

**James River Water Authority
Board of Directors Meeting
109 Clubhouse Way
Zion Crossroads, Virginia
February 5, 2019
10:30 A.M.**

Regular Business Meeting of the James River Water Authority Board of Directors

- I. Call to Order**
- II. Adoption of Agenda**
- III. Items from the Public**
- IV. Approval of Minutes of Preceding Meeting**
 - a. January 8, 2018 – Regular Meeting
- V. Financial Report**
 - a. Bills Approval
 - i. AquaLaw
- VI. Discussion/Information Items**
 - a. Information – COE Permit Update
 - b. Information – FY18 Audit by RFC
- VII. Action Items**
 - a. Discussion – FY20 Budget
 - b. Discussion – FY18 to FY19 Capital Project Funds Carryover
- VIII.**
- IX. Consent Agenda**
- X. Closed Meeting**
- XI. Adjournment**

The James River Water Authority Board of Directors reserves the right to amend and/or change the Agenda the day of the meeting.

BY ORDER OF:
D.D. WATSON, VICE CHAIRMAN
BOARD OF DIRECTORS
JAMES RIVER WATER AUTHORITY

**JAMES RIVER WATER AUTHORITY BOARD OF DIRECTORS
SPRING CREEK SPORTS CLUB, 109 CLUBHOUSE WAY
ZION CROSSROADS, VIRGINIA**

**January 8, 2019
10:30 A.M.**

Present: D. D. Watson (Vice Chairman), Joe Chesser (Treasurer), Mark Dunning, and Steve Nichols

Absent: (none)

Others Present: Brendan Hefty, Legal Counsel (Hefty, Wiley, and Gore); Greg Krystyniak (Faulconer Construction); Joe Hines (Timmons Group); Pam Baughman (LCWA); and Doug Wylie.

CALL TO ORDER

Vice Chairman Watson called the meeting of the James River Water Authority (JRWA) Board of Directors to order at 10:33 a.m. Mr. Nichols led the Board in the Pledge of Allegiance.

ADOPTION OF AGENDA

Mr. Goodwin asked that a discussion item be added concerning the Chairman's position. On the motion of Mr. Goodwin, seconded by Mr. Nichols, which carried by a vote of 5-0, the amended agenda was adopted.

APPROVAL OF MINUTES OF PRECEDING MEETING

On the motion of Mr. Nichols, seconded by Mr. Chesser, which carried by a vote of 5-0, the Board approved the minutes of the December 4, 2018, meeting.

FINANCIAL REPORT

Mr. Chesser reviewed the bills included in the board packet for consideration and stated that the payments left the Authority with a balance of \$575,837.25 to meet continuing obligations. On the motion of Mr. Nichols, seconded by Mr. Dunning, which passed by a vote of 5-0, the payments and report were approved.

DISCUSSION/INFORMATION ITEMS

Discussion – Corps of Engineers (COE) Permit Update

Mr. Hines reported that the comment period on the current revision of the Memorandum of Understanding (MOA) had closed and that the agency was reviewing comments. Further consideration of one site may be necessary, and associated efforts will take place to determine if

the site needs to be incorporated in Phase 3 recovery. JRWA had initially stipulated this but the Department of Historic Resources requested further Phase 2 efforts for determination. Mr. Hines stated that fieldwork could take 30 days and the report another 30 days. Mr. Chesser asked about next steps, and Mr. Hines responded that this would be up to the COE pending further review of comments.

Discussion – Chairman Position

Mr. Goodwin reported that Mr. Duke had announced his resignation from the Board at the end of 2018. He stated that the Board would likely appoint a replacement and asked Mr. Hefty for a recommendation regarding the Chairman position. Mr. Hefty stated that officer positions were 2 year terms and that the current terms expected June 30, 2019. He recommended that the JRWA elect a new Chairman. Mr. Goodwin nominated Mr. Watson to serve as Chairman. Mr. Nichols seconded the motion, which passed by a vote of 5-0. Mr. Goodwin nominated Mr. Dunning to serve as Vice Chairman. Mr. Nichols seconded the motion, which passed by a vote of 5-0.

