\$ 282,330
Fund balances - beginning	-	282,238	572,411	290,173
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 572,503</u>	<u>\$ 572,503</u>

Law Enforcement Block Grant Fund				
Budgeted Amounts			Actual	Variance with Final Budget Positive (Negative)
Original	Final			
\$ -	\$ -	\$ 6	\$ 6	6
-	-	-	-	-
-	-	-	-	-
-	56,318	56,318	-	-
\$ -	\$ 56,318	\$ 56,324	\$ 6	6
\$ -	\$ 67,518	\$ 47,470	\$ 20,048	20,048
-	-	-	-	-
\$ -	\$ 67,518	\$ 47,470	\$ 20,048	20,048
\$ -	\$ (11,200)	\$ 8,854	\$ 20,054	20,054
\$ -	\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ -	\$ -	-
\$ -	\$ (11,200)	\$ 8,854	\$ 20,054	20,054
-	11,200	12,479	1,279	1,279
\$ -	\$ -	\$ 21,333	\$ 21,333	21,333

City of Williamsburg, Virginia  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2019

	<u>Agency Funds</u>					
	Williamsburg Regional Library <u>Fund</u>	Williamsburg Tricentennial <u>Fund</u>	Economic Development <u>Authority</u>	Farmers Market <u>Fund</u>	Special Welfare <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,352,212	\$ -	\$ 285,972	\$ 31,136	\$ 126,629	\$ 1,795,949
Investments, at fair value:						
Other investments	1,235,115	6,870	248,697	133,819	-	1,624,501
Other assets	9,723	-	-	-	-	9,723
Total assets	<u>\$ 2,597,050</u>	<u>\$ 6,870</u>	<u>\$ 534,669</u>	<u>\$ 164,955</u>	<u>\$ 126,629</u>	<u>\$ 3,430,173</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 392,274	\$ -	\$ 32,652	\$ 2,044	\$ -	\$ 426,970
Accrued liabilities	40,955	-	-	-	-	40,955
Amounts held for others	2,163,821	6,870	502,017	162,911	126,629	2,962,248
Total liabilities	<u>\$ 2,597,050</u>	<u>\$ 6,870</u>	<u>\$ 534,669</u>	<u>\$ 164,955</u>	<u>\$ 126,629</u>	<u>\$ 3,430,173</u>

City of Williamsburg, Virginia  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2019

Exhibit 27  
Page 1 of 2

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b><u>Williamsburg Regional Library Fund:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,612,142	\$ 6,784,864	\$ 7,044,794	\$ 1,352,212
Investments, at fair value:				
Other investments	1,205,893	29,222	-	1,235,115
Other assets	22,813	9,609	22,699	9,723
Total assets	<u>\$ 2,840,848</u>	<u>\$ 6,823,695</u>	<u>\$ 7,067,493</u>	<u>\$ 2,597,050</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 80,928	\$ 392,274	\$ 80,928	\$ 392,274
Accrued liabilities	238,975	40,955	238,975	40,955
Amounts held for others	2,520,945	6,390,466	6,747,590	2,163,821
Total liabilities	<u>\$ 2,840,848</u>	<u>\$ 6,823,695</u>	<u>\$ 7,067,493</u>	<u>\$ 2,597,050</u>
<b><u>Williamsburg Tricentennial Fund:</u></b>				
<b>ASSETS</b>				
Investments, at fair value:				
Other investments	\$ 6,708	\$ 162	\$ -	\$ 6,870
Total assets	<u>\$ 6,708</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ 6,870</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 6,708	\$ 162	\$ -	\$ 6,870
Total liabilities	<u>\$ 6,708</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ 6,870</u>
<b><u>Quarterpath CDA Fund:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 565,290	\$ 565,290	\$ -
Total assets	<u>\$ -</u>	<u>\$ 565,290</u>	<u>\$ 565,290</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ -	565,290	565,290	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 565,290</u>	<u>\$ 565,290</u>	<u>\$ -</u>
<b><u>Economic Development Authority:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 156,036	\$ 458,622	\$ 328,686	\$ 285,972
Investments, at fair value:				
Other investments	242,813	5,884	-	248,697
Total assets	<u>\$ 398,849</u>	<u>\$ 464,506</u>	<u>\$ 328,686</u>	<u>\$ 534,669</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 69,700	\$ 32,652	\$ 69,700	\$ 32,652
Amounts held for others	329,149	431,854	258,986	502,017
Total liabilities	<u>\$ 398,849</u>	<u>\$ 464,506</u>	<u>\$ 328,686</u>	<u>\$ 534,669</u>

City of Williamsburg, Virginia  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2019 (Continued)

Exhibit 27  
Page 2 of 2

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b><u>Farmers Market Fund:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,378	\$ 227,606	\$ 226,848	\$ 31,136
Investments, at fair value:				
Other investments	130,653	3,166	-	133,819
Total assets	<u>\$ 161,031</u>	<u>\$ 230,772</u>	<u>\$ 226,848</u>	<u>\$ 164,955</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,101	\$ 2,044	\$ 2,101	\$ 2,044
Amounts held for others	158,930	228,728	224,747	162,911
Total liabilities	<u>\$ 161,031</u>	<u>\$ 230,772</u>	<u>\$ 226,848</u>	<u>\$ 164,955</u>
<b><u>Special Welfare Fund:</u></b>				
<b>ASSETS</b>				
Cash in custody of others	\$ 38,621	\$ 97,130	\$ 9,122	\$ 126,629
Total assets	<u>\$ 38,621</u>	<u>\$ 97,130</u>	<u>\$ 9,122</u>	<u>\$ 126,629</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 38,621	\$ 97,130	\$ 9,122	\$ 126,629
Total liabilities	<u>\$ 38,621</u>	<u>\$ 97,130</u>	<u>\$ 9,122</u>	<u>\$ 126,629</u>
<b><u>Totals - All Agency Funds:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,837,177	\$ 8,133,512	\$ 8,174,740	\$ 1,795,949
Investments, at fair value:				
Other investments	1,586,067	38,434	-	1,624,501
Other assets	22,813	9,609	22,699	9,723
Total assets	<u>\$ 3,446,057</u>	<u>\$ 8,181,555</u>	<u>\$ 8,197,439</u>	<u>\$ 3,430,173</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 152,729	\$ 426,970	\$ 152,729	\$ 426,970
Accrued liabilities	238,975	40,955	238,975	40,955
Amounts held for others	3,054,353	7,713,630	7,805,735	2,962,248
Total liabilities	<u>\$ 3,446,057</u>	<u>\$ 8,181,555</u>	<u>\$ 8,197,439</u>	<u>\$ 3,430,173</u>

*SUPPORTING SCHEDULES*

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City of Williamsburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
<b>Revenue from local sources:</b>				
<b>General property taxes:</b>				
Real property taxes	\$ 11,168,000	\$ 11,168,000	\$ 11,134,520	\$ (33,480)
Real and personal public service corporation taxes	329,421	329,421	328,796	(625)
Personal property taxes	741,428	741,428	781,628	40,200
Business property taxes	1,378,000	1,378,000	1,407,810	29,810
Penalties	54,000	54,000	60,892	6,892
Interest	30,000	30,000	18,179	(11,821)
Total general property taxes	<u>\$ 13,700,849</u>	<u>\$ 13,700,849</u>	<u>\$ 13,731,825</u>	<u>\$ 30,976</u>
<b>Other local taxes:</b>				
Consumers' utility taxes	\$ 289,000	\$ 289,000	\$ 294,232	\$ 5,232
Business license taxes	1,972,500	1,972,500	2,330,418	357,918
Franchise license taxes	118,500	118,500	120,660	2,160
Bank stock taxes	305,000	305,000	415,100	110,100
Taxes on recordation and wills	316,204	316,204	228,641	(87,563)
Hotel and motel taxes	3,300,000	3,300,000	3,308,661	8,661
Restaurant food taxes	7,153,600	7,153,600	7,308,479	154,879
Tobacco taxes	135,000	135,000	140,211	5,211
Penalty and interest on other local taxes	36,200	36,200	55,309	19,109
Total other local taxes	<u>\$ 13,626,004</u>	<u>\$ 13,626,004</u>	<u>\$ 14,201,711</u>	<u>\$ 575,707</u>
<b>Permits, privilege fees, and regulatory licenses:</b>				
Animal licenses	\$ 2,000	\$ 2,000	\$ 2,744	\$ 744
Land use application fees	1,200	1,200	5,218	4,018
Transfer fees	1,100	1,100	329	(771)
Permits and other licenses	231,590	231,590	274,369	42,779
Total permits, privilege fees, and regulatory licenses	<u>\$ 235,890</u>	<u>\$ 235,890</u>	<u>\$ 282,660</u>	<u>\$ 46,770</u>
<b>Fines and forfeitures:</b>				
Court fines and forfeitures	\$ 215,200	\$ 215,200	\$ 277,729	\$ 62,529
<b>Revenue from use of money and property:</b>				
Revenue from use of property	\$ 795,368	\$ 795,368	\$ 699,926	\$ (95,442)
Total revenue from use of money and property	<u>\$ 795,368</u>	<u>\$ 795,368</u>	<u>\$ 699,926</u>	<u>\$ (95,442)</u>

