

**COUNTY OF JAMES CITY, VIRGINIA**

Comprehensive Annual Financial Report

June 30, 2010

(With Independent Auditors' Report Thereon)

Prepared by the Department of Financial  
and Management Services  
James City County, Virginia

## **INTRODUCTORY SECTION**

# COUNTY OF JAMES CITY, VIRGINIA

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# COUNTY OF JAMES CITY, VIRGINIA

## Comprehensive Annual Financial Report

### County Officials

Year ended June 30, 2010

#### Board of Supervisors

James G. Kennedy, Stonehouse District	Chair
Mary K. Jones, Berkeley District	Vice Chair
Bruce C. Goodson, Roberts District	
James O. Icenhour, Jr., Powhatan District	
John J. McGlennon, Jamestown District	
Sanford B. Wanner	Clerk

#### Officials

Samuel T. Powell, III	Judge of the Circuit Court
Thomas B. Hoover	Judge of the Circuit Court
Betsy B. Woolridge	Clerk of the Circuit Court
Nathan R. Green	Commonwealth's Attorney
Richard W. Bradshaw	Commissioner of the Revenue
M. Ann Davis	Treasurer
Colleen K. Killilea	Judge of the General District Court
George C. Fairbanks, IV	Judge of the Juvenile and Domestic Relations Court
Robert J. Deeds	Sheriff
Emmett H. Harmon	Chief of Police
Dr. Gary S. Matthews	Superintendent of Schools
Sanford B. Wanner	County Administrator
Leo P. Rogers	County Attorney

## COUNTY OF JAMES CITY, VIRGINIA

### Comprehensive Annual Financial Report

#### County Officials

Year ended June 30, 2010

#### **Board of Directors, James City Service Authority**

Bruce C. Goodson	Chair
John J. McGlennon	Vice Chair
James O. Icenhour, Jr.	
Mary K. Jones	
James G. Kennedy	
Sanford B. Wanner	Secretary
Robert H. Smith	Treasurer
Larry M. Foster	General Manager

#### **School Board, Williamsburg-James City County Public Schools**

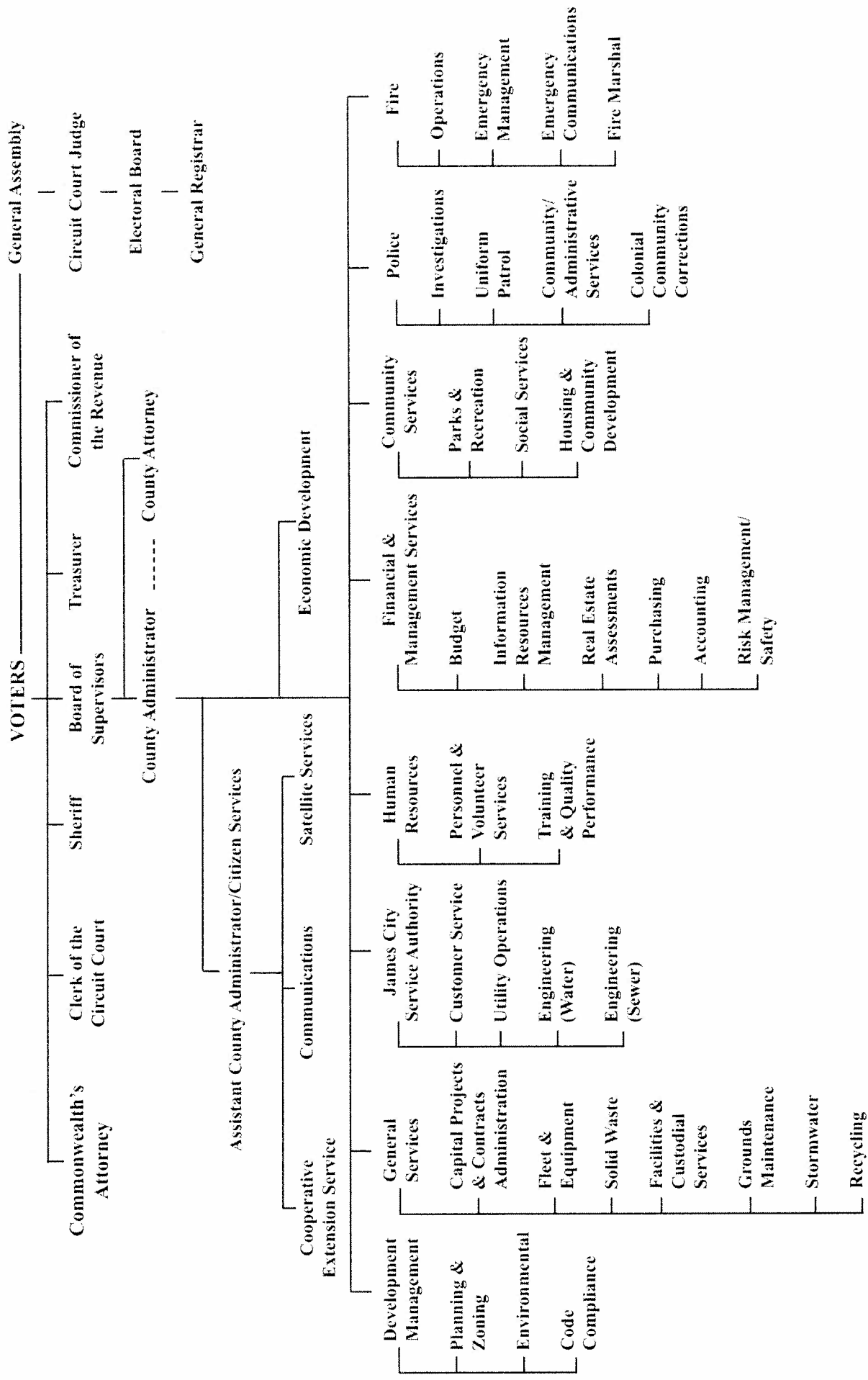
James Nickols	Chair
Ruth Larson	Vice Chair
Dr. John Alewynse	
Elise Emanuel	
Joe Fuentes	
James Kelly	
Denise Koch	

#### **Board Members, Economic Development Authority**

Thomas G. Tingle	Chair
Douglas M. Gebhardt	Vice Chair
Brien R. Craft	
Leanne DuBois	
Paul W. Gerhardt	
Larry B. Pulley	
Marshall N. Warner	

# James City County Organization Chart

Effective 08/02/10



## Financial and Management Services

101-F Mounts Bay Road  
P.O. Box 8784  
Williamsburg, VA 23187-8784  
fms@james-city.va.us



jccEgov.com

### Accounting

P: 757-253-6636  
F: 757-253-6619

### Budget/Finance

P: 757-253-6630  
F: 757-253-6619

### Purchasing

P: 757-253-6646  
F: 757-253-6753

### Real Estate Assessments

P: 757-253-6650  
F: 757-253-6601

### Risk Management

P: 757-259-4033  
F: 757-253-6840

November 18, 2010

The Members of the Board of Supervisors and the Citizens of James City County:

We are pleased to submit to you the Comprehensive Annual Financial Report of James City County, Virginia (the County), for the fiscal year ended June 30, 2010, as required by the Code of Virginia. The Department of Financial and Management Services has prepared this report in accordance with accounting principles generally accepted in the United States of America (GAAP) and the standards of financial reporting prescribed by the Governmental Accounting Standards Board and specifications of the Auditor of Public Accounts of the Commonwealth of Virginia. Section 15.1-67 of the Code of Virginia (1950, as amended) requires the County to have an annual audit of the books of account, financial records, and the transactions of the County. Goodman & Company, L.L.P. was selected to perform the required audit. The unqualified report of Goodman & Company L.L.P., the highest possible result of the audit process, accompanies the financial statements in this report.

Responsibility for both the accuracy of the presented data and the fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the various funds of the County; and that all disclosures necessary to enable the reader to gain maximum understanding of the County's financial activity have been included.

The County government is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as amended, and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards, the schedule of findings and questioned costs, and the auditors' reports on internal control and compliance with applicable laws and regulations, are included 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 County's MD&A can be found immediately following the report of the independent auditors on pages 3-13 of this report.

## **Profile of the Government**

The County is located in southeastern Virginia and partially surrounds the City of Williamsburg. Although much of the County's 144 square miles consists of developed suburban areas, it has retained a considerable amount of undeveloped agricultural and forest land. There are no incorporated towns within the County. The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

The County is organized under the County Administrator form of government (as defined under Virginia Law). Under this form of government, the Board of Supervisors appoints a County Administrator to serve as the Chief Executive Officer of the County. The Administrator serves at the pleasure of the Board of Supervisors, implements its policies, appoints department heads, and directs business and administrative procedures.

The Board of Supervisors is a five-member body, elected by the voters of the Electoral Districts in which they live to staggered terms. The Chairman of the Board is elected annually by its members. Each member serves a four-year term. This body enacts ordinances, appropriates funds, sets tax rates, and establishes policies for the administration of the County's public services.

The County provides a full range of services, including law enforcement, fire protection, and recreational activities. Water and sewer services are provided through the legally separate James City Service Authority (JCSA). The Board of Supervisors of James City County serves as the board of directors of the JCSA. The financial activity of the JCSA is included as an integral part of the County's financial statements. The County is also financially accountable for the legally separate Williamsburg-James City County (WJCC) School Board and the legally separate James City County Economic Development Authority, both of which are reported separately as discretely presented component units within the County's financial statements. Additional information on each of these legally separate entities can be found in note 1(a) in the notes to the basic financial statements.

The annual budget serves as the foundation for the County's financial planning and control. In the spring of each year, departments and agencies of the County are required to submit requests for appropriation to the County Administrator. The County Administrator then submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget and capital budget include proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments.

Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund and function level. The appropriation for each fund and function can be revised only by the Board of Supervisors; however, the County Administrator may amend the budget within functions. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 70-74 as part of the required supplementary information other than management's discussion and analysis. For governmental funds, other than the general fund, with appropriated budgets, these comparisons are presented in the other supplementary information subsection of this report which starts on page 77.

## **Economic Condition and Outlook**

James City County has continued to see a slowdown in the economy during the current fiscal year. Overall, revenues decreased less than 1% from last year. Revenues are expected to have a modest decrease of 2.2% during fiscal year 2011. The real estate tax revenue is expected to decline during the next fiscal year due to a reduction in assessments. The Board of Supervisors changed the assessment date from annual to biennial and the next scheduled reassessment will be January 1, 2012.

In April 2010, Fitch and Moody's Investors Service recalibrated its long-term U.S. municipal bond ratings to its global market scale. As a result, the County was recalibrated and upgraded by Fitch from AA+ to AAA and by Moody's from Aa2 to Aa1. In October 2010, the County was upgraded by Standard & Poor's to a AAA rating. These bond ratings are based on analysts' recommendations after a review of economic and fiscal performance, fiscal policies and practices, current debt outstanding and evidence of financial planning to meet future capital needs. These ratings are excellent for a community the size of James City County and give the County additional leverage in the bond market for potential bond buyers and investors.

## **Major Initiatives**

In fiscal year 2010, the County continued to utilize its Strategic Management Plan as a framework for planning and accountability and continued to seek out new partnerships to help achieve its goals.

The County continues to manage finances wisely and encourage a balanced economy. This year the County received its first AAA rating, the highest rating a bond can get. High bond ratings result in lower borrowing costs on future loans. In planning for the next two years' budgets, citizens attended five town hall meetings held in each voting district. The County Administrator solicited and received feedback from citizens on potential revenue alternatives and expenditure reductions. Federal, state and local grants totaled more than \$5.0 million helping to offset the County's costs for public safety and housing assistance.

The County improves the lives of citizens and fosters a sense of community. The newest County park, My Place, was completed and includes all the features of a traditional playground such as slides, swings and climbing equipment, but was constructed to allow those with disabilities to access every aspect of the facility. The playground was built in partnership with the Leadership Historic Triangle Class of 2009. Thomas Nelson Community College celebrated the grand opening of the Historic Triangle Campus. The new facility sits on nearly 74 acres of land donated by the County near Warhill High School.

It is essential for the County to plan responsibly for the needs of a growing, diverse community. The County's Comprehensive Plan, Historic Past, Sustainable Future, was approved by the Board of Supervisors. To improve energy efficiencies, windows and doors were replaced in County offices on Palmer Lane, HVAC and lighting systems were upgraded at the Emergency Operations Center, and lighting systems were upgraded at the James City/Williamsburg Community Center. These capital maintenance activities will result in long term energy savings for the County.

As stewards of the natural environment and historic heritage, the final James City Green Building Design Roundtable Report was completed by the group of 26 members from the private sector, the County and the schools. The report describes green building and design, reviews other local governments' green efforts, covers the County's existing policies and presents the Roundtable's recommendations for the future. In addition, the County completed the Oakland Estates drainage improvements and Yarmouth Creek stream stabilization project.

The County also provided outstanding customer service by developing a new JCC Alert initiative, which gives citizens quick access to emergency alerts, notifications and updates from the County delivered by

text message or email to any cellular device or computer. The County's CaseTrak program received the Outstanding Achievement in Local Government Innovation Award from the Alliance for Innovation. With CaseTrak, citizens can check on the status of development proposals, learn about projects close to their house or favorite landmarks, view comment letters from County agencies online in real time and find out about upcoming public hearing dates. In a continued effort to reduce paper use and printing and distributing costs, two County publications, e-FYI and Destination Recreation became available exclusively online. In addition to saving money and helping the environment, online publications use links to additional information including videos and websites.

### **Economic Development**

Owens-Illinois invested an additional \$20 million in their Toano plant. The investment funds additional machinery and tools to produce a diversified product mix of glass containers and new carton and packing capabilities. These improvements are in addition to the \$20 million in improvements announced in 2008 and will add at least 20 new jobs to the 180 person staff and \$10 million payroll.

The County's part-time Business Facilitator helped 22 businesses navigate through government processes such as obtaining business licenses, applying for special use permits and submitting site plan reviews.

### **Capital Improvement Program**

Capital expenditures totaled \$44,005,939 (including transfer) in fiscal year 2010. The largest capital expenditures this year were related to the construction costs for the two new schools, both a new elementary school and a new middle school were co-located on the same site, and the public safety building.

James City County will continue to face challenges over the next several years. Several years of population growth have produced demands for public services and facilities. The six-year Capital Improvement Program totals \$46,785,926 and focuses on a wide variety of needs. An indication of anticipated impacts can be seen in the adopted budget and capital improvements program for the fiscal year beginning July 1, 2010.

In fiscal year 2011, funding is included for HVAC and renovation costs for D.J. Montague Elementary and Berkeley Middle Schools. Funding is also provided for replacement of a 13 year old fire pumper. Also included are funds for replacing the HVAC control systems in building F of the government center, continuing renovations at the James City/Williamsburg Community Center and exterior work on windows and doors to improve energy efficiency of government center buildings A and B. Future planning includes rebuilding and expanding a fire station, park improvements, government center building D renovations, fire pumper replacements and recreational improvements at the Warhill Sports Complex.

### **James City Service Authority**

The financial statements of the JCSA are included in this report in accordance with GAAP. The JCSA, for legal and management purposes, issues its own comprehensive annual financial report which is audited and available from the Department of Financial and Management Services.

The Board of Directors has authorized water and sewer operations for the JCSA within the Primary Service Area (PSA) in the County. The JCSA also provides water and/or sewer service to limited sections of York County and the City of Williamsburg with the concurrence of the appropriate governing bodies. The JCSA's operating funds are self-supporting, and the JCSA receives no share of any local or property tax levies.

The JCSA's water system includes the central water system with 10 water production facilities, and 6 independent water production facilities that are located outside the PSA. There are approximately 344 miles of water transmission and distribution lines throughout the entire system. The water system facilities supply approximately 5 million gallons of water per day to 19,368 water customers.

The JCSA's sewer system includes 76 pump stations with approximately 382 miles of sewer collection lines. The sewer system facilities collect and move approximately 5.7 million gallons of sewage per day for 18,860 sewer customers. The JCSA has no sewage treatment facilities. Sewage treatment for areas served by the JCSA, as well as for other Hampton Roads communities, is provided by the Hampton Roads Sanitation District.

The JCSA currently has groundwater permits for its central system to withdraw 8.9 million gallons per day to support the residential and commercial customers. In March 2008, the JCSA entered into an agreement with Newport News to purchase 4-6.5 million gallons of water per day depending on drought conditions to meet the County's water needs through 2040. The JCSA is also working on conversion of its water disinfection system from chlorine to chloramines to accommodate water from Newport News. Improvements to the Ironbound Road water storage facility and Stonehouse water production facility are planned. In addition, water distribution system upgrades for College Creek were completed this year and improvements to Ironbound Road will begin soon.

In November 2009, the JCSA Board approved the design and construction of a new operations center on Tewning Road. This effort evolved into a plan to relocate the existing convenience center on Tewning Road where a 12,500 square foot building is under construction. The new center will house the JCSA field operating forces and engineering staff. Also, in May 2010, the JCSA Board approved the construction of Longhill Connector Road water main extension. The project includes 4,300 feet of 16-inch water main from The Mews to Ironbound Road, which will improve water system hydraulics to the northwestern part of the County.

### **Treasury Management**

A conservative cash management system is carried out by the County Treasurer. Temporary idle funds are automatically invested overnight in repurchase agreements that are secured or collateralized by government securities as required by the Code of Virginia. Funds that are available for a longer period of time are part of a comprehensive investment strategy that maximizes short and medium term interest rate.

### **Risk Management**

In our opinion, the County maintains a practical insurance program through a variety of vendors which affords adequate protection against loss and includes comprehensive public liability insurance for bodily injury and property damage.

### **Awards of Achievement**

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to James City County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. This was the twenty-fifth year that the County has received this prestigious award.

In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

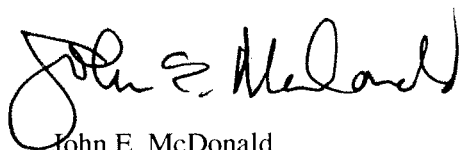
The County has established and continues to maintain a strong and stable financial position through progressive management of financial operations and through sound accounting and financial reporting practices. Appreciation is expressed to the Members of the James City County Board of Supervisors and all of the Constitutional Officers for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

The preparation of this report could not have been accomplished without the extensive effort and efficient services of the staff of Financial and Management Services. We would like to express our appreciation to each employee of the Department who assisted with the annual audit and preparation of the financial statements.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. C. Middaugh", with a long horizontal flourish extending to the right.

Robert C. Middaugh  
County Administrator

A handwritten signature in black ink, appearing to read "John E. McDonald", with a large, stylized initial "J" and a horizontal flourish.

John E. McDonald  
Manager of Financial and Management Services

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

James City County  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director

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## **REPORT OF INDEPENDENT AUDITORS**



Certified Public Accountants  
Specialized Services  
Business Solutions

## *Report of Independent Auditors*

Board of Supervisors  
*County of James City, Virginia*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of James City, Virginia* as of and for the year ended June 30, 2010, which collectively comprise the *County of James City, Virginia's* basic financial statements as listed in the table of contents. These financial statements are the responsibility of the *County of James City, Virginia's* management. 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 Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the *County of James City, Virginia* as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2010, on our consideration of the *County of James City, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the required supplementary information included in Exhibits 10 and 11 and related notes on pages 69 through 76 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 them to be an essential parts 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **County of James City, Virginia's** financial statements as a whole. The introductory section, supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section, supplementary information and statistical section 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.

*Loechman & Company, LLP*

Newport News, Virginia  
November 18, 2010

**MANAGEMENT'S DISCUSSION AND  
ANALYSIS (MD&A)**

## **COUNTY OF JAMES CITY, VIRGINIA**

### **Management's Discussion and Analysis**

June 30, 2010

As management of James City County (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the County's financial statements, which follow this analysis.

#### **Financial Highlights**

- The County's total net assets decreased by approximately \$16.7 million over the course of this year's operations, which represents a 4.3% decrease from fiscal year 2009. The decrease is primarily a result of a decrease in construction in progress related to Warhill site improvements that became a State asset rather than County. There was also a decrease in land because the County transferred land to the schools for the Matoaka Elementary School site.
- Net assets were restated as of June 30, 2009 due to a reduction in the other governmental funds of \$377,332 for the Williamsburg Area Transit Authority. Effective July 1, 2009, Williamsburg Area Transit Authority became financially independent from the County. Therefore, separate financial statements will be issued beginning this year, and they are now presented as an agency fund in the County's statements.
- Net assets were also restated as of June 30, 2009 for the landfill postclosure liability. This restatement reduced net assets by \$1,833,218 due to a corrective action required by the Department of Environmental Quality, which indicated that the County is not able to close the landfill as quickly as planned.
- The assets of the County exceeded its liabilities as of June 30, 2010 by approximately \$371.3 million. Of this amount, approximately \$226.1 million, or 60.9%, is the net investment in capital assets.
- The County's total long-term liabilities for governmental activities at June 30, 2010 was \$228,283,958.
- Actual General Fund revenues received were 0.3%, or \$538,533 less than what had been budgeted and showed a 0.7% decrease, or \$1,234,134 from fiscal year 2009.

#### **Overview of the Financial Statements**

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

#### **Government-Wide Financial Statements**

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

The two government-wide financial statements report the County's net assets and how they have changed. Net assets – the difference between the County's assets and liabilities – is one way to measure the County's financial health, or position.

- Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

## COUNTY OF JAMES CITY, VIRGINIA

### Management's Discussion and Analysis

June 30, 2010

- To assess the overall health of the County, you need to consider additional nonfinancial factors, such as changes in the County's property tax base.
- The government-wide financial statements of the County are divided into three categories:
  - *Governmental activities* – Most of the County's basic services are included here, such as the police, fire, parks and recreation, and general administration. Property taxes and state and federal funding finance most of these activities.
  - *Business-type activities* – Activities that are intended to recover all or a significant portion of their costs through user fee charges to external parties for goods or services are included here.
  - *Component units* – The County includes two other entities in its report – The Public Schools and the Economic Development Authority. Although legally separate, these "component units" are important because of the County's financial accountability for them.

### Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and by bond covenants. Other funds are established to control and manage money for particular purposes or to show that the County is properly using certain taxes and grants. The County has three kinds of funds:

- *Governmental funds* – Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* – Services that are intended to recover all or a significant portion of their costs through user fees are generally reported in the proprietary fund. Proprietary funds, like the government-wide statements, provide both long and short-term financing information. The County's enterprise fund (one type of proprietary fund) is the same as its business-type activity, but provides more detail and additional information, such as cash flows.
- *Fiduciary funds* – The County is responsible for assets of various agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the County's government-wide financial statements because the County cannot use their assets to finance its operations.

### Notes to the Basic Financial Statements

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

## COUNTY OF JAMES CITY, VIRGINIA

### Management's Discussion and Analysis

June 30, 2010

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's General Fund budget and progress in funding its obligation to provide pension benefits to its employees. The combining statements for nonmajor governmental funds are presented immediately following the required supplementary information on the General Fund budget and defined benefit pension plans.

#### Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by \$371,268,460 at the close of the most recent fiscal year. This represents a 4.3% decrease from last year.

#### Condensed Summary of Net Assets

June 30, 2010

	<u>Governmental activities</u>	<u>Business-type activity</u>	<u>Total</u>	<u>Component unit – public schools</u>
Assets:				
Current and other assets	\$ 121,005,810	43,596,801	164,602,611	22,650,649
Capital assets	312,905,448	171,021,858	483,927,306	37,866,251
Total assets	<u>\$ 433,911,258</u>	<u>214,618,659</u>	<u>648,529,917</u>	<u>60,516,900</u>
Liabilities:				
Long-term liabilities	\$ 228,283,958	34,667,258	262,951,216	2,453,780
Other liabilities	10,471,114	3,839,127	14,310,241	17,345,971
Total liabilities	<u>\$ 238,755,072</u>	<u>38,506,385</u>	<u>277,261,457</u>	<u>19,799,751</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 91,045,788	135,071,435	226,117,223	37,866,251
Restricted net assets:				
Capital projects	41,296,767	4,610,218	45,906,985	—
Inventory	276,083	—	276,083	—
Loans	137,301	—	137,301	—
Prepaid items	400,301	—	400,301	—
Unrestricted net assets	<u>61,999,946</u>	<u>36,430,621</u>	<u>98,430,567</u>	<u>2,850,898</u>
Total net assets	<u>\$ 195,156,186</u>	<u>176,112,274</u>	<u>371,268,460</u>	<u>40,717,149</u>

# COUNTY OF JAMES CITY, VIRGINIA

## Management's Discussion and Analysis

June 30, 2010

### Condensed Summary of Net Assets

June 30, 2009

	Governmental activities	Business-type activity	Total	Component unit – public schools
Assets:				
Current and other assets	\$ 145,380,444	43,558,891	188,939,335	19,465,415
Capital assets	306,182,744	171,700,876	477,883,620	32,421,545
Total assets	<u>\$ 451,563,188</u>	<u>215,259,767</u>	<u>666,822,955</u>	<u>51,886,960</u>
Liabilities:				
Long-term liabilities	\$ 229,068,906	37,835,590	266,904,496	1,689,806
Other liabilities	10,133,114	1,843,922	11,977,036	14,835,642
Total liabilities	<u>\$ 239,202,020</u>	<u>39,679,512</u>	<u>278,881,532</u>	<u>16,525,448</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 155,643,755	134,314,330	289,958,085	32,421,545
Restricted net assets:				
Capital projects	15,716,245	4,674,837	20,391,082	—
Inventory	264,969	—	264,969	—
Loans	129,862	—	129,862	—
Unrestricted net assets	40,606,337	36,591,088	77,197,425	2,939,967
Total net assets	<u>\$ 212,361,168</u>	<u>175,580,255</u>	<u>387,941,423</u>	<u>35,361,512</u>

The largest portion of the County's net assets at June 30, 2010 (60.9%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The unrestricted portion of net assets (26.5%) may be used to meet the County's ongoing obligations to citizens and creditors. The remaining portion of net assets (12.6%) is restricted for specific purposes.

At the end of the current fiscal year, the County was able to report positive balances in all three categories of net assets, both for the primary government as a whole, as well as for its separate governmental and business-type activities.

The Public Schools' net assets increased 15.1% to approximately \$40.7 million. Of the balance, approximately \$2.9 million of net assets are unrestricted, but designated for specific purposes. The increase in net assets is primarily attributable to the ongoing and completed capital projects.

# COUNTY OF JAMES CITY, VIRGINIA

## Management's Discussion and Analysis

June 30, 2010

### Summary of Changes in Net Assets

Year ended June 30, 2010

	Governmental activities	Business-type activity	Total	Component unit – public schools
Revenues:				
Program revenues:				
Charges for services	\$ 13,814,706	15,575,143	29,389,849	2,504,799
Operating grants and contributions	23,161,669	2,756	23,164,425	18,623,895
Capital grants and contributions	423,581	3,427,510	3,851,091	—
General revenues:				
Property taxes	109,159,897	—	109,159,897	—
Other taxes and permits, fees and licenses	25,027,203	—	25,027,203	—
Grants and contributions not restricted to specific programs	—	—	—	105,639,757
Interest and investment earnings	673,668	956,056	1,629,724	6,021
Miscellaneous	1,390,966	644,620	2,035,586	75,690
Total revenues	173,651,690	20,606,085	194,257,775	126,850,162
Expenses:				
General government administration	23,962,622	—	23,962,622	—
Judicial administration	5,321,244	—	5,321,244	—
Public safety	22,477,094	—	22,477,094	—
Public works	19,240,014	—	19,240,014	—
Health and welfare	7,332,607	—	7,332,607	—
Education	81,441,066	—	81,441,066	121,494,525
Parks, recreation and cultural	8,938,509	—	8,938,509	—
Community development	11,472,198	—	11,472,198	—
Interest on long-term debt	10,671,318	—	10,671,318	—
Service Authority	—	20,074,066	20,074,066	—
Total expenses	190,856,672	20,074,066	210,930,738	121,494,525
Change in net assets	(17,204,982)	532,019	(16,672,963)	5,355,637
Net assets at beginning of year, as restated	212,361,168	175,580,255	387,941,423	35,361,512
Net assets at end of year	\$ 195,156,186	176,112,274	371,268,460	40,717,149

# COUNTY OF JAMES CITY, VIRGINIA

## Management's Discussion and Analysis

June 30, 2010

### Summary of Changes in Net Assets

Year ended June 30, 2009

	Governmental activities	Business-type activities	Total	Component unit – public schools
Revenues:				
Program revenues:				
Charges for services	\$ 14,777,315	14,809,074	29,586,389	2,350,994
Operating grants and contributions	22,257,873	—	22,257,873	15,480,234
Capital grants and contributions	804,605	4,563,025	5,367,630	—
General revenues:				
Property taxes	106,494,452	—	106,494,452	—
Other taxes and permits, fees and licenses	26,289,873	—	26,289,873	—
Grants and contributions not restricted to specific programs	—	—	—	109,692,959
Interest and investment earnings	2,351,497	3,669,266	6,020,763	41,697
Miscellaneous	6,829,141	596,739	7,425,880	42,351
Total revenues	179,804,756	23,638,104	203,442,860	127,608,235
Expenses:				
General government administration	21,839,478	—	21,839,478	—
Judicial administration	5,515,309	—	5,515,309	—
Public safety	23,267,505	—	23,267,505	—
Public works	5,925,566	—	5,925,566	—
Health and welfare	7,171,131	—	7,171,131	—
Education	83,021,945	—	83,021,945	123,608,146
Parks, recreation and cultural	10,302,398	—	10,302,398	—
Community development	9,705,587	—	9,705,587	—
Interest on long-term debt	10,582,404	—	10,582,404	—
Service Authority	—	18,742,699	18,742,699	—
Stormwater Utility	—	1,466,080	1,466,080	—
Total expenses	177,331,323	20,208,779	197,540,102	123,608,146
Change in net assets	2,473,433	3,429,325	5,902,758	4,000,089
Net assets at beginning of year	209,887,735	172,150,930	382,038,665	35,361,512
Net assets at end of year	\$ 212,361,168	175,580,255	387,941,423	39,361,601

## **COUNTY OF JAMES CITY, VIRGINIA**

### **Management's Discussion and Analysis**

June 30, 2010

#### **Governmental Activities**

For the fiscal year ended June 30, 2010, revenues from governmental activities totaled \$173,651,690. Of this amount, \$46,136,726, or 26.6%, is received from sources other than local tax revenue. Real estate tax revenues, the County's largest single revenue source, totaled \$85,433,230. The County's assessed real property tax base for fiscal year 2010 was \$11,155,493,300, which was an increase of 1.4% over fiscal year 2009. Overall, the net assets decreased by \$16,672,963 from last year.

