

COUNTY OF JAMES CITY, VIRGINIA

Comprehensive Annual Financial Report

June 30, 2011

(With Independent Auditors' Report Thereon)

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

COUNTY OF JAMES CITY, VIRGINIA

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COUNTY OF JAMES CITY, VIRGINIA

Comprehensive Annual Financial Report

County Officials

Year ended June 30, 2011

Board of Supervisors

Mary K. Jones, Berkeley District Chair

Bruce C. Goodson, Roberts District Vice Chair

James O. Icenhour, Jr., Powhatan District

James G. Kennedy, Stonehouse District

John J. McGlennon, Jamestown District

Robert C. Middaugh Clerk

Officials

Samuel T. Powell, III Judge of the Circuit Court

Thomas B. Hoover Judge of the Circuit Court

Betsy B. Woolridge Clerk of the Circuit Court

Nathan R. Green Commonwealth's Attorney

Richard W. Bradshaw Commissioner of the Revenue

M. Ann Davis Treasurer

Colleen K. Killilea Judge of the General District Court

George C. Fairbanks, IV Judge of the Juvenile and Domestic Relations Court

Robert J. Deeds Sheriff

Emmett H. Harmon Chief of Police

Dr. Steven M. Constantino Superintendent of Schools

Robert C. Middaugh County Administrator

Leo P. Rogers County Attorney

COUNTY OF JAMES CITY, VIRGINIA

Comprehensive Annual Financial Report

County Officials

Year ended June 30, 2011

Board of Directors, James City Service Authority

James G. Kennedy Chair

James O. Icenhour, Jr. Vice Chair

Bruce C. Goodson

Mary K. Jones

John J. McGlennon

Robert C. Middaugh Secretary

Robert H. Smith Treasurer

Larry M. Foster General Manager

School Board, Williamsburg-James City County Public Schools

James Nickols Chair

Ruth Larson Vice Chair

Elise Emanuel

Joe Fuentes

James Kelly

Denise Koch

Dr. Oscar Prater

Board Members, Economic Development Authority

Thomas G. Tingle Chair

Leanne DuBois

Paul W. Gerhardt

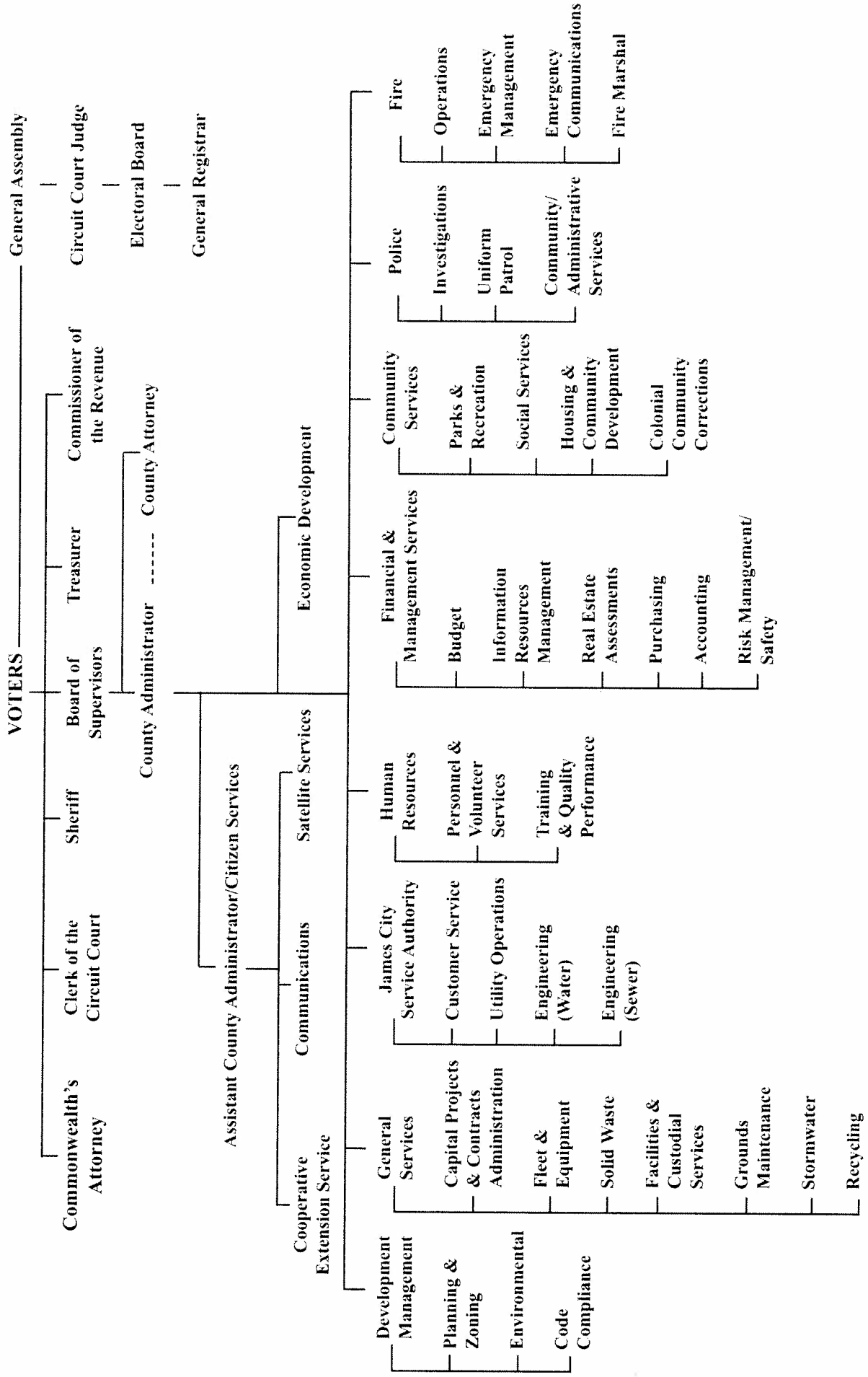
Tim Harris

Stephen Montgomery

Marshall N. Warner

James City County Organization Chart

Effective 07/01/10



Financial and Management Services

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



jccEgov.com

Accounting

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

Budget/Finance

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

Purchasing

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

Real Estate Assessments

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

Risk Management

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

November 23, 2011

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, 2011, as required by the Code of Virginia. The Department of Financial and Management Services has prepared this report in accordance with accounting principles generally accepted in the United States of America (GAAP) and the standards of financial reporting prescribed by the Governmental Accounting Standards Board and specifications of the Auditor of Public Accounts of the Commonwealth of Virginia. Section 15.1-67 of the Code of Virginia (1950, as amended) requires the County to have an annual audit of the books of account, financial records, and the transactions of the County. Dixon Hughes Goodman LLP was selected to perform the required audit. The unqualified 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. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the various funds of the County; and that all disclosures necessary to enable the reader to gain maximum understanding of the County's financial activity have been included.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors on pages 3-13 of this report.

Profile of the Government

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

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

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

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

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

Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund and function level. The appropriation for each fund and function can be revised only by the Board of Supervisors; however, the County Administrator may amend the budget within functions. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 72-76 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 79.

Economic Condition and Outlook

James City County has seen a gradual increase in economy activity during the current fiscal year. Overall, revenues increased 1.3% from last year. Revenues are expected to have a modest increase of 2% during fiscal year 2012. The real estate tax revenue is expected to increase during the next fiscal year due to new development, as the next scheduled reassessment will be January 1, 2012.

In October 2010, the County was upgraded by Standard & Poor's to a AAA rating, which is the highest rating possible. The County also maintains a AAA rating with Fitch Ratings and Aa1 rating from Moody's Investors Service. These bond ratings are based on analysts' recommendations after a review of economic and fiscal performance, fiscal policies and practices, current debt outstanding and evidence of financial planning to meet future capital needs. These ratings are excellent for a community the size of James City County and give the County additional leverage in the bond market for potential bond buyers and investors.

Major Initiatives

In fiscal year 2011, the County continued to utilize its Strategic Management Plan as a framework for planning and accountability and continued to seek out new partnerships to help achieve its goals.

The County continues to manage finances wisely and encourage a balanced economy. This year the County was upgraded to a AAA bond rating from Standard & Poor's, becoming one of only 67 counties in the nation with that rating. High bond ratings result in lower borrowing costs on future loans. The upgrade allowed the County to refinance older general obligations bonds at a lower interest rate through a new bond sale. Federal, state and local grants totaled more than \$3.6 million help to offset the County's costs for public safety and housing assistance.

The County improves the lives of citizens and fosters a sense of community. The police department partnered with Bair Software to provide a new public crime mapping website called RAIDS Online (Regional Analysis and Information Data Sharing) to make it easier for citizens to keep track of crime in their area. The citizens will not incur any costs when accessing this program and the police department values this opportunity to increase services to citizens. Anticipating the need for additional advanced life support trained personnel, the fire department sought and received certification from the State to conduct advanced medical training for staff. The intensive course consists of over 400 hours of instruction and clinical time. Six to eight employees will complete the training each year.

It is essential for the County to plan responsibly for the needs of a growing, diverse community. Two new schools, J. Blaine Blayton Elementary School and Lois S. Hornsby Middle School, opened at the beginning of the 2010-11 school year. These schools added seven new athletic fields, which are used for County and school recreation programs.

As stewards of the natural environment and historic heritage, the Mill and Gordon Creek Watershed Management Plans were completed and approved by the Board of Supervisors. The plans reflect the input received from citizens and other stakeholders during the drafting process and assess the natural resources, identify goals for the areas and include plans for implementation. There was an extensive shoreline restoration project completed at Jamestown Beach. As part of the effort, 80 volunteers planted beach grasses to help hold sand in place and offer habitat for shoreline animals.

The County also provided outstanding customer service when fire and EMS personnel responded in April 2011 when a tornado caused significant damage in the eastern part of the County. Calls for service included 36 reports of damaged homes due to fallen trees or power lines. This year, the County Administrator and Executive Leadership Team developed new Mission, Vision and Values statements to

ensure that community needs continue to be a staff priority and are reflected in all items that go before the Board of Supervisors.

Economic Development

The County expanded the enterprise zone to include a portion of Route 60 corridor in the southern portion of the County and created a sub-zone in upper James City County to include the Stonehouse Commerce Park, Jacobs and Hankins Industrial Parks and a portion of the Route 60 and Route 30 corridor. This expansion allows more businesses to take advantage of the Virginia Enterprise Zone Program.

The County maintains a Business and Technology Incubator, which is managed by the College of William and Mary and provides a wide variety of services to new businesses in the community. During this fiscal year, the incubator became home to three new businesses. These three new businesses are diverse and each utilizes technology or e-commerce in their business plan.

Capital Improvement Program

Capital expenditures totaled \$30,042,723 (including transfers) in fiscal year 2011. The largest capital expenditures this year were related to the construction costs for the public safety building and the new Freedom Park interpretive center. There were transfers to the schools for construction costs for the new middle and elementary schools, as well as renovation of James Blair Middle School which is currently being used as an administrative building.

James City County will continue to face challenges over the next several years. Several years of population growth have produced demands for public services and facilities. The six-year Capital Improvement Program totals \$74,113,000 and focuses on a wide variety of needs. An indication of anticipated impacts can be seen in the adopted budget and capital improvements program for the fiscal year beginning July 1, 2011.

In fiscal year 2012, funding is included for refurbishment of the fire station at Olde Towne Road, demolition of government center building C and renovation of government center building D, as well as renovations to Kidsburg at Mid County Park. Future planning includes fire pumper replacements, ambulance replacements, human services building rehabilitation, parking lot overlays and renovations at the James City-Williamsburg Community Center.

James City Service Authority

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

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

The JCSA's water system includes the central water system with 10 water production facilities, and 7 independent water production facilities that are located outside the PSA. There are approximately 393 miles of water transmission and distribution lines throughout the entire system. The water system facilities supply approximately 5 million gallons of water per day to 19,719 water customers.

The JCSA's sewer system includes 77 pump stations with approximately 419 miles of sewer collection lines. The sewer system facilities collect and move approximately 5.7 million gallons of sewage per day for 21,127 sewer customers. The JCSA has no sewage treatment facilities. Sewage treatment for areas served by the JCSA, as well as for other Hampton Roads communities, is provided by the Hampton Roads Sanitation District.

The JCSA currently has groundwater permits for its central system to withdraw 8.9 million gallons per day to support the residential and commercial customers. In March 2008, the JCSA entered into an agreement with Newport News to purchase 4.0-6.2 million gallons of water per day depending on drought conditions to meet the County's water needs through 2040. The JCSA is also working on conversion of its water disinfection system from chlorine to chloramines to accommodate water from Newport News. Improvements to the Ironbound Road Water Storage Facility and Stonehouse Water Production Facility were completed in during fiscal year 2011 along with the installation of a major water transmission line in Longhill Connector Road. In addition, water distribution system upgrades for College Creek were completed during fiscal year 2010 and a second phase of improvements to Ironbound Road will begin soon.

In November 2009, the JCSA Board approved the design and construction of a new operations center on Tewning Road. This effort evolved into a plan to relocate the existing convenience center on Tewning Road where a 12,500 square foot building is under construction. The new center will house the JCSA field operating forces and engineering staff and was completed in the Fall of 2011.

Treasury Management

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

Risk Management

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

Awards of Achievement

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to James City County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the twenty-sixth year that the County has received this prestigious award.

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

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

Acknowledgments

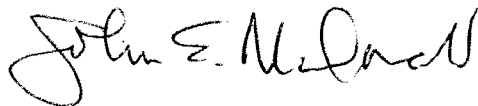
The County has established and continues to maintain a strong and stable financial position through progressive management of financial operations and through sound accounting and financial reporting practices. Appreciation is expressed to the Members of the James City County Board of Supervisors and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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Middaugh", written in a cursive style.