City of Williamsburg, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,350	\$ 1,350	\$ 1,366	\$ 16
Charges for emergency medical services	751,000	751,000	769,103	18,103
Charges for Commonwealth's Attorney	250	250	672	422
Charges for planning and community development	49,200	49,200	39,315	(9,885)
Charges for parks and recreation	365,900	365,900	392,219	26,319
Total charges for services	<u>\$ 1,167,700</u>	<u>\$ 1,167,700</u>	<u>\$ 1,202,675</u>	<u>\$ 34,975</u>
Miscellaneous:				
Miscellaneous	\$ 183,920	\$ 188,920	\$ 262,964	\$ 74,044
Williamsburg Health Foundation Grant	260,000	260,000	260,000	-
Total miscellaneous	<u>\$ 443,920</u>	<u>\$ 448,920</u>	<u>\$ 522,964</u>	<u>\$ 74,044</u>
Recovered costs:				
Enterprise fund	\$ 840,000	\$ 840,000	\$ 847,893	\$ 7,893
Overtime - police and fire	128,300	128,300	97,025	(31,275)
Other recovered costs	75,000	75,000	79,500	4,500
Total recovered costs	<u>\$ 1,043,300</u>	<u>\$ 1,043,300</u>	<u>\$ 1,024,418</u>	<u>\$ (18,882)</u>
Total revenue from local sources	<u>\$ 31,228,231</u>	<u>\$ 31,233,231</u>	<u>\$ 31,943,908</u>	<u>\$ 710,677</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 9,000	\$ 9,000	\$ 10,949	\$ 1,949
Motor vehicle rental tax	36,000	36,000	35,045	(955)
Grantors tax	60,000	60,000	56,132	(3,868)
Communications tax	675,000	675,000	609,697	(65,303)
Personal property tax relief funds	773,572	773,572	773,572	-
Total noncategorical aid	<u>\$ 1,553,572</u>	<u>\$ 1,553,572</u>	<u>\$ 1,485,395</u>	<u>\$ (68,177)</u>
Categorical aid:				
Shared expenses:				
Commissioner of revenue	\$ 74,000	\$ 74,000	\$ 75,457	\$ 1,457
Treasurer	18,500	18,500	18,347	(153)
Registrar/electoral board	37,000	37,000	37,500	500
Total shared expenses	<u>\$ 129,500</u>	<u>\$ 129,500</u>	<u>\$ 131,304</u>	<u>\$ 1,804</u>
Other categorical aid:				
599 Funds	\$ 385,333	\$ 385,333	\$ 399,592	\$ 14,259
Streets and sidewalks	1,799,468	1,799,468	1,859,430	59,962

City of Williamsburg, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Emergency preparedness grant	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Litter control	6,000	6,000	6,202	202
State sales tax	1,270,267	1,270,267	1,287,212	16,945
Total other categorical aid	<u>\$ 3,491,068</u>	<u>\$ 3,491,068</u>	<u>\$ 3,582,436</u>	<u>\$ 91,368</u>
Total categorical aid	<u>\$ 3,620,568</u>	<u>\$ 3,620,568</u>	<u>\$ 3,713,740</u>	<u>\$ 93,172</u>
Total revenue from the Commonwealth	<u>\$ 5,174,140</u>	<u>\$ 5,174,140</u>	<u>\$ 5,199,135</u>	<u>\$ 24,995</u>
Revenue from the Federal government:				
Categorical aid:				
Transportation safety grant	\$ -	\$ 11,800	\$ 16,420	\$ 4,620
Total categorical aid	<u>\$ -</u>	<u>\$ 11,800</u>	<u>\$ 16,420</u>	<u>\$ 4,620</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 11,800</u>	<u>\$ 16,420</u>	<u>\$ 4,620</u>
Total General Fund	<u><u>\$ 36,402,371</u></u>	<u><u>\$ 36,419,171</u></u>	<u><u>\$ 37,159,463</u></u>	<u><u>\$ 740,292</u></u>
Special Revenue Funds:				
Tourism Fund:				
Revenue from local sources:				
Other local taxes:				
Local sales and use taxes	\$ 1,947,000	\$ 1,947,000	\$ 2,012,985	\$ 65,985
\$2 lodging taxes	1,130,000	1,130,000	1,079,370	(50,630)
Total other local taxes	<u>\$ 3,077,000</u>	<u>\$ 3,077,000</u>	<u>\$ 3,092,355</u>	<u>\$ 15,355</u>
Total revenue from local sources	<u>\$ 3,077,000</u>	<u>\$ 3,077,000</u>	<u>\$ 3,092,355</u>	<u>\$ 15,355</u>
Total Tourism Fund	<u><u>\$ 3,077,000</u></u>	<u><u>\$ 3,077,000</u></u>	<u><u>\$ 3,092,355</u></u>	<u><u>\$ 15,355</u></u>
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Workforce grant	\$ -	\$ 159,303	\$ -	\$ (159,303)
Summer youth program	35,000	35,000	512	(34,488)
Total miscellaneous	<u>\$ 35,000</u>	<u>\$ 194,303</u>	<u>\$ 512</u>	<u>\$ (193,791)</u>
Total revenue from local sources	<u>\$ 35,000</u>	<u>\$ 194,303</u>	<u>\$ 512</u>	<u>\$ (193,791)</u>

City of Williamsburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Virginia Public Assistance Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 476,992	\$ 521,802	\$ 384,211	\$ (137,591)
Comprehensive services act	128,881	128,881	236,005	107,124
Total categorical aid	<u>\$ 605,873</u>	<u>\$ 650,683</u>	<u>\$ 620,216</u>	<u>\$ (30,467)</u>
Total revenue from the Commonwealth	<u>\$ 605,873</u>	<u>\$ 650,683</u>	<u>\$ 620,216</u>	<u>\$ (30,467)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 584,413	\$ 564,392	\$ 730,379	\$ 165,987
Total categorical aid	<u>\$ 584,413</u>	<u>\$ 564,392</u>	<u>\$ 730,379</u>	<u>\$ 165,987</u>
Total revenue from the federal government	<u>\$ 584,413</u>	<u>\$ 564,392</u>	<u>\$ 730,379</u>	<u>\$ 165,987</u>
Total Virginia Public Assistance Fund	<u><u>\$ 1,225,286</u></u>	<u><u>\$ 1,409,378</u></u>	<u><u>\$ 1,351,107</u></u>	<u><u>\$ (58,271)</u></u>
Law Enforcement Block Grant Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 6	\$ 6
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Bulletproof vest grant	\$ -	\$ 6,318	\$ 6,318	\$ -
Local law enforcement block grant	-	50,000	50,000	-
Total categorical aid	<u>\$ -</u>	<u>\$ 56,318</u>	<u>\$ 56,318</u>	<u>\$ -</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 56,318</u>	<u>\$ 56,318</u>	<u>\$ -</u>
Total Law Enforcement Block Grant Fund	<u><u>\$ -</u></u>	<u><u>\$ 56,318</u></u>	<u><u>\$ 56,324</u></u>	<u><u>\$ 6</u></u>

City of Williamsburg, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
Sales Tax Fund:				
Revenue from local sources:				
Other local taxes:				
Local sales and use tax	\$ 4,400,000	\$ 4,400,000	\$ 4,828,777	\$ 428,777
Total other local taxes	<u>\$ 4,400,000</u>	<u>\$ 4,400,000</u>	<u>\$ 4,828,777</u>	<u>\$ 428,777</u>
Permits, privilege fees, and regulatory licenses:				
Stormwater permit fees	\$ -	\$ -	\$ 58,960	\$ 58,960
Total permits, privilege fees, and regulatory licenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,960</u>	<u>\$ 58,960</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ 160,000	\$ 160,000	\$ 808,414	\$ 648,414
Total revenue from use of money and property	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ 808,414</u>	<u>\$ 648,414</u>
Charges for services:				
Charges for courthouse maintenance	\$ 40,000	\$ 40,000	\$ -	\$ (40,000)
Total charges for services	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ (40,000)</u>
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 434,324	\$ 434,324
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,324</u>	<u>\$ 434,324</u>
Total revenue from local sources	<u>\$ 4,600,000</u>	<u>\$ 4,600,000</u>	<u>\$ 6,130,475</u>	<u>\$ 1,530,475</u>
Revenue from the Commonwealth:				
Categorical aid:				
Highway construction funds	\$ 1,190,000	\$ 1,190,000	\$ 1,203,118	\$ 13,118
Fire programs funds	-	-	48,694	48,694
Four for Life grant	-	-	35,670	35,670
Total categorical aid	<u>\$ 1,190,000</u>	<u>\$ 1,190,000</u>	<u>\$ 1,287,482</u>	<u>\$ 97,482</u>
Total revenue from the Commonwealth	<u>\$ 1,190,000</u>	<u>\$ 1,190,000</u>	<u>\$ 1,287,482</u>	<u>\$ 97,482</u>
Revenue from the federal government:				
Categorical aid:				
VDOT Highway planning and construction	\$ -	\$ -	\$ 215,717	\$ 215,717
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,717</u>	<u>\$ 215,717</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,717</u>	<u>\$ 215,717</u>
Total Sales Tax Fund	<u>\$ 5,790,000</u>	<u>\$ 5,790,000</u>	<u>\$ 7,633,674</u>	<u>\$ 1,843,674</u>
Total Primary Government	<u>\$ 46,494,657</u>	<u>\$ 46,751,867</u>	<u>\$ 49,292,923</u>	<u>\$ 2,541,056</u>