ACTION ITEMS

(none)

CONSENT AGENDA

(none)

CLOSED SESSION

On the motion of Mr. Nichols, seconded by Mr. Chesser, which carried by a vote of 5-0, the Board voted to enter Closed Session at 10:44 a.m. for the purpose of discussing the following:

1. In accordance with §2.2-3711(A)(8) for consultation with legal counsel regarding the Memorandum of Understanding with the Corps of Engineers.

RESUMPTION OF REGULAR SESSION

On the motion of Mr. Chesser, seconded by Mr. Dunning, which carried by a vote of 5-0, the Board voted to return to regular session at 11:51 a.m.

RESOLUTION - CERTIFICATION OF CLOSED SESSION

By roll call, which carried by a vote of 5-0, the Board voted to adopt the following resolution:

WHEREAS, the James River Water Authority Board of Directors has convened a Closed Meeting pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, §2.2-3712.D of the Code of Virginia requires a certification by the James River Water Authority Board of Directors that such closed meeting was conducted in conformity with the Virginia Law.

NOW, THEREFORE BE IT RESOLVED that the James River Water Authority Board of Directors does hereby certify that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting was heard, discussed or considered by the James River Water Authority Board of Directors.

<u>NAME</u>	<u>VOTE</u>
Joe Chesser	Yes/Aye
Mark Dunning	Yes/Aye
D.D. Watson	Yes/Aye
Christian R. Goodwin	Yes/Aye
Steven M. Nichols	Yes/Aye

ADJOURNMENT

On the motion of Mr. Nichols, seconded by Mr. Watson, which carried by a vote of 5-0, the Board voted to adjourn the meeting at 11:51 a.m.

BY ORDER OF:

D.D. WATSON, CHAIRMAN
BOARD OF DIRECTORS
JAMES RIVER WATER AUTHORITY

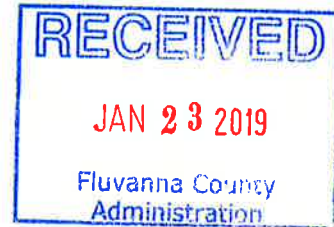
AQUALAW

CHRISTOPHER D. POMEROY
CHRIS@AQUALAW.COM

PH: 804.716.9021
FX: 804.716.9022

January 15, 2019

Mr. Steve Nichols
Administrator
Fluvanna County
P.O. Box 540
Palmyra, VA 22963



Re: James River Water Authority

Dear Steve:

Enclosed is our invoice for services rendered during December.

We are also enclosing our preferred Municipal Rate Schedule update for 2019. We remain committed to providing top expertise and delivering high value through a combination of competitive rates and efficient service in our practice. We greatly appreciate the opportunity to work with you. Please let me know if you have any questions.

Best regards,

A handwritten signature in blue ink, appearing to read "Chris", written over a faint circular stamp.

Christopher D. Pomeroy

Enclosures

cc: Brendan Hefty, Esq.



MUNICIPAL RATE SCHEDULE
Hourly Billing Rates through December 31, 2019

Chris Pomeroy	\$505
Paul Calamita	\$505
Dick Sedgley	\$505
Rosewin Sweeney	\$505
Lisa Ochsenhirt	\$465
Justin Curtis	\$395
Paul Nyffeler	\$395
Ellen Egen	\$320
Paralegals	\$195

The above hourly billing rates are preferred rates extended to localities and local governmental authorities, districts and commissions. Reasonable increases to this schedule are made each January 1 in consideration of inflation and general market conditions plus, with respect to attorneys currently below senior partner level only, the individual's increased seniority and experience.