Robert C. Middaugh
County Administrator

A handwritten signature in black ink, appearing to read "John E. McDonald", written in a cursive style.

John E. McDonald
Manager of Financial and Management Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

James City County
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Danison

President

Jeffrey R. Enen

Executive Director

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FINANCIAL SECTION



DIXON HUGHES GOODMAN^{LLP}
Certified Public Accountants and Advisors

Report of Independent Auditors

Board of Supervisors
County of James City, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of James City, Virginia*** as of and for the year ended June 30, 2011, which collectively comprise the ***County of James City, Virginia's*** basic financial statements as listed in the table of contents. These financial statements are the responsibility of the ***County of James City, Virginia's*** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the ***County of James City, Virginia*** as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2011, on our consideration of the ***County of James City, Virginia's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the required supplementary information included in Exhibits 10 and 11 and related notes on pages 71 through 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental*

Accounting Standards Board, who considers them to be an essential parts of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Dixon Hughes Goodman LLP

Newport News, Virginia
November 23, 2011

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2011

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the County's financial statements, which follow this analysis.

Financial Highlights

- The County's total net assets increased by approximately \$5 million over the course of this year's operations, which represents a 1.3% increase from fiscal year 2010. The increase is primarily a result of increased revenues in general property taxes, other local taxes and business license fees.
- The assets of the County exceeded its liabilities as of June 30, 2011 by approximately \$376.2 million. Of this amount, approximately \$182.6 million, or 48.5%, is the net investment in capital assets.
- The County's total long-term liabilities for governmental activities at June 30, 2011 were \$214,304,033. In October 2010, the County issued \$4,820,000 in refunding bonds with a true interest cost of 1.294%. This resulted in a net present value savings of \$357,773.
- Actual General Fund revenues received were 2.7%, or \$4,331,658 more than what had been budgeted and showed a 1.3% increase, or \$2,169,818 from fiscal year 2010.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2011

- *Business-type activities* – Activities that are intended to recover all or a significant portion of their costs through user fee charges to external parties for goods or services are included here.
- *Component units* – The County includes two other entities in its report – The Public Schools and the Economic Development Authority. Although legally separate, these “component units” are important because of the County’s financial accountability for them.

Fund Financial Statements

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

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

Notes to the Basic Financial Statements

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

Other Information

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

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2011

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by \$376,237,830 at the close of the most recent fiscal year. This represents a 1.3% increase from last year.

Condensed Summary of Net Assets

June 30, 2011

	<u>Governmental activities</u>	<u>Business-type activity</u>	<u>Total</u>	<u>Component unit – public schools</u>
Assets:				
Current and other assets	\$ 100,756,354	41,254,213	142,010,567	20,807,022
Capital assets	<u>328,406,073</u>	<u>169,831,622</u>	<u>498,237,695</u>	<u>44,767,708</u>
Total assets	<u>\$ 429,162,427</u>	<u>211,085,835</u>	<u>640,248,262</u>	<u>65,574,730</u>
Liabilities:				
Long-term liabilities	\$ 214,304,033	35,001,394	249,305,427	3,692,754
Other liabilities	<u>13,060,830</u>	<u>1,644,175</u>	<u>14,705,005</u>	<u>16,689,873</u>
Total liabilities	<u>\$ 227,364,863</u>	<u>36,645,569</u>	<u>264,010,432</u>	<u>20,382,627</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 46,961,066	135,641,623	182,602,689	44,767,708
Restricted net assets:				
Capital projects	20,005,183	4,740,769	24,745,952	—
Unrestricted net assets	<u>134,831,315</u>	<u>34,057,874</u>	<u>168,889,189</u>	<u>424,395</u>
Total net assets	<u>\$ 201,797,564</u>	<u>174,440,266</u>	<u>376,237,830</u>	<u>45,192,103</u>

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2011

Condensed Summary of Net Assets

June 30, 2010

	<u>Governmental activities</u>	<u>Business-type activity</u>	<u>Total</u>	<u>Component unit – public schools</u>
Assets:				
Current and other assets	\$ 121,005,810	43,596,801	164,602,611	22,650,649
Capital assets	<u>312,905,448</u>	<u>171,021,858</u>	<u>483,927,306</u>	<u>37,866,251</u>
Total assets	<u>\$ 433,911,258</u>	<u>214,618,659</u>	<u>648,529,917</u>	<u>60,516,900</u>
Liabilities:				
Long-term liabilities	\$ 228,283,958	34,667,258	262,951,216	2,453,780
Other liabilities	<u>10,471,114</u>	<u>3,839,127</u>	<u>14,310,241</u>	<u>17,345,971</u>
Total liabilities	<u>\$ 238,755,072</u>	<u>38,506,385</u>	<u>277,261,457</u>	<u>19,799,751</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 91,045,788	135,071,435	226,117,223	37,866,251
Restricted net assets:				
Capital projects	41,296,767	4,610,218	45,906,985	—
Unrestricted net assets	<u>62,813,631</u>	<u>36,430,621</u>	<u>99,244,252</u>	<u>2,850,898</u>
Total net assets	<u>\$ 195,156,186</u>	<u>176,112,274</u>	<u>371,268,460</u>	<u>40,717,149</u>

The largest portion of the County's net assets at June 30, 2011 (48.5%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The unrestricted portion of net assets (44.9%) may be used to meet the County's ongoing obligations to citizens and creditors. The remaining portion of net assets (6.6%) is restricted for specific purposes.

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

The Public Schools' net assets increased 10.9% to approximately \$45.2 million. Of the balance, approximately \$0.4 million of net assets are unrestricted, but designated for specific purposes. The increase in net assets is primarily attributable to the ongoing and completed capital projects.

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2011

Summary of Changes in Net Assets

Year ended June 30, 2011

	<u>Governmental activities</u>	<u>Business-type activity</u>	<u>Total</u>	<u>Component unit – public schools</u>
Revenues:				
Program revenues:				
Charges for services	\$ 14,282,467	16,443,520	30,725,987	2,459,149
Operating grants and contributions	32,049,993	—	32,049,993	19,437,453
Capital grants and contributions	434,823	1,750,073	2,184,896	—
General revenues:				
Property taxes	109,545,003	—	109,545,003	—
Other taxes	19,100,086	—	19,100,086	—
Grants and contributions not restricted to specific programs	—	—	—	104,117,528
Interest and investment earnings	442,698	509,675	952,373	3,661
Miscellaneous	1,201,369	521,384	1,722,753	44,934
Total revenues	<u>177,056,439</u>	<u>19,224,652</u>	<u>196,281,091</u>	<u>126,062,725</u>
Expenses:				
General government administration	23,061,671	—	23,061,671	—
Judicial administration	5,394,548	—	5,394,548	—
Public safety	15,003,864	—	15,003,864	—
Public works	7,332,972	—	7,332,972	—
Health and welfare	7,582,994	—	7,582,994	—
Education	83,737,593	—	83,737,593	121,587,771
Parks, recreation and cultural	8,980,597	—	8,980,597	—
Community development	9,467,357	—	9,467,357	—
Interest on long-term debt	9,853,465	—	9,853,465	—
Service Authority	—	20,896,660	20,896,660	—
Total expenses	<u>170,415,061</u>	<u>20,896,660</u>	<u>191,311,721</u>	<u>121,587,771</u>
Change in net assets	6,641,378	(1,672,008)	4,969,370	4,474,954
Net assets at beginning of year, as restated	<u>195,156,186</u>	<u>176,112,274</u>	<u>371,268,460</u>	<u>40,717,149</u>
Net assets at end of year	<u>\$ 201,797,564</u>	<u>174,440,266</u>	<u>376,237,830</u>	<u>45,192,103</u>

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2011

Summary of Changes in Net Assets

Year ended June 30, 2010

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

Governmental Activities

For the fiscal year ended June 30, 2011, revenues from governmental activities totaled \$177,056,439. Of this amount, \$48,411,350, or 27.3%, is received from sources other than local tax revenue. Real estate tax revenues, the County's largest single revenue source, totaled \$85,605,707. The County's assessed real property tax base for fiscal year 2011 was \$11,172,929,700, which was an increase of 0.2% over fiscal year 2010. Overall, the net assets increased by \$6,641,378 from last year.

In fiscal year 2011, the County reported current year collections of \$15,147,316 in personal property taxes, and received reimbursement from the Commonwealth of Virginia of \$9,770,137. Under the provisions of the

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2011

Personal Property Tax Relief Act (PPTRA), the state's share of local personal property tax was approximately 58.5% of most taxpayer's payments.

For the fiscal year ended June 30, 2011, expenses for governmental activities totaled \$170,415,061, including payments of \$88,918,475 to Public Schools. Expenses decreased by \$20,441,611 over fiscal year 2010. This was primarily due to a decrease in capital spending related to school projects.

Business-Type Activity

The business-type activity decreased the County's net assets by \$1,672,008. This decrease is primarily due to the Department of Environmental Quality consent order spending for diagnostic testing and related repair that was classified as maintenance expenses and funded through the Capital Improvements Program budget. Overall, the expenses increased from last year by 4.1%. The primary source of revenue consists of charges for water and sewer services, which totaled \$12,603,818 and increased by 2.4% over last year. There was also an increase in facility charges collected for new connections.

Component Unit – Public Schools

The Schools received \$88,918,475 from the County during fiscal year 2011. This money supported the operating and capital activities for the Schools. Expenses increased by 0.1% from fiscal year 2010. This is primarily a result of a slight increase in spending during the year. Revenues also decreased by 0.6% from the previous fiscal year. This is primarily due to a reduction in funding received from the County, City of Williamsburg and the Commonwealth of Virginia.

Financial Analysis of the County's Funds

The County's General Fund experienced an overall increase in fund balance of \$4,191,276. This was mostly due to an increase in revenue received in general property taxes, local sales tax, business licenses and building permits. The portion of the unassigned fund balance for fiscal liquidity totaled \$20,449,054, which was 10.3% of the total general governmental expenditures (from table 11A on page 110), including the County's share of the Public Schools' operating expenditures, and within the goal of 8% to 12%.

General Fund Budgetary Highlights

The overall difference between the original budget and the final amended budget for revenues increased by \$1,033,509, which was primarily a result of increase in state funding for sales tax for education. Actual General Fund revenues received were 2.7%, or \$4,331,658 more than what had been projected in the amended budget and showed a 1.3% increase, or \$2,169,818 from fiscal year 2010.

The largest increase in revenues from fiscal year 2010 to fiscal year 2011 occurred in personal property tax revenues totaling \$565,407 as a result of an increase to the tax base. Real estate tax revenues, both current and delinquent, are the County's largest revenue source and for fiscal year 2011 totaled \$85,605,707 and was \$1,403,632 more than the amended budget. Personal property taxes, another large source of local tax funding, had combined collections from the state and local taxpayers of \$24,917,453. State revenues, not including the personal property tax reimbursement, were \$614,744 more than budgeted. State revenues, not including the personal property tax reimbursement, increased \$360,465 in fiscal year 2011 from fiscal year 2010 levels. This increase is primarily due receiving more in state sales tax, which increased \$339,776 from fiscal year 2010.

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2011

General Fund budgeted expenditures were 1.8% below the final budget, or \$2,496,877, which was primarily due to reduced spending and an increase in the health insurance reserve. Of this amount, \$543,313 is for encumbrances and is unassigned in the fund balance.

Other Governmental Funds

The County maintains six 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 82-84. The other governmental funds had a decrease of \$340,534 in net assets during the fiscal year.

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 a decrease of \$1,672,008 in net assets during the fiscal year primarily due to expenses related to the Department of Environmental Quality consent order.

Capital Assets and Debt Administration

At the end of fiscal year 2011, the County's investment in capital assets for its governmental and business-type activities totaled \$498,237,695 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, water and sewer systems, infrastructure, equipment, and vehicles. The County does not own its roads and they are therefore not included in the capital assets. In addition, the Public Schools own all school buildings and the related debt is County debt. The value associated with the purchase and/or construction of the Public Schools' buildings is reported as capital assets in the governmental activities of the County to properly match with the associated debt, as allowed by Virginia state law. In fiscal year 2011, the net value of school buildings reflected in the governmental activities of the County equals \$208,674,485, and the associated current year's depreciation expense of \$5,008,700 is reflected in the educational expense line of the County's governmental activities in the statement of net assets.

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2011

Capital Assets, Net of Depreciation and Amortization

June 30, 2011 and 2010

	2011			2010
	Governmental activities	Business-type activity	Total	Total
Land	\$ —	1,750,391	1,750,391	1,750,391
Land and land rights – utility plant	—	962,695	962,695	962,695
Land and land improvements	26,131,163	13,183	26,144,346	25,438,400
Construction in progress	16,604,224	6,051,258	22,655,482	61,248,917
Water and sewer systems	—	135,169,554	135,169,554	137,603,360
Buildings and improvements	245,856,188	1,288,941	247,145,129	190,199,202
Improvements other than buildings	18,369,003	—	18,369,003	18,693,620
Equipment and vehicles	13,856,982	971,398	14,828,380	15,901,484
Infrastructure	5,184,850	—	5,184,850	5,487,875
Intangible assets – easements	2,403,663	4,570	2,408,233	2,408,233
Intangible assets – water rights	—	23,619,632	23,619,632	24,233,129
Total	\$ 328,406,073	169,831,622	498,237,695	483,927,306

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

Capital Projects Fund

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

For fiscal year 2011, \$1,650,000 was transferred to the Capital Projects Fund from the General Fund. During the year, capital project expenditures of \$30,042,723 (including transfer) included the following:

- Transfers to schools for construction costs for the two new schools
- Transfers to schools for renovation of James Blair Middle School to use as an administrative building
- Construction costs for the new public safety building
- Construction costs for the new Freedom Park interpretive center
- Costs associated with water quality improvements

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2011

Long-Term Debt

At June 30, 2011 and 2010, the County had total outstanding debt of \$257,810,082 and \$257,810,082, respectively. Compensated absences, OPEB obligation and landfill postclosure care costs of \$6,679,887 and \$6,329,268 at June 30, 2011 and 2010, respectively, are not included in these amounts.

