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PREPARED BY THE DEPARTMENT OF FINANCIAL AND MANAGEMENT SERVICES
JAMES CITY COUNTY, VIRGINIA

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

County of James City, Virginia
Comprehensive Annual Financial Report
June 30, 2016

(With Independent Auditors' Report Thereon)

Prepared by:
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

County Officials

Year ended June 30, 2016

Board of Supervisors

Michael J. Hipple, Sr., Powhatan District, Chairman
John J. McGlennon, Roberts District, Vice Chairman
Kevin D. Onizuk, Jamestown District
Sue Sadler, Stonehouse District
Ruth Larson, Berkeley District
Bryan J. Hill, Clerk

Officials

Michael E. McGinty, Judge of the Circuit Court
B. Elliott Bondurant, Judge of the Circuit Court
Mona Foley, Clerk of the Circuit Court
Nathan R. Green, Commonwealth's Attorney
Richard W. Bradshaw, Commissioner of the Revenue
Jennifer D. Tomes, 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
Bradley J. Rinehimer, Chief of Police
Dr. Olwen E. Herron, Acting Superintendent of Schools
Bryan J. Hill, County Administrator
Adam R. Kinsman, County Attorney

Board of Directors, James City Service Authority

Kevin D. Onizuk, Chairman
Sue Sadler, Vice Chairman
Michael J. Hipple, Sr.
Ruth Larson
John J. McGlennon
M. Douglas Powell, General Manager
Stephanie A. Luton, Treasurer

School Board, Williamsburg-James City County Public Schools

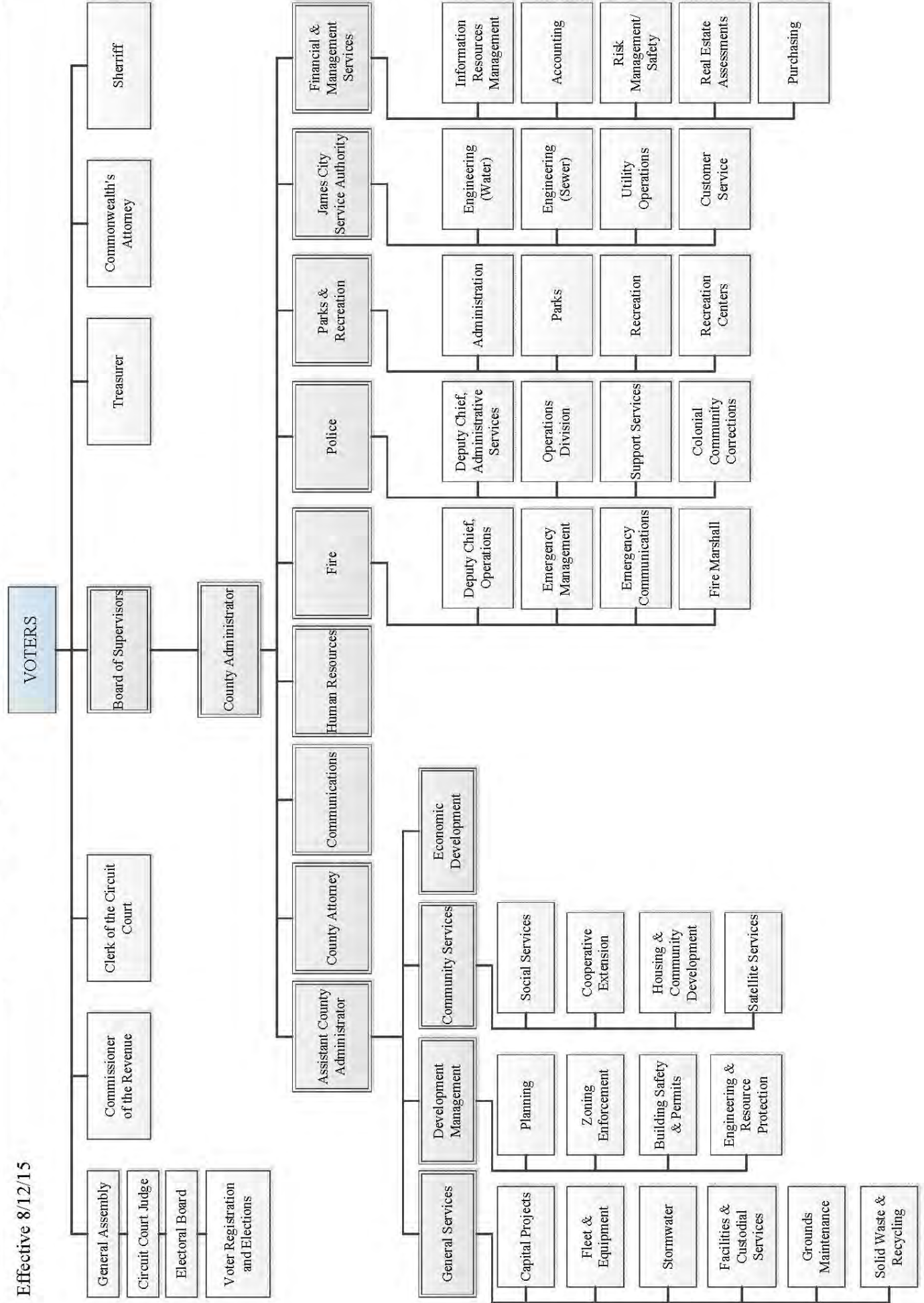
James Kelly, Chairman
Kyra Cook, Vice Chairman
James W. Beers
Julie Y. Hummel
Mary P. Minor
Holly A. Taylor
Sandra S. Young

Board Members, Economic Development Authority

Thomas Tingle, Chairman
Robin Carson, Vice Chairman
Paul W. Gerhardt
Tim Harris
Stephen H. Montgomery
Christopher Odle
Marshall Warner

James City County Organization Chart

Effective 8/12/15





November 30, 2016

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, 2016, 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 (GASB) 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. Dixon Hughes Goodman LLP was selected to perform the required audit. The unmodified report of Dixon Hughes Goodman LLP, 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. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement. 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 as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 3-8 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 division directors, and directs business and administrative procedures.

The Board of Supervisors is a five-member body; one member from each of the five districts, elected for a four-year staggered term by the voters of the district in which the member resides. The Chairman of the Board is elected annually by its members. 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 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 60-63 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 68.

Economic Condition and Outlook

James City County has seen a gradual increase in economic activity during the current fiscal year. Overall, general fund revenues increased 8.5% from last year. The majority of the increase was due to the 7 cent real estate tax increase. Revenues are expected to increase 3.3% during fiscal year 2017, due to the slow economic improvement.

In May 2016, Standard & Poor's and Moody's Investors Service reaffirmed the County's AAA bond rating, which is the highest possible rating. This bond rating is based on analysts' recommendations after a review of economic and fiscal performance, strong liquidity, fiscal policies and practices, evidence of financial planning to meet future capital needs. This rating is excellent for a community the size of James City County and gives the County additional leverage in the bond market for potential bond buyers and investors.

Major Initiatives

During fiscal year 2016, the County started work on its Strategic Plan. There have been multiple meetings with Advisory groups, along with Open Houses to get feedback from County residents. Phase 1, Setting Direction, was completed in winter 2015, and initiated the beginning of Phase 2, Focusing Efforts in early 2016. Phase 2 took the input from Phase 1 and developed a set of priority goals that were then discussed in the Advisory groups.

Once these priority goals were developed and discussed, the residents of the County had an opportunity to provide input. The Advisory groups are working on implementation strategies for these priority goals.

Economic Development

The Office of Economic Development has worked closely on projects that have resulted in the recent expansion and/or attraction of several existing businesses, including the most recent announcement of H & H Medical Corporation in the Busch Corporate Center. Launchpad, the regional business incubator, continues to grow in its new location in New Town, rapidly approaching capacity. Also, working with regional partners in York County and the City of Williamsburg, the Greater Williamsburg Partnership was established to serve as the new regional economic development public/private partnership for the area.

Capital Improvement Program

Capital expenditures totaled \$12,647,985 in fiscal year 2016. The largest capital expenditures this year were related to capital maintenance projects whose purpose is to improve and extend the useful life of County or School buildings and to replace major pieces of equipment. In fiscal year 2016, major projects included the replacement of fire station 1, fire pumper replacements and stormwater projects. Transfers to the schools were made to cover the costs of renovations at Jamestown High School, Clara Byrd Baker and a middle school.

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 five-year Capital Improvement Program totals \$65,387,500 and focuses on a wide variety of needs. An indication of anticipated impacts are included in the adopted budget and capital improvements program for the fiscal year beginning July 1, 2016.

In fiscal year 2017, funding is included for the following major projects: stormwater projects focusing on the federal and state mandates on improving water quality, the Enterprise Resource Software replacement, the radio system upgrade, fire pumper replacement, a refurbishment at an elementary school and an auxiliary high school gym. Future planning includes drainage projects, capital building maintenance, software replacements, fire equipment and vehicle replacements, and school refurbishments and projects.

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 audited comprehensive annual financial report and is available from the Department of Financial and Management Services.

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

During fiscal year 2016, work continued on the multi-year water meter replacement project to increase accuracy and efficiency in meter reading and leak repair using radio read meters.

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, 2015. This was the 31st 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,



Bryan J. Hill
County Administrator



Suzanne R. Mellen
Director of Financial and Management Services



Government Finance Officers Association

**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, 2015

Executive Director/CEO

Financial Section

Independent Auditors' Report

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, 2016, and the related notes to the financial statements, which collectively comprise the County of James City, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, and schedules of changes in net pension liability and related ratios and employer contributions and related notes on pages 3 through 8; 59 through 66, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, on our consideration of 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* in considering County of James City, Virginia's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

**Newport News, Virginia
November 30, 2016**

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2016

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, 2016. We encourage readers to consider the information presented here in conjunction with additional information in our letter of transmittal at the front of this report and the County's financial statements, which follow this analysis.

Financial Highlights

- The County's total net position increased by approximately \$24.4 million over the course of this year's operations, which represents a 6.3% increase from fiscal year 2015.
- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflow of resources as of June 30, 2016 by approximately \$409.4 million. Of this amount, approximately \$315.6 million, or 77.1% is the net investment in capital assets.
- The County's total long-term liabilities for governmental activities at June 30, 2016 increased by approximately \$14.6 million, primarily due to the issuance of bonds and refunding bonds.
- General Fund revenues were \$3,199,792, or 1.7% higher than budgeted. The bulk of the increase was driven by real estate taxes, personal property taxes, sales tax and meals tax. These collections were the result of new development, higher vehicle values and a moderate uptick in economic growth.

Overview of the Financial Statements

The 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 position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2016

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, additional information is provided 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 position and a statement of changes in fiduciary net position. These activities are excluded from the County's government-wide financial statements because the County cannot use their assets to finance its operations.

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's General Fund budget and the County's obligation to provide pension 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.

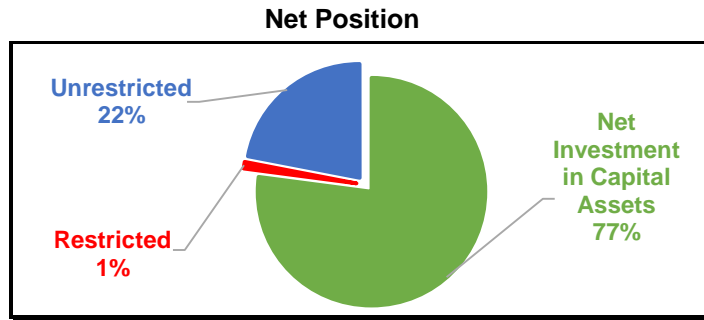
Financial Analysis

Condensed Statement of Net Position							
	Governmental activities		Business-type activities		Total		
	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015	
Current and other assets	\$ 119,515,469	\$ 88,863,125	\$ 40,306,992	\$ 38,765,495	\$ 159,822,461	\$ 127,628,620	
Capital assets	328,000,441	329,390,782	161,615,472	161,288,064	489,615,913	490,678,846	
Total assets	447,515,910	418,253,907	201,922,464	200,053,559	649,438,374	618,307,466	
Deferred outflows of resources	4,669,697	4,091,153	2,157,296	330,920	6,826,993	4,422,073	
Total assets and deferred outflows	\$ 452,185,607	\$ 422,345,060	\$ 204,079,760	\$ 200,384,479	\$ 656,265,367	\$ 622,729,539	
Long-term liabilities	\$ 206,825,049	\$ 176,738,321	\$ 25,853,370	\$ 24,715,862	\$ 232,678,419	\$ 201,454,183	
Other liabilities	9,315,956	24,922,054	707,112	2,071,956	10,023,068	26,994,010	
Total liabilities	216,141,005	201,660,375	26,560,482	26,787,818	242,701,487	228,448,193	
Deferred inflow of resources	3,656,951	8,441,486	462,686	803,802	4,119,637	9,245,288	
Total liabilities and deferred inflow	219,797,956	210,101,861	27,023,168	27,591,620	246,821,124	237,693,481	
Net investment in capital assets	176,303,250	159,469,360	139,312,785	137,173,064	315,616,035	296,642,424	
Restricted net position	3,122,280	1,551,387	729,605	2,716,277	3,851,885	4,267,664	
Unrestricted net position	52,962,121	51,222,452	37,014,202	32,903,518	89,976,323	84,125,970	
Total net position	232,387,651	212,243,199	177,056,592	172,792,859	409,444,243	385,036,058	
Total liabilities, deferred inflows and net position	\$ 452,185,607	\$ 422,345,060	\$ 204,079,760	\$ 200,384,479	\$ 656,265,367	\$ 622,729,539	

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2016

The County's net position was \$409,444,243 at the close of the most recent fiscal year. This represents a 6.3% increase from last year. The largest portion of the County's net position at June 30, 2016 (77.1%) reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position (0.9%) is restricted for specific purposes. The unrestricted portion of net position (22%) may be used to meet the County's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the County was able to report positive balances in all three categories of net position, both for the primary government as a whole, as well as for its separate governmental and business-type activities.



Condensed Changes in Net Position

	Governmental activities		Business-type activities		Total	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Program revenues						
Charges for services	\$ 18,176,017	\$ 16,715,136	\$ 16,018,375	\$ 16,452,120	\$ 34,194,392	\$ 33,167,256
Operating grants and contributions	32,181,074	31,767,861	-	-	32,181,074	31,767,861
Capital grants and contributions	269,439	346,627	6,865,346	5,284,379	7,134,785	5,631,006
General revenues:						
Property taxes	120,796,742	113,359,672	-	-	120,796,742	113,359,672
Other taxes	24,027,667	22,771,626	-	-	24,027,667	22,771,626
Interest and investment earnings	263,745	232,388	519,767	248,207	783,512	480,595
Miscellaneous	1,932,580	4,217,841	832,182	1,013,854	2,764,762	5,231,696
Total revenues	197,647,264	189,411,151	24,235,670	22,998,560	221,882,934	212,409,712
Expenses:						
General government admin.	8,807,519	19,278,147	-	-	8,807,519	19,278,147
Judicial admin.	5,682,096	5,598,594	-	-	5,682,096	5,598,594
Public safety	30,842,789	23,996,973	-	-	30,842,789	23,996,973
Public works	7,986,260	6,985,073	-	-	7,986,260	6,985,073
Health and welfare	7,368,295	7,013,325	-	-	7,368,295	7,013,325
Education	87,508,710	87,713,464	-	-	87,508,710	87,713,464
Parks, rec. and cultural	10,650,141	9,386,351	-	-	10,650,141	9,386,351
Community development	12,787,069	10,692,736	-	-	12,787,069	10,692,736
Interest on long-term debt	5,869,933	7,787,361	-	-	5,869,933	7,787,361
Service Authority	-	-	19,971,937	19,888,935	19,971,937	19,888,935
Total expenses	177,502,812	178,452,024	19,971,937	19,888,935	197,474,749	198,340,959
Change in net position	20,144,452	10,959,127	4,263,733	3,109,625	24,408,185	14,068,753
Net position, beginning of year	212,243,199	201,284,071	172,792,859	169,683,234	385,036,058	370,967,305
Net position, end of year	\$ 232,387,651	\$ 212,243,198	\$ 177,056,592	\$ 172,792,859	\$ 409,444,243	\$ 385,036,058

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2016

Governmental Activities

For the fiscal year ended June 30, 2016, revenues from governmental activities totaled \$197,747,264. Of this amount, \$52,822,855, or 26.7%, is received from sources other than local tax revenue. Real estate tax revenues, the County's largest single revenue source, totaled \$94,899,836. The County's assessed real property tax base for fiscal year 2016 was \$11,352,153,219, which was an increase of 1.8% from fiscal year 2015. Overall, the net position increased by \$20,144,452 from last year.

In fiscal year 2016, the County reported current year collections of \$20,804,210 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 47% of most taxpayer's payments.

For the fiscal year ended June 30, 2016, expenses for governmental activities totaled \$177,502,812, including \$87,508,711 for Education expenses for the public school system. Total expenses decreased by 0.5% over fiscal year 2015, primarily for interest on long-term debt, as a result of savings from the bond refundings.

Business-Type Activity

The business-type activity had an increase in net position of \$4,263,733 during fiscal year 2016. This was a result of increased water demand primarily attributable to irrigation, the introduction of a fixed water and sewer rate charge, and an increase in the number and value of water and sewer system dedications. Overall, the expenses increased from last year by 0.4%. The primary source of revenue consists of charges for water and sewer services, which totaled \$12,774,840 and increased by 1.4% from last year. This was primarily a result of the introduction of a fixed water and sewer charge.

Financial Analysis of the County's Funds

The County's General Fund experienced an overall increase in fund balance of \$3,630,136. This was primarily due to higher real estate revenue as a result of a 8.2 cent tax rate increase. The portion of the unassigned fund balance for fiscal liquidity totaled \$24,681,548, which was 10.8% of the total general governmental expenditures (from Table 11 in the Statistical section), including the County's share of the Public Schools' operating expenditures, and within the goal of 10% to 12%.

General Fund Budgetary Highlights

The overall difference between the original budget and the final amended budget for revenues was an increase of \$446,800. There were supplemental appropriations for the operation of a marina and a park, grant funds and insurance recoveries for damaged equipment and vehicles. General Fund revenues were 1.7%, or \$3,199,792 higher than budgeted and increased 8.5% or \$14,905,229 from fiscal year 2015.

The largest increase in revenues from fiscal year 2015 to fiscal year 2016 occurred in real estate tax revenues, by \$10,206,597 and is the County's largest revenue source. For fiscal year 2016, total collections were \$94,899,836, which exceeded the budget by \$795,836. Personal property taxes, another large source of local tax funding, had combined collections from the state and local taxpayers of \$30,574,347. State revenues, not including the personal property tax reimbursement, were \$105,684 less than budgeted. Although less than budgeted, State revenues, excluding the personal property tax reimbursement, increased \$779,454 in fiscal year 2016 from fiscal year 2015. This increase is primarily due to receiving more in State sales tax for education, which increased \$512,035 from fiscal year 2015.

General Fund budgeted expenditures were 3.9% below the final budget, or \$6,044,053, which was primarily due to reduced departmental spending. Of this amount, \$1,332,619 is for encumbrances and is assigned in the fund balance.

As a result of revenues above budget and underspending, the fund balance increased to \$38,293,568. This was an increase of \$3,630,136 or 10.4% from 2015.

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2016

Other Governmental Funds

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for all funds, which can be found on pages 70-71. The other governmental funds had an increase in fund balance of \$1,153,705 in fiscal year 2016 from 2015.

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 \$4,263,733 in net position during the fiscal year primarily as a result of an increase in the number and value of water and sewer system dedications.

Capital Assets

At the end of fiscal year 2016, the County's investment in capital assets for its governmental and business-type activities totaled \$489,615,913 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, intangibles, buildings and improvements, water and sewer systems, infrastructure, equipment, and vehicles. The County does not own its roads, and therefore they are not included in 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 2016, the net value of school buildings reflected in the governmental activities of the County equals \$197,410,997, and the associated current year's depreciation expense of \$5,168,964 is reflected in Education expense in the County's governmental activities in the statement of net position.

	Summary of Capital Assets, Net			
	6/30/2016			6/30/2015
	Governmental activities	Business-type activity	Total	Total
Land	\$ -	\$ 1,739,491	\$ 1,739,491	\$ 1,739,491
Land - utility plant	-	962,995	962,995	962,995
Land and land improvements	28,132,818	13,183	28,146,001	28,146,001
Construction in progress	9,873,563	1,334,553	11,208,116	8,399,196
Intangible assets - easements	8,646,400	4,570	8,650,970	8,073,747
Intangible assets - water rights	-	20,552,147	20,552,147	21,165,644
Water and sewer systems	-	132,477,462	132,477,462	132,011,921
Buildings and improvements	235,518,034	3,259,899	238,777,933	246,063,496
Improvements other than buildings	26,686,456	-	26,686,456	23,258,341
Equipment and vehicles	12,544,658	1,271,172	13,815,830	13,874,950
Infrastructure	6,598,512	-	6,598,512	6,983,063
Total	\$ 328,000,441	\$ 161,615,472	\$ 489,615,913	\$ 490,678,845

Additional information about the County's capital assets can be found in Note 6 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 2016, \$12,929,834 was transferred to the Capital Projects Fund from the General Fund. During the year, capital project expenditures of \$12,647,985 included transfers to the schools for renovations to Clara Byrd Baker Elementary School, Jamestown High School and James River Elementary School; transfers to the schools for a new middle school; expenditures for replacement of a fire station and costs incurred for drainage improvements projects.

County of James City, Virginia
Management's Discussion and Analysis
June 30, 2016

Long-Term Debt

During 2016, the County has three refunding bond issuances (two for governmental activities and one for its business-type activity) and a bond issuance to provide funding for new capital projects. In April 2016, Standard & Poor's (S&P) upgraded its rating of AA+ to AAA, and Moody's Investors Service upgraded its rating of Aa2 to Aa1 for the Service Authority's outstanding bonded debt. In May 2016, S&P and Moody's reaffirmed the County's AAA bond rating, which is the highest possible rating.

Below is a summary of the County's long-term debt as of June 30, 2016 and 2015, respectively.

Summary of Long-Term Debt				
	6/30/2016			6/30/2015
	Governmental activities	Business-type activity	Total	Total
General obligation bonds, net unamortized premium	\$ 49,844,841	\$ -	\$ 49,844,841	\$ 65,458,589
Revenue bonds, net unamortized premium	130,451,552	24,118,109	154,569,661	127,719,000
Capital leases	728,456	-	728,456	858,833
Pension	18,526,124	1,074,947	19,601,071	16,398,285
OPEB	2,608,962	277,509	2,886,471	2,437,471
Compensated absences	3,495,440	382,805	3,878,245	3,812,130
Landfill	1,169,674	-	1,169,674	1,168,160
Total	<u>\$ 206,825,049</u>	<u>\$ 25,853,370</u>	<u>\$ 232,678,419</u>	<u>\$ 217,852,468</u>

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

Economic Factors and Next Year's 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 2016 is the second year of the current two-year cycle. The fiscal year 2016 approved budget for the General Fund was \$186,964,000 (Note: for financial reporting purposes, the General Fund budget also includes \$245,000 for landfill user fees, for a total of \$187,209,000).

Fiscal year 2017 is the first year of the next two-year cycle. The fiscal year 2017 approved budget for the General Fund is \$193,415,000. This budget was adopted on May 10, 2016, and reflects a \$6,451,000, or a 3.5%, increase over the fiscal year 2016 budget. This increase is primarily due to increases in real estate, personal property and local sales, meals and lodging tax revenues.

During fiscal year 2017, real estate revenues, the largest source of general fund revenue, are projected to increase 2.3% over last year. Personal property tax revenue is expected to increase by 4.0% in the number of vehicles and 7.0% in the value of vehicles over last year. State revenues increase by 2.0%, primarily from an increase in sales tax for education, which is provided to the school system.

Expenditures include costs for a salary increase and health insurance. The County's general fund contribution to the Williamsburg-James City County School Board will be \$103,283,448, which is a 2.3% or \$2,334,941 increase from fiscal year 2016.