In fiscal year 2010, the County reported current year collections of \$14,581,909 in personal property taxes, and received reimbursement from the Commonwealth of Virginia of \$9,770,137. Under the provisions of the Personal Property Tax Relief Act (PPTRA), the state's share of local personal property tax was approximately 63% of most taxpayer's payments.

For the fiscal year ended June 30, 2010, expenses for governmental activities totaled \$190,856,672, including payments of \$110,868,783 to Public Schools. Expenses increased by \$13,525,349 over fiscal year 2009. This was primarily due to an increase in expenses for the Warhill site improvements that became a State asset rather than County.

#### **Business-Type Activity**

The business-type activity increased the County's net assets by \$532,019. The majority of the increase is attributed to the contribution of water and sewer systems. Overall, the expenses decreased from last year by 0.7%, which is primarily a result of the Board of Supervisors eliminating the Stormwater Utility as of July 1, 2008. The primary source of revenue consists of charges for water and sewer services, which totaled \$12,314,268 and increased by 0.3% over last year. There was also an increase in facility charges collected for new connections.

#### **Component Unit – Public Schools**

The Schools received \$110,868,783 from the County during fiscal year 2010. This money supported the operating and capital activities for the Schools. Expenses decreased by 1.7% from fiscal year 2009. This is primarily a result of a decrease in spending during the year. Revenues also decreased by 0.6% from the previous fiscal year. This is primarily due to a reduction in funding received from the County, City of Williamsburg and the Commonwealth of Virginia.

#### **Financial Analysis of the County's Funds**

The County's General Fund experienced an overall increase in fund balance of \$2,300,997. This was mostly due to decreased spending during economic uncertainty. The portion of the unreserved fund balance designated for fiscal liquidity totaled \$20,254,346, which was 10.2% of the total general governmental expenditures (from table 11A on page 110), including the County's share of the Public Schools' operating expenditures, and within the goal of 8% to 12%.

## **COUNTY OF JAMES CITY, VIRGINIA**

### **Management's Discussion and Analysis**

June 30, 2010

#### **General Fund Budgetary Highlights**

The overall difference between the original budget and the final amended budget for revenues decreased by \$701,212, which was primarily a result of reductions in state funding for sales tax for education, HB 599 payments, and constitutional offices. Actual General Fund revenues received were 0.3%, or \$538,533 less than what had been projected in the amended budget and showed a 0.7% decrease, or \$1,234,134 from fiscal year 2009.

The largest increase in revenues from fiscal year 2009 to fiscal year 2010 occurred in machinery and tools tax revenues totaling \$598,764 as a result of an increase to the tax base. Real estate tax revenues, both current and delinquent, are the County's largest revenue source and for fiscal year 2010 totaled \$85,433,230 and was \$464,727 more than the amended budget. Personal property taxes, another large source of local tax funding, had combined collections from the state and local taxpayers of \$24,352,046. State revenues, not including the personal property tax reimbursement, were \$91,688 less than budgeted. State revenues, not including the personal property tax reimbursement, increased \$298,421 in fiscal year 2010 from fiscal year 2009 levels. This increase is primarily due receiving more in state sales tax, which increased \$468,373 from fiscal year 2009.

General Fund budgeted expenditures were 2.9% below the final budget, or \$3,966,668, which was primarily due to holding positions vacant and reduced spending. Of this amount, \$932,917 is reserved in the fund balance for encumbered commitments.

#### **Proprietary Fund**

The County operates one proprietary fund, James City Service Authority (JCSA or the Authority), which provides water and sewer service to County residents. The proprietary funds had an increase of \$532,019 in net assets during the fiscal year primarily due to the acceptance of contributed capital assets.

#### **Capital Assets and Debt Administration**

At the end of fiscal year 2010, the County's investment in capital assets for its governmental and business-type activities totaled \$483,927,306 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, water and sewer systems, infrastructure, equipment, and vehicles. The County does not own its roads and they are therefore not included in the capital assets. In addition, the Public Schools own all school buildings and the related debt is County debt. The value associated with the purchase and/or construction of the Public Schools' buildings is reported as capital assets in the governmental activities of the County to properly match with the associated debt, as allowed by Virginia state law. In fiscal year 2010, the net value of school buildings reflected in the governmental activities of the County equals \$151,258,544, and the associated current year's depreciation expense of \$3,762,703 is reflected in the educational expense line of the County's governmental activities in the statement of net assets.

# COUNTY OF JAMES CITY, VIRGINIA

## Management's Discussion and Analysis

June 30, 2010

### Capital Assets, Net of Depreciation and Amortization

June 30, 2010 and 2009

	2010			2009 Total
	Governmental activities	Business-type activity	Total	
Land	\$ —	1,750,391	1,750,391	1,819,156
Land and land rights – utility plant	—	962,695	962,695	946,738
Land and land improvements	25,425,217	13,183	25,438,400	26,911,865
Construction in progress	56,964,016	4,284,901	61,248,917	38,061,238
Water and sewer systems	—	137,603,360	137,603,360	138,031,325
Buildings and improvements	188,850,378	1,348,824	190,199,202	194,565,555
Improvements other than buildings	18,693,620	—	18,693,620	19,568,018
Equipment and vehicles	15,080,679	820,805	15,901,484	25,497,692
Infrastructure	5,487,875	—	5,487,875	5,361,911
Intangible assets – easements	2,403,663	4,570	2,408,233	2,273,496
Intangible assets – water rights	—	24,233,129	24,233,129	24,846,626
Total	\$ 312,905,448	171,021,858	483,927,306	477,883,620

Additional information about the County's capital assets can be found in note 7 to the financial statements.

### Capital Projects Fund

The Capital Projects Fund is used by the County to account for the financing sources used to acquire and construct major capital projects for the general government. A major source of funding for the capital projects is transfers from the General Fund.

For fiscal year 2010, \$647,300 was transferred to the Capital Projects Fund from the General Fund. During the year, capital project expenditures of \$44,005,939 (including transfer) included the following:

- Transfers to schools for construction costs for the two new schools
- Construction costs for the new public safety building
- Renovations to the James City/Williamsburg Community Center
- Costs associated with water quality improvements

# COUNTY OF JAMES CITY, VIRGINIA

## Management's Discussion and Analysis

June 30, 2010

### Long-Term Debt

At June 30, 2010 and 2009, the County had total outstanding debt of \$257,810,082 and \$260,126,184, respectively. Compensated absences, OPEB obligation and landfill postclosure care costs of \$6,424,298 and \$6,329,268 at June 30, 2010 and 2009, respectively, are not included in these amounts.

### Summary of Long-Term Debt

June 30, 2010 and 2009

	2010			2009 Total
	Governmental activities	Business-type activity	Total	
General obligation bonds	\$ 101,414,765	—	101,414,765	109,974,105
Revenue bonds	110,275,000	35,950,422	146,225,422	138,981,546
Capital lease – radio system	9,877,000	—	9,877,000	10,740,000
Other capital leases	292,895	—	292,895	430,533
Total	<u>\$ 221,859,660</u>	<u>35,950,422</u>	<u>257,810,082</u>	<u>260,126,184</u>

In September 2009, the County issued \$14,935,000 in taxable lease revenue bonds to finance the construction and equipping of the public safety building and renovations to the law enforcement center for use by the fire department. These bonds are Build America Bonds, which qualify for a subsidy credit from the Internal Revenue Service for interest payments.

Additional information about the County's long-term debt can be found in note 10 to the financial statements.

## **COUNTY OF JAMES CITY, VIRGINIA**

### **Management's Discussion and Analysis**

June 30, 2010

#### **Economic Factors and Next Year's Budgets and Tax Rates**

The County has a two-year budget cycle. The first year of a two-year cycle is adopted and appropriated and the second year is adopted for planning purposes. Fiscal year 2011 is the first year of the next two-year cycle. The fiscal year 2011 approved budget for the General Fund is \$159,799,342.

This amended budget, adopted on May 11, 2010, reflects a \$3,527,640, or a 2.2% decrease over the amended fiscal year 2010 budget. This reduction is primarily a result of a decline in revenues due to the difficult economic climate.

During fiscal year 2011, real estate revenues, the largest source of general fund revenue, are projected to decrease 0.7% over last year due to a reduction in assessments. Other areas of lower revenue estimates from fiscal year 2010 include revenues associated with the local economy, such as local sales tax and occupancy tax. Personal property taxes are projected to increase by 2% from fiscal year 2010. State revenues are expected to be about \$1.2 million less than last year's budget. Recordation tax distributions are based on figures from the State and have been reduced overall funding by over 30 percent. State support for constitutional offices and the General Registrar continue to decline.

Expenditures were reduced in order to balance the budget including the elimination of 30.5 general fund positions. The County's general fund contribution to the Williamsburg-James City County School Board will be \$73,800,000, which is a 0.1% or \$72,300 increase from fiscal year 2010.

#### **Contacting the County's Financial Management**

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

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## **BASIC FINANCIAL STATEMENTS**

**COUNTY OF JAMES CITY, VIRGINIA**

**Exhibit 1**

Statement of Net Assets

June 30, 2010

Assets	Primary government			Discretely presented component units	
	Governmental activities	Business-type activity	Total	Public schools	Economic Development Authority
Cash and cash equivalents (note 2)	\$ 7,419,160	831,247	8,250,407	16,152,387	2,088,028
Investments (note 2)	33,478,251	33,309,609	66,787,860	—	—
Cash and cash equivalents and investments - restricted (notes 2 and 3)	39,489,564	4,610,218	44,099,782	—	—
Receivables, net of allowance for uncollectibles:					
Taxes, including penalties	24,670,064	—	24,670,064	—	—
Accounts	—	3,108,058	3,108,058	—	—
Interest	17,441	138,477	155,918	—	64
Loans	137,301	—	137,301	—	—
Notes	—	653,047	653,047	—	—
Miscellaneous	4,668,255	117,912	4,786,167	—	201,364
Internal balances (note 5)	598,154	(598,154)	—	257,472	—
Due from primary government (note 8)	—	—	—	—	—
Due from other governments, net (note 6)	7,823,826	—	7,823,826	4,290,033	108,417
Due from other funds	476,074	—	476,074	1,910,982	—
Inventory	276,083	764,499	1,040,582	39,775	—
Prepaid and other assets	1,951,637	661,888	2,613,525	—	—
Capital assets (note 7):					
Land and land improvements	25,425,217	2,726,269	28,151,486	8,435,126	2,483,106
Construction in progress (note 17)	56,964,016	4,284,901	61,248,917	1,763,305	166,510
Buildings, improvements and equipment	309,549,315	222,728,218	532,277,533	46,208,692	—
Intangible assets	2,403,663	25,004,570	27,408,233	—	—
Less accumulated depreciation and amortization	(81,436,763)	(83,722,100)	(165,158,863)	(18,540,872)	—
Net capital assets	312,905,448	171,021,858	483,927,306	37,866,251	2,649,616
Total assets	\$ 433,911,258	214,618,659	648,529,917	60,516,900	5,047,489
<b>Liabilities and Net Assets</b>					
Liabilities:					
Accounts payable (note 4)	\$ 1,639,009	650,348	2,289,357	4,751,498	3,702
Accrued liabilities (note 4)	2,141,246	744,759	2,886,005	12,032,265	—
Liabilities payable from restricted assets	847,423	—	847,423	—	—
Due to component units (note 8)	4,398,450	—	4,398,450	—	—
Due to other funds	476,075	—	476,075	—	—
Advances for construction (note 17)	—	135,302	135,302	—	—
Amounts held for others	—	41,243	41,243	—	—
Unearned revenue (note 9)	968,911	500,000	1,468,911	168,270	—
Long-term liabilities (notes 10, 11 and 13):					
Due within one year	17,566,780	1,767,475	19,334,255	393,938	—
Due in more than one year	210,717,178	34,667,258	245,384,436	2,453,780	—
Total liabilities	238,755,072	38,506,385	277,261,457	19,799,751	3,702
Net assets:					
Invested in capital assets, net of related debt	91,045,788	135,071,435	226,117,223	37,866,251	2,649,616
Restricted net assets:					
Capital projects	41,296,767	4,610,218	45,906,985	—	—
Inventory	276,083	—	276,083	—	—
Loans	137,301	—	137,301	—	—
Prepaid items	400,301	—	400,301	—	—
Unrestricted net assets	61,999,946	36,430,621	98,430,567	2,850,898	2,394,171
Total net assets	195,156,186	176,112,274	371,268,460	40,717,149	5,043,787
Total liabilities and net assets	\$ 433,911,258	214,618,659	648,529,917	60,516,900	5,047,489

See accompanying notes to basic financial statements.

# COUNTY OF JAMES CITY, VIRGINIA

## Statement of Activities

Year ended June 30, 2010

Functions/programs	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
General government administration	\$ 23,962,622	6,594,623	14,469,555	1,000
Judicial administration	5,321,244	1,753,575	936,113	268,054
Public safety	22,477,094	2,704,770	2,143,910	154,527
Public works	19,240,014	213,976	11,649	—
Health and welfare	7,332,607	—	3,972,752	—
Education (including payments to school system)	81,441,066	—	—	—
Parks, recreation and cultural	8,938,509	2,547,762	11,243	—
Community development	11,472,198	—	1,616,447	—
Interest on long-term debt	10,671,318	—	—	—
Total governmental activities	190,856,672	13,814,706	23,161,669	423,581
Business-type activity - Service Authority	20,074,066	15,575,143	2,756	3,427,510
Total primary government	\$ 210,930,738	29,389,849	23,164,425	3,851,091
Component units:				
Economic Development Authority	\$ 455,945	110,270	808,875	—
Public Schools	121,494,525	2,504,799	18,623,895	—
Total component units	\$ 121,950,470	2,615,069	19,432,770	—
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Local sales and use taxes				
Franchise license tax				
Taxes on recordation and wills				
Hotel and motel room taxes				
Restaurant food taxes				
Deeds of conveyance				
Penalties and interest				
Permits, fees and licenses				
Grants and contributions not restricted to specific programs				
Interest and investment earnings				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets – beginning, as restated (note 18)				
Net assets – ending				

See accompanying notes to basic financial statements.

Exhibit 2

Net (expenses) revenues and changes in net assets				
Governmental activities	Primary government		Discretely presented component units	
	Business-type activity	Total	Public schools	Economic Development Authority
(2,897,444)	—	(2,897,444)	—	—
(2,363,502)	—	(2,363,502)	—	—
(17,473,887)	—	(17,473,887)	—	—
(19,014,389)	—	(19,014,389)	—	—
(3,359,855)	—	(3,359,855)	—	—
(81,441,066)	—	(81,441,066)	—	—
(6,379,504)	—	(6,379,504)	—	—
(9,855,751)	—	(9,855,751)	—	—
(10,671,318)	—	(10,671,318)	—	—
(153,456,716)	—	(153,456,716)	—	—
—	(1,068,657)	(1,068,657)	—	—
(153,456,716)	(1,068,657)	(154,525,373)	—	—
—	—	—	—	463,200
—	—	—	(100,365,831)	—
—	—	—	(100,365,831)	463,200
\$ 109,159,897	—	109,159,897	—	—
8,421,956	—	8,421,956	—	—
444,015	—	444,015	—	—
1,100,442	—	1,100,442	—	—
2,553,820	—	2,553,820	—	—
5,535,946	—	5,535,946	—	—
281,771	—	281,771	—	—
17,117	—	17,117	—	—
6,672,136	—	6,672,136	—	—
673,668	956,056	1,629,724	105,639,757	—
1,390,966	644,620	2,035,586	6,021	21,217
136,251,734	1,600,676	137,852,410	75,690	10,322
(17,204,982)	532,019	(16,672,963)	105,721,468	31,539
212,361,168	175,580,255	387,941,423	5,355,637	494,739
\$ 195,156,186	176,112,274	371,268,460	35,361,512	4,549,048
			40,717,149	5,043,787

**COUNTY OF JAMES CITY, VIRGINIA**

**Exhibit 3**

Balance Sheet  
Governmental Funds  
June 30, 2010

<b>Assets</b>	<b>General</b>	<b>Capital projects</b>	<b>Debt service</b>	<b>Other governmental funds</b>	<b>Total governmental funds</b>
Cash and cash equivalents and investments	\$ 4,145,666	—	—	3,273,494	7,419,160
Investments	13,159,979	20,318,272	—	—	33,478,251
Cash and cash equivalents and investments – restricted (note 3)	803,492	36,797,894	—	1,888,178	39,489,564
Receivables, net of allowance for uncollectibles:					
Taxes	24,668,919	1,145	—	—	24,670,064
Interest	17,031	—	—	410	17,441
Loans	—	—	—	137,301	137,301
Miscellaneous (note 4)	4,479,412	70,000	—	118,843	4,668,255
Due from other funds (note 5)	627,833	433,299	—	13,096	1,074,228
Due from other governments, net (note 6)	7,185,669	6,228	—	631,929	7,823,826
Inventory	276,083	—	—	—	276,083
Prepaid items	400,301	—	—	—	400,301
<b>Total assets</b>	<b>\$ 55,764,385</b>	<b>57,626,838</b>	<b>—</b>	<b>6,063,251</b>	<b>119,454,474</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable (note 4)	\$ 909,852	560,277	—	168,880	1,639,009
Accrued liabilities (note 4)	246,235	192,926	—	23,138	462,299
Liabilities payable from restricted assets	818,688	—	—	28,735	847,423
Due to other funds (note 5)	10,168	—	—	465,907	476,075
Due to component units (note 8)	122,131	4,245,794	—	30,525	4,398,450
Deferred revenue (note 9)	18,223,600	1,145	—	891,624	19,116,369
<b>Total liabilities</b>	<b>20,330,674</b>	<b>5,000,142</b>	<b>—</b>	<b>1,608,809</b>	<b>26,939,625</b>
<b>Fund balances:</b>					
Reserved for:					
Encumbrances	932,917	11,329,929	—	—	12,262,846
Inventory	276,083	—	—	—	276,083
Loans	—	—	—	137,301	137,301
Prepaid items	400,301	—	—	—	400,301
Unreserved:					
Designated:					
Subsequent years' expenditures, reported in special revenue funds	—	—	—	3,497,933	3,497,933
Potential insurance losses	300,000	—	—	—	300,000
Capital projects	—	41,296,767	—	—	41,296,767
Fiscal liquidity	20,254,346	—	—	—	20,254,346
Health insurance	861,093	—	—	—	861,093
Capital reserve fund	12,408,971	—	—	—	12,408,971
Undesignated, reported in:					
Special revenue funds	—	—	—	819,208	819,208
<b>Total fund balances</b>	<b>35,433,711</b>	<b>52,626,696</b>	<b>—</b>	<b>4,454,442</b>	<b>92,514,849</b>
<b>Total liabilities and fund balances</b>	<b>\$ 55,764,385</b>	<b>57,626,838</b>	<b>—</b>	<b>6,063,251</b>	<b>119,454,474</b>

COUNTY OF JAMES CITY, VIRGINIA

Exhibit 3

Balance Sheet  
Governmental Funds  
June 30, 2010

Reconciliation of the balance sheet for governmental funds to the government-wide statement of net assets:

Ending fund balance – governmental funds	\$ 92,514,849
Amounts reported for governmental activities in the balance sheet are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	312,905,448
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	18,147,458
Governmental funds report the effect of issuance costs when the debt is issued. These costs are deferred in the government-wide statement of net assets.	1,551,336
Obligation for OPEB is not due and payable in the current period and is not recorded as a liability in the governmental funds.	(708,962)
Unmatured interest payable reported in governmental activities will not be paid with current financial resources and therefore is not reported in the funds.	(1,678,947)
Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(227,574,996)</u>
Net assets of governmental activities	<u>\$ 195,156,186</u>

See accompanying notes to basic financial statements.

**COUNTY OF JAMES CITY, VIRGINIA**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year ended June 30, 2010

Exhibit 4

	General	Capital projects	Debt service	Other governmental funds	Total governmental funds
<b>Revenues:</b>					
General property taxes	\$ 107,695,813	—	—	—	107,695,813
Other local taxes	18,355,067	—	—	—	18,355,067
Permits, privilege fees and regulatory licenses	6,672,136	—	—	—	6,672,136
Fines and forfeitures	296,866	—	—	—	296,866
Revenue from use of money and property	479,461	—	—	—	479,461
Charges for services	4,857,836	—	173,586	20,621	673,668
Miscellaneous	250,675	—	—	—	4,857,836
Intergovernmental:		231,166	389,700	488,862	1,360,403
Local	—	—	—	—	—
Commonwealth	24,569,760	6,228	—	264,867	264,867
Federal	142,336	1,000	—	3,089,733	27,665,721
Total revenues	163,319,950	238,394	563,286	8,036,626	172,158,256
<b>Expenditures:</b>					
Current:					
General government administration	8,300,893	—	—	22,670	8,323,563
Judicial administration	4,074,299	—	—	1,227,980	5,302,279
Public safety	22,216,507	—	—	770,512	22,987,019
Public works	5,638,923	—	—	11,649	5,650,572
Health and welfare	1,551,248	—	—	5,781,359	7,332,607
Education	73,757,904	—	—	—	73,757,904
Parks, recreation and cultural	9,387,646	—	—	121,790	9,509,436
Community development	7,866,774	—	—	2,520,586	11,086,234
Nondepartmental	556,381	—	698,874	—	556,381
Debt service:					
Principal retirement	—	—	15,077,900	—	15,077,900
Interest, other fiscal charges and early retirement	—	—	10,365,470	—	10,365,470
Capital outlay – governmental activities	—	5,864,856	—	—	5,864,856
Capital outlay – school activities	—	37,141,083	—	—	37,141,083
Total expenditures	133,350,575	43,005,939	26,142,244	10,456,546	212,955,304
Excess (deficiency) of revenues over (under) expenditures	29,969,375	(42,767,545)	(25,578,958)	(2,419,920)	(40,797,048)
<b>Other financing sources (uses):</b>					
Sale of land	—	29,350	—	—	29,350
Proceeds from issuance of debt	—	14,935,000	—	—	14,935,000
Premium on bond issuance	—	12,809	—	—	12,809
Transfers in (note 5)	—	1,072,909	25,680,625	2,340,453	29,093,987
Underwriter's discount	—	—	(101,667)	—	(101,667)
Transfers out (note 5)	(27,668,378)	(1,000,000)	—	(425,609)	(29,093,987)
Total other financing sources (uses)	(27,668,378)	15,050,068	25,578,958	1,914,844	14,875,492
Net change in fund balances	2,300,997	(27,717,477)	—	(505,076)	(25,921,556)
Fund balances at beginning of year, as restated (note 18)	33,132,714	80,344,173	—	4,959,518	118,436,405
Fund balances at end of year	\$ 35,433,711	52,626,696	—	4,454,442	92,514,849

# COUNTY OF JAMES CITY, VIRGINIA

Exhibit 4

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

Year ended June 30, 2010

Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities:

Net change in fund balances – total governmental funds \$ (25,921,556)

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

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

Depreciation expense	\$ (9,832,724)
Capital outlay expenditures	25,679,574
Cost of assets sold	<u>(9,124,146)</u>

6,722,704

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

1,464,085

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, refunding costs, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts. The details of this difference are as follows:

Issuance of debt	(14,935,000)
Premium on debt issuance	(12,809)
Cost of issuance	160,486
Underwriter's discount	101,667
Amortization of issuance costs	(109,801)
Principal payments	15,077,900
Deferred costs	648,220
OPEB obligation	<u>(231,000)</u>

699,663

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. This difference includes the decrease in vested compensated absences of \$145,188, increase in landfill postclosure care cost of \$9,218 and increase in accrued interest of \$305,848.

Change in net assets of governmental activities

	(169,878)
\$	<u><u>(17,204,982)</u></u>

See accompanying notes to basic financial statements.

# COUNTY OF JAMES CITY, VIRGINIA

Exhibit 5

Balance Sheet  
Proprietary Fund  
June 30, 2010

	James City Service Authority
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 831,247
Investments	33,309,609
Receivables, net of allowance for uncollectibles:	
Accounts	
Interest	3,108,058
Notes	138,477
Miscellaneous	653,047
Inventory	117,912
Total current assets	<u>764,499</u>
Noncurrent assets:	38,922,849
Capital assets (notes 7, 10 and 16):	
Land	
Land – utility plant	1,750,391
Land improvements	962,695
Construction in progress	13,183
Water and sewer systems – utility plant	4,284,901
Buildings and improvements	217,344,865
Office fixtures and equipment	2,260,462
Automotive equipment	1,023,103
Intangible assets	2,099,788
Less accumulated depreciation and amortization	25,004,570
Net capital assets	<u>(83,722,100)</u>
Investments restricted for future use (note 2)	171,021,858
Bond issuance costs, net	<u>4,610,218</u>
Total noncurrent assets	661,888
Total assets	<u>176,293,964</u>
	\$ <u>215,216,813</u>
<b>Liabilities and Net Assets</b>	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 650,348
Accrued salaries	15,385
Compensated absences, current portion	286,351
Due to other funds (note 5)	598,154
Deposits	41,243
Interest payable	729,374
Deferred liability	500,000
Current portion of bonds payable (note 10)	1,481,124
Total current liabilities	<u>4,301,979</u>
Noncurrent liabilities:	
Advances for construction (note 16)	135,302
OPEB liability	102,509
Bonds payable, net of current portion (note 10)	34,469,299
Compensated absences, net of current portion	95,450
Total noncurrent liabilities	<u>34,802,560</u>
Total liabilities	<u>39,104,539</u>
Net assets:	
Invested in capital assets, net of related debt	135,071,435
Restricted for capital projects	4,610,218
Unrestricted net assets	36,430,621
Total net assets	<u>176,112,274</u>
Total liabilities and net assets	\$ <u>215,216,813</u>

See accompanying notes to basic financial statements.

# COUNTY OF JAMES CITY, VIRGINIA

Exhibit 6

## Statement of Revenues, Expenses and Changes in Fund Net Assets

### Proprietary Fund

Year ended June 30, 2010

	James City Service Authority
Operating revenues:	
Water and sewer services	\$ 12,314,268
Water supply proffers	52,908
Rental income	144,441
Miscellaneous	450,027
Total operating revenues	<u>12,961,644</u>
Operating expenses:	
Salaries	4,133,261
Fringe benefits	1,570,514
Operating supplies	866,624
Maintenance of buildings and equipment	1,969,116
Utilities	771,544
Contractual fees	889,869
Depreciation and amortization	7,087,224
Other	784,305
Total operating expenses	<u>18,072,457</u>
Operating loss	<u>(5,110,813)</u>
Nonoperating revenues (expenses):	
Facility charges	3,260,875
Investment income	956,056
Loss on disposal of capital assets	(251,710)
Interest expense, net	(1,749,899)
Total nonoperating revenues (expenses), net	<u>2,215,322</u>
Income before contributions	<u>(2,895,491)</u>
Capital contributions	3,427,510
Increase in net assets	<u>532,019</u>
Total fund net assets at beginning of year	<u>175,580,255</u>
Total fund net assets at end of year	<u>\$ 176,112,274</u>

See accompanying notes to basic financial statements.