Summary of Long-Term Debt

June 30, 2011 and 2010

	2011			2010
	Governmental activities	Business-type activity	Total	Total
General obligation bonds	\$ 93,283,624	—	93,283,624	101,414,765
Revenue bonds	104,055,000	35,001,394	139,056,394	146,225,422
Capital lease – radio system	8,973,000	—	8,973,000	9,877,000
Other capital leases	1,312,522	—	1,312,522	292,895
Total	\$ 207,624,146	35,001,394	242,625,540	257,810,082

In October 2010, the County issued \$4,820,000 in General Obligation Public Improvement Refunding Bonds. These refunded the Series 2002 and 2002B bonds that were outstanding. These refunding bonds were issued at a true interest cost of 1.294%, which resulted in a net present value savings of \$357,773.

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

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2011

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 2012 is the second year of the next two-year cycle. The fiscal year 2012 approved budget for the General Fund is \$164,000,000.

This amended budget, adopted on April 26, 2011, reflects a \$3,282,779, or a 2% increase over the amended fiscal year 2011 budget. This reduction is primarily a result of an increase in real and personal property taxes due to new development and additional vehicles from growth in population.

During fiscal year 2012, real estate revenues, the largest source of general fund revenue, are projected to increase 1.8% over last year due to an increase in new development. Other areas of increased revenue include personal property and machinery and tools, which are projected to increase from 2011 by 10.2% and 5.1%, respectively. In addition, building permit revenue is projected to increase by 28% as both residential and non-residential construction begins a modest upward curve. State revenues decline slightly, except for the sales tax for education which is expected to be about \$450,000 more than last year's budget. This increase is a result of an increase in state sales tax and a higher census of school-age children.

Expenditures includes increased costs for leases and maintenance of emergency communications systems and the County's fiber network, and costs associated with opening three new public facilities-the new police building, the Freedom Park interpretive center and a new fire administration and training facility. The County's general fund contribution to the Williamsburg-James City County School Board will be \$74,250,000, which is a 0.6% or \$450,000 increase from fiscal year 2011.

Contacting the County's Financial Management

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

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Basic Financial Statements

COUNTY OF JAMES CITY, VIRGINIA

Statement of Net Assets

June 30, 2011

Assets	Primary government			Discretely presented component units	
	Governmental activities	Business-type activity	Total	Public schools	Economic Development Authority
Cash and cash equivalents (note 2)	\$ 14,992,008	678,298	15,670,306	12,681,511	1,916,309
Investments (note 2)	33,060,634	32,768,360	65,828,994	—	—
Cash and cash equivalents and investments - restricted (notes 2 and 3)	9,835,613	4,740,769	14,576,382	—	—
Receivables, net of allowance for uncollectibles:					
Taxes, including penalties	25,907,599	—	25,907,599	—	—
Accounts	—	2,372,562	2,372,562	—	—
Interest	30,801	107,871	138,672	—	—
Loans	155,940	—	155,940	—	—
Notes	—	388,753	388,753	—	—
Miscellaneous	4,558,294	58,822	4,617,116	299,302	—
Internal balances (note 5)	1,272,463	(1,272,463)	—	—	—
Due from primary government (note 8)	—	—	—	5,955,228	318,346
Due from other governments, net (note 6)	9,136,060	—	9,136,060	1,827,662	—
Inventory	298,757	783,347	1,082,104	43,319	—
Prepaid and other assets	1,508,185	627,894	2,136,079	—	—
Capital assets (note 7):					
Land and land improvements	26,131,163	2,726,269	28,857,432	8,435,126	2,483,106
Construction in progress (note 17)	16,604,224	6,051,258	22,655,482	5,141,861	166,510
Buildings, improvements and equipment	374,290,812	226,880,208	601,171,020	50,916,328	—
Intangible assets	2,403,663	25,004,570	27,408,233	—	—
Less accumulated depreciation and amortization	(91,023,789)	(90,830,683)	(181,854,472)	(19,725,607)	—
Net capital assets	328,406,073	169,831,622	498,237,695	44,767,708	2,649,616
Total assets	\$ 429,162,427	211,085,835	640,248,262	65,574,730	4,884,271
Liabilities and Net Assets					
Liabilities:					
Accounts payable (note 4)	\$ 2,893,784	505,386	3,399,170	4,703,301	313,633
Accrued liabilities (note 4)	2,138,310	720,353	2,858,663	11,768,809	—
Liabilities payable from restricted assets	827,011	—	827,011	—	—
Due to component units (note 8)	6,273,574	—	6,273,574	—	—
Advances for construction (note 17)	—	32,902	32,902	—	—
Amounts held for others	—	128,335	128,335	—	—
Unearned revenue (note 9)	928,151	257,199	1,185,350	217,763	—
Long-term liabilities (notes 10, 11 and 13):					
Due within one year	17,386,249	1,833,064	19,219,313	421,404	—
Due in more than one year	196,917,784	33,168,330	230,086,114	3,271,350	—
Total liabilities	227,364,863	36,645,569	264,010,432	20,382,627	313,633
Net assets:					
Invested in capital assets, net of related debt	46,961,066	135,641,623	182,602,689	44,767,708	2,649,616
Restricted net assets:					
Capital projects	20,005,183	4,740,769	24,745,952	—	—
Unrestricted net assets	134,831,315	34,057,874	168,889,189	424,395	1,921,022
Total net assets	201,797,564	174,440,266	376,237,830	45,192,103	4,570,638
Total liabilities and net assets	\$ 429,162,427	211,085,835	640,248,262	65,574,730	4,884,271

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Statement of Activities

Year ended June 30, 2011

Functions/programs	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
General government administration	\$ 23,061,671	6,845,682	21,418,550	137,228
Judicial administration	5,394,548	1,864,708	1,125,075	156,883
Public safety	15,003,864	2,874,239	1,963,966	18,950
Public works	7,332,972	203,302	1,141,194	21,762
Health and welfare	7,582,994	—	4,405,783	—
Education (including payments to school system)	83,737,593	—	—	—
Parks, recreation and cultural	8,980,597	2,494,536	115,200	100,000
Community development	9,467,357	—	1,880,225	—
Interest on long-term debt	9,853,465	—	—	—
Total governmental activities	170,415,061	14,282,467	32,049,993	434,823
Business-type activity - Service Authority	20,896,660	16,443,520	—	1,750,073
Total primary government	\$ 191,311,721	30,725,987	32,049,993	2,184,896
Component units:				
Economic Development Authority	\$ 951,821	68,774	318,350	—
Public Schools	121,587,771	2,459,149	19,437,453	—
Total component units	\$ 122,539,592	2,527,923	19,755,803	—
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Local sales and use taxes				
Franchise license tax				
Taxes on recordation and wills				
Hotel and motel room taxes				
Restaurant food taxes				
Deeds of conveyance				
Penalties and interest				
Grants and contributions not restricted to specific programs				
Interest and investment earnings				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets – beginning				
Net assets – ending				

See accompanying notes to basic financial statements.

Exhibit 2

Net (expenses) revenues and changes in net assets				
Primary government			Discretely presented component units	
Governmental activities	Business-type activity	Total	Public schools	Economic Development Authority
5,339,789	—	5,339,789	—	—
(2,247,882)	—	(2,247,882)	—	—
(10,146,709)	—	(10,146,709)	—	—
(5,966,714)	—	(5,966,714)	—	—
(3,177,211)	—	(3,177,211)	—	—
(83,737,593)	—	(83,737,593)	—	—
(6,270,861)	—	(6,270,861)	—	—
(7,587,132)	—	(7,587,132)	—	—
(9,853,465)	—	(9,853,465)	—	—
(123,647,778)	—	(123,647,778)	—	—
—	(2,703,067)	(2,703,067)	—	—
(123,647,778)	(2,703,067)	(126,350,845)	—	—
—	—	—	—	(564,697)
—	—	—	(99,691,169)	—
—	—	—	(99,691,169)	(564,697)
\$ 109,545,003	—	109,545,003	—	—
8,924,450	—	8,924,450	—	—
571,043	—	571,043	—	—
1,132,789	—	1,132,789	—	—
2,520,379	—	2,520,379	—	—
5,617,380	—	5,617,380	—	—
298,533	—	298,533	—	—
35,512	—	35,512	—	—
—	—	—	104,117,528	—
442,698	509,675	952,373	3,661	60,176
1,201,369	521,384	1,722,753	44,934	31,372
130,289,156	1,031,059	131,320,215	104,166,123	91,548
6,641,378	(1,672,008)	4,969,370	4,474,954	(473,149)
195,156,186	176,112,274	371,268,460	40,717,149	5,043,787
\$ 201,797,564	174,440,266	376,237,830	45,192,103	4,570,638

COUNTY OF JAMES CITY, VIRGINIA

Balance Sheet

Governmental Funds

June 30, 2011

Assets	General	Capital projects	Debt service	Other governmental funds	Total governmental funds
Cash and cash equivalents and investments	\$ 11,758,897	—	—	3,233,111	14,992,008
Investments	9,735,188	23,325,446	—	—	33,060,634
Cash and cash equivalents and investments – restricted (note 3)	773,659	8,719,611	—	342,343	9,835,613
Receivables, net of allowance for uncollectibles:					
Taxes	25,906,454	1,145	—	—	25,907,599
Interest	—	30,694	—	107	30,801
Loans	—	—	—	155,940	155,940
Miscellaneous (note 4)	4,472,323	46,954	—	39,017	4,558,294
Due from other funds (note 5)	294,642	—	109,730	1,592	405,964
Due from blended component unit (note 8)	1,272,463	—	—	—	1,272,463
Due from other governments, net (note 6)	7,164,618	158,557	—	1,812,885	9,136,060
Inventory	298,757	—	—	—	298,757
Total assets	\$ 61,677,001	32,282,407	109,730	5,584,995	99,654,133
Liabilities and Fund Balances					
Liabilities:					
Accounts payable (note 4)	\$ 1,530,072	1,016,523	109,730	237,459	2,893,784
Accrued liabilities (note 4)	244,381	192,926	—	23,792	461,099
Liabilities payable from restricted assets	789,746	—	—	37,265	827,011
Due to other funds (note 5)	111,322	—	—	294,642	405,964
Due to component units (note 8)	328,401	5,921,227	—	23,946	6,273,574
Deferred revenue (note 9)	19,201,178	1,145	—	853,983	20,056,306
Total liabilities	22,205,100	7,131,821	109,730	1,471,087	30,917,738
Fund balances:					
Nonspendable:					
Loans	—	—	—	155,940	155,940
Inventory	298,757	—	—	—	298,757
Committed:					
Capital projects	—	25,150,586	—	—	25,150,586
Other governmental funds	—	—	—	741,113	741,113
Assigned:					
General	2,678,655	—	—	—	2,678,655
Capital projects	16,045,435	—	—	—	16,045,435
Other governmental funds	—	—	—	3,216,855	3,216,855
Unassigned:					
General	20,449,054	—	—	—	20,449,054
Total fund balances	39,471,901	25,150,586	—	4,113,908	68,736,395
Total liabilities and fund balances	\$ 61,677,001	32,282,407	109,730	5,584,995	99,654,133

COUNTY OF JAMES CITY, VIRGINIA

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2011

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

Ending fund balance -- governmental funds \$ 68,736,395

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. 328,406,073

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 19,128,155

Governmental funds report the effect of issuance costs when the debt is issued. These costs are deferred in the government-wide statement of net assets. 1,508,185

Obligation for OPEB is not due and payable in the current period and is not recorded as a liability in the governmental funds. (958,962)

Unmatured interest payable reported in governmental activities will not be paid with current financial resources and therefore is not reported in the funds. (1,677,211)

Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

General obligation bonds, net \$ (93,283,624)

Capital leases (10,285,522)

Lease revenue bonds (104,055,000)

Compensated absences (3,413,498)

Landfill postclosure care cost (2,307,427)

(213,345,071)