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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County of James City, Virginia
Statement of Net Position
June 30, 2016

	Primary government			Discretely presented component units	
	Governmental activities	Business-type activity	Total	Public schools	Economic Development Authority
Assets					
Cash and cash equivalents (note 2)	\$ 35,123,440	\$ 655,568	\$ 35,779,008	\$ 17,922,073	\$ 951,618
Investments (note 2)	6,438,998	36,128,873	42,567,871	-	-
Restricted cash, cash equivalents and investments (note 2)	32,404,980	729,605	33,134,585	-	-
Receivables, net of allowance for uncollectibles:					
Taxes, including penalties	26,363,825	-	26,363,825	-	-
Accounts	-	2,489,595	2,489,595	79,931	-
Interest	16,530	125,238	141,768	-	317
Loans	3,639,688	-	3,639,688	-	-
Notes	-	2,544	2,544	-	37,518
Miscellaneous (note 3)	3,921,942	-	3,921,942	-	-
Internal balances (note 7)	633,544	(633,544)	-	-	-
Due from component units (note 7)	961,643	-	961,643	-	-
Due from other governments, net (note 5)	9,064,515	-	9,064,515	1,033,421	-
Inventory	336,498	809,113	1,145,611	16,525	-
Other assets	609,866	-	609,866	-	-
Capital assets, net (note 6):					
Non-depreciable	46,652,781	4,054,792	50,707,573	12,803,814	399,616
Depreciable	281,347,660	157,560,680	438,908,340	41,313,135	109,969
Net capital assets	328,000,441	161,615,472	489,615,913	54,116,949	509,585
Total assets	447,515,910	201,922,464	649,438,374	73,168,899	1,499,038
Deferred Outflows of Resources					
Deferred charge on refundings, net (note 9)	284,034	1,815,422	2,099,456	-	-
Deferred differences between expected and actual experience on pension actuarial valuation (note 11)	195,419	-	195,419	-	-
Deferred pension contributions (note 11)	4,190,244	341,874	4,532,118	11,786,430	-
Total deferred outflow of resources	4,669,697	2,157,296	6,826,993	11,786,430	-
Total assets and deferred outflow of resources	<u>\$ 452,185,607</u>	<u>\$ 204,079,760</u>	<u>\$ 656,265,367</u>	<u>\$ 84,955,329</u>	<u>\$ 1,499,038</u>
Liabilities					
Liabilities:					
Accounts payable	\$ 3,240,704	\$ 326,814	\$ 3,567,518	\$ 2,524,481	\$ 12,174
Accrued liabilities	1,156,361	166,906	1,323,267	13,921,394	-
Liabilities payable from restricted assets	1,024,389	-	1,024,389	-	-
Due to primary government (note 7)	-	-	-	960,495	1,148
Advances for construction (note 16)	-	32,902	32,902	-	-
Amounts held for others	-	180,490	180,490	-	-
Unearned revenue	3,894,502	-	3,894,502	65,983	-
Long-term liabilities (notes 9, 10, 11 and 12):					
Due within one year	17,754,372	1,136,011	18,890,383	558,256	-
Due in more than one year	189,070,677	24,717,359	213,788,036	116,311,641	-
Total liabilities	216,141,005	26,560,482	242,701,487	134,342,250	13,322
Deferred Inflow of Resources					
Deferred pension investment experience (note 11)	3,656,951	462,686	4,119,637	9,228,209	-
Net Position					
Net position:					
Net investment in capital assets	176,303,250	139,312,785	315,616,035	53,952,706	509,585
Restricted net position:					
Capital projects	-	-	-	-	-
Debt service	1,222,336	729,605	1,951,941	-	-
Other	1,899,944	-	1,899,944	619,624	-
Unrestricted	52,962,121	37,014,202	89,976,323	(113,187,460)	976,131
Total net position	232,387,651	177,056,592	409,444,243	(58,615,130)	1,485,716
Total liabilities and net position	<u>\$ 452,185,607</u>	<u>\$ 204,079,760</u>	<u>\$ 656,265,367</u>	<u>\$ 84,955,329</u>	<u>\$ 1,499,038</u>

See accompanying notes to basic financials statements

County of James City, Virginia
Statement of Activities
Year ended June 30, 2016

					Net (expenses) revenues and changes in net assets				
								Discretely presented component units	
					Primary government				
Functions/programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activity	Total	Public schools	Economic Development Authority
Primary government:									
Governmental activities:									
General government administration	\$ 8,807,519	\$ 7,547,746	\$ 23,769,082	\$ -	\$ 22,509,309	\$ -	\$ 22,509,309	\$ -	\$ -
Judicial administration	5,682,096	2,464,271	1,041,060	-	(2,176,765)	-	(2,176,765)	-	-
Public safety	30,842,789	3,558,411	1,848,469	269,439	(25,166,470)	-	(25,166,470)	-	-
Public works	7,986,260	649,214	13,154	-	(7,323,892)	-	(7,323,892)	-	-
Health and welfare	7,368,295	-	3,720,425	-	(3,647,870)	-	(3,647,870)	-	-
Education (including School system)	87,508,710	-	-	-	(87,508,710)	-	(87,508,710)	-	-
Parks, recreation and cultural	10,650,141	3,563,791	9,000	-	(7,077,350)	-	(7,077,350)	-	-
Community development	12,787,069	392,584	1,779,884	-	(10,614,601)	-	(10,614,601)	-	-
Interest on long-term debt	5,869,933	-	-	-	(5,869,933)	-	(5,869,933)	-	-
Total governmental activities	177,502,812	18,176,017	32,181,074	269,439	(126,876,282)	-	(126,876,282)	-	-
Business-type activity:									
Service Authority	19,971,937	16,018,375	-	6,865,346	-	2,911,784	2,911,784	-	-
Total primary government	\$ 197,474,749	\$ 34,194,392	\$ 32,181,074	\$ 7,134,785	\$ (126,876,282)	\$ 2,911,784	\$ (123,964,498)	\$ -	\$ -
Component units:									
Economic Development Authority	\$ 387,367	\$ 14,975	\$ 148,524	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (223,868)
Public Schools	132,425,464	2,406,885	17,326,000	-	-	-	-	(112,692,579)	-
Total component units	\$ 132,812,831	\$ 2,421,860	\$ 17,474,524	\$ -	\$ -	\$ -	\$ -	\$ (112,692,579)	\$ (223,868)
General revenues:									
Property taxes, levied for general purposes					\$ 120,796,742	\$ -	\$ 120,796,742	\$ -	\$ -
Local sales and use taxes					11,193,481	-	11,193,481	-	-
Franchise license tax					627,762	-	627,762	-	-
Taxes on recordation and wills					1,349,105	-	1,349,105	-	-
Hotel and motel room taxes					3,474,512	-	3,474,512	-	-
Restaurant food taxes					7,017,178	-	7,017,178	-	-
Deeds of conveyance					347,548	-	347,548	-	-
Penalties and interest					18,081	-	18,081	-	-
Grants and contributions not restricted to specific programs					-	-	-	113,865,906	-
Interest and investment earnings					263,745	519,767	783,512	681	9,895
Miscellaneous					1,932,580	832,182	2,764,762	231,314	53,827
Total general revenues					147,020,734	1,351,949	148,372,683	114,097,901	63,722
Change in net position					20,144,452	4,263,733	24,408,185	1,405,322	(160,146)
Net position, beginning					212,243,199	172,792,859	385,036,058	(60,020,452)	1,645,862
Net position, ending					\$ 232,387,651	\$ 177,056,592	\$ 409,444,243	\$ (58,615,130)	\$ 1,485,716

See accompanying notes to basic financials statements.

County of James City, Virginia
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds			Nonmajor governmental funds	Total governmental funds
	General	Capital projects	Debt service		
Assets					
Cash and cash equivalents	\$ 14,475,497	\$ 17,276,192	\$ -	\$ 3,371,751	\$ 35,123,440
Investments	6,438,998	-	-	-	6,438,998
Restricted cash and cash equivalents and investments (note 2)	967,532	29,537,504	-	1,899,944	32,404,980
Receivables, net of allowance:					
Taxes	26,274,591	593	-	88,641	26,363,825
Interest	-	16,530	-	-	16,530
Loans	-	-	-	3,639,688	3,639,688
Miscellaneous (note 3)	3,916,238	5,704	-	-	3,921,942
Due from other funds (note 4)	428,548	3,121,834	-	26,755	3,577,137
Due from blended component unit (note 7)	633,544	-	-	-	633,544
Due from component unit (note 7)	3,167,069	-	-	-	3,167,069
Due from other governments, net (note 5)	7,566,514	-	-	1,498,001	9,064,515
Inventory	336,498	-	-	-	336,498
Total assets	<u>\$ 64,205,029</u>	<u>\$ 49,958,357</u>	<u>\$ -</u>	<u>\$ 10,524,780</u>	<u>\$ 124,688,166</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,870,639	\$ 220,870	\$ -	\$ 149,195	\$ 3,240,704
Accrued liabilities	304,796	-	-	6,707	311,503
Payables from restricted assets	952,190	-	-	72,199	1,024,389
Due to other funds (note 4)	3,148,589	-	-	428,548	3,577,137
Due to component units (note 7)	40,652	2,130,191	-	34,583	2,205,426
Unearned revenue (note 8)	18,594,595	592	-	3,722,365	22,317,552
Total liabilities	<u>25,911,461</u>	<u>2,351,653</u>	<u>-</u>	<u>4,413,597</u>	<u>32,676,711</u>
Fund balances:					
Nonspendable:					
Loans	-	-	-	765,745	765,745
Inventory	336,498	-	-	-	336,498
Committed	-	28,907,491	-	-	28,907,491
Assigned:					
General	7,860,584	18,699,213	-	-	26,559,797
Capital reserve	5,414,938	-	-	-	5,414,938
Other governmental funds	-	-	-	5,345,438	5,345,438
Unassigned:	24,681,548	-	-	-	24,681,548
Total fund balances	<u>38,293,568</u>	<u>47,606,704</u>	<u>-</u>	<u>6,111,183</u>	<u>92,011,455</u>
Total liabilities and fund balances	<u>\$ 64,205,029</u>	<u>\$ 49,958,357</u>	<u>\$ -</u>	<u>\$ 10,524,780</u>	<u>\$ 124,688,166</u>

See accompanying notes to basic financials statements.

Exhibit 3

County of James City, Virginia
Balance Sheet
Governmental Funds
June 30, 2016

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

Ending fund balance, governmental funds		\$ 92,011,455
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.		328,000,441
Land held for resale and future development used in governmental activities are not financial resources and therefore are not reported in the funds.		609,866
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		18,423,050
Deferred outflows of resources represent a consumption of net position applying to future periods and therefore, are not reported in the governmental funds.		
Deferred charge on refundings	\$ 284,034	
Deferred pension actuarial differences	195,419	
Deferred pension contributions	<u>4,190,244</u>	4,669,697
Unmatured interest payable reported in governmental activities will not be paid with current financial resources and therefore is not reported in the funds.		(844,858)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(46,390,000)	
Lease revenue bonds	(118,592,000)	
Unamortized bond premiums, net	(15,314,393)	
Capital leases	(728,456)	
Net pension liability	(18,526,124)	
Other post-employment benefits	(2,608,962)	
Compensated absences	(3,495,440)	
Landfill postclosure care cost	<u>(1,169,674)</u>	(206,825,049)
Deferred inflows of resources for pension contributions represent an acquisition of net position that is applicable to a future reporting period and therefore, is not reported in the governmental funds.		<u>(3,656,951)</u>
Net position, governmental activities		<u><u>\$ 232,387,651</u></u>

See accompanying notes to basic financials statements.

County of James City, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2016

	Major Funds			Nonmajor governmental funds	Total governmental funds
	General	Capital projects	Debt service		
Revenues:					
General property taxes	\$ 124,363,595	\$ -	\$ -	\$ -	\$ 124,363,595
Other local taxes	23,243,899	-	-	783,768	24,027,667
Permits, privilege fees and regulatory licenses	8,779,496	-	-	-	8,779,496
Fines and forfeitures	309,278	-	-	-	309,278
Use of money and property	205,768	55,135	2,806	36	263,745
Charges for services	6,623,273	-	-	-	6,623,273
Miscellaneous	250,331	540,910	225,961	915,378	1,932,580
Intergovernmental:					
Local	-	-	-	317,958	317,958
Commonwealth	27,071,816	450,605	-	3,050,808	30,573,229
Federal	8,136	-	-	3,735,848	3,743,984
Total revenues	<u>\$ 190,855,592</u>	<u>\$ 1,046,650</u>	<u>\$ 228,767</u>	<u>\$ 8,803,796</u>	<u>\$ 200,934,805</u>
Expenditures:					
Current:					
General government administration	\$ 9,678,060	\$ -	\$ -	\$ -	\$ 9,678,060
Judicial administration	4,195,078	-	-	1,268,666	5,463,744
Public safety	27,003,530	-	-	874,722	27,878,252
Public works	7,066,548	-	-	15,654	7,082,202
Health and welfare	1,865,341	-	-	5,368,711	7,234,052
Education	79,825,974	-	-	-	79,825,974
Parks, recreation and cultural	9,864,071	-	-	8,380	9,872,451
Community development	5,809,243	-	50,804	4,493,797	10,353,844
Nondepartmental	1,183,538	-	-	-	1,183,538
Debt service:					
Principal	-	-	17,122,377	-	17,122,377
Interest and other fiscal charges	-	-	6,188,222	-	6,188,222
Bond issuance costs	-	-	1,173,546	-	1,173,546
Capital outlay - governmental activities	-	8,398,349	-	-	8,398,349
Capital outlay - school activities	-	4,249,636	-	-	4,249,636
Total expenditures	<u>146,491,383</u>	<u>12,647,985</u>	<u>24,534,949</u>	<u>12,029,930</u>	<u>195,704,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>44,364,209</u>	<u>(11,601,335)</u>	<u>(24,306,182)</u>	<u>(3,226,134)</u>	<u>5,230,558</u>
Other financing sources (uses):					
Transfers in (note 4)	39,235	12,929,834	23,568,074	4,419,074	40,956,217
Transfers out (note 4)	(40,773,308)	(143,674)	-	(39,235)	(40,956,217)
Issuance of bonds	-	26,750,000	-	-	26,750,000
Premium on bond issuance	-	1,941,744	-	-	1,941,744
Issuance of refunding bonds	-	-	64,915,000	-	64,915,000
Premium on refunding bonds	-	-	8,988,550	-	8,988,550
Payment to escrow agent for refunded bonds	-	-	(73,165,442)	-	(73,165,442)
Total other financing sources (uses)	<u>(40,734,073)</u>	<u>41,477,904</u>	<u>24,306,182</u>	<u>4,379,839</u>	<u>29,429,852</u>
Net change in fund balances	<u>3,630,136</u>	<u>29,876,569</u>	<u>-</u>	<u>1,153,705</u>	<u>34,660,410</u>
Fund balances, beginning of year	<u>34,663,432</u>	<u>17,730,135</u>	<u>-</u>	<u>4,957,478</u>	<u>57,351,045</u>
Fund balances, end of year	<u>\$ 38,293,568</u>	<u>\$ 47,606,704</u>	<u>\$ -</u>	<u>\$ 6,111,183</u>	<u>\$ 92,011,455</u>

See accompanying notes to basic financials statements.

County of James City, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2016

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

Net change in fund balances, governmental funds \$ 34,660,410

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	\$ (11,463,847)	
Capital outlay expenditures	10,169,127	
Loss on disposal of capital assets	<u>(672,593)</u>	(1,967,313)

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 increased by this amount this year.

(3,287,541)

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

Issuance of debt	(91,665,000)	
Principal payments	17,122,377	
Payment to escrow agent	73,165,442	
Premium on debt issuance	(10,930,294)	
Amortization on premium	1,572,930	
Amortization on deferred charge on refundings	(84,848)	
OPEB obligation	<u>(415,000)</u>	(11,234,393)

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

Compensated absences	(40,663)	
Landfill	(1,514)	
Interest payable	3,753	
Pension liability and related deferred inflows and outflows	<u>2,011,713</u>	1,973,289

Change in net position, governmental activities		<u><u>\$ 20,144,452</u></u>
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See accompanying notes to basic financials statements.

County of James City, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2016

	James City Service Authority
Assets	
Current assets:	
Cash and cash equivalents (note 2)	\$ 655,568
Investments (note 2)	36,128,873
Restricted investments (note 2)	729,605
Accounts receivable, customers	2,456,377
Accounts receivable, other	33,218
Notes receivable	2,544
Interest receivable	125,238
Inventories	809,113
Total current assets	<u>40,940,536</u>
Noncurrent assets:	
Capital assets (note 6):	
Land	1,739,491
Land – utility plant	962,995
Land improvements	13,183
Construction in progress	1,334,553
Water and sewer systems – utility plant	251,061,253
Buildings and improvements	4,892,209
Office fixtures and equipment	1,840,746
Automotive equipment	2,629,462
Intangibles	25,004,570
Less accumulated depreciation and amortization	(127,862,990)
Net capital assets	<u>161,615,472</u>
Total assets	<u>202,556,008</u>
Deferred Outflows of Resources	
Deferred charge on refunding, net (note 9)	1,815,422
Deferred pension contributions (note 11)	341,874
Total deferred outflows of resources	<u>2,157,296</u>
Total assets and deferred outflows of resources	<u>\$ 204,713,304</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 326,814
Accrued salaries	14,083
Compensated absences, current portion (note 9)	287,104
Due to other funds (note 7)	633,544
Deposits	180,490
Interest payable	152,823
Bonds payable, current portion (note 9)	785,000
Unamortized bond premium, current portion (note 9)	63,907
Total current liabilities	<u>2,443,765</u>
Noncurrent liabilities:	
Advances for construction (note 16)	32,902
Other post-employment benefits (OPEB) (note 12)	277,509
Compensated absences, net of current portion (note 9)	95,701
Bonds payable, net of current portion (note 9)	21,810,000
Unamortized bond premium, net of current portion (note 9)	1,459,202
Net pension liability (note 11)	1,074,947
Total noncurrent liabilities	<u>24,750,261</u>
Total liabilities	<u>27,194,026</u>
Deferred Inflow of Resources	
Deferred pension investment experience (note 11)	<u>462,686</u>
Net Position	
Net position:	
Net investment in capital assets	139,312,785
Restricted for debt service	729,605
Unrestricted	37,014,202
Total net position	<u>177,056,592</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 204,713,304</u>

See accompanying notes to basic financials statements.

Exhibit 6

County of James City, Virginia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year ended June 30, 2016

	James City Service Authority
Operating revenues:	
Water and sewer services	\$ 12,774,840
Water supply proffers	218,987
Rental income	326,377
Other	272,599
Total operating revenues	<u>13,592,803</u>
Operating expenses:	
Salaries	4,347,283
Fringe benefits	1,583,480
Operating supplies	1,094,002
Maintenance of buildings and equipment	1,670,023
Utilities	870,220
Contractual fees	903,463
Other	233,233
Total operating expenses	<u>10,701,704</u>
Operating income before depreciation and amortization	2,891,099
Depreciation and amortization	<u>7,930,632</u>
Operating loss	<u>(5,039,533)</u>
Nonoperating revenues (expenses):	
Facility charges	3,243,535
Investment income	519,767
Insurance recovery	14,219
Loss on disposal of capital assets	(193,113)
Bond issuance costs	(402,364)
Interest expense, net	(744,124)
Total nonoperating revenues, net	<u>2,437,920</u>
Loss before capital contributions	(2,601,613)
Capital contributions	<u>6,865,346</u>
Change in net position	4,263,733
Net position, beginning of year	172,792,859
Net position, end of year	<u><u>\$ 177,056,592</u></u>

See accompanying notes to basic financials statements.

Exhibit 7**County of James City, Virginia**

Statement of Cash Flows

Proprietary Fund

Year ended June 30, 2016

	James City Service Authority
Cash flows from operating activities:	
Cash receipts from customers	\$ 12,876,543
Other cash receipts	852,252
Cash payments to suppliers of goods and services	(5,533,320)
Cash payments for personnel services	(6,095,449)
Facility charges	3,243,535
Net cash provided by operating activities	<u>5,343,561</u>
Cash flows from capital and related financing activities:	
Repayments of debt	(1,814,357)
Interest paid	(1,085,357)
Bond issuance costs	(402,364)
Insurance recovery	14,219
Acquisition and construction of capital assets	(1,615,979)
Proceeds from sale of capital assets	30,172
Net cash used in capital and related financing activities	<u>(4,873,666)</u>
Cash flows from investing activities:	
Purchases of investments	(60,367,516)
Proceeds from sales of investments	59,232,798
Interest received	482,641
Net cash used in investing activities	<u>(652,077)</u>
Net decrease in cash and cash equivalents	(182,182)
Cash and cash equivalents, beginning of year	837,750
Cash and cash equivalents, end of year	<u>\$ 655,568</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (5,039,533)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	7,930,632
Facility charges	3,243,535
Changes in assets and liabilities:	
Accounts receivable, customers and others	123,319
Notes receivable	28,987
Inventory	8,319
Accounts payable	(58,238)
Accrued salaries	(7,522)
Compensated absences	25,452
Due to other funds	(712,460)
Deposits	(16,314)
OPEB liability	34,000
Net pension liability and related deferred inflows/outflows of resources	(216,616)
Net cash provided by operating activities	<u>\$ 5,343,561</u>
Supplemental schedule – noncash capital and investing activities:	
Capital asset contributions	<u>\$ 6,865,346</u>
Unrealized gain from change in fair value of investments	<u>\$ 99,188</u>

See accompanying notes to basic financials statements.

County of James City, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Deferred compensation trust fund	Agency funds
Assets		
Cash and cash equivalents (note 2)	\$ -	\$ 2,941,631
Restricted cash and cash equivalents and investments (note 2):		
Money market funds	7,344,461	1,397,532
Bond mutual funds	807,244	5,696,074
Debt and equities	9,068,186	-
U.S. stock funds	10,204,585	-
International stock funds	527,681	-
Accounts receivable		575,584
Due from other governmental units		2,534,487
Prepaid item	-	113,320
Total assets	\$ 27,952,157	\$ 13,258,628
Liabilities and Net Position		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 2,020,819
Amounts held for others	-	11,237,809
Total liabilities	-	13,258,628
Net position restricted for deferred compensation	27,952,157	-
Total liabilities and net position	\$ 27,952,157	\$ 13,258,628

See accompanying notes to basic financials statements.

Exhibit 9

County of James City, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2016

	Deferred compensation trust fund
Additions:	
Contributions	<u>\$ 2,111,988</u>
Deductions:	
Distributions to employees	2,714,198
Administrative expenses	395
Net decrease in fair value of investments	210,540
Total deductions	<u>2,925,133</u>
Change in net position restricted for pensions	<u>(813,145)</u>
Net position, beginning of year	<u>28,765,302</u>
Net position, end of year	<u><u>\$ 27,952,157</u></u>

See accompanying notes to basic financials statements.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

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 County's significant accounting and reporting policies are described below.

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 Unit

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

The Authority'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, 2016 may be obtained from the Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

Discretely Presented Component Units

Williamsburg-James City County Public Schools (the 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.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

1) Summary of Significant Accounting Policies, Continued

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, 2016, the apportionment of the Public Schools' operating costs to the City and County was \$8,497,787 (9.61%) and \$79,935,464 (90.39%), respectively. For the fiscal year ended June 30, 2016, the contributions for the Public Schools' capital project costs from the City and County were \$434,460 (9.56%) and \$4,110,035 (90.44%), respectively.

The Public Schools' financial statements for the fiscal year ended June 30, 2016 may be obtained from the Finance Department, 117 Ironbound Road, Williamsburg, Virginia 23185.

James City County Economic Development Authority (the 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 financially accountable due to the significance of the fiscal dependency relationship with the Development Authority because the majority of their income is appropriated by the County.

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, 2016, there were 14 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$201.2 million.

The Development Authority's financial statements for the fiscal year ended June 30, 2016 may be obtained from the Director of Economic Development, 101-D Mounts Bay Road, Williamsburg, Virginia 23185.

Other Related Organizations and Joint Ventures

Separate financial statements for the fiscal year ended June 30, 2016, 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 Assistant Director of Financial and Management Services of James City County, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

Williamsburg Area Medical Assistance Corporation (the Corporation): The Corporation was incorporated on February 19, 1993. The Corporation provides a primary medical care clinic to economically disadvantaged persons in the Counties of James City and York and the City of Williamsburg. The County appoints two board members to the Corporation. The Corporation is a legally separate organization, and the County cannot impose its will on the Corporation. The program is fiscally independent, and there is no financial benefit or burden relationship with the County. 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.

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

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

1) Summary of Significant Accounting Policies, Continued

Virginia Peninsulas Public Service Authority (the Public Service Authority): The Public Service Authority was created pursuant to the *Code of Virginia*, 1950, as amended, between the Cities of Hampton, Newport News, Poquoson and Williamsburg, and the Counties of Essex, Gloucester, James City, King and Queen, King William, Mathews, Middlesex and York. Each jurisdiction appoints one board member. The Public Service Authority is a legally separate organization, and the County cannot impose its will on the Public Service Authority. The Public Service Authority is fiscally independent, and there is no financial benefit or burden relationship with the County; therefore, it is not included in the County's financial statements. The Public Service Authority's financial statements for the fiscal year ended June 30, 2016 may be obtained from the Public Service Authority, 475 McLaws Circle, Suite 3B, Williamsburg, Virginia 23185-5676.

Williamsburg Regional Library (the Library): The Library, pursuant to an agreement dated May 26, 1977, as amended, provides library services to the City of Williamsburg, James City County and York County. The Library is operated by a board of trustees. The County appoints 6 trustees, the City of Williamsburg appoints 4 trustees and York County appoints 1 trustee. The Library is a legally separate organization, and the County cannot impose its will on the trustees. The Library is fiscally independent, and there is no financial benefit or burden relationship with the County; therefore, it is not included in the County's financial statements. The Library's financial statements for the fiscal year ended June 30, 2016 may be obtained from the Library, 7770 Croaker Road, Williamsburg, Virginia 23188.