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City of Williamsburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
<b>General government administration:</b>				
<b>Legislative:</b>				
City council	\$ 140,438	\$ 140,438	\$ 139,279	\$ 1,159
Clerk of council	175,731	175,731	164,620	11,111
Total legislative	<u>\$ 316,169</u>	<u>\$ 316,169</u>	<u>\$ 303,899</u>	<u>\$ 12,270</u>
<b>General and financial administration:</b>				
City manager	\$ 499,470	\$ 499,470	\$ 378,063	\$ 121,407
City attorney	284,827	287,998	287,995	3
Human resources	108,630	111,324	111,323	1
Commissioner of revenue	309,622	335,371	335,370	1
Assessor	205,890	240,310	240,310	-
Treasurer	70,540	70,540	69,098	1,442
Finance	834,218	834,218	827,907	6,311
Information technology	838,925	851,681	851,681	-
Automotive/motor pool	251,007	271,862	271,859	3
Other general and financial administration	136,000	117,700	97,510	20,190
Total general and financial administration	<u>\$ 3,539,129</u>	<u>\$ 3,620,474</u>	<u>\$ 3,471,116</u>	<u>\$ 149,358</u>
<b>Board of elections:</b>				
Electoral board and officials	\$ 24,404	\$ 24,404	\$ 21,421	\$ 2,983
Registrar	156,813	158,417	158,417	-
Total board of elections	<u>\$ 181,217</u>	<u>\$ 182,821</u>	<u>\$ 179,838</u>	<u>\$ 2,983</u>
Total general government administration	<u>\$ 4,036,515</u>	<u>\$ 4,119,464</u>	<u>\$ 3,954,853</u>	<u>\$ 164,611</u>
<b>Judicial administration:</b>				
<b>Courts:</b>				
Courthouse activities	\$ 440,000	\$ 440,000	\$ 434,188	\$ 5,812
<b>Public safety:</b>				
<b>Law enforcement and traffic control:</b>				
Police department	\$ 4,371,223	\$ 4,499,960	\$ 4,499,960	\$ -
Prince George parking garage	116,961	129,162	129,162	-
Line of Duty Act	54,525	54,525	56,814	(2,289)
E-911	572,330	573,000	573,000	-
Total law enforcement and traffic control	<u>\$ 5,115,039</u>	<u>\$ 5,256,647</u>	<u>\$ 5,258,936</u>	<u>\$ (2,289)</u>

City of Williamsburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (Continued)

<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	\$ 4,209,309	\$ 4,199,570	\$ 4,153,194	\$ 46,376
Correction and detention:				
Juvenile detention commission	\$ 53,705	\$ 55,472	\$ 55,472	\$ -
Regional jail	1,093,524	1,093,524	1,093,524	-
Group home commission	120,902	120,902	120,902	-
Total correction and detention	<u>\$ 1,268,131</u>	<u>\$ 1,269,898</u>	<u>\$ 1,269,898</u>	<u>\$ -</u>
Inspections:				
Building	\$ 406,444	\$ 411,344	\$ 411,344	\$ -
Other protection:				
Animal control	\$ 18,900	\$ 18,900	\$ 18,900	\$ -
Total other protection	<u>\$ 18,900</u>	<u>\$ 18,900</u>	<u>\$ 18,900</u>	<u>\$ -</u>
Total public safety	<u>\$ 11,017,823</u>	<u>\$ 11,156,359</u>	<u>\$ 11,112,272</u>	<u>\$ 44,087</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 933,035	\$ 983,430	\$ 983,430	\$ -
Engineering	286,465	271,967	271,947	20
Stormwater operations	215,035	223,997	223,996	1
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 1,434,535</u>	<u>\$ 1,479,394</u>	<u>\$ 1,479,373</u>	<u>\$ 21</u>
Sanitation and waste removal:				
Refuse collection	\$ 497,650	\$ 497,731	\$ 497,731	\$ -
Maintenance of general buildings and grounds:				
Maintenance of general buildings and grounds	\$ 481,690	\$ 524,274	\$ 524,274	\$ -
Landscaping	622,917	644,189	644,188	1
Total maintenance of general buildings and grounds	<u>\$ 1,104,607</u>	<u>\$ 1,168,463</u>	<u>\$ 1,168,462</u>	<u>\$ 1</u>
Total public works	<u>\$ 3,036,792</u>	<u>\$ 3,145,588</u>	<u>\$ 3,145,566</u>	<u>\$ 22</u>

City of Williamsburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (Continued)

<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare:				
Health:				
Local health department	\$ 198,194	\$ 195,337	\$ 195,337	\$ -
Mental health and mental retardation:				
Administration - mental health and retardation	\$ 255,000	\$ 255,000	\$ 255,000	\$ -
Welfare:				
Public assistance	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Transportation programs for elderly	2,700	3,445	3,441	4
Total welfare	\$ 37,700	\$ 38,445	\$ 38,441	\$ 4
Total health and welfare	\$ 490,894	\$ 488,782	\$ 488,778	\$ 4
Education:				
Other instructional costs:				
Contribution to local school board	\$ 9,848,360	\$ 9,848,360	\$ 9,605,544	\$ 242,816
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 351,054	\$ 425,972	\$ 425,971	\$ 1
Waller Mill park facility	302,605	277,114	264,922	12,192
Recreation facility programs	569,932	491,684	471,342	20,342
Cemeteries	72,739	74,193	74,190	3
Total parks and recreation	\$ 1,296,330	\$ 1,268,963	\$ 1,236,425	\$ 32,538
Library:				
Contribution to regional library	\$ 872,852	\$ 872,852	\$ 871,852	\$ 1,000
Total parks, recreation, and cultural	\$ 2,169,182	\$ 2,141,815	\$ 2,108,277	\$ 33,538
Community development:				
Planning and community development:				
Planning	\$ 484,016	\$ 454,552	\$ 439,415	\$ 15,137
Community development	598,477	598,477	598,477	-
Triangle building management	55,000	55,000	51,398	3,602
Economic development	547,267	555,241	535,894	19,347
Other community development	160,000	160,000	158,972	1,028
Total planning and community development	\$ 1,844,760	\$ 1,823,270	\$ 1,784,156	\$ 39,114
Total community development	\$ 1,844,760	\$ 1,823,270	\$ 1,784,156	\$ 39,114

City of Williamsburg, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Nondepartmental:				
Contingency	\$ 262,512	\$ -	\$ -	\$ -
Total nondepartmental	<u>\$ 262,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Total General Fund	 <u>\$ 33,146,838</u>	 <u>\$ 33,163,638</u>	 <u>\$ 32,633,634</u>	 <u>\$ 530,004</u>
Special Revenue Funds:				
Tourism Fund:				
Community development:				
Planning and community development:				
Administrative	\$ 105,027	\$ 105,027	\$ 38,516	\$ 66,511
Tourism marketing maintenance of effort	2,205,000	1,365,000	1,339,685	25,315
Tourism development	2,971,973	3,811,973	1,680,000	2,131,973
Total welfare and social services	<u>\$ 5,282,000</u>	<u>\$ 5,282,000</u>	<u>\$ 3,058,201</u>	<u>\$ 2,223,799</u>
 Total community development	 <u>\$ 5,282,000</u>	 <u>\$ 5,282,000</u>	 <u>\$ 3,058,201</u>	 <u>\$ 2,223,799</u>
 Total Tourism Fund	 <u>\$ 5,282,000</u>	 <u>\$ 5,282,000</u>	 <u>\$ 3,058,201</u>	 <u>\$ 2,223,799</u>
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 212,957	\$ 372,260	\$ 320,784	\$ 51,476
Public assistance	1,818,449	1,883,280	1,577,111	306,169
Comprehensive services	236,609	486,609	503,653	(17,044)
Total welfare and social services	<u>\$ 2,268,015</u>	<u>\$ 2,742,149</u>	<u>\$ 2,401,548</u>	<u>\$ 340,601</u>
 Total health and welfare	 <u>\$ 2,268,015</u>	 <u>\$ 2,742,149</u>	 <u>\$ 2,401,548</u>	 <u>\$ 340,601</u>
 Total Virginia Public Assistance Fund	 <u>\$ 2,268,015</u>	 <u>\$ 2,742,149</u>	 <u>\$ 2,401,548</u>	 <u>\$ 340,601</u>
Law Enforcement Block Grant Fund:				
Public safety:				
Other protection:				
Other protection	\$ -	\$ 67,518	\$ 47,470	\$ 20,048
 Total Law Enforcement Block Grant Fund	 <u>\$ -</u>	 <u>\$ 67,518</u>	 <u>\$ 47,470</u>	 <u>\$ 20,048</u>

City of Williamsburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (Continued)

<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
Sales Tax Fund:				
Capital projects expenditures:				
CIP Street construction	\$ 1,772,438	\$ 11,696,542	\$ 2,444,044	\$ 9,252,498
Corridor enhancement	-	1,254,478	1,068,657	185,821
Pedestrian bicycle improvements	-	1,201,031	139,847	1,061,184
Stormwater management	70,000	88,390	5,894	82,496
Recreation facilities	200,000	669,754	495,708	174,046
Contingency	200,000	377,484	208,886	168,598
Public safety equipment and facilities	166,315	837,469	274,984	562,485
General government facilities	620,000	1,710,237	260,704	1,449,533
Vehicle replacement	918,000	1,371,840	1,140,583	231,257
Economic development	-	115,000	47,794	67,206
Redevelopment housing	50,000	57,006	29,052	27,954
Library	268,740	208,740	-	208,740
School construction	1,481,378	3,450,934	1,797,681	1,653,253
Courthouse maintenance projects	40,000	40,000	-	40,000
Total capital projects	<u>\$ 5,786,871</u>	<u>\$ 23,078,905</u>	<u>\$ 7,913,834</u>	<u>\$ 15,165,071</u>
Debt service:				
Principal retirement	\$ 907,571	\$ 907,571	\$ 837,370	\$ 70,201
Interest and other fiscal charges	745,441	745,441	752,932	(7,491)
Total debt service	<u>\$ 1,653,012</u>	<u>\$ 1,653,012</u>	<u>\$ 1,590,302</u>	<u>\$ 62,710</u>
 Total Capital Projects Fund	 <u>\$ 7,439,883</u>	 <u>\$ 24,731,917</u>	 <u>\$ 9,504,136</u>	 <u>\$ 15,227,781</u>
 Total Primary Government	 <u>\$ 48,136,736</u>	 <u>\$ 65,987,222</u>	 <u>\$ 47,644,989</u>	 <u>\$ 18,342,233</u>

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*STATISTICAL SECTION*

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## Statistical Section

### Contents

### Tables

#### Financial Trends

These tables contain trend information to help the reader understand how the the City's financial performance and well-being have changed over time.