Net assets of governmental activities

\$ 201,797,564

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2011

	General	Capital projects	Debt service	Other governmental funds	Total governmental funds
Revenues:					
General property taxes	\$ 108,564,306	—	—	—	108,564,306
Other local taxes	19,100,086	—	—	—	19,100,086
Permits, privilege fees and regulatory licenses	7,055,618	—	—	—	7,055,618
Fines and forfeitures	334,633	—	—	—	334,633
Revenue from use of money and property	283,769	96,397	58,164	4,368	442,698
Charges for services	4,861,478	—	—	—	4,861,478
Miscellaneous	232,827	420,945	229,269	236,376	1,119,417
Intergovernmental:					
Local	—	—	—	255,618	255,618
Commonwealth	24,930,225	211,023	—	3,308,019	28,449,267
Federal	126,826	105,961	—	5,577,882	5,810,669
Total revenues	165,489,768	834,326	287,433	9,382,263	175,993,790
Expenditures:					
Current:					
General government administration	8,265,513	—	—	—	8,265,513
Judicial administration	4,060,816	—	—	1,250,868	5,311,684
Public safety	23,323,388	—	—	469,417	23,792,805
Public works	5,708,475	—	—	1,533,397	7,241,872
Health and welfare	1,551,733	—	—	6,031,261	7,582,994
Education	73,830,796	—	—	—	73,830,796
Parks, recreation and cultural	9,067,610	—	—	112,551	9,180,161
Community development	7,125,705	—	256,657	2,907,536	10,289,898
Nondepartmental	(266,150)	—	—	—	(266,150)
Debt service:					
Principal retirement	—	—	14,830,524	—	14,830,524
Interest, other fiscal charges and early retirement	—	—	9,853,465	—	9,853,465
Capital outlay – governmental activities	—	14,924,248	—	—	14,924,248
Capital outlay – school activities	—	15,118,475	—	—	15,118,475
Total expenditures	132,667,886	30,042,723	24,940,646	12,305,030	199,956,285
Excess (deficiency) of revenues over (under) expenditures	32,821,882	(29,208,397)	(24,653,213)	(2,922,767)	(23,962,495)
Other financing sources (uses):					
Sale of land	—	81,953	—	—	81,953
Proceeds from issuance of debt	—	—	4,820,000	—	4,820,000
Payment to escrow agent	—	—	(5,019,743)	—	(5,019,743)
Premium on bond issuance	—	—	321,834	—	321,834
Transfers in (note 5)	—	1,650,334	24,551,125	2,582,567	28,784,026
Underwriter's discount	—	—	(20,003)	—	(20,003)
Transfers out (note 5)	(28,783,692)	—	—	(334)	(28,784,026)
Total other financing sources (uses)	(28,783,692)	1,732,287	24,653,213	2,582,233	184,041
Net change in fund balances	4,038,190	(27,476,110)	—	(340,534)	(23,778,454)
Fund balances at beginning of year	35,433,711	52,626,696	—	4,454,442	92,514,849
Fund balances at end of year	\$ 39,471,901	25,150,586	—	4,113,908	68,736,395

COUNTY OF JAMES CITY, VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2011

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

Net change in fund balances – total governmental funds \$ (23,778,454)

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	\$ (10,907,811)
Capital outlay expenditures	26,952,245
Cost of assets sold	<u>(543,809)</u>

15,500,625

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

980,697

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

Issuance of debt	(5,839,627)
Premium on debt issuance	(321,834)
Cost of issuance	74,675
Underwriter's discount	20,003
Amortization of issuance costs	(117,826)
Principal payments	19,770,324
Deferred costs	606,648
OPEB obligation	<u>(250,000)</u>

13,942,363

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This difference includes the increase in vested compensated absences of \$24,198, decrease in landfill postclosure care cost of \$18,609 and decrease in accrued interest of \$1,736.

(3,853)

Change in net assets of governmental activities

\$ 6,641,378

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Exhibit 5

Balance Sheet

Proprietary Fund

June 30, 2011

	Assets	James City Service Authority
Current assets:		
Cash and cash equivalents		\$ 678,298
Investments		32,768,360
Receivables, net of allowance for uncollectibles:		
Accounts		2,372,562
Interest		107,871
Notes		388,753
Miscellaneous		58,822
Inventory		783,347
Total current assets		<u>37,158,013</u>
Noncurrent assets:		
Capital assets (notes 7, 10 and 17):		
Land		1,750,391
Land – utility plant		962,695
Land improvements		13,183
Construction in progress		6,051,258
Water and sewer systems – utility plant		221,077,670
Buildings and improvements		2,270,619
Office fixtures and equipment		1,168,028
Automotive equipment		2,363,891
Intangible assets		25,004,570
Less accumulated depreciation and amortization		<u>(90,830,683)</u>
Net capital assets		<u>169,831,622</u>
Investments restricted for future use (note 2)		<u>4,740,769</u>
Bond issuance costs, net		<u>627,894</u>
Total noncurrent assets		<u>175,200,285</u>
Total assets		<u>\$ 212,358,298</u>
	Liabilities and Net Assets	
Liabilities:		
Current liabilities:		
Accounts payable		\$ 505,386
Accrued salaries		15,197
Compensated absences, current portion		301,940
Due to other funds (note 5)		1,272,463
Deposits		128,335
Interest payable		705,156
Deferred liability		257,199
Current portion of bonds payable (note 10)		<u>1,531,124</u>
Total current liabilities		<u>4,716,800</u>
Noncurrent liabilities:		
Advances for construction (note 17)		32,902
OPEB liability		129,509
Bonds payable, net of current portion (note 10)		32,938,174
Compensated absences, net of current portion		<u>100,647</u>
Total noncurrent liabilities		<u>33,201,232</u>
Total liabilities		<u>37,918,032</u>
Net assets:		
Invested in capital assets, net of related debt		135,641,623
Restricted for capital projects		4,740,769
Unrestricted net assets		<u>34,057,874</u>
Total net assets		<u>174,440,266</u>
Total liabilities and net assets		<u>\$ 212,358,298</u>

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Fund

Year ended June 30, 2011

	James City Service Authority
Operating revenues:	
Water and sewer services	\$ 12,603,818
Water supply proffers	125,192
Rental income	171,401
Miscellaneous	190,467
Total operating revenues	<u>13,090,878</u>
Operating expenses:	
Salaries	4,040,543
Fringe benefits	1,585,037
Operating supplies	888,559
Maintenance of buildings and equipment	3,193,116
Utilities	813,478
Contractual fees	873,110
Depreciation and amortization	7,273,473
Other	697,629
Total operating expenses	<u>19,364,945</u>
Operating loss	<u>(6,274,067)</u>
Nonoperating revenues (expenses):	
Facility charges	3,839,702
Investment income	509,675
Gain on disposal of capital assets	34,324
Interest expense, net	(1,531,715)
Total nonoperating revenues, net	<u>2,851,986</u>
Loss before contributions	<u>(3,422,081)</u>
Capital contributions	<u>1,750,073</u>
Decrease in net assets	<u>(1,672,008)</u>
Total fund net assets at beginning of year	<u>176,112,274</u>
Total fund net assets at end of year	<u>\$ 174,440,266</u>

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Statement of Cash Flows

Proprietary Fund

Year ended June 30, 2011

	James City Service Authority
Cash flows from operating activities:	
Cash receipts from customers	\$ 13,324,006
Other operating cash receipts	567,643
Cash payments to suppliers of goods and services	(5,944,260)
Cash payments to employees for services	(5,589,115)
Facility charges	3,839,702
Net cash provided by operating activities	<u>6,197,976</u>
Cash flows from capital and related financing activities:	
Payment of debt	(1,440,000)
Interest paid	(1,597,058)
Acquisition and construction of capital assets	(4,301,881)
Proceeds from sale of capital assets	37,035
Net cash used in capital and related financing activities	<u>(7,301,904)</u>
Cash flows from investing activities:	
Purchases of investments	(45,795,597)
Sales of investments	46,206,295
Interest received	540,281
Net cash provided by investing activities	<u>950,979</u>
Net decrease in cash and cash equivalents	(152,949)
Cash and cash equivalents at beginning of year	<u>831,247</u>
Cash and cash equivalents at end of year	<u>\$ 678,298</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (6,274,067)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	7,273,473
Facility charges	3,839,702
Changes in assets and liabilities:	
Accounts receivable	735,496
Accounts receivable, miscellaneous	59,090
Notes receivable	264,294
Inventory	(18,848)
Accounts payable	(144,962)
Accrued salaries	20,598
Due to other funds	674,309
Deposits	87,092
Deferred liability	(242,801)
Advances for construction	(102,400)
OPEB liability	27,000
Net cash provided by operating activities	<u>\$ 6,197,976</u>
Supplemental schedule – noncash capital and investing activities:	
Capital asset contributions	\$ <u>1,750,073</u>
Unrealized gain from change in fair value of investments	<u>\$ 178,060</u>

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2011

Assets	Pension trust fund	Agency funds
Cash and cash equivalents (note 2)	\$ —	1,478,321
Restricted cash and cash equivalents and investments with fiscal agent/trustee (notes 2 and 12):		
Money market funds	4,618,754	7,670,575
Bond mutual funds	849,851	—
Debt and equities	5,944,342	—
U.S. stock funds	7,301,467	—
International stock funds	620,353	—
Accounts receivable	—	2,797,205
Prepaid item	—	8,586
Total assets	<u>\$ 19,334,767</u>	<u>11,954,687</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ —	793,491
Amounts held for others	—	11,161,196
Total liabilities	—	11,954,687
Net assets:		
Held in trust for employees' retirement	<u>19,334,767</u>	<u>—</u>
Total liabilities and net assets	<u>\$ 19,334,767</u>	<u>11,954,687</u>

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year ended June 30, 2011

	<u>Pension trust fund</u>
Additions:	
Revenue from use of money and property	\$ 2,978,942
Contributions	<u>2,263,664</u>
Total additions	5,242,606
Deductions:	
Distributions to employees	<u>962,603</u>
Change in net assets held in trust for employees' retirement	4,280,003
Net assets at beginning of year	<u>15,054,764</u>
Net assets at end of year	\$ <u><u>19,334,767</u></u>

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

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

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

(a) *The Financial Reporting Entity*

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

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

Blended Component Unit

1. James City Service Authority

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

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

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

The Authority's financial statements for the fiscal year ended June 30, 2011 may be obtained from the Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Discretely Presented Component Units

1. Williamsburg-James City County Public Schools

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

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

Local costs related to operations of the Public Schools are apportioned between the participating localities in accordance with the agreement, as amended. For the fiscal year ended June 30, 2011, the apportionment of the Public Schools' operating costs to the City and County was \$6,979,332 and 8.64% and \$73,800,000 and 91.36%, respectively. For the fiscal year ended June 30, 2011, the contributions for the Public Schools' capital project costs from the City and County were \$745,709 and 4.70% and \$15,118,475 and 95.30%, respectively.

The Public Schools' financial statements for the fiscal year ended June 30, 2011 may be obtained from the Finance Department, 101-D Mounts Bay Road, Williamsburg, Virginia 23185.

2. James City County Economic Development Authority

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

From time to time, the Development Authority has issued Industrial Revenue Bonds (the Bonds) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the Bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the state, nor any political subdivision thereof is obligated in any manner for repayment of the Bonds. Accordingly, the Bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2011, there were 14 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$347 million.

The Development Authority's financial statements for the fiscal year ended June 30, 2011 may be obtained from the Director of Economic Development, 5308 Discovery Park Boulevard, Suite 203, Williamsburg, Virginia 23188.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Other Related Organizations and Joint Ventures

Separate financial statements for the fiscal year ended June 30, 2011, for all other related organizations and joint ventures discussed below except the Colonial Community Corrections Program, Inc., the Virginia Peninsulas Public Service Authority, and the Williamsburg Regional Library, may be obtained from the Director of Accounting of James City County, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

1. Williamsburg Area Medical Assistance Corporation

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

2. Colonial Community Corrections Program

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

3. Virginia Peninsulas Public Service Authority

The Virginia Peninsulas Public Service Authority (the Public Service Authority), was created pursuant to the *Code of Virginia*, 1950, as amended, between the Cities of Hampton, Newport News, Poquoson and Williamsburg, and the Counties of Essex, Gloucester, James City, King and Queen, King William, Mathews, Middlesex and York. The Public Service Authority's financial statements for the fiscal year ended June 30, 2011 may be obtained from the Public Service Authority, 300 McLaws Circle, Suite 200, Williamsburg, Virginia 23185-5676.

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

4. Williamsburg Regional Library

Pursuant to an agreement dated May 26, 1977, as amended, the Williamsburg Regional Library (the Library) provides library services to the City and the County. The Library is operated by a board of trustees. Each jurisdiction appoints four trustees. The Library is a

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

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, 2011 may be obtained from the Library, 7770 Croaker Road, Williamsburg, Virginia 23188.

5. Virginia Peninsula Regional Jail Authority

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

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

6. Middle Peninsula Juvenile Detention Commission

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

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

7. Williamsburg Area Transit Authority

The Williamsburg Area Transport Company (the Company) was originally incorporated on October 15, 1980. The Company provided transportation systems to James City County, the City of Williamsburg and the Bruton District of York County. Although the Company was legally separate, the James City County Board of Supervisors was the appointed Board of Directors of the Company. The County could impose its will over the Company and was financially accountable for the Company. On August 28, 2008, the Company was reorganized as the Williamsburg Area Transit Authority (the Transit Authority) with its own Board of Directors. However, its operations and the financial relationship remained unchanged through

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June 30, 2009. Effective July 1, 2009, the Transit Authority became financially independent from the County. Separately issued financial statements were prepared, and the County accounts for the Transit Authority as an agency fund since it continues to serve as its fiscal agent.

(b) *The Financial Reporting Model*

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

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

Management’s Discussion and Analysis – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government’s financial activities in the form of “management’s discussion and analysis” (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Government-Wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all of the government’s activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Assets – The government-wide statement of net assets is designed to display the financial position of the County. Governments report all capital assets, including infrastructure, in the government-wide statement of net assets and report depreciation expense – the cost of “using up” capital assets – in the statement of activities. The net assets of a government are broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

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

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

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

The accompanying basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous reporting model emphasized fund types

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

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

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

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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.

Additionally, the County reports the following fund types:

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

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

(d) *Basis of Accounting and Measurement Focus*

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

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

In applying the modified accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however,

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

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

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

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

The statement of net assets, statement of activities and financial statements of the proprietary fund are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary fund are charges to customers for services. Operating expenses for the proprietary fund include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

(e) Cash and Cash Equivalents

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

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Generally, the County considers investments with original maturities of 90 days or less to be cash equivalents.

(f) Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The allowance for uncollectible accounts relating solely to property taxes was \$69,008 in the General Fund at June 30, 2011. Additionally, the County recorded an allowance for uncollectible accounts of \$24,759 related to business, professional and occupational license taxes and \$326,236 for the Advance Life Support/Basic Life Support (ALS/BLS) fees.