# COUNTY OF JAMES CITY, VIRGINIA

Exhibit 7

## Statement of Cash Flows

### Proprietary Fund

Year ended June 30, 2010

	<b>James City Service Authority</b>
Cash flows from operating activities:	
Cash receipts from customers	\$ 12,386,926
Other operating cash receipts	533,142
Cash payments to suppliers of goods and services	(9,603,927)
Cash payments to employees for services	(1,440,723)
Facility charges	3,260,875
Net cash provided by operating activities	<u>5,136,293</u>
Cash flows from capital and related financing activities:	
Payment of debt	(1,395,000)
Interest paid	(1,639,743)
Acquisition and construction of capital assets	(3,274,362)
Proceeds from sale of capital assets	75,950
Net cash used in capital and related financing activities	<u>(6,233,155)</u>
Cash flows from investing activities:	
Purchases of investments	(49,529,567)
Sales of investments	49,994,692
Interest received	1,004,816
Net cash provided by investing activities	<u>1,469,941</u>
Net increase in cash and cash equivalents	373,079
Cash and cash equivalents at beginning of year	458,168
Cash and cash equivalents at end of year	<u>\$ 831,247</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating loss	\$ (5,110,813)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation and amortization	7,087,224
Facility charges	3,260,875
Changes in assets and liabilities:	
Accounts receivable	101,019
Accounts receivable, miscellaneous	38,813
Notes receivable	(153,047)
Inventory	(94,565)
Accounts payable	127,911
Accrued salaries	(13,833)
Due to other funds	(104,930)
Deposits	(28,361)
OPEB liability	26,000
Net cash provided by operating activities	<u>\$ 5,136,293</u>
Supplemental schedule – noncash capital and investing activities:	
Capital asset contributions	\$ 3,427,510
Unrealized gain from change in fair value of investments	<u>\$ 378,076</u>

See accompanying notes to basic financial statements.

# COUNTY OF JAMES CITY, VIRGINIA

Exhibit 8

## Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2010

<b>Assets</b>	<b>Pension trust fund</b>	<b>Agency funds</b>
Cash and cash equivalents (note 2)	\$ —	1,681,886
Restricted cash and cash equivalents and investments with fiscal agent/trustee (notes 2 and 12):		
Money market funds	3,794,445	7,517,442
Bond mutual funds	573,677	—
Debt and equities	4,688,963	—
U.S. stock funds	5,377,657	—
International stock funds	620,022	—
Accounts receivable	—	3,099,579
Prepaid item	—	5,889
Total assets	\$ <u>15,054,764</u>	<u>12,304,796</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ —	853,451
Amounts held for others	—	11,451,345
Total liabilities	—	12,304,796
Net assets:		
Held in trust for employees' retirement	15,054,764	—
Total liabilities and net assets	\$ <u>15,054,764</u>	<u>12,304,796</u>

See accompanying notes to basic financial statements.

**COUNTY OF JAMES CITY, VIRGINIA**  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year ended June 30, 2010

	<u>Pension trust fund</u>
Additions:	
Revenue from use of money and property	\$ 1,363,374
Contributions	<u>2,047,498</u>
Total additions	3,410,872
Deductions:	
Distributions to employees	<u>526,251</u>
Change in net assets held in trust for employees' retirement	2,884,621
Net assets at beginning of year	<u>12,170,143</u>
Net assets at end of year	<u>\$ 15,054,764</u>

See accompanying notes to basic financial statements.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

#### (1) Summary of Significant Accounting Policies

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

The accompanying financial statements of the County of James City, Virginia conform to U.S. generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the County's more significant accounting policies:

##### (a) *The Financial Reporting Entity*

As defined by U.S. GAAP established by GASB, the financial reporting entity consists of the primary government and its component units, which are legally separate organizations for which the Board of Supervisors of the County is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government.

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

#### **Blended Component Units**

##### 1. James City Service Authority

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

The Authority's governing body is appointed by the James City County Board of Supervisors, although the Authority is legally separate. The James City County Board of Supervisors is the appointed Board of Directors of the Authority.

The County can impose its will over the Authority, significantly influencing the programs, projects, activities, or level of service. Although a financial benefit or burden relationship may not exist, the County is financially accountable. The Authority is accounted for as a proprietary fund and its financial statements have been blended with the County's financial statements for reporting purposes.

The Authority's financial statements for the fiscal year ended June 30, 2010 may be obtained from the Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

#### 2. Williamsburg Area Transit Authority

The Williamsburg Area Transport Company (the Company) was originally incorporated on October 15, 1980. The Company provided transportation systems to James City County, the City of Williamsburg and the Bruton District of York County. Although the Company was legally separate, the James City County Board of Supervisors was the appointed Board of Directors of the Company. The County could impose its will over the Company and was financially accountable for the Company. On August 28, 2008, the Company was reorganized as the Williamsburg Area Transit Authority (the Transit Authority) with its own Board of Directors. However, its operations and the financial relationship remained unchanged through June 30, 2009. Effective July 1, 2009, the Transit Authority became financially independent from the County. Separately issued financial statements were prepared, and the County accounts for the Transit Authority as an agency fund since it continues to serve as its fiscal agent. More information on this can be found on page 31 and the restatement of net assets in note 18 on page 67 of the notes to basic financial statements.

#### **Discretely Presented Component Units**

##### 1. Williamsburg-James City County Public Schools

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

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

Local costs related to operations of the Public Schools are apportioned between the participating localities in accordance with the agreement, as amended. For the fiscal year ended June 30, 2010, the apportionment of the Public Schools' operating costs to the City and County was \$6,910,712 and 8.57% and \$73,727,700 and 91.43%, respectively. For the fiscal year ended June 30, 2010, the contributions for the Public Schools' capital project costs from the City and County were \$1,508,858 and 3.9% and \$37,141,083 and 96.1%, respectively.

The Public Schools' financial statements for the fiscal year ended June 30, 2010 may be obtained from the Finance Department, 101-D Mounts Bay Road, Williamsburg, Virginia 23185.

##### 2. James City County Economic Development Authority

The James City County Economic Development Authority (the Development Authority) is responsible for industrial and commercial development in the County. The Development Authority makes recommendations to the James City County board of supervisors. The Development Authority consists of seven members appointed by the James City County board of supervisors. Although the Development Authority is a legally separate entity, the County is

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

financially accountable due to the significance of the fiscal dependency relationship with the Development Authority.

From time to time, the Development Authority has issued Industrial Revenue Bonds (the Bonds) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the Bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the state, nor any political subdivision thereof is obligated in any manner for repayment of the Bonds. Accordingly, the Bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2010, there were 17 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$361 million.

The Development Authority's financial statements for the fiscal year ended June 30, 2010 may be obtained from the Director of Economic Development, 5308 Discovery Park Boulevard, Suite 203, Williamsburg, Virginia 23188.

#### **Other Related Organizations and Joint Ventures**

Separate financial statements for the fiscal year ended June 30, 2010, for all other related organizations and joint ventures discussed below except the Colonial Community Corrections Program, Inc., the Virginia Peninsulas Public Service Authority, and the Williamsburg Regional Library, may be obtained from the Director of Accounting of James City County, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

1. **Williamsburg Area Medical Assistance Corporation**

The Williamsburg Area Medical Assistance Corporation (the Corporation) was incorporated on February 19, 1993. The Corporation provides a primary medical care clinic to economically disadvantaged persons in the Counties of James City and York and the City of Williamsburg. The County appoints one board member to the Corporation. The Corporation is a legally separate organization, and the County cannot impose its will on the Corporation. The program is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is fiscal agent for the Corporation, and as a result, the Corporation's financial transactions are included as an agency fund in the County's financial statements.

2. **Colonial Community Corrections Program**

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

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

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3. Virginia Peninsulas Public Service Authority

The Virginia Peninsulas Public Service Authority (the Public Service Authority), was created pursuant to the *Code of Virginia*, 1950, as amended, between the Cities of Hampton, Newport News, Poquoson and Williamsburg, and the Counties of Essex, Gloucester, James City, King and Queen, King William, Mathews, Middlesex and York. The Public Service Authority's financial statements for the fiscal year ended June 30, 2010 may be obtained from the Public Service Authority, 300 McLaws Circle, Suite 200, Williamsburg, Virginia 23185-5676.

Each jurisdiction appoints one board member. The Public Service Authority is a legally separate organization, and the County cannot impose its will on the Public Service Authority. The Public Service Authority is fiscally independent, and there is no financial benefit or burden relationship with the County; therefore, it is not included in the County's financial statements.

4. Williamsburg Regional Library

Pursuant to an agreement dated May 26, 1977, as amended, the Williamsburg Regional Library (the Library) provides library services to the City and the County. The Library is operated by a board of trustees. Each jurisdiction appoints four trustees. The Library is a legally separate organization, and the County cannot impose its will on the trustees. The Library is fiscally independent, and there is no financial benefit or burden relationship with the County; therefore, it is not included in the County's financial statements. The Library's financial statements for the fiscal year ended June 30, 2010 may be obtained from the Library, 7770 Croaker Road, Williamsburg, Virginia 23188.

5. Virginia Peninsula Regional Jail Authority

The Virginia Peninsula Regional Jail Authority (the Jail Authority) was organized and exists pursuant to resolutions adopted in 1993 by and between the Cities of Williamsburg and Poquoson and the Counties of James City and York. The Jail Authority is operated by a board. Each member jurisdiction appoints one member. The Jail Authority is a legally separate organization, and the County cannot impose its will on the Jail Authority.

The Jail Authority is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is charged user fees based on inmate population in order to cover direct and indirect costs of the Jail Authority. The County is fiscal agent for the Jail Authority, and as such, the Jail Authority's financial transactions are included as an agency fund in the County's financial statements.

6. Middle Peninsula Juvenile Detention Commission

The Middle Peninsula Juvenile Detention Commission (the Commission) was created as a political subdivision of the Commonwealth of Virginia by resolutions adopted in 1993. The member jurisdictions are as follows: Caroline County, Charles City County, Essex County, Gloucester County, Hanover County, James City County, King and Queen County, King William County, Lancaster County, Mathews County, Middlesex County, New Kent County,

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

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Northumberland County, City of Poquoson, Richmond County, Westmoreland County, City of Williamsburg and York County. The Commission is operated by a board.

Each member jurisdiction appoints one member. The Commission is a legally separate organization, and the County cannot impose its will on the Commission. The Commission is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is charged user fees based on juvenile population in order to cover direct and indirect costs of the Commission. The County is fiscal agent for the Commission, and as such, the Commission's financial statements are included as an agency fund in the County's financial statements.

#### 7. Williamsburg Area Transit Authority

The Williamsburg Area Transport Company (the Company) was originally incorporated on October 15, 1980. The Company provided transportation systems to James City County, the City of Williamsburg and the Bruton District of York County. Although the Company was legally separate, the James City County Board of Supervisors was the appointed Board of Directors of the Company. The County could impose its will over the Company and was financially accountable for the Company. On August 28, 2008, the Company was reorganized as the Williamsburg Area Transit Authority (the Transit Authority) with its own Board of Directors. However, its operations and the financial relationship remained unchanged through June 30, 2009. Effective July 1, 2009, the Transit Authority became financially independent from the County. Separately issued financial statements were prepared, and the County accounts for the Transit Authority as an agency fund since it continues to serve as its fiscal agent.

#### (b) *The Financial Reporting Model*

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the County prepares and presents financial information. State and local governments, including other governmental entities such as the County, traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 establishes requirements and a new reporting model for the annual financial reports of state and local governments, including other governmental entities. The statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

***Management's Discussion and Analysis*** – GASB Statement No. 34 requires that 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). This analysis is similar to analysis the private sector provides in their annual reports.

***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 (such as cash and accounts payable) but also capital assets and

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

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long-term liabilities (such as buildings and debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

**Statement of Net Assets** – The government-wide statement of net assets is designed to display the financial position of the County. Governments report all capital assets, including infrastructure, in the government-wide statement of net assets and report depreciation expense – the cost of “using up” capital assets – in the statement of activities. The net assets of a government are broken down into three categories – 1) invested in capital assets, net of related debt; 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).

**Fund Financial Statements** – These statements are, in substance, very similar to the financial statements presented in the previous financial reporting model. Emphasis here is on major funds.

#### (c) **Government-Wide and Fund Financial Statements**

The accompanying basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), in the new reporting model, the focus is on either the County as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide statement of net assets, the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual basis of accounting and economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations. The County generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The County may defer the use of restricted assets based on a review of the specific transaction.

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

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

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

The County reports the following major governmental funds:

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

*Capital Projects Fund* – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the proprietary fund.

*Debt Service Fund* – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal, interest and related costs on long-term debt of governmental funds.

The County reports the following major proprietary funds:

*James City Service Authority* – The James City Service Authority accounts for the operation of the County's water and sewer services.

Additionally, the County reports the following fund types:

*Nonmajor Governmental Funds* – Nonmajor Governmental Funds include special revenue funds which account for revenue derived from specific sources that are restricted by legal and regulatory provisions to finance specific activities of the County.

*Nonmajor Fiduciary Funds* – Nonmajor Fiduciary Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Fiduciary Funds of the County are the Pension Trust Fund, which is the Deferred Compensation Plan and is accounted for in essentially the same manner as proprietary funds. Also included are the Agency Funds, which consist of Special Welfare, Williamsburg Area Medical Assistance Corporation, Regional Jail, Juvenile Detention, Williamsburg Area Transit Authority and School Activity Funds.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

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**(d) *Basis of Accounting and Measurement Focus***

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

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

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

Real estate and personal property taxes are recorded as revenues and receivables when levied and billed, net of allowances for uncollectible amounts. Property taxes levied but not collected within 45 days after year end are reflected as deferred revenue. Sales taxes, which are collected by the state and subsequently remitted to the County, are recognized as revenues and receivables upon execution of the sale, which is generally two months preceding receipt by the County.

License and permits, fines and rents are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded at fair value as earned since they are measurable and available.

The government-wide and the proprietary fund financial statements are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the statement of net assets. The proprietary fund-type operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The statement of net assets, statement of activities and financial statements of the proprietary fund are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

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receipt or disbursement of cash. The proprietary fund distinguishes 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. The principal operating revenues of the County's proprietary fund are charges to customers for services. Operating expenses for the proprietary fund include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, proprietary fund types follow all applicable GASB pronouncements as well as all Financial Accounting Standards Board (FASB) pronouncements and predecessor Accounting Principles Board Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989. Under paragraph 7 of GASB Statement No. 20, the County has elected not to apply FASB pronouncements issued after November 30, 1989.

**(e) Cash and Cash Equivalents**

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

**(f) Allowance for Uncollectible Accounts**

The County calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The allowance for uncollectible accounts relating solely to property taxes was \$98,097 in the General Fund at June 30, 2010. Additionally, the County recorded an allowance for uncollectible accounts of \$23,209 related to business, professional and occupational license taxes and \$295,259 for the Advance Life Support/Basic Life Support (ALS/BLS) fees.

The Authority has few uncollectible receivables and does not use allowance accounts. State law permits filing of liens against real property for unpaid utility charges. The write-off of bad debts only occurs when the property is sold prior to the lien process being instituted.

**(g) Investments**

All investments of the County are stated at fair value as of June 30, 2010, in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

**(h) Inventory**

All inventories, which consist of materials and supplies, are valued at cost using the average-cost method. Reported inventories are accounted for under the consumption method (i.e., recorded as expenditures when used) in the governmental and proprietary funds. The cost is recorded as an expenditure at the time individual inventory items are consumed. Quantities on hand at year end are

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

recorded at cost on the balance sheet with an offsetting reserve to fund balance which indicates that they do not constitute available spendable resources.

**(i) Capital Assets**

Capital outlays are recorded as expenditures of the General and Special Revenue Funds and as assets in the accompanying government-wide financial statements to the extent the County's capitalization threshold of \$5,000 is met. Depreciation is recorded on capital assets on a government-wide basis. Capital outlays of the proprietary funds are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Contributed capital assets are valued at their estimated fair market value on the date donated.

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

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

Buildings and improvements	10 to 50 years
Improvements other than buildings	6 to 40 years
Equipment and vehicles	3 to 20 years
Infrastructure	20 to 40 years

**(j) Compensated Absences**

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

**(k) Unbilled Revenue**

The Authority records the amount of earned but unbilled service charges revenue by prorating actual subsequent billings. Amounts accrued but unbilled were approximately \$1,059,000 at June 30, 2010.

**(l) Property Taxes**

Real property taxes are recognized as receivables when levied. Real property taxes attach as an enforceable lien on property automatically. Taxes are levied no later than October 1 and are due by December 5 and June 5.

Property taxes levied in the current and prior year have been recorded in governmental activities as receivables as of the date the County has the legal right to receive payments thereon. Personal property taxes create a lien on the assessed property. The receivables collected during the fiscal year

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

and during the first 45 days of the succeeding fiscal year are recognized in the General Fund as revenues in the current fiscal year.

A penalty of 10% of the tax is assessed on December 6 and June 6 on taxes outstanding as of those dates and interest at 10% per annum is added.

#### *(m) Risk Management*

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Property and liability coverages are provided through third-party insurance. The County's retention is through deductibles on a per-claim basis. Deductibles and coverage limits at June 30, 2010 are as follows:

	<u>Deductibles</u>
Property	\$ 10,000
Flood	25,000
Earthquake	25,000
General liability and law enforcement	100,000
Automobile:	
Liability	100,000
Comprehensive	1,000
Collision	1,000
Crime	250
Worker's Compensation	None

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

	<b>Coverage limits</b>
Property insurance:	
Valuation at functional replacement	\$ 17,394,893
Flood (outside 100 year flood plain)	17,394,893
Business interruption/extra expense	3,000,000
Property in transit	5,000,000
Increased cost of construction/ordinance demolition	20,000,000
Back-up of sewers and drains	1,000,000
Debris removal	20,000,000
Pollutant clean-up and removal	500,000
Off premises power failure	1,000,000
Media reproduction	100,000
Newly acquired locations for up to 120 days	10,000,000
General liability and law enforcement	9,000,000
Automobile liability	9,000,000
Public officials	9,000,000
Crime	500,000
Workers' compensation	Statutory limits

There have been no reductions in insurance coverages from the prior year, and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**(n) Bond Premiums, Discounts and Issuance Costs**

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

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

**(o) Interfund Transactions**

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

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

**(p) *Encumbrances***

Encumbrance accounting, in which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities under GAAP.

**(q) *Fund Balances***

Fund balances have been reserved for those portions of fund balances that are not available for expenditures or are legally segregated for a specific use.

- *Reserved for encumbrances* – Represents funds appropriated and encumbered for outstanding purchase orders, contracts and other commitments.
- *Reserved for inventory* – Represents funds invested in inventory and not available for future use.
- *Reserved for loans* – Represents mortgage loans and security deposits as part of the Homeless Intervention Program.
- *Reserved for prepaid items* – Represents outstanding paid for items related to the next fiscal year.
- *Unreserved-designated for subsequent years' expenditures* – Designated for future expenditures of individual funds.
- *Unreserved-designated for potential insurance losses* – Designated for future multiple insurance claims that would exceed deductible amounts.
- *Unreserved-designated for capital projects* – Designated for capital improvements projects.
- *Unreserved-designated for fiscal liquidity* – Fund balance targeted between 8% and 12% of total operating budget (General Fund plus the County's share of the Component Unit – Public Schools).
- *Unreserved-designated for health insurance* – Designated for future insurance increases.
- *Unreserved-designated for capital reserve fund* – Designated for future debt payments.
- *Unreserved-undesignated* – Fund balance that has not been designated for specific purposes.

**(r) *Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

**(s) *New Accounting Principles***

Effective with the financial report for the fiscal year ending June 30, 2010, the County has adopted the following statement of the Governmental Accounting Standards Board (GASB): GASB 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes standards for reporting intangible assets. The County has easements that are considered intangible assets.

**(t) *Subsequent Events***

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through November 18, 2010, the date the financial statements were available to be issued.

**(2) Cash and Cash Equivalents and Investments**

**Primary Government**

**(a) *Deposits***

At year end, the carrying value of the deposits with banks and savings and loans was \$10,504,364, and the bank balance was \$12,008,882. The difference between the carrying value of bank deposits and the bank balance is primarily due to outstanding checks and deposits in transit. The entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act). These deposits do not include \$820,812 of cash in the School Activity Fund, an agency fund of the County.

Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. If any member financial institution fails, the entire collateral becomes available to satisfy the claims of the County. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members (banks and savings and loans) of the pool; therefore, these deposits are considered collateralized and as a result are considered insured. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans.

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

### (b) Investments

As of June 30, 2010, the primary government had the following investments and maturities:

	Fair value	Original investment maturity (in years)		
		Less than 1	1-2	2-4
Commonwealth of Virginia				
LGIP	\$ 25,652,510	25,652,510	—	—
Money market funds	39,893,323	39,893,323	—	—
Federal agency bonds/notes	30,458,214	650,000	5,838,489	23,969,725
Corporate notes	5,616,643	—	—	5,616,643
U.S. Treasury notes	7,012,995	—	7,012,995	—
	<u>\$ 108,633,685</u>	<u>66,195,833</u>	<u>12,851,484</u>	<u>29,586,368</u>

### (c) Summary of Deposits

A reconciliation of the carrying value of deposits and investments reported above to amounts reported in the statement of net assets is as follows:

Deposits	\$ 10,504,364
Investments	<u>108,633,685</u>
	<u>\$ 119,138,049</u>
Cash and cash equivalents	\$ 8,250,407
Investments	66,787,860
Cash and cash equivalents and investments - restricted	<u>44,099,782</u>
	<u>\$ 119,138,049</u>

### (d) Investment Policy

In accordance with the Code of Virginia and other applicable law, including regulations, the County's Investment Policy (the Policy) permits investments in U.S. government obligations, municipal obligations, prime quality commercial paper, and certain corporate notes, bankers' acceptances, repurchase agreements, negotiable certificates of deposit, bank deposit notes, mutual funds that invest exclusively in securities specifically permitted under the Policy, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a-7 like pool).

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

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

Registered money market mutual funds	100% maximum
Commonwealth of Virginia LGIP	100% maximum
Repurchase agreements	50% maximum
Bankers' acceptances	40% maximum
Commercial paper	35% maximum
Negotiable certificates of deposit/bank notes	20% maximum
Municipal obligations	20% maximum
Corporate notes	15% maximum
Bank deposits	25% maximum

### (e) Credit Risk

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following; Moody's Investors Service, Standard & Poor's, Fitch Investor's Service, and Duff and Phelps. Corporate notes must have a minimum of "Aa" long-term debt rating by Moody's Investors Service and a minimum of "AA" long-term debt rating by Standard & Poor's. Negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investors Service.

Although state statute does not impose credit standards on repurchase agreement counterparties, bankers' acceptances or money market mutual funds, the County has established stringent credit standards for these investments to minimize portfolio risk.

The County's investments as of June 30, 2010 were rated by Standard & Poor's, Moody's and Fitch and/or an equivalent national rating organization and the ratings are presented on the following page:

	Investment ratings					Total
	AAA	AA+	AA	AA-	Unrated	
Commonwealth of Virginia LGIP	\$ 25,652,510	—	—	—	—	25,652,510
Money market funds	—	—	—	—	39,893,323	39,893,323
Corporate notes	2,892,636	516,096	1,588,488	619,423	—	5,616,643
Federal agency bonds/notes	30,458,214	—	—	—	—	30,458,214
U.S. Treasury notes	—	—	—	—	7,012,995	7,012,995
Total	\$ 59,003,360	516,096	1,588,488	619,423	46,906,318	108,633,685

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

**(f) Concentration of Credit Risk**

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

U.S. Treasury	100% maximum
Each money market mutual fund	50% maximum
Each federal agency	35% maximum
Each repurchase agreement counterparty	25% maximum

As of June 30, 2010, the portions of the County's portfolio (excluding the blended component units), excluding U.S. Treasury notes, that exceed 5% of the total portfolio are as follows:

<u>Issuer</u>	<u>% of portfolio</u>
Federal Home Loan Bank	34.8%
Federal National Mortgage Association	16.7

**(g) Interest Rate Risk**

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

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

**(h) Custodial Credit Risk**

The Policy requires that all investment securities purchased by the County or held as collateral on deposits or investments shall be held by the County or by a third-party custodial agent who may not otherwise be a counterparty to the investment transaction. As of June 30, 2010, all of the County's investments are held in a bank's trust department in the name of James City County.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

(i) ***Component Unit – Public Schools***

Cash and cash equivalents:

Bank deposits (including School Activity Funds)	\$	16,610,853
Certificates of deposit		56,864
Money market funds		60,621
Investment in LGIP		244,861
	\$	<u>16,973,199</u>

At year end, the carrying value of the Public Schools' deposits with banks and savings institutions in the General Fund and the Special Revenue Fund was \$16,973,199 (including \$820,812 of the School Activity Funds) and the bank balance was \$18,867,197. The difference between the carrying value of bank deposits and the bank balance is primarily due to outstanding checks and deposits in transit. The bank balance is fully covered by federal depository insurance or collateralized in accordance with the Act.

(j) ***Component Unit – Economic Development Authority – Deposits***

Cash and cash equivalents:

Bank deposits	\$	282,865
Investment in LGIP		55,163
Certificates of deposits		1,750,000
	\$	<u>2,088,028</u>

At year end, the carrying value and bank balance of the Development Authority's deposits with banks and savings institutions was \$282,865. The bank balance, which may differ from the carrying value of deposits primarily due to outstanding checks and deposits in transit, is fully covered by federal depository insurance (FDIC) or collateralized in accordance with the Act.