1 - 4

#### Revenue Capacity

These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

5 - 9

#### Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.

10 - 12

#### Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

13-14

#### Operating Information

These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

15-17

*Sources:* Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

City of Williamsburg, Virginia  
Net Position by Component  
Last Ten Fiscal Years  
*(accrual basis of accounting)*

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 59,868,232	\$ 61,799,859	\$ 60,919,382	\$ 62,277,812
Restricted for:				
Fire and police capital improvements	-	-	-	-
Other restrictions	-	-	-	-
Unrestricted	25,744,448	26,187,098	27,808,616	30,324,199
<b>Total governmental activities net position</b>	<u>\$ 85,612,680</u>	<u>\$ 87,986,957</u>	<u>\$ 88,727,998</u>	<u>\$ 92,602,011</u>
 <b>Business-type activities</b>				
Net investment in capital assets	\$ 15,748,286	\$ 16,771,608	\$ 17,403,766	\$ 17,888,271
Unrestricted	4,483,874	5,067,039	4,473,289	4,198,379
<b>Total business-type activities net position</b>	<u>\$ 20,232,160</u>	<u>\$ 21,838,647</u>	<u>\$ 21,877,055</u>	<u>\$ 22,086,650</u>
 <b>Primary government</b>				
Net investment in capital assets	\$ 75,616,518	\$ 78,571,467	\$ 78,323,148	\$ 80,166,083
Restricted for:				
Fire and police capital improvements	-	-	-	-
Other restrictions	-	-	-	-
Unrestricted	30,228,322	31,254,137	32,281,905	34,522,578
<b>Total primary government net position</b>	<u>\$ 105,844,840</u>	<u>\$ 109,825,604</u>	<u>\$ 110,605,053</u>	<u>\$ 114,688,661</u>

Table 1

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 61,470,986	\$ 58,427,633	\$ 64,690,552	\$ 64,556,652	\$ 52,444,883	\$ 68,662,151
-	-	-	-	13,144,192	337,948
-	-	-	-	584,890	593,836
31,727,986	24,496,187	22,521,523	20,966,196	19,099,322	21,553,299
<u>\$ 93,198,972</u>	<u>\$ 82,923,820</u>	<u>\$ 87,212,075</u>	<u>\$ 85,522,848</u>	<u>\$ 85,273,287</u>	<u>\$ 91,147,234</u>
\$ 17,806,425	\$ 17,981,499	\$ 18,084,285	\$ 18,835,808	\$ 18,769,281	\$ 18,817,665
4,537,882	3,143,100	4,202,535	4,475,559	5,684,838	7,128,455
<u>\$ 22,344,307</u>	<u>\$ 21,124,599</u>	<u>\$ 22,286,820</u>	<u>\$ 23,311,367</u>	<u>\$ 24,454,119</u>	<u>\$ 25,946,120</u>
\$ 79,277,411	\$ 76,409,132	\$ 82,774,837	\$ 83,392,460	\$ 71,214,164	\$ 87,479,816
-	-	-	-	13,144,192	337,948
-	-	-	-	584,890	593,836
36,265,868	27,639,287	26,724,058	25,441,755	24,784,160	28,681,754
<u>\$ 115,543,279</u>	<u>\$ 104,048,419</u>	<u>\$ 109,498,895</u>	<u>\$ 108,834,215</u>	<u>\$ 109,727,406</u>	<u>\$ 117,093,354</u>

City of Williamsburg, Virginia  
Changes in Net Position  
Last Ten Fiscal Years  
*(accrual basis of accounting)*

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Expenses</b>				
<b>Governmental activities:</b>				
General government administration	\$ 4,350,670	\$ 3,563,461	\$ 4,067,673	\$ 4,252,911
Judicial administration	524,247	405,416	375,239	501,565
Public safety	9,200,629	9,275,831	9,638,966	9,671,016
Public works	3,314,209	4,750,649	4,505,943	4,142,471
Health and welfare	2,319,951	2,245,513	2,414,154	2,251,382
Education	8,439,060	7,736,481	7,756,817	8,205,970
Parks, recreation and cultural	2,362,491	2,314,517	2,424,850	2,430,750
Community development	4,788,236	4,482,731	4,418,902	4,512,839
Interest expense	303,123	284,738	472,343	122,847
<b>Total governmental activities expenses</b>	<u>\$ 35,602,616</u>	<u>\$ 35,059,337</u>	<u>\$ 36,074,887</u>	<u>\$ 36,091,751</u>
<b>Business-type activities</b>				
Water and sewer services	\$ 6,025,427	\$ 6,046,002	\$ 5,935,670	\$ 6,019,724
<b>Total business-type activities expenses</b>	<u>\$ 6,025,427</u>	<u>\$ 6,046,002</u>	<u>\$ 5,935,670</u>	<u>\$ 6,019,724</u>
<b>Total primary government expenses</b>	<u><u>\$ 41,628,043</u></u>	<u><u>\$ 41,105,339</u></u>	<u><u>\$ 42,010,557</u></u>	<u><u>\$ 42,111,475</u></u>
<b>Program Revenues</b>				
<b>Governmental activities:</b>				
<b>Charges for services:</b>				
Judicial administration	\$ 108,161	\$ 222,572	\$ 259,700	\$ 331,835
Public safety	260,751	155,522	183,113	578,682
Public works	-	-	-	-
Parks, recreation and cultural	350,497	390,220	401,398	419,959
Community development	37,881	43,742	42,702	-
Operating grants and contributions	4,314,763	4,715,846	4,414,469	4,062,259
Capital grants and contributions	-	-	21,777	2,322,693
<b>Total governmental activities program revenues</b>	<u>\$ 5,072,053</u>	<u>\$ 5,527,902</u>	<u>\$ 5,323,159</u>	<u>\$ 7,715,428</u>
<b>Business-type activities:</b>				
<b>Charges for services:</b>				
Water and sewer	\$ 5,398,525	\$ 7,496,603	\$ 5,783,098	\$ 6,024,722
<b>Total business-type activities program revenues</b>	<u>\$ 5,398,525</u>	<u>\$ 7,496,603</u>	<u>\$ 5,783,098</u>	<u>\$ 6,024,722</u>
<b>Total primary government program revenues</b>	<u><u>\$ 10,470,578</u></u>	<u><u>\$ 13,024,505</u></u>	<u><u>\$ 11,106,257</u></u>	<u><u>\$ 13,740,150</u></u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 4,070,451	\$ 3,998,879	\$ 4,072,768	\$ 6,828,770	\$ 5,009,427	\$ 4,272,998
439,441	459,778	525,421	412,269	422,688	434,188
10,122,867	9,777,938	10,290,497	10,805,800	10,746,688	11,328,192
4,526,929	5,056,076	3,721,977	5,792,493	4,716,472	5,447,775
2,309,325	2,208,356	2,452,903	2,546,971	2,816,519	2,815,978
9,170,571	9,132,615	8,929,127	10,121,948	10,936,896	11,403,225
2,399,212	2,455,296	2,285,504	2,875,228	2,648,545	2,626,637
4,684,339	4,666,769	5,055,084	5,036,866	5,013,184	4,874,645
175,563	207,260	185,452	158,220	596,354	573,264
<u>\$ 37,898,698</u>	<u>\$ 37,962,967</u>	<u>\$ 37,518,733</u>	<u>\$ 44,578,565</u>	<u>\$ 42,906,773</u>	<u>\$ 43,776,902</u>
\$ 6,042,928	\$ 6,827,214	\$ 6,202,622	\$ 6,521,031	\$ 6,713,633	\$ 6,511,048
<u>\$ 6,042,928</u>	<u>\$ 6,827,214</u>	<u>\$ 6,202,622</u>	<u>\$ 6,521,031</u>	<u>\$ 6,713,633</u>	<u>\$ 6,511,048</u>
<u>\$ 43,941,626</u>	<u>\$ 44,790,181</u>	<u>\$ 43,721,355</u>	<u>\$ 51,099,596</u>	<u>\$ 49,620,406</u>	<u>\$ 50,287,950</u>
\$ 242,359	\$ 256,600	\$ 315,991	\$ 192,412	\$ 249,548	\$ 278,401
673,805	695,048	936,509	950,334	1,039,496	1,112,089
3,500	14,960	-	-	-	-
361,824	341,745	342,613	398,700	391,493	392,219
38,667	43,300	53,734	50,305	53,946	39,315
4,888,993	4,934,029	4,597,704	6,485,071	2,939,477	5,221,437
-	-	1,357,913	-	3,329,824	2,752,760
<u>\$ 6,209,148</u>	<u>\$ 6,285,682</u>	<u>\$ 7,604,464</u>	<u>\$ 8,076,822</u>	<u>\$ 8,003,784</u>	<u>\$ 9,796,221</u>
\$ 6,102,936	\$ 6,932,559	\$ 7,061,086	\$ 7,325,679	\$ 8,176,441	\$ 7,679,905
<u>\$ 6,102,936</u>	<u>\$ 6,932,559</u>	<u>\$ 7,061,086</u>	<u>\$ 7,325,679</u>	<u>\$ 8,176,441</u>	<u>\$ 7,679,905</u>
<u>\$ 12,312,084</u>	<u>\$ 13,218,241</u>	<u>\$ 14,665,550</u>	<u>\$ 15,402,501</u>	<u>\$ 16,180,225</u>	<u>\$ 17,476,126</u>