AQUALAW PLC

6 South 5th Street
Richmond, VA 23219

Ph:(804) 716-9021

Fax:(804) 716-9022

James River Water Authority
P.O. Box 540
Palmyra, VA 22963

January 15, 2019

Attention: Steve Nichols
RE: General

Our File #: 0293-001
Inv #: 11267

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
Dec-03-18	Teleconference with M. Werkheiser re mitigation options; teleconference with J. Hines and C. Tyrer re Treatment Plan option	1.50	570.00	JWC
Dec-04-18	Prepare for and attend JRWA Board meeting	1.50	570.00	JWC
Dec-05-18	Preparation and teleconference with Monacans' counsel re Section 106 compensatory mitigation; send summary of the same to C. Goodwin and S. Nichols	1.30	494.00	JWC
Dec-10-18	Review and edit revised Treatment Plan; send email to J. Hines and G. Krystyniak for additional construction details to plug into same	3.50	1,330.00	JWC
Dec-11-18	Complete and circulate revisions and comments on the draft Treatment Plan	1.50	570.00	JWC
Dec-12-18	Teleconference with G. Labudde re VDHR comments on Memorandum of Agreement; teleconferences with J. Hines and C. Tyrer to review VDHR's comments and necessary changes; arrange next meeting with Monacans' counsel	2.20	836.00	JWC
Dec-13-18	Teleconference with S. Vanderploeg (Corps) to review revised approach to Memorandum of Agreement; teleconference with team to discuss changes to the same and the Treatment Plan to address agency comments	1.50	570.00	JWC

Dec-14-18	Teleconference with Monacans' counsel re response to mitigation offer; teleconference with J. Hines and C. Tyrer to review call with Monacans' and discuss next steps	1.00	380.00	JWC
Dec-17-18	Advice re strategy options for addressing extreme demands by Monacans	0.50	242.50	CDP
	Draft memo to file re discussions with Monacans' counsel; send same and summary of recent communications with Monacans and DHR to C. Goodwin and S. Nichols	1.30	494.00	JWC
Dec-20-18	Attend client team meeting re strategy for addressing extreme demands by Monacans	0.20	97.00	CDP
	Preparation and teleconference with C. Goodwin and S. Nichols re communications with Monacans' counsel re request for cash payment and next steps for permitting process	1.20	456.00	JWC
Dec-21-18	Review comment letter from Monacans' counsel re comments on the Memorandum of Agreement; send summary of the same to C. Goodwin and S. Nichols; send correspondence to Monacans' counsel re continued discussions re mitigation; review VDHR's comments on the Memorandum of Agreement; circulate summary of the same to the team with list of questions and actions; review National Park Service regulations referenced in VDHR comments and send email to G. LaBudde (VDHR) re clarification of specific comments; draft email to G. Krystyniak re Corps process of defining permit area	5.10	1,938.00	JWC
Dec-27-18	Teleconference with G. LaBudde (VDHR) re comments on the Memorandum of Agreement; follow up with C. Tyrer re Phase 2 work for Site 44FV0269	0.50	190.00	JWC
Dec-28-18	Revise Archeological Evaluation Plan for Site 44FV0269; circulate same and draft cover letter to team for review; revise same and send to S. Vanderploeg (Corps) and G. LaBudde (VDHR)	1.00	380.00	JWC
	Total Fees	23.80	<u>\$9,117.50</u>	

DISBURSEMENTS

Invoice #: 11267

Page 3

January 15, 2019

Dec-31-18 12/20 Teleconference

16.39

Total Disbursements

16.39

Total Fees & Disbursements

\$9,133.89

Previous Balance

\$9,897.57

Previous Payments

\$9,897.57

Balance Due Now

\$9,133.89

Tax ID Number: 45-0484029

**Thank you for choosing AQUALAW.
Payment is appreciated within 30 days of receipt.**

JAMES RIVER WATER AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2018

DRAFT

JAMES RIVER WATER AUTHORITY

**Financial Statements
June 30, 2018**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Statement of Net Position	3
Statement of Revenues, Expenses, and Changes in Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	6-12
Compliance	
Independent Auditors' Report on Compliance Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13-14

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

**To the Honorable Members of
James River Water Authority
Louisa, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of James River Water Authority, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority'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 an opinion 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 Authorities, Boards, and Commissions*, 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of James River Water Authority, as of June 30, 2018, and the changes in financial position, and 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 9 to the financial statements, in 2018, the Authority adopted new accounting guidance, GASB Statement Nos. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 8 to the financial statements, in 2018, the Authority restated beginning balances for accrued interest payable and capitalized interest. 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 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