Virginia Peninsula Regional Jail Authority (the Jail Authority): The Jail Authority was organized and exists pursuant to resolutions adopted in 1993 by and between the Cities of Williamsburg and Poquoson and the Counties of James City and York. The Jail Authority is operated by a board. Each member jurisdiction appoints one member and the sheriff from that jurisdiction. The County, as fiscal agent, appoints one additional member. The Jail Authority is a legally separate organization, and the County cannot impose its will on the Jail Authority. The Jail Authority is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is charged user fees based on inmate population 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.

Middle Peninsula Juvenile Detention Commission (the Commission): The Commission was created as a political subdivision of the Commonwealth of Virginia by resolutions adopted in 1993. The member jurisdictions are as follows: Caroline County, Charles City County, Essex County, Gloucester County, Hanover County, James City County, King and Queen County, King William County, Lancaster County, Mathews County, Middlesex County, New Kent County, Northumberland County, City of Poquoson, Richmond County, Westmoreland County, City of Williamsburg and York County. The Commission is operated by a board. Each member jurisdiction appoints one member. The Commission is a legally separate organization, and the County cannot impose its will on the Commission. The Commission is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is charged user fees based on juvenile population 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.

Williamsburg Area Transit Authority (the Transit Authority): The Transit Authority was created as a political subdivision of the Commonwealth of Virginia by resolutions adopted in 2008. Members include the County, City of Williamsburg, County of York and the Colonial Williamsburg Foundation. The Transit Authority is governed by a board, consisting of five representatives appointed by the members. The Transit Authority is a legally separate organization, and the County cannot impose its will on the Transit Authority. The Transit Authority is fiscally independent from the County, and there is no financial benefit or burden relationship with the County. The County is fiscal agent for the Transit Authority, and as such, the Transit Authority's financial statements are included as an agency fund in the County's financial statements.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

1) Summary of Significant Accounting Policies, Continued

Basis of Presentation

Government-Wide and Fund Financial Statements

The accompanying basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide statement of net position, the governmental 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 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 fund:

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

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

1) Summary of Significant Accounting Policies, Continued

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. These funds consist of Virginia Public Assistance, Colonial Community Corrections, Community Development, Trust, Tourism Investment, and Grants and Special Projects.

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, and Williamsburg Area Transit Authority.

Basis of Accounting and Measurement Focus

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

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

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

Real estate and personal property taxes are recorded as revenues and receivables when levied and billed, net of allowances for uncollectible amounts. Property taxes levied but not collected within 45 days after year end are reflected as deferred 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 position. The proprietary fund-type operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

1) Summary of Significant Accounting Policies, Continued

The statement of net position, 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 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.

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.

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 \$72,700 in the General Fund at June 30, 2016. Additionally, the County recorded an allowance for uncollectible accounts of \$28,583 related to business, professional and occupational license taxes and \$110,599 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.

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

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 acquisition value on the date donated.

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

Depreciation of capital assets 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

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

1) Summary of Significant Accounting Policies, Continued

Compensated Absences

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

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 \$1,106,000 at June 30, 2016.

Property Taxes

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

Property taxes levied in the current and prior year have been recorded in governmental activities as receivables as of the date the County has the legal right to receive payments thereon. Personal property taxes create a lien on the assessed property. The receivables collected during the fiscal year and during the first 45 days of the succeeding fiscal year are recognized in the General Fund as revenues in the current fiscal year.

A penalty of 10% of the tax is assessed the business day after the due date on taxes outstanding as of those dates and interest at 10% per annum is added.

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 a group self-insurance risk pool. The County's retention is through deductibles on a per-claim basis. Deductibles and coverage limits at June 30, 2016 are as follows:

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

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

1) Summary of Significant Accounting Policies, Continued

	Coverage limits
Property insurance:	
Valuation at functional replacement	\$ 83,792,000
Flood (outside 100 year flood plain)	83,792,000
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	2,000,000
Media reproduction	100,000
Newly acquired locations for up to 120 days	20,000,000
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.

Effective July 1, 2011, the County participates in the group self-insurance risk pool with Virginia Association of Counties to provide Line of Duty Act benefits to eligible participants. During fiscal year 2016, the County made a payment of \$154,935 for these premiums.

Bond Premiums, Discounts and Issuance Costs

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

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

Interfund Transactions

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

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 assigned in fund balance since they do not constitute expenditures or liabilities under GAAP.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

1) Summary of Significant Accounting Policies, Continued

Fund Balances

Fund balances are reported according to the following categories:

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

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

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

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

Unassigned: Includes the residual classification for the County's general fund and includes all spendable amounts not contained in other classifications. Only the general fund can report a positive unassigned fund balance. This includes the County's goal of maintaining a fiscal liquidity balance between 10%-12% of the total general governmental expenditures.

The County's policy is to apply expenditures against restricted resources first when either restricted or unrestricted amounts are available. Within unrestricted fund balance, it is the County's policy to apply expenditures against committed amounts first, followed by assigned, and then unassigned amounts. In a governmental fund other than the general fund, a negative unassigned fund balance could result if expenditures incurred for a specific purpose exceeds the amounts in the fund that are restricted, committed, and assigned for that purpose.

For the fiscal year ended June 30, 2016, the General Fund has the following amounts assigned or unassigned:

	<u>Assigned</u>	<u>Unassigned</u>
Health insurance	\$ 3,383,322	\$ -
Capital projects	2,844,643	-
Encumbrances	1,332,619	-
Potential insurance loss	300,000	-
Subtotal	7,860,584	-
Capital reserve	5,414,938	-
Fiscal liquidity	-	24,681,548
Total	<u>\$ 21,136,106</u>	<u>\$ 24,681,548</u>

The committed fund balance for the Capital Projects Fund was \$29,537,504 at June 30, 2016 and was primarily for amounts approved related to bond proceeds received for school renovation projects and a new middle school. The assigned fund balance in the capital projects fund was \$18,069,200 at June 30, 2016 and was for ongoing capital projects. The assigned fund balance in the other governmental funds was \$5,345,438 at June 30, 2016 and was primarily for ongoing expenditures.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

1) Summary of Significant Accounting Policies, Continued

Estimates

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

Adoption of New Accounting Statement

Effective with the financial statements for the fiscal year ended June 30, 2016, the County has adopted GASB Statement No. 72, Fair Value Measurement and Application. This statement requires the use of valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach.

The statement establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements.

2) Cash, Cash Equivalents and Investments

Primary Government

The primary government's cash and investments at June 30, 2016, consisted of the following:

Bank deposits	\$ 38,640,579
Petty cash	5,905
Investments	72,834,980
Total	<u>\$ 111,481,464</u>
Cash and cash equivalents	\$ 35,779,008
Investments	42,567,871
Restricted cash, cash equivalents and investments	33,134,585
Total	<u>\$ 111,481,464</u>

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

The primary government's restricted cash, cash equivalents and investments at June 30, 2016 are detailed as follows:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Subdivision escrow	\$ 967,532
Capital projects	Unspent bond proceeds	29,537,504
Nonmajor governmental:		
Community development	Community rehabilitation	1,456,153
Grants and special projects	Grants and special projects	443,791
Total		<u>\$ 32,404,980</u>
Proprietary - James City		
County Service Authority	Debt service	\$ 729,605
Total		<u>\$ 33,134,585</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

2) Cash, Cash Equivalents and Investments, Continued

As of June 30, 2016, the primary government's investments were as follows:

Investment Type	Cost	Fair value	Level 1	Level 2	Level 3
U.S. Treasury securities	\$ 20,111,756	\$ 20,246,052	\$ 20,246,052	\$ -	\$ -
Federal agency notes and bonds	7,164,800	7,137,000	-	7,137,000	-
Corporate notes and bonds	6,598,201	6,580,205	-	6,580,205	-
Commercial paper	2,084,038	2,089,218	-	2,089,218	-
Certificates of deposit	4,449,034	4,456,702	-	4,456,702	-
Federal agency collateralized mortgage obligation	1,952,505	1,949,535	-	1,949,535	-
Subtotal	42,360,334	42,458,712	20,246,052	22,212,660	-
LGIP (amortized cost)	25,067	25,067	N/A	N/A	N/A
Money market	30,351,201	30,351,201	N/A	N/A	N/A
Total	\$ 72,736,602	\$ 72,834,980	\$ 20,246,052	\$ 22,212,660	\$ -

	Fair value	Original investment maturity (in years)		
		Less than 1	1-2	2-7
U.S. Treasury securities	\$ 20,246,052	\$ 310,630	\$ 6,544,966	\$ 13,390,456
Federal agency notes and bonds	7,137,000	50,356	4,844,411	2,242,233
Corporate notes and bonds	6,580,205	1,767,158	2,380,701	2,432,346
Commercial paper	2,089,218	2,089,218	-	-
Certificates of deposit	4,456,702	850,104	3,256,249	350,349
Federal agency collateralized mortgage obligation	1,949,535	-	226,823	1,722,712
LGIP	25,067	25,067	-	-
Money market	30,351,201	30,351,201	-	-
Total	\$ 72,834,980	\$ 35,443,734	\$ 17,253,150	\$ 20,138,096

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). The fair value of the Commission's position in the LGIP is the same as the value of the pool shares. The Treasury Board of the Commonwealth of Virginia has regulatory oversight of the LGIP.

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

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

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

2) Cash, Cash Equivalents and Investments, Continued

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, 2016 were rated by Standard & Poor's, Moody's and Fitch and/or an equivalent national rating organization and the ratings are as follows:

	Unrated	AAA	AA+	AA	AA-	A-1+	A-1
U.S. Treasury securities	\$ -	\$ -	\$ 20,246,052	\$ -	\$ -	\$ -	\$ -
Federal agency notes and bonds	-	-	7,137,000	-	-	-	-
Corporate notes and bonds	-	1,047,539	1,886,144	591,805	3,054,717	-	-
Commercial paper	-	-	-	-	-	-	2,089,218
Certificates of deposit	503,584	-	-	-	1,301,967	1,676,037	975,114
Federal agency collateralized mortgage obligation	-	-	1,949,535	-	-	-	-
LGIP	-	25,067	-	-	-	-	-
Money market	30,267,110	84,091	-	-	-	-	-
Total	\$ 30,770,694	\$ 1,156,697	\$ 31,218,731	\$ 591,805	\$ 4,356,684	\$ 1,676,037	\$ 3,064,332

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, 2016, the portions of the County's portfolio (excluding the blended component units), excluding U.S. Treasury notes, which exceed 5% of the total portfolio are as follows:

Issuer	% of portfolio
Federal Home Loan Banks	15.5%

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.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

2) Cash, Cash Equivalents and Investments, Continued

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

Custodial Credit Risk

The Policy requires that all investment securities purchased by the County or held as collateral on deposits or investments shall be held by the County or by a third-party custodial agent who may not otherwise be a counterparty to the investment transaction. As of June 30, 2016, all of the County's investments are held in a bank's trust department in the name of James City County.

Component Units

The Public School's and Economic Development Authority's (EDA) cash and investments at June 30, 2016, consisted of the following:

	Component Unit	
	Public Schools	EDA
Bank deposits	\$ 18,721,860	\$ 174,874
Investments	236,595	776,744
Total cash and cash equivalents	<u>\$ 18,958,455</u>	<u>\$ 951,618</u>

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

3) Receivables

Amounts due from miscellaneous sources at June 30, 2016, are detailed as follows:

<u>General Fund</u>	
Sales tax	\$ 1,900,363
Meals tax	754,445
Emergency medical services	427,319
Charges for services	247,530
Other	214,382
Recordation tax	140,848
Business license	118,586
Deeds of conveyance	43,909
Utility consumption fee	28,314
Fines and forfeitures	26,245
Williamsburg Regional Library	14,297
Total	<u>\$ 3,916,238</u>
<u>Capital Projects Fund</u>	
Proffers	<u>\$ 5,704</u>
Total governmental funds	<u>\$ 3,921,942</u>

4) 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.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

4) Interfund Receivables, Payables and Transfers, Continued

At June 30, 2016, the balances were as follows:

	Due from other funds		
	General	Capital Projects	Nonmajor governmental funds
Due to other funds:			
General	\$ -	\$ 3,121,834	\$ 26,755
Nonmajor governmental	428,548	-	-
Total	<u>\$ 428,548</u>	<u>\$ 3,121,834</u>	<u>\$ 26,755</u>
			<u>\$ 3,577,137</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2016, consisted of the following:

	Transfers In	Transfers Out
General	\$ 39,235	\$ (40,773,308)
Capital projects	12,929,834	(143,674)
Debt service	23,568,074	-
Nonmajor governmental	4,419,074	(39,235)
Total	<u>\$ 40,956,217</u>	<u>\$ (40,956,217)</u>

Transfers from the General Fund of \$12,929,834 to the Capital Projects Fund represent the County's budgeted pay-as-you-go funding. Transfers from the General Fund of \$23,568,074 to the Debt Service Fund were for the principal and interest on outstanding debt as the payments became due.

Transfers from the General Fund of \$4,275,400 to various Nonmajor governmental funds represent the movement of funds collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In addition, a transfer of \$143,674 from the Capital Projects Fund to the Nonmajor government funds represents grant funding for a capital purchase.

Transfers from the Nonmajor governmental funds of \$39,235 to the General Fund was to provide partial funding for a position and to transfer the residual balance of a special revenue fund with no remaining activity.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

5) Due from Other Governments

Details of amounts due from other governments as of June 30, 2016 are as follows:

Primary Government	General	Nonmajor Governmental	Total
Local:			
City of Williamsburg	\$ 38,745	\$ 20,055	\$ 58,800
Other	11,111	109,770	120,881
Commonwealth of Virginia:			
Recordation tax	122,127	-	122,127
Rolling stock tax	41,797	-	41,797
Communications sales and use tax	269,430	-	269,430
State sales tax	2,016,931	-	2,016,931
Personal property tax relief	4,836,856	-	4,836,856
Compensation Board	174,246	24,841	199,087
Virginia Dept. of Social Services	-	198,670	198,670
Comprehensive Services Act	-	16,965	16,965
Virginia Dept. of Housing and Community Development	-	183,925	183,925
Virginia Dept. of Transportation	-	750	750
Virginia Dept. of Criminal Justice Services	-	67,563	67,563
Virginia Dept. of Aviation	-	429,600	429,600
Virginia Dept. of Conservation and Recr.	-	372	372
Other	47,718	40,522	88,240
Federal:			
Dept. of Homeland Security	-	14,583	14,583
Dept. of Social Services	-	142,739	142,739
Dept. of Transportation	-	11,645	11,645
Dept. of Justice	-	32,897	32,897
Dept. of the Interior	-	142,909	142,909
Dept. of Criminal Justice Services	-	47,764	47,764
FEMA	-	1,908	1,908
E911 Service Board	-	10,523	10,523
Other	7,553	-	7,553
Total	<u>\$ 7,566,514</u>	<u>\$ 1,498,001</u>	<u>\$ 9,064,515</u>

Component Unit - Public Schools

Federal government	\$ 866,760
Commonwealth of Virginia	166,661
Total	<u>\$ 1,033,421</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, 2016

6) Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2016:

	Balances			Balances
Governmental activities:	July 1, 2015	Increases	Decreases	June 30, 2016
Capital assets not being depreciated:				
Land and land improvements	\$ 28,132,818	\$ -	\$ -	\$ 28,132,818
Construction in progress	7,693,335	8,542,128	6,361,900	9,873,563
Intangible assets - easements	8,069,178	577,222	-	8,646,400
Total capital assets not being depreciated	<u>43,895,331</u>	<u>9,119,350</u>	<u>6,361,900</u>	<u>46,652,781</u>
Capital assets being depreciated:				
Buildings and improvements	328,135,904	147,453	-	328,283,357
Improvements other than buildings	32,490,279	4,604,844	-	37,095,123
Equipment and vehicles	44,665,636	2,659,382	930,499	46,394,519
Infrastructure	10,500,853	-	-	10,500,853
Total capital assets being depreciated	<u>415,792,672</u>	<u>7,411,679</u>	<u>930,499</u>	<u>422,273,852</u>
Less accumulated depreciation for:				
Buildings and improvements	85,476,555	7,288,768	-	92,765,323
Improvements other than buildings	9,231,938	1,176,729	-	10,408,667
Equipment and vehicles	32,070,940	2,613,799	834,878	33,849,861
Infrastructure	3,517,790	384,551	-	3,902,341
Total accumulated depreciation	<u>130,297,223</u>	<u>11,463,847</u>	<u>834,878</u>	<u>140,926,192</u>
Total capital assets being depreciated, net	<u>285,495,449</u>	<u>(4,052,168)</u>	<u>95,621</u>	<u>281,347,660</u>
Total	<u>\$ 329,390,780</u>	<u>\$ 5,067,182</u>	<u>\$ 6,457,521</u>	<u>\$ 328,000,441</u>

Depreciation was charged to governmental functions as follows:

General government administration	\$ 846,056
Judicial administration	263,581
Public safety	2,262,615
Public works	1,195,587
Parks, recreation and cultural	1,192,959
Community development	355,041
Education	5,168,964
Health and welfare	179,044
Total	<u>\$ 11,463,847</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

6) Capital Assets, Continued

Business-type activity:	Balances July 1, 2015	Increases	Decreases	Balances June 30, 2016
Capital assets not being depreciated:				
Land	\$ 1,739,491	\$ -	\$ -	\$ 1,739,491
Land - utility plant	962,995	-	-	962,995
Land improvements	13,183	-	-	13,183
Construction in progress	705,860	1,505,763	877,070	1,334,553
Intangible assets - easements	4,570	-	-	4,570
Total capital assets not being depreciated	<u>3,426,099</u>	<u>1,505,763</u>	<u>877,070</u>	<u>4,054,792</u>
Capital assets being depreciated:				
Water and sewer systems - utility plant	244,019,716	7,472,448	430,911	251,061,253
Buildings and improvements	4,892,209	-	-	4,892,209
Office fixtures and equipment	1,809,839	98,578	67,671	1,840,746
Automotive equipment	2,482,789	281,607	134,934	2,629,462
Intangible assets - water rights	25,000,000	-	-	25,000,000
Total capital assets being depreciated	<u>278,204,553</u>	<u>7,852,633</u>	<u>633,516</u>	<u>285,423,670</u>
Less accumulated depreciation for:				
Water and sewer systems - utility plant	112,007,794	6,784,156	208,159	118,583,791
Buildings and improvements	1,488,065	144,245	-	1,632,310
Office fixtures and equipment	1,109,095	135,485	67,136	1,177,444
Automotive equipment	1,903,277	253,249	134,934	2,021,592
Intangible assets - water rights	3,834,356	613,497	-	4,447,853
Total accumulated depreciation	<u>120,342,587</u>	<u>7,930,632</u>	<u>410,229</u>	<u>127,862,990</u>
Total capital assets being depreciated, net	<u>157,861,966</u>	<u>(77,999)</u>	<u>223,287</u>	<u>157,560,680</u>
Total	<u>\$ 161,288,065</u>	<u>\$ 1,427,764</u>	<u>\$ 1,100,357</u>	<u>\$ 161,615,472</u>

Depreciation was charged to the business-type operations as follows:

Water	\$ 4,908,815
Sewer	3,021,817
Total	<u>\$ 7,930,632</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

6) Capital Assets, Continued

Component Unit - Public Schools	Balances July 1, 2015	Increases	Decreases	Balances June 30, 2016
Capital assets not being depreciated:				
Land improvements	\$ 8,435,126	\$ -	\$ -	\$ 8,435,126
Construction in progress	1,944,242	3,239,193	814,747	4,368,688
Total capital assets not being depreciated	10,379,368	3,239,193	814,747	12,803,814
Capital assets being depreciated:				
Buildings and improvements	51,140,524	650,545	-	51,791,069
Furniture and equipment	23,298,994	1,810,150	1,181,442	23,927,702
Total capital assets being depreciated	74,439,518	2,460,695	1,181,442	75,718,771
Less accumulated depreciation for:				
Buildings and improvements	16,257,069	2,484,880	-	18,741,949
Furniture and equipment	15,012,545	1,774,305	1,123,163	15,663,687
Total accumulated depreciation	31,269,614	4,259,185	1,123,163	34,405,636
Total capital assets being depreciated, net	43,169,904	(1,798,490)	58,279	41,313,135
Total	\$ 53,549,272	\$ 1,440,703	\$ 873,026	\$ 54,116,949

Depreciation of \$4,259,185 was charged to the Public Schools' governmental functions.

The total construction in progress for the Public Schools was \$6,141,266. Capital outlay expenditures totaling \$1,772,578 are presented in the County's construction in progress balance in order to match the corresponding debt.

Component Unit - EDA	Balances July 1, 2015	Increases	Decreases	Balances June 30, 2016
Capital assets not being depreciated:				
Land	\$ 233,106	\$ -	\$ -	\$ 233,106
Construction in progress	166,510	-	-	166,510
Total capital assets not being depreciated	399,616	-	-	399,616
Capital assets being depreciated:				
Leasehold improvements	-	137,315	-	137,315
Furniture and equipment	5,119	-	-	5,119
Intangibles	7,600	-	-	7,600
Total capital assets being depreciated	12,719	137,315	-	150,034
Less accumulated depreciation for:				
Leasehold improvements	-	31,468	-	31,468
Furniture and equipment	2,005	512	-	2,517
Intangibles	4,560	1,520	-	6,080
Total accumulated depreciation	6,565	33,500	-	40,065
Total capital assets being depreciated, net	6,154	103,815	-	109,969
Total	\$ 405,770	\$ 103,815	\$ -	\$ 509,585

7) Due From and To Component Units

The Service Authority owed the County \$633,544 at June 30, 2016, which primarily represents payroll expenses.

The County funds its construction costs for new schools through the Capital Projects Fund for the component unit - Public Schools. At June 30, 2016, the County owed the Public Schools \$2,205,426, which primarily represents construction incurred by the Public Schools. The Public Schools owed the County \$3,165,921, which represents local schools funds unexpended at year-end that are contractually required to be returned to the County.

The Development Authority owed the County \$1,148, for an audit expense paid by the County.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

8) 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, 2016 follow:

	General fund	Capital projects	Other governmental funds	Total
Prepaid property taxes and fees	\$ 172,138	\$ -	\$ -	\$ 172,138
Medic fees	279,312	-	-	279,312
Unexpended grants	19,805	-	587,966	607,771
Grants not collected within availability period	-	-	260,456	260,456
Property taxes not collected within availability period	18,123,340	592	-	18,123,932
Loans	-	-	2,873,943	2,873,943
	<u>\$ 18,594,595</u>	<u>\$ 592</u>	<u>\$ 3,722,365</u>	<u>\$ 22,317,552</u>

9) Long-Term Liabilities

Primary Government

A summary of the County's long-term liability activity for governmental activities for the fiscal year ended June 30, 2016, is presented below:

Governmental activities	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due within one year
General obligation bonds	\$ 54,630,000	\$ 15,100,000	\$ 23,340,000	\$ 46,390,000	\$ 5,370,000
Lease revenue/refunding bonds	103,604,000	76,565,000	61,577,000	118,592,000	9,567,000
Bond premiums, net	10,828,589	10,930,294	6,444,490	15,314,393	-
Capital lease	858,833	-	130,377	728,456	135,234
Pension liability	15,458,792	3,067,332	-	18,526,124	-
OPEB obligation	2,193,962	566,000	151,000	2,608,962	-
Compensated absences	3,454,777	3,866,083	3,825,420	3,495,440	2,621,580
Landfill post-closure care	1,168,160	1,514	-	1,169,674	60,558
Total	<u>\$192,197,113</u>	<u>\$110,096,223</u>	<u>\$95,468,287</u>	<u>\$206,825,049</u>	<u>\$17,754,372</u>

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

In November 2010, the County executed a regional lease purchase agreement with York County totaling \$1,312,522 to purchase enhanced 911 equipment to service each respective jurisdiction's Dispatch Center and to be compatible with current technology and telephone systems. At June 30, 2016, \$1,008,200 was included in capital assets, and \$100,820 depreciation expense was incurred during fiscal year 2016.

Advanced Refundings

- In August 2015, the County issued \$15,100,000 in general obligation refunding bonds, with interest rates ranging 1.00%-5.00%. The proceeds were used to advance refund \$15,260,000 of outstanding 2005 and 2006 general obligation bonds, which had interest rates ranging from 3.25%-5.00%. The net proceeds of \$16,133,668 (including a \$1,261,520 premium and after payment of \$227,852 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds.

The reacquisition price exceeded the net carrying value of the old bonds by \$105,002 ("deferred charge on refunding"), and this amount is being amortized over the life of the old debt. The deferred charge on refunding net of accumulated amortization, was \$46,541 at June 30, 2016.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

9) Long-Term Liabilities, Continued

The government advance refunded the 2005 and 2006 general obligation bonds to reduce its total debt service payments of \$1,442,452 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,262,138.