City of Williamsburg, Virginia  
Changes in Net Position  
Last Ten Fiscal Years  
*(accrual basis of accounting)*

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (Expense)/Revenue				
Governmental activities	\$ (30,530,563)	\$ (29,531,435)	\$ (30,751,728)	\$ (28,376,323)
Business-type activities	(626,902)	1,450,601	(152,572)	4,998
Total primary government net expense	\$ (31,157,465)	\$ (28,080,834)	\$ (30,904,300)	\$ (28,371,325)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
General property taxes	\$ 11,247,772	\$ 10,745,485	\$ 10,367,460	\$ 10,494,240
Sales taxes	3,885,065	3,963,454	4,161,131	4,494,328
Business property taxes	1,276,328	1,329,808	1,304,252	1,096,833
Consumer utility taxes	1,047,378	300,969	295,788	306,596
Business license taxes	1,571,483	1,497,159	1,598,958	1,646,691
Hotel and room taxes	3,248,789	3,384,922	3,396,446	3,369,785
\$2 lodging taxes	1,277,760	1,299,244	1,264,046	1,222,448
Meals taxes	5,607,318	5,989,446	6,277,434	6,391,022
Other local taxes	609,055	640,363	655,754	821,634
Use of Money & Property	730,861	624,386	647,887	775,355
Gain on sale of capital assets	887,684	-	-	-
Grants and contributions not restricted to specific programs	812,215	1,463,933	1,491,961	1,540,889
Miscellaneous	886,798	666,543	720,497	216,620
Transfers	-	-	-	-
Total governmental activities	\$ 33,088,506	\$ 31,905,712	\$ 32,181,614	\$ 32,376,441
Business-type activities:				
Investment earnings	\$ 26,248	\$ 8,536	\$ 29,772	\$ 29,914
Miscellaneous	270,436	147,350	161,208	174,683
Transfers	-	-	-	-
Total business-type activities	\$ 296,684	\$ 155,886	\$ 190,980	\$ 204,597
Total primary government	\$ 33,385,190	\$ 32,061,598	\$ 32,372,594	\$ 32,581,038
Change in Net Position				
Governmental activities	\$ 2,557,943	\$ 2,374,277	\$ 1,429,886	\$ 4,000,118
Business-type activities	(330,218)	1,606,487	38,408	209,595
Total primary government	\$ 2,227,725	\$ 3,980,764	\$ 1,468,294	\$ 4,209,713

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ (31,689,550)	\$ (31,677,285)	\$ (29,914,269)	\$ (36,501,743)	\$ (34,902,989)	\$ (33,980,681)
60,008	105,345	858,464	804,648	1,462,808	1,168,857
\$ (31,629,542)	\$ (31,571,940)	\$ (29,055,805)	\$ (35,697,095)	(33,440,181)	\$ (32,811,824)
\$ 10,613,393	\$ 11,050,728	\$ 11,370,789	\$ 11,511,859	\$ 11,714,272	\$ 12,372,434
4,239,957	4,352,601	4,298,743	4,388,596	4,706,583	6,841,762
1,326,998	1,213,731	1,257,334	1,370,354	1,342,087	1,407,810
309,602	308,027	308,493	290,524	292,764	294,232
1,630,018	1,685,718	1,790,395	1,833,991	2,049,988	2,330,418
3,129,262	3,220,638	3,319,625	3,316,634	3,358,649	3,308,661
1,130,804	1,122,632	1,130,176	1,128,430	1,123,558	1,079,370
6,446,505	6,819,384	7,022,994	7,043,184	7,062,010	7,308,479
762,296	884,244	831,413	896,775	1,090,584	959,921
756,800	794,410	888,071	962,887	1,200,582	1,508,346
-	-	-	-	-	-
1,587,926	1,605,883	1,567,337	1,565,704	1,588,563	1,485,395
352,950	246,268	417,154	503,578	525,463	957,800
-	-	-	-	500,000	-
\$ 32,286,511	\$ 33,304,264	\$ 34,202,524	\$ 34,812,516	\$ 36,555,103	\$ 39,854,628
\$ 28,330	\$ 28,353	\$ 29,570	\$ 33,650	\$ 57,365	\$ 94,973
169,319	193,023	274,187	186,249	225,665	228,171
-	-	-	-	(500,000)	-
\$ 197,649	\$ 221,376	\$ 303,757	\$ 219,899	\$ (216,970)	323,144
\$ 32,484,160	\$ 33,525,640	\$ 34,506,281	\$ 35,032,415	\$ 36,338,133	40,177,772
\$ 596,961	\$ 1,626,979	\$ 4,288,255	\$ (1,689,227)	\$ 1,652,114	\$ 5,873,947
257,657	326,721	1,162,221	1,024,547	1,245,838	1,492,001
\$ 854,618	\$ 1,953,700	\$ 5,450,476	\$ (664,680)	\$ 2,897,952	\$ 7,365,948

City of Williamsburg, Virginia  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011 *</u>	<u>2012</u>	<u>2013</u>
<b>General Fund</b>				
Reserved	\$ 8,287	\$ -	\$ -	\$ -
Unreserved	25,983,407	-	-	-
Nonspendable	-	13,326	1,178,530	1,179,522
Restricted	-	-	-	-
Assigned	-	3,591,208	1,375,060	18,037,302
Unassigned	-	22,875,543	25,288,755	11,426,473
<b>Total general fund</b>	<u>\$ 25,991,694</u>	<u>\$ 26,480,077</u>	<u>\$ 27,842,345</u>	<u>\$ 30,643,297</u>
<b>Special Revenue Fund</b>				
<b>Tourism Fund</b>				
Assigned	\$ -	\$ -	\$ -	\$ -
<b>Total tourism fund</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Capital Projects Fund</b>				
<b>Sales Tax Fund</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
<b>Total capital projects fund</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>All Other Governmental Funds</b>				
Restricted (Special Revenue funds)	\$ -	\$ -	\$ -	\$ -
Unreserved (Special Revenue funds)	337,593	-	-	-
Assigned (Special Revenue funds)	-	399,209	365,844	275,829
<b>Total all other governmental funds</b>	<u>\$ 337,593</u>	<u>\$ 399,209</u>	<u>\$ 365,844</u>	<u>\$ 275,829</u>

\* City Council adopted GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, in June 2011, which changed fund balance classifications.

\*\* Previously the Capital Projects Fund was combined with the General Fund for financial reporting. Beginning in FY 2019, each fund is reported separately to improve transparency.

Table 3

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019**</u>
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	0	-
1,178,480	1,918,709	1,919,711	3,201,923	2,770,074	\$ 28,717
4,820,655	1,748,630	-	-	13,144,192	-
19,317,000	20,318,269	18,818,825	15,458,283	15,788,818	-
11,707,336	11,991,519	12,382,517	12,649,882	12,918,770	14,279,723
<u>\$ 37,023,471</u>	<u>\$ 35,977,127</u>	<u>\$ 33,121,053</u>	<u>\$ 31,310,088</u>	<u>\$ 44,621,854</u>	<u>\$ 14,308,440</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,239,154
<u>\$ -</u>	<u>\$ 2,239,154</u>				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,085,024
-	-	-	-	-	13,470,129
-	-	-	-	-	13,158,095
<u>\$ -</u>	<u>\$ 29,713,248</u>				
\$ -	\$ -	\$ -	\$ -	\$ 584,890	\$ 593,836
-	-	-	-	-	-
300,711	428,711	524,301	653,939	-	-
<u>\$ 300,711</u>	<u>\$ 428,711</u>	<u>\$ 524,301</u>	<u>\$ 653,939</u>	<u>\$ 584,890</u>	<u>\$ 593,836</u>