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

Charlottesville, Virginia
Draft, 2019

Financial Statements

DRAFT

JAMES RIVER WATER AUTHORITY

Statement of Net Position
June 30, 2018

	<u>2018</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 548,870
Accounts receivable	3,241
Due from other governments	35,411
Restricted Assets:	
Cash and cash equivalents	<u>7,313,257</u>
Total Current Assets	\$ <u>7,900,779</u>
Noncurrent Assets	
Capital Assets:	
Construction in progress	\$ <u>2,378,710</u>
Total Assets	\$ <u>10,279,489</u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 1,558
Retainage payable	25,174
Accrued interest payable	81,562
Bond payable, current portion	135,000
Bond premium, current portion	<u>58,604</u>
Total Current Liabilities	\$ <u>301,898</u>
Noncurrent Liabilities	
Bond payable, noncurrent portion	\$ 7,700,000
Bond premium, noncurrent portion	<u>946,321</u>
Total Noncurrent Liabilities	\$ <u>8,646,321</u>
Total Liabilities	\$ <u>8,948,219</u>
Net Position	
Net investment in capital assets	\$ 353,506
Restricted for debt service	473,362
Unrestricted	<u>504,402</u>
Total Net Position	\$ <u><u>1,331,270</u></u>

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

JAMES RIVER WATER AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2018

	<u>2018</u>
Operating Expenses	
Professional fees	\$ 33,500
Bank fees	157
Insurance	1,636
Other charges	<u>225</u>
Total Operating Expenses	<u>\$ 35,518</u>
Net Operating Income (Loss)	<u>\$ (35,518)</u>
Nonoperating Revenues (Expenses)	
Interest income	\$ 116,833
Interest expense	<u>(277,226)</u>
Total Nonoperating Revenues (Expenses)	<u>\$ (160,393)</u>
Income (loss) before capital contributions	<u>\$ (195,911)</u>
Capital contributions	<u>\$ 560,138</u>
Change in net position	\$ 364,227
Net position, beginning of year, as restated	<u>967,043</u>
Net position, end of year	<u><u>\$ 1,331,270</u></u>

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

JAMES RIVER WATER AUTHORITY

Statement of Cash Flows
Year Ended June 30, 2018

	<u>2018</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ -
Payments to suppliers and vendors	<u>(35,681)</u>
Net cash provided by (used for) operating activities	<u>\$ (35,681)</u>
Cash flows from capital and related financing activities:	
Draws on restricted cash	\$ 984,558
Acquisition of plant and equipment	(584,378)
Principal paid on bonds	(130,000)
Interest paid on bonds	<u>(339,323)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (69,143)</u>
Cash flows from noncapital financing activities:	
Capital contributions	\$ 524,727
Refunding of capital contributions	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ 524,727</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 419,903</u>
Cash and cash equivalents at beginning of year	<u>\$ 128,967</u>
Cash and cash equivalents at end of year	<u><u>\$ 548,870</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (35,518)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(1,721)
Increase (decrease) in accounts payable	<u>1,558</u>
Net cash provided by (used for) operating activities	<u><u>\$ (35,681)</u></u>

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

JAMES RIVER WATER AUTHORITY

Notes to Financial Statements June 30, 2018

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization and Purpose

The James River Water Authority (The Authority) was created by Louisa, County Virginia and Fluvanna County Virginia on April 20, 2009 in order to cooperatively provide a reliable public water supply to county citizens. The counties wanted to delineate their respective rights and duties regarding a water pipeline and associated structures to be planned, designed, constructed and financed.

The Authority may fund a portion of the cost of these activities by issuing bonds, through direct contributions and from the counties, or charging connection fees or charges to the counties.

B. Basic Financial Statements

Management's Discussion and Analysis: Government Accounting Standards Board Statement No. 34 requires the Financial Statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). Management has elected to omit the management's discussion and analysis in these financial statements.