- In August 2015, the County issued \$49,815,000 in revenue refunding bonds, with interest rates ranging 4.00%-5.00%. The proceeds were used to advance refund \$52,665,000 of outstanding 2006 lease revenue bonds, which had interest rates ranging from 4.00%-5.00%. The net proceeds of \$57,031,774 (including a \$7,727,030 premium and after payment of \$510,256 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2006 lease revenue bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the carrying value of the old debt by \$263,881 ("deferred charge on refunding"), and this amount is being amortized over the life of the old debt. The deferred charge on refunding net of accumulated amortization, was \$237,493 at June 30, 2016. The revenue refunding bonds mature in various installment through 2026 with interest payable semiannually. The government advance refunded the 2006 lease revenue bonds to reduce its total debt service payments over 10 years by \$4,378,333 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,899,218.

Lease Revenue Bonds Issuance

The County issued \$26,750,000 in lease revenue bonds, with interest rates ranging from 2.00%-5.00%. The proceeds from these bonds will provide funds to cover the cost of a new middle school and refurbishment at several school locations.

Details of long-term bond indebtedness at June 30, 2016 for governmental activities were as follows:

<u>Governmental activities</u>					
	Sale date	Original borrowing	Interest rates	Final maturity	Balance June 30, 2016
General obligation bonds					
Virginia Public School Authority bonds	1997	\$ 18,800,000	5.60%	2018	\$ 2,965,000
Virginia Public School Authority bonds (Series A)	1999	19,220,000	5.10-5.225%	2020	5,430,000
Virginia Public School Authority bonds (Series B)	1999	1,250,000	6.10%	2020	240,000
General obligation bonds	2006	21,000,000	5.00%	2017	730,000
Virginia Public School Authority bonds (Series A)	2011	1,000,000	4.25%	2031	800,000
General obligation bonds	2014	21,610,000	2.00-5.00%	2028	21,585,000
General obligation refunding bonds (Series A)	2015	11,280,000	2.50-5.00%	2030	11,235,000
Taxable general obligation refunding bonds (Series B)	2015	3,820,000	1.50-2.00%	2020	3,405,000
Total					<u>\$ 46,390,000</u>
 <u>Lease revenue/refunding bonds</u>					
Lease revenue bonds - Build America Bonds	2009	14,935,000	4.00-4.60%	2030	\$ 10,820,000
Lease revenue bonds	2011	6,672,000	2.18%	2022	4,002,000
Lease revenue bonds	2012	26,380,000	3.00-5.00%	2033	20,535,000
Lease revenue refunding bonds	2014	12,575,000	3.00-4.00%	2026	11,625,000
Lease revenue refunding bonds	2015	49,815,000	4.00-5.00%	2026	44,860,000
Lease revenue bonds	2016	26,750,000	2.00-5.00%	2036	26,750,000
					<u>\$ 118,592,000</u>
 Capital lease	 2010	 1,312,522	 3.725%	 2021	 <u>\$ 728,456</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

9) Long-Term Liabilities, Continued

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

Year ending June 30,	General obligation bonds		Lease revenue/refunding bonds	
	Principal	Interest	Principal	Interest
2017	\$ 5,370,000	\$ 1,804,939	\$ 9,567,000	\$ 5,009,063
2018	5,515,000	1,543,646	9,757,000	4,551,935
2019	4,090,000	1,335,088	9,877,000	4,162,085
2020	4,195,000	1,181,116	8,782,000	3,720,134
2021	2,710,000	1,062,787	8,907,000	3,329,013
2022-2026	14,830,000	3,284,887	44,082,000	10,497,431
2027-2031	9,680,000	856,550	16,680,000	3,300,945
2032-2036	-	-	10,940,000	894,525
	<u>\$ 46,390,000</u>	<u>\$ 11,069,013</u>	<u>\$ 118,592,000</u>	<u>\$ 35,465,131</u>

Arbitrage

Arbitrage is the difference between the yield on an issuer's tax-exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U.S. Treasury. As of June 30, 2016, there was no rebate liability.

The present value of future minimum capital lease payments of the County as of June 30, 2016, is as follows:

Year ending June 30:	
2017	\$ 162,369
2018	162,369
2019	162,369
2020	162,369
2021	162,369
Total minimum lease payments	<u>811,845</u>
Less amount representing interest	<u>(83,389)</u>
Present value of minimum capital lease payments	<u>\$ 728,456</u>

A summary of the County's long-term liability activity for its business-type activity for the fiscal year ended June 30, 2016, is presented below:

Business-type activity

	Sale date	Original borrowing	Interest rates	Final maturity	Balance June 30, 2016
Revenue refunding bonds					
Water and sewer system revenue refunding bonds	2016	\$ 22,595,000	3.00-5.00%	2040	<u>\$ 22,595,000</u>

A summary of the County's long-term liability activity for the business-type activity for the fiscal year ended June 30, 2016, is presented below:

Business-type activity	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due within one year
Revenue bonds	\$ 24,115,000	\$ -	\$ 24,115,000	\$ -	\$ -
Revenue refunding bonds	-	22,595,000	-	22,595,000	785,000
Premium, net	-	1,533,760	10,651	1,523,109	63,907
Pension liability	939,493	135,454	-	1,074,947	-
OPEB obligation	243,509	34,000	-	277,509	-
Compensated absences	357,353	448,474	423,022	382,805	287,104
Total	<u>\$ 25,655,355</u>	<u>\$ 24,746,688</u>	<u>\$ 24,548,673</u>	<u>\$ 25,853,370</u>	<u>\$ 1,136,011</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

9) Long-Term Liabilities, Continued

Advanced Refunding

In August 2008, the Authority issued revenue bonds totaling \$27,120,000 to finance the purchase from the City of Newport News, Virginia of a "safe yield share" of treated water capacity from the King William Reservoir Project or an alternate water supply source. In April 2016, the Authority issued revenue refunding bonds totaling \$22,595,000 to advance refund the outstanding 2008 revenue bonds. The interest rate on the bonds range from 3% - 5% and the net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. Consequently, the 2008 revenue bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the carrying value of the old debt by \$1,828,117 ("deferred charge on refunding"), and this amount is being amortized over the life of the new debt. The deferred charge on refunding net of accumulated amortization, was \$1,815,422 at June 30, 2016. The advance refunding reduced its total debt service payments over 24 years by \$6,956,051 and to obtain an economic gain of \$3,548,748.

The debt service requirements for the business-type activity debt obligations are as follows:

Year ending June 30,	Revenue refunding bonds	
	Principal	Interest
2017	\$ 785,000	\$ 571,161
2018	605,000	749,450
2019	630,000	725,250
2020	655,000	700,050
2021	690,000	667,300
2022-2026	3,925,000	2,854,550
2027-2031	4,750,000	2,018,850
2032-2036	5,515,000	1,262,100
2037-2041	5,040,000	383,400
	<u>\$ 22,595,000</u>	<u>\$ 9,932,111</u>

Component Unit - Public Schools

A summary of the Public Schools' long-term liability activity for the fiscal year ended June 30, 2016, is presented below:

Component unit - Public Schools	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due within one year
Capital leases	\$ 221,020	\$ -	\$ 56,777	\$ 164,243	\$ 62,701
Pension liability	103,108,314	6,933,807	-	110,042,121	-
OPEB obligation	4,996,300	825,000	259,000	5,562,300	-
Compensated absences	1,004,533	1,014,217	917,517	1,101,233	495,555
Total	<u>\$109,330,167</u>	<u>\$ 8,773,024</u>	<u>\$ 1,233,294</u>	<u>\$116,869,897</u>	<u>\$ 558,256</u>

10) 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 \$1,169,674 reported as landfill postclosure liability at June 30, 2016, represents the liability estimated to monitor the landfill for an average monitoring period of 25 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 2016. 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's General Fund.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

11) Pension Plan

Pensions

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

VRS issues a publicly available comprehensive annual financial report that includes financial statements, required supplementary information and detailed information about the fiduciary net position of the VRS plans. A copy of that report may be downloaded from their web site at <http://www.varetire.org/pdf/publications/2015-annual-report.pdf> or obtained by writing to VRS at P.O. Box 2500, Richmond, VA, 23218-2500.

Plan Description

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

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

Plan 1

About Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

Eligible Members

Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

Retirement Contributions

Employees contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

11) Pension Plan, Continued

Creditable Service

Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

Calculating the Benefit

The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

Average Final Compensation

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

Normal Retirement Age

Age 65 and age 60 for political subdivisions hazardous duty employees.

Earliest Unreduced Retirement Eligibility

Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. For hazardous duty employees, age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Earliest Reduced Retirement Eligibility

Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. For hazardous duty employees, age 50 with at least five years of creditable service.

Cost-of-Living Adjustment (COLA) in Retirement

The COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

Eligibility:

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

11) Pension Plan, Continued

Exceptions to COLA Effective Dates:

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

Plan 2

About Plan 2

Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Eligible Members

Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

Retirement Contributions

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.

Creditable Service

Same as Plan 1.

Vesting

Same as Plan 1.

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

Calculating the Benefit

See definition under Plan 1.

Average Final Compensation

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. For Sheriffs, regional jail superintendents and hazardous duty employees, it is the same as Plan 1.

Normal Retirement Age

Normal Social Security retirement age. For hazardous duty employees, it is the same as Plan 1.

Earliest Unreduced Retirement Eligibility

Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. For hazardous duty employees, it is the same as Plan 1.

Earliest Reduced Retirement Eligibility

Age 60 with at least five years (60 months) of creditable service. For hazardous duty employees, it is the same as Plan 1.

Cost-of-Living Adjustment (COLA) in Retirement

The COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Eligibility: Same as Plan 1.

Exceptions to COLA Effective Dates: Same as Plan 1.

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service

Same as Plan 1.

Hybrid Retirement Plan

About the Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

11) Pension Plan, Continued

Eligible Members

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes political subdivision employees, members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

Retirement Contributions

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Creditable Service

Defined Benefit Component:

Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contributions Component:

Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Vesting

Defined Benefit Component:

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contributions Component:

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years, a member is 50% vested and may withdraw 50% of employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.

Calculating the Benefit

Defined Benefit Component:

See definition under Plan 1.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

11) Pension Plan, Continued

Defined Contribution Component:

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier

Defined Benefit Component:

The retirement multiplier is 1.00%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. This is not applicable to Sheriffs, jail superintendents and hazardous duty employees.

Normal Retirement Age

Defined Benefit Component:

Same as Plan 2. This is not applicable to hazardous duty employees.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:

Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. This is not applicable to hazardous duty employees.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility

Defined Benefit Component:

Age members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. This is not applicable to hazardous duty employees.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component: Same as Plan 2.

Defined Contribution Component: Not applicable.

Eligibility: Same as Plan 1 and Plan 2.

Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.

Disability Coverage

Eligible political subdivision (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

11) Pension Plan, Continued

Purchase of Prior Service

Defined Benefit Component:

Same as VRS Plan 1 with the following exceptions:

- Hybrid retirement plan members are ineligible for ported service.
- The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation
- Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.

Defined Contribution Component: Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Governmental Activities Number	Business-type Activities Number	Component unit- Public Schools Number
Inactive members or their beneficiaries currently receiving benefits	339	35	86
Inactive members:			
Vested	123	11	17
Non-vested	162	13	72
Active elsewhere in VRS	241	31	44
Total inactive members	526	55	133
Active members	769	84	226
Total	1,634	174	445

Contributions

The contributions requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement. Prior to July 1, 2012, all of the 5% member contribution was paid by the County on behalf of its employees. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's, Authority's and Public Schools' contractually required contribution rates for the year ended June 30, 2016 were 11.12%, 8.49% and 7.22%, respectively, of covered employee compensation. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Total contributions to the pension plan from the County were \$4,190,244 and \$4,091,153, the Authority were \$341,874 and \$330,920, and the Public Schools were \$369,942 and \$372,141 for years ended June 30, 2016 and June 30, 2015, respectively.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

11) Pension Plan, Continued

Net Pension Liability

The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Actuarial Assumptions - General Employees

The total pension liability for general employees in the County's retirement plan was based on an actuarial valuation as of June 30, 2014, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

- Inflation: 2.5%
- Salary increases, including inflation: 3.5% - 5.35%
- Investment rate of return: 7.0%, net of pension plan investment expense, including inflation*
*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related.

Largest 10 - Non-LEOS:

Pre-retirement:

RP-2000 employee mortality table projected with scale AA to 2020 with males set forward 4 years and females set back 2 years.

Post-retirement:

RP-2000 combined mortality table projected with scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 disability life mortality table with males set back 3 years and no provision for future mortality improvement.

All Others (Non 10 Largest) - Non-LEOS:

Pre-retirement:

RP-2000 employee mortality table projected with scale AA to 2020 with males set forward 4 years and females set back 2 years.

Post-retirement:

RP-2000 combined mortality table projected with scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 disability life mortality table with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

11) Pension Plan, Continued

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions - Public Safety Employees

The total pension liability for public safety employees in the retirement plan was based on an actuarial valuation as of June 30, 2014, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

- Inflation: 2.5%
- Salary increases, including inflation: 3.5% - 4.75%
- Investment rate of return: 7.0%, net of pension plan investment expense, including inflation*
*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related.

Largest 10 - LEOS:

Pre-retirement:

RP-2000 employee mortality table projected with scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-retirement:

RP-2000 combined mortality table projected with scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 disability life mortality table projected with scale AA to 2020 with males set back 3 years and no provision for future mortality improvement.

All Others (Non 10 Largest) - LEOS:

Pre-retirement:

RP-2000 employee mortality table projected with scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-retirement:

RP-2000 combined mortality table projected with scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 disability life mortality table with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

11) Pension Plan, Continued

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Long Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

*Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the retirement plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

11) Pension Plan, Continued

Changes in Net Pension Liability

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net pension (b)	Net pension liability (a) - (b)
Governmental activities			
Balances at June 30, 2014	\$ 154,567,747	\$ 139,108,955	\$ 15,458,792
Changes for the year:			
Service cost	4,416,137	-	4,416,137
Interest	10,586,624	-	10,586,624
Difference between expected and actual experience	252,227	-	252,227
Contributions - employer	-	4,065,806	(4,065,806)
Contributions - employee	-	1,844,202	(1,844,202)
Net investment income	-	6,365,577	(6,365,577)
Benefit payments, including refunds of employee contributions	(6,660,511)	(6,660,511)	-
Administrative expenses	-	(86,580)	86,580
Other changes	-	(1,349)	1,349
Net changes	8,594,477	5,527,145	3,067,332
Balances at June 30, 2015	\$ 163,162,224	\$ 144,636,100	\$ 18,526,124
Business-type activity			
Balances at June 30, 2014	\$ 14,197,242	\$ 13,257,749	\$ 939,493
Changes for the year:			
Service cost	430,269	-	430,269
Interest	978,647	-	978,647
Difference between expected and actual experience	(146,331)	-	(146,331)
Contributions - employer	-	329,381	(329,381)
Contributions - employee	-	193,349	(193,349)
Net investment income	-	612,704	(612,704)
Benefit payments, including refunds of employee contributions	(433,146)	(433,146)	-
Administrative expenses	-	(8,173)	8,173
Other changes	-	(130)	130
Net changes	829,439	693,985	135,454
Balances at June 30, 2015	\$ 15,026,681	\$ 13,951,734	\$ 1,074,947
Component unit - Public Schools (non-professional)			
Balances at June 30, 2014	\$ 15,835,445	\$ 16,640,131	\$ (804,686)
Changes for the year:			
Service cost	526,136	-	526,136
Interest	1,087,945	-	1,087,945
Difference between expected and actual experience	(13,491)	-	(13,491)
Contributions - employer	-	372,141	(372,141)
Contributions - employee	-	256,454	(256,454)
Net investment income	-	764,646	(764,646)
Benefit payments, including refunds of employee contributions	(586,736)	(586,736)	-
Administrative expenses	-	(10,296)	10,296
Other changes	-	(162)	162
Net changes	1,013,854	796,047	217,807
Balances at June 30, 2015	\$ 16,849,299	\$ 17,436,178	\$ (586,879)

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

11) Pension Plan, Continued

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

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

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Governmental activities			
Net pension liability	\$ 41,563,141	\$ 18,526,124	\$ (516,089)
Business-type activity			
Net pension liability	\$ 3,188,176	\$ 1,074,947	\$ (677,716)
Component unit - Public Schools (non-professional)			
Net pension liability	\$ 1,479,598	\$ (586,879)	\$ (2,324,398)

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

For the year ended June 30, 2016, the County, Authority, and Schools (non-professional) recognized pension expense of \$2,153,184, \$123,719 and \$26,351, respectively. At June 30, 2016, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

	Deferred outflows of resources	Deferred inflows of resources
Governmental activities		
Differences between expected and actual experience	\$ 195,419	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,656,951
Employer contributions subsequent to the measurement date	4,190,244	-
Total	<u>\$ 4,385,663</u>	<u>\$ 3,656,951</u>
Business-type activity		
Differences between expected and actual experience	\$ -	\$ 114,381
Net difference between projected and actual earnings on pension plan investments	-	348,305
Employer contributions subsequent to the measurement date	341,874	-
Total	<u>\$ 341,874</u>	<u>\$ 462,686</u>
Component unit - Public Schools (non-professional)		
Differences between expected and actual experience	\$ -	\$ 9,864
Net difference between projected and actual earnings on pension plan investments	-	436,345
Employer contributions subsequent to the measurement date	369,942	-
Total	<u>\$ 369,942</u>	<u>\$ 446,209</u>

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

11) Pension Plan, Continued

The County, Authority, and Schools reported deferred outflows of resources of \$4,190,244, \$341,874 and \$369,942, respectively, related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	Governmental Activities	Business-type Activity	Component unit - Public Schools (non-professional)
2017	\$ (1,385,022)	\$ (169,264)	\$ (175,826)
2018	(1,385,022)	(169,264)	(175,826)
2019	(1,385,024)	(169,262)	(174,811)
2020	693,536	45,104	80,254
	<u>\$ (3,461,532)</u>	<u>\$ (462,686)</u>	<u>\$ (446,209)</u>

12) Other Post-Employment Benefits (OPEB)

The County, Authority and Public Schools provide post-employment health care benefits 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.

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.

Funding Policy

The County, Authority and Public Schools do not intend to establish a trust to pre-fund this obligation. 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. The County and Authority do not contribute towards the retiree's health insurance premiums. Since the retirees pay their full health insurance premiums based on a blended rate, the County and Authority has an implicit obligation.

Plan Description

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 post-employment 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 employer obligation. There is no coverage for post-Medicare retirees. There were 551 County and 75 Authority participants at the time of the actuarial study.

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 Public Schools' plan allows retirees under the age of 65 to remain in the same medical and dental plan as active employees if they have at least five years of service and are a covered member under the plan at retirement and for at least 24 months prior to retiring. Retirees pay 100% of the premium, minus any applicable \$62.50 monthly contributed. The Public Schools' plan allows eligible retirees to receive a \$62.50 monthly contribution toward their health insurance premium if they have a minimum of twelve continuous years of service. The Public Schools' current membership is 42.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

12) Other Post-Employment Benefits (OPEB), Continued

Net OPEB Obligation

The net OPEB obligation as of June 30, 2016 was calculated as follows:

	Governmental activities	Business-type activity	Component unit - Public Schools
Annual required contribution	\$ 588,000	\$ 57,000	\$ 887,000
Interest on net OPEB obligation	88,000	10,000	175,000
Actuarial adjustments	(110,000)	(12,000)	(237,000)
Annual OPEB cost	566,000	55,000	825,000
Contributions made	(151,000)	(21,000)	(259,000)
Increase in net OPEB obligation	415,000	34,000	566,000
Net OPEB obligation, beginning of year	2,193,962	243,509	4,996,300
Net OPEB obligation, end of year	<u>\$ 2,608,962</u>	<u>\$ 277,509</u>	<u>\$ 5,562,300</u>

Annual OPEB Cost

Three-year trend information				
Year ended June 30,	Annual OPEB cost	Actual contribution	Percentage of annual OPEB cost contributed	Net OPEB obligation
Governmental activities				
2016	\$ 566,000	\$ 151,000	26.7%	\$ 2,608,962
2015	490,000	107,000	21.8%	2,193,962
2014	457,000	93,000	20.4%	1,810,962
Business-type activity				
2016	\$ 55,000	\$ 21,000	38.2%	\$ 277,509
2015	45,000	9,000	20.0%	243,509
2014	43,000	7,000	16.3%	207,509
Component unit - Public Schools				
2016	\$ 825,000	\$ 259,000	31.4%	\$ 5,562,300
2015	859,000	303,000	35.3%	4,996,300
2014	804,000	242,000	30.1%	4,440,300

Actuarial Methods and Assumptions

For the actuarial valuation at June 30, 2016, the projected unit credit method was used. Under this method, benefits provided by the substantive plans (the plans as understood by the employers and the plan members) 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.

The actuarial assumptions included calculations based on a discount rate of 4% for the unfunded liability, rate of inflation of 2.2% and a payroll growth of 3%. Amortization of the initial unfunded actuarial liability is over 23 years based on a level percent of payroll method. Future increases for medical benefits are assumed to range from an initial rate of 7.5% and decrease gradually with the ultimate rate being 5.04%. 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.

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.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

12) Other Post-Employment Benefits (OPEB), Continued

The following Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actual accrual liability for benefits.

Schedule of Funding Progress

Actuarial valuation date July 1,	Actuarial value of assets	Actuarial accrued liability (AAL) project unit credit	Unfunded actuarial accrued liability (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
Governmental-type activities						
2015	\$ -	\$ 6,594,000	\$ 6,594,000	0.0%	\$ 37,227,884	17.7%
2014	-	4,396,000	4,396,000	0.0%	34,159,831	12.9%
2013	-	4,050,000	4,050,000	0.0%	34,545,065	11.7%
Business-type activity						
2015	\$ -	\$ 528,000	\$ 528,000	0.0%	\$ 4,026,779	13.1%
2014	-	423,000	423,000	0.0%	3,897,762	10.9%
2013	-	389,000	389,000	0.0%	3,943,666	9.9%
Component unit - Public Schools						
2015	\$ -	\$ 6,979,000	\$ 6,979,000	0.0%	\$ 79,000,900	8.8%
2014	-	7,335,000	7,335,000	0.0%	74,000,962	9.9%
2013	-	6,782,000	6,782,000	0.0%	71,291,388	9.5%

13) 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 (\$18,000 in 2016). 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 trust fund in the accompanying basic financial statements.

14) Related-Party Transactions

Certain financial management, accounting, and other services are provided to the Authority by the County. The charges for these services amounted to \$770,378 for the year ended June 30, 2016. In addition, the County leases space in Authority's buildings under 10 year operating lease agreements. The County paid the Authority \$261,959 for the year ended June 30, 2016.

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 \$106,391 for the year ended June 30, 2016 for these services.

In April 2013, the County entered into a memorandum of understanding (MOU) with the Schools to provide risk management services. The MOU has an initial term of one year with the option of renewal for four additional one year terms.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

15) 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. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

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.

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

16) Commitments and Contingencies

Primary Government

Construction in Progress

At June 30, 2016, the County and Authority had several major projects under construction which are presented in the accompanying financial statements as construction in progress. Below are the financial details.

Project	Budget	Expenditures to date	Balance of contract	Budget balance
<u>Governmental activities</u>				
General government admin.	\$ 109,761	\$ -	\$ -	\$ 109,761
Public safety	7,297,779	6,205,761	871,882	220,136
Public works	4,414,418	1,758,438	1,620,788	1,035,192
Community development	4,382,347	40,672	1,912,214	2,429,461
Parks, recreation and cultural	1,598,288	96,114	199,666	1,302,508
Total	<u>\$ 17,802,593</u>	<u>\$ 8,100,985</u>	<u>\$ 4,604,550</u>	<u>\$ 5,097,058</u>
<u>Business-type activity</u>				
Sewer improvements	\$ 4,161,433	\$ 443,900	\$ 319,061	\$ 3,398,472
Water supply	16,526,620	722,217	108,493	15,695,910
Water distribution	319,792	-	-	319,792
Water transmission	500,000	34,435	10,640	454,925
Water storage	185,620	-	-	185,620
Other	1,205,717	134,001	37,851	1,033,865
	<u>\$ 22,899,182</u>	<u>\$ 1,334,553</u>	<u>\$ 476,045</u>	<u>\$ 21,088,584</u>

Advances for Construction

The Authority records advances for construction representing two separate agreement types. Funds can be advanced by developers for the construction of specific facilities. These agreements call for rebates, up to the amount advanced, and have no expiration date. 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, 2016, the Authority had \$32,902 outstanding in advances for construction.

County of James City, Virginia
Notes to Basic Financial Statements
June 30, 2016

16) Commitments and Contingencies, Continued

Operating Leases

The County leases certain land and office space under noncancelable operating lease agreements. Rental expenditures related to these lease agreements were \$243,277 for the year ended June 30, 2016.