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

### (3) Restricted Cash and Cash Equivalents and Investments

Restricted cash and cash equivalents and investments of the County's governmental activities at June 30, 2010, are detailed as follows:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Capital projects	Lease bonds	\$ 34,081,146
Capital projects	General obligation bond	2,716,748
Grants and special projects	Grants and special projects	1,229,949
General	Subdivision escrow	803,492
Community development	Community rehabilitation	658,229
		<u>\$ 39,489,564</u>

### (4) Receivables and Payables

Amounts due from miscellaneous sources in the General Fund at June 30, 2010, are detailed as follows:

Sales tax	\$ 1,486,378
Emergency medical services	1,346,719
Meals tax	579,940
Other	486,134
Williamsburg Regional Library	209,359
Recordation tax	126,657
Business license	85,137
Charges for services	71,389
Deeds of conveyance	38,859
Utility consumption fee	26,130
Fines and forfeitures	22,710
	<u>\$ 4,479,412</u>

Accounts payable and accrued liabilities at June 30, 2010, are comprised of the following:

	<u>Accounts payable</u>	<u>Accrued liabilities</u>	<u>Total</u>
General	\$ 909,852	246,235	1,156,087
Capital projects	560,277	192,926	753,203
Other governmental funds	168,880	23,138	192,018
Governmental funds	<u>1,639,009</u>	<u>462,299</u>	<u>2,101,308</u>
Accrued interest	—	1,678,947	1,678,947
Governmental activities	<u>\$ 1,639,009</u>	<u>2,141,246</u>	<u>3,780,255</u>

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

### (5) Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances are considered short-term in nature. All other balances resulted 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. At June 30, 2010, the balances are as follows:

		Due from other funds		
		General	Capital projects	Nonmajor governmental funds
				Total
Due to other funds:				
General fund	\$	—	—	10,168
Nonmajor governmental funds		29,679	433,299	2,928
Service Authority		598,154	—	—
Total	\$	627,833	433,299	13,096
				1,074,228

Interfund transfers for the year ended June 30, 2010, consisted of the following:

	Transfers to Other Funds	Transfers from Other Funds
General fund	\$ 27,668,378	—
Capital projects	1,000,000	1,072,909
Debt service	—	25,680,625
Nonmajor governmental funds	425,609	2,340,453
Total	\$ 29,093,987	29,093,987

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

### (6) Due from Other Governments

Details of amounts due from other governments as of June 30, 2010 are as follows:

#### *Governmental activities:*

	<u>General fund</u>	<u>Capital projects fund</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental activities</u>
Local governments:				
City of Williamsburg	\$ 72,043	—	—	72,043
Other	16,848	—	—	16,848
Commonwealth of Virginia:				
Recordation taxes	126,608	—	—	126,608
Rolling stock tax	50,514	—	—	50,514
Communications sales and use tax	301,258	—	—	301,258
State sales taxes	1,534,149	—	—	1,534,149
Personal property tax relief	4,836,856	—	—	4,836,856
Virginia Department of Transportation	—	6,228	—	6,228
Virginia Department of Social Services	—	—	141,234	141,234
Other	241,627	—	19,515	261,142
Federal government:				
Department of Interior	5,766	—	—	5,766
Other	—	—	471,180	471,180
Total	<u>\$ 7,185,669</u>	<u>6,228</u>	<u>631,929</u>	<u>7,823,826</u>

#### *Component Unit – Public Schools:*

Federal government	\$ 1,159,907
City of Williamsburg	554,304
Commonwealth of Virginia	196,771
Total	<u>\$ 1,910,982</u>

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

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

### (7) Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2010:

#### *Governmental Activities*

	<b>Balances July 1, 2009</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances June 30, 2010</b>
Capital assets not being depreciated:				
Land and land improvements	\$ 26,898,682	—	1,473,465	25,425,217
Construction in progress	34,013,139	38,284,760	15,333,883	56,964,016
Intangible assets - easements	2,273,496	130,167	—	2,403,663
Total capital assets not being depreciated	<u>63,185,317</u>	<u>38,414,927</u>	<u>16,807,348</u>	<u>84,792,896</u>
Other capital assets:				
Buildings and improvements	240,921,489	741,070	111,707	241,550,852
Improvements other than buildings	22,768,326	131,464	69,902	22,829,888
Equipment and vehicles	48,909,475	1,313,345	12,799,453	37,423,367
Infrastructure	7,332,556	412,652	—	7,745,208
Total other capital assets	<u>319,931,846</u>	<u>2,598,531</u>	<u>12,981,062</u>	<u>309,549,315</u>
Less accumulated depreciation for:				
Buildings and improvements	47,576,902	5,152,456	28,884	52,700,474
Improvements other than buildings	3,200,308	963,037	27,077	4,136,268
Equipment and vehicles	24,186,564	3,430,544	5,274,419	22,342,689
Infrastructure	1,970,645	286,687	—	2,257,332
Total accumulated depreciation	<u>76,934,419</u>	<u>9,832,724</u>	<u>5,330,380</u>	<u>81,436,763</u>
Other capital assets, net	<u>242,997,427</u>	<u>(7,234,193)</u>	<u>7,650,682</u>	<u>228,112,552</u>
	<u>\$ 306,182,744</u>	<u>31,180,734</u>	<u>24,458,030</u>	<u>312,905,448</u>

Depreciation was charged to governmental functions as follows:

General government administration	\$ 629,045
Judicial administration	255,753
Public safety	2,021,689
Public works	199,557
Parks, recreation and cultural	1,479,008
Community development	441,222
Education	3,762,703
Nondepartmental	1,043,747
Total depreciation expense – governmental activities	<u>\$ 9,832,724</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2010

***Business-Type Activity***

	<b>Balances July 1, 2009</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances June 30, 2010</b>
Capital assets not being depreciated:				
Land	\$ 1,750,391	—	—	1,750,391
Land – utility plant	968,695	—	6,000	962,695
Land improvements	13,183	—	—	13,183
Construction in progress	4,048,099	6,387,591	6,150,789	4,284,901
Intangible assets - easements	46,808	—	42,238	4,570
	<u>6,827,176</u>	<u>6,387,591</u>	<u>6,199,027</u>	<u>7,015,740</u>
Total capital assets not being depreciated				
Other capital assets:				
Water and sewer systems – utility plant	211,715,610	5,985,311	356,056	217,344,865
Buildings and improvements	2,070,494	189,968	—	2,260,462
Office fixtures and equipment	1,002,604	39,499	19,000	1,023,103
Automotive equipment	2,077,106	250,293	227,611	2,099,788
Intangible assets – water rights	25,000,000	—	—	25,000,000
	<u>241,865,814</u>	<u>6,465,071</u>	<u>602,667</u>	<u>247,728,218</u>
Total other capital assets				
Less accumulated depreciation and amortization for:				
Water and sewer systems – utility plant	73,684,285	6,138,762	81,542	79,741,505
Buildings and improvements	849,526	62,112	—	911,638
Office fixtures and equipment	664,928	61,607	14,091	712,444
Automotive equipment	1,640,001	177,252	227,611	1,589,642
Intangible assets – water rights	153,374	613,497	—	766,871
	<u>76,992,114</u>	<u>7,053,230</u>	<u>323,244</u>	<u>83,722,100</u>
Total accumulated depreciation and amortization				
Other capital assets, net	<u>164,873,700</u>	<u>(588,159)</u>	<u>279,423</u>	<u>164,006,118</u>
	<u>\$ 171,700,876</u>	<u>5,799,432</u>	<u>6,478,450</u>	<u>171,021,858</u>

Depreciation and amortization of \$7,087,224 was charged to water and sewer operations as follows:

Water	\$ 4,425,217
Sewer	<u>2,628,013</u>
	<u>\$ 7,053,230</u>

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

### *Component Unit – Public Schools*

	<b>Balances July 1, 2009</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances June 30, 2010</b>
Capital assets not being depreciated:				
Land improvements	\$ 8,249,163	185,963	—	8,435,126
Construction in progress	3,163,254	5,230,733	6,630,682	1,763,305
Total capital assets not being depreciated	11,412,417	5,416,696	6,630,682	10,198,431
Other capital assets:				
Buildings and improvements	22,479,868	6,006,622	—	28,486,490
Furniture and equipment	15,024,432	2,718,181	20,411	17,722,202
Total other capital assets	37,504,300	8,724,803	20,411	46,208,692
Less accumulated depreciation for:				
Buildings and improvements	6,500,717	1,011,129	—	7,511,846
Furniture and equipment	9,994,455	1,035,379	808	11,029,026
Total accumulated depreciation	16,495,172	2,046,508	808	18,540,872
Other capital assets, net	21,009,128	6,678,295	19,603	27,667,820
	<u>\$ 32,421,545</u>	<u>12,094,991</u>	<u>6,650,285</u>	<u>37,866,251</u>

Depreciation of \$2,046,508 was charged to the Public Schools' governmental functions.

The total construction in progress for the Public Schools is \$53,967,569. Capital outlay expenditures totaling \$52,204,264 are presented in the County's construction in progress balance in order to match the corresponding debt.

### *Component Unit – Economic Development Authority*

	<b>Balance at July 1, 2009</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at June 30, 2010</b>
Land	\$ 2,483,106	—	—	2,483,106
Construction in progress	166,510	—	—	166,510
	<u>\$ 2,649,616</u>	<u>—</u>	<u>—</u>	<u>2,649,616</u>

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

#### (8) Due to Component Units

The County funds its construction costs for new schools through the Capital Projects Fund for the component unit – Public Schools. At June 30, 2010, the County owed the Public Schools \$4,290,034, which primarily represents construction incurred by the Public Schools. Additionally, the County owed the Development Authority \$108,416, which primarily represents payments for Development Authority grants.

#### (9) Unearned Revenue

Unearned 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. Details of unearned revenue as of June 30, 2010 follow:

	<b>General fund</b>	<b>Capital projects</b>	<b>Other governmental funds</b>	<b>Total</b>
Prepaid property taxes	\$ 66,727	—	—	66,727
Prepaid rent	10,560	—	—	10,560
Unexpended grants	—	—	891,624	891,624
Governmental activities	77,287	—	891,624	968,911
Property taxes not collected within 45 days	18,146,313	1,145	—	18,147,458
Governmental funds	<u>\$ 18,223,600</u>	<u>1,145</u>	<u>891,624</u>	<u>19,116,369</u>

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

### (10) Long-Term Debt

#### *Primary Government*

A summary of the County's long-term liability activity for governmental activities for the fiscal year ended June 30, 2010, is presented below:

	<u>Amounts payable at July 1, 2009</u>	<u>Additions</u>	<u>Retirements and reductions</u>	<u>Amounts payable at June 30, 2010</u>	<u>Amounts due within one year</u>
Governmental activities:					
General obligation bonds	\$ 100,845,177	—	7,822,262	93,022,915	7,706,524
Deferred amounts:					
Add bond premium	9,551,028	12,809	661,605	8,902,232	—
Deduct underwriter's discount	(422,100)	(101,667)	(13,385)	(510,382)	—
Total general obligation bonds	<u>109,974,105</u>	<u>(88,858)</u>	<u>8,470,482</u>	<u>101,414,765</u>	<u>7,706,524</u>
Capital lease – Radio System	10,740,000	—	863,000	9,877,000	904,000
Other capital lease	430,533	—	137,638	292,895	143,511
Lease revenue bonds	101,595,000	14,935,000	6,255,000	110,275,000	6,220,000
OPEB obligation	477,962	231,000	—	708,962	—
Compensated absences	3,534,488	2,871,643	3,016,831	3,389,300	2,541,975
Landfill postclosure care cost	<u>2,316,818</u>	<u>9,218</u>	<u>—</u>	<u>2,326,036</u>	<u>50,770</u>
Governmental activities long-term liabilities	<u>\$ 229,068,906</u>	<u>17,958,003</u>	<u>18,742,951</u>	<u>228,283,958</u>	<u>17,566,780</u>

The General Fund or the Special Revenue Fund where the employees' salaries are charged generally liquidates compensated absences.

In September 2009, the County issued \$14,935,000 in taxable lease revenue bonds to finance the construction and equipping of the public safety building and renovations to the law enforcement center for use by the fire department. These bonds are Build America Bonds, which qualify for a subsidy credit from the Internal Revenue Service for interest payments.

The County entered into a capital lease agreement with SunTrust Bank during fiscal year 2004 to lease radio system equipment for the County 911 facility. Included in capital assets are \$12,099,132 related to this lease arrangement, and depreciation expense incurred on the capital asset totaled \$1,187,497 for fiscal year 2010.

During fiscal year 2006, the County executed a regional lease purchase agreement with York County totaling \$922,454 to purchase Customer Premise Equipment to provide enhanced 911 service in each respective jurisdiction's Dispatch Center and to be compatible with current technology and telephone systems. At June 30, 2010, \$922,454 was included in capital assets, and \$132,140 depreciation expense was incurred during fiscal year 2010.

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2010

The present value of future minimum capital lease payments of the County as of June 30, 2010, is as follows:

Fiscal year ending June 30:		
2011	\$	1,530,390
2012		1,530,269
2013		1,375,840
2014		1,375,474
2015		1,375,866
2016-2019		<u>5,501,349</u>
Total minimum lease payments		12,689,188
Less amount representing interest		<u>(2,519,293)</u>
Present value of minimum capital lease payments	\$	<u><u>10,169,895</u></u>

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

### (a) *Governmental Activities*

Details of long-term bonded indebtedness:

\$750,000 School Bonds, 1997-I, Refunding, issued November 20, 1997, maturing in various annual installments through December 15, 2010, with interest payable semiannually at 6.35%	\$ 145,000
\$2,350,959 School Bonds, 1992 GO, issued November 12, 1992, maturing in various annual installments through July 15, 2012, with interest payable semiannually at 6.35%	367,615
\$23,610,000 School Bonds, 1997-I, Refunding, issued November 20, 1997, maturing in various annual installments through December 15, 2011, with interest payable semiannually at 6.63%	750,000
\$18,800,000 School Bonds, issued May 1, 1997, maturing in various annual installments through January 15, 2018, with interest payable semiannually at 5.475%	10,060,000
\$19,220,000 School Bonds, Series 1999A, issued May 13, 1999, maturing in various annual installments through July 15, 2019, with interest payable semiannually at 4.475%	11,795,000
\$1,250,000 School Bonds, Series 1999B, issued August 17, 1999, maturing in various annual installments through July 15, 2019, with interest payable semiannually at 5.60%	600,000
\$3,180,200 General Obligation Public Improvement Refunding Bond, Series 2002B, issued December 17, 2002, maturing in various installments through December 15, 2015, with interest payable semiannually at 3.75%	3,031,300
\$4,280,000 General Obligation Public Improvement Refunding Bond, Series 2002, issued November 20, 2002, maturing in various installments through December 15, 2014, with interest payable semiannually at 3.59%	2,439,000
\$21,510,000 General Obligation Public Improvement Refunding Bond, Series 2003, issued June 26, 2003, maturing in various installments through December 15, 2014, with interest payable semiannually at 2.50%	11,870,000
\$39,820,000 General Obligation School Bonds, Series 2005, issued June 8, 2005, maturing in various installments through December 15, 2029, with interest payable semiannually at 3.50%	35,165,000
\$21,000,000 General Obligation Bonds, Series 2006, issued December 28, 2006, maturing in annual installments of \$1,050,000 through June 15, 2026, with interest payable semiannually at 4.00%	16,800,000
	<hr/> 93,022,915
Add premiums	8,902,232
Deduct underwriter's discount	(510,382)
	<hr/>
Total general obligation bonds	101,414,765

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

### Capital lease obligations:

\$14,500,000 entered into on November 7, 2003, due in various installments through March 1, 2019, with interest paid semiannually at 4.77% 9,877,000

\$922,454 entered into during fiscal year 2006, due in various annual installments through December 31, 2011, with interest paid semiannually at 4.28% 292,895

### Lease revenue bonds:

\$22,570,000 issued August 24, 2005, due in various installments through July 25, 2025, with interest paid semiannually at 3.50% 19,350,000

\$95,775,000 issued December 28, 2006, due in various installments through June 15, 2026, with interest paid semiannually at 5.00% 76,615,000

\$14,935,000 issued September 23, 2009, due in various installments through January 15, 2030, with interest paid semiannually at 0.75% 14,310,000

OPEB obligation 708,962

Compensated absences 3,389,300

Landfill postclosure care costs 2,326,036

Total governmental activities \$ 228,283,958

### (b) Business-Type Activity

A summary of the County's long-term liability activity for the business-type activity for the fiscal year ended June 30, 2010, is presented below:

	Amounts payable at July 1, 2009	Additions	Retirements and reductions	Amounts payable at June 30, 2010	Amounts due within one year
Business-type activity:					
Revenue bonds	\$ 37,025,000	—	1,395,000	35,630,000	1,440,000
Add bond premium	361,546	—	41,124	320,422	41,124
OPEB obligation	76,509	26,000	—	102,509	—
Compensated absences	372,535	446,258	436,991	381,802	286,351
Total	\$ 37,835,590	472,258	1,873,115	36,434,733	1,767,475

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

Details of long-term bonded indebtedness:

\$14,650,000 Revenue Bonds, Series 2003 issued April, 2003, maturing in various annual installments through 2018 with interest payable semiannually at 3.25%	\$ 8,970,000
\$27,120,000 Revenue Bonds, Series 2008 issued August, 2008, maturing in various annual installments through 2040 with interest payable semiannually at 3.50%	26,660,000
Add premium	320,422
Total	<u>\$ 35,950,422</u>

Future maturities of the County's various debt obligations together with scheduled interest payments are as follows:

	Governmental activities				Business-type activity	
	General obligation bonds		Lease revenue bonds		revenue bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
Fiscal year ending						
June 30:						
2011	\$ 7,706,524	4,172,512	6,220,000	5,305,826	1,440,000	1,590,562
2012	7,499,906	3,864,075	6,255,000	5,024,421	1,490,000	1,537,750
2013	7,488,385	3,537,572	6,300,000	4,735,509	1,545,000	1,483,100
2014	7,656,300	3,184,250	6,350,000	4,442,715	1,605,000	1,423,850
2015	7,962,400	2,822,617	6,395,000	4,145,234	1,680,000	1,350,125
2016-2020	26,879,400	9,599,731	32,955,000	16,008,120	6,795,000	5,586,450
2021-2025	14,720,000	5,079,475	34,930,000	7,714,497	3,690,000	4,536,144
2026-2030	13,110,000	1,487,656	10,870,000	1,005,500	3,565,000	3,669,444
2031-2035	—	—	—	—	3,110,000	2,843,088
2036-2040	—	—	—	—	10,710,000	2,128,800
	<u>\$ 93,022,915</u>	<u>33,747,888</u>	<u>110,275,000</u>	<u>48,381,822</u>	<u>35,630,000</u>	<u>26,149,313</u>

Future maturities of compensated absences and landfill postclosure care costs are not determinable (see note 11).

**(c) Component Unit – Public Schools**

	Amounts payable at July 1, 2009	Additions	Retirements and reductions	Amounts payable at June 30, 2010	Amounts due within one year
OPEB obligation	\$ 1,239,300	998,000	265,000	1,972,300	—
Compensated absences	819,102	848,855	792,539	875,418	393,938
Component Unit – Public Schools long-term liabilities	<u>\$ 2,058,402</u>	<u>1,846,855</u>	<u>1,057,539</u>	<u>2,847,718</u>	<u>393,938</u>

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

**(d) Component Unit – Economic Development Authority**

In August 1999, the Development Authority exercised an option to purchase 217 acres of real property known as the Mainland Farm. The acquisition was partially funded by incurring a \$1,200,000 promissory note pursuant to the option contract from an unrelated third party. Principal and interest are payable annually, and interest accrues at 5.89%. This note was paid in full in August 2009.

The following is a summary of the note payable activity for the year ended June 30, 2010.

<b>Amount payable at July 1, 2009</b>	<b>Additions</b>	<b>Reductions</b>	<b>Amount payable at June 30, 2010</b>	<b>Amounts due within one year</b>
\$ 660,000	—	660,000	—	—

**(11) Landfill Closure and Postclosure Care Cost**

The County closed its landfill during fiscal year 1994 and contracted with a third party to provide solid waste disposal services to its residents. This third party operates the site, collects fees based upon the source of the waste, and pays the associated expenditures. The County was responsible for construction of the transfer station and all major maintenance and repairs to it.

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for 10 to 30 years after closure. The \$2,326,036 reported as landfill postclosure liability at June 30, 2010, represents the liability estimated to monitor the landfill for an average monitoring period of 24 years plus the cost of a corrective action plan. This amount is based on what it would cost to perform all closure and postclosure care in 2010. Actual costs may be higher due to inflation, technology changes, or regulation changes. The County intends to fund these costs from the net revenues collected from the above contract and from any funds accumulated for this purpose in the County General Fund.

**(12) Pension Plan**

**(a) Plan Description**

The County, the Authority and the Public Schools contribute to the Virginia Retirement System (VRS or the System), an agent multiple-employer, defined benefit pension plan administered by the VRS. All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service (age 60 for participating law enforcement officers and firefighters) and at age 50 with at least 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7% of their average final compensation (AFC) for each year of credited service. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. The VRS also provides death and disability benefits. Participating law

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System at P.O. Box 2500, Richmond, Virginia 23218-2500.

**(b) Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed by the employers. In addition, the County, the Authority and the Public Schools are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the statute and approved by the VRS board of trustees. The employer contribution rates for the fiscal year ended June 30, 2010 were 12.76%, 9.09% and 6.61% of annual covered payroll for the County, the Authority and the Public Schools, respectively.

**(c) Annual Pension Cost**

For the fiscal year ended June 30, 2010, the annual pension cost of \$4,555,954, \$350,878, \$568,724 and \$7,270,320 for the County, Authority, Public Schools (non-professional) and Public Schools required contribution to the teacher cost sharing pool, respectively, was equal to the annual required and actual contributions. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry-age-normal-actuarial-cost method amortizing the unfunded actuarial accrued liability over 20 years using the level percent, open method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases between 3.75% and 5.60%, and (c) 2.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the respective entities' assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a 5 year period. The Schools' unfunded actuarial accrued liabilities have been amortized as a level percentage of payroll on an open basis within a period of four years or less.

The trend information for each entity's employees is as follows:

**Governmental activities:**

Three-year trend information			
Fiscal year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
June 30, 2010	\$ 4,555,954	100%	None
June 30, 2009	4,621,707	100	None
June 30, 2008	4,276,382	100	None

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2010

***Business-type activity:***

<b>Three-year trend information</b>			
<b>Fiscal year ending</b>	<b>Annual pension cost (APC)</b>	<b>Percentage of APC contributed</b>	<b>Net pension obligation</b>
June 30, 2010	\$ 350,878	100%	None
June 30, 2009	362,769	100	None
June 30, 2008	397,774	100	None

***Component Unit – Public Schools (non-professional):***

<b>Three-year trend information</b>			
<b>Fiscal year ending</b>	<b>Annual pension cost (APC)</b>	<b>Percentage of APC contributed</b>	<b>Net pension obligation</b>
June 30, 2010	\$ 568,724	100%	None
June 30, 2009	556,172	100	None
June 30, 2008	580,324	100	None

***Public Schools Required Contribution to the Teacher Cost Sharing Pool:***

<b>Three-year trend information</b>			
<b>Fiscal year ending</b>	<b>Annual pension cost (APC)</b>	<b>Percentage of APC contributed</b>	<b>Net pension obligation</b>
June 30, 2010	\$ 7,270,320	100%	None
June 30, 2009	8,975,082	100	None
June 30, 2008	9,441,954	100	None

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

**(d) Funded Status and Funding Progress**

The most recent actuarial valuation as of June 30, 2009 indicated the following with respect to the plan's funded status and funding progress:

***Governmental activities:***

Actuarial value of assets	\$	98,175,234
Actuarial accrued liability (AAL)		112,735,283
Unfunded actuarial accrued liability (UAAL)		14,560,049
Funded ratio		87.08%
Covered payroll	\$	36,393,488
UAAL as a percentage of covered payroll		40.01%

***Business-type activity:***

Actuarial value of assets	\$	9,259,271
Actuarial accrued liability (AAL)		9,773,570
Unfunded actuarial accrued liability (UAAL)		514,299
Funded ratio		94.74%
Covered payroll	\$	3,995,122
UAAL as a percentage of covered payroll		12.87%

***Component Unit – Public Schools (non-professional):***

Actuarial value of assets	\$	11,767,848
Actuarial accrued liability (AAL)		12,381,835
Unfunded actuarial accrued liability (UAAL)		613,987
Funded ratio		95.04%
Covered payroll	\$	4,819,099
UAAL as a percentage of covered payroll		12.74%

Immediately following the notes to basic financial statements in the Required Supplementary Information is a schedule of funding progress for the County, Authority and its Component Unit- Public Schools' defined benefit pension plan, which presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

#### **(13) Postretirement Benefits Other Than Pensions**

The County, Authority and Public Schools adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for reporting the liability for the County's nonpension postemployment benefit, the health care plan for retirees.

A valuation report was prepared for the County by Bolton Partners, Inc. The report may be obtained from the James City County Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

##### **(a) Plan Provisions**

In addition to providing the pension benefits described in footnote 12, the County, Authority and Public Schools provide postemployment health care (OPEB) for qualifying retired employees who are not yet eligible for Medicare through single-employer defined benefit plans. The benefits, benefit levels, employee contributions and employer contributions are governed by the County and Public Schools and can be amended through their personnel manuals.

##### **(b) Funding Policy**

The County, Authority and Public Schools do not intend to establish a trust to prefund this liability. The anticipated growth in the net OPEB obligation is based on contributions to the benefit plan on a pay-as-you-go cost basis. The data has been projected into the future based on the assumption the current active population remains constant. Also, the estimated contributions are based on the implicit rate subsidy payments made during the year by the retirees.

##### **(c) Plan Description**

Currently, covered full-time active employees who retire directly from the County or Authority and are at least 50 years of age with 15 years of service are eligible to receive postretirement health care benefits. Each year, retirees participating in the County or Authority's sponsored plans will be given the opportunity to change plans or drop coverage during an open enrollment period. The pre-Medicare retirees have a choice of three plans: Optima, Healthkeepers and KeyCare. The majority of the participants are in Healthkeepers. Dental plans are available at the retiree's cost, and therefore, have no GASB 45 liability. There is no coverage for post-Medicare retirees. There were 327 County and 74 Authority participants at the time of the actuarial study. Since the retirees contribute towards their health insurance premiums based on a blended rate, the County and Authority has an implicit liability.

The Public Schools provides a single-employer defined benefit medical plan and a retiree health insurance premium contribution plan that covers retirees until they reach 65 years of age. There is no coverage for retirees or their spouses once they reach the age of 65 and are eligible for Medicare. Both plans were established under the authority of the Williamsburg-James City County School Board and any amendments to the plans must be approved by the School Board. The Schools' retiree health insurance premium contribution plan allows eligible retirees to receive a \$75 contribution monthly toward their health insurance premium. The retiring employee must have a minimum of twelve continuous years of service with Williamsburg-James City County Public Schools. The Public Schools' current membership is 45.

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2010

**(d) Annual OPEB Costs and Net OPEB Obligation**

The net OPEB obligation as of June 30, 2010 was calculated as follows:

***Governmental activities:***

Annual required contribution	\$ 231,000
Interest on net OPEB obligation	—
Actuarial adjustments	—
Annual OPEB cost	<u>231,000</u>
Contributions made	—
Increase in net OPEB obligation	<u>231,000</u>
Net OPEB obligation, beginning of year	<u>477,962</u>
Net OPEB obligation, end of year	<u><u>\$ 708,962</u></u>

***Business-type activity:***

Annual required contribution	\$ 26,000
Interest on net OPEB obligation	—
Actuarial adjustments	—
Annual OPEB cost	<u>26,000</u>
Contributions made	—
Increase in net OPEB obligation	<u>26,000</u>
Net OPEB obligation, beginning of year	<u>76,509</u>
Net OPEB obligation, end of year	<u><u>\$ 102,509</u></u>

***Component Unit – Public Schools:***

Annual required contribution	\$ 992,000
Interest on net OPEB obligation	50,000
Actuarial adjustments	<u>(44,000)</u>
Annual OPEB cost	998,000
Contributions made	<u>(265,000)</u>
Increase in net OPEB obligation	<u>733,000</u>
Net OPEB obligation, beginning of year	<u>1,239,300</u>
Net OPEB obligation, end of year	<u><u>\$ 1,972,300</u></u>

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

### (e) *Actuarial Methods and Assumptions*

#### **Valuation Methods**

The projected unit credit actuarial cost method was used to calculate all of the expense amounts and the funded status of the plan. The calculations were performed in accordance with the methodologies set forth in GASB Statement No. 45. Under the methods, benefits provided by the substantive plans (the plans as understood by the employers and the members of the plans) at the time of the actuarial study are projected and their present value is determined. The present value is divided into equal parts which are earned over the period from date of hire to the full eligibility date.

#### **Employees Included in the Calculations**

All active employees who are expected to meet the plan's eligibility requirements on or before the ultimate assumed retirement age are included in the calculations. Retirees, spouses and spouse survivors who are entitled to a benefit under the provisions of the plan are also included.

#### **Actuarial Assumptions**

In the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included calculations based on a discount rate of 4% for the unfunded liability and amortization of the initial unfunded actuarial liability over a closed 29 year period based on a level percent of payroll method. The actuarial accrued liability was \$2,009,000, \$225,000 and \$7,231,000 for the County, Authority and Public Schools, respectively. Future increases for the cost of medical benefits were assumed to range from 5% to 9% with the larger increases in the early years and gradually decreasing to 5% thereafter. It should be noted actuarial calculations reflect a long-term perspective and, therefore, actuarially determined amounts are subject to revision as results are compared to past expectations and new estimates are made about the future.

### (f) *Schedule of Funding Progress*

#### **Governmental activities:**

Actuarial valuation date July 1,	Actuarial value of assets	Actuarial accrued liability (AAL) project unit credit	Unfunded actuarial accrued liability (UAAL)	Funding ratio	Covered payroll	UAAL as a percentage of covered payroll
2007	\$ —	5,468,818	5,468,818	—	\$ 34,244,502	16.0%
2009	—	2,009,000	2,009,000	—	—	—

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

### *Business-type activity:*

Actuarial valuation date July 1,	Actuarial value of assets	Actuarial accrued liability (AAL) project unit credit	Unfunded actuarial accrued liability (UAAL)	Funding ratio	Covered payroll	UAAL as a percentage of covered payroll
2007	\$ —	628,267	628,267	—	\$ 1,043,947	60.2%
2009	—	225,000	225,000	—	—	—

### *Component Unit – Public Schools:*

Actuarial valuation date July 1,	Actuarial value of assets	Actuarial accrued liability (AAL) project unit credit	Unfunded actuarial accrued liability (UAAL)	Funding ratio	Covered payroll	UAAL as a percentage of covered payroll
2007	\$ —	14,841,033	14,841,033	—	\$ 71,828,743	20.7%
2009	—	7,231,000	7,231,000	—	72,061,802	10.0

### (g) *Schedule of Funding Progress*

#### *Governmental activities:*

Year ended June 30,	Employer contributions	Annual required contribution (ARC)	Funding ratio
2009	\$ 117,987	595,949	19.8%
2010	—	231,000	—

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

### *Business-type activity:*

<b>Year ended June 30,</b>	<b>Employer contributions</b>	<b>Annual required contribution (ARC)</b>	<b>Funding ratio</b>
2009	\$ 4,374	80,883	5.4%
2010	—	26,000	—

### *Component Unit – Public Schools:*

<b>Year ended June 30,</b>	<b>Employer contributions</b>	<b>Annual required contribution (ARC)</b>	<b>Funding ratio</b>
2009	\$ 490,000	1,729,300	28.3%
2010	265,000	992,000	26.7%

### **(14) Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to permanent part-time and full-time County and Authority employees, permits them to defer 25% of their gross income up to the maximum allowable by the IRC (\$16,500 in 2010). The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the participants. The County acts as trustee for the plan with the choice of investment options being made by the participants. The activity of the plan is accounted for in the Deferred Compensation Plan trust fund in the accompanying basic financial statements in accordance with the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

### **(15) Related-Party Transactions**

Certain financial management, accounting, legal and other services are provided to the Authority by the County. The charge for these services amounted to \$741,214 for the year ended June 30, 2010. In addition, the County rents space in the Authority administration building under a lease agreement. This is a 25-year noncancelable operating lease agreement, which expires in 2014. The yearly rate was \$85,537 for 2010, and continues through 2014. The rental charge includes the following: utilities, insurance, maintenance, housekeeping supplies and custodian services.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

In September 2009, the County entered into an agreement with the Schools for maintenance and custodial services. The agreement is in place for one year, which may be renewed or amended by November 1 each year. The County paid the Schools \$71,999 for the year ended June 30, 2010 for these services.