Statement of Net Position: The Statement of Net Position is designed to report to the financial position of the Authority. Governments report all capital assets in the Statement of Net Position and report depreciation expense the cost of "expensing" capital assets in the Statement of Revenues, Expenses, and Changes in Net Assets. The net assets of the government will be broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Revenues, Expenses and Changes in Net Position:

This statement is designed to report the results of operations during the fiscal year.

C. Basis of Accounting

James River Water Authority operates as an enterprise activity and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year. The Authority follows all applicable GASB pronouncements and FASB pronouncements issued before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements. The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations.

D. Cash Equivalents

The Authority has defined cash and cash equivalents to include cash on hand, demand deposits, certificates of deposit and money market funds.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Capital Assets and Depreciation

Purchased and constructed capital assets in service are recorded at historical cost. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Capital assets acquired by the Authority through contributions, such as from developers, are capitalized and recorded in the accounts at acquisition value on the date accepted. The Authority provides for depreciation of capital assets in service on the straight-line method at amounts estimated to amortize the cost of assets over their estimated useful lives, as follows:

Structures and Improvements	20 to 50 years
Equipment	5 to 10 years

F. 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 amounts could differ from those amounts.

G. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net Assets invested in capital assets represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets.

Net position is classified as net investment in capital assets, restricted and unrestricted. Restricted amounts represents constraints on resources that are externally imposed by creditors, contributors, or laws or regulations of other governments, or imposed by law through state statute.

NOTE 2—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 savings 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 are considered fully collateralized.

Investments

Statutes authorize the Authority 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).

JAMES RIVER WATER AUTHORITY

**Notes to Financial Statements
June 30, 2018 (Continued)**

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The Authority does not have a policy related to credit risk of debt securities.

The Authority's rated debt investments as of June 30, 2018 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Rated Debt Investments' Values		
Rated Debt Investments	Fair Quality Ratings	
	AAAm	AAf
Money Market Funds (SNAP)	\$ 7,313,257	\$ -
Total	<u>\$ 7,313,257</u>	<u>\$ -</u>
Investment maturities in years:		
Investment Type	Fair Value	Less Than 1 Year
Money Market Funds (SNAP)	\$ 7,313,257	\$ 7,313,257
Total	<u>\$ 7,313,257</u>	<u>\$ 7,313,257</u>

External Investment Pool:

The fair values of the positions in the SNAP is the same as the value of the pool shares. As these pools are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is amortized cost basis portfolios under the provisions of GASB 79. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 3—RELATED PARTY TRANSACTIONS:

Significant transactions between the James River Water Authority and the Counties of Louisa and Fluvanna are summarized below:

Capital contribution from Fluvanna	\$ 250,414
Capital contribution from Louisa	<u>309,724</u>
Total	<u>\$ 560,138</u>

NOTE 4—CONTINGENCIES:

The Authority knew of no potential or actual material claims for damages by any party against the Authority as of June 30, 2018.

JAMES RIVER WATER AUTHORITY

**Notes to Financial Statements
June 30, 2018 (Continued)**

NOTE 5—CONTRACTS AND COMMITMENTS:

On December 23, 2013, the Authority entered into a legal agreement with Hefty & Wiley, PC to provide General Counsel Legal Services for a fee of \$2,500 per month.

On July 1, 2014, the Authority entered into an agreement with Raymond James & Associates, Inc. to provide Financial Advisory Services regarding construction proposals, financial terms and long-term financial projections. Fees are to be paid based on hourly rates.

On July 17, 2014, the Authority entered in an engineering consulting contract with McDonough Bolyard Peck, Inc. (MBP), to provide consulting services regarding the pipeline project.

On January 3, 2017, the Authority contracted with Falcouner Construction Company Inc. in the amount of \$7,938,731 for design and construction of raw water intake and pump station and raw water pipeline.