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

(g) Investments

All investments of the County are stated at fair value as of June 30, 2011, in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

(h) Inventory

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

(i) Capital Assets

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

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

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

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

(j) *Compensated Absences*

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

(k) *Unbilled Revenue*

The Authority records the amount of earned but unbilled service charges revenue by prorating actual subsequent billings. Amounts accrued but unbilled were approximately \$1,072,000 at June 30, 2011.

(l) *Property Taxes*

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

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

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

(m) *Risk Management*

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Property and liability coverages are provided through third-party insurance. The County's retention is through deductibles on a per-claim basis. Deductibles and coverage limits at June 30, 2011 are as follows:

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Notes to Basic Financial Statements

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

	<u>Coverage limits</u>
Property insurance:	
Valuation at functional replacement	\$ 66,839,965
Flood (outside 100 year flood plain)	17,394,893
Business interruption/extra expense	3,000,000
Property in transit	5,000,000
Increased cost of construction/ordinance demolition	20,000,000
Back-up of sewers and drains	1,000,000
Debris removal	20,000,000
Pollutant clean-up and removal	500,000
Off premises power failure	1,000,000
Media reproduction	100,000
Newly acquired locations for up to 120 days	10,000,000
General liability and law enforcement	9,000,000
Automobile liability	9,000,000
Public officials	9,000,000
Crime	500,000
Workers' compensation	Statutory limits

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

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Notes to Basic Financial Statements

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(n) Bond Premiums, Discounts and Issuance Costs

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

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

(o) Interfund Transactions

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

(p) Encumbrances

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

(q) Fund Balances

Fund balances are reported according to the following categories:

- *Nonspendable* – Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for sale, and long term receivables.
- *Restricted* – Amounts reported when constraints are placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation..
- *Committed* – Amounts that require formal action of the Board of Supervisors either by resolution or ordinance that identifies the specific circumstances under which the resources may be expended.
- *Assigned* – Amounts that are constrained by the County's expressed intent to use resources for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a finance committee) or by an

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official to whom authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

- *Unassigned* – Includes all spendable amounts not contained in other classification. The general fund is the only fund that would report a positive amount in unassigned fund balance. This includes the County's goal of maintaining a fiscal liquidity balance between 8%-12% of the total general governmental expenditures.

For the fiscal year ended June 30, 2011, the General Fund has the following amounts assigned or unassigned:

	<u>Assigned</u>	<u>Unassigned</u>
Health insurance	\$ 1,835,342	—
Potential insurance loss	300,000	—
Encumbrances	543,313	—
Capital reserve fund	16,045,435	—
Fiscal liquidity	—	20,449,054
	<u>\$ 18,724,090</u>	<u>20,449,054</u>

(r) ***Estimates***

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

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

Effective with the financial report for the fiscal year ending June 30, 2011, the County has adopted the following statement of the Governmental Accounting Standards Board (GASB): GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

(t) ***Subsequent Events***

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through November 23, 2011, the date the financial statements were available to be issued.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

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(2) Cash and Cash Equivalents and Investments

Primary Government

(a) Deposits

At year end, the carrying value of the deposits with banks and savings and loans was \$16,774,176 and the bank balance was \$17,955,872. The difference between the carrying value of bank deposits and the bank balance is primarily due to outstanding checks and deposits in transit. The entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act).

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

(b) Investments

As of June 30, 2011, the primary government had the following investments and maturities:

	Fair value	Original investment maturity (in years)		
		Less than 1	1-2	2-5
Commonwealth of Virginia				
LGIP	\$ 24,264,461	24,264,461	—	—
Money market funds	12,824,515	12,824,515	—	—
Certificates of deposit	3,114,065	500,000	2,251,479	362,586
Federal agency bonds/notes	19,867,744	—	—	19,867,744
Corporate notes	6,852,815	—	263,556	6,589,259
Municipal bonds	289,149	—	—	289,149
U.S. government corp debt	2,404,201	—	1,645,397	758,804
U.S. Treasury notes	9,684,556	—	4,968,701	4,715,855
	<u>\$ 79,301,506</u>	<u>37,588,976</u>	<u>9,129,133</u>	<u>32,583,397</u>

COUNTY OF JAMES CITY, VIRGINIA

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June 30, 2011

(c) *Summary of Deposits*

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

Deposits	\$	16,774,176
Investments		79,301,506
	\$	<u>96,075,682</u>
Cash and cash equivalents	\$	15,670,306
Investments		65,828,994
Cash and cash equivalents and investments - restricted		<u>14,576,382</u>
	\$	<u>96,075,682</u>

(d) *Investment Policy*

In accordance with the Code of Virginia and other applicable law, including regulations, the County's Investment Policy (the Policy) permits investments in U.S. government obligations, municipal obligations, prime quality commercial paper, and certain corporate notes, bankers' acceptances, repurchase agreements, negotiable certificates of deposit, bank deposit notes, mutual funds that invest exclusively in securities specifically permitted under the Policy, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a-7 like pool). 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
Repurchase agreements	50% maximum
Bankers' acceptances	40% maximum
Commercial paper	35% maximum
Negotiable certificates of deposit/bank notes	20% maximum
Municipal obligations	20% maximum
Corporate notes	15% maximum
Bank deposits	25% maximum

(e) *Credit Risk*

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

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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, 2011 were rated by Standard & Poor’s, Moody’s and Fitch and/or an equivalent national rating organization and the ratings are presented on the following page:

	Investment ratings					
	AAA	AA+	AA	AA-	A-1+	Unrated
Commonwealth of Virginia LGIP	\$ 24,264,461	—	—	—	—	—
Money market funds	—	—	—	—	999,627	11,824,889
Certificate of deposit	—	—	—	1,250,000	1,251,479	612,586
Corporate notes	2,597,327	2,234,045	802,945	1,218,498	—	—
Federal agency bonds/notes	19,867,744	—	—	—	—	—
Municipal bonds	—	289,149	—	—	—	—
U.S. government corporate debt	2,404,201	—	—	—	—	—
U.S. Treasury notes	—	—	—	—	—	9,684,555
Total	\$ 49,133,733	2,523,194	802,945	2,468,498	2,251,106	22,122,030

(f) Concentration of Credit Risk

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

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

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As of June 30, 2011, the portions of the County's portfolio (excluding the blended component units), excluding U.S. Treasury notes, that exceed 5% of the total portfolio are as follows:

<u>Issuer</u>	<u>% of portfolio</u>
Federal Home Loan Bank	12.1%
Federal National Mortgage Association	11.2

(g) Interest Rate Risk

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

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

(h) Custodial Credit Risk

The Policy requires that all investment securities purchased by the County or held as collateral on deposits or investments shall be held by the County or by a third-party custodial agent who may not otherwise be a counterparty to the investment transaction. As of June 30, 2011, all of the County's investments are held in a bank's trust department in the name of James City County.

(i) Component Unit – Public Schools

Cash and cash equivalents:	
Bank deposits (including school agency funds)	\$ 13,237,751
Certificates of deposit	47,891
Investment in LGIP	246,075
	<u>\$ 13,531,717</u>

At year end, the carrying value of the Public Schools' deposits with banks and savings institutions in the General Fund and the Agency Fund was \$13,531,717 (including \$850,206 of the School Activity Funds) and the bank balance was \$16,619,599. The difference between the carrying value of bank deposits and the bank balance is primarily due to outstanding checks and deposits in transit. The bank balance is fully covered by federal depository insurance or collateralized in accordance with the Act.

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

Cash and cash equivalents:	
Bank deposits	\$ 120,668
Investment in LGIP	241
Certificates of deposits	1,795,400
	<u>\$ 1,916,309</u>

At year end, the carrying value and bank balance of the Development Authority's deposits with banks and savings institutions was \$120,668. The bank balance, which may differ from the carrying value of deposits primarily due to outstanding checks and deposits in transit, is fully covered by federal depository insurance (FDIC) or collateralized in accordance with the Act.

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

Restricted cash and cash equivalents and investments of the County's governmental activities at June 30, 2011, are detailed as follows:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Capital projects	Lease bonds	\$ 7,887,926
Capital projects	General obligation bond	831,685
Grants and special projects	Grants and special projects	4,729
General	Subdivision escrow	773,659
Community development	Community rehabilitation	337,614
		<u>\$ 9,835,613</u>

(4) **Receivables and Payables**

Amounts due from miscellaneous sources in the General Fund at June 30, 2011, are detailed as follows:

Sales tax	\$ 1,601,103
Emergency medical services	1,463,348
Meals tax	620,981
Other	318,533
Williamsburg Regional Library	124,315
Business license	106,833
Recordation tax	93,621
Utility consumption fee	47,058
Charges for services	45,314
Deeds of conveyance	27,422
Fines and forfeitures	23,795
	<u>\$ 4,472,323</u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Accounts payable and accrued liabilities at June 30, 2011, are comprised of the following:

	Accounts payable	Accrued liabilities	Total
General	\$ 1,530,072	244,381	1,774,453
Capital projects	1,016,523	192,926	1,209,449
Debt service	109,730	—	109,730
Other governmental funds	237,459	23,792	261,251
Governmental funds	2,893,784	461,099	3,354,883
Accrued interest	—	1,677,211	1,677,211
Governmental activities	\$ 2,893,784	2,138,310	5,032,094

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

(5) Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances are considered short-term in nature. All other balances resulted from the time-lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At June 30, 2011, the balances are as follows:

		Due from other funds		
		General	Debt service	Nonmajor governmental funds
				Total
Due to other funds:				
General fund	\$	—	109,730	1,592
Nonmajor governmental funds		294,642	—	—
Service Authority		1,272,463	—	—
Total	\$	1,567,105	109,730	1,592

		Interfund Receivable	Interfund Payable
General fund	\$	294,642	—
Nonmajor governmental funds:			
Virginia public assistance		—	267,647
Colonial community corrections		—	15,500
Community development		—	4,763
Trust fund		—	6,732
Total	\$	294,642	294,642

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Interfund transfers for the year ended June 30, 2011, consisted of the following:

	Transfers to Other Funds	Transfers from Other Funds
General fund	\$ 28,783,692	—
Capital projects	—	1,650,334
Debt service	—	24,551,125
Nonmajor governmental funds	334	2,582,567
Total	<u>\$ 28,784,026</u>	<u>28,784,026</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.

	Transfers in	Transfers out	Net transfers
Governmental funds:			
General fund	\$ —	(28,783,692)	(28,783,692)
Capital projects	1,650,334	—	1,650,334
Debt service	24,551,125	—	24,551,125
Nonmajor governmental funds	2,582,567	(334)	2,582,233
Total	<u>\$ 28,784,026</u>	<u>(28,784,026)</u>	<u>—</u>

Transfers from the General Fund to Capital Projects Fund represent the County's budgeted pay-as-you-go funding.

Transfers from the General Fund to Debt Service Fund represent the movement of restricted receipts from the funds collecting the receipts as debt service payments become due.

Transfers from the General Fund 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.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

(6) Due from Other Governments

Details of amounts due from other governments as of June 30, 2011 are as follows:

Governmental activities:

	General fund	Capital projects fund	Nonmajor governmental funds	Total governmental activities
Local governments:				
City of Williamsburg	\$ 127,212	—	—	127,212
Other	15,755	—	—	15,755
Commonwealth of Virginia:				
Recordation taxes	106,966	—	—	106,966
Rolling stock tax	47,036	—	—	47,036
Communications sales and use tax	270,446	—	—	270,446
State sales taxes	1,548,778	—	—	1,548,778
Personal property tax relief	4,836,856	—	—	4,836,856
Compensation Board	166,608	—	—	166,608
Virginia Department of Transportation	—	—	1,167,337	1,167,337
Virginia Department of Social Services	—	—	282,199	282,199
Other	44,961	158,557	57,077	260,595
Federal government:				
Department of Social Services	—	—	281,255	281,255
Other	—	—	25,017	25,017
Total	\$ <u>7,164,618</u>	<u>158,557</u>	<u>1,812,885</u>	<u>9,136,060</u>

Component Unit – Public Schools:

Federal government	\$ 1,521,468
City of Williamsburg	154,992
Commonwealth of Virginia	151,202
Total	<u>\$ 1,827,662</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, 2011

(7) Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2011:

Governmental Activities

	<u>Balances July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances June 30, 2011</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 25,425,217	717,946	12,000	26,131,163
Construction in progress	56,964,016	23,551,708	63,911,500	16,604,224
Intangible assets - easements	2,403,663	—	—	2,403,663
Total capital assets not being depreciated	<u>84,792,896</u>	<u>24,269,654</u>	<u>63,923,500</u>	<u>45,139,050</u>
Other capital assets:				
Buildings and improvements	241,550,852	63,460,093	37,985	304,972,960
Improvements other than buildings	22,829,888	643,799	—	23,473,687
Equipment and vehicles	37,423,367	2,482,699	1,814,609	38,091,457
Infrastructure	7,745,208	7,500	—	7,752,708
Total other capital assets	<u>309,549,315</u>	<u>66,594,091</u>	<u>1,852,594</u>	<u>374,290,812</u>
Less accumulated depreciation for:				
Buildings and improvements	52,700,474	6,420,689	4,391	59,116,772
Improvements other than buildings	4,136,268	968,416	—	5,104,684
Equipment and vehicles	22,342,689	3,208,180	1,316,394	24,234,475
Infrastructure	2,257,332	310,526	—	2,567,858
Total accumulated depreciation	<u>81,436,763</u>	<u>10,907,811</u>	<u>1,320,785</u>	<u>91,023,789</u>
Other capital assets, net	<u>228,112,552</u>	<u>55,686,280</u>	<u>531,809</u>	<u>283,267,023</u>
	<u>\$ 312,905,448</u>	<u>79,955,934</u>	<u>64,455,309</u>	<u>328,406,073</u>

Depreciation was charged to governmental functions as follows:

General government administration	\$ 648,131
Judicial administration	241,560
Public safety	1,986,289
Public works	211,826
Parks, recreation and cultural	1,447,416
Community development	445,169
Education	5,008,700
Nondepartmental	918,720
Total depreciation expense – governmental activities	<u>\$ 10,907,811</u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Business-Type Activity

	Balances July 1, 2010	Increases	Decreases	Balances June 30, 2011
Capital assets not being depreciated:				
Land	\$ 1,750,391	—	—	1,750,391
Land – utility plant	962,695	—	—	962,695
Land improvements	13,183	—	—	13,183
Construction in progress	4,284,901	9,065,061	7,298,704	6,051,258
Intangible assets - easements	4,570	—	—	4,570
Total capital assets not being depreciated	<u>7,015,740</u>	<u>9,065,061</u>	<u>7,298,704</u>	<u>8,782,097</u>
Other capital assets:				
Water and sewer systems – utility plant	217,344,865	3,863,384	130,579	221,077,670
Buildings and improvements	2,260,462	13,185	3,028	2,270,619
Office fixtures and equipment	1,023,103	144,925	—	1,168,028
Automotive equipment	2,099,788	336,878	72,775	2,363,891
Intangible assets – water rights	25,000,000	—	—	25,000,000
Total other capital assets	<u>247,728,218</u>	<u>4,358,372</u>	<u>206,382</u>	<u>251,880,208</u>
Less accumulated depreciation and amortization for:				
Water and sewer systems – utility plant	79,741,505	6,296,144	129,534	85,908,115
Buildings and improvements	911,638	71,403	1,362	981,679
Office fixtures and equipment	712,444	131,837	—	844,281
Automotive equipment	1,589,642	199,373	72,775	1,716,240
Intangible assets – water rights	766,871	613,497	—	1,380,368
Total accumulated depreciation and amortization	<u>83,722,100</u>	<u>7,312,254</u>	<u>203,671</u>	<u>90,830,683</u>
Other capital assets, net	<u>164,006,118</u>	<u>(2,953,882)</u>	<u>2,711</u>	<u>161,049,525</u>
	<u>\$ 171,021,858</u>	<u>6,111,179</u>	<u>7,301,415</u>	<u>169,831,622</u>

Depreciation and amortization of \$7,312,254 was charged to water and sewer operations as follows:

Water	\$ 4,572,763
Sewer	<u>2,739,491</u>
	<u>\$ 7,312,254</u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Component Unit – Public Schools

	<u>Balances July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances June 30, 2011</u>
Capital assets not being depreciated:				
Land improvements	\$ 8,435,126	—	—	8,435,126
Construction in progress	<u>1,763,305</u>	<u>6,873,956</u>	<u>3,495,400</u>	<u>5,141,861</u>
Total capital assets not being depreciated	<u>10,198,431</u>	<u>6,873,956</u>	<u>3,495,400</u>	<u>13,576,987</u>
Other capital assets:				
Buildings and improvements	28,486,490	3,741,773	283,213	31,945,050
Furniture and equipment	<u>17,722,202</u>	<u>2,461,172</u>	<u>1,212,096</u>	<u>18,971,278</u>
Total other capital assets	<u>46,208,692</u>	<u>6,202,945</u>	<u>1,495,309</u>	<u>50,916,328</u>
Less accumulated depreciation for:				
Buildings and improvements	7,511,846	1,333,058	106,123	8,738,781
Furniture and equipment	<u>11,029,026</u>	<u>1,111,078</u>	<u>1,153,278</u>	<u>10,986,826</u>
Total accumulated depreciation	<u>18,540,872</u>	<u>2,444,136</u>	<u>1,259,401</u>	<u>19,725,607</u>
Other capital assets, net	<u>27,667,820</u>	<u>3,758,809</u>	<u>235,908</u>	<u>31,190,721</u>
	<u>\$ 37,866,251</u>	<u>10,632,765</u>	<u>3,731,308</u>	<u>44,767,708</u>

Depreciation of \$2,444,136 was charged to the Public Schools' governmental functions.

The total construction in progress for the Public Schools is \$5,266,682. Capital outlay expenditures totaling \$124,821 are presented in the County's construction in progress balance in order to match the corresponding debt.

Component Unit – Economic Development Authority

	<u>Balance at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2011</u>
Land	\$ 2,483,106	—	—	2,483,106
Construction in progress	<u>166,510</u>	<u>—</u>	<u>—</u>	<u>166,510</u>
	<u>\$ 2,649,616</u>	<u>—</u>	<u>—</u>	<u>2,649,616</u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

(8) Amounts Due From and To Component Units

The Service Authority owes the County \$1,272,463 at June 30, 2011, 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, 2011, the County owed the Public Schools \$5,955,228, which primarily represents construction incurred by the Public Schools. Additionally, the County owed the Development Authority \$318,346, which primarily represents payments for Development Authority grants.

(9) Unearned Revenue

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Details of unearned revenue as of June 30, 2011 follow:

	General fund	Capital projects	Other governmental funds	Total
Prepaid property taxes	\$ 74,168	—	—	74,168
Unexpended grants	—	—	853,983	853,983
Governmental activities	74,168	—	853,983	928,151
Property taxes not collected within 45 days	19,127,010	1,145	—	19,128,155
Governmental funds	<u>\$ 19,201,178</u>	<u>1,145</u>	<u>853,983</u>	<u>20,056,306</u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

(10) Long-Term Debt

Primary Government

A summary of the County's long-term liability activity for governmental activities for the fiscal year ended June 30, 2011, is presented below:

	Amounts payable at July 1, 2010	Additions	Retirements and reductions	Amounts payable at June 30, 2011	Amounts due within one year
Governmental activities:					
General obligation bonds	\$ 93,022,915	4,820,000	12,646,324	85,196,591	7,499,906
Deferred amounts:					
Add bond premium	8,902,232	321,834	642,785	8,581,281	—
Deduct underwriter's discount	(510,382)	(20,003)	(36,137)	(494,248)	—
Total general obligation bonds	<u>101,414,765</u>	<u>5,121,831</u>	<u>13,252,972</u>	<u>93,283,624</u>	<u>7,499,906</u>
Capital lease – Radio System	9,877,000	—	904,000	8,973,000	947,000
Other capital lease	292,895	1,312,522	292,895	1,312,522	103,449
Lease revenue bonds	110,275,000	—	6,220,000	104,055,000	6,225,000
OPEB obligation	708,962	250,000	—	958,962	—
Compensated absences	3,389,300	3,252,421	3,228,223	3,413,498	2,560,124
Landfill postclosure care cost	<u>2,326,036</u>	<u>—</u>	<u>18,609</u>	<u>2,307,427</u>	<u>50,770</u>
Governmental activities long- term liabilities	<u>\$ 228,283,958</u>	<u>9,936,774</u>	<u>23,916,699</u>	<u>214,304,033</u>	<u>17,386,249</u>

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

In October 2010, the County issued \$4,820,000 in General Obligation Public Improvement Refunding Bonds. These refunded the Series 2002 and 2002B bonds that were outstanding. These refunding bonds were issued at a true interest cost of 1.294%, which resulted in a net present value savings of \$357,773.

The County entered into a capital lease agreement with SunTrust Bank during fiscal year 2004 to lease radio system equipment for the County 911 facility. Included in capital assets are \$12,099,132 related to this lease arrangement, and depreciation expense incurred on the capital asset totaled \$1,196,619 for fiscal year 2011.

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, 2011, \$1,008,200 was included in capital assets, and \$67,213 depreciation expense was incurred during fiscal year 2011.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

The present value of future minimum capital lease payments of the County as of June 30, 2011, is as follows:

Fiscal year ending June 30:	
2012	\$ 1,530,269
2013	1,531,097
2014	1,530,732
2015	1,538,235
2016	1,537,242
2017-2021	<u>4,938,321</u>
Total minimum lease payments	12,605,896
Less amount representing interest	<u>(2,320,374)</u>
Present value of minimum capital lease payments	\$ <u><u>10,285,522</u></u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

(a) Governmental Activities

Details of long-term bonded indebtedness:

\$2,350,959 School Bonds, 1992 GO, issued November 12, 1992, maturing in various annual installments through July 15, 2012, with interest payable semiannually at 6.35%	\$ 246,591
\$23,610,000 School Bonds, 1997-I, Refunding, issued November 20, 1997, maturing in various annual installments through December 15, 2011, with interest payable semiannually at 6.37%	240,000
\$18,800,000 School Bonds, issued May 1, 1997, maturing in various annual installments through January 15, 2018, with interest payable semiannually at 5.475%	9,035,000
\$19,220,000 School Bonds, Series 1999A, issued May 13, 1999, maturing in various annual installments through July 15, 2019, with interest payable semiannually at 4.60%	10,855,000
\$1,250,000 School Bonds, Series 1999B, issued August 17, 1999, maturing in various annual installments through July 15, 2019, with interest payable semiannually at 5.75%	540,000
\$21,510,000 General Obligation Public Improvement Refunding Bond, Series 2003, issued June 26, 2003, maturing in various installments through December 15, 2014, with interest payable semiannually at 3.00%	9,685,000
\$39,820,000 General Obligation School Bonds, Series 2005, issued June 8, 2005, maturing in various installments through December 15, 2029, with interest payable semiannually at 4.00%	34,025,000
\$21,000,000 General Obligation Bonds, Series 2006, issued December 28, 2006, maturing in annual installments of \$1,050,000 through June 15, 2026, with interest payable semiannually at 4.00%	15,750,000
\$4,820,000 General Obligation Public Improvement Refunding Bonds, Series, 2010, issued on October 20, 2010, maturing in various annual installments through December 15, 2015, with interest payable semiannually at 3.00%	4,820,000
	<hr/> 85,196,591
Add premiums	8,581,281
Deduct underwriter's discount	<hr/> (494,248)
Total general obligation bonds	93,283,624

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Capital lease obligations:

\$14,500,000 entered into on November 7, 2003, due in various installments through March 1, 2019, with interest paid semiannually at 4.77% 8,973,000

\$1,312,522 entered into on November 10, 2010, due in various annual installments through December 1, 2020, with interest paid semiannually at 3.725% 1,312,522

Lease revenue bonds:

\$22,570,000 issued August 24, 2005, due in various installments through July 25, 2025, with interest paid semiannually at 4.00% 18,480,000

\$95,775,000 issued December 28, 2006, due in various installments through June 15, 2026, with interest paid semiannually at 5.00% 71,825,000

\$14,935,000 issued September 23, 2009, due in various installments through January 15, 2030, with interest paid semiannually at 1.55% 13,750,000

OPEB obligation 958,962

Compensated absences 3,413,498

Landfill postclosure care costs 2,307,427

Total governmental activities \$ 214,304,033

(b) Business-Type Activity

A summary of the County's long-term liability activity for the business-type activity for the fiscal year ended June 30, 2011, is presented below:

	<u>Amounts payable at July 1, 2010</u>	<u>Additions</u>	<u>Retirements and reductions</u>	<u>Amounts payable at June 30, 2011</u>	<u>Amounts due within one year</u>
Business-type activity:					
Revenue bonds	\$ 35,630,000	—	1,440,000	34,190,000	1,490,000
Add bond premium	320,422	—	41,124	279,298	41,124
OPEB obligation	102,509	27,000	—	129,509	—
Compensated absences	381,802	440,183	419,398	402,587	301,940
Total	<u>\$ 36,434,733</u>	<u>467,183</u>	<u>1,900,522</u>	<u>35,001,394</u>	<u>1,833,064</u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Details of long-term bonded indebtedness:

\$14,650,000 Revenue Bonds, Series 2003 issued April, 2003, maturing in various annual installments through 2018 with interest payable semiannually at 3.75%	\$ 8,005,000
\$27,120,000 Revenue Bonds, Series 2008 issued August, 2008, maturing in various annual installments through 2040 with interest payable semiannually at 3.50%	26,185,000
Add premium	279,298
Total	\$ <u><u>34,469,298</u></u>

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

Governmental activities:

	General obligation bonds		Lease revenue bonds	
	Principal	Interest	Principal	Interest
Fiscal year ending				
June 30:				
2012	\$ 7,482,506	3,818,548	6,255,000	5,024,421
2013	7,469,085	3,498,170	6,300,000	4,735,509
2014	7,635,000	3,153,410	6,350,000	4,442,715
2015	7,935,000	2,797,938	6,395,000	4,145,234
2016	7,890,000	2,458,129	6,455,000	3,842,290
2017-2021	21,735,000	8,415,188	33,325,000	14,380,451
2022-2026	15,175,000	4,363,063	35,350,000	6,012,106
2027-2031	9,875,000	919,094	3,625,000	493,270
2032-2036	—	—	—	—
2037-2040	—	—	—	—
	<u>\$ 85,196,591</u>	<u>29,423,540</u>	<u>104,055,000</u>	<u>43,075,996</u>

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

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Business-type activity:

Fiscal year ending June 30:	Revenue bonds	
	Principal	Interest
2012	\$ 1,490,000	1,537,750
2013	1,545,000	1,483,100
2014	1,605,000	1,423,850
2015	1,680,000	1,350,125
2016	1,755,000	1,274,300
2017-2021	5,720,000	5,278,156
2022-2026	3,845,000	4,381,019
2027-2031	2,730,000	3,511,150
2032-2036	3,110,000	2,703,138
2037-2040	10,710,000	1,616,162
	<u>\$ 34,190,000</u>	<u>24,558,750</u>

Future maturities of compensated absences are not determinable (see note 11).