#### (16) Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. Property, liability and worker's compensation coverage are provided through the Virginia Association of Counties Group Self Insurance Risk Pool. The County reports all of its risk management expenditures in the General Fund.

The County maintains surety coverage for principal officials through the Virginia Association of Counties Self Insurance Risk Pool. Surety coverage is provided under the general liability coverage with a limit of \$9,000,000. All elected officials, appointed officials, members of all appointed governing bodies, employees and volunteers are covered while acting within the scope of their duties with the County.

#### (17) Commitments and Contingencies

##### *Primary Government*

##### *Construction in Progress – Governmental Activities*

At June 30, 2010, the County had several major projects under construction which are presented in the accompanying financial statements as construction in progress. Presented below is a list of major projects, by budget, expenditures to date, balance of contract and budget balance.

<b>Project</b>	<b>Budget</b>	<b>Expenditures to date</b>	<b>Balance of contract</b>	<b>Budget balance</b>
Public safety	\$ 15,686,188	2,466,174	10,422,946	2,797,068
General governmental	14,532,611	108,112	36,119	14,388,380
Education	115,965,592	52,204,264	63,761,328	—
Community development	3,666,557	824,515	531,601	2,310,441
Parks and recreation	13,431,624	1,360,951	320,035	11,750,638
Community services	225	—	—	225
	<u>\$ 163,282,797</u>	<u>56,964,016</u>	<u>75,072,029</u>	<u>31,246,752</u>

# COUNTY OF JAMES CITY, VIRGINIA

## Notes to Basic Financial Statements

June 30, 2010

### *Construction in Progress – Business-Type Activity*

At June 30, 2010, the Authority had several major projects under construction which are presented in the accompanying financial statements as construction in progress. Presented below is a list of major projects, by budget, expenditures to date, balance of contract and budget balance.

<b>Project</b>	<b>Budget</b>	<b>Expenditures to date</b>	<b>Balance of contract</b>	<b>Budget balance</b>
Sewer improvements	\$ 4,968,044	1,568,714	248,143	3,151,187
Water supply	9,032,100	1,495,738	649,898	6,886,464
Water distribution	62,935	37,056	4,344	21,535
Water transmission	1,322,656	364,794	544,414	413,448
Water system acquisition	730,030	14,380	—	715,650
Other	2,754,334	804,219	1,921,225	28,890
	<u>\$ 18,870,099</u>	<u>4,284,901</u>	<u>3,368,024</u>	<u>11,217,174</u>

### *Advances for Construction*

The Authority records advances for construction representing two separate agreement types. The first one represents funds advanced by developers for the construction of specific facilities. These agreements call for rebates, up to the amount advanced, and have no expiration date. Secondly, developers can also construct a facility, dedicate it to the Authority and receive rebates, up to the cost of the facility, for up to 10 years. The Authority no longer enters into these types of agreements. At June 30, 2010, the Authority had \$135,302 outstanding in advances for construction.

### *Component Unit – Public Schools*

The Public Schools had commitments under operating leases with initial terms in excess of one year as follows:

	<b>Lease payments due</b>
Year ending June 30:	
2011	\$ 294,545
2012	172,238
2013	61,347
	<u>\$ 528,130</u>

### *Other*

The County and the Public Schools participate in a number of federal awards. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2010

the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County, the Public Schools and the Development Authority are currently not involved in any litigation which management feels could have a significant impact on the County's, the Public Schools', or the Development Authority's financial condition.

It is possible the County will have an arbitrage liability with the Internal Revenue Service (IRS) on the \$95,775,000 lease revenue bonds issued on December 28, 2006. Any such liability would be payable to the IRS by December 2011. There is a potential liability because of the delay in beginning construction on the new elementary and middle schools (two of the four bond projects) to be funded with the proceeds from these bonds. In the interim, the proceeds have been invested in interest bearing accounts. Construction began in December 2008, and the schools opened in August 2010. At June 30, 2010, the amount of such liability is unknown, but management does not believe it will be material.

#### (18) Restated Beginning Net Assets

It is necessary to restate beginning net assets to properly reflect the following activity:

		<b>Primary government - governmental activities</b>
Net assets at June 30, 2009, as previously reported	\$	214,571,718
Reduction for elimination of Williamsburg Area Transit Authority		(377,332)
Reduction to reflect proper landfill liability		(1,833,218)
Net assets at June 30, 2009, as restated	\$	<u>212,361,168</u>

#### (19) Subsequent Events

On August 25, 2010, the County issued a certificate of deposit with SunTrust Bank in the amount of \$500,000 to act as collateral for Williamsburg Area Transit Authority to establish credit history and open a line of credit to support its operations. The County is the fiscal agent for the Williamsburg Area Transit Authority. The certificate of deposit is a one year certificate at an interest rate of 0.440%.

On October 20, 2010, the County issued refunding bonds in the amount of \$4,820,000 with a true interest cost of 1.294%. This resulted in a net present value savings of \$357,773.

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER THAN MD&A**

## **COUNTY OF JAMES CITY, VIRGINIA**

### **General Fund**

The General Fund is the general operating fund of the County, which is used to account for all of the financial resources, except those required to be accounted for in another fund. Revenues are derived primarily from general property taxes, other local taxes, licenses, permits and fees and intergovernmental revenues. Primary expenditures are for public safety, public works, health and welfare, parks, recreation and culture, education and the general administration of the County.

## COUNTY OF JAMES CITY, VIRGINIA

## Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)

## General Fund

Year ended June 30, 2010

<b>Fund, major and minor revenue source</b>	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance positive (negative)</b>
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 84,968,503	84,968,503	85,433,230	464,727
Real and personal public service corporation property taxes	1,490,000	1,490,000	1,515,199	25,199
Personal property taxes	14,698,074	14,698,074	14,581,909	(116,165)
Machinery and tools taxes	5,000,000	5,000,000	5,509,137	509,137
Penalties	475,000	475,000	494,640	19,640
Interest	150,000	150,000	161,698	11,698
Total general property taxes	106,781,577	106,781,577	107,695,813	914,236
Other local taxes:				
Local sales and use taxes	8,550,000	8,550,000	8,421,956	(128,044)
Franchise license taxes	325,000	325,000	444,015	119,015
Taxes on recordation and wills	1,000,000	1,000,000	1,100,442	100,442
Hotel and motel room taxes	2,800,000	2,800,000	2,553,820	(246,180)
Restaurant food taxes	5,530,000	5,530,000	5,535,946	5,946
Deeds of conveyance	275,000	275,000	281,771	6,771
Penalties	—	—	12,096	12,096
Interest	—	—	5,021	5,021
Total other local taxes	18,480,000	18,480,000	18,355,067	(124,933)
Permits, privilege fees and regulatory licenses:				
Animal licenses	38,000	38,000	43,827	5,827
Business licenses	5,860,000	5,860,000	5,277,760	(582,240)
Motor vehicle licenses	125,000	125,000	132,720	7,720
Building permits	705,500	705,500	681,675	(23,825)
Permits and other licenses	637,250	637,250	536,154	(101,096)
Total permits, privilege fees and regulatory licenses	7,365,750	7,365,750	6,672,136	(693,614)
Fines and forfeitures	350,000	350,000	296,866	(53,134)
Revenue from use of money and property:				
Revenue from use of money	500,000	500,000	203,515	(296,485)
Revenue from use of property	280,000	280,000	275,946	(4,054)
Total revenue from use of money and property	780,000	780,000	479,461	(300,539)
Charges for services:				
Excess fees of the clerk	187,500	187,500	173,866	(13,634)
Charges for Commonwealth's attorney	2,000	2,000	2,494	494
Charges for law enforcement and traffic control	185,000	185,000	160,653	(24,347)
Charges for emergency medical services	1,605,000	1,605,000	1,685,895	80,895
Charges for parks and recreation	2,649,675	2,649,675	2,547,762	(101,913)
Landfill user fees	293,000	293,000	213,976	(79,024)
Other fees	104,000	104,000	73,190	(30,810)
Total charges for services	5,026,175	5,026,175	4,857,836	(168,339)
Miscellaneous revenue:				
Sale of property	25,000	25,000	63,664	38,664
Miscellaneous	175,472	258,199	187,011	(71,188)
Total miscellaneous revenue	200,472	283,199	250,675	(32,524)
Total revenue from local sources	138,983,974	139,066,701	138,607,854	(458,847)

## COUNTY OF JAMES CITY, VIRGINIA

## Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)

## General Fund

Year ended June 30, 2010

<b>Fund, major and minor revenue source</b>	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance positive (negative)</b>
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 40,000	40,000	41,161	1,161
Tax on deeds	439,052	439,052	489,332	50,280
Railroad rolling stock taxes	53,698	53,698	50,514	(3,184)
Personal property tax relief	9,770,137	9,770,137	9,770,137	—
Car rental tax	70,000	70,000	71,222	1,222
Total noncategorical aid	10,372,887	10,372,887	10,422,366	49,479
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	555,193	518,734	502,559	(16,175)
Sheriff	736,939	712,538	653,868	(58,670)
Commissioner of the revenue	198,141	184,213	175,054	(9,159)
Treasurer	206,678	193,327	182,457	(10,870)
Medical examiner	300	300	—	(300)
Registrar/electoral board	60,268	57,255	53,142	(4,113)
Clerk of the circuit court	473,137	438,415	420,788	(17,627)
Total shared expenses	2,230,656	2,104,782	1,987,868	(116,914)
Other categorical aid:				
Wireless Board	140,135	140,135	180,702	40,567
Commission of the arts	5,000	5,000	5,000	—
HB 599 payments	1,510,948	1,406,239	1,389,263	(16,976)
Share of state sales tax	9,146,161	8,479,161	8,728,300	249,139
Communications sales and use tax	2,000,000	2,000,000	1,784,775	(215,225)
Victim's assistance	18,582	25,244	25,244	—
Other	48,000	128,000	46,242	(81,758)
Total other categorical aid	12,868,826	12,183,779	12,159,526	(24,253)
Total categorical aid	15,099,482	14,288,561	14,147,394	(141,167)
Total revenue from the Commonwealth	25,472,369	24,661,448	24,569,760	(91,688)
Revenue from the federal government:				
Victim's assistance	97,484	124,466	100,099	(24,367)
Shared expenses - sheriff	—	—	35,258	35,258
Payments in lieu of taxes	5,868	5,868	6,979	1,111
Total revenue from the federal government	103,352	130,334	142,336	12,002
Total revenues	164,559,695	163,858,483	163,319,950	(538,533)

**COUNTY OF JAMES CITY, VIRGINIA**

**Exhibit 10**

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)

General Fund

Year ended June 30, 2010

<b>Fund, major and minor expenditure source</b>	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance positive (negative)</b>
General government administration:				
Legislative:				
Board of supervisors	\$ 201,909	230,591	210,845	19,746
General and financial administration:				
County administrator	387,171	387,200	356,272	30,928
County attorney	434,527	434,642	400,229	34,413
Human resources	482,856	505,175	404,209	100,966
TQP	267,030	270,064	251,061	19,003
Legal services	8,975	8,975	2,928	6,047
Commissioner of the revenue	709,826	699,987	698,774	1,213
Real estate assessments	797,784	797,792	753,373	44,419
Treasurer	1,095,465	1,082,135	1,051,985	30,150
Financial management	893,084	893,378	818,511	74,867
Accounting	169,942	172,111	76,239	95,872
Publications management	190,014	190,090	179,318	10,772
Purchasing	261,037	261,026	255,989	5,037
Records management	264,550	280,336	243,501	36,835
Telecommunications	199,742	212,791	192,988	19,803
Information technology	1,372,189	1,440,305	1,397,911	42,394
Fleet maintenance	714,534	770,154	743,504	26,650
Total general and financial administration	8,248,726	8,406,161	7,826,792	579,369
Board of elections:				
Electoral board and officials	114,601	114,601	90,774	23,827
Registrar	180,545	178,029	172,482	5,547
Total board of elections	295,146	292,630	263,256	29,374
Total general government administration	8,745,781	8,929,382	8,300,893	628,489
Judicial administration:				
Courts:				
Circuit court and judicial services	457,691	458,142	452,677	5,465
General district court	45,676	47,261	43,599	3,662
Juvenile and domestic relations district court	24,739	24,739	15,547	9,192
Clerk of the circuit court	727,247	693,550	691,279	2,271
Sheriff	1,258,577	1,234,956	1,164,501	70,455
9th judicial district	8,774	8,774	6,813	1,961
Court services and juvenile detention	405,550	405,550	386,588	18,962
Courthouse	419,565	450,390	385,696	64,694
Victim and witness assistance	156,038	222,846	150,087	72,759
Total courts	3,503,857	3,546,208	3,296,787	249,421
Commonwealth's attorney	789,932	782,781	777,512	5,269
Total judicial administration	4,293,789	4,328,989	4,074,299	254,690
Public safety:				
Law enforcement and traffic control:				
Police department	8,005,670	8,067,011	7,628,733	438,278
Emergency communications	2,526,436	2,526,436	2,309,688	216,748
Total law enforcement and traffic control	10,532,106	10,593,447	9,938,421	655,026
Fire and rescue services:				
Fire department	6,970,845	7,107,167	7,029,545	77,622
Emergency medical services	2,207,518	2,076,293	1,975,893	100,400
Total fire and rescue services	9,178,363	9,183,460	9,005,438	178,022

**COUNTY OF JAMES CITY, VIRGINIA**

**Exhibit 10**

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)

General Fund

Year ended June 30, 2010

<b>Fund, major and minor expenditure source</b>	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance positive (negative)</b>
Correction and detention:				
Regional jail	\$ 1,986,352	1,986,352	1,969,511	16,841
Inspections:				
Code compliance	1,041,957	1,042,067	933,418	108,649
Other protection:				
Animal control	182,176	182,176	163,438	18,738
Emergency management	255,223	259,155	206,281	52,874
Total other protection	437,399	441,331	369,719	71,612
Total public safety	23,176,177	23,246,657	22,216,507	1,030,150
Public works:				
Sanitation and waste removal:				
Grounds maintenance	1,115,433	1,114,613	1,007,413	107,200
Refuse disposal	1,655,469	1,708,537	1,604,874	103,663
Total sanitation and waste removal	2,770,902	2,823,150	2,612,287	210,863
Maintenance of general buildings and grounds:				
Facilities management	3,215,469	3,232,174	3,026,636	205,538
Total public works	5,986,371	6,055,324	5,638,923	416,401
Health and welfare:				
Local health department	697,323	697,323	696,453	870
Mental health and mental retardation	854,795	854,795	854,795	—
Total health and welfare	1,552,118	1,552,118	1,551,248	870
Education:				
School board administration	74,425,526	73,758,526	73,757,904	622
Parks, recreation and cultural:				
Parks and recreation:				
Administration	788,755	789,954	663,579	126,375
Community centers	1,424,165	1,453,283	1,348,016	105,267
Park operations	1,128,774	1,083,190	1,036,422	46,768
Recreation services	2,370,308	2,402,953	2,071,795	331,158
Total parks and recreation	5,712,002	5,729,380	5,119,812	609,568
Library:				
Regional library	4,492,457	4,267,834	4,267,834	—
Total parks, recreation and cultural	10,204,459	9,997,214	9,387,646	609,568
Community development:				
Planning and community development:				
Planning	1,375,114	1,377,650	1,230,758	146,892
Development management	237,884	246,389	212,570	33,819
Communications	451,677	457,427	439,727	17,700
Neighborhood connections	205,403	206,433	180,938	25,495
Community services office	332,985	333,053	220,306	112,747
Economic development	382,346	391,863	350,971	40,892
Satellite office	192,234	192,234	188,734	3,500
Contributions – other	2,933,282	2,933,282	2,929,322	3,960
Regional transportation	481,158	481,158	481,158	—
Total planning and community development	6,592,083	6,619,489	6,234,484	385,005

## COUNTY OF JAMES CITY, VIRGINIA

## Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)

## General Fund

Year ended June 30, 2010

<b>Fund, major and minor expenditure source</b>	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance positive (negative)</b>
Environmental management:				
Environmental services	\$ 1,052,353	1,052,393	983,282	69,111
Stormwater management	748,668	800,659	595,648	205,011
Total environmental management	1,801,021	1,853,052	1,578,930	274,122
Cooperative extension program:				
Community development	61,687	61,687	53,360	8,327
Total community development	8,454,791	8,534,228	7,866,774	667,454
Nondepartmental:				
Miscellaneous	481,674	914,805	556,381	358,424
Total expenditures	137,320,686	137,317,243	133,350,575	3,966,668
Excess of revenues over expenditures	27,239,009	26,541,240	29,969,375	3,428,135
Other financing uses:				
Operating transfers out	(27,239,009)	(27,286,309)	(27,668,378)	(382,069)
Excess (deficiency) of revenues over expenditures and other uses	—	(745,069)	2,300,997	3,046,066
Fund balance at beginning of year	—	745,069	33,132,714	32,146,514
Fund balance at end of year	\$ —	—	35,433,711	35,192,580

Unaudited - see accompanying independent auditors' report.

See accompanying note to required supplementary information.

**COUNTY OF JAMES CITY, VIRGINIA**  
Schedules of Funding Progress - VRS  
Required Supplementary Information (Unaudited)  
June 30, 2010

Exhibit 11

**County employees:**

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded actuarial accrued liability (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
June 30, 2005	\$ 64,064,815	75,431,060	11,366,245	84.93%	\$ 28,121,125	40.42%
June 30, 2006	70,571,572	82,689,433	12,117,861	85.35	30,932,350	39.18
June 30, 2007	82,716,140	92,545,110	9,828,970	89.38	33,380,299	29.45
June 30, 2008	93,426,419	103,829,642	10,403,223	89.98	35,800,046	29.06
June 30, 2009	98,175,234	112,735,283	14,560,049	87.08	36,393,488	40.01

**James City Service Authority employees:**

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded actuarial accrued liability / (funding excess) (UAAL)	Funded ratio	Covered payroll	UAAL / excess funding as a percentage of covered payroll
June 30, 2005	\$ 5,799,844	6,394,435	594,591	90.70%	\$ 3,005,418	19.78%
June 30, 2006	6,349,198	6,466,131	116,933	98.19	3,405,987	3.43
June 30, 2007	7,577,511	7,464,623	(112,888)	101.51	3,633,388	(3.11)
June 30, 2008	8,716,528	8,860,331	143,803	98.38	3,762,899	3.82
June 30, 2009	9,259,271	9,773,570	514,299	94.74	3,995,122	12.87

**Public Schools' – non-professional:**

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded actuarial accrued liability / (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
June 30, 2005	\$ 8,010,605	9,429,289	1,418,684	84.95%	\$ 3,427,652	41.39%
June 30, 2006	8,591,996	9,646,268	1,054,272	89.07	3,712,031	28.40
June 30, 2007	9,953,121	10,491,400	538,279	94.87	3,911,323	13.76
June 30, 2008	11,280,529	11,431,652	151,123	98.70	4,500,204	3.40
June 30, 2009	11,767,848	12,381,835	613,987	95.04	4,819,099	12.74

Unaudited - see accompanying independent auditors' report.

## COUNTY OF JAMES CITY, VIRGINIA

### Note to Required Supplementary Information (Unaudited)

June 30, 2010

#### (1) **Budgeting and Budgetary Accounting**

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

Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget and capital budget include proposed expenditures and the means of financing them. Public hearings are then conducted to obtain citizen comments.

Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund and function level. The appropriation for each fund and function can be revised only by the Board of Supervisors; however, the County Administrator may amend the budget within functions. Supplemental appropriations in addition to the appropriated budget were necessary during the year.

Formal budgetary integration is employed as a management control device during the year for those funds with legally adopted annual budgets which are the General Fund, Special Revenue Fund – Virginia Public Assistance, and Debt Service Fund, and these funds are integrated only at the level of legal adoption. Program and project budgets are utilized in the Capital Projects; Colonial Community Corrections; Community Development; Route 5, Phase II; Transportation District and Revolving Loan Funds where appropriations remain open and carry over to the succeeding year.

All budgets are adopted on a basis consistent with GAAP. The budget was reduced by \$768,020 in supplemental appropriations during the fiscal year ended June 30, 2010. This net reduction was a result of reductions in state funding for sales tax for education, HB 599 payments and constitutional offices. All appropriations lapse on June 30 for all County funds, except the funds referenced above. All budget data presented in the accompanying basic financial statements represents the appropriated budget as of June 30, 2010, as adopted and amended by supplemental appropriations.

Unaudited – see accompanying independent auditors' report.

## **OTHER SUPPLEMENTARY INFORMATION**

## **COUNTY OF JAMES CITY, VIRGINIA**

### **Debt Service Fund**

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

## COUNTY OF JAMES CITY, VIRGINIA

## Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

## Debt Service Fund

Year ended June 30, 2010

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance positive (negative)</b>
Revenues:				
Revenue from use of money and property	\$ 150,000	150,000	173,586	23,586
Miscellaneous	201,000	201,000	389,700	188,700
Total revenues	351,000	351,000	563,286	212,286
Expenditures:				
Community development	698,874	698,874	698,874	—
Principal retirement	15,162,900	15,247,900	15,077,900	170,000
Interest, other fiscal charges and early retirement	10,967,160	10,780,492	10,365,470	415,022
Total expenditures	26,828,934	26,727,266	26,142,244	585,022
Deficiency of revenues under expenditures	(26,477,934)	(26,376,266)	(25,578,958)	797,308
Other financing sources (uses):				
Operating transfers in	26,667,170	26,667,170	25,680,625	(986,545)
Underwriter's discount	—	(101,668)	(101,667)	1
Total other financing sources	26,667,170	26,565,502	25,578,958	(986,544)
Excess (deficiency) of revenues and other sources over (under) expenditures	189,236	189,236	—	(189,236)
Fund balance at beginning of year	(189,236)	(189,236)	—	189,236
Fund balance at end of year	\$ —	—	—	—

See accompanying independent auditors' report.

## COUNTY OF JAMES CITY, VIRGINIA

### Nonmajor Governmental Funds

The County reports the following nonmajor governmental funds:

*Virginia Public Assistance Fund* – accounts for funds received from the federal and state governments and transfers from the General Fund that are utilized for Social Service programs.

*Colonial Community Corrections Fund* – accounts for the revenues and expenditures, under the Virginia Community Corrections Act, for providing the judicial system with sentencing alternatives for certain nonviolent offenders requiring less than institutional custody, but more than probation supervision.

*Community Development Fund* – accounts for the revenues that are utilized to improve targeted areas within the County.

*Revolving Loan Fund* – accounts for revenues and expenditures that provide housing rehabilitation to qualified recipients.

*Trust Fund* – accounts for monies and donations held to celebrate historical events and various special purposes.

*Grants and Special Projects Fund* – accounts for monies held for use for grants and special projects.

## COUNTY OF JAMES CITY, VIRGINIA

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2010

Assets	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Community Development Fund	Revolving Loan Fund	Trust Fund	Grants and Special Projects Fund	Total
Cash and cash equivalents	\$ 795,341	132,541	1,049,500	379,249	916,863	—	3,273,494
Investments	—	—	—	—	—	—	—
Cash and cash equivalents, restricted	—	—	658,229	—	—	1,229,949	1,888,178
Accounts receivable	—	14,679	—	—	—	104,164	118,843
Interest receivable	—	—	162	69	179	—	410
Loans receivable	—	—	137,301	—	—	—	137,301
Due from other funds	6,062	—	15	—	4,106	2,913	13,096
Due from other governments	345,740	—	2,500	—	—	283,689	631,929
Total assets	\$ 1,147,143	147,220	1,847,707	379,318	921,148	1,620,715	6,063,251
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 87,312	29,166	6,714	—	14,293	31,395	168,880
Accrued liabilities	1,702	19,563	—	—	—	1,873	23,138
Liabilities payable from restricted assets	—	—	28,735	—	—	—	28,735
Due to other funds	15	8,421	20,963	3,000	425,609	7,899	465,907
Due to component unit	125	70	—	—	—	30,330	30,525
Deferred revenue	—	20,599	123,725	—	—	747,300	891,624
Total liabilities	89,154	77,819	180,137	3,000	439,902	818,797	1,608,809
Fund balances:							
Reserved:							
Loans	—	—	137,301	—	—	—	137,301
Unreserved:							
Designated for subsequent years' expenditures	684,500	—	1,530,269	—	481,246	801,918	3,497,933
Undesignated	373,489	69,401	—	376,318	—	—	819,208
Total fund balances	1,057,989	69,401	1,667,570	376,318	481,246	801,918	4,454,442
Total liabilities and fund balances	\$ 1,147,143	147,220	1,847,707	379,318	921,148	1,620,715	6,063,251

See accompanying independent auditors' report.

## COUNTY OF JAMES CITY, VIRGINIA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year ended June 30, 2010

	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Community Development Fund	Revolving Loan Fund	Trust Fund	Grants and Special Projects Fund	Total
<b>Revenues:</b>							
Revenue from use of money and property	\$ —	—	15,992	1,529	3,100	—	20,621
Miscellaneous	—	75,078	59,300	74,628	148,112	131,744	488,862
Intergovernmental:							
Local	—	70,234	—	—	—	194,633	264,867
Commonwealth	1,483,033	746,941	212,476	—	195,034	452,249	3,089,733
Federal	2,281,883	—	1,312,896	—	27,594	550,170	4,172,543
Total revenues	3,764,916	892,253	1,600,664	76,157	373,840	1,328,796	8,036,626
<b>Expenditures:</b>							
Current:							
General government administration	—	—	—	—	—	22,670	22,670
Judicial administration	—	874,637	—	—	2,862	350,481	1,227,980
Public safety	—	—	—	—	171,010	599,502	770,512
Public works	—	—	—	—	—	11,649	11,649
Health and welfare	5,146,341	—	—	—	—	635,018	5,781,359
Parks, recreation and cultural	—	—	—	—	115,547	6,243	121,790
Community development	—	—	2,198,343	71,867	500	249,876	2,520,586
Total expenditures	5,146,341	874,637	2,198,343	71,867	289,919	1,875,439	10,456,546
Excess (deficiency) of revenues over (under) expenditures	(1,381,425)	17,616	(597,679)	4,290	83,921	(546,643)	(2,419,920)
<b>Other financing sources (uses):</b>							
Transfers in	1,416,288	34,470	532,340	—	—	357,355	2,340,453
Transfers out	—	—	—	—	(425,609)	—	(425,609)
Total other financing sources (uses)	1,416,288	34,470	532,340	—	(425,609)	357,355	1,914,844
Net change in fund balances	34,863	52,086	(65,339)	4,290	(341,688)	(189,288)	(505,076)
Fund balances at beginning of year	1,023,126	17,315	1,732,909	372,028	822,934	991,206	4,959,518
Fund balances at end of year	\$ 1,057,989	69,401	1,667,570	376,318	481,246	801,918	4,454,442

See accompanying independent auditors' report.