The Public Schools lease equipment and buildings under noncancelable operating leases. Total costs for such leases were approximately \$272,009 for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

A summary of future minimum lease payments as of June 30, 2016 are as follows:

<u>Year ending June 30:</u>	<u>Primary government - governmental activities</u>	<u>Component unit - Public Schools</u>
2017	\$ 239,152	\$ 215,723
2018	245,577	161,761
2019	251,810	138,471
2020	258,607	74,199
2021	265,027	24,517
2022-2026	1,432,370	-
2027-2029	225,226	-
Total	<u>\$ 2,917,769</u>	<u>\$ 614,671</u>

Other

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

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

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, 2016

Fund, major and minor revenue source	Original budget	Final budget	Actual	Variance positive (negative)
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 94,104,000	\$ 94,104,000	\$ 94,899,836	\$ 795,836
Real and personal public service corporation property taxes	1,800,000	1,800,000	1,904,413	104,413
Personal property taxes	20,472,950	20,472,950	20,804,210	331,260
Machinery and tools taxes	5,650,000	5,650,000	5,792,203	142,203
Penalties	600,000	600,000	673,805	73,805
Interest	350,000	350,000	289,128	(60,872)
Total general property taxes	<u>122,976,950</u>	<u>122,976,950</u>	<u>124,363,595</u>	<u>1,386,645</u>
Other local taxes:				
Local sales and use taxes	10,600,000	10,600,000	11,193,481	593,481
Franchise license taxes	500,000	500,000	627,762	127,762
Taxes on recordation and wills	1,125,000	1,125,000	1,349,105	224,105
Hotel and motel room taxes	2,500,000	2,500,000	2,690,744	190,744
Restaurant food taxes	6,740,000	6,740,000	7,017,178	277,178
Deeds of conveyance	325,000	325,000	347,548	22,548
Penalties	-	-	9,511	9,511
Interest	-	-	8,570	8,570
Total other local taxes	<u>21,790,000</u>	<u>21,790,000</u>	<u>23,243,899</u>	<u>1,453,899</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	20,000	20,000	14,725	(5,275)
Business licenses	6,605,000	6,605,000	6,961,284	356,284
Motor vehicle licenses	160,000	160,000	160,582	582
Building permits	1,075,000	1,075,000	928,148	(146,852)
Permits and other licenses	725,000	725,000	714,757	(10,243)
Total permits, privilege fees and regulatory licenses	<u>8,585,000</u>	<u>8,585,000</u>	<u>8,779,496</u>	<u>194,496</u>
Fines and forfeitures	<u>320,000</u>	<u>320,000</u>	<u>309,278</u>	<u>(10,722)</u>
Use of money and property	<u>125,000</u>	<u>125,000</u>	<u>205,768</u>	<u>80,768</u>
Charges for services:				
Excess fees of the clerk	130,000	223,000	239,472	16,472
Charges for Commonwealth's attorney	6,000	6,000	5,744	(256)
Charges for law enforcement and traffic control	137,500	137,500	134,646	(2,854)
Charges for emergency medical services	2,364,000	2,364,000	2,325,117	(38,883)
Charges for parks and recreation	3,059,750	3,354,750	3,563,791	209,041
Landfill user fees	245,000	245,000	310,053	65,053
Other fees	101,500	101,500	44,450	(57,050)
Total charges for services	<u>6,043,750</u>	<u>6,431,750</u>	<u>6,623,273</u>	<u>191,523</u>
Miscellaneous revenue:				
Sale of property	75,000	75,000	64,997	(10,003)
Miscellaneous	108,300	167,100	185,334	18,234
Total miscellaneous revenue	<u>183,300</u>	<u>242,100</u>	<u>250,331</u>	<u>8,231</u>
Total revenue from local sources	<u>160,024,000</u>	<u>160,470,800</u>	<u>163,775,640</u>	<u>3,304,840</u>

(Continued)

See accompanying notes to the basic financial statements and independent auditors' report.

See accompanying notes to required supplementary information.

County of James City, Virginia

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

General Fund

Year ended June 30, 2016

Fund, major and minor revenue source	Original budget	Final budget	Actual	Variance positive (negative)
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 30,000	\$ 30,000	\$ 40,135	\$ 10,135
Tax on deeds	475,000	475,000	469,318	(5,682)
Railroad rolling stock taxes	60,000	60,000	41,797	(18,203)
Personal property tax relief	9,770,137	9,770,137	9,770,137	-
Communications sales and use tax	1,800,000	1,800,000	1,649,481	(150,519)
Car rental tax	125,000	125,000	109,809	(15,191)
Total noncategorical aid	12,260,137	12,260,137	12,080,677	(179,460)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	551,835	551,835	551,791	(44)
Sheriff	710,330	710,330	716,743	6,413
Commissioner of the revenue	169,185	169,185	174,212	5,027
Treasurer	172,300	172,300	156,525	(15,775)
Registrar/electoral board	47,750	47,750	68,796	21,046
Clerk of the circuit court	491,659	491,659	516,591	24,932
Total shared expenses	2,143,059	2,143,059	2,184,658	41,599
Other categorical aid:				
Wireless Board	185,000	185,000	196,117	11,117
Commission of the arts	5,000	5,000	5,000	-
HB 599 payments	1,387,341	1,387,341	1,320,488	(66,853)
Share of state sales tax	11,131,963	11,131,963	11,208,964	77,001
Other	65,000	65,000	75,912	10,912
Total other categorical aid	12,774,304	12,774,304	12,806,481	32,177
Total categorical aid	14,917,363	14,917,363	14,991,139	73,776
Total revenue from the Commonwealth	27,177,500	27,177,500	27,071,816	(105,684)
Revenue from the federal government:				
Payments in lieu of taxes	7,500	7,500	8,136	636
Total revenue from the federal government	7,500	7,500	8,136	636
Total revenues	\$ 187,209,000	\$ 187,655,800	\$ 190,855,592	\$ 3,199,792

(Continued)

County of James City, Virginia

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

General Fund

Year ended June 30, 2016

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
General government administration:				
Legislative:				
Board of supervisors	\$ 192,683	\$ 392,690	\$ 306,353	\$ 86,337
General and financial administration:				
County administrator	512,189	512,192	503,642	8,550
County attorney	458,863	366,571	366,483	88
Human resources	654,549	646,251	622,726	23,525
Legal services	13,500	126,735	126,731	4
Commissioner of the revenue	787,031	787,058	741,096	45,962
Real estate assessments	853,255	859,715	818,953	40,762
Treasurer	1,363,792	1,370,590	1,257,209	113,381
Financial management	1,006,694	1,020,291	891,645	128,646
Accounting	218,063	218,099	154,540	63,559
Publications management	216,030	212,686	202,420	10,266
Purchasing	302,862	302,865	268,147	34,718
Records management	244,031	244,984	229,522	15,462
Information technology	2,000,630	2,025,352	1,886,458	138,894
Fleet maintenance	973,293	976,817	931,739	45,078
Total general and financial administration	<u>9,604,782</u>	<u>9,670,206</u>	<u>9,001,311</u>	<u>668,895</u>
Board of elections:				
Voter registration and elections	410,016	418,976	370,396	48,580
Total general government administration	<u>10,207,481</u>	<u>10,481,872</u>	<u>9,678,060</u>	<u>803,812</u>
Judicial administration:				
Courts:				
Circuit court and judicial services	503,673	503,673	498,550	5,123
General district court	35,306	35,306	27,804	7,502
Juvenile and domestic relations district court	21,827	21,827	13,407	8,420
Clerk of the circuit court	708,972	802,850	802,425	425
Sheriff	1,297,550	1,295,504	1,256,369	39,135
9th judicial district	10,259	6,000	5,848	152
Court services and juvenile detention	379,191	321,651	321,633	18
Courthouse	463,582	530,702	458,856	71,846
Total courts	<u>3,420,360</u>	<u>3,517,513</u>	<u>3,384,892</u>	<u>132,621</u>
Commonwealth's attorney	792,986	830,285	810,186	20,099
Total judicial administration	<u>4,213,346</u>	<u>4,347,798</u>	<u>4,195,078</u>	<u>152,720</u>
Public safety:				
Law enforcement and traffic control:				
Police department	9,858,705	9,879,583	9,454,511	425,072
Emergency communications	2,987,869	2,987,869	2,723,504	264,365
Total law enforcement and traffic control	<u>12,846,574</u>	<u>12,867,452</u>	<u>12,178,015</u>	<u>689,437</u>
Fire and rescue services:				
Fire department and emergency medical services	11,038,762	11,096,709	10,616,645	480,064
Correction and detention:				
Regional jail	2,562,000	2,648,000	2,647,185	815
Inspections:				
Building and safety permits	1,184,025	1,190,138	1,112,212	77,926
Other protection:				
Animal control	245,117	245,117	213,538	31,579
Emergency management	259,001	259,001	235,935	23,066
Total other protection	<u>504,118</u>	<u>504,118</u>	<u>449,473</u>	<u>54,645</u>
Total public safety	<u>28,135,479</u>	<u>28,306,417</u>	<u>27,003,530</u>	<u>1,302,887</u>

(Continued)

See accompanying notes to the basic financial statements and independent auditors' report.

See accompanying notes to required supplementary information.

County of James City, Virginia

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

General Fund

Year ended June 30, 2016

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
Public works:				
Sanitation and waste removal:				
Grounds maintenance	\$ 1,548,937	\$ 1,635,382	\$ 1,456,867	\$ 178,515
Solid waste and recycling	1,377,271	1,377,271	1,339,128	38,143
Total sanitation and waste removal	2,926,208	3,012,653	2,795,995	216,658
Maintenance of general buildings and grounds:				
Facilities management	4,556,233	4,751,333	4,270,553	480,780
Total public works	7,482,441	7,763,986	7,066,548	697,438
Health and welfare:				
Local health department	715,362	715,362	725,341	(9,979)
Mental health and mental retardation	1,140,000	1,140,000	1,140,000	-
Total health and welfare	1,855,362	1,855,362	1,865,341	(9,979)
Education:				
School board administration	82,948,507	82,948,507	79,825,974	3,122,533
Parks, recreation and cultural:				
Parks and recreation:				
Administration	4,685,341	4,827,862	4,495,374	332,488
Community centers	250,205	251,985	211,810	40,175
Park operations	238,613	415,628	344,305	71,323
Recreation services	477,274	479,194	396,327	82,867
Total parks and recreation	5,651,433	5,974,669	5,447,816	526,853
Library:				
Regional library	4,421,282	4,421,282	4,416,255	5,027
Total parks, recreation and cultural	10,072,715	10,395,951	9,864,071	531,880
Community development:				
Planning and community development:				
Planning	966,315	1,036,779	862,377	174,402
Development management	217,108	211,061	141,728	69,333
Communications	636,715	638,284	626,703	11,581
Zoning enforcement	343,688	343,692	311,354	32,338
Economic development	402,702	455,310	346,707	108,603
Satellite office	221,907	221,907	210,936	10,971
Contributions – other	760,969	761,878	759,726	2,152
Regional transportation	590,625	590,625	590,625	-
Total planning and community development	4,140,029	4,259,536	3,850,156	409,380
Environmental management:				
Engineering and resource protection	918,266	919,199	900,566	18,633
Stormwater management	1,381,933	1,533,750	1,058,521	475,229
Total environmental management	2,300,199	2,452,949	1,959,087	493,862
Total community development	6,440,228	6,712,485	5,809,243	903,242
Nondepartmental:				
Miscellaneous	67,224	(276,942)	1,183,538	(1,460,480)
Total expenditures	151,422,783	152,535,436	146,491,383	6,044,053
Excess of revenues over expenditures	35,786,217	35,120,364	44,364,209	9,243,845
Other financing sources (uses):				
Transfers in	26,794	26,794	39,235	12,441
Transfers out	(35,813,011)	(37,757,511)	(40,773,308)	(3,015,797)
Total other financing sources (uses)	(35,786,217)	(37,730,717)	(40,734,073)	(3,003,356)
Net change in fund balance	-	(2,610,353)	3,630,136	6,240,489
Fund balance at beginning of year	-	2,610,353	34,663,432	32,053,079
Fund balance at end of year	\$ -	\$ -	\$ 38,293,568	\$ 38,293,568

See accompanying notes to the basic financial statements and independent auditors' report.

See accompanying notes to required supplementary information.

County of James City, Virginia
Schedule of Changes in the Net Pension Liability and Related Ratios
Required Supplementary Information (Unaudited)
Years ended June 30, 2016 and 2015 (1)

	2014			2015		
	County Employees	JCSA Employees	Public Schools' Non-Professional	County Employees	JCSA Employees	Public Schools' Non-Professional
Total pension liability						
Service cost	\$ 4,376,092	\$ 417,066	\$ 507,972	\$ 4,416,137	\$ 430,269	\$ 526,136
Interest	9,996,496	913,818	1,021,383	10,586,624	978,647	1,087,945
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	252,227	(146,331)	(13,491)
Changes in assumptions	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(5,223,843)	(376,365)	(570,189)	(6,660,511)	(433,146)	(586,736)
Net change in total pension liability	9,148,745	954,519	959,166	8,594,477	829,439	1,013,854
Total pension liability, beginning	145,419,002	13,242,723	14,876,279	154,567,747	14,197,242	15,835,445
Total pension liability, ending (a)	\$ 154,567,747	\$ 14,197,242	\$ 15,835,445	\$ 163,162,224	\$ 15,026,681	\$ 16,849,299
Plan fiduciary net position						
Contributions - employer	4,362,691	308,820	435,519	4,065,806	329,381	372,141
Contributions - employee	1,909,429	197,188	237,728	1,844,202	193,349	256,454
Net investment income	18,931,089	1,802,418	2,265,304	6,365,577	612,704	764,646
Benefit payments, including refunds of employee contributions	(5,223,843)	(376,365)	(570,189)	(6,660,511)	(433,146)	(586,736)
Administrative expense	(100,186)	(9,511)	(12,002)	(86,580)	(8,173)	(10,296)
Other	998	95	120	(1,349)	(130)	(162)
Net change in plan fiduciary net position	19,880,178	1,922,645	2,356,480	5,527,145	693,985	796,047
Plan fiduciary net position, beginning	119,228,777	11,335,104	14,283,651	139,108,955	13,257,749	16,640,131
Plan fiduciary net position, ending (b)	139,108,955	13,257,749	16,640,131	144,636,100	13,951,734	17,436,178
Net pension liability (a) - (b)	\$ 15,458,792	\$ 939,493	\$ (804,686)	\$ 18,526,124	\$ 1,074,947	\$ (586,879)
Plan fiduciary net position as a percentage of the total pension liability	90.00%	93.38%	105.08%	88.65%	92.85%	103.48%
Covered-employee payroll	\$ 37,347,889	\$ 3,943,666	\$ 4,812,365	\$ 36,788,968	\$ 3,897,762	\$ 5,154,307
Net pension liability as a percentage of the total covered-employee payroll	41.39%	23.82%	-16.72%	50.36%	27.58%	-11.39%

(1) This schedule is intended to present 10 years of information. GASB 68 and 71 were implemented in fiscal year 2015, and additional years will be presented as the information becomes available.

See accompanying notes to the basic financial statements and independent auditors' report.
See accompanying notes to required supplementary information.

County of James City, Virginia
Schedule of Employer Contributions
Required Supplementary Information (Unaudited)
Years ended June 30, 2016 and 2015 (1)

County employees					
Fiscal Year	Contractually Required Contribution	Contributions in relation to contractually required contribution	Contribution deficiency (Excess)*	Employer's covered employee payroll	Contributions as a % of covered employee payroll
2015	\$ 4,090,933	\$ 4,091,153	\$ 220	\$ 36,788,968	11.12%
2016	4,190,228	4,190,244	16	37,681,907	11.12%

*Excess contributions are a result of an amount due for retroactive payment for prior fiscal year.

James City Service Authority employees					
Fiscal Year	Contractually Required Contribution	Contributions in relation to contractually required contribution	Contribution deficiency (Excess)	Employer's covered employee payroll	Contributions as a % of covered employee payroll
2015	\$ 330,920	\$ 330,920	\$ -	\$ 3,897,762	8.49%
2016	341,874	341,874	-	4,026,779	8.49%

Public Schools' - non-professional					
Fiscal Year	Contractually Required Contribution	Contributions in relation to contractually required contribution	Contribution deficiency (Excess)	Employer's covered employee payroll	Contributions as a % of covered employee payroll
2015	\$ 372,141	\$ 372,141	\$ -	\$ 5,154,307	7.22%
2016	369,942	369,942	-	5,123,850	7.22%

(1) This schedule is intended to present 10 years of information. GASB 68 and 71 were implemented in fiscal year 2015, and additional years will be presented as the information becomes available.

County of James City, Virginia
Notes to Required Supplementary Information (Unaudited)
June 30, 2016

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; Community Development; and Grants and Special Projects Funds where appropriations remain open and carry over to the succeeding years.

All budgets are adopted on the modified accrual basis of accounting. The budget was increased by \$446,800 in supplemental appropriations during the fiscal year ended June 30, 2016. This increase was for the operation of a marina and park, and to appropriate grant funds and insurance recoveries to replace damaged equipment and vehicles. 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, 2016, as adopted and amended by supplemental appropriations.

2) Changes of Benefit Terms

There have been no actuarially material changes to the system benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

3) Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

See accompanying independent auditors' report.

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, 2016

	Original Budget	Final Budget	Actual	Variance positive (negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 2,806	\$ 2,806
Miscellaneous	204,331	204,331	225,961	21,630
Total revenues	204,331	204,331	228,767	24,436
Expenditures:				
Community development	75,000	75,000	50,804	24,196
Debt service:				
Principal	16,817,377	16,817,377	17,122,377	(305,000)
Interest and other fiscal charges	6,900,152	6,900,152	6,188,222	711,930
Bond issuance costs	-	-	1,173,546	(1,173,546)
Total expenditures	23,792,529	23,792,529	24,534,949	(742,420)
Deficiency of revenues under expenditures	(23,588,198)	(23,588,198)	(24,306,182)	(717,984)
Other financing sources (uses):				
Transfers in	23,600,000	23,600,000	23,568,074	31,926
Issuance of refunding bonds	-	-	64,915,000	(64,915,000)
Premium on refunding bonds	-	-	8,988,550	(8,988,550)
Payment to escrow agent for refunded bonds	-	-	(73,165,442)	73,165,442
Total other financing sources (uses)	23,600,000	23,600,000	24,306,182	(706,182)
Deficiency of revenues and other sources under expenditures	11,802	11,802	-	(11,802)
Fund balance, beginning of year	(11,802)	(11,802)	-	11,802
Fund balance, 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.

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

Tourism Investment Fund – accounts for revenues and expenditures that provide for tourism initiatives.

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, 2016

	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Community Development Fund	Trust Fund	Tourism Investment Fund	Grants and Special Projects Fund	Total
Assets							
Cash and cash equivalents and investments	\$ 1,368,505	\$ 192,251	\$ 268,545	\$ 353,987	\$ 1,188,463	\$ -	\$ 3,371,751
Cash and cash equivalents, restricted	-	-	1,456,153	-	-	443,791	1,899,944
Taxes receivable	-	-	-	-	88,641	-	88,641
Loans receivable	-	-	3,639,688	-	-	-	3,639,688
Due from other funds	-	-	-	-	-	26,755	26,755
Due from other governments	241,195	2,370	183,925	-	-	1,070,511	1,498,001
Total assets	<u>\$ 1,609,700</u>	<u>\$ 194,621</u>	<u>\$ 5,548,311</u>	<u>\$ 353,987</u>	<u>\$ 1,277,104</u>	<u>\$ 1,541,057</u>	<u>\$ 10,524,780</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 22,339	\$ 14,643	\$ 15,004	\$ -	\$ 35,729	\$ 61,480	\$ 149,195
Accrued liabilities	4,067	1,136	-	-	-	1,504	6,707
Payables from restricted assets	-	-	72,199	-	-	-	72,199
Due to other funds	286,866	22,165	118,888	-	629	-	428,548
Due to component unit	-	-	-	-	-	34,583	34,583
Unearned revenue	-	-	2,873,943	-	-	848,422	3,722,365
Total liabilities	<u>313,272</u>	<u>37,944</u>	<u>3,080,034</u>	<u>-</u>	<u>36,358</u>	<u>945,989</u>	<u>4,413,597</u>
Fund balances:							
Nonspendable - loans	-	-	765,745	-	-	-	765,745
Assigned	1,296,428	156,677	1,702,532	353,987	1,240,746	595,068	5,345,438
Total fund balances	<u>1,296,428</u>	<u>156,677</u>	<u>2,468,277</u>	<u>353,987</u>	<u>1,240,746</u>	<u>595,068</u>	<u>6,111,183</u>
Total liabilities and fund balances	<u>\$ 1,609,700</u>	<u>\$ 194,621</u>	<u>\$ 5,548,311</u>	<u>\$ 353,987</u>	<u>\$ 1,277,104</u>	<u>\$ 1,541,057</u>	<u>\$ 10,524,780</u>

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, 2016

	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Community Development Fund	Trust Fund	Tourism Investment Fund	Grants and Special Projects Fund	Total
Revenues:							
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ 783,768	\$ -	\$ 783,768
Use of money and property	-	-	-	36	-	-	36
Miscellaneous	-	82,991	747,291	69,148	15,948	-	915,378
Intergovernmental:							
Local	-	97,832	-	-	-	220,126	317,958
Commonwealth	1,021,367	786,660	513,421	7,559	-	721,801	3,050,808
Federal	2,284,547	37,969	1,168,363	54,064	-	190,905	3,735,848
Total revenues	<u>3,305,914</u>	<u>1,005,452</u>	<u>2,429,075</u>	<u>130,807</u>	<u>799,716</u>	<u>1,132,832</u>	<u>8,803,796</u>
Expenditures:							
Current:							
Judicial administration	-	1,001,130	-	9,189	-	258,347	1,268,666
Public safety	-	-	-	69,979	-	804,743	874,722
Public works	-	-	-	2,500	-	13,154	15,654
Health and welfare	4,725,646	-	-	500	-	642,565	5,368,711
Parks, recreation and cultural	-	-	-	4,380	-	4,000	8,380
Community development	-	-	2,479,835	-	1,984,042	29,920	4,493,797
Total expenditures	<u>4,725,646</u>	<u>1,001,130</u>	<u>2,479,835</u>	<u>86,548</u>	<u>1,984,042</u>	<u>1,752,729</u>	<u>12,029,930</u>
Excess (deficiency) of revenues over (under) expenditures	(1,419,732)	4,322	(50,760)	44,259	(1,184,326)	(619,897)	(3,226,134)
Other financing sources (uses):							
Transfers in	1,451,094	49,192	651,615	-	1,620,000	647,173	4,419,074
Transfers out	-	-	-	(12,235)	(27,000)	-	(39,235)
Total other financing sources (uses)	<u>1,451,094</u>	<u>49,192</u>	<u>651,615</u>	<u>(12,235)</u>	<u>1,593,000</u>	<u>647,173</u>	<u>4,379,839</u>
Net change in fund balances	<u>31,362</u>	<u>53,514</u>	<u>600,855</u>	<u>32,024</u>	<u>408,674</u>	<u>27,276</u>	<u>1,153,705</u>
Fund balances, beginning of year	<u>1,265,066</u>	<u>103,163</u>	<u>1,867,422</u>	<u>321,963</u>	<u>832,072</u>	<u>567,792</u>	<u>4,957,478</u>
Fund balances, end of year	<u>\$ 1,296,428</u>	<u>\$ 156,677</u>	<u>\$ 2,468,277</u>	<u>\$ 353,987</u>	<u>\$ 1,240,746</u>	<u>\$ 595,068</u>	<u>\$ 6,111,183</u>

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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Intergovernmental:			
Commonwealth	\$ 2,935	\$ 1,021,367	\$ 1,018,432
Federal	3,822,131	2,284,547	(1,537,584)
Total intergovernmental revenues	<u>3,825,066</u>	<u>3,305,914</u>	<u>(519,152)</u>
Expenditures:			
Current:			
Health and welfare	<u>5,741,825</u>	<u>4,725,646</u>	<u>1,016,179</u>
Deficiency of revenues under expenditures	<u>(1,916,759)</u>	<u>(1,419,732)</u>	<u>497,027</u>
Other financing sources:			
Operating transfers in	<u>1,451,094</u>	<u>1,451,094</u>	<u>-</u>
Deficiency of revenues and other sources under expenditures	<u>(465,665)</u>	<u>31,362</u>	<u>(497,027)</u>
Fund balance, beginning of year	<u>465,665</u>	<u>1,265,066</u>	<u>(799,401)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 1,296,428</u>	<u>\$ (1,296,428)</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.

County of James City, Virginia
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2016

	Special Welfare	WAMAC	Regional Jail	Juvenile Detention	Williamsburg Area Transit Authority	Total
Assets						
Cash and cash equivalents	\$ 480	\$ 27,960	\$ 725,813	\$ 1,425,305	\$ 762,073	\$ 2,941,631
Restricted cash and cash equivalents and investments	-	4,278,476	2,815,130	-	-	7,093,606
Accounts receivable	-	247,228	129,142	112,061	87,153	575,584
Due from other governmental units	-	-	1,599,541	-	934,946	2,534,487
Prepaid item	-	15,435	97,885	-	-	113,320
Total assets	<u>\$ 480</u>	<u>\$ 4,569,099</u>	<u>\$ 5,367,511</u>	<u>\$ 1,537,366</u>	<u>\$ 1,784,172</u>	<u>\$ 13,258,628</u>
Liabilities						
Accounts payable and accrued liabilities	\$ -	\$ 24,787	\$ 521,698	\$ 789,141	\$ 685,193	\$ 2,020,819
Amounts held for others	480	4,544,312	4,845,813	748,225	1,098,979	11,237,809
Total liabilities	<u>\$ 480</u>	<u>\$ 4,569,099</u>	<u>\$ 5,367,511</u>	<u>\$ 1,537,366</u>	<u>\$ 1,784,172</u>	<u>\$ 13,258,628</u>

See accompanying independent auditors' report.