City of Williamsburg, Virginia  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues</b>				
Taxes	\$ 29,602,186	\$ 29,210,384	\$ 29,274,314	\$ 29,786,811
Licenses, fees, and permits	164,699	154,108	181,806	151,637
Fines and penalties	202,487	221,767	259,308	228,172
Use of money and property	730,861	624,377	647,887	775,355
Charges for services	390,104	436,181	445,799	950,667
Intergovernmental	4,930,242	6,179,779	5,928,207	5,603,148
Other revenues	1,929,868	1,343,191	1,489,696	1,015,233
<b>Total revenues</b>	<b>\$ 37,950,447</b>	<b>\$ 38,169,787</b>	<b>\$ 38,227,017</b>	<b>\$ 38,511,023</b>
<b>Expenditures</b>				
General government	\$ 3,130,496	\$ 3,341,506	\$ 3,781,205	\$ 3,509,833
Judicial	332,736	405,416	371,366	398,300
Police	3,916,856	3,876,496	4,069,699	4,197,314
Fire	2,983,054	3,108,601	3,146,035	3,297,878
Other public safety	1,670,784	1,744,010	1,829,335	1,694,206
Public works	3,404,437	2,877,077	3,129,845	2,922,135
Health and welfare	2,318,563	2,241,201	2,416,361	2,256,347
Education	6,923,146	6,991,174	7,337,320	7,673,329
Parks and recreation	1,272,611	1,205,651	1,232,402	1,220,914
Library	840,727	750,959	779,744	819,526
Community Development	4,760,075	4,469,891	4,419,267	4,478,159
Capital projects	6,181,634	5,206,675	3,701,211	2,432,992
<b>Debt Service</b>				
Principal	1,064,816	1,149,694	886,240	758,761
Interest	337,621	275,348	354,583	140,392
<b>Total expenditures</b>	<b>\$ 39,137,556</b>	<b>\$ 37,643,699</b>	<b>\$ 37,454,613</b>	<b>\$ 35,800,086</b>
Excess of revenues over (under) expenditures	\$ (1,187,109)	\$ 526,088	\$ 772,404	\$ 2,710,937
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	\$ -	\$ -	\$ -	\$ -
Refunding bonds issued	-	1,398,911	5,481,048	-
Bond premium issuance	-	-	-	-
Bond issuance cost	-	-	-	-
Redemption of refunded bonds	-	(1,375,000)	(5,376,749)	-
Disposal of capital asset	-	-	-	-
Sale of capital assets	887,684	-	-	-
Transfers in	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 887,684</b>	<b>\$ 23,911</b>	<b>\$ 104,299</b>	<b>\$ -</b>
<b>Net change in fund balances</b>	<b>\$ (299,425)</b>	<b>\$ 549,999</b>	<b>\$ 876,703</b>	<b>\$ 2,710,937</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.01%</b>	<b>4.19%</b>	<b>3.55%</b>	<b>2.82%</b>

Table 4

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 29,736,493	\$ 30,628,000	\$ 31,301,136	\$ 31,815,149	\$ 32,773,958	\$ 35,854,668
240,017	255,915	229,485	249,819	302,819	341,620
214,373	197,117	155,032	181,175	249,211	277,729
756,797	794,407	888,063	962,887	1,200,582	1,508,346
865,765	898,621	1,264,330	1,160,757	1,182,453	1,202,675
6,476,919	6,539,912	7,522,954	7,317,493	6,712,840	8,125,667
1,279,747	1,181,005	1,375,375	1,499,843	1,552,045	1,982,218
<u>\$ 39,570,111</u>	<u>\$ 40,494,977</u>	<u>\$ 42,736,375</u>	<u>\$ 43,187,123</u>	<u>\$ 43,973,908</u>	<u>\$ 49,292,923</u>
\$ 3,403,525	\$ 3,493,522	\$ 3,475,742	\$ 3,786,601	\$ 3,852,694	\$ 3,954,853
411,806	400,605	365,281	401,237	422,688	434,188
4,417,042	4,368,153	4,515,626	4,566,572	4,952,575	5,306,406
3,479,594	3,556,562	3,734,705	3,727,221	3,981,397	4,153,194
1,719,162	1,718,468	1,793,039	1,740,769	1,707,999	1,700,142
2,914,416	2,936,678	2,786,405	2,890,124	2,986,028	3,145,566
2,306,790	2,255,020	2,499,978	2,552,959	2,865,062	2,890,326
8,181,450	8,540,794	8,388,204	8,817,150	8,962,074	9,605,544
1,202,169	1,138,321	1,120,804	1,218,835	1,245,196	1,236,425
820,156	827,166	842,160	841,810	859,699	871,852
4,591,577	4,599,954	4,776,918	4,799,435	4,896,820	4,842,357
3,820,162	6,180,712	9,958,807	8,289,153	6,323,793	7,913,834
683,990	988,147	1,006,410	1,032,568	4,880,676	837,370
213,216	252,415	232,780	204,016	147,577	752,932
<u>\$ 38,165,055</u>	<u>\$ 41,256,517</u>	<u>\$ 45,496,859</u>	<u>\$ 44,868,450</u>	<u>\$ 48,084,278</u>	<u>\$ 47,644,989</u>
\$ 1,405,056	\$ (761,540)	\$ (2,760,484)	\$ (1,681,327)	\$ (4,110,370)	\$ 1,647,934
\$ 5,000,000	\$ -	\$ -	\$ -	\$ 12,260,000	\$ -
-	-	-	-	3,920,700	-
-	-	-	-	1,539,845	-
-	-	-	-	(273,376)	-
-	-	-	-	(561,403)	-
-	(156,804)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	500,000	-
<u>\$ 5,000,000</u>	<u>\$ (156,804)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,385,766</u>	<u>\$ -</u>
\$ 6,405,056	\$ (918,344)	\$ (2,760,484)	\$ (1,681,327)	\$ 13,275,396	\$ 1,647,934
2.48%	3.34%	3.36%	2.92%	11.33%	3.81%

City of Williamsburg, Virginia  
Tax Revenues by Source, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Fiscal Year	Property	1% Sales & Use	.50% Sales & Use	Consumer Utility	Business License	Franchise
2010	\$ 13,128,910	\$ 3,885,065	\$ -	\$ 1,047,378	\$ 1,571,483	\$ 121,248
2011	12,908,398	3,963,454	-	1,049,808	1,497,160	111,020
2012	12,351,657	4,161,131	-	1,029,412	1,598,958	103,571
2013	12,307,879	4,494,328	-	1,042,165	1,646,691	104,682
2014	12,861,621	4,239,957	-	1,032,653	1,630,018	129,792
2015	13,008,328	4,352,601	-	1,024,760	1,685,718	123,048
2016	13,372,869	4,298,743	-	1,004,008	1,790,395	114,402
2017	13,690,588	4,388,595	-	968,943	1,833,991	119,948
2018	13,863,394	4,706,583	-	949,973	2,049,988	122,942
2019	14,505,397	4,828,777	2,012,985	903,929	2,330,418	120,660

Table 5

	Tobacco	Hotel & Motel	\$2 Lodging	Restaurant	Other	Total
\$	158,460	\$ 3,248,789	\$ 1,277,760	\$ 5,607,318	\$ 329,347	\$ 30,375,758
	148,032	3,384,922	1,299,244	5,989,446	381,311	30,732,795
	147,870	3,396,446	1,264,046	6,277,434	404,313	30,734,838
	183,155	3,369,785	1,222,448	6,391,022	533,798	31,295,953
	148,320	3,129,262	1,130,804	6,446,505	484,184	31,233,116
	156,911	3,220,638	1,122,632	6,819,384	604,285	32,118,305
	134,640	3,319,625	1,130,176	7,022,994	582,371	32,770,223
	130,032	3,316,633	1,128,430	7,043,184	646,796	33,267,140
	167,638	3,358,649	1,123,558	7,062,010	800,005	34,204,740
	140,211	3,308,661	1,079,370	7,308,479	699,050	37,237,937

City of Williamsburg, Virginia  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years

Table 6

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property <sup>1</sup>	Motor Vehicles <sup>2</sup>	Other			
2010	\$ 1,202,447,900	\$ 1,246,006,000	\$ 35,605,695	\$ 39,204,545	\$ 555,882,100	\$ 1,967,382,040	\$ 4.04
2011	1,166,641,800	1,335,437,900	35,652,620	39,303,636	674,570,500	1,902,465,456	4.04
2012	1,134,906,200	1,373,260,600	36,082,270	39,746,802	772,009,200	1,811,986,672	4.04
2013	1,064,590,700	1,408,826,400	39,582,570	37,495,959	845,513,900	1,704,981,729	4.07
2014	1,083,446,200	1,522,534,200	40,845,200	38,241,433	918,768,400	1,766,298,633	4.07
2015	1,108,726,200	1,571,532,200	42,220,440	36,393,827	943,646,700	1,815,225,967	4.07
2016	1,168,895,100	1,581,516,100	43,377,030	37,405,286	964,234,400	1,866,959,116	4.07
2017	1,190,581,300	1,610,013,500	44,053,770	39,765,792	971,263,000	1,913,151,362	4.07
2018	1,216,085,400	1,620,357,700	44,479,900	42,369,965	976,996,200	1,946,296,765	4.07
2019	1,225,705,700	1,628,894,100	47,608,960	43,749,786	989,455,800	1,956,502,746	4.10

Source: City of Williamsburg Assessor's Office, Commissioner of the Revenue

<sup>1</sup> Includes tax-exempt property.