NOTE 6—CAPITAL ASSETS:

Capital Asset Activity for the year was as follows:

	Balance July 1, 2017 as restated	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated:				
Construction in Progress	\$ 1,899,862	\$ 478,848	\$ -	\$ 2,378,710
Total capital assets not being depreciated	\$ 1,899,862	\$ 478,848	\$ -	\$ 2,378,710
Net capital assets	\$ 1,899,862	\$ 478,848	\$ -	\$ 2,378,710

NOTE 7—LONG-TERM LIABILITIES:

The change in long-term liabilities during the year is as follows.

	Balance July 1, 2017	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2018	Amounts Due Within One Year
VRA Revenue Bond	\$ 7,965,000	\$ -	\$ 130,000	\$ 7,835,000	\$ 135,000
Premium on bonds	1,064,582	-	59,657	1,004,925	58,604
Total	\$ 9,029,582	\$ -	\$ 189,657	\$ 8,839,925	\$ 193,604

JAMES RIVER WATER AUTHORITY

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

Debt service requirements are as follows:

Year Ending June 30,	VRA Revenue Bonds	
	Principal	Interest
2019	\$ 135,000	\$ 333,334
2020	140,000	326,912
2021	150,000	319,706
2022	155,000	311,891
2023	165,000	303,691
2024	170,000	295,106
2025	180,000	286,137
2026	190,000	276,956
2027	200,000	267,563
2028	210,000	258,006
2029	220,000	248,688
2030	230,000	239,256
2031	240,000	229,012
2032	250,000	217,956
2033	260,000	207,338
2034	270,000	197,231
2035	280,000	186,738
2036	290,000	175,856
2037	305,000	164,534
2038	315,000	152,747
2039	325,000	140,547
2040	340,000	127,856
2041	355,000	114,622
2042	365,000	100,922
2043	380,000	85,431
2044	400,000	67,944
2045	420,000	49,581
2046	435,000	30,372
2047	460,000	10,288
Total	\$ <u>7,835,000</u>	\$ <u>5,726,221</u>

JAMES RIVER WATER AUTHORITY

**Notes to Financial Statements
June 30, 2018 (Continued)**

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

Details of long-term liabilities are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>VRA Revenue Bonds:</u>		
\$7,695,000 VRA Revenue Bonds Series 2016 issued May 25, 2016 payable in various semi-annual payments through October 1, 2046, interest payable semi-annually at rates from 3.797% to 5.325%	\$ 7,835,000	\$ 135,000
Premium on bonds	<u>1,004,925</u>	<u>58,604</u>
Total	<u>\$ 8,839,925</u>	<u>\$ 193,604</u>

The Authority is required to separately maintain a reserve to cure any deficiencies in payment by the Authority. The current reserve is \$473,362.

NOTE 8—RESTATEMENT OF NET POSITION:

Net Position as of June 30, 2017 was restated as follows:

	<u>Amount</u>
Net Postion, beginning of year, as previously reported	\$ 1,251,095
Accrued Interest Payable	(84,002)
To correct capitalized interest	<u>(200,050)</u>
Net Postion, beginning of year, as restated	<u>\$ 967,043</u>

NOTE 9—ADOPTION OF ACCOUNTING PRINCIPLES:

The Authority implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about 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. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of this Statement did not result in a restatement of net position.

DRAFT

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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*

To the Board of Directors
James River Water Authority
Louisa, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of James River Water Authority as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise James River Water Authority's basic financial statements and have issued our report thereon dated **Draft, 2019.**

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered James River Water Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of James River Water Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of James River Water Authority's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether James River Water Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Charlottesville, Virginia
Draft, 2019