County of James City, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2016

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
Special Welfare Fund:				
Assets:				
Cash	\$ 10	\$ 6,763	\$ 6,293	\$ 480
Liabilities:				
Amounts held for others	\$ 10	\$ 7,536	\$ 7,066	\$ 480
WAMAC Fund:				
Assets:				
Cash	\$ 89,092	\$ 2,430,574	\$ 2,491,706	\$ 27,960
Restricted cash	4,207,422	231,863	160,809	4,278,476
Accounts receivable	152,280	606,206	511,258	247,228
Prepaid item	-	15,435	-	15,435
Total assets	<u>\$ 4,448,794</u>	<u>\$ 3,284,078</u>	<u>\$ 3,163,773</u>	<u>\$ 4,569,099</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 29,333	\$ 2,139,500	\$ 2,144,046	\$ 24,787
Amounts held for others	4,419,461	5,638,371	5,513,520	4,544,312
Total liabilities	<u>\$ 4,448,794</u>	<u>\$ 7,777,871</u>	<u>\$ 7,657,566</u>	<u>\$ 4,569,099</u>
Regional Jail Fund:				
Assets:				
Cash and cash equivalents	\$ 604,476	\$ 15,871,659	\$ 15,750,322	\$ 725,813
Restricted cash and cash equivalents and investments	3,368,000	1,742,598	2,295,468	2,815,130
Accounts receivable	308,042	129,142	308,042	129,142
Due from other governmental units	1,155,407	1,599,541	1,155,407	1,599,541
Prepaid item	-	97,885	-	97,885
Total assets	<u>\$ 5,435,925</u>	<u>\$ 19,440,825</u>	<u>\$ 19,509,239</u>	<u>\$ 5,367,511</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 238,009	\$ 692,321	\$ 408,632	\$ 521,698
Amounts held for others	5,197,916	18,878,830	19,230,933	4,845,813
Total liabilities	<u>\$ 5,435,925</u>	<u>\$ 19,571,151</u>	<u>\$ 19,639,565</u>	<u>\$ 5,367,511</u>
Juvenile Detention Fund:				
Assets:				
Cash and cash equivalents and investments	\$ 940,631	\$ 4,451,472	\$ 3,966,798	\$ 1,425,305
Accounts receivable	127,144	154,182	169,265	112,061
Total assets	<u>\$ 1,067,775</u>	<u>\$ 4,605,654</u>	<u>\$ 4,136,063</u>	<u>\$ 1,537,366</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 210,041	\$ 4,158,813	\$ 3,579,713	\$ 789,141
Amounts held for others	857,734	5,380,549	5,490,058	748,225
Total liabilities	<u>\$ 1,067,775</u>	<u>\$ 9,539,362</u>	<u>\$ 9,069,771</u>	<u>\$ 1,537,366</u>
Williamsburg Area Transit Authority Fund:				
Assets:				
Cash and cash equivalents	\$ 470,382	\$ 6,014,944	\$ 5,723,253	\$ 762,073
Accounts receivable	1,675	91,353	5,875	87,153
Due from other governmental units	743,168	934,946	743,168	934,946
Total assets	<u>\$ 1,215,225</u>	<u>\$ 7,041,243</u>	<u>\$ 6,472,296</u>	<u>\$ 1,784,172</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 214,169	\$ 3,502,900	\$ 3,031,876	\$ 685,193
Amounts held for others	1,001,056	15,118,844	15,020,921	1,098,979
Total liabilities	<u>\$ 1,215,225</u>	<u>\$ 18,621,744</u>	<u>\$ 18,052,797</u>	<u>\$ 1,784,172</u>
Total:				
Assets:				
Cash and cash equivalents and investments	\$ 2,104,591	\$ 28,775,412	\$ 27,938,372	\$ 2,941,631
Restricted cash and cash equivalents and investments	7,575,422	1,974,461	2,456,277	7,093,606
Accounts receivable	589,141	980,883	994,440	575,584
Due from other governmental units	1,898,575	2,534,487	1,898,575	2,534,487
Prepaid item	-	113,320	-	113,320
Total assets	<u>\$ 12,167,729</u>	<u>\$ 34,378,563</u>	<u>\$ 33,287,664</u>	<u>\$ 13,258,628</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 691,552	\$ 10,493,534	\$ 9,164,267	\$ 2,020,819
Amounts held for others	11,476,177	45,024,130	45,262,498	11,237,809
Total liabilities	<u>\$ 12,167,729</u>	<u>\$ 55,517,664</u>	<u>\$ 54,426,765</u>	<u>\$ 13,258,628</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 – promote industrial and commercial development in the County.

County of James City, Virginia
Balance Sheet
Discretely Presented Component Unit – Public Schools – Governmental Funds
June 30, 2016

	General	Grants	Schools' food services	Capital projects	Total governmental funds
Assets					
Cash and temporary investments	\$ 16,971,480	\$ (11,267)	\$ 631,262	\$ 330,598	\$ 17,922,073
Receivables	59,111	19,988	832	-	79,931
Due from federal government	386	694,898	171,476	-	866,760
Due from Commonwealth of Virginia	138,445	28,216	-	-	166,661
Due from the City of Williamsburg and James City County	253,968	-	-	2,200,605	2,454,573
Inventory	-	-	16,525	-	16,525
Total assets	<u>\$ 17,423,390</u>	<u>\$ 731,835</u>	<u>\$ 820,095</u>	<u>\$ 2,531,203</u>	<u>\$ 21,506,523</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 507,294	\$ 26,691	\$ 68,942	\$ 1,844,028	\$ 2,446,955
Accrued payroll	6,505,002	260,155	125,750	-	6,890,907
Accrued benefits	6,662,227	240,752	127,508	-	7,030,487
Due to the City of Williamsburg and James City County	3,492,594	-	-	-	3,492,594
Unearned revenue	-	65,983	-	-	65,983
Total liabilities	<u>17,167,117</u>	<u>593,581</u>	<u>322,200</u>	<u>1,844,028</u>	<u>19,926,926</u>
Fund balances:					
Nonspendable - inventory	-	-	16,525	-	16,525
Restricted	-	138,254	481,370	-	619,624
Committed	-	-	-	687,175	687,175
Assigned	56,273	-	-	-	56,273
Unassigned	200,000	-	-	-	200,000
Total fund balances	<u>256,273</u>	<u>138,254</u>	<u>497,895</u>	<u>687,175</u>	<u>1,579,597</u>
Total liabilities and fund balances	<u>\$ 17,423,390</u>	<u>\$ 731,835</u>	<u>\$ 820,095</u>	<u>\$ 2,531,203</u>	

Adjustments for the statement of net position:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	54,116,949
Long-term liabilities are not reported as liabilities in the governmental funds.	
Compensated absences	(1,101,233)
Equipment capital leases	(164,243)
Other post employment benefits	(5,562,300)
Net pension liability	(110,042,121)
Deferred outflows and inflows of resources are not current financial resources and therefore are not reported in the governmental funds.	2,558,221
Net position of governmental activities	<u>\$ (58,615,130)</u>

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, 2016

	General	Grants	Schools' food services	Capital projects	Total governmental funds
Revenues:					
Intergovernmental:					
From City of Williamsburg and James City County	\$ 88,433,251	\$ -	\$ -	\$ 2,808,630	\$ 91,241,881
From Commonwealth of Virginia	31,665,192	953,592	54,582	68,054	32,741,420
From federal government	98,906	3,870,398	2,285,323	-	6,254,627
Total intergovernmental	120,197,349	4,823,990	2,339,905	2,876,684	130,237,928
Charges for services	588,520	-	1,818,365	-	2,406,885
Interest	447	-	234	-	681
Miscellaneous	231,314	793,541	-	-	1,024,855
Total revenues	121,017,630	5,617,531	4,158,504	2,876,684	133,670,349
Expenditures:					
General and administrative	2,857,644	-	-	-	2,857,644
Instruction	89,269,571	4,361,084	-	-	93,630,655
Attendance and health services	4,217,836	590,091	-	-	4,807,927
Pupil transportation	7,122,053	-	-	-	7,122,053
Operations and maintenance	10,779,477	42,155	-	-	10,821,632
Technology	6,501,215	392,383	-	-	6,893,598
Food services	-	102,802	4,064,570	-	4,167,372
Debt service:					
Principal	56,777	-	-	-	56,777
Interest	19,486	-	-	-	19,486
Capital outlay	1,480,170	151,198	14,580	3,239,193	4,885,141
Total expenditures	122,304,229	5,639,713	4,079,150	3,239,193	135,262,285
Excess (deficiency) of revenues over (under) expenditures	(1,286,599)	(22,182)	79,354	(362,509)	(1,591,936)
Net change in fund balances	(1,286,599)	(22,182)	79,354	(362,509)	(1,591,936)
Fund balances, beginning of year	1,542,872	160,436	418,541	1,049,684	3,171,533
Fund balances, end of year	<u>\$ 256,273</u>	<u>\$ 138,254</u>	<u>\$ 497,895</u>	<u>\$ 687,175</u>	<u>\$ 1,579,597</u>

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, 2016

Net change in fund balances \$ (1,591,936)

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	4,885,141
Depreciation expense	(4,259,185)
	625,956

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.

(58,279)

Repayment of debt principal is an expenditure in the governmental funds, but does not affect the statement of activities.

56,777

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	(96,700)
Change in net OPEB obligation	(566,000)
Change in net pension liability	2,875,068
	2,212,368

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.

Change in net position	160,436
	\$ 1,405,322

County of James City, Virginia
Schedule of Changes in Assets and Liabilities
Discretely Presented Component Unit – Public Schools – Agency Funds
Year ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2016</u>
State Operated Educational Program:				
Assets:				
Cash and temporary investments	\$ (201,221)	\$ 1,224,499	\$ 1,210,546	\$ (187,268)
Due from other governmental units	266,887	734,692	730,131	271,448
Total assets	<u>\$ 65,666</u>	<u>\$ 1,959,191</u>	<u>\$ 1,940,677</u>	<u>\$ 84,180</u>
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ 65,666</u>	<u>\$ 1,991,731</u>	<u>\$ 1,973,217</u>	<u>\$ 84,180</u>
School Activity Fund:				
Assets:				
Cash and temporary investments	<u>\$ 1,271,617</u>	<u>\$ 2,043,557</u>	<u>\$ 2,091,524</u>	<u>\$ 1,223,650</u>
Liabilities:				
Amounts held for others	<u>\$ 1,271,617</u>	<u>\$ 2,043,557</u>	<u>\$ 2,091,524</u>	<u>\$ 1,223,650</u>
Totals – primary government:				
Assets:				
Cash and temporary investments	\$ 1,070,396	\$ 3,268,056	\$ 3,302,070	\$ 1,036,382
Due from other governmental units	266,887	734,692	730,131	271,448
Total assets	<u>\$ 1,337,283</u>	<u>\$ 4,002,748</u>	<u>\$ 4,032,201</u>	<u>\$ 1,307,830</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 65,666	\$ 1,991,731	\$ 1,973,217	\$ 84,180
Amounts held for others	1,271,617	2,043,557	2,091,524	1,223,650
Total liabilities	<u>\$ 1,337,283</u>	<u>\$ 4,035,288</u>	<u>\$ 4,064,741</u>	<u>\$ 1,307,830</u>

See accompanying independent auditors' report.

County of James City, Virginia
Statement of Net Position
Discretely Presented Component Unit – Economic Development Authority
June 30, 2016

Assets

Current assets:	
Cash and short-term investments (note 2)	\$ 951,618
Interest receivable	317
Notes receivable	12,518
	<u>964,453</u>
Notes receivable, net of current portion	25,000
Capital assets (note 6):	
Nondepreciable	399,616
Depreciable, net	109,969
Capital assets, net	<u>509,585</u>
Total assets	<u><u>\$ 1,499,038</u></u>

Liabilities and Net Position

Current liabilities:	
Accounts payable	\$ 12,174
Due to James City County	1,148
	<u>13,322</u>
Net position:	
Net investment in capital assets	509,585
Unrestricted	976,131
Total net position	<u>1,485,716</u>
Total liabilities and net position	<u><u>\$ 1,499,038</u></u>

See accompanying independent auditors' report.

County of James City, Virginia

Statement of Revenues, Expenses and Changes in Fund Net Position
Discretely Presented Component Unit – Economic Development Authority
Year ended June 30, 2016

Operating revenues:	
Lease income	\$ 14,975
Intergovernmental - County contribution	29,524
Bond fees	18,426
Launchpad member contributions	69,000
Launchpad landlord contributions	50,000
Launchpad client revenue	15,380
Miscellaneous revenue	20,021
Total operating revenues	<u>217,326</u>
Operating expenses:	
Community development	197,322
Depreciation and amortization	33,500
Leases	66,315
Note forgiveness	2,721
Other	398
Professional fees	16,693
Promotion	63,793
Telecommunications	3,364
Utilities	3,261
Total operating expenses	<u>387,367</u>
Operating loss	<u>(170,041)</u>
Nonoperating revenue:	
Interest income	9,895
Change in net position	(160,146)
Net position, beginning of year	1,645,862
Net position, end of year	<u>\$ 1,485,716</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, 2016

Cash flows from operating activities:	
Receipts from customers	\$ 286,386
Payments to suppliers	(445,353)
Net cash used for operating activities	<u>(158,967)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	<u>(137,315)</u>
Cash flows from investing activities:	
Interest received	<u>9,895</u>
Net decrease in cash and short-term investments	(286,387)
Cash and short-term investments, beginning of year	1,238,005
Cash and short-term investments, end of year	<u><u>\$ 951,618</u></u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (170,041)
Adjustments to reconcile operating loss to cash used by operating activities:	
Depreciation and amortization	33,500
Note forgiveness	2,721
Changes in assets and liabilities:	
Interest receivable	323
Bond fee receivable	4,807
Due from James City County	82,000
Notes receivable	(25,000)
Accounts payable	(88,016)
Due to James City County	739
Net cash used for operating activities	<u><u>\$ (158,967)</u></u>

See accompanying independent auditors' report.

Statistical Section (Unaudited)

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.

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.*

Table 1

County of James City, Virginia
Net Position by Component
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014, as restated	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 25,413,961	\$ 160,168,505	\$ 155,643,755	\$ 91,045,788	\$ 46,961,066	\$ 133,812,951	\$ 128,851,392	\$ 142,867,725	\$ 159,469,360	\$ 176,303,250
Restricted:										
Capital projects	124,329,355	6,498,734	15,716,245	41,296,767	20,005,183	21,226,338	35,010,428	8,320,449	1,551,387	-
Debt Service	-	-	-	-	-	-	-	-	-	1,222,336
Other purposes	6,214,172	433,272	394,831	813,685	-	-	-	-	-	1,899,944
Unrestricted	37,081,001	44,309,703	42,816,887	61,999,946	134,831,315	55,343,408	52,396,401	50,095,897	51,222,452	52,962,121
Total governmental activities net position	<u>\$ 193,038,489</u>	<u>\$ 211,410,214</u>	<u>\$ 214,571,718</u>	<u>\$ 195,156,186</u>	<u>\$ 201,797,564</u>	<u>\$ 210,382,697</u>	<u>\$ 216,258,221</u>	<u>\$ 201,284,071</u>	<u>\$ 212,243,199</u>	<u>\$ 232,387,651</u>
Business-type activity:										
Net investment in capital assets	\$ 132,145,149	\$ 134,569,730	\$ 134,314,330	\$ 135,071,435	\$ 135,641,623	\$ 135,110,313	\$ 139,966,206	\$ 137,922,955	\$ 137,173,064	\$ 139,312,785
Restricted:										
Capital projects	709,584	1,305,775	4,674,837	4,610,218	4,740,769	4,876,760	2,620,384	2,601,160	2,716,277	-
Debt Service	-	-	-	-	-	-	-	-	-	729,605
Unrestricted	33,151,555	36,275,425	36,591,088	36,430,621	34,057,874	34,462,629	30,189,025	29,159,119	32,903,518	37,014,202
Total business-type activity net position	<u>\$ 166,006,288</u>	<u>\$ 172,150,930</u>	<u>\$ 175,580,255</u>	<u>\$ 176,112,274</u>	<u>\$ 174,440,266</u>	<u>\$ 174,449,702</u>	<u>\$ 172,775,615</u>	<u>\$ 169,683,234</u>	<u>\$ 172,792,859</u>	<u>\$ 177,056,592</u>
Primary government:										
Net investment in capital assets	\$ 157,559,110	\$ 294,738,235	\$ 289,958,085	\$ 226,117,223	\$ 182,602,689	\$ 268,923,264	\$ 268,817,598	\$ 280,790,680	\$ 296,642,424	\$ 315,616,035
Restricted:										
Capital projects	125,038,939	7,804,509	20,391,082	45,906,985	24,745,952	26,103,098	37,630,812	10,921,609	4,267,664	-
Debt Service	-	-	-	-	-	-	-	-	-	1,951,941
Other purposes	6,214,172	433,272	394,831	813,685	-	-	-	-	-	1,899,944
Unrestricted	70,232,556	80,585,128	79,407,975	98,430,567	168,889,189	89,806,037	82,585,426	79,255,016	84,125,970	89,976,323
Total primary government net position	<u>\$ 359,044,777</u>	<u>\$ 383,561,144</u>	<u>\$ 390,151,973</u>	<u>\$ 371,268,460</u>	<u>\$ 376,237,830</u>	<u>\$ 384,832,399</u>	<u>\$ 389,033,836</u>	<u>\$ 370,967,305</u>	<u>\$ 385,036,058</u>	<u>\$ 409,444,243</u>

Table 2

County of James City, Virginia
Government-Wide Expenses and Program Revenues by Function
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014, as restated	2015	2016
Expenses:										
Governmental activities:										
General government administration	\$ 16,835,827	\$ 18,873,491	\$ 21,347,839	\$ 23,962,622	\$ 23,061,671	\$ 17,103,421	\$ 14,304,134	\$ 9,249,487	\$ 19,278,147	\$ 8,807,519
Judicial administration	5,053,351	5,151,971	5,515,309	5,321,244	5,394,548	5,513,976	5,505,727	5,216,769	5,598,594	5,682,096
Public safety	23,500,193	24,704,720	23,267,505	22,477,094	15,003,864	23,768,668	27,750,476	25,964,996	23,996,973	30,842,789
Public works	3,361,025	5,990,017	5,925,566	19,240,014	7,332,972	6,119,246	7,963,622	7,244,367	6,985,073	7,986,260
Health and welfare	6,762,204	7,116,193	7,171,131	7,332,607	7,582,994	7,042,619	6,785,380	6,671,151	7,013,325	7,368,295
Education	63,874,870	75,880,133	83,021,945	81,441,066	83,737,593	82,082,568	84,309,615	85,595,145	87,713,464	87,508,710
Parks, recreation, and cultural	2,131,929	6,534,492	10,302,398	8,938,509	8,980,597	8,744,156	8,536,371	10,897,006	9,386,351	10,650,141
Community development	17,214,104	16,633,166	13,575,967	11,472,198	9,467,357	14,832,661	11,139,632	10,676,484	10,692,736	12,787,069
Storm costs	166,546	-	-	-	-	-	-	-	-	-
Interest on long-term debt	9,857,524	11,198,606	10,582,404	10,671,318	9,853,465	9,384,810	9,522,081	8,822,326	7,787,361	5,869,933
Total governmental activities expenses	<u>148,757,573</u>	<u>172,082,789</u>	<u>180,710,064</u>	<u>190,856,672</u>	<u>170,415,061</u>	<u>174,592,125</u>	<u>175,817,038</u>	<u>170,337,731</u>	<u>178,452,024</u>	<u>177,502,812</u>
Business-type activities:										
Service Authority	17,688,528	16,551,103	18,742,699	20,074,066	20,896,660	21,361,681	21,272,566	21,002,926	19,888,935	19,971,937
Stormwater Utility	-	882,254	1,466,080	-	-	-	-	-	-	-
Total business-type expenses	<u>17,688,528</u>	<u>17,433,357</u>	<u>20,208,779</u>	<u>20,074,066</u>	<u>20,896,660</u>	<u>21,361,681</u>	<u>21,272,566</u>	<u>21,002,926</u>	<u>21,002,926</u>	<u>19,971,937</u>
Total primary government expenses	<u>\$ 166,446,101</u>	<u>\$ 189,516,146</u>	<u>\$ 200,918,843</u>	<u>\$ 210,930,738</u>	<u>\$ 191,311,721</u>	<u>\$ 195,953,806</u>	<u>\$ 197,089,604</u>	<u>\$ 191,340,657</u>	<u>\$ 199,454,950</u>	<u>\$ 197,474,749</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	\$ 8,362,971	\$ 7,996,663	\$ 7,342,625	\$ 6,594,623	\$ 6,845,682	\$ 7,246,961	\$ 7,436,450	\$ 7,758,238	\$ 8,047,642	\$ 7,547,746
Judicial administration	2,269,336	2,200,572	2,013,959	1,753,575	1,864,708	1,816,700	1,828,073	1,839,637	1,832,471	2,464,271
Public safety	1,879,979	2,950,693	2,714,769	2,704,770	2,874,239	3,172,589	3,463,159	3,330,101	3,455,177	3,558,411
Parks, recreation and cultural	2,565,177	2,539,147	2,493,973	2,547,762	2,494,536	2,527,532	2,708,063	2,854,489	3,109,047	3,563,791
Other	691,062	684,719	736,926	213,976	203,302	216,443	225,520	281,256	270,799	1,041,798
Total charges for services	<u>15,768,525</u>	<u>16,371,794</u>	<u>15,302,252</u>	<u>13,814,706</u>	<u>14,282,467</u>	<u>14,980,225</u>	<u>15,661,265</u>	<u>16,063,721</u>	<u>16,715,136</u>	<u>18,176,017</u>
Operating grants and contributions	22,448,104	24,593,841	25,171,862	23,161,669	32,049,993	33,019,242	31,354,415	30,572,383	31,767,861	32,181,074
Capital grants and contributions	5,039,467	3,087,066	804,605	423,581	434,823	2,035,365	1,312,352	1,286,856	346,627	269,439
Total governmental activities program revenues	<u>43,256,096</u>	<u>44,052,701</u>	<u>41,278,719</u>	<u>37,399,956</u>	<u>46,767,283</u>	<u>50,034,832</u>	<u>48,328,032</u>	<u>47,922,960</u>	<u>48,829,624</u>	<u>50,626,530</u>
Business-type activities:										
Charges for services	17,899,853	16,928,117	14,787,096	15,575,143	16,443,520	14,883,627	15,871,187	16,131,430	16,452,120	16,018,375
Operating grants and contributions	-	-	21,978	2,756	-	-	-	-	-	-
Capital grants and contributions	7,926,456	3,154,158	4,563,025	3,427,510	1,750,073	5,395,362	4,600,645	3,388,700	5,284,379	6,865,346
Total business-type activities program revenues	<u>25,826,309</u>	<u>20,082,275</u>	<u>19,372,099</u>	<u>19,005,409</u>	<u>18,193,593</u>	<u>20,278,989</u>	<u>20,471,832</u>	<u>19,520,130</u>	<u>21,736,499</u>	<u>22,883,721</u>
Total primary government program revenues	<u>\$ 69,082,405</u>	<u>\$ 64,134,976</u>	<u>\$ 60,650,818</u>	<u>\$ 56,405,365</u>	<u>\$ 64,960,876</u>	<u>\$ 70,313,821</u>	<u>\$ 68,799,864</u>	<u>\$ 67,443,090</u>	<u>\$ 70,566,123</u>	<u>\$ 73,510,251</u>
Net (expense)/revenue:										
Governmental activities	\$(105,501,477)	\$(128,030,088)	\$(139,431,345)	\$(153,456,716)	\$(123,647,778)	\$(124,557,293)	\$(127,489,006)	\$(122,414,771)	\$(129,622,400)	\$(126,876,282)
Business-type activities	8,137,781	2,648,918	(836,680)	(1,068,657)	(2,703,067)	(1,082,692)	(800,734)	(1,482,796)	1,847,564	2,911,784
Total primary government net expense	<u>\$ (97,363,696)</u>	<u>\$ (125,381,170)</u>	<u>\$ (140,268,025)</u>	<u>\$ (154,525,373)</u>	<u>\$ (126,350,845)</u>	<u>\$ (125,639,985)</u>	<u>\$ (128,289,740)</u>	<u>\$ (123,897,567)</u>	<u>\$ (127,774,836)</u>	<u>\$ (123,964,498)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 94,855,055	\$ 109,559,232	\$ 106,494,452	\$ 109,159,897	\$ 109,545,003	\$ 111,454,692	\$ 110,351,991	\$ 111,899,484	\$ 113,359,672	\$ 120,796,742
Other local taxes	21,273,019	20,486,124	18,869,282	18,355,067	19,100,086	20,006,069	21,208,061	21,435,046	22,771,626	24,027,667
Permits, fees and licenses	9,255,185	8,288,580	7,420,591	6,672,136	-	-	-	-	-	-
Interest on investment earnings	7,306,357	5,105,721	2,351,497	673,668	442,698	395,001	330,514	339,358	232,388	263,745
Gain on sale of capital assets	-	-	223,203	-	-	-	-	-	-	-
Sale of land	-	-	4,936,444	-	-	-	-	-	-	-
Miscellaneous	5,102,599	2,962,156	2,297,380	1,390,966	1,201,369	1,286,664	1,473,964	1,875,485	4,217,842	1,932,580
Total governmental activities	<u>137,792,215</u>	<u>146,401,813</u>	<u>142,592,849</u>	<u>136,251,734</u>	<u>130,289,156</u>	<u>133,142,426</u>	<u>133,364,530</u>	<u>135,549,373</u>	<u>140,581,528</u>	<u>147,020,734</u>
Business-type activities:										
Interest on investment earnings	1,503,939	2,004,957	3,669,266	956,056	509,675	351,929	(1,249,111)	267,061	248,207	519,767
Gain (loss) on sale of capital assets	-	181,615	74,226	-	-	-	-	-	-	-
Miscellaneous	1,378,725	1,309,152	522,513	644,620	521,384	740,199	375,758	520,504	1,013,854	832,182
Total business-type activities	<u>2,882,664</u>	<u>3,495,724</u>	<u>4,266,005</u>	<u>1,600,676</u>	<u>1,031,059</u>	<u>1,092,128</u>	<u>(873,353)</u>	<u>787,565</u>	<u>1,262,061</u>	<u>1,351,949</u>
Total primary government	<u>\$ 140,674,879</u>	<u>\$ 149,897,537</u>	<u>\$ 146,858,854</u>	<u>\$ 137,852,410</u>	<u>\$ 131,320,215</u>	<u>\$ 134,234,554</u>	<u>\$ 132,491,177</u>	<u>\$ 136,336,938</u>	<u>\$ 141,843,589</u>	<u>\$ 148,372,683</u>
Change in net position:										
Governmental activities	\$ 32,290,738	\$ 18,371,725	\$ 3,161,504	\$ (17,204,982)	\$ 6,641,378	\$ 8,585,133	\$ 5,875,524	\$ 13,134,602	\$ 10,959,128	\$ 20,144,452
Business-type activities	11,020,445	6,144,642	3,429,325	532,019	(1,672,008)	9,436	(1,674,087)	(695,231)	3,109,625	4,263,733
Total primary government	<u>\$ 43,311,183</u>	<u>\$ 24,516,367</u>	<u>\$ 6,590,829</u>	<u>\$ (16,672,963)</u>	<u>\$ 4,969,370</u>	<u>\$ 8,594,569</u>	<u>\$ 4,201,437</u>	<u>\$ 12,439,371</u>	<u>\$ 14,068,753</u>	<u>\$ 24,408,185</u>

(1) Reflects expenses from Exhibit 2.