<sup>2</sup> Motor vehicles are assessed at NADA average loan value as of January 1st each year

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

City of Williamsburg, Virginia  
 Direct Tax Rates  
 Last Ten Fiscal Years

Table 7

Fiscal Year Ended June 30	Real Estate Tax <sup>1</sup>	Personal Property Tax <sup>1</sup>	Room Tax	Meal Tax	Retail Sales Tax <sup>2</sup>	Senate Bill 942 Sales Tax <sup>2</sup>	Total Direct Tax Rate
2010	\$0.54	\$3.50	5%	5%	1%	-	\$4.04
2011	\$0.54	\$3.50	5%	5%	1%	-	\$4.04
2012	\$0.54	\$3.50	5%	5%	1%	-	\$4.04
2013	\$0.57	\$3.50	5%	5%	1%	-	\$4.07
2014	\$0.57	\$3.50	5%	5%	1%	-	\$4.07
2015	\$0.57	\$3.50	5%	5%	1%	-	\$4.07
2016	\$0.57	\$3.50	5%	5%	1%	-	\$4.07
2017	\$0.57	\$3.50	5%	5%	1%	-	\$4.07
2018	\$0.57	\$3.50	5%	5%	1%	-	\$4.07
2019	\$0.60	\$3.50	5%	5%	1%	0.50%	\$4.10

<sup>1</sup> per \$100 assessed value

<sup>2</sup> Collected by State, remitted monthly to City

The City of Williamsburg has no overlapping taxes.

City of Williamsburg, Virginia  
Principal Real Estate Property Taxpayers  
Current Year and Nine Years Ago

Table 8

<u>Taxpayers</u>	2010			2019		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Colonial Williamsburg Foundation	\$ 266,638,100	1	14.09%	\$ 255,086,000	1	13.68%
Bluegreen Vacations, Unlimited	25,126,200	2	1.33%	16,106,000	7	0.86%
Riverside Healthcare Associates	24,999,800	3	1.32%	40,555,400	2	2.17%
Westgate Resorts, LTD	21,812,600	4	1.15%	15,012,900	8	0.80%
Sterling Manor Apartments LLC	19,474,300	5	1.03%	28,275,300	4	1.52%
High Street Retail Phase I LLC	19,240,600	6	1.02%	19,743,600	6	1.06%
Virginia Landmark Hotels LLC	18,060,200	7	0.95%			
Williamsburg Improvements LLC	17,819,300	8	0.94%			
The Townehomes At Treyburn	11,264,900	9	0.60%			
JIN, Inc	10,740,300	10	0.57%			
Quarterpath Williamsburg LLC				35,598,300	3	1.91%
BRG Quarterpath LLC				25,677,000	5	1.38%
SLN Quarterpath Associates LLC				14,804,700	9	0.79%
BSV Colonial Owner LLC				12,962,600	10	0.69%

City of Williamsburg, Virginia  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years

Table 9

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 12,829,534	\$ 12,590,882	98.14%	\$ 269,900	\$ 12,860,782	100.24%
2011	12,470,676	12,266,609	98.36%	241,915	12,508,524	100.30%
2012	11,969,157	11,772,415	98.36%	227,776	12,000,191	100.26%
2013	11,945,819	11,687,094	97.83%	213,810	11,900,904	99.62%
2014	12,348,440	12,122,381	98.17%	170,906	12,293,287	99.55%
2015	12,632,981	12,409,075	98.23%	181,600	12,590,675	99.67%
2016	13,009,018	12,796,868	98.37%	148,154	12,945,022	99.51%
2017	13,314,963	13,079,983	98.24%	130,468	13,210,451	99.22%
2018	13,477,747	13,258,466	98.37%	150,159	13,408,625	98.37%
2019	14,166,997	13,886,696	98.02%	N/A	13,886,696	98.02%

Source: City of Williamsburg Assessor's Office

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

City of Williamsburg, Virginia  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years

Table 10

Fiscal Year	Governmental Activities	Business-type Activities	Total Primary Government	Debt Per Capita	Debt as Percentage of Personal Income
	General Obligation Bonds	General Obligation Bonds			
2010	\$ 8,432,627	\$ 9,808,700	\$ 18,241,327	\$ 1,297	0.4%
2011	7,306,844	9,231,593	16,538,437	1,160	0.4%
2012	6,796,767	8,643,971	15,440,738	1,065	0.3%
2013	5,997,390	8,051,980	14,049,370	943	0.3%
2014	10,270,795	7,446,884	17,717,679	1,176	0.4%
2015	9,241,038	6,819,945	16,060,983	1,081	0.3%
2016	8,193,018	6,184,269	14,377,287	932	0.3%
2017	7,118,840	5,526,750	12,645,590	821	0.2%
2018	19,235,458	5,033,028	24,268,486	1,598	0.4%
2019	18,256,137	4,412,553	22,668,690	1,493	0.4%

City of Williamsburg, Virginia  
 Ratios of General Bonded Debt Outstanding  
 Last Ten Fiscal Years

Table 11

Fiscal Year	Total General Obligation Bonds	Percentage of Actual Taxable Value of Property <sup>1</sup>	Per Capita <sup>2</sup>
2010	\$ 18,241,327	0.96%	\$ 1,297
2011	16,538,437	0.87%	1,160
2012	15,440,738	0.85%	1,065
2013	14,049,370	0.82%	943
2014	17,717,679	1.00%	1,176
2015	16,060,983	0.88%	1,081
2016	14,377,287	0.77%	932
2017	12,645,590	0.66%	821
2018	24,268,486	1.25%	1,598
2019	22,668,690	1.16%	1,493

<sup>1</sup> See Table 6 for property value data.

<sup>2</sup> Population data can be found in Table 13

City of Williamsburg, Virginia  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$189,257,180	\$182,750,920	\$173,615,760	\$162,790,320
Total net debt applicable to limit	<u>18,241,325</u>	<u>16,538,737</u>	<u>15,440,738</u>	<u>14,049,370</u>
Legal debt margin	\$ 171,015,855	\$ 166,212,183	\$ 158,175,022	\$ 148,740,950
Total net debt applicable to the limit as a percentage of debt limit	9.64%	9.05%	8.89%	8.63%

Legal Debt Margin Calculation for Fiscal Year 2019:

Assessed Value	\$ 1,865,144,000
Debt Limit (10% of assessed value)	186,514,400
Debt applicable to limit:	
General obligation bonds	<u>22,668,690</u>
Legal debt margin	<u><u>\$ 163,845,710</u></u>

Note: Virginia statute limits bond issuing authority of Virginia cities to 10% of the assessed real estate value.  
 The above calculation includes all debt secured by the full faith and credit of the City.

Table 12

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$168,721,200	\$173,661,170	\$178,617,680	\$182,933,180	\$ 185,944,690	\$ 186,514,400
17,717,679	16,060,983	14,377,287	12,645,590	24,268,486	22,668,690
\$ 151,003,521	\$ 157,600,187	\$ 164,240,393	\$ 170,287,590	\$ 161,676,204	\$ 163,845,710
10.50%	9.25%	8.05%	6.91%	13.05%	12.15%

City of Williamsburg, Virginia  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years

Table 13

Fiscal Year	City Population *	Area Population *	Personal Income (thousands of dollars) <sup>2</sup>	Per Capita Personal Income <sup>2</sup>	Public School Enrollment <sup>3</sup>	Unemployment Rate <sup>1</sup>
2010	14,068	81,440	\$ 4,196,931	\$ 51,538	10,503	10.1%
2011	14,256	82,591	4,474,583	54,224	10,549	9.0%
2012	14,503	84,149	4,703,429	55,990	10,671	8.3%
2013	14,893	85,709	4,745,679	55,550	10,748	7.7%
2014	15,064	87,274	4,954,338	56,960	10,998	7.3%
2015	14,860	88,199	5,160,028	58,504	11,116	6.3%
2016	15,429	89,044	5,344,090	59,632	11,303	5.6%
2017	15,404	90,555	5,646,096	60,350	11,431	4.4%
2018	15,183	**	**	**	11,477	4.6%
2019	**	**	**	**	11,461	4.3%

\* Population figures supplied by Weldon Cooper Center for Public Service (University of VA) & U.S. Bureau of Census

\*\* not available

<sup>1</sup> Virginia Employment Commission (*calendar year figures*)

<sup>2</sup> Source - U.S. Bureau of Census, Bureau of Economic Analysis (BEA)  
 population and per capita personal figures are only available for the City of Williamsburg and neighboring James City County combined

<sup>3</sup> Source - Williamsburg-James City County Public Schools

City of Williamsburg, Virginia  
Principal Employers  
Current Year and Nine Years Ago

Table 14

Employer	2010			2019		
	Employees <sup>1</sup>	Rank	Percentage of Total City Employment	Employees <sup>1</sup>	Rank	Percentage of Total City Employment
College of William & Mary	1,000+	1	18.31%	1,000+	1	21.87%
Colonial Williamsburg Foundation	1,000+	2	9.23%	1,000+	2	8.52%
Colonial Williamsburg Company	500 to 999	3	5.90%	250 to 499	3	6.46%
Aramark	250 to 499	4	1.39%			
City of Williamsburg	250 to 499	5	1.03%	100 to 249	6	2.39%
Red Lobster & The Olive Garden	100 to 249	6	0.56%	100 to 249	8	1.25%
Walsingham Academy	100 to 249	7	0.56%	100 to 249	10	0.76%
National Center for State Courts	100 to 249	8	0.56%	100 to 249	9	1.23%
Outback Steakhouse	50 to 99	9	0.28%			
Yankee Candle	50 to 99	10	0.28%			
W-JCC Schools				250 to 499	4	2.85%
Sodexo				250 to 499	5	2.79%
Riverside Doctors' Hospital				250 to 499	7	1.97%

<sup>1</sup> includes part-time and seasonal employees

City of Williamsburg, Virginia  
 Full-time-Equivalent City Employees by Function/Program  
 Last Ten Fiscal Years