DRAFT

	A	B	C	D	E	F	H	I	J	K	L
1	James River Water Authority - FUND 850									PROPOSED: February 5, 2019	
2	FY20 BUDGET - DRAFT									Projected Budgets	
3	ORG CODE	OBJ CODE	ACCOUNT DESCRIPTION	FY19 ADOPTED	FY20 PROPOSED	ACCOUNT DETAILS		FY21 BUDGET	FY22 BUDGET	FY23 BUDGET	FY24 BUDGET
4	REVENUES										
5	85000018	319990	SERVICE AGREEMENT - FLUVANNA COUNTY	\$ 252,305.00	\$ 251,732.00			\$ 253,266.00	\$ 251,858.00	\$ 252,758.00	\$ 250,966.00
6	85000018	319991	SERVICE AGREEMENT - LOUISA COUNTY	\$ 252,305.00	\$ 251,732.00			\$ 253,266.00	\$ 251,858.00	\$ 252,758.00	\$ 250,966.00
7	85000015	319501	INTEREST ON CUSTODY ACCOUNT	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
8	85000018	319831	EXPENDITURE REFUNDS	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
9	85000018	319911	OTHER	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
10	85000018	340000	INSURANCE RECOVERY	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
11	85000019	343100	USE OF FUND BALANCE	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
12			INCOME TOTAL	\$ 504,610.00	\$ 503,464.00			\$ 506,532.00	\$ 503,716.00	\$ 505,516.00	\$ 501,932.00
13											
14	OPERATING EXPENSES										
15	85000000	401100	FULL-TIME SALARIES & WAGES	\$ -	\$ -	Staffing required? (Fluvanna/Louisa)		\$ -	\$ -	\$ -	\$ -
16	85000000	401114	BOARD COMPENSATION	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
17	85000000	401300	PART-TIME SALARIES & WAGES	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
22	85000000	403100	PROFESSIONAL SERVICES	\$ 33,000.00	\$ 33,500.00	Audit (\$3,500) & Legal (\$30K)		\$ 33,500.00	\$ 33,500.00	\$ 33,500.00	\$ 33,500.00
23	85000000	403170	PERMITS AND FEES	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
24	85000000	403191	CONSULTING SERVICES	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
25	85000000	403192	OUTSIDE ANALYTICAL SERVICES	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
26	85000000	403300	CONTRACT SERVICES	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
27	85000000	403310	BLDGS EQUIP REP & MAINT	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
28	85000000	403320	MAINTENANCE CONTRACTS	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
29	85000000	403600	ADVERTISING	\$ 500.00	\$ 250.00			\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
30	85000000	403700	LAUNDRY AND DRY CLEANING	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
31	85000000	405110	ELECTRICAL SERVICES	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
32	85000000	405210	POSTAL SERVICES	\$ 250.00	\$ 200.00			\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
33	85000000	405230	TELECOMMUNICATIONS	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
34	85000000	405304	PROPERTY INSURANCE	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
35	85000000	405305	VEHICLE INSURANCE	\$ 250.00	\$ 200.00	VaCorp Ins		\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00
36	85000000	405307	PUBLIC OFFICIALS LIABILITY	\$ 750.00	\$ 600.00	VaCorp Ins		\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00
37	85000000	405308	GENERAL LIABILITY	\$ 1,000.00	\$ 975.00	VaCorp Ins		\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
38	85000000	405410	LEASE/RENT	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
39	85000000	405510	MILEAGE ALLOWANCES	\$ -	\$ 200.00			\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00
40	85000000	405540	CONVENTION & EDUCATION	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
41	85000000	405810	DUES OR ASSOCIATION MEMBERSHIP	\$ -	\$ 175.00			\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00
42	85000000	406001	OFFICE SUPPLIES	\$ 275.00	\$ 200.00			\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
43	85000000	406004	GENERAL MATERIALS AND SUPPLIES	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
44	85000000	406006	CHEMICAL SUPPLIES	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
45	85000000	406009	VEHICLE/POWER EQUIP SUPPLIES	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
46	85000000	406011	UNIFORM/WEARING APPAREL	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
47	85000000	406016	FUEL	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
48	85000000	403650	BANK FEES AND CHARGES	\$ 250.00	\$ 250.00			\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
49	85000000	409111	DEBT SERVICE - REDEMPTION OF PRINCIPAL	\$ 135,000.00	\$ 140,000.00			\$ 150,000.00	\$ 155,000.00	\$ 165,000.00	\$ 170,000.00
50	85000000	409115	DEBT SERVICE - REDEMPTION OF INTEREST	\$ 333,335.00	\$ 326,914.00			\$ 319,707.00	\$ 311,891.00	\$ 303,691.00	\$ 295,107.00
51			OPERATING EXPENSE TOTAL	\$ 504,610.00	\$ 503,464.00			\$ 506,532.00	\$ 503,716.00	\$ 505,516.00	\$ 501,932.00