Table 3

County of James City, Virginia
Fund Balances, Governmental Funds
Last Ten Fiscal Years (1)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Nonspendable:										
Inventory	\$ 291,364	\$ 288,734	\$ 264,969	\$ 276,083	\$ 298,757	\$ 346,545	\$ 361,682	\$ 370,536	\$ 340,709	\$ 336,498
Prepaid items	-	-	-	400,301	-	-	-	-	2,111	-
Assigned:										
General	452,420	407,496	437,744	1,161,093	2,678,655	6,089,236	6,595,137	6,544,809	5,991,822	7,860,584
Capital reserve	14,668,476	13,729,826	11,118,329	12,408,971	16,045,435	15,766,115	11,583,529	8,118,950	4,968,111	5,414,938
Unassigned:										
General	23,904,427	22,099,383	21,311,672	21,187,263	20,449,054	21,674,594	22,345,746	23,099,410	23,360,679	24,681,548
Total general fund	<u>\$ 39,316,687</u>	<u>\$ 36,525,439</u>	<u>\$ 33,132,714</u>	<u>\$ 35,433,711</u>	<u>\$ 39,471,901</u>	<u>\$ 43,876,490</u>	<u>\$ 40,886,094</u>	<u>\$ 38,133,705</u>	<u>\$ 34,663,432</u>	<u>\$ 38,293,568</u>
All other government funds:										
Nonspendable:										
Loans	\$ 170,886	\$ 144,538	\$ 129,862	\$ 137,301	\$ 155,940	\$ 167,249	\$ 173,501	\$ 601,707	\$ 540,850	\$ 765,745
Committed:										
Grants	-	-	-	-	741,113	962,702	128,700	240,900	69	-
Capital projects	113,413,284	95,085,866	80,344,173	52,626,696	25,150,586	21,226,338	35,010,428	8,320,449	1,551,387	28,907,491
Assigned:										
Capital reserve	-	-	-	-	-	-	-	14,466,602	16,178,748	18,699,213
Special revenue	2,880,529	4,248,738	5,206,988	4,317,141	3,216,855	3,964,888	4,819,570	3,904,010	4,416,559	5,345,438
Total all other governmental funds	<u>\$ 116,464,699</u>	<u>\$ 99,479,142</u>	<u>\$ 85,681,023</u>	<u>\$ 57,081,138</u>	<u>\$ 29,264,494</u>	<u>\$ 26,321,177</u>	<u>\$ 40,132,199</u>	<u>\$ 27,533,668</u>	<u>\$ 22,687,613</u>	<u>\$ 53,717,887</u>

(1) Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which provides fund balance classifications that can be more consistently applied was adopted by the County as of July 1, 2010. Therefore, the fund balances for years 2007 through 2010 have been restated to reflect this standard.

Table 4

County of James City, Virginia
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
General property taxes	\$ 97,049,153	\$ 105,668,764	\$ 107,015,723	\$ 107,695,813	\$ 108,564,306	\$ 110,677,787	\$ 109,112,196	\$ 112,151,342	\$ 112,542,078	\$ 124,363,595
Other local taxes	21,273,019	20,486,124	18,869,282	18,355,067	19,100,086	20,006,069	21,208,061	21,435,046	22,771,626	24,027,667
Licenses, permits, and fees	9,255,185	8,288,580	7,420,591	6,672,136	7,055,618	7,487,105	7,623,652	8,134,299	8,443,821	8,779,496
Fines and forfeitures	321,443	366,606	348,846	296,866	334,633	274,198	295,355	293,625	271,615	309,278
Use of money and property	7,306,357	5,105,721	2,351,497	673,668	442,698	395,001	330,514	339,358	232,388	263,745
Charges for services	4,124,072	5,519,603	5,504,494	4,857,836	4,861,478	5,174,185	5,736,864	5,549,607	5,944,750	6,623,273
Intergovernmental	38,810,581	38,166,492	35,425,379	32,245,254	34,515,554	37,099,346	34,672,161	33,945,431	34,169,438	34,635,171
Miscellaneous	5,102,599	2,962,156	7,457,027	1,390,966	1,201,370	1,286,664	1,473,964	1,875,484	4,217,842	1,932,580
Total revenues	183,242,409	186,564,046	184,392,839	172,187,606	176,075,743	182,400,355	180,452,767	183,724,192	188,593,558	200,934,805
Expenditures:										
Storm costs	166,546	-	-	-	-	2,454,661	-	-	-	-
General government	10,363,474	9,564,540	8,756,912	8,323,563	8,265,513	8,669,692	9,399,885	9,643,858	9,432,889	9,678,060
Judicial administration	4,837,033	5,267,359	5,323,019	5,302,279	5,311,684	5,254,489	5,250,974	5,514,609	5,599,728	5,463,744
Public works	5,181,021	5,885,527	5,878,757	5,650,572	7,241,872	6,493,573	7,606,884	7,353,940	6,976,533	27,878,252
Health and welfare	6,762,204	7,116,193	7,171,131	7,332,607	7,582,994	7,042,619	6,785,380	7,061,327	7,193,841	7,082,202
Education	64,498,554	74,228,490	74,724,304	73,757,904	73,830,796	74,280,245	75,931,599	77,496,482	79,610,865	7,234,052
Parks, recreation, and cultural	9,825,513	10,045,603	10,100,822	9,509,436	9,180,161	9,163,941	9,075,083	9,899,159	9,858,887	79,825,974
Public safety	22,416,276	23,382,553	23,159,401	22,987,019	23,792,805	24,915,821	26,555,114	26,764,383	27,475,307	9,872,451
Community development	17,191,954	16,332,072	14,520,010	11,086,234	10,289,898	9,873,740	10,914,977	10,958,279	10,769,064	10,353,844
Nondepartmental	1,473,817	2,492,546	1,502,034	556,381	(266,150)	1,265,803	966,806	721,744	525,433	1,183,538
Debt service (2):										
Principal	14,488,702	14,245,257	14,363,935	15,077,900	14,830,524	14,787,955	23,473,305	16,417,326	16,862,695	17,122,377
Interest	9,857,524	11,253,935	10,625,010	10,365,470	9,853,465	9,384,810	9,522,081	8,822,326	7,787,361	6,188,222
Bond issuance costs	192,900	-	-	101,667	20,003	-	253,624	-	112,863	1,173,546
Capital outlay (1)	76,594,343	26,526,776	25,458,348	43,005,939	30,042,723	15,023,734	12,586,344	18,421,679	13,424,741	12,647,985
Total expenditures	243,849,861	206,340,851	201,583,683	213,056,971	199,976,288	188,611,083	198,322,056	199,075,112	195,630,207	195,704,247
Excess (deficiency) of revenues over (under) expenditures	(60,607,452)	(19,776,805)	(17,190,844)	(40,869,365)	(23,900,545)	(6,210,728)	(17,869,289)	(15,350,920)	(7,036,649)	5,230,558
Other financing sources:										
Transfers in	32,695,840	33,046,784	30,904,124	29,093,987	28,784,026	29,412,515	33,965,148	34,729,940	35,271,660	40,956,217
Transfers out	(32,695,840)	(33,046,784)	(30,904,124)	(29,093,987)	(28,784,026)	(29,412,515)	(33,965,148)	(34,729,940)	(35,271,660)	(40,956,217)
Issuance of debt	116,775,000	-	-	14,935,000	4,820,000	7,672,000	26,380,000	-	34,185,000	91,665,000
Premiums on bonds issued	7,830,141	-	-	12,809	321,834	-	2,309,915	-	3,907,273	10,930,294
Payment to refunded bond escrow agent	-	-	-	-	(5,019,743)	-	-	-	(39,371,952)	(73,165,442)
Total other financing sources	124,605,141	-	-	14,947,809	122,091	7,672,000	28,689,915	-	(1,279,679)	29,429,852
Net change in fund balances	\$ 63,997,689	\$ (19,776,805)	\$ (17,190,844)	\$ (25,921,556)	\$ (23,778,454)	\$ 1,461,272	\$ 10,820,626	\$ (15,350,920)	\$ (8,316,328)	\$ 34,660,410
Debt service as a percentage of noncapital expenditures	15.62%	14.48%	13.92%	13.58%	14.27%	13.65%	17.55%	13.97%	13.35%	12.56%

(1) Including operating transfers to capital projects.

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

Table 5

County of James City, Virginia
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal year	Total real property	General personal property	Machinery and tools	Mobile homes	Total Personal property	Public service	Total assessed value	Total direct tax rate
2007	\$9,821,638,100	\$ 595,277,728	\$ 122,197,566	\$ 12,675,461	\$ 730,150,755	\$ 152,475,702	\$10,704,264,557	\$ 4.77
2008	10,672,714,225	623,336,868	125,136,293	12,537,160	761,010,321	176,428,097	11,610,152,643	4.77
2009	11,005,655,000	610,316,169	128,696,107	11,641,959	750,654,235	184,750,991	11,941,060,226	4.77
2010	11,155,493,300	598,149,387	132,052,632	10,994,266	741,196,285	196,289,584	12,092,979,169	4.77
2011	11,172,929,700	621,471,862	137,178,668	10,101,067	768,751,597	210,802,200	12,152,483,497	4.77
2012	11,316,807,900	652,561,625	139,945,157	9,719,184	802,225,966	222,670,868	12,341,704,734	4.77
2013	10,921,180,200	687,058,440	141,877,157	9,209,475	838,145,072	232,588,225	11,991,913,497	4.77
2014	11,067,756,400	710,720,870	144,950,305	8,346,659	864,017,834	233,973,337	12,165,747,571	4.77
2015	11,148,405,300	783,249,672	144,694,099	7,901,856	935,845,627	336,370,602	12,420,621,529	4.77
2016	11,352,153,219	770,378,346	145,094,277	7,533,858	923,006,481	236,177,856	12,511,337,556	4.84

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

Note: Tax rate is per \$100 of assessed value.

Table 6

County of James City, Virginia
Tax Rates
Last Ten Fiscal Years

Fiscal year	Real estate tax (1)	Personal property tax (1)	Room tax	Meal tax	Retail sales tax (2)	Total direct tax rate
2007	\$ 0.77	\$ 4.00	\$ 5.00	\$ 4.00	\$ 1.00	\$ 4.77
2008	0.77	4.00	5.00	4.00	1.00	4.77
2009	0.77	4.00	5.00	4.00	1.00	4.77
2010	0.77	4.00	5.00	4.00	1.00	4.77
2011	0.77	4.00	5.00	4.00	1.00	4.77
2012	0.77	4.00	5.00	4.00	1.00	4.77
2013	0.77	4.00	5.00	4.00	1.00	4.77
2014	0.77	4.00	5.00	4.00	1.00	4.77
2015	0.77	4.00	5.00	4.00	1.00	4.77
2016	0.84	4.00	5.00	4.00	1.00	4.84

(1) Per \$100 assessed value

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

(3) There are no overlapping taxes in the rates disclosed in this table.

Table 7

County of James City, Virginia
Principal Tax Payers
Current Year and Nine Years Ago

Principal Property Tax Payers						
	2016			2007		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 5,242,873	1	3.92%	\$ 4,626,557	1	4.36%
Seaworld Parks, LLC	2,174,333	2	1.62%			
Premium Outlets of Williamsburg (1)	1,175,322	3	0.88%			
Wal-Mart, Inc.	1,156,964	4	0.86%	1,093,159	3	1.03%
Virginia Electric & Power Company	1,066,991	5	0.80%	548,665	10	0.52%
Powhatan Plantation Owners Association	1,004,739	6	0.75%	922,269	4	0.87%
Williamsburg Landing, Inc.	813,944	7	0.61%	559,475	9	0.53%
Williamsburg Plantation Owners Association	717,088	8	0.54%	586,816	7	0.55%
Ball Metal Container	703,135	9	0.53%	621,644	6	0.59%
Virginia United Methodist Homes, Inc.	657,115	10	0.49%			
Busch Entertainment Corp				1,438,461	2	1.36%
Busch Properties				676,616	5	0.64%
Manor Houses Association				571,625	8	0.54%
Total	\$ 14,712,504		11.00%	\$ 11,645,287		10.99%

Source: Commissioner of the Revenue

(1) Premium Outlets includes two related parties, Williamsburg Outlets, LLC and Williamsburg Mazel, LLC. They are combined in this table to show the value of the shopping center.

Principal Personal Property Tax Payers			
	2016		
	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 4,061,173	1	11.09%
Seaworld Parks, LLC	1,605,223	2	4.38%
Ball Metal Container	561,906	3	1.53%
Printpack, Inc.	470,525	4	1.28%
Owens-Brockway Glass Container	448,168	5	1.22%
Wal-Mart, Inc.	316,964	6	0.87%
Cox Communications of Hampton Roads	248,428	7	0.68%
Toyota Lease Trust	209,857	8	0.57%
HVT, Inc.	137,713	9	0.38%
Lumber Liquidators Prod, LLC	103,993	10	0.28%
Total	\$ 8,163,950		22.28%

Source: Commissioner of the Revenue

(1) Fiscal year 2010 was the first year this information was reported and therefore, information for fiscal year 2007 is not available.

Principal Real Estate Property Tax Payers			
	2016		
	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 1,181,700	1	1.21%
Premium Outlets of Williamsburg (2)	1,175,322	2	1.21%
Virginia Electric & Power Company	1,064,257	3	1.09%
Powhatan Plantation Owners Association	990,920	4	1.02%
Wal-Mart, Inc.	840,000	5	0.86%
Williamsburg Landing, Inc.	738,064	6	0.76%
Williamsburg Plantation Owners Association	709,121	7	0.73%
Manor Houses Associates	651,006	8	0.67%
Virginia United Methodist Homes, Inc.	630,216	9	0.65%
Seaworld Parks, LLC	569,110	10	0.61%
Total	\$ 8,549,716		8.81%

Source: Commissioner of the Revenue

(1) Fiscal year 2010 was the first year this information was reported and therefore, information for fiscal year 2007 is not available.

(2) Premium Outlets includes two related parties, Williamsburg Outlets, LLC and Williamsburg Mazel, LLC. They are combined in this table to show the value of the shopping center.

Table 8

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

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount (1)	Percentage of levy		Amount	Percentage of levy
2007	\$ 105,811,045	\$ 88,752,007	83.88%	\$ 16,982,131	\$ 105,734,138	99.93%
2008	114,064,606	96,586,301	84.68%	17,371,259	113,957,560	99.91%
2009	114,856,453	97,895,837	85.23%	16,824,283	114,720,120	99.88%
2010	116,316,624	99,101,581	85.20%	16,968,862	116,070,443	99.79%
2011	117,215,610	100,889,563	86.07%	15,946,267	116,835,830	99.68%
2012	121,312,654	101,482,234	83.65%	19,498,752	120,980,986	99.73%
2013	117,414,914	98,431,581	83.83%	18,747,396	117,178,977	99.80%
2014	118,804,815	100,523,591	84.61%	17,810,298	118,333,889	99.60%
2015	116,313,370	101,071,578	86.90%	13,981,851	115,053,429	98.92%
2016	122,270,532	106,867,113	87.40%	-	106,867,113	87.40%

Source: Treasurer, James City County

(1) Collections related to fiscal year levies includes PPTRA claimed by taxpayers.

Table 9

County of James City, Virginia
Taxable Sales by Category
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Apparel stores	\$ 129,014,904	\$ 140,648,465	\$ 167,950,739	\$ 175,885,946	\$ 183,244,309	\$ 198,116,199	\$ 206,585,825	\$ 213,354,143	\$ 194,143,321	\$ 194,900,831
Automotive dealers, supplies and repair	9,958,680	10,626,082	14,567,840	12,949,521	17,019,548	24,017,913	21,792,904	21,122,470	20,893,120	23,582,443
Building materials, machinery and equipment	70,536,701	48,814,343	31,817,138	42,771,225	16,631,597	20,676,668	19,518,301	18,093,198	18,046,110	20,957,143
Eating and drinking establishments	64,500,250	61,733,750	67,796,606	89,306,904	91,552,799	103,724,814	105,121,625	116,111,215	112,320,430	116,764,293
Food stores	121,052,401	131,331,534	136,126,199	109,487,554	135,172,441	148,451,817	160,043,266	169,193,864	172,591,926	178,533,330
Furniture, home furnishings and household equipment	39,426,034	40,492,354	34,053,707	21,986,380	22,119,421	23,420,749	25,032,485	31,239,589	33,524,596	34,915,814
General merchandise	89,788,633	100,039,981	91,584,624	95,560,600	87,029,287	92,522,324	103,860,834	116,426,211	133,412,703	138,011,583
Lodging	58,643,553	55,764,241	47,796,238	39,984,592	32,414,685	14,172,343	16,041,031	15,276,927	20,352,083	22,528,553
Other outlets	23,256,354	27,416,608	26,130,061	25,930,390	29,255,159	39,511,197	38,200,453	38,297,074	32,410,167	31,055,094
Other retail stores, dealers, trades and services	205,937,385	212,079,549	182,317,205	163,456,030	188,073,849	204,974,337	208,856,679	205,764,580	231,051,462	250,886,839
Total	\$ 812,114,895	\$ 828,946,907	\$ 800,140,357	\$ 777,319,142	\$ 802,513,095	\$ 869,588,361	\$ 905,053,403	\$ 944,879,271	\$ 968,745,918	\$1,012,135,923

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					Business-type activity	Total primary government	Percentage of personal income (1)	Per capita personal income (2)
	General obligation bonds	Capital leases	Loan payable	Lease revenue bonds	Total	Revenue bonds			
2007	\$ 126,590,560	\$ 13,038,190	\$ 125,000	\$ 112,780,000	\$ 252,533,750	\$ 12,133,794	\$ 264,667,544	13.76	\$ 47,825
2008	118,369,735	12,126,298	-	107,200,000	237,696,033	11,212,670	248,908,703	16.01	51,274
2009	109,974,105	11,170,533	-	101,595,000	222,739,638	37,386,546	260,126,184	14.77	48,129
2010	101,414,765	10,169,895	-	110,275,000	221,859,660	35,950,423	257,810,083	15.66	49,563
2011	93,283,624	10,285,522	-	104,055,000	207,624,146	34,469,298	242,093,444	18.21	53,364
2012	86,134,103	9,235,074	-	104,472,000	199,841,177	32,938,174	232,779,351	19.81	54,796
2013	80,004,294	1,098,854	-	123,034,000	204,137,148	25,185,000	229,322,148	21.01	56,208
2014	72,164,244	984,528	-	114,416,000	187,564,772	24,660,000	212,224,772	23.63	57,465
2015	65,458,589	858,833	-	103,604,000	169,921,422	24,115,000	194,036,422	**	**
2016	49,844,842	728,456	-	130,451,552	181,024,850	22,595,000	203,619,850	**	**

(1) Based on personal income from Table 13

(2) From Table 13, calendar year basis

** Statistics not yet available

Table 11

County of James City, Virginia
Debt Statistics
Last Ten Fiscal Years

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita							
Fiscal year	Population (1)	Assessed value (2)	Gross bonded debt (3) (4)	Less debt service monies available (5)	Net bonded debt	Ratio of net bonded debt to assessed value	Net bonded debt per capita
2007	60,867	\$ 10,704,264,557	\$ 126,590,560	\$ 1,832,039	\$ 124,758,521	1.17	\$ 2,050
2008	61,195	11,610,152,643	118,369,735	1,890,734	116,479,001	1.00	1,903
2009	63,135	11,941,060,226	109,974,105	1,706,525	108,267,580	0.91	1,715
2010	67,745	12,092,979,169	101,414,765	2,921,044	98,493,721	0.81	1,454
2011	68,500	12,152,483,497	93,283,624	2,921,037	90,362,587	0.74	1,319
2012	69,451	12,341,704,734	86,134,103	2,920,981	83,213,122	0.67	1,198
2013	69,945	11,991,913,497	80,004,294	2,920,538	77,083,756	0.64	1,102
2014	70,711	12,165,747,571	72,164,244	2,920,369	69,243,875	0.57	979
2015	72,187	12,420,621,529	65,458,589	1,219,616	64,238,973	0.52	890
2016	74,289	12,511,337,556	49,844,842	1,221,521	48,623,321	0.39	655

(1) Planning Division - population figure is the estimate from the second quarter of the year
(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) Debt Service Reserve Funds held by a trustee

Ratio of Annual Debt Service Expenditures for General Bonded Debt (1) to Total General Government Expenditures and Revenues							
Fiscal year	Principal (1) (5)	Interest (2)	Total debt service (4)	Total general governmental expenditures (3)	Ratio of debt service to general total governmental expenditures	Total general governmental revenues (3)	Ratio of debt service to general total governmental revenues
2007	\$ 14,488,702	\$ 9,857,524	\$ 24,346,226	\$ 199,622,475	12.20	\$ 204,284,050	11.92
2008	14,245,257	11,253,935	25,499,192	212,383,260	12.01	219,920,086	11.59
2009	14,363,935	10,625,010	24,988,945	208,510,363	11.98	216,835,334	11.52
2010	15,077,900	10,147,353	25,225,253	198,552,653	12.70	200,014,429	12.61
2011	14,830,524	9,853,465	24,683,989	198,893,176	12.41	201,684,905	12.24
2012	14,787,955	9,384,810	24,172,765	201,078,316	12.02	206,996,888	11.68
2013	23,473,305	9,522,081	32,995,386	215,304,486	15.32	205,082,111	16.09
2014	16,417,326	8,822,326	25,239,652	211,866,777	11.91	209,633,075	12.04
2015	16,862,695	8,781,971	25,644,666	218,984,810	11.71	213,074,589	12.04
2016	17,122,377	6,188,222	23,310,599	226,845,449	10.28	239,451,445	9.74

(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 and revenues included in the General Fund, Debt Service Fund, 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.
In fiscal year 2013, principal payments increased by \$7,380,000 related to the refinancing of a capital lease. Proceeds from the issuance of new debt were used for these principal payments.
(5)

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			Coverage
				Principal	Interest	Total	
2007	\$ 20,782,517	\$ 9,420,318	\$ 11,362,199	\$ 880,000	\$ 503,631	\$ 1,383,631	8.21
2008	18,115,871	10,205,599	7,910,272	905,000	479,431	1,384,431	5.71
2009	19,034,715	10,953,522	8,081,193	1,395,000	1,637,050	3,032,050	2.67
2010	17,178,575	10,985,233	6,193,342	1,440,000	1,590,562	3,030,562	2.04
2011	17,474,579	12,091,472	5,383,107	1,490,000	1,537,750	3,027,750	1.78
2012	15,975,755	12,414,605	3,561,150	1,545,000	1,483,100	3,028,100	1.18
2013	14,997,834	12,407,414	2,590,420	525,000	1,119,306	1,644,306	1.58
2014	16,918,995	12,218,405	4,700,590	545,000	1,100,931	1,645,931	2.86
2015	17,714,181	10,982,443	6,731,738	565,000	1,081,856	1,646,856	4.09
2016	17,370,324	10,701,704	6,668,620	785,000	571,161	1,356,161	4.92

(1) Total operating expenses exclusive of depreciation.