Table 15

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>General Government</b>										
City Manager	5.5	5.5	5.5	6.5	6.5	6.5	6.5	6.5	6.0	7.0
Clerk of Council	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
City Attorney	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Commissioner of Revenue	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Treasurer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Registrar	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0
Assessor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Information Technology	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Finance	9.0	9.0	9.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0
<b>Police</b>										
Officers	33.0	34.0	35.0	35.0	35.0	35.0	36.0	36.0	38.0	41.0
Civilians	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
<b>Fire</b>										
Firefighters & officers	36.0	36.0	36.0	36.0	36.0	36.0	36.0	39.0	39.0	40.0
Civilians	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Public Works</b>										
Engineering	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Streets	10.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Landscape	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.5
Shop	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Building Maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Planning	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Code Compliance	5.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Recreation	9.0	8.0	8.0	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Human Services/Public Housing	13.0	13.0	13.0	17.0	19.0	19.0	19.0	19.0	19.0	19.0
Public Utilities	<u>26.0</u>									
<b>Total</b>	<u>185.5</u>	<u>182.5</u>	<u>183.5</u>	<u>188.0</u>	<u>190.0</u>	<u>191.0</u>	<u>192.5</u>	<u>196.5</u>	<u>197.0</u>	<u>204.5</u>

Source: City Finance Department

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

City of Williamsburg, Virginia  
 Operating Indicators by Function/Program  
 Last Ten Fiscal Years

Table 16

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018*</u>	<u>2019</u>
General Government										
Real estate parcels appraised	4,202	4,220	4,220	4,214	4,216	4,299	4,313	4,318	4,319	4,335
Real estate property transfers	277	330	337	285	302	415	370	421	505	426
Police										
Calls for service	28,758	37,844	37,283	36,956	37,774	36,168	34,837	34,033	34,385	41,377
Moving violations	1,377	1,586	1,800	1,457	1,107	1,147	1,238	1,364	1,228	2,390
Offenses	354	403	389	376	307	314	301	333	280	344
Fire										
Emergency fire responses	1,778	1,738	1,834	1,884	1,988	2,226	2,792	2,522	1,327	1,493
Emergency EMS responses	2,294	2,164	2,443	2,455	2,435	2,523	2,788	3,113	2,947	3,102
Public Works										
Street miles maintained	65	65	65	65	65	65	65	65	65	65
Tons of res. solid waste collected	2,182	2,108	2,250	2,094	1,966	1,814	1,925	2,063	2,170	2,049
Planning										
Subdivision lots approved	0	4	0	2	0	0	0	0	14	46
Site plans processed	8	9	1	5	1	1	2	0	18	11
Code Compliance										
Total permits issued	1,792	1,725	1,436	1,336	1,555	1,344	1,538	1,920	1,968	1,443
Total inspections performed	7,169	6,824	5,171	5,491	5,178	6,966	7,284	7,082	4,427	7,130
Recreation										
Program participants	21,376	22,010	26,135	25,886	25,487	21,684	23,135	23,706	16,159	13,958
Waller Mill Park attendance	261,144	86,413	81,254	90,066	109,144	112,854	95,312	107,036	137,894	103,461
Human Services (avg. monthly)										
Total benefit program cases	942	1,125	1,182	1,228	1,248	1,365	1,320	1,338	1,420	1,495
Public Utilities										
Water consumed (million gallons)	1,008	1,059	1,015	937	931	997	959	953	918	913
Water leaks repaired	40	32	36	45	31	32	31	26	35	20
Sewer backups	80	65	53	53	31	35	47	22	31	40

Source: City operating departments

\*In FY 2018, some performance measures were modified, which may create variances in comparison with prior years.

City of Williamsburg, Virginia  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

Table 17

Function/Program	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>General Government</b>										
Number of buildings	28	28	28	28	28	28	28	28	28	28
Number of parking structures	2	2	2	2	2	2	2	2	2	2
Total number of active vehicles in vehicle replacement plan	77	80	83	84	82	83	84	85	85	101
<b>Public Safety</b>										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of fire stations	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Lane miles of streets maintained	65	65	65	65	65	65	65	65	65	65
Number of traffic signals	15	15	15	15	15	15	15	15	15	15
Bridges	4	4	4	4	4	4	4	4	4	4
<b>Education-Regional Schools</b>										
Grades: K - 5	9	9	9	9	9	9	9	9	9	9
Grades: 6 - 8	4	3	3	3	3	3	3	3	3	4
Grades: 9 -12	3	3	3	3	3	3	3	3	3	3
<b>Parks &amp; Recreation</b>										
Number of parks	10	10	10	10	10	10	10	10	10	11
Number of ball fields	6	6	6	6	6	6	6	6	6	6
Number of tennis courts	10	10	10	10	10	10	10	10	10	10
Number of total acres	2,036	2,036	2,036	2,036	2,036	2,036	2,036	2,036	2,036	2,036
<b>Culture</b>										
Number of public libraries (regional)	2	2	2	2	2	2	2	2	2	2
<b>Public Utilities</b>										
Miles of water distribution	48	48	48	48	48	48	48	48	48	48
Number of water tanks	5	5	6	6	6	6	6	6	6	6
Number of pump stations	14	14	14	14	15	15	15	15	15	15

Source: City departments.

*COMPLIANCE SECTION*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Williamsburg, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Williamsburg, Virginia's basic financial statements, and have issued our report thereon dated October 3, 2019.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Williamsburg, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Williamsburg, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Williamsburg, Virginia's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Williamsburg, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia  
October 3, 2019



Independent Auditors' Report on Compliance for Each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the City of Williamsburg, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Williamsburg, Virginia's major federal programs for the year ended June 30, 2019. The City of Williamsburg, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Williamsburg, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Williamsburg, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Williamsburg, Virginia's compliance.

***Opinion on Each Major Federal Program***

In our opinion, City of Williamsburg, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## Report on Internal Control over Compliance

Management of City of Williamsburg, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Williamsburg, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Williamsburg, Virginia's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
October 3, 2019

City of Williamsburg, Virginia  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Department of Health and Human Services:</i>			
Pass Through Payments:			
<i>Department of Social Services:</i>			
Promoting Safe and Stable Families	93.556	0950109/0950110	\$ 3,032
Temporary Assistance for Needy Families (TANF Cluster)	93.558	0400111/0400112	102,172
Refugee and Entrant Assistance - Replacement Designee Administered Programs	93.566	0500111/0500112	43
Low-Income Home Energy Assistance	93.568	0600411/0600412	13,369
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760111/0760112	14,329
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900111/0900112	91
Foster Care - Title IV-E	93.658	1100111/1100112	76,183
Adoption Assistance	93.659	1120111/1120112	78,755
Social Services Block Grant	93.667	1000111/1000112	75,777
Chafee Foster Care Independence Program	93.674	9150111/9150112	732
Children's Health Insurance Program	93.767	0540111/0540112	3,443
Medical Assistance Program (Medicaid Cluster)	93.778	1200111/1200112	188,227
Total Department of Health and Human Services			<u>\$ 556,153</u>
<i>Department of Agriculture:</i>			
Pass Through Payments:			
<i>Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010111/0010112 0040111/0040112	\$ 174,226
Total Department of Agriculture			<u>\$ 174,226</u>
<i>Department of Justice:</i>			
Direct payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 6,318
Pass Through Payments:			
<i>Department of Criminal Justice Services:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12-J1208LO11 13-K1208LO12	\$ 50,000
Total Department of Justice			<u>\$ 56,318</u>
<i>Department of Transportation:</i>			
Pass Through Payments:			
<i>Department of Transportation</i>			
Highway Planning and Construction (Highway Planning and Construction Cluster)	20.205	N/A	\$ 215,717
<i>Department of Motor Vehicles</i>			
Alcohol Open Container Requirements	20.607	N/A	8,000
State and Community Highway Safety (Highway Safety Cluster)	20.600	K81252285	8,420
Total Department of Transportation			<u>\$ 232,137</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,018,834</u></u>

See accompanying notes to schedule of expenditures of federal awards.

City of Williamsburg, Virginia  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Williamsburg, Virginia under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents on a selected portion of the operations of the City of Williamsburg, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the City of Williamsburg, Virginia.

Note 2 - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

The value of federal awards expended in the form of noncash assistance for food commodities is reported in the schedule.

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues, and capital contributions are reported in the City's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General fund	\$ 16,420
Virginia public assistance fund	730,379
Law enforcement block grant fund	56,318
Sales tax fund	<u>215,717</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 1,018,834</u>
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Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

The City did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 7 - Loan Balances

The City has no loans or loan guarantees which are subject to reporting requirements for the current year.

City of Williamsburg, Virginia  
 Schedule of Findings and Questioned Costs  
 For the year ended June 30, 2019

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Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified  
 Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ yes ✓ no  
 Significant deficiency(ies) identified that are  
 not considered to be material weakness(es)? \_\_\_\_\_ yes ✓ none reported  
 Noncompliance material to financial statements noted? \_\_\_\_\_ yes ✓ no

Federal Awards

Internal control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ yes ✓ no  
 Significant deficiency(ies) identified? \_\_\_\_\_ yes ✓ no

Type of auditors' report issued on compliance  
 for major programs: unmodified

Any findings disclosed that are required to be  
 reported in accordance with 2 CFR section  
 200.516 (a)? \_\_\_\_\_ yes ✓ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Dollar threshold used to distinguish between type A  
 and type B programs: \$750,000

Auditee qualified as low-risk auditee? ✓ yes \_\_\_\_\_ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

City of Williamsburg, Virginia  
Summary Schedule of Prior Audit Findings  
For the year ended June 30, 2019

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There were no prior audit findings.