(c) *Component Unit – Public Schools*

	Amounts payable at July 1, 2010	Additions	Retirements and reductions	Amounts payable at June 30, 2011	Amounts due within one year
OPEB obligation	\$ 1,972,300	1,074,000	290,000	2,756,300	—
Compensated absences	<u>875,418</u>	<u>880,770</u>	<u>819,734</u>	<u>936,454</u>	<u>421,404</u>
Component Unit – Public Schools long-term liabilities	<u>\$ 2,847,718</u>	<u>1,954,770</u>	<u>1,109,734</u>	<u>3,692,754</u>	<u>421,404</u>

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

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

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for 10 to 30 years after closure. The \$2,307,427 reported as landfill postclosure liability at June 30, 2011, 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 2011. Actual costs may be higher due to inflation, technology changes, or regulation changes. The County intends to fund these costs from the net revenues collected from the above contract and from any funds accumulated for this purpose in the County General Fund.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

(12) Pension Plan

(a) Plan Description

The County, the Authority and the Public Schools contribute to the Virginia Retirement System (VRS or the System), an agent multiple-employer, defined benefit pension plan administered by the VRS. All full-time, salaried regular employees of participating employers must participate in the VRS. Benefits vest after five years of service.

VRS administers two defined benefit plans for employees – Plan 1 and Plan 2:

- Employees hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service or as early as age 50 with at least 30 years of service.
- Employees hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Employees are eligible for an unreduced retirement benefit beginning at their normal Social Security retirement age with at least five years of service or when their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Participating law enforcement officers and firefighters in Plan 1 and Plan 2 are eligible for an unreduced retirement benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS basic benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation. The retirement multiplier for all employees is 1.7%. At retirement, employees can elect the basic benefit, the survivor option, a partial lump-sum option payment (PLOP) or the advance pension option. A retirement reduction factor is applied to the basic benefit amount for employees electing the survivor option, PLOP or advance pension option or those retiring with a reduced benefit.

In addition, retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year after retirement. Under Plan 1, the COLA cannot exceed 5%; under Plan 2, the COLA cannot exceed 6%. During years of no inflation or deflation, the COLA is 0%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

(b) *Funding Policy*

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. All of the 5% member contribution has been assumed by the employer. In addition, the County, the Authority and the Public Schools are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the statute and approved by the VRS board of trustees. The employer contribution rates for the fiscal year ended June 30, 2011 were 13.46%, 9.99% and 6.56% of annual covered payroll for the County, the Authority and the Public Schools, respectively.

(c) *Annual Pension Cost*

For the fiscal year ended June 30, 2011, the annual pension cost of \$4,680,445, \$379,057, and \$543,878 for the County, Authority, Public Schools (non-professional), respectively, was equal to the annual required and actual contributions. The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry-age-normal-actuarial-cost method amortizing the unfunded actuarial accrued liability over 20 years using the level percent, open method. The actuarial assumptions included (a) 7.0% investment rate of return, (b) projected salary increases between 3.75% and 5.60%, and (c) 2.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the respective entities' assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a 5 year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010 for the unfunded actuarial accrued liability (UAAL) was 20 years.

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

Governmental activities:

Three-year trend information			
Fiscal year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
June 30, 2011	\$ 4,680,445	100%	None
June 30, 2010	4,555,954	100	None
June 30, 2009	4,621,707	100	None

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Business-type activity:

Three-year trend information			
Fiscal year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
June 30, 2011	\$ 379,057	100%	None
June 30, 2010	350,878	100	None
June 30, 2009	362,769	100	None

Component Unit – Public Schools (non-professional):

Three-year trend information			
Fiscal year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
June 30, 2011	\$ 543,878	100%	None
June 30, 2010	568,724	100	None
June 30, 2009	556,172	100	None

(d) *Funded Status and Funding Progress*

The most recent actuarial valuation as of June 30, 2010 indicated the following with respect to the plan's funded status and funding progress:

Governmental activities:

Actuarial value of assets	\$ 101,235,996
Actuarial accrued liability (AAL)	127,031,132
Unfunded actuarial accrued liability (UAAL)	25,795,136
Funded ratio	79.69%
Covered payroll	\$ 35,200,976
UAAL as a percentage of covered payroll	73.28%

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Business-type activity:

Actuarial value of assets	\$	9,379,772
Actuarial accrued liability (AAL)		11,139,934
Unfunded actuarial accrued liability (UAAL)		1,760,162
Funded ratio		84.20%
Covered payroll	\$	3,762,294
UAAL as a percentage of covered payroll		46.78%

Component Unit – Public Schools (non-professional):

Actuarial value of assets	\$	12,134,124
Actuarial accrued liability (AAL)		14,053,571
Unfunded actuarial accrued liability (UAAL)		1,919,447
Funded ratio		86.34%
Covered payroll	\$	4,839,145
UAAL as a percentage of covered payroll		39.67%

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

(13) Postretirement Benefits Other Than Pensions

For the fiscal year ended June 30, 2009, the County, Authority and Public Schools adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for reporting the liability for the County's nonpension postemployment benefit, the health care plan for retirees.

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

(a) Plan Provisions

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

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

(b) Funding Policy

The County, Authority and Public Schools do not intend to establish a trust to prefund this liability. The anticipated growth in the net OPEB obligation is based on contributions to the benefit plan on a pay-as-you-go cost basis. The data has been projected into the future based on the assumption the current active population remains constant. Retirees pay the full rate of coverage under the medical plan.

(c) Plan Description

Currently, covered full-time active employees who retire directly from the County or Authority and are at least 50 years of age with 15 years of service are eligible to receive postretirement health care benefits. Each year, retirees participating in the County or Authority's sponsored plans will be given the opportunity to change plans or drop coverage during an open enrollment period. The pre-Medicare retirees have a choice of three plans: Optima, Healthkeepers and KeyCare. The majority of the participants are in Healthkeepers. Dental plans are available at the retiree's cost, and therefore, have no GASB 45 liability. There is no coverage for post-Medicare retirees. There were 327 County and 74 Authority participants at the time of the actuarial study. The County and Authority do not contribute towards the retiree's health insurance premiums. Therefore, since the retirees pay their health insurance premiums based on a blended rate, the County and Authority has an implicit liability.

The Public Schools provides a single-employer defined benefit medical plan and a retiree health insurance premium contribution plan that covers retirees until they reach 65 years of age. There is no coverage for retirees or their spouses once they reach the age of 65 and are eligible for Medicare. Both plans were established under the authority of the Williamsburg-James City County School Board and any amendments to the plans must be approved by the School Board. The Schools' retiree health insurance premium contribution plan allows eligible retirees to receive a \$75 contribution monthly toward their health insurance premium. The retiring employee must have a minimum of twelve continuous years of service with Williamsburg-James City County Public Schools. The Public Schools' current membership is 43.

(d) Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation as of June 30, 2011 was calculated as follows:

Governmental activities:

Annual required contribution	\$	292,000
Interest on net OPEB obligation		30,000
Actuarial adjustments		(31,530)
Annual OPEB cost		<u>290,470</u>
Contributions made		<u>(40,470)</u>
Increase in net OPEB obligation		250,000
Net OPEB obligation, beginning of year		<u>708,962</u>
Net OPEB obligation, end of year	\$	<u><u>958,962</u></u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Business-type activity:

Annual required contribution	\$	32,000
Interest on net OPEB obligation		3,000
Actuarial adjustments		(3,440)
Annual OPEB cost		<u>31,560</u>
Contributions made		(4,560)
Increase in net OPEB obligation		<u>27,000</u>
Net OPEB obligation, beginning of year		102,509
Net OPEB obligation, end of year	\$	<u><u>129,509</u></u>

Component Unit – Public Schools:

Annual required contribution	\$	1,068,000
Interest on net OPEB obligation		79,000
Actuarial adjustments		(73,000)
Annual OPEB cost		<u>1,074,000</u>
Contributions made		(290,000)
Increase in net OPEB obligation		<u>784,000</u>
Net OPEB obligation, beginning of year		1,972,300
Net OPEB obligation, end of year	\$	<u><u>2,756,300</u></u>

The trend information for the OPEB plans is as follows:

Governmental activities:

Three-year trend information			
Fiscal year ended June 30,	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
2011	\$ 290,470	13.9%	\$ 958,962
2010	270,760	14.7	708,962
2009	595,948	19.8	477,962

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Business-type activity:

Three-year trend information			
Fiscal year ended June 30,	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
2011	\$ 31,560	14.4%	\$ 129,509
2010	30,480	14.7	102,509
2009	80,883	15.7	76,509

Component Unit – Public Schools:

Three-year trend information			
Fiscal year ended June 30,	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
2011	\$ 1,074,000	27.0%	\$ 2,756,300
2010	998,000	26.6	1,972,300
2009	1,729,300	28.3	1,239,300

(e) *Actuarial Methods and Assumptions*

Valuation Methods

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

Employees Included in the Calculations

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

Actuarial Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included calculations based on a discount rate of 4% for the unfunded liability, rate of inflation of 3.2%, payroll growth of 3%, and amortization of the initial unfunded actuarial liability over a closed 28 year period based on a level percent of payroll method. The actuarial accrued liability was \$2,194,000, \$244,000 and \$7,988,000 for the County, Authority and Public Schools, respectively. Future increases for the cost of medical benefits were assumed to range from

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

5% to 9% with the larger increases in the early years and gradually decreasing to 5% thereafter. It should be noted actuarial calculations reflect a long-term perspective and, therefore, actuarially determined amounts are subject to revision as results are compared to past expectations and new estimates are made about the future.

(f) *Schedule of Funding Progress*

Governmental activities:

Actuarial valuation date July 1,	Actuarial value of assets	Actuarial accrued liability (AAL) project unit credit	Unfunded actuarial accrued liability (UAAL)	Funding ratio	Covered payroll	UAAL as a percentage of covered payroll
2007	\$ —	5,468,818	5,468,818	—	\$ 34,244,502	16.0%
2009	—	2,009,000	2,009,000	—	33,008,935	6.1
2010	—	2,194,000	2,194,000	—	32,436,359	6.8

Business-type activity:

Actuarial valuation date July 1,	Actuarial value of assets	Actuarial accrued liability (AAL) project unit credit	Unfunded actuarial accrued liability (UAAL)	Funding ratio	Covered payroll	UAAL as a percentage of covered payroll
2007	\$ —	628,267	628,267	—	\$ 4,360,870	14.4%
2009	—	225,000	225,000	—	4,133,261	5.4
2010	—	244,000	244,000	—	4,040,543	6.0

Component Unit – Public Schools:

Actuarial valuation date July 1,	Actuarial value of assets	Actuarial accrued liability (AAL) project unit credit	Unfunded actuarial accrued liability (UAAL)	Funding ratio	Covered payroll	UAAL as a percentage of covered payroll
2007	\$ —	14,841,033	14,841,033	—	\$ 71,828,743	20.7%
2009	—	7,231,000	7,231,000	—	72,061,802	10.0
2010	—	7,988,000	7,988,000	—	69,697,225	11.5

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

(14) Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to permanent part-time and full-time County and Authority employees, permits them to defer 25% of their gross income up to the maximum allowable by the IRC (\$16,500 in 2011). The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

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

(15) Related-Party Transactions

Certain financial management, accounting, legal and other services are provided to the Authority by the County. The charge for these services amounted to \$791,401 for the year ended June 30, 2011. In addition, the County rents space in the Authority administration building under a lease agreement. This is a 25-year noncancelable operating lease agreement, which expires in 2014. The yearly rate was \$85,537 for 2011, and continues through 2014. The rental charge includes the following: utilities, insurance, maintenance, housekeeping supplies and custodian services.

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 \$95,952 for the year ended June 30, 2011 for these services.

(16) Risk Management

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

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

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements,

June 30, 2011

(17) Commitments and Contingencies

Primary Government

Construction in Progress – Governmental Activities

At June 30, 2011, the County had several major projects under construction which are presented in the accompanying financial statements as construction in progress. Presented below is a list of major projects, by budget, expenditures to date, balance of contract and budget balance.

Project	Budget	Expenditures to date	Balance of contract	Budget balance
Public safety	\$ 15,508,346	12,156,213	1,519,303	1,832,830
General governmental	2,528,645	848,708	323,712	1,356,225
Education	2,516,851	124,821	1,575,027	817,003
Community development	3,584,051	2,086,726	444,970	1,052,355
Parks and recreation	11,061,767	1,387,756	1,649,943	8,024,068
	<u>\$ 35,199,660</u>	<u>16,604,224</u>	<u>5,512,955</u>	<u>13,082,481</u>

Construction in Progress – Business-Type Activity

At June 30, 2011, the Authority had several major projects under construction which are presented in the accompanying financial statements as construction in progress. Presented below is a list of major projects, by budget, expenditures to date, balance of contract and budget balance.

Project	Budget	Expenditures to date	Balance of contract	Budget balance
Sewer improvements	\$ 2,365,037	46,547	468,884	1,849,606
Water supply	10,485,587	2,744,599	517,895	7,223,093
Water distribution	94,934	45,298	32,241	17,395
Water transmission	987,500	776,476	994	210,030
Water storage	724,683	14,380	—	710,303
Other	3,046,921	2,423,958	580,843	42,120
	<u>\$ 17,704,662</u>	<u>6,051,258</u>	<u>1,600,857</u>	<u>10,052,547</u>

Advances for Construction

The Authority records advances for construction representing two separate agreement types. The first one represents funds advanced by developers for the construction of specific facilities. These agreements call for rebates, up to the amount advanced, and have no expiration date. Secondly, developers can also construct a facility, dedicate it to the Authority and receive rebates, up to the cost of the facility, for up to 10 years. The Authority no longer enters into these types of agreements. At June 30, 2011, the Authority had \$32,902 outstanding in advances for construction.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

Operating Leases

Primary Government

The County leases certain land and office space under noncancelable operating lease agreements. A summary of future minimum lease payments as of June 30, 2011 are as follows:

	<u>Lease payments due</u>
Year ending June 30:	
2012	\$ 600,809
2013	602,040
2014	504,065
2015	467,126
2016	266,692
2017-2021	117,317
2022-2026	120,837
2027-2029	73,791
	<u>\$ 2,752,677</u>

Rental expenditures related to these lease agreements were \$579,656 for the year ended June 30, 2011.