## COUNTY OF JAMES CITY, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Virginia Public Assistance Fund  
Year ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Intergovernmental:			
Commonwealth	\$ —	1,483,033	1,483,033
Federal	4,401,123	2,281,883	(2,119,240)
Total intergovernmental revenues	<u>4,401,123</u>	<u>3,764,916</u>	<u>(636,207)</u>
Expenditures:			
Current:			
Health and welfare	<u>6,265,275</u>	<u>5,146,341</u>	<u>1,118,934</u>
Deficiency of revenues under expenditures	(1,864,152)	(1,381,425)	482,727
Other financing sources:			
Operating transfers in	<u>1,466,288</u>	<u>1,416,288</u>	<u>(50,000)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures	(397,864)	34,863	(432,727)
Fund balance at beginning of year	<u>397,864</u>	<u>1,023,126</u>	<u>(625,262)</u>
Fund balance at end of year	<u>\$ —</u>	<u>1,057,989</u>	<u>(1,057,989)</u>

See accompanying independent auditors' report.

## COUNTY OF JAMES CITY, VIRGINIA

### Agency Funds

Trust and Agency funds account for money received and held by the County in the capacity of trustee, custodian, or agent for individuals, other governmental agencies and private organizations. The County reports the following Trust and Agency funds:

#### **Pension Trust Fund**

*Deferred Compensation Plan* – accounts for wages of employees participating in the deferred compensation plan created in accordance with Internal Revenue Code Section 457.

#### **Agency Funds**

*Special Welfare* – accounts for the transfer of funds provided by the Virginia Public Assistance Fund for aid to dependent children.

*WAMAC* – accounts for the fiscal agent funds held for the Williamsburg Area Medical Assistance Corporation.

*Regional Jail* – accounts for the fiscal agency funds held for the Virginia Peninsula Regional Jail Authority.

*Juvenile Detention* – accounts for fiscal agency funds held for the Middle Peninsula Juvenile Detention Commission.

*Williamsburg Area Transit* – accounts for the fiscal agency funds held for the Williamsburg Area Transit Authority.

*School Activity Fund* – accounts for fiscal agency funds held for the Public Schools.

## COUNTY OF JAMES CITY, VIRGINIA

## Combining Statement of Fiduciary Net Assets

Agency Funds

June 30, 2010

Assets	Special Welfare	WAMAC	Regional Jail	Juvenile Detention	Williamsburg Area Transit Authority	Totals – Primary Government	Discretely Presented Component Unit – Public Schools – School Activity Funds
Cash and cash equivalents	\$ 3,444	542,157	388,591	582,223	165,471	1,681,886	820,812
Restricted cash and cash equivalents and investments with fiscal agent/trustee	—	3,757,784	3,759,658	—	—	7,517,442	—
Accounts receivable	—	144,962	94,644	83,670	27,283	350,559	—
Prepaid item	—	—	5,889	—	—	5,889	—
Due from other governmental units	—	—	1,694,769	—	1,054,251	2,749,020	237,923
Total assets	\$ 3,444	4,444,903	5,943,551	665,893	1,247,005	12,304,796	1,058,735
<b>Liabilities</b>							
Accounts payable and accrued liabilities	—	43,036	124,594	118,416	567,405	853,451	54,426
Amounts held for others	3,444	4,401,867	5,818,957	547,477	679,600	11,451,345	1,004,309
Total liabilities	\$ 3,444	4,444,903	5,943,551	665,893	1,247,005	12,304,796	1,058,735

See accompanying independent auditors' report.

**COUNTY OF JAMES CITY, VIRGINIA**  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year ended June 30, 2010

	<b>Balances beginning of year</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balances end of year</b>
Special Welfare Fund:				
Assets:				
Cash	\$ 3,119	6,896	6,571	3,444
Liabilities:				
Amounts held for others	\$ 3,119	6,896	6,571	3,444
WAMAC Fund:				
Assets:				
Cash	\$ 627,961	2,771,999	2,857,803	542,157
Restricted cash	3,544,482	213,302	—	3,757,784
Accounts receivable	274,901	199,012	328,951	144,962
Total assets	\$ 4,447,344	3,184,313	3,186,754	4,444,903
Liabilities:				
Accounts payable and accrued liabilities	\$ 40,352	2,933,815	2,931,131	43,036
Amounts held for others	4,406,992	2,547,391	2,552,516	4,401,867
Total liabilities	\$ 4,447,344	5,481,206	5,483,647	4,444,903
Regional Jail Fund:				
Assets:				
Cash and cash equivalents	\$ 832,566	11,812,188	12,256,163	388,591
Restricted cash and cash equivalents and investments with fiscal agent/trustee	4,575,152	2,251,320	3,066,814	3,759,658
Accounts receivable	138,927	94,286	138,569	94,644
Prepaid item	—	5,889	—	5,889
Due from other governmental units	1,481,013	1,694,769	1,481,013	1,694,769
Total assets	\$ 7,027,658	15,858,452	16,942,559	5,943,551
Liabilities:				
Accounts payable and accrued liabilities	\$ 232,245	11,065,631	11,173,282	124,594
Amounts held for others	6,795,413	17,005,351	17,981,807	5,818,957
Total liabilities	\$ 7,027,658	28,070,982	29,155,089	5,943,551
Juvenile Detention Fund:				
Assets:				
Cash and cash equivalents and investments	\$ 583,721	3,300,932	3,302,430	582,223
Accounts receivable	80,494	83,670	80,494	83,670
Total assets	\$ 664,215	3,384,602	3,382,924	665,893
Liabilities:				
Accounts payable and accrued liabilities	\$ 150,147	3,780,530	3,812,261	118,416
Amounts held for others	514,068	3,778,123	3,744,714	547,477
Total liabilities	\$ 664,215	7,558,653	7,556,975	665,893
Williamsburg Area Transit Authority Fund:				
Assets:				
Cash and cash equivalents	\$ —	5,783,381	5,617,910	165,471
Accounts receivable	—	28,343	1,060	27,283
Due from other governmental units	—	1,495,678	441,427	1,054,251
Total assets	\$ —	7,307,402	6,060,397	1,247,005
Liabilities:				
Accounts payable and accrued liabilities	\$ —	6,439,931	5,872,526	567,405
Amounts held for others	—	29,267,728	28,588,128	679,600
Total liabilities	\$ —	35,707,659	34,460,654	1,247,005

**COUNTY OF JAMES CITY, VIRGINIA**  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year ended June 30, 2010

	<b>Balances beginning of year</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balances end of year</b>
Totals – primary government:				
Assets:				
Cash and cash equivalents and investments	\$ 2,047,367	23,675,396	24,040,877	1,681,886
Restricted cash and cash equivalents and investments with fiscal agent/trustee	8,119,634	2,464,622	3,066,814	7,517,442
Accounts receivable	494,322	405,311	549,074	350,559
Prepaid item	—	5,889	—	5,889
Due from other governmental units	1,481,013	3,190,447	1,922,440	2,749,020
Total assets	<u>\$ 12,142,336</u>	<u>29,741,665</u>	<u>29,579,205</u>	<u>12,304,796</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 422,744	24,219,907	23,789,200	853,451
Amounts held for others	11,719,592	52,605,489	52,873,736	11,451,345
Total liabilities	<u>\$ 12,142,336</u>	<u>76,825,396</u>	<u>76,662,936</u>	<u>12,304,796</u>
Discretely Presented Component Unit – Public Schools – School Activity Fund:				
Assets:				
Cash and cash equivalents	\$ 973,812	2,407,894	2,560,894	820,812
Due from other governmental units	—	237,923	—	237,923
Total assets	<u>\$ 973,812</u>	<u>2,645,817</u>	<u>2,560,894</u>	<u>1,058,735</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 50,975	1,656,965	1,653,514	54,426
Amounts held for others	922,837	1,746,238	1,664,766	1,004,309
Total liabilities	<u>\$ 973,812</u>	<u>3,403,203</u>	<u>3,318,280</u>	<u>1,058,735</u>

See accompanying independent auditors' report.

## **COUNTY OF JAMES CITY, VIRGINIA**

### **Discretely Presented Component Units**

The County reports the following discretely presented component units:

*Public Schools* – responsible for educating the school-age population of the City of Williamsburg, Virginia and the County.

*Economic Development Authority* – responsible for industrial and commercial development in the County.

**COUNTY OF JAMES CITY, VIRGINIA**

**Exhibit D-1**

Balance Sheet

Discretely Presented Component Unit – Public Schools – Governmental Funds

June 30, 2010

<b>Assets</b>	<b>General</b>	<b>Grants</b>	<b>Schools' food services</b>	<b>Capital projects</b>	<b>Total governmental funds</b>
Cash and temporary investments	\$ 15,674,055	203,600	274,732	—	16,152,387
Receivables	243,694	10,887	2,891	—	257,472
Due from other funds	1,228,469	—	—	—	1,228,469
Due from federal government	217,879	586,009	293,365	62,654	1,159,907
Due from Commonwealth of Virginia	165,409	31,362	—	—	196,771
Due from the City of Williamsburg and James City County	85,549	—	—	4,758,788	4,844,337
Inventory	—	—	39,775	—	39,775
<b>Total assets</b>	<b>\$ 17,615,055</b>	<b>831,858</b>	<b>610,763</b>	<b>4,821,442</b>	<b>23,879,118</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,075,703	81,000	69,696	3,525,099	4,751,498
Accrued payroll	6,527,276	350,333	129,577	—	7,007,186
Accrued benefits	4,713,486	232,255	79,338	—	5,025,079
Due to other funds	—	—	—	1,228,469	1,228,469
<b>Total liabilities</b>	<b>12,316,465</b>	<b>663,588</b>	<b>278,611</b>	<b>4,753,568</b>	<b>18,012,232</b>
<b>Fund balances:</b>					
Reserved for:					
Capital projects	2,569,449	—	—	67,874	2,637,323
Encumbrances	960,195	—	—	—	960,195
Grants	—	168,270	—	—	168,270
Inventory	—	—	39,775	—	39,775
New facility start up expenses	768,946	—	—	—	768,946
Unreserved:					
Designated:					
Compensation study	100,000	—	—	—	100,000
Technology projects	500,000	—	—	—	500,000
Undesignated, reported in:					
General fund	400,000	—	—	—	400,000
Schools' food services fund	—	—	292,377	—	292,377
<b>Total fund balances</b>	<b>5,298,590</b>	<b>168,270</b>	<b>332,152</b>	<b>67,874</b>	<b>5,866,886</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,615,055</b>	<b>831,858</b>	<b>610,763</b>	<b>4,821,442</b>	
<b>Adjustments for the statement of net assets:</b>					
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.					37,866,251
Unearned revenue is not reported as a liability in the governmental funds.					(168,270)
Long-term liabilities are not reported as liabilities in the governmental funds.					
Compensated absences		(875,418)			
Other post employment benefits		(1,972,300)			
<b>Net assets of governmental activities</b>					<b>\$ 40,717,149</b>

See accompanying independent auditors' report.

## COUNTY OF JAMES CITY, VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund Balances  
Discretely Presented Component Unit – Public Schools – Governmental Funds  
Year ended June 30, 2010

	<u>General</u>	<u>Grants</u>	<u>Schools' food services</u>	<u>Capital projects</u>	<u>Total governmental funds</u>
Revenues:					
Intergovernmental:					
From City of Williamsburg and James City County	\$ 80,638,412	—	—	5,354,042	85,992,454
From Commonwealth of Virginia	27,505,936	868,480	48,322	—	28,422,738
From federal government	2,604,812	4,655,271	1,714,114	62,654	9,036,851
Total intergovernmental	110,749,160	5,523,751	1,762,436	5,416,696	123,452,043
Charges for services	560,903	20,977	1,922,919	—	2,504,799
Interest	4,155	—	1,866	—	6,021
Miscellaneous	75,690	899,992	—	—	975,682
Total revenues	111,389,908	6,444,720	3,687,221	5,416,696	126,938,545
Expenditures:					
General and administrative	2,172,101	—	—	—	2,172,101
Instruction	81,117,920	4,810,904	—	—	85,928,824
Attendance and health services	3,440,973	922,733	—	—	4,363,706
Pupil transportation	6,232,341	—	—	—	6,232,341
Operations and maintenance	9,880,780	—	—	—	9,880,780
Technology	5,919,907	456,633	—	—	6,376,540
Food services	—	142,074	3,542,733	—	3,684,807
Capital outlay	2,070,127	23,994	—	5,416,696	7,510,817
Total expenditures	110,834,149	6,356,338	3,542,733	5,416,696	126,149,916
Excess of revenues over expenditures	555,759	88,382	144,488	—	788,629
Fund balances at beginning of year	4,742,831	79,888	187,664	67,874	5,078,257
Fund balances at end of year	\$ 5,298,590	168,270	332,152	67,874	5,866,886

## COUNTY OF JAMES CITY, VIRGINIA

## Statement of Revenues, Expenditures and Changes in Fund Balances

## Discretely Presented Component Unit – Public Schools – Governmental Funds

Year ended June 30, 2010

Deficiency of revenues under expenditures	\$	788,629
Adjustments for the statement of activities:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded depreciation expense in the current period:		
Capital outlay		7,510,817
Depreciation expense		<u>(2,046,508)</u>
		5,464,309
In the statement of activities, the loss on the sale of equipment is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the equipment sold.		(19,603)
Expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in compensated absences liability		(56,316)
Change in net OPEB obligation		<u>(733,000)</u>
		(789,316)
Governmental funds recognize revenues when they are both measurable and available, that is collected during the period or within two months after year end. However, they are recognized in full for the period they are earned in the statement of activities.		(88,382)
Change in net assets	\$	<u><u>5,355,637</u></u>

See accompanying independent auditors' report.

## COUNTY OF JAMES CITY, VIRGINIA

## Balance Sheet

Discretely Presented Component Unit – Economic Development Authority

June 30, 2010

**Assets**

Current assets:	
Cash and short-term investments (note 2)	\$ 2,088,028
Accounts receivable	64
Due from James City County	<u>108,417</u>
Total current assets	<u>2,196,509</u>
Notes receivable	<u>201,364</u>
Capital assets (note 7):	
Land	2,483,106
Construction in progress	<u>166,510</u>
Total capital assets	<u>2,649,616</u>
Total assets	<u><u>\$ 5,047,489</u></u>

**Liabilities and Net Assets**

Liabilities:	
Current liabilities -	
Accounts payable	\$ <u>3,702</u>
Net assets:	
Invested in capital assets, net of related debt	2,649,616
Unrestricted	<u>2,394,171</u>
Total net assets	<u>5,043,787</u>
Total liabilities and net assets	<u><u>\$ 5,047,489</u></u>

See accompanying independent auditors' report.

## COUNTY OF JAMES CITY, VIRGINIA

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Discretely Presented Component Unit – Economic Development Authority  
Year ended June 30, 2010

Operating revenues:	
County contribution	\$ 808,875
Bond fees	10,322
Lease income	110,270
Total operating revenues	<u>929,467</u>
Operating expenses:	
Community development	366,224
Advertising	9,048
Professional fees	11,656
Note forgiveness	23,820
Travel and training	1,056
Other expenses	5,267
Total operating expenses	<u>417,071</u>
Operating income	<u>512,396</u>
Nonoperating revenue (expense):	
Interest income	21,217
Interest expense	(38,874)
Net nonoperating expense	<u>(17,657)</u>
Change in net assets	494,739
Net assets at beginning of year	<u>4,549,048</u>
Net assets at end of year	<u>\$ 5,043,787</u>

See accompanying independent auditors' report.

## COUNTY OF JAMES CITY, VIRGINIA

## Statement of Cash Flows

Discretely Presented Component Unit – Economic Development Authority

Year ended June 30, 2010

Cash flows from operating activities:	
Receipts from customers	\$ 929,466
Payments to suppliers	<u>(352,063)</u>
Net cash provided by operating activities	<u>577,403</u>
Cash flows from capital and capital related financing activities:	
Principal payments of note payable	(660,000)
Interest paid on note payable	<u>(38,874)</u>
Net cash used in capital and capital related financing activities	<u>(698,874)</u>
Cash flows from investing activities -	
Interest received	<u>21,217</u>
Net increase in cash and short-term investments	<u>(100,254)</u>
Cash and short-term investments at beginning of year	<u>2,188,282</u>
Cash and short-term investments at end of year	<u><u>\$ 2,088,028</u></u>
Reconciliation of operating income to net cash provided operating activities:	
Operating income	\$ 512,396
Adjustments to reconcile operating income to cash provided by operating activities:	
Note forgiveness	23,820
Changes in assets and liabilities:	
Accounts receivable	83
Due from James City County	53,267
Accounts payable	<u>(12,163)</u>
Net cash provided by operating activities	<u><u>\$ 577,403</u></u>
Cash and short term investments at June 30, 2010 are comprised of the following amounts:	
Cash and short-term investments	<u><u>\$ 2,088,028</u></u>

See accompanying independent auditors' report.

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## **STATISTICAL SECTION**

## COUNTY OF JAMES CITY, VIRGINIA

### Statistical Section Overview

This part of the James City County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial health.

#### **CONTENTS**

##### **Financial Trends**

**Tables 1 - 4**

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

##### **Revenue Capacity**

**Tables 5 - 9**

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

##### **Debt Capacity**

**Tables 10 - 12**

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

##### **Demographic & Economic Information**

**Tables 13 - 14**

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

##### **Operation Information**

**Tables 15 - 18**

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

**Sources:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; tables presenting information relating to GASB Statement 34 include information beginning in that year.

Table 1

## COUNTY OF JAMES CITY, VIRGINIA

Net Assets by Component (1)  
Last Eight Fiscal Years

	Fiscal year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:								
Invested in capital assets, net of related debt	\$ 66,576,674	72,906,650	47,458,012	57,943,767	25,413,961	160,168,505	155,643,755	91,045,788
Reserved:								
Capital projects	—	—	43,794,137	41,541,322	124,329,355	6,498,734	15,716,245	41,296,767
Debt service	107,703	96,590	85,774	—	—	—	—	—
Other purposes	1,350,042	1,587,781	1,741,595	14,148,422	6,214,172	433,272	394,831	813,685
Unrestricted	57,788,196	58,697,908	55,102,486	47,114,240	37,081,001	44,309,703	42,816,887	61,999,946
Total governmental activities net assets	\$ 125,822,615	133,288,929	148,182,004	160,747,751	193,038,489	211,410,214	214,571,718	195,156,186
Business-type activity:								
Invested in capital assets, net of related debt	\$ 88,966,049	104,781,826	112,013,177	123,710,597	132,145,149	134,569,730	134,314,330	135,071,435
Reserved:								
Capital projects	15,048,381	3,155,428	696,483	703,494	709,584	1,305,775	4,674,837	4,610,218
Unrestricted	19,899,685	23,422,019	27,135,809	29,627,748	33,151,555	36,275,425	36,591,088	36,430,621
Total business-type activity net assets	\$ 123,914,115	131,359,273	139,845,469	154,041,839	166,006,288	172,150,930	175,580,255	176,112,274
Primary government:								
Invested in capital assets, net of related debt	\$ 155,542,723	177,688,476	159,471,189	181,654,364	157,559,110	294,738,235	289,958,085	226,117,223
Reserved:								
Capital projects	15,048,381	3,155,428	44,490,620	42,244,816	125,038,939	7,804,509	20,391,082	45,906,985
Debt service	107,703	96,590	85,774	—	—	—	—	—
Other purposes	1,350,042	1,587,781	1,741,595	14,148,422	6,214,172	433,272	394,831	813,685
Unrestricted	77,687,881	82,119,927	82,238,295	76,741,988	70,232,556	80,585,128	79,407,975	98,430,567
Total primary government net assets	\$ 249,736,730	264,648,202	288,027,473	314,789,590	359,044,777	383,561,144	390,151,973	371,268,460

(1) Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, which requires government-wide financial statements that provide the above financial information was adopted by the County as of July 1, 2002. Hence, the financial information for fiscal years prior to 2003 is not available.

Table 2

**COUNTY OF JAMES CITY, VIRGINIA**  
**Government-Wide Expenses and Program Revenues by Function**  
**Last Eight Fiscal Years**

	Fiscal year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses:</b>								
Governmental activities:								
General government administration	\$ 7,197,198	7,421,564	7,715,060	5,790,007	16,835,827	18,873,491	21,347,839	23,962,622
Judicial administration	4,117,622	4,006,887	4,212,935	4,374,852	5,053,351	5,151,971	5,515,309	5,321,244
Public safety	14,199,802	14,856,391	16,742,887	13,599,920	23,500,193	24,704,720	23,267,505	22,477,094
Public works	3,295,519	3,487,207	4,390,347	2,674,311	3,361,025	5,990,017	5,925,566	19,240,014
Health and welfare	5,774,531	6,141,730	6,555,435	7,043,503	6,762,204	7,116,193	7,171,131	7,332,607
Education	52,526,017	55,189,245	58,841,825	77,265,247	63,874,870	75,880,133	83,021,945	81,441,066
Parks, recreation, and cultural	8,090,348	8,304,480	8,893,143	8,720,218	2,131,929	6,534,492	10,302,398	8,938,509
Community development	10,129,125	9,811,644	11,835,533	12,662,469	17,214,104	16,633,166	13,575,967	11,472,198
Storm costs	—	8,239,127	30,124	—	166,546	—	—	—
Interest on long-term debt	4,179,994	4,197,067	4,328,942	5,962,561	9,857,524	11,198,606	10,582,404	10,671,318
Non-departmental	829,715	1,643,125	1,975,709	5,161,844	—	—	—	—
Total governmental activities expenses	110,339,871	123,298,467	125,521,940	143,254,932	148,757,573	172,082,789	180,710,064	190,856,672
Business-type activities:								
Service Authority	10,505,144	11,731,280	12,804,913	14,149,218	17,688,528	16,551,103	18,742,699	20,074,066
Stormwater Utility	—	—	—	—	—	882,254	1,466,080	—
Total business-type expenses	10,505,144	11,731,280	12,804,913	14,149,218	17,688,528	17,433,357	20,208,779	20,074,066
Total primary government expenses	\$ 120,845,015	135,029,747	138,326,853	157,404,150	166,446,101	189,516,146	200,918,843	210,930,738
<b>Program revenues:</b>								
Governmental activities:								
Charges for services:	\$							
General government administration	4,884,302	5,176,215	5,607,216	6,569,599	8,362,971	7,996,663	7,342,625	6,594,623
Judicial administration	1,852,313	1,888,854	1,926,242	2,098,886	2,269,336	2,200,572	2,013,959	1,753,575
Public safety	997,995	1,497,108	1,626,293	1,555,099	1,879,979	2,950,693	2,714,769	2,704,770
Parks, recreation and cultural	2,432,925	2,509,133	2,530,099	2,638,777	2,565,177	2,539,147	2,493,973	2,547,762
Other	1,463,335	1,977,719	2,129,972	2,473,163	691,062	684,719	736,926	213,976
Total charges for services	11,630,870	13,049,029	13,819,822	15,335,524	15,768,525	16,371,794	15,302,252	13,814,706
Operating grants and contributions	6,081,590	14,130,212	18,964,343	18,790,084	22,448,104	24,593,841	25,171,862	23,161,669
Capital grants and contributions	—	317,414	3,057,457	785,786	5,039,467	3,087,066	804,605	423,581
Total governmental activities program revenues	17,712,460	27,496,655	35,841,622	34,911,394	43,256,096	44,052,701	41,278,719	37,399,956
Business-type activities:								
Charges for services	11,801,581	12,942,503	15,149,124	16,805,640	17,899,853	16,928,117	14,787,096	15,575,143
Operating grants and contributions	—	371,538	—	—	—	—	21,978	2,756
Capital grants and contributions	5,696,575	5,233,761	4,983,390	10,077,376	7,926,456	3,154,158	4,563,025	3,427,510
Total business-type activities program revenues	17,498,156	18,547,802	20,132,514	26,883,016	25,826,309	20,082,275	19,372,099	19,005,409
Total primary government program revenues	\$ 35,210,616	46,044,457	55,974,136	61,794,410	69,082,405	64,134,976	60,650,818	56,405,365
<b>Net (expense)/revenue:</b>								
Governmental activities	\$ (92,627,411)	(95,801,812)	(89,680,318)	(108,343,538)	(105,501,477)	(128,030,088)	(139,431,345)	(153,456,716)
Business-type activities	6,993,012	6,816,522	7,327,601	12,733,798	8,137,781	2,648,918	(836,680)	(1,068,657)
Total primary government net expense	\$ (85,634,399)	(88,985,290)	(82,352,717)	(95,609,740)	(97,363,696)	(125,381,170)	(140,268,025)	(154,525,373)
<b>General revenues and other changes in net assets:</b>								
Governmental activities:								
Taxes:								
Property taxes, levied for general purposes	\$ 65,470,090	68,374,743	74,480,869	86,204,347	94,855,055	109,559,332	106,494,452	109,159,897
Other local taxes	14,948,074	15,297,039	17,955,400	20,366,681	21,273,019	20,486,124	18,869,282	18,355,067
Permits, fees and licenses	6,481,619	15,463,455	7,746,142	8,877,130	9,255,185	8,288,580	7,420,591	6,672,136
Interest on investment earnings	880,626	563,216	849,860	3,407,722	7,306,357	5,105,721	2,351,497	673,668
Grants and contributions not restricted to specific programs	11,696,289	2,947,631	2,520,331	—	—	—	—	—
Gain (loss) on sale of capital assets	23,809	(93,129)	(53,727)	—	—	—	223,203	—
Sale of land	—	—	—	—	—	—	4,936,444	—
Miscellaneous	—	715,171	1,074,518	2,053,405	5,102,599	2,962,156	2,297,380	1,390,966
Total governmental activities	99,500,507	103,268,126	104,573,393	120,909,285	137,792,215	146,401,813	142,592,849	136,251,734
Business-type activities:								
Interest on investment earnings	302,872	184,213	506,939	935,971	1,503,939	2,004,957	3,669,266	956,056
Gain (loss) on sale of capital assets	(117,874)	1,869	24,124	—	—	181,615	74,226	—
Miscellaneous	286,296	442,554	627,532	526,601	1,378,725	1,309,152	522,513	644,620
Total business-type activities	471,294	628,636	1,158,595	1,462,572	2,882,664	3,495,724	4,266,005	1,600,676
Total primary government	\$ 99,971,801	103,896,762	105,731,988	122,371,857	140,674,879	149,897,537	146,858,854	137,852,410
<b>Change in net assets:</b>								
Governmental activities	\$ 6,873,096	7,466,314	14,893,075	12,565,747	32,290,738	18,371,725	3,161,504	(17,204,982)
Business-type activities	7,464,306	7,445,158	8,486,196	14,196,370	11,020,445	6,144,642	3,429,325	532,019
Total primary government	\$ 14,337,402	14,911,472	23,379,271	26,762,117	43,311,183	24,516,367	6,590,829	(16,672,963)

(1) Reflects expenses from Exhibit 2.

(2) Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, which requires government-wide financial statements that provide the above financial information was adopted by the County as of July 1, 2002. Hence, the financial information for fiscal years prior to 2003 is not available.