JAMES RIVER WATER AUTHORITY AGENDA ITEM

Meeting Date: 02/05/19

AGENDA TITLE:	JRWA FY20 Budget				
MOTION(s):	I move the James River Water Authority Board adopt the FY20 Operations Budget for \$ _____ .				
AGENDA CATEGORY:	Public Hearing	Action Matter	Presentation	Consent Agenda	Other
		X			
CONTACT(S):	Eric Dahl, Fluvanna County DCA/Finance Director				
PRESENTER(S):	Eric Dahl, Fluvanna County DCA/Finance Director				
RECOMMENDATION:	Approve				
TIMING:	July 1, 2019				
DISCUSSION:	<p>The FY20 budget draft includes:</p> <ul style="list-style-type: none"> • Total Revenues: \$503,464 <ul style="list-style-type: none"> ○ Fluvanna County - \$251,732 ○ Louisa County - \$251,732 • Total Expenses: \$503,464 <ul style="list-style-type: none"> ○ Operational Costs - \$36,550 ○ Debt Service - \$466,914 				
FISCAL IMPACT:	Adoption of the FY2020 operational budget will establish authorization for receipt of revenues and disbursements of expenses.				
POLICY IMPACT:	James River Water Authority By-Laws Article XIII, Administration, Section 8.1				
LEGISLATIVE HISTORY:	N/A				
ENCLOSURES:	James River Water Authority FY20 Budget Draft				
REVIEWS COMPLETED:	Legal	Finance	Purchasing	HR	Other
		X			

JAMES RIVER WATER AUTHORITY AGENDA ITEM

Meeting Date: February 5, 2019

AGENDA TITLE:	James River Water Authority Capital Budget Carryover				
MOTION(s):	I move the James River Water Authority Board approve the carry-over of the unexpended FY18 JRWA Capital Project Budget in the amount of \$7,205,725.29 and reappropriate that amount to the FY19 JRWA Capital Project Budget.				
AGENDA CATEGORY:	Public Hearing	Action Matter	Presentation	Consent Agenda	Other
		X			
CONTACT(S):	Eric Dahl, Fluvanna County DCA/Finance Director				
PRESENTER(S):	Eric Dahl, Fluvanna County DCA/Finance Director				
RECOMMENDATION:	Approve				
TIMING:	Effective July 1, 2018				
DISCUSSION:	<ul style="list-style-type: none"> At the end of FY18, the remaining James River Water Authority Capital Budget available was \$7,205,725.29 It is necessary to carry-over the budget, as the proceeds are restricted and taken out for the benefit of James River Water Authority project. 				
	Category	FY18 Beginning Project Budget	FY18 Expended	FY18 Available Project Budget	
	Design / Build Construction	\$6,910,734.11	201,044.00	6,709,690.11	
	Real Estate Acquisition Services	6,185.66	-	6,185.66	
	Land / Right of Way Acquisition	6,225.00	8,881.00	(2,656.00)	
	Wetland Mitigation Credits	-	-	-	
	Permitting	249,770.41	242,519.88	7,250.53	
	Consulting	370,423.44	26,403.00	344,020.44	
	Legal	15,000.00	-	15,000.00	
	Local Costs of Issuance	-	-	-	
	Contingency	126,234.55	-	126,234.55	
	TOTALS	\$7,684,573.17	\$ 478,847.88	\$7,205,725.29	
FISCAL IMPACT:	None, as the debt proceeds were issued for this project in FY16. This action will carry-over the remaining FY18 Capital Budget to FY19.				
POLICY IMPACT:	N/A				

LEGISLATIVE HISTORY:	N/A				
ENCLOSURES:	None				
REVIEWS COMPLETED:	Legal	Finance	Purchasing	HR	Other
		X			