(2) The Authority has no debt margin or overlapping debt.

Table 13

County of James City, Virginia
Demographic and Economic Statistics
Last Ten Years

Calendar year	Population (1)	Personal income (2)	Per capita personal income (2)	Unemployment percentage (1)
2007	60,867	\$ 3,641,841,000	\$ 47,825	2.5%
2008	61,195	3,985,612,000	51,274	3.2%
2009	63,135	3,840,912,000	48,129	5.4%
2010	67,745	4,037,513,000	49,563	6.3%
2011	68,500	4,408,223,000	53,364	6.1%
2012	69,451	4,610,247,000	54,796	5.7%
2013	70,376	4,817,524,000	56,208	5.3%
2014	71,254	5,015,208,000	57,465	4.9%
2015	72,682	**	**	4.3%
2016	**	**	**	**

(1) Planning Division, supplemented by data from Virginia Employment Commission (<http://www.vec.virginia.gov/>)

(2) Data from the Bureau of Economic Analysis (<http://www.bea.gov/>), and has combined data for James City County and the City of Williamsburg

** Statistics not yet available

Median Household Income

Calendar year	James City County	Commonwealth of Virginia	United States
2007	\$ 70,487	\$ 59,575	\$ 50,740
2008	76,705	61,210	52,029
2009	72,902	59,372	50,221
2010	74,241	60,665	50,046
2011	73,575	61,877	50,502
2012	78,396	61,782	51,371
2013	75,806	62,745	52,250
2014	75,926	64,923	53,657
2015	**	**	**
2016	**	**	**

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

** Statistics not yet available

Households and Population

Fiscal year	Food stamp households	Total households*	Percentage of food stamp households
2007	927	26,507	3.5%
2008	965	27,217	3.5%
2009	1,224	27,567	4.4%
2010	1,638	27,003	6.1%
2011	1,840	27,375	6.7%
2012	2,015	27,707	7.3%
2013	2,236	28,090	8.0%
2014	2,211	28,415	7.8%
2015	2,006	28,986	6.9%
2016	1,875	29,390	6.4%

Source: Social Services Department and Planning Division

* Reflects the number of occupied housing

(Continued)

Table 13 (Continued)

County of James City, Virginia
Demographic and Economic Statistics

Year	Population	Percentage Increase
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%
2010	67,009	39.3%

Source: U.S. Census

Age Distribution										
Age	1970		1980		1990		2000		2010	
0-14	5,226	29.3%	5,008	22.0%	7,211	20.7%	9,254	19.2%	11,608	17.3%
15-19	1,448	8.1%	2,276	10.0%	2,147	6.2%	2,838	5.9%	4,120	6.1%
20-29	2,915	16.3%	3,870	17.0%	5,330	15.3%	-	0.0%	-	0.0%
20-34	*	*	*	*	*	*	7,484	15.6%	9,741	14.5%
30-44	3,172	17.8%	4,780	21.0%	8,901	25.5%	-	0.0%	-	0.0%
35-44	*	*	*	*	*	*	7,866	16.4%	8,133	12.1%
45-64	3,531	19.8%	5,235	23.0%	7,255	20.8%	12,563	26.1%	19,537	29.2%
65+	1,561	8.7%	1,594	7.0%	4,015	11.5%	8,097	16.8%	13,870	20.7%
	17,853	100%	22,763	100%	34,859	100%	48,102	100%	67,009	100%

Source: U.S. Census Bureau

* New categories, as defined by the U.S. Census

Households and Population			
Fiscal year	Number of households*	Total households population**	Persons per household
2007	26,507	59,905	2.26
2008	27,217	61,511	2.26
2009	27,567	62,301	2.26
2010	27,003	66,157	2.45
2011	27,375	67,068	2.45
2012	27,707	67,882	2.45
2013	28,090	68,821	2.45
2014	28,415	69,616	2.45
2015	28,986	71,015	2.45
2016	29,390	72,005	2.45

Source: Planning Division

* Reflects the number of occupied housing

** Reflects total population less group quarter population, such as nursing facilities, Eastern State Hospital, a state mental facility, Middle Peninsula Juvenile Detention Center and the Virginia Peninsula Regional Jail.

Unemployment Rate and Labor Force				
Calendar year	Civilian labor force	Number employed	Number unemployed	Unemployment rate
2007	31,433	30,571	772	2.5%
2008	32,414	31,386	1,028	3.2%
2009	32,172	30,447	1,725	5.4%
2010	32,243	30,205	2,038	6.3%
2011	32,605	30,618	1,987	6.1%
2012	33,000	31,116	1,884	5.7%
2013	33,714	31,920	1,794	5.3%
2014	34,743	33,039	1,704	4.9%
2015	34,406	32,924	1,482	4.3%
2016	**	**	**	**

Source: Planning Division, supplemented by data from Virginia Workforce Connection

** Statistics not yet available

Table 14

County of James City, Virginia
Principal Employers in James City County
Current Year and Nine Years Ago

	2016			2007		
	<u>Employees</u>	<u>Rank</u>	<u>Percent of total County employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent of total County employment</u>
Principal Public/Private Employers:						
Busch Gardens	1000+	1	**	1000+	1	21.85%
Williamsburg-James City County Public Schools	1000+	2	4.86%	1000+	2	6.23%
Eastern State Hospital	500-999	3	2.73%	1000+	3	3.68%
James City County	500-999	4	2.28%	500-999	6	2.53%
Wal-Mart Distribution Center	500-999	5	1.82%	500-999	7	2.35%
Anheuser-Busch, Inc.	500-999	6	1.67%	500-999	5	3.08%
Riverside Regional Medical Center	500-999	7	1.52%			
Kingsmill Resort	250-499	8	1.37%			
Owens & Minor	250-499	9	1.21%			
Jamestown-Yorktown Foundation	250-499	10	0.91%	500-999	8	1.91%
Williamsburg Landing				250-499	10	1.03%
Busch Properties, Inc.				500-999	4	3.32%
Avid Medical				250-499	9	1.46%
Total			<u>18.37%</u>			<u>47.44%</u>

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

** Busch Gardens became publicly traded during fiscal year 2013, and information is not available.

Table 15

County of James City, Virginia
Full-time County Government Employees by Function/Program
Last Ten Fiscal Years

Function/program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administrative:										
Board of supervisors	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5
County administration	2.5	2.5	2.5	2.5	2.5	2.5	3.0	3.0	3.0	3.0
Satellite services	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
County attorney	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Communications	7.5	7.5	6.5	6.5	7.5	7.5	7.0	7.0	7.0	8.0
Economic development	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	3.5
Voter registration and elections	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	4.0	4.0	7.0	7.0	7.0	7.0	7.0
Training and Quality Performance	3.0	3.0	3.0	3.0	3.0	-	-	-	-	-
Financial administration:										
Accounting	9.0	9.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Commissioner of the revenue	13.0	13.0	13.0	12.0	11.0	11.0	11.0	11.0	11.0	11.0
Financial and management services	7.0	7.0	7.0	7.0	7.0	6.0	7.0	7.0	7.0	7.0
Purchasing	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Real estate assessments	12.0	13.0	13.0	11.0	10.0	9.0	10.0	10.0	10.0	10.0
Treasurer	13.0	13.0	13.0	13.0	12.0	11.0	12.0	12.0	13.0	13.0
Information resources management	20.0	21.0	21.0	21.0	20.0	21.0	21.0	21.0	21.0	21.0
General services:										
Facilities maintenance	18.0	19.0	19.0	18.0	17.0	17.0	18.0	18.0	18.0	18.0
Fleet and equipment	8.0	8.0	8.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0
General and capital services	6.5	6.5	6.5	6.5	5.5	7.0	8.0	8.0	7.0	7.0
Grounds maintenance	16.0	21.0	21.0	20.0	22.0	22.0	24.0	25.0	25.0	25.0
Solid waste management	7.0	7.0	7.0	7.0	6.0	6.0	5.0	5.0	5.0	5.0
Stormwater	-	9.0	8.5	6.5	6.5	4.0	4.0	4.0	6.0	8.0
Development management:										
Building safety and permits	20.0	21.0	19.0	15.0	13.0	13.0	13.0	13.0	14.0	14.0
Development management	3.5	4.5	2.5	2.5	2.5	2.5	2.0	2.0	2.0	2.0
Engineering and resource protection	15.0	15.0	15.0	14.0	12.0	13.0	12.0	12.0	11.0	11.0
Mosquito control	1.0	1.0	1.0	-	-	-	-	-	-	-
Planning	17.5	19.5	19.5	17.5	12.5	10.5	10.0	10.0	10.0	10.0
Zoning enforcement	-	-	-	-	3.0	4.0	4.0	4.0	4.0	4.0
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	11.0	11.0
Commonwealth's attorney	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Sheriff	18.0	18.0	18.0	18.0	16.0	16.0	16.0	16.0	16.0	16.0
Public safety:										
Animal control	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Emergency communications	27.0	27.0	27.0	27.0	26.0	26.0	26.0	26.0	29.0	29.0
Emergency management	1.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	2.0
Emergency medical services	24.0	25.0	25.0	25.0	25.0	-	-	-	-	-
Fire	80.0	83.0	86.0	86.0	86.0	110.0	110.0	110.0	114.0	115.0
Police	87.0	94.0	97.0	98.0	98.0	98.0	98.0	99.0	100.0	103.0
Parks and recreation	52.0	56.0	54.0	53.0	48.0	49.0	48.0	48.0	47.0	49.0
Community services:										
Community services	4.0	4.0	3.0	3.0	-	-	-	-	-	-
Cooperative extension service	2.0	2.0	2.0	2.0	2.0	2.0	-	-	-	-
Neighborhood connections	4.0	4.0	4.0	2.0	-	-	-	-	-	-
Total general fund	548.5	586.5	584.0	563.0	541.0	541.0	542.0	544.0	552.0	559.0
Other services:										
Community development	9.5	9.5	9.5	8.5	9.5	9.5	9.0	9.0	8.0	8.0
JCSA	87.0	88.0	90.0	90.0	86.0	89.0	89.0	89.0	89.0	89.0
Social services	53.5	57.5	57.5	52.5	52.5	52.5	52.0	51.0	51.0	51.0
Colonial community corrections	13.0	13.0	11.0	11.0	12.0	12.0	12.0	13.0	13.0	13.0
Special projects/grants	4.0	5.0	6.0	5.0	3.0	3.0	3.0	3.0	3.0	3.0
Grand total all funds	715.5	759.5	758.0	730.0	704.0	707.0	707.0	709.0	716.0	723.0

Source: Financial and Management Services

Table 16

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

Function/program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Calls for service	21,897	21,320	21,694	21,762	21,129	20,879	19,539	20,175	20,875	22,225
Major crimes reported	971	1,007	1,060	1,080	1,071	1,092	999	999	1,182	1,260
Major crimes cleared	351	343	363	396	325	324	317	247	335	390
Fire:										
Fire/other responses	3,064	3,575	2,969	2,922	2,786	3,178	2,822	3,065	3,153	3,302
Inspections	1,486	2,334	1,156	2,037	1,735	1,804	1,910	1,829	1,320	1,255
EMS responses	5,219	4,851	5,276	5,573	5,956	6,147	6,446	6,450	6,666	7,039
Refuse collection:										
Refuse collected (tons per day)	12	9	8	8	9	10	12	11	10	11
Recyclables collected (tons per day)	1	1	1	1	1	1	1	1	1	1
Recyclables collected curbside (tons per day)	N/A	N/A	N/A	N/A	23	22	22	22	23	24
Parks and recreation:										
Community center admissions	315,480	409,706	353,862	394,757	463,491	464,358	511,976	444,755	400,367	401,111
Park attendance	1,151,574	1,236,968	1,368,462	1,349,550	1,708,976	2,253,617	2,163,533	2,428,894	2,595,974	2,817,348
Participants in programs offered	250,042	408,905	422,009	384,650	395,789	378,733	371,959	402,634	441,969	463,319
Water:										
New connections	694	351	263	385	388	351	448	359	388	423
Water mains breaks	42	57	37	40	44	31	25	21	26	21
Wastewater:										
New connections	693	389	269	380	375	296	347	261	380	447

Source: County operating departments
N/A: Information is not available.

Table 17

County of James City, Virginia
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	5	5	5	5	5	5	5	5	5	5
Parks and recreation:										
Acreage	1,709	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,582
Playgrounds	8	10	10	11	11	11	11	11	12	12
Ball fields maintained	23	30	30	58	65	65	65	65	65	65
Tennis courts maintained	6	6	6	5	5	5	5	5	4	4
Community centers	2	2	2	2	2	2	2	2	2	2
Water:										
Water lines (miles)	329	332	339	344	393	390	393	400	402	407
Water customers	18,283	18,770	19,085	19,368	19,719	20,070	20,549	20,858	21,246	21,669
Storage tanks (greater than 250,000 gallons)	6	7	7	7	7	7	7	7	7	7
Average ERCs (1)	19,600	20,400	25,753	20,200	20,866	19,200	18,597	18,937	19,415	18,921
Wastewater:										
Sewer lines (miles)	370	375	379	382	419	423	425	430	435	439
Gallons collected (millions)	1,680	1,727	1,765	1,833	1,598	1,771	1,739	1,862	1,922	1,863
Sewer customers	18,426	18,590	18,702	18,860	21,127	21,488	21,962	22,575	22,955	23,402

Source: County operating departments

(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

Fiscal year	Taxable retail sales	Percentage change
2007	882,593,500	6.1%
2008	892,444,900	1.1%
2009	861,852,500	-3.4%
2010	842,195,600	-2.3%
2011	892,445,000	6.0%
2012	932,214,200	4.5%
2013	992,914,200	6.5%
2014	999,911,900	0.7%
2015	1,053,339,000	5.3%
2016	1,119,348,000	6.3%

Source: Treasurer, James City County

Business Licenses Issued		
Fiscal year	Number of licenses	Percentage change
2007	5,983	17.6%
2008	5,800	-3.1%
2009	6,446	11.1%
2010	6,109	-5.2%
2011	5,931	-2.9%
2012	5,831	-1.7%
2013	5,881	0.9%
2014	5,854	-0.5%
2015	6,005	2.6%
2016	6,208	3.4%

Source: Commissioner of Revenue, James City County

Construction Information						
Fiscal year	Commercial/Industrial		Residential		Total	
	Number of permits	Value	Number of permits	Value	Number of permits	Value
2007	231	\$ 111,021,564	1,454	\$ 256,134,794	1,685	\$ 367,156,358
2008	225	63,187,911	973	130,064,874	1,198	193,252,785
2009	183	45,242,077	790	89,989,687	973	135,231,764
2010	128	24,599,420	830	99,077,199	958	123,676,619
2011	144	48,473,968	809	106,315,258	953	154,789,226
2012	172	45,837,716	802	100,812,412	974	146,650,128
2013	139	27,700,522	835	117,237,035	974	144,937,557
2014	166	33,169,762	741	123,841,836	907	157,011,598
2015	147	16,449,776	822	126,526,342	969	142,976,118
2016	227	35,201,616	759	113,133,643	986	148,335,259

Source: Building and Safety Permits Division

Staffing Analysis			
School year	Classroom teachers	Pupils	Pupil-teacher ratio
2006-07	612.00	10,107	16.5
2007-08	625.00	10,137	16.2
2008-09	643.00	10,249	15.9
2009-10	668.98	10,503	15.7
2010-11	673.91	10,549	15.7
2011-12	658.59	10,671	16.2
2012-13	648.10	10,795	16.7
2013-14	648.67	10,998	17.0
2014-15	662.84	11,116	16.8
2015-16	662.45	11,303	17.1

Source: Williamsburg-James City County Public Schools

Projected Enrollment (1)	
School year	Projected Enrollment
2017-18	11,459
2018-19	11,501
2019-20	11,577

Source: Williamsburg-James City County Public Schools

(1) Based on low enrollment projections provided by Future Think, November 2016.

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, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal catalog number	Pass-through entity identifying number	Expenditures
Primary Government - Governmental Activities:			
Department of Agriculture:			
Virginia Department of Social Services:			
State Administrative Matching Grants - Supplemental Nutrition Assistance Program	10.561	**	\$ 424,719
Department of Health and Human Services:			
Virginia Department of Social Services:			
Promoting Safe and Stable Families	93.556	**	1,113
Temporary Assistance for Needy Families	93.558	**	328,440
Refugee and Entrant Assistance - State Administered Programs	93.566	**	231
Low-Income Home Energy Assistance	93.568	**	36,905
Child Welfare Services	93.645	**	2,170
Foster Care - Title IV-E	93.658	**	186,882
Adoption Assistance	93.659	**	320,812
Social Services Block Grant	93.667	**	219,902
Chafee Foster Care Independent Living	93.674	**	1,554
State Children's Insurance Program	93.767	**	14,974
Medical Assistance Program	93.778	**	504,888
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	**	46,523
Total Department of Health and Human Services			1,664,394
Department of Interior:			
Bureau of Cash Management Payment in Lieu of Taxes	15.000	N/A	8,136
Department of Homeland Security:			
Virginia Department of Emergency Management:			
Homeland Security Grant Program	97.067	15VA-HSGP-058714VA	25,845
Emergency Management Performance Grants	97.042	6954	18,406
Port Security Grant Program	97.056	**	16,281
Total Department of Homeland Security			60,532
Department of Housing and Community Development:			
Virginia Department of Housing and Community Development:			
Section 8 Housing Choice Vouchers	14.871	**	1,082,289
Housing Counselor Grant	14.169	**	19,557
Total Department of Housing and Community Development			1,101,846
Department of Transportation:			
National Highway Traffic Safety Administration - Highway Safety Grant	20.600	N/A	51,861
Highway Planning and Construction Cluster:			
Virginia Department of Transportation:			
Transportation Enhancement Programs Funds	20.205	98810	14,075
Total Department of Transportation			65,936
Department of Justice:			
Bureau of Justice Administration:			
BJA - Bulletproof Vests Partnership	16.607	N/A	13,764
Office of Justice Programs			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	9,995
Virginia Department of Criminal Justice Services:			
Joint Law Enforcement Operations - Equitable Sharing Program	16.922	**	34,336
Violence Against Women Formula Grants	16.588	15-S9412VA14	28,907
Crime Victim Assistance	16.575	16-V8579VW15	79,565
Total Department of Criminal Justice Services			142,808
Office on Violence Against Women:			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	N/A	57,428
Total Department of Justice			223,995
Total federal awards, primary government - governmental activities			3,549,558
Primary Government - Business-type activities:			
Environmental Protection Agency:			
Virginia Department of Environmental Quality:			
Wellhead Protection Grant	66.468	**	5,700
Total federal awards, primary government			3,555,258
N/A Not applicable; direct funding			(Continued)
** Information is not available.			

See accompanying notes to schedule of expenditures of federal awards.

County of James City, Virginia
Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit - Public Schools
Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal catalog number	Pass-through entity identifying number	Expenditures
Component Unit - Public Schools:			
Department of Agriculture:			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
Food Commodities	10.555	**	\$ 222,654
Virginia Department of Education:			
School Breakfast Program	10.553	**	449,029
National School Lunch Program	10.555	**	1,492,339
Discretionary Grants	10.579	**	28,690
Total Child Nutrition Cluster, Department of Agriculture			<u>2,192,712</u>
Department of Education:			
Impact Aid	84.041	N/A	125,048
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	5100036,	1,320,033
Title I, Part D, Neglected and Delinquent Children	84.013	5104020	35,988
Vocational Education - Basic Grants to States	84.048	**	132,122
Title II, Part A, Improving Teacher Quality State Grants	84.367	**	284,210
Title III, Part A, English Language Acquisition Grants	84.365	**	32,163
Special Education Cluster:			
Virginia Department of Education:			
Special Education - Grants to States	84.027	**	1,941,245
Special Education - Preschool Grants	84.173	**	21,824
Total Special Education Cluster			<u>1,963,069</u>
College of William and Mary - Project HOPE	84.387	S196A130048	17,883
Total Department of Education			<u>3,910,516</u>
Department of Health and Human Services:			
Head Start Program Cluster:			
Williamsburg-James City County Community Action Agency - Head Start	93.600	**	121,301
Department of Transportation - Safe Routes to Schools	20.205	N/A	42,155
Total federal awards, Component Unit - Public Schools			<u>6,266,684</u>
Total federal awards, reporting entity			<u>\$ 9,821,942</u>

N/A Not applicable; direct funding

** Information is not available.

County of James City, Virginia
Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the County of James City, Virginia (the County) and its component unit, Williamsburg-James City County Public Schools (Public Schools). The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County and Public Schools, it is not intended to and does not present the financial position, changes in net position or cash flows of the County and Public Schools.

2) Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Governmental funds - Primary Government	\$ 3,549,558
Component Unit - JCSEA	5,700
Component Unit - Public Schools	6,266,684
	<u>\$ 9,821,942</u>

3) Indirect Cost Rate

The County and Public Schools have elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

4) Sub-recipient Payments

There were no awards passed-through to sub-recipients during the fiscal year ended June 30, 2016.

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

Board of Supervisors
County of James City, Virginia

We have audited, in accordance with the 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, the financial statements of the governmental activities, business-type 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, 2016, and the related notes to the financial statements, which collectively comprise the County of James City, Virginia's basic financial statements and have issued our report thereon dated November 30, 2016.

Internal Control over Financial Reporting

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

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether James City County'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*.

Purpose of this Report

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

Dixon Hughes Goodman LLP

**Newport News, Virginia
November 30, 2016**

Independent Auditors' Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Supervisors
County of James City, Virginia

Report on Compliance for Each Major Federal Program

We have audited County of James City, Virginia's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of County of James City, Virginia's major federal programs for the year ended June 30, 2016. The County of James City, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of James City, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of County of James City, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of James City, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of County of James City, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of James City, Virginia's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Dixon Hughes Goodman LLP

**Newport News, Virginia
November 30, 2016**

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

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, 2016, and have issued our report thereon November 30, 2016.

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 16-1. 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.

Dixon Hughes Goodman LLP

**Newport News, Virginia
November 30, 2016**

COUNTY OF JAMES CITY, VIRGINIA

Schedule of Findings and Responses

Year ended June 30, 2016

(1) Summary of Auditor's Results

Financial Statements

- An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- There were no material weaknesses identified.
- There were no significant deficiencies identified.
- The audit did not disclose any material noncompliance.

Federal Awards

- There were no material weaknesses identified.
- There were no significant deficiencies identified.
- An unmodified opinion was issued on compliance for major programs.
- The audit did not disclose any audit findings required to be reported.
- The dollar threshold used to distinguish between Type A and Type B programs is \$750,000.
- The auditee qualified as a low-risk auditee.
- Major programs: Medical Assistance Program (CFDA Number 93.778), Child Nutrition Cluster (CFDA Numbers 10.555, 10.553, and 10.579), and Section 8 Housing Vouchers Program (CFDA Number 14.871).

(2) Findings Relating to the Financial Statements which are Required to be Reported in Accordance with GAGAS

None

(3) Findings and Questioned Costs for Federal Awards

None

(4) State Compliance Findings:

Finding 16-1

Condition: During fiscal year 2016, The State and Local Government Conflict of Interests Act contained in Chapter 31 of Title 2.2 of the Code of Virginia requires certain local government officials to file certain disclosure forms with the clerk of the governing body by December 15, 2015 and June 15, 2016.

Criteria: Three statements of economic interest forms were not filed timely.

Effect: The County was 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 required forms in a timely manner.

Management's response: Management will take steps to ensure compliance going forward.

COUNTY OF JAMES CITY, VIRGINIA
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

(5) Summary Schedule of Prior Federal and State Audit Findings:

Federal: There were no prior year federal findings.

State: There were two findings in the prior year related to one disclosure of real estate holdings form not filed timely and the Sheriff's office did not deposit a cash receipt in excess of \$200 timely. As noted in section 4 above, untimely filing of statements of economic interest forms was noted and there was no issue with real estate holding form filings noted. Also, no issues were noted with Sheriff's office deposits during the current year's audit.