Table 3

## COUNTY OF JAMES CITY, VIRGINIA

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund:										
Reserved for:										
Encumbrances	\$ 305,056	1,107,476	742,722	1,209,242	1,488,484	2,454,283	1,999,517	1,675,181	862,619	932,917
Inventory	232,432	254,027	233,165	234,894	253,111	245,959	291,364	288,734	264,969	276,083
Prepaid items	—	—	—	—	—	—	—	—	—	400,301
Unreserved for:										
Designated:										
Potential insurance losses	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Capital projects	4,004,000	3,988,000	1,178,076	1,465,000	2,165,522	2,000,000	2,612,000	1,038,689	—	—
Fiscal liquidity	11,318,281	12,267,484	13,127,031	13,864,878	14,879,793	17,485,691	20,404,910	20,424,202	20,449,053	20,254,346
Health insurance	117,524	145,917	155,557	182,971	165,203	157,287	152,420	107,496	137,744	861,093
Capital reserve fund	6,105,182	5,551,321	5,977,368	7,438,531	9,273,289	12,056,476	12,056,476	12,691,137	11,118,329	12,408,971
Undesignated — general fund	2,886,828	—	—	—	2,454,283	1,466,461	1,500,000	—	—	—
Total general fund	\$ 25,269,303	23,614,225	21,713,919	24,695,516	30,979,685	36,166,157	39,316,687	36,525,439	33,132,714	35,433,711
All other government funds:										
Reserved for:										
Loans	\$ 123,636	133,646	150,142	143,645	158,438	147,168	170,886	144,538	129,862	137,301
Other purposes	—	—	—	—	—	25,362	—	—	—	—
Encumbrances	—	—	—	—	—	11,448,180	3,752,405	1,088,948	1,556,207	11,329,929
Unreserved, reported in:										
Subsequent years' expenditures reported in special revenue funds	1,215,277	1,170,076	2,303,451	2,672,797	2,580,531	2,297,482	1,490,811	2,175,688	2,875,972	3,497,933
Capital projects funds	18,295,542	19,726,753	15,578,329	20,826,056	54,962,288	40,359,822	109,660,879	93,996,918	78,787,966	41,296,767
Debt service	130,628	120,254	107,703	96,590	6,134	—	—	—	—	—
Undesignated special revenue funds	1,375,680	1,953,719	2,625,949	2,647,236	1,738,708	1,339,526	1,389,718	2,073,050	2,331,016	819,208
Total all other governmental funds	\$ 21,140,763	23,104,448	20,765,574	26,386,324	59,446,099	55,617,540	116,464,699	99,479,142	85,681,023	57,081,138

Table 4

**COUNTY OF JAMES CITY, VIRGINIA**  
Changes in Fund Balances, Governmental Funds  
Last Eight Fiscal Years

	Fiscal year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>								
General property taxes	\$ 64,994,207	68,756,419	73,733,187	85,280,660	97,049,153	105,668,764	107,015,723	107,695,813
Other local taxes	14,948,074	15,297,039	17,955,400	20,366,681	21,273,019	20,486,124	18,869,282	18,355,067
Licenses, permits, and fees	6,241,266	7,233,545	7,746,142	8,877,130	9,255,185	8,288,580	7,420,591	6,672,136
Fines and forfeitures	240,353	288,221	301,204	290,714	321,443	366,606	348,846	296,866
Use of money and property	880,626	563,216	849,860	3,407,723	7,306,357	5,105,721	2,351,497	673,668
Charges for services	3,471,380	3,846,636	4,007,722	4,335,505	4,124,072	5,519,603	4,857,836	4,857,836
Intergovernmental	24,804,534	34,539,339	31,833,900	30,285,175	38,810,581	38,166,492	35,425,379	32,245,254
Miscellaneous	1,132,835	715,171	3,293,645	2,053,402	5,103,599	2,962,156	7,457,027	1,390,966
<b>Total revenues</b>	<b>116,713,275</b>	<b>131,239,586</b>	<b>139,721,060</b>	<b>154,896,990</b>	<b>183,242,409</b>	<b>186,564,046</b>	<b>184,392,839</b>	<b>172,187,606</b>
<b>Expenditures:</b>								
Storm costs	—	8,239,127	30,124	—	166,546	—	—	—
General government	6,833,152	7,202,889	7,101,022	7,681,371	10,363,474	9,564,540	8,756,912	8,323,563
Judicial administration	3,795,286	3,747,921	3,923,755	4,188,180	4,837,033	5,267,359	5,323,019	5,302,279
Public works	3,437,085	3,341,281	4,218,631	4,494,973	5,181,021	5,885,527	5,878,757	5,650,572
Health and welfare	5,814,844	6,161,651	6,314,548	6,840,336	6,762,204	7,116,193	7,171,131	7,332,607
Education	49,505,679	52,556,412	55,459,098	60,797,314	64,498,554	74,228,490	74,724,304	73,757,904
Parks, recreation, and cultural	7,667,379	7,886,872	8,338,914	9,010,847	9,825,513	10,045,603	10,100,822	9,509,436
Public safety	14,939,911	15,176,064	17,526,762	18,791,965	22,416,276	23,382,553	23,159,401	22,987,019
Community development	9,377,193	9,333,332	14,770,525	13,048,650	17,191,954	16,332,072	14,520,010	11,086,234
Nondepartmental	1,105,541	720,813	997,581	1,267,388	1,473,817	2,492,546	1,502,034	556,381
Debt service (2):								
Principal	5,859,041	5,414,782	6,411,051	7,215,460	14,488,702	14,245,257	14,363,935	15,077,900
Interest	4,256,959	3,886,121	4,275,082	5,962,561	9,857,524	11,253,935	10,625,010	10,365,470
Debt issuance cost	171,502	—	—	—	—	—	—	—
Additional payments made to bond escrow agent	3,067,636	—	—	—	—	—	—	—
Underwriters discount	96,795	—	139,659	125,640	192,900	—	—	101,667
Capital outlay (1)	9,619,982	13,469,974	12,611,144	37,898,518	76,594,343	26,526,776	25,458,348	43,005,939
<b>Total expenditures</b>	<b>125,547,985</b>	<b>137,137,239</b>	<b>142,117,896</b>	<b>177,323,203</b>	<b>243,849,861</b>	<b>206,340,851</b>	<b>201,583,683</b>	<b>213,056,971</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(8,834,710)</b>	<b>(5,897,653)</b>	<b>(2,396,836)</b>	<b>(22,426,213)</b>	<b>(60,607,452)</b>	<b>(19,776,805)</b>	<b>(17,190,844)</b>	<b>(40,869,365)</b>
<b>Other financing sources:</b>								
Transfers in	18,612,049	15,023,528	15,338,857	23,559,107	32,695,840	33,046,784	30,904,124	29,093,987
Issuance of debt	28,970,200	—	39,820,000	23,492,454	116,775,000	—	—	14,935,000
Proceeds from capital lease	—	14,500,000	—	—	—	—	—	—
Payment to refunded bond escrow agent	(27,135,000)	—	—	291,672	7,830,141	—	—	12,809
Premiums on bonds issued	1,489,579	—	1,920,780	(23,559,107)	(32,695,840)	(33,046,784)	(30,904,124)	(29,093,987)
Transfers out	(18,612,049)	(15,023,528)	(15,338,857)	(23,559,107)	(32,695,840)	—	—	—
<b>Total other financing sources</b>	<b>3,324,779</b>	<b>14,500,000</b>	<b>41,740,780</b>	<b>23,784,126</b>	<b>124,605,141</b>	<b>(19,776,805)</b>	<b>(17,190,844)</b>	<b>14,947,809</b>
<b>Net change in fund balances</b>	<b>\$ (5,509,931)</b>	<b>8,602,347</b>	<b>39,343,944</b>	<b>1,357,913</b>	<b>63,997,689</b>	<b>(17,776,805)</b>	<b>(17,190,844)</b>	<b>(25,921,556)</b>
<b>Debt service as a percentage of noncapital expenditures (3)</b>	<b>8.85%</b>	<b>7.56%</b>	<b>8.43%</b>	<b>9.33%</b>	<b>15.62%</b>	<b>14.48%</b>	<b>13.92%</b>	<b>13.58%</b>

(1) Including operating transfers to capital projects.

(2) Excludes costs associated with refunding of debt in 2003 of \$3,115,526.

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

Table 5

## COUNTY OF JAMES CITY, VIRGINIA

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal year	Total real property	Direct tax rate (1)	General personal property	Machinery and tools	Mobile homes	Total Personal property	Public service	Total assessed value	Direct tax rate (2)
2001	\$ 4,585,882,700	0.870	444,399,499	127,068,048	12,284,054	583,751,601	150,801,630	5,320,435,931	4.00
2002	4,983,279,400	0.870	456,083,192	131,353,797	11,682,476	599,119,465	163,054,266	5,745,453,131	4.00
2003	5,457,560,000	0.870	460,530,027	131,460,371	10,850,870	602,841,268	165,415,976	6,225,817,244	4.00
2004	5,953,156,800	0.860	476,376,143	126,907,184	11,363,983	614,647,310	163,577,218	6,731,381,328	4.00
2005	6,695,142,900	0.825	502,326,785	124,695,633	12,354,517	639,376,935	154,833,875	7,489,353,710	4.00
2006	8,189,928,900	0.785	558,027,641	123,471,704	12,350,825	693,850,170	165,476,326	9,049,255,396	4.00
2007	9,821,638,100	0.770	595,277,728	122,197,566	12,675,461	730,150,755	152,475,702	10,704,264,557	4.00
2008	10,672,714,225	0.770	623,336,868	125,136,293	12,537,160	761,010,321	176,428,097	11,610,152,643	4.00
2009	11,005,655,000	0.770	610,316,169	128,696,107	11,641,959	750,654,235	184,750,991	11,941,060,226	4.00
2010	11,155,493,300	0.770	598,149,387	132,052,632	10,994,266	741,196,285	196,289,584	12,092,979,169	4.00

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

(1) Tax rate is real estate tax rate.

(2) Tax rate is personal property tax rate.

Note: Tax Rates are per \$100 of Assessed Value.

Table 6

## COUNTY OF JAMES CITY, VIRGINIA

## Direct Tax Rates

## Last Ten Fiscal Years

<b>Fiscal year</b>		<b>Real estate tax (1)</b>	<b>Personal property tax (1)</b>	<b>Room tax</b>	<b>Meal tax</b>	<b>Retail sales tax (2)</b>
2001	\$	0.870	4.00	5.00	4.00	1.00
2002		0.870	4.00	5.00	4.00	1.00
2003		0.870	4.00	5.00	4.00	1.00
2004		0.870	4.00	5.00	4.00	1.00
2005		0.825	4.00	5.00	4.00	1.00
2006		0.785	4.00	5.00	4.00	1.00
2007		0.770	4.00	5.00	4.00	1.00
2008		0.770	4.00	5.00	4.00	1.00
2009		0.770	4.00	5.00	4.00	1.00
2010		0.770	4.00	5.00	4.00	1.00

(1) Per \$100 assessed value

(2) Collected by the State and remitted to the County monthly

Table 7

## COUNTY OF JAMES CITY, VIRGINIA

Principal Property Tax Payers

Current Year and Nine Years Ago

	2010			2001		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 4,803,588	1	4.10%	\$ 4,669,034	1	7.23%
Wal-Mart, Inc.	1,117,135	2	1.01	—	—	—
Busch Entertainment Corp	1,079,476	3	0.92	1,296,851	2	2.01
Powhatan Plantation Owners Association	1,017,822	4	0.87	543,337	6	0.84
Busch Properties, Inc.	754,840	5	0.64	678,495	4	1.05
Virginia Electric & Power Company	747,107	6	0.64	578,252	5	0.90
Williamsburg Landing, Inc.	735,066	7	0.63	444,275	9	0.69
Ball Metal Container	666,737	8	0.57	699,018	3	1.08
Williamsburg Plantation Owners Association	654,407	9	0.56	—	—	—
Manor Houses Associates	596,756	10	0.51	—	—	—
Owens - Brockway	—	—	—	446,733	8	0.69
Williamsburg Outlets, LLC	—	—	—	467,282	7	0.72
Greenspring Associates	—	—	—	383,711	10	0.59
Total	\$ 12,172,934		10.45%	\$ 10,206,988		15.80%

Source: Commissioner of the Revenue

Table 7A

## COUNTY OF JAMES CITY, VIRGINIA

## Principal Personal Property Tax Payers

Current Year and Nine Years Ago

	2010			2001 (1)		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 3,717,360	1	12.54%	\$ **	**	**
Busch Entertainment Corp (2)	1,117,135	2	1.91	**	**	**
Ball Metal Container	1,079,476	3	1.89	**	**	**
Seaworld Parks, LLC (2)	1,017,822	4	1.89	**	**	**
Printpack, Inc.	754,840	5	1.52	**	**	**
Wal-Mart, Inc.	747,107	6	1.17	**	**	**
Owens - Brockway	735,066	7	1.16	**	**	**
Jack L. Massie Contracting, Inc.	666,737	8	0.91	**	**	**
Toyota Motor Credit	654,407	9	0.58	**	**	**
Busch Properties, Inc.	596,756	10	0.46	**	**	**
Total	\$ 11,086,706		24.03%	\$ —		—%

Source: Commissioner of the Revenue

(1) This is the first year we are presenting this information, so information for 2001 is not available.

(2) These are related to Busch Gardens, now owned by Seaworld Parks, LLC.

Table 7B

## COUNTY OF JAMES CITY, VIRGINIA

## Principal Real Estate Tax Payers

Current Year and Nine Years Ago

	2010			2001 (1)		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 1,086,228	1	1.24%	**		**
Powhatan Plantation Owners Association	1,006,316	2	1.15	**		**
Wal-Mart, Inc.	830,737	3	0.95	**		**
Virginia Electric & Power Company	747,107	4	0.85	**		**
Williamsburg Landing, Inc.	675,738	5	0.77	**		**
Williamsburg Plantation Owners Association	650,274	6	0.74	**		**
Busch Properties, Inc.	619,448	7	0.71	**		**
Manor Houses Associates	580,068	8	0.66	**		**
Williamsburg Outlets, LLC	558,051	9	0.64	**		**
Busch Entertainment Corp	511,801	10	0.59	**		**
Total	\$ 7,265,768		8.30%	—		—%

Source: Commissioner of the Revenue

(1) This is the first year we are presenting this information, so information for 2001 is not available.

Table 8

## COUNTY OF JAMES CITY, VIRGINIA

## Property Tax Levies and Collections (1)

Last Ten Fiscal Years

Fiscal year	Total tax levy	(1) Current tax collections	Percentage of levy collected	(2) (3) Delinquent tax collections	Total tax collections	Percentage of total tax collections to tax levy	Outstanding delinquent taxes	Percentage of delinquent taxes to tax levy
2001	\$ 64,782,011	61,581,853	95.06%	1,913,905	63,495,758	98.01%	1,743,337	2.69%
2002	66,574,122	65,456,146	98.32	1,916,554	67,372,700	101.20	2,249,006	3.38
2003	72,770,254	71,037,857	97.62	2,563,632	73,601,489	101.14	1,830,312	2.52
2004	77,632,358	75,152,542	96.81	2,403,245	77,555,787	99.90	3,008,851	3.88
2005	82,556,220	79,820,882	96.69	2,366,403	82,187,285	99.55	2,899,317	3.51
2006	95,154,222	94,002,341	98.79	2,356,361	96,358,702	101.27	1,521,274	1.60
2007	106,752,648	110,001,687	103.04	2,138,506	112,140,193	105.05	1,500,383	1.41
2008	115,926,317	118,483,255	102.21	2,719,656	121,202,911	104.55	1,764,041	1.52
2009	116,213,618	120,710,632	103.87	2,398,145	123,108,777	105.93	2,137,026	1.84
2010	118,074,835	120,553,815	102.10	2,438,595	122,992,410	104.16	2,786,718	2.36

(1) Collections include PPTRA

(2) Exclusive of penalties and interest

(3) Does not include land redemptions

Source: Treasurer, James City County

Table 8A

## COUNTY OF JAMES CITY, VIRGINIA

## Property Tax Levies and Collections (2)

Last Five Fiscal Years

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy (1)		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy		Amount	Percentage of levy
2006	\$ 95,154,222	72,091,634	75.76%	24,267,068	96,358,702	101.27%
2007	106,752,648	91,788,182	85.98	20,352,011	112,140,193	105.05
2008	115,567,237	100,176,704	86.68	14,807,066	121,202,911	104.55
2009	116,213,618	106,942,295	92.02	16,166,482	123,108,777	105.93
2010	118,074,835	115,274,984	97.63	7,717,426	122,992,410	104.16

(1) Current second half personal property taxes not collectable in year of levy.

(2) Governmental Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section*, was adopted by the County as of July 1, 2005. Hence, the information for fiscal years prior to 2006 is not available.

Source: Treasurer, James City County

Table 9

## COUNTY OF JAMES CITY, VIRGINIA

Taxable Sales by Category  
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Apparel stores	\$ 88,606,176	80,764,148	77,812,731	81,257,571	97,321,446	106,280,148	129,014,904	140,648,465	167,950,739	175,885,946
Automotive dealers, supplies and repair	5,697,959	5,849,993	6,945,804	8,546,791	9,728,269	9,532,774	9,958,680	10,626,082	14,567,840	12,949,521
Building materials, machinery and equipment	74,228,168	60,997,150	66,570,828	76,748,086	95,792,695	80,881,233	70,536,701	48,814,343	31,817,138	42,771,225
Eating and drinking establishments	92,296,506	104,350,008	101,962,933	100,640,302	116,938,094	50,262,980	64,500,250	61,733,750	67,796,606	89,306,904
Food stores	104,586,677	110,549,708	108,456,499	106,942,175	106,657,961	93,670,198	121,052,401	131,331,534	136,126,199	109,487,554
Furniture, home furnishings and household equipment	21,800,519	20,675,656	22,143,579	21,940,341	25,363,301	38,502,745	39,426,034	40,492,354	34,053,707	21,986,380
General merchandise	61,235,785	54,388,821	53,143,646	17,129,785	18,483,634	55,149,333	89,788,633	100,039,981	91,584,624	95,560,600
Lodging	65,758,937	66,098,507	62,193,694	51,125,828	41,654,420	51,474,891	58,643,553	55,764,241	47,796,238	39,984,592
Other outlets	17,155,187	17,894,132	20,419,881	65,996,384	68,466,514	42,378,637	23,256,354	27,416,608	26,130,061	25,930,390
Other retail stores, dealers, trades and services	107,341,337	104,778,164	121,411,709	122,429,498	137,539,091	175,126,243	205,937,385	212,079,549	182,317,205	163,456,030
Total	\$ 638,707,251	626,346,287	641,061,304	652,756,761	717,945,425	703,259,182	812,114,895	828,946,907	800,140,357	777,319,142

Source: Weldon Cooper Center

Note: Some data is not categorized to protect confidentiality of the business.

Table 10

## COUNTY OF JAMES CITY, VIRGINIA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal year	Governmental activities						
	General obligation bonds	Virginia literary fund loan	Loan payable Governor's Land	Capital lease - radio system	Other capital lease	Loan payable Virginia Department of Transportation	Lease revenue bonds
2001	\$ 88,511,729	173,700	914,827	—	—	875,000	—
2002	83,636,632	144,750	259,827	—	—	750,000	—
2003	78,746,889	115,800	—	—	—	625,000	—
2004	73,636,054	86,850	—	14,500,000	—	500,000	—
2005	109,814,071	57,900	—	13,816,000	—	375,000	—
2006	106,062,319	28,950	—	13,100,000	808,307	250,000	22,570,000
2007	126,590,560	—	—	12,350,000	688,190	125,000	112,780,000
2008	118,369,735	—	—	11,564,000	562,298	—	107,200,000
2009	109,974,105	—	—	10,740,000	430,533	—	101,595,000
2010	101,414,765	—	—	9,877,000	292,895	—	110,275,000
<b>Total</b>							
							90,475,256
							84,791,209
							79,487,689
							88,722,904
							124,062,971
							142,819,576
							252,533,750
							237,696,033
							222,739,638
							221,859,660

Fiscal year	Business-type activity			Business-type activity	
	Revenue bonds	Total primary government	Percentage of personal income (1)	Per capita personal income (2)	
2001	\$ —	\$ 90,475,256	25.31%	\$ 37,242	
2002	—	84,791,209	28.23	38,021	
2003	15,258,289	94,745,978	26.55	38,906	
2004	14,782,165	103,505,069	26.99	41,731	
2005	13,961,041	138,024,012	21.39	42,713	
2006	13,034,918	155,854,494	21.10	45,778	
2007	12,133,794	264,667,544	13.40	48,135	
2008	11,212,670	248,908,703	14.89	49,520	
2009	37,386,546	260,126,184	**	**	
2010	35,950,422	257,810,082	**	**	

Source: U.S. Census Bureau

Notes: (1) Based on personal income from Table 13

(2) Calendar year basis

\*\* Population and income statistics not yet available

Table 11

## COUNTY OF JAMES CITY, VIRGINIA

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal year	(1) Population	(2) Assessed value	(3) (4) Gross bonded debt	(5) Less debt service monies available	Net bonded debt	Ratio of net general obligation debt to assessed value	Net bonded debt per capita
							\$
2001	49,256	5,320,435,931	88,685,429	9,791,477	78,893,952	1.48%	1,602
2002	50,858	5,745,453,131	83,781,382	9,573,068	74,208,314	1.29	1,459
2003	52,303	6,225,817,244	80,537,541	9,686,080	70,851,461	1.14	1,355
2004	53,952	6,731,381,328	75,247,759	9,300,903	65,946,856	0.97	1,222
2005	56,463	7,489,353,710	109,465,708	10,686,133	98,779,575	1.30	1,749
2006	58,893	9,049,255,396	106,091,269	13,178,021	92,913,248	1.03	1,578
2007	60,867	10,704,264,557	126,590,560	24,346,226	102,244,334	0.96	1,680
2008	61,195	11,610,152,643	118,369,735	25,499,192	92,870,543	0.80	1,518
2009	63,135	11,941,060,226	109,974,105	24,988,945	84,985,160	0.71	1,346
2010	63,675	12,092,979,169	101,414,765	25,225,253	76,189,512	0.63	1,197

- (1) Planning Division  
(2) From Table 5  
(3) Includes all long-term general obligation bonded debt, Bond Anticipation notes, and Literary Fund loans  
(4) Includes General Obligation Debt payable from enterprise revenues  
(5) From Table 11A

Table 11A

## COUNTY OF JAMES CITY, VIRGINIA

Ratio of Annual Debt Service Expenditures for General Bonded Debt (1) to  
Total General Government Expenditures

Last Ten Fiscal Years

<b>Fiscal year</b>	<b>(1) Principal</b>	<b>(2) Interest</b>	<b>(4) Total debt service</b>	<b>(3) Total general governmental expenditures</b>	<b>Ratio of debt service to general total governmental expenditures</b>
2001	\$ 4,829,277	4,962,200	9,791,477	110,168,556	8.89%
2002	4,904,047	4,669,021	9,573,068	126,110,078	7.59
2003	5,442,903	4,243,177	9,686,080	133,771,807	7.24
2004	5,414,782	3,886,121	9,300,903	142,379,879	6.53
2005	6,411,051	4,275,082	10,686,133	154,634,945	6.91
2006	7,215,460	5,962,561	13,178,021	171,917,860	7.67
2007	14,488,702	9,857,524	24,346,226	199,622,475	12.20
2008	14,245,257	11,253,935	25,499,192	212,383,260	12.01
2009	14,363,935	10,625,010	24,988,945	208,510,363	11.98
2010	15,077,900	10,147,353	25,225,253	198,552,653	12.70

- (1) General obligation bonds reported in the enterprise funds and special assessment debt with government commitment have been excluded.
- (2) Excludes bond issuance and other costs.
- (3) Reflects recurring expenditures included in the General Fund, Debt Service Fund, all Special Revenue funds, operating transfers to Capital Projects and the County's percentage of discretely presented Component Unit – Public Schools Operating Fund.
- (4) The County has no overlapping debt.

Table 11B

## COUNTY OF JAMES CITY, VIRGINIA

Ratio of Annual Debt Service Expenditures for General Bonded Debt (1) to  
Total General Government Revenues

Last Ten Fiscal Years

Fiscal year	Principal	(2) Interest	(4) Total debt service	(3) Total general governmental revenues	Ratio of debt service to general total governmental revenues
2001	\$ 4,829,277	4,962,200	9,791,477	115,811,197	8.45%
2002	4,904,047	4,669,021	9,573,068	126,579,049	7.56
2003	5,442,903	4,243,177	9,686,080	131,552,134	7.36
2004	5,414,782	3,886,121	9,300,903	146,620,455	6.34
2005	6,411,051	4,275,082	10,686,133	159,351,967	6.71
2006	7,215,460	5,962,561	13,178,021	177,521,975	7.42
2007	14,488,702	9,857,524	24,346,226	204,284,050	11.92
2008	14,245,257	11,253,935	25,499,192	219,920,086	11.59
2009	14,363,935	10,625,010	24,988,945	216,835,334	11.52
2010	15,077,900	10,147,353	25,225,253	200,014,429	12.61

- (1) General obligation bonds reported in the enterprise funds and special assessment debt with government commitment have been excluded.
- (2) Excludes bond issuance and other costs.
- (3) Reflects recurring revenues included in the General Fund, Debt Service Fund, all Special Revenue funds, and the County's percentage of discretely presented Component Unit – Public Schools Operating Fund.
- (4) The County has no overlapping debt.

Table 12

## COUNTY OF JAMES CITY, VIRGINIA

Pledged Revenue Coverage

James City Service Authority

Last Ten Fiscal Years

Fiscal year	Gross revenue	(1) Operating expenses	Net revenue available for debt service	(2) Debt service requirements		
				Principal	Interest	Total
2001	\$ 12,047,519	5,679,512	6,368,007	—	—	—
2002	12,390,547	7,394,450	4,996,097	—	—	—
2003	12,390,749	6,587,651	5,803,098	435,000	60,969	495,969
2004	13,942,677	7,128,622	6,814,055	825,000	482,695	1,307,695
2005	16,307,719	7,743,365	8,564,354	840,000	541,881	1,381,881
2006	18,268,212	8,283,711	9,984,501	860,000	522,981	1,382,981
2007	20,782,517	9,420,318	11,362,199	880,000	503,631	1,383,631
2008	18,115,871	10,205,599	7,910,272	905,000	479,431	1,384,431
2009	19,034,715	10,953,522	8,081,193	1,395,000	1,637,050	3,032,050
2010	17,178,575	10,985,233	6,193,342	1,440,000	1,590,562	3,030,562
						Coverage
						—
						—
						11.70
						5.21
						6.20
						7.22
						8.21
						5.71
						2.67
						2.04

(1) Total operating expenses exclusive of depreciation.

(2) The Authority has no debt margin nor overlapping debt.

Table 13

## COUNTY OF JAMES CITY, VIRGINIA

## Demographic and Economic Statistics

## Last Ten Calendar Years

<b>Calendar year</b>	<b>Population (1)</b>	<b>Personal income (2)</b>	<b>Per capita personal income (2)</b>	<b>Unemployment percentage (1)</b>
2001	49,256	\$ 2,289,963,000	37,242	2.1%
2002	50,858	2,393,678,000	38,021	2.4
2003	52,303	2,515,632,000	38,906	2.5
2004	53,952	2,793,123,000	41,731	3.2
2005	56,463	2,952,937,000	42,713	2.9
2006	58,893	3,289,020,000	45,778	2.6
2007	60,867	3,546,329,000	48,135	2.5
2008	61,195	3,706,388,000	49,520	3.2
2009	63,135	**	**	5.3
2010	63,675	**	**	**

(1) Planning Division, supplemented by data from Virginia Employment Commission

(2) Data from the Bureau of Economic Analysis, and has combined data for James City County and the City of Williamsburg

\*\* Statistics not yet available

Table 13

## COUNTY OF JAMES CITY, VIRGINIA

## Demographic and Economic Statistics

**Households and Population**

(Sources: Social Services Department and Planning Division)

	<u>Food stamp households</u>	<u>Total households</u>	<u>Percentage of food stamp households</u>
Year:			
2001	650	19,495	3.3
2002	666	20,553	3.2
2003	696	21,160	3.3
2004	773	22,095	3.5
2005	881	24,624	3.6
2006	974	25,659	3.8
2007	927	26,507	3.5
2008	965	27,217	3.5
2009	1,224	27,567	4.4
2010	1,638	27,961	5.9

**Population**

(Source: U.S. Census)

	<u>Population number</u>	<u>Percentage increase</u>
1940	4,907	26.5%
1950	6,317	28.7
1960	11,539	82.7
1970	17,853	54.7
1980	22,763	27.5
1990	34,859	53.1
2000	48,102	38.0

**Age Distribution**

	<u>1960</u>	<u>%</u>	<u>1970</u>	<u>%</u>	<u>1980</u>	<u>%</u>	<u>1990</u>	<u>%</u>	<u>2000</u>	<u>%</u>
Age:										
0-14	3,594	31.1	5,226	29.3	5,008	22.0	7,211	20.7	9,254	19.2
15-19	897	7.8	1,448	8.1	2,276	10.0	2,147	6.2	2,838	5.9
20-29	1,496	13.0	2,915	16.3	3,870	17.0	5,330	15.3	—	—
20-34 *	—	—	—	—	—	—	—	—	7,484	15.6
30-44	2,559	22.2	3,172	17.8	4,780	21.0	8,901	25.5	—	—
35-44 *	—	—	—	—	—	—	—	—	7,866	16.4
45-64	2,263	19.6	3,531	19.8	5,235	23.0	7,255	20.8	12,563	26.1
65+	730	6.3	1,561	8.7	1,594	7.0	4,015	11.5	8,097	16.8
	<u>11,539</u>	<u>100.0</u>	<u>17,853</u>	<u>100.0</u>	<u>22,763</u>	<u>100.0</u>	<u>34,859</u>	<u>100.0</u>	<u>48,102</u>	<u>100.0</u>

\* New categories, as defined by U.S. Census  
Source: U.S. Census

Table 13

## COUNTY OF JAMES CITY, VIRGINIA

## Demographic and Economic Statistics

**Households and Population**

(Source: Planning Division)

	<u>Number of households</u>	<u>Total households population*</u>	<u>Persons per household</u>
Year:			
2001	19,495	48,153	2.47
2002	20,553	50,716	2.47
2003	21,160	52,266	2.47
2004	22,095	54,573	2.47
2005	24,624	56,463	2.29
2006	25,659	57,991	2.26
2007	26,507	59,905	2.26
2008	27,217	61,511	2.26
2009	27,567	62,301	2.47
2010	27,961	63,989	2.47

**Unemployment Rate and Labor Force \***

(Source: Planning Division supplemented by data from Virginia Employment Commission)

	<u>Labor force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment percentage</u>
Year:				
2000	25,410	25,103	307	1.2
2001	25,562	25,015	547	2.1
2002	28,453	27,759	694	2.4
2003	29,189	28,462	727	2.5
2004	26,419	25,580	839	3.2
2005	28,056	27,248	808	2.9
2006	29,348	28,573	775	2.6
2007	30,852	30,078	774	2.5
2008	31,715	30,694	1,021	3.2
2009	32,373	30,657	1,716	5.3

\* Household population is total population less population of institutions, such as Eastern State Hospital, a state mental facility, Middle Peninsula Juvenile Detention Center and the Virginia Peninsula Regional Jail.

**Table 13****COUNTY OF JAMES CITY, VIRGINIA**

## Demographic and Economic Statistics

**Median Household Income**

	<b>James City County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
Year:			
1999	56,302	44,848	40,696
2000	58,342	46,789	41,990
2001	57,352	48,130	42,228
2002	59,483	48,224	42,409
2003	62,326	50,028	43,318
2004	66,180	51,103	44,334
2005	65,681	54,207	46,242
2006	67,054	56,297	48,451
2007	70,487	59,575	50,740
2008	76,705	61,210	52,029

Source: U.S. Census Bureau, Small Area Income and Poverty Estimates

Table 14

## COUNTY OF JAMES CITY, VIRGINIA

Principal Employers in James City County

Current Year and Nine Years Ago

	2010			2001		
	Employees	Rank	Percentage of total County employment	Employees	Rank	Percentage of total County employment
Employment:						
Principal Public/Private Employers:						
Busch Gardens *	5,500	1	17.94%	4,300	1	17.19%
Williamsburg-James City County Public Schools	1,818	2	5.93	1,230	2	4.92
Eastern State Hospital	1,000	3	3.26	800	4	3.20
Lumber Liquidators	934	4	3.05	—	—	—
Busch Properties, Inc.	825	5	2.69	650	5	2.60
James City County	720	6	2.35	570	6	2.28
Anheuser-Busch, Inc.	700	7	2.28	1,100	3	4.40
Wal-Mart Distribution Center	692	8	2.26	230	7	0.92
Avid Medical	492	9	1.60	—	—	—
Jamestown-Yorktown Foundation	389	10	1.27	—	—	—
Ball Metal	—	—	—	200	8	0.80
Owens-Brockway	—	—	—	160	9	0.64
Printpack	—	—	—	130	10	0.52
Total	13,070		42.63%	9,370		37.47%

Source: Economic Development, James City County and Virginia Employment Commission

\* Seasonal employer

Table 15

## COUNTY OF JAMES CITY, VIRGINIA

Full-time County Government Employees by Function/Program  
Last Ten Fiscal Years

Function/program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administrative:										
Board of supervisors	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
County administration	4.5	3.5	3.5	3.5	2.5	2.5	2.5	2.5	2.5	2.5
Satellite services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
County attorney	4.5	4.5	4.5	4.5	4.5	4.5	5.0	5.0	5.0	5.0
Elections:										
General registrar	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Human resources:										
Human resources	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0
Communications	3.5	3.5	4.5	5.0	5.0	6.0	7.5	7.5	6.5	6.5
TQP	3.5	4.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Financial administration:										
Accounting	9.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0	8.0
Commissioner of the revenue	11.0	11.0	11.0	11.0	11.0	11.0	13.0	13.0	13.0	12.0
Financial and management services	5.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Purchasing	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Real estate assessments	9.0	10.0	11.0	11.0	11.0	11.0	12.0	13.0	13.0	11.0
Treasurer	12.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
General services:										
Facilities maintenance	19.0	20.0	20.0	20.0	20.0	19.0	18.0	19.0	19.0	18.0
Fleet maintenance	7.0	7.0	6.0	6.0	6.0	8.0	8.0	8.0	8.0	7.0
General services	—	—	—	—	—	3.5	6.5	6.5	6.5	6.5
Grounds maintenance	8.0	9.0	11.0	11.0	15.0	13.0	16.0	21.0	21.0	20.0
Solid waste management	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0
Stormwater	—	—	—	—	—	—	—	9.0	8.5	6.5
Information resources management:										
Information resources management	18.0	18.0	19.0	19.0	19.0	20.0	20.0	21.0	21.0	21.0
Development management:										
Code compliance	16.0	15.0	15.0	16.0	17.0	18.0	20.0	21.0	19.0	15.0
Development management	4.5	4.5	4.5	4.5	4.5	4.5	3.5	4.5	2.5	2.5
Economic development	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Environmental services	7.0	9.0	9.0	10.0	11.0	12.0	15.0	15.0	15.0	14.0
Mosquito control	—	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	—
Planning and zoning	14.5	14.5	14.5	15.5	16.5	18.5	17.5	19.5	19.5	17.5
Judicial:										
Courts/judicial	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Courthouse	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Clerk of the circuit court	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Commonwealth's attorney	8.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0	9.0
Public safety:										
Animal control	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Emergency communications	19.0	19.0	22.0	24.0	25.0	26.0	27.0	27.0	27.0	27.0
Emergency management	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
Emergency medical services	18.0	18.0	18.0	18.0	18.0	24.0	24.0	25.0	25.0	25.0
Fire	70.0	70.0	71.0	74.0	77.0	77.0	80.0	83.0	86.0	86.0
Police	68.0	69.0	72.0	73.0	74.0	78.0	87.0	94.0	97.0	98.0
Radio maintenance	1.0	1.0	1.0	1.0	—	—	—	—	—	—
Sheriff	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0

Table 15

## COUNTY OF JAMES CITY, VIRGINIA

Full-time County Government Employees by Function/Program  
Last Ten Fiscal Years

Function/program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Community services:										
Community services	5.0	6.0	8.0	5.0	5.0	5.0	4.0	4.0	3.0	3.0
Cooperative extension service	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Parks and recreation	29.0	33.0	42.0	43.0	43.0	45.0	52.0	56.0	54.0	53.0
Volunteer services	1.5	1.5	---	---	---	---	---	---	---	---
Neighborhood connections	---	2.5	3.5	3.0	3.0	3.0	4.0	4.0	4.0	2.0
Total general fund	438.5	452.5	474.0	480.0	492.5	512.5	548.5	586.5	584.0	563.0
Other services:										
Community development	8.5	8.5	8.5	8.5	8.5	8.5	9.5	9.5	9.5	8.5
JCSA	71.0	74.0	76.0	78.0	81.0	85.0	87.0	88.0	91.0	90.0
Social services	46.5	46.5	50.5	52.5	52.5	53.5	53.5	57.5	57.5	52.5
Colonial community corrections	11.0	11.0	11.0	12.0	13.0	13.0	13.0	13.0	11.0	11.0
Special projects/grants	---	---	---	---	3.0	3.0	1.0	2.0	2.0	2.0
Grand total all funds	575.5	592.5	620.0	631.0	650.5	675.5	712.5	756.5	755.0	727.0

Source: Financial and Management Services

Table 16

## COUNTY OF JAMES CITY, VIRGINIA

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police:										
Calls for service	15,970	17,678	17,574	18,433	18,574	20,641	21,897	21,320	21,694	21,762
Major crimes reported (1)	1,624	1,642	1,600	992	889	1,049	971	1,007	1,060	1,080
Major crimes cleared (2)	642	845	651	320	306	301	351	343	363	396
Fire:										
Fire/other responses	1,972	2,389	2,307	3,001	2,411	2,822	3,064	3,575	2,969	2,922
Inspections	793	673	769	894	1,574	1,798	1,486	2,334	1,156	2,037
EMS responses	3,971	4,158	4,227	4,642	4,688	4,869	5,219	4,851	5,276	5,573
Refuse collection:										
Refuse collected (tons per day)	N/A	N/A	N/A	N/A	8,95	10,76	11,83	9,25	7,68	8,06
Recyclables collected (tons per day)	N/A	N/A	N/A	N/A	1,11	1,08	1,43	1,25	1,12	1,08
Parks and recreation:										
Community center admissions	241,048	283,457	284,448	321,656	349,107	333,299	315,480	409,706	353,862	394,757
Park attendance	N/A	N/A	N/A	848,750	1,021,620	1,100,051	1,151,574	1,236,968	1,368,462	1,349,550
Participants in programs offered	N/A	N/A	N/A	N/A	N/A	228,504	250,042	408,905	422,009	384,650
Water:										
New connections	718	683	785	909	1,068	880	694	351	263	385
Water mains breaks	80	62	85	62	59	51	42	57	37	40
Wastewater:										
New connections	655	553	603	770	930	884	693	389	269	380

(1) Starting FY04 – major crimes and major crimes reported no longer included simple assaults, which were counted in previous years.

(2) Major crimes cleared includes administrative and pending warrant clearances.

N/A : This information is not available.

Table 17

## COUNTY OF JAMES CITY, VIRGINIA

## Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	5	5	5	5	5	5	5	5	5
Parks and recreation:										
Acreage	245	245	245	181	333	1,547	1,749	1,622	1,622	1,622
Playgrounds	3	4	4	5	6	7	8	10	10	11
Ball fields maintained	43	43	43	54	58	17	23	30	30	58
Tennis courts maintained	12	12	12	19	19	3	6	6	6	5
Community centers	2	2	2	2	2	2	2	2	2	2
Water:										
Water lines (miles)	265	274	282	294	305	319	329	332	339	344
Water customers	13,460	14,158	14,761	15,657	16,531	17,552	18,283	18,770	19,085	19,368
Storage tanks (greater than 250,000 gallons)	6	6	8	8	8	7	7	8	8	8
Average ERCs (2)	17,121	16,631	15,600	16,800	18,800	19,200	20,400	20,350	25,753	20,200
Wastewater:										
Sewer lines (miles)	322	329	339	346	352	360	370	375	379	382
Gallons collected (millions)	1,466	1,639	1,509	1,471	1,469	1,606	1,680	1,727	1,956	2,116
Sewer customers	14,538	15,249	15,902	16,605	17,357	17,982	18,426	18,590	18,702	18,860

(1) Equivalent Residential Connections (ERCs) are determined based upon the rated capacity of a water meter (e.g., the average amount of water which can flow through such meter on a continuous basis) as compared to the rated capacity for a typical 5/8" residential water meter.

Table 18

## COUNTY OF JAMES CITY, VIRGINIA

## Miscellaneous Statistics

**Retail Sales**

Last 10 Years

(Source: Treasurer, James City County)

	<b>Taxable retail sales</b>	<b>Percentage change</b>
Year:		
2001	673,000,700	4.5
2002	660,603,800	(1.8)
2003	678,016,200	2.6
2004	679,508,600	0.2
2005	763,697,400	12.4
2006	832,202,000	9.0
2007	882,593,500	6.1
2008	892,444,900	1.1
2009	861,852,500	(3.4)
2010	842,195,600	(2.3)

**Business Licenses Issued**

Last 10 Years

(Source: Commissioner of the Revenue, James City County)

	<b>Business licenses issued</b>	<b>Percentage change</b>
Year:		
2001	3,783	5.9
2002	3,954	4.5
2003	4,099	3.7
2004	4,696	14.5
2005	4,967	5.8
2006	5,088	2.4
2007	5,983	17.6
2008	5,800	(3.1)
2009	6,446	11.1
2010	6,109	(5.2)

Table 18

## COUNTY OF JAMES CITY, VIRGINIA

## Miscellaneous Statistics

## Construction Information

Last Ten Fiscal Years

Fiscal year	Construction					
	Commercial/Industrial		Residential		Total	
	Number of permits	Value	Number of permits	Value	Number of permits	Value
2001	121	\$ 53,119,323	911	\$ 135,265,141	1,032	\$ 188,384,464
2002	154	29,544,103	1,095	170,128,299	1,249	199,672,402
2003	71	38,817,788	898	180,586,390	969	219,404,178
2004	81	29,478,502	1,012	215,960,174	1,093	245,438,676
2005	84	104,058,153	1,177	144,545,638	1,261	248,603,791
2006	113	89,576,187	1,249	188,993,942	1,362	278,570,129
2007	231	111,021,564	1,297	250,535,003	1,528	361,556,567
2008	229	64,430,345	970	129,967,874	1,199	194,398,219
2009	169	91,878,634	790	85,854,469	959	177,733,103
2010	127	24,594,420	905	98,851,955	1,032	123,446,375

Source: Code Compliance Department

Table 18

## COUNTY OF JAMES CITY, VIRGINIA

## Miscellaneous Statistics

## Williamsburg-James City County Public Schools

## Staffing Analysis

	<u>Classroom teachers</u>	<u>Pupils</u>	<u>Pupil-teacher ratio</u>
School year:			
2009-10	668.98	10,503	15.7
2008-09	643.00	10,248	15.9
2007-08	625.00	10,137	16.2
2006-07	612.00	10,105	16.5
2005-06	596.68	9,820	16.5
2004-05	574.68	9,402	16.4
2003-04	550.50	8,959	16.3
2002-03	546.46	8,553	15.7

Source: Williamsburg-James City County Public Schools

## Projected Enrollment (1)

2010-11	(2)	10,549
2011-12		10,705
2012-13		10,806
2013-14		10,953
2014-15		11,211

(1) Based on enrollment projections (low version) provided by DeJong-Healy, October 2010.

(2) September 30, 2010 enrollment provided by Williamsburg-James City County Public Schools.

## **COMPLIANCE SECTION**

## COUNTY OF JAMES CITY, VIRGINIA

## Schedule of Expenditures of Federal Awards – Primary Government and

## Discretely Presented Component Unit – Public Schools

Year ended June 30, 2010

<b>Federal Grantor/State Pass-Through Grantor/Program Title</b>	<b>Federal catalog number</b>	<b>Expenditures</b>
Primary Government:		
Department of Agriculture:		
Virginia Department of Social Services:		
State Administrative Matching Grants - Supplemental Nutrition Assistance Program	10.561	\$ 442,718
ARRA - State Administrative Matching Grants - Supplemental Nutrition Assistance Program	ARRA - 10.561	19,808
Total Department of Agriculture		462,526
Department of Health and Human Services:		
Virginia Department of Housing and Community Development - Temporary Assistance for Needy Families	93.558	19,597
Virginia Department of Social Services:		
Promoting Safe and Stable Families	93.556	3,952
Temporary Assistance for Needy Families	93.558	316,381
Refugee and Entrant Assistance – State Administered Programs	93.566	2,838
Low-Income Home Energy Assistance	93.568	18,174
Chafee Education and Training Vouchers Program	93.599	8,321
Child Welfare Services	93.645	965
Foster Care – Title IV-E	93.658	246,500
Adoption Assistance	93.659	134,373
Social Services Block Grant	93.667	140,278
Chafee Foster Care Independent Living	93.674	5,355
State Children's Insurance Program	93.767	18,251
Medical Assistance Program	93.778	264,769
Administration for Children and Families:		
ARRA - Foster Care – Title IV-E	ARRA - 93.658	5,802
ARRA - Adoption Assistance	ARRA - 93.659	13,991
Child Care and Development Cluster:		
Virginia Department of Social Services:		
Child Care and Development Block Grant	93.575	450,720
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	231,295
Administration for Children and Families:		
ARRA - Child Care and Development Block Grant	ARRA - 93.713	126,101
Total Child Care and Development Cluster		808,116
Total Department of Health and Human Services		2,007,663
Federal Emergency Management Agency:		
Virginia Department of Emergency Management - Hazard Mitigation Grant	97.039	71,671
Total Federal Emergency Management Agency		71,671

## COUNTY OF JAMES CITY, VIRGINIA

## Schedule of Expenditures of Federal Awards – Primary Government and

## Discretely Presented Component Unit – Public Schools

Year ended June 30, 2010

<u>Federal Grantor/State Pass-Through Grantor/Program Title</u>	<u>Federal catalog number</u>	<u>Expenditures</u>
Primary Government, continued:		
Department of Homeland Security:		
Port Security Grant Program Cluster:		
Port Security Grant Program		
ARRA - Port Security Grant Program	ARRA - 97.056	\$ 89,011
Total Port Security Grant Program Cluster	97.116	39,207
Homeland Security Grant Program Cluster:		<u>128,218</u>
Virginia Department of Emergency Management:		
Law Enforcement Terrorism Prevention Program	97.074	8,847
State Homeland Security Program	97.073	50,216
Homeland Security Grant Program	97.067	22,272
Virginia Department of Criminal Justice Services -		
Law Enforcement Terrorism Prevention Program	97.004	40,000
Total Homeland Security Grant Program Cluster		<u>121,335</u>
Virginia Department of Emergency Management -		
Emergency Management Performance Grants	97.042	6,028
Total Department of Homeland Security		<u>255,581</u>
Department of Housing and Community Development:		
Virginia Department of Housing and Community Development:		
Indoor Plumbing Rehabilitation	14.000	74,654
Housing Counselor Grant	14.169	187
Community Development Block Grants	14.228	25,000
ARRA-Homelessness Prevention and Rapid Re-Housing Assistance	ARRA - 14.257	74,354
Section 8 Housing Choice Vouchers	14.871	1,192,138
Total Department of Housing and Community Development		<u>1,366,333</u>
Department of Interior:		
Direct Payment -		
Bureau of Cash Management Payment in lieu of taxes	15.000	6,979
National Park Service -		
American Battlefield Protection	15.926	21,906
Total Department of Interior		<u>28,885</u>
Department of Labor -		
Employee Benefits Security Administration -		
ARRA - COBRA premium assistance	ARRA - 17.151	10,855
Total Department of Labor		<u>10,855</u>

## COUNTY OF JAMES CITY, VIRGINIA

## Schedule of Expenditures of Federal Awards – Primary Government and

## Discretely Presented Component Unit – Public Schools

Year ended June 30, 2010

<u>Federal Grantor/State Pass-Through Grantor/Program Title</u>	<u>Federal catalog number</u>	<u>Expenditures</u>
Primary Government, continued:		
Department of Transportation:		
Federal Highway Administration -		
Highway Planning and Construction -		
ARRA - Federal Aid Highway Program, Federal Lands Program	ARRA - 20.205	\$ 763
Virginia Department of Transportation -		
Transportation Enhancement Programs Fund	20.205	1,000
National Highway Traffic Safety Administration:		
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	7,379
Alcohol Open Container Requirements	20.607	25,558
Total Department of Transportation		<u>34,700</u>
Department of Justice:		
Bureau of Justice Administration -		
BJA - Bulletproof Vests Partnerships	16.607	9,265
Office of Justice Programs:		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	104,248
ARRA - JAG Grants to States and Territories	ARRA - 16.803	35,258
ARRA - JAG Grants to Units of Local Government	ARRA - 16.804	54,022
Virginia Department of Alcoholic Beverage Control -		
Enforcing Underage Drinking Laws	16.727	2,783
Total Department of Justice		<u>205,576</u>
Department of Criminal Justice Services:		
Virginia Department of Criminal Justice Services:		
Violence Against Women Formula Grants	16.588	16,868
Crime Victim Assistance	16.575	75,732
Total Department of Criminal Justice Services		<u>92,600</u>
Environmental Protection Agency -		
Office of Air and Radiation -		
Climate Showcase Communities Grant Program	66.041	3,424
Total Environmental Protection Agency		<u>3,424</u>
Total federal awards, primary government		<u>4,539,814</u>

## COUNTY OF JAMES CITY, VIRGINIA

## Schedule of Expenditures of Federal Awards – Primary Government and

## Discretely Presented Component Unit – Public Schools

Year ended June 30, 2010

<u>Federal Grantor/State Pass-Through Grantor/Program Title</u>	<u>Federal catalog number</u>	<u>Expenditures</u>
Component Unit – Public Schools:		
Department of Agriculture:		
Child Nutrition Cluster:		
Virginia Department of Agriculture and Consumer Services -		
Food Commodities	10.555	\$ 182,770
Virginia Department of Education:		
School Breakfast Program	10.553	285,802
National School Lunch Program	10.555	1,154,595
Total Child Nutrition Cluster		<u>1,623,167</u>
Virginia Department of Education -		
Fresh Fruit and Vegetable	10.582	<u>30,762</u>
Total Department of Agriculture		<u>1,653,929</u>
Department of Education:		
Direct Payment -		
Impact Aid	84.041	1,993
Virginia Department of Education:		
Adult Education – State Grant Program	84.002	43,855
Title I, Part D, Neglected and Delinquent Children	84.013	46,664
Title I, State Set Aside	84.377	65,282
ARRA - State Fiscal Stabilization Fund	ARRA - 84.394	2,563,885
Title V, Part A, Innovative Programs	84.298	24
Title IV, Part A, Safe and Drug-Free Schools and Communities -		
State Grants	84.186	21,679
Vocational Education – Basic Grants to States	84.048	114,738
Title II, Part A, Improving Teacher Quality State Grants	84.367	281,654
Title III, Part A, English Language Acquisition Grants	84.365	42,771
Title I, Part A Cluster:		
Virginia Department of Education:		
Title I Grants to Local Educational Agencies	84.010	1,047,578
ARRA - Title I Grants to Local Educational Agencies	ARRA - 84.389	<u>277,033</u>
Total Title I, Part A Cluster		<u>1,324,611</u>
Special Education Cluster:		
Virginia Department of Education:		
Special Education – Grants to States	84.027	1,655,323
ARRA - Special Education – Grants to States	ARRA - 84.391	910,873
Special Education – Preschool Grants	84.173	25,738
ARRA - Special Education – Preschool Grants	ARRA - 84.392	<u>35,453</u>
Total Special Education Cluster		<u>2,627,387</u>
Title II, Part D Cluster:		
Virginia Department of Education:		
Title II, Part D, Enhancing Education Through Technology Program	84.318	13,738
ARRA - Title II, D	ARRA - 84.386	<u>29,122</u>
Total Title II, Part D Cluster		<u>42,860</u>

## COUNTY OF JAMES CITY, VIRGINIA

## Schedule of Expenditures of Federal Awards – Primary Government and

## Discretely Presented Component Unit – Public Schools

Year ended June 30, 2010

<u>Federal Grantor/State Pass-Through Grantor/Program Title</u>	<u>Federal catalog number</u>	<u>Expenditures</u>
Component Unit - Public Schools, continued:		
Department of Education, continued:		
Virginia Department of Education:		
College of William and Mary -		
Project HOPE	84.387	21,628
Total Department of Education		7,199,031
Department of Health and Human Services -		
Head Start Program Cluster:		
Williamsburg-James City County Community Action Agency -		
Head Start	93.600	60,185
Child Development Resource:		
ARRA - Early Head Start	ARRA - 93.709	62,654
Total Department of Health and Human Services		122,839
Department of Labor -		
City of Newport News -		
ARRA - WIA Youth Activities	ARRA - 17.259	22,977
Total Department of Labor		22,977
Total federal awards, Component Unit – Public Schools		8,998,776
Total federal awards, reporting entity		\$ 13,538,590

See accompanying notes to schedule of expenditures of federal awards.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

**(1) General**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of James City, Virginia (the County) and its component unit, Williamsburg-James City County Public Schools, and is presented on the modified accrual basis of accounting, which is described in note 1 to the County's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**(2) Relationship to Basic Financial Statements**

Federal expenditures in the basic financial statements are summarized as follows:

General Fund	\$ 145,692
Capital Projects Fund	1,000
Special Revenue Funds	4,393,122
Component Unit – Public Schools	8,998,776
	<hr/>
	\$ 13,538,590
	<hr/>

***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 Honorable Members of Board of Supervisors  
*County of James City, Virginia*

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the ***County of James City, Virginia***, as of and for the year ended June 30, 2010, which collectively comprise the ***County of James City, Virginia's*** basic financial statements and have issued our report thereon dated November 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the ***County of James City, Virginia's*** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ***County of James City, Virginia's*** internal control over financial reporting.

*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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

We noted certain other matters that we reported to management of *County of James City, Virginia* in a separate letter dated November 18, 2010.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hochman & Company, LLP*

Newport News, Virginia  
November 18, 2010



Certified Public Accountants  
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***Report on Compliance with Requirements That Could Have  
A Direct and Material Effect on Each Major Program and on  
Internal Control over Compliance in Accordance with OMB Circular A-133***

To The Honorable Members of Board of Supervisors  
***County of James City, Virginia***

***Compliance***

We have audited ***County of James City, Virginia's*** compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The ***County of James City, Virginia's*** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of the ***County of James City, Virginia's*** management. Our responsibility is to express an opinion on the ***County of James City, Virginia's*** compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about the ***County of James City, 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. Our audit does not provide a legal determination on the ***County of James City, Virginia's*** compliance with those requirements.

In our opinion, the ***County of James City, Virginia*** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010.

### ***Internal Control over Compliance***

The management of the ***County of James City, Virginia*** is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements of referred to above. In planning and performing our audit, we considered the ***County of James City, Virginia's*** internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the ***County of James City, 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 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 significant 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.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Stechman & Company, LLP*

Newport News, Virginia  
November 18, 2010

***Report of Independent Auditors on Compliance with  
Commonwealth of Virginia Laws, Regulations, Contracts and Grants***

To The Honorable Members of Board of Supervisors  
***County of James City, Virginia***

We have audited the financial statements of the ***County of James City, Virginia***, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 18, 2010.

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 *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

Compliance with Commonwealth of Virginia laws, regulations, contracts and grants applicable to the ***County of James City, Virginia***, is the responsibility of the ***County of James City, Virginia's*** management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the ***County of James City, Virginia's*** compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Following is a summary of the Commonwealth of Virginia's laws, regulations, contracts and grants for which we performed tests of compliance:

Code of Virginia

- Budget and Appropriation Laws
- Cash and Investments
- Conflicts of Interest
- Debt Provisions
- Retirement Systems
- Procurement
- Unclaimed Property

State Agency Requirements

- Education
- Comprehensive Services Act Funds
- Social Services

The results of our tests disclosed one instance of noncompliance with the provisions referred to in the preceding paragraph. This instance is discussed in the Schedule of Findings and Questioned Costs as Finding 10-01. With respect to items not tested, nothing came to our attention that caused us to believe that the County of James City, Virginia had not complied, in all material respects, with those provisions.

This report is intended solely for the information and use of the County of James City, Virginia's Board of Supervisors, management, and the Auditor of Public Accounts and all applicable state agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

*Loechman & Company, LLP*

Newport News, Virginia  
November 18, 2010

## COUNTY OF JAMES CITY, VIRGINIA

## Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**(1) Summary of Auditors' Results**

- (a) The type of report issued on the financial statements: **unqualified opinion**
- (b) Significant deficiencies in internal control disclosed by the audit of the financial statements: **none noted**  
Material weaknesses: **no**
- (c) Noncompliance which is material to the financial statements: **no**
- (d) Significant deficiencies in internal control over major programs: **no**
- (e) The type of report issued on compliance for major programs: **unqualified opinion**
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **no**
- (g) Major programs:  
**Child Care and Development Fund Cluster (CFDA Numbers 93.575, 93.596, and ARRA-93.713), Foster Care-Tile IV-E (CFDA Number 93.658 and ARRA-93.658), Adoption Assistance Title IV-E (CFDA Number 93.659), Title I, Part A Cluster (CFDA Numbers 84.010 and ARRA-84.389), Special Education Cluster (CFDA Numbers 84.027, 84.173, ARRA-84.391, and ARRA-84.392), State Fiscal Stabilization Fund (CFDA Number ARRA-84.394) State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA Number 10.561 and ARRA-10.561).**
- (h) Dollar threshold used to determine Type A programs: **\$406,158**
- (i) Auditee qualified as low-risk auditee under Section 530 of OMB Circular A-133: **yes**

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*: none noted****(3) Findings and Questioned Costs Relating to Federal Awards: none noted****(4) State Compliance Findings:****Finding 10-1**

**Condition:** The State and Local Government Conflict of Interest Act contained in Chapter 31 of title 22 of the Code of Virginia requires local government officials to file a statement of economic interests with the clerk of the governing body by January 15 of each year.

**Criteria:** Three statements of economic interests were not filed timely with the clerk of the governing body.

**COUNTY OF JAMES CITY, VIRGINIA**

**Schedule of Findings and Questioned Costs**

**Year ended June 30, 2008**

**Effect:** The County is not in compliance with the State and Local Government Conflict of Interest Act.

**Recommendation:** The County should take steps to ensure that each local official files the statement of economic interests in a timely manner.

**Management's Response:** The County agrees with the finding, and will take steps to ensure that all required forms are filed by the deadline.

- (5) **Summary Schedule of Prior Federal Audit Findings: no uncorrected prior federal audit findings**