Component Unit – Public Schools

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

	<u>Lease payments due</u>
Year ending June 30:	
2012	\$ 228,100
2013	131,681
2014	48,310
	<u>\$ 408,091</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.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2011

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

(18) Subsequent Event

On September 30, 2011, the County issued lease revenue bonds totaling \$6,672,000 at 2.18% interest to finance a refurbished fire station, renovations to a government center building and infrastructure improvements at a district park.

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, 2011

Fund, major and minor revenue source	Original budget	Final budget	Actual	Variance positive (negative)
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 84,202,075	84,202,075	85,605,707	1,403,632
Real and personal public service corporation property taxes	1,500,000	1,500,000	1,626,469	126,469
Personal property taxes	14,978,359	14,978,359	15,147,316	168,957
Machinery and tools taxes	4,900,000	4,900,000	5,498,296	598,296
Penalties	475,000	475,000	491,826	16,826
Interest	150,000	150,000	194,692	44,692
Total general property taxes	106,205,434	106,205,434	108,564,306	2,358,872
Other local taxes:				
Local sales and use taxes	8,400,000	8,400,000	8,924,450	524,450
Franchise license taxes	340,000	340,000	571,043	231,043
Taxes on recordation and wills	1,200,000	1,200,000	1,132,789	(67,211)
Hotel and motel room taxes	2,475,000	2,475,000	2,520,379	45,379
Restaurant food taxes	5,525,000	5,525,000	5,617,380	92,380
Deeds of conveyance	275,000	275,000	298,533	23,533
Penalties	—	—	23,257	23,257
Interest	—	—	12,255	12,255
Total other local taxes	18,215,000	18,215,000	19,100,086	885,086
Permits, privilege fees and regulatory licenses:				
Animal licenses	40,000	40,000	31,903	(8,097)
Business licenses	4,915,000	4,915,000	5,448,076	533,076
Motor vehicle licenses	130,000	130,000	127,140	(2,860)
Building permits	625,000	625,000	825,608	200,608
Permits and other licenses	531,250	531,250	622,891	91,641
Total permits, privilege fees and regulatory licenses	6,241,250	6,241,250	7,055,618	814,368
Fines and forfeitures	300,000	300,000	334,633	34,633
Revenue from use of property	280,000	280,000	283,769	3,769
Charges for services:				
Excess fees of the clerk	165,000	165,000	200,340	35,340
Charges for Commonwealth's attorney	2,500	2,500	3,234	734
Charges for law enforcement and traffic control	170,000	170,000	152,933	(17,067)
Charges for emergency medical services	1,670,000	1,670,000	1,736,655	66,655
Charges for parks and recreation	2,901,221	2,901,221	2,494,536	(406,685)
Landfill user fees	206,000	206,000	203,302	(2,698)
Other fees	98,000	98,000	70,478	(27,522)
Total charges for services	5,212,721	5,212,721	4,861,478	(351,243)
Miscellaneous revenue:				
Sale of property	50,000	50,000	55,140	5,140
Miscellaneous	121,983	201,554	177,687	(23,867)
Total miscellaneous revenue	171,983	251,554	232,827	(18,727)
Total revenue from local sources	136,626,388	136,705,959	140,432,717	3,726,758

COUNTY OF JAMES CITY, VIRGINIA

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

General Fund

Year ended June 30, 2011

Fund, major and minor revenue source	Original budget	Final budget	Actual	Variance positive (negative)
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 40,000	40,000	30,083	(9,917)
Tax on deeds	321,485	321,485	502,924	181,439
Railroad rolling stock taxes	51,000	51,000	47,036	(3,964)
Personal property tax relief	9,770,137	9,770,137	9,770,137	—
Car rental tax	70,000	70,000	72,113	2,113
Total noncategorical aid	10,252,622	10,252,622	10,422,293	169,671
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	491,415	491,415	513,087	21,672
Sheriff	672,788	672,788	691,710	18,922
Commissioner of the revenue	158,019	158,019	162,200	4,181
Treasurer	156,297	156,297	160,441	4,144
Medical examiner	300	300	—	(300)
Registrar/electoral board	48,214	48,214	46,963	(1,251)
Clerk of the circuit court	445,019	445,019	456,337	11,318
Total shared expenses	1,972,052	1,972,052	2,030,738	58,686
Other categorical aid:				
Wireless Board	150,135	150,135	186,295	36,160
Commission of the arts	5,000	5,000	5,000	—
HB 599 payments	1,368,428	1,368,428	1,368,532	104
Share of state sales tax	8,000,000	8,900,000	9,068,076	168,076
Communications sales and use tax	1,600,000	1,600,000	1,775,943	175,943
Victim's assistance	25,244	25,244	25,244	—
Other	42,000	42,000	48,104	6,104
Total other categorical aid	11,190,807	12,090,807	12,477,194	386,387
Total categorical aid	13,162,859	14,062,859	14,507,932	445,073
Total revenue from the Commonwealth	23,415,481	24,315,481	24,930,225	614,744
Revenue from the federal government:				
Victim's assistance	75,732	129,670	119,447	(10,223)
Payments in lieu of taxes	7,000	7,000	7,038	38
Other	—	—	341	341
Total revenue from the federal government	82,732	136,670	126,826	(9,844)
Total revenues	160,124,601	161,158,110	165,489,768	4,331,658

COUNTY OF JAMES CITY, VIRGINIA

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

General Fund

Year ended June 30, 2011

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
General government administration:				
Legislative:				
Board of supervisors	\$ 187,925	214,536	214,277	259
General and financial administration:				
County administrator	402,901	453,630	448,790	4,840
County attorney	440,894	398,954	388,612	10,342
Human resources	412,030	424,463	399,213	25,250
TQP	209,605	210,991	208,980	2,011
Legal services	8,975	52,961	42,799	10,162
Commissioner of the revenue	693,072	693,127	664,732	28,395
Real estate assessments	749,423	714,332	620,497	93,835
Treasurer	1,055,735	1,055,746	1,044,051	11,695
Financial management	865,942	934,808	882,434	52,374
Accounting	150,326	150,404	74,322	76,082
Publications management	184,925	184,925	176,862	8,063
Purchasing	266,893	306,798	301,529	5,269
Records management	222,217	247,255	235,072	12,183
Telecommunications	196,362	208,014	187,729	20,285
Information technology	1,410,146	1,455,107	1,389,729	65,378
Fleet maintenance	773,077	810,604	760,279	50,325
Total general and financial administration	8,042,523	8,302,119	7,825,630	476,489
Board of elections:				
Electoral board and officials	115,512	125,034	57,481	67,553
Registrar	180,143	174,143	168,125	6,018
Total board of elections	295,655	299,177	225,606	73,571
Total general government administration	8,526,103	8,815,832	8,265,513	550,319
Judicial administration:				
Courts:				
Circuit court and judicial services	457,077	460,577	454,306	6,271
General district court	46,500	46,559	30,130	16,429
Juvenile and domestic relations district court	23,505	23,505	17,582	5,923
Clerk of the circuit court	699,408	700,180	673,244	26,936
Sheriff	1,191,979	1,194,979	1,173,339	21,640
9th judicial district	9,044	9,044	8,600	444
Court services and juvenile detention	444,270	391,431	339,484	51,947
Courthouse	439,567	452,195	411,880	40,315
Victim and witness assistance	119,259	234,889	174,468	60,421
Total courts	3,430,609	3,513,359	3,283,033	230,326
Commonwealth's attorney	792,877	804,998	777,783	27,215
Total judicial administration	4,223,486	4,318,357	4,060,816	257,541
Public safety:				
Law enforcement and traffic control:				
Police department	8,108,160	8,183,111	8,012,008	171,103
Emergency communications	2,420,154	2,530,855	2,489,940	40,915
Total law enforcement and traffic control	10,528,314	10,713,966	10,501,948	212,018
Fire and rescue services:				
Fire department	7,084,079	7,329,075	7,285,615	43,460
Emergency medical services	2,195,824	2,006,444	1,941,062	65,382
Total fire and rescue services	9,279,903	9,335,519	9,226,677	108,842

COUNTY OF JAMES CITY, VIRGINIA

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

General Fund

Year ended June 30, 2011

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
Correction and detention:				
Regional jail	\$ 1,935,192	2,106,731	2,298,187	(191,456)
Inspections:				
Code compliance	944,382	949,848	894,210	55,638
Other protection:				
Animal control	170,846	170,846	161,428	9,418
Emergency management	249,622	251,387	240,938	10,449
Total other protection	420,468	422,233	402,366	19,867
Total public safety	23,108,259	23,528,297	23,323,388	204,909
Public works:				
Sanitation and waste removal:				
Grounds maintenance	1,171,100	1,216,018	1,135,257	80,761
Refuse disposal	1,573,742	1,645,621	1,553,332	92,289
Total sanitation and waste removal	2,744,842	2,861,639	2,688,589	173,050
Maintenance of general buildings and grounds:				
Facilities management	3,205,272	3,238,929	3,019,886	219,043
Total public works	5,950,114	6,100,568	5,708,475	392,093
Health and welfare:				
Local health department	697,323	697,323	696,938	385
Mental health and mental retardation	854,795	854,795	854,795	—
Total health and welfare	1,552,118	1,552,118	1,551,733	385
Education:				
School board administration	73,830,815	73,830,815	73,830,796	19
Parks, recreation and cultural:				
Parks and recreation:				
Administration	615,599	615,372	606,726	8,646
Community centers	1,338,963	1,339,041	1,255,572	83,469
Park operations	1,059,726	1,060,938	1,011,588	49,350
Recreation services	2,286,198	2,294,714	2,090,901	203,813
Total parks and recreation	5,300,486	5,310,065	4,964,787	345,278
Library:				
Regional library	4,102,823	4,102,823	4,102,823	—
Total parks, recreation and cultural	9,403,309	9,412,888	9,067,610	345,278
Community development:				
Planning and community development:				
Planning	1,321,666	1,342,881	1,195,387	147,494
Development management	237,006	245,492	243,754	1,738
Communications	533,741	537,734	522,737	14,997
Economic development	370,587	386,563	381,399	5,164
Satellite office	192,160	192,160	191,011	1,149
Contributions – other	2,575,978	2,575,978	2,565,362	10,616
Regional transportation	481,158	481,158	481,158	—
Total planning and community development	5,712,296	5,761,966	5,580,808	181,158

COUNTY OF JAMES CITY, VIRGINIA

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

General Fund

Year ended June 30, 2011

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
Environmental management:				
Environmental services	\$ 883,980	884,037	864,754	19,283
Stormwater management	642,822	771,431	636,745	134,686
Total environmental management	1,526,802	1,655,468	1,501,499	153,969
Cooperative extension program:				
Community development	48,861	48,861	43,398	5,463
Total community development	7,287,959	7,466,295	7,125,705	340,590
Nondepartmental:				
Miscellaneous	590,556	139,603	(266,150)	405,753
Total expenditures	134,472,719	135,164,773	132,667,886	2,496,887
Excess of revenues over expenditures	25,651,882	25,993,337	32,821,882	6,828,545
Other financing uses:				
Operating transfers out	(25,651,882)	(26,551,882)	(28,783,692)	(2,231,810)
Excess (deficiency) of revenues over expenditures and other uses	—	(558,545)	4,038,190	4,596,735
Fund balance at beginning of year	—	558,545	35,433,711	32,146,514
Fund balance at end of year	\$ —	—	39,471,901	36,743,249

Unaudited - see accompanying independent auditors' report.

See accompanying note to required supplementary information.

COUNTY OF JAMES CITY, VIRGINIA

Schedules of Funding Progress - VRS

Required Supplementary Information (Unaudited)

June 30, 2011

County employees:

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded actuarial accrued liability (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
June 30, 2006	\$ 70,571,572	82,689,433	12,117,861	85.35%	\$ 30,932,350	40.42%
June 30, 2007	82,716,140	92,545,110	9,828,970	89.38	33,380,299	29.45
June 30, 2008	93,426,419	103,829,642	10,403,223	89.98	35,800,046	29.06
June 30, 2009	98,175,234	112,735,283	14,560,049	87.08	36,393,488	40.01
June 30, 2010	101,235,996	127,031,132	25,795,136	79.69	35,200,976	73.28

James City Service Authority employees:

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded actuarial accrued liability / (funding excess) (UAAL)	Funded ratio	Covered payroll	UAAL / excess funding as a percentage of covered payroll
June 30, 2006	\$ 6,349,198	6,466,131	116,933	98.19%	\$ 3,405,987	3.43%
June 30, 2007	7,577,511	7,464,623	(112,888)	101.51	3,633,388	(3.11)
June 30, 2008	8,716,528	8,860,331	143,803	98.38	3,762,899	3.82
June 30, 2009	9,259,271	9,773,570	514,299	94.74	3,995,122	12.87
June 30, 2010	9,379,722	11,139,934	1,760,212	84.20	3,762,294	46.79

Public Schools' – non-professional:

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded actuarial accrued liability / (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
June 30, 2006	\$ 8,591,996	9,646,268	1,054,272	89.07%	\$ 3,712,031	28.40%
June 30, 2007	9,953,121	10,491,400	538,279	94.87	3,911,323	13.76
June 30, 2008	11,280,529	11,431,652	151,123	98.70	4,500,204	3.40
June 30, 2009	11,767,848	12,381,835	613,987	95.04	4,819,099	12.74
June 30, 2010	12,134,124	14,053,571	1,919,447	86.34	4,839,145	39.67

Unaudited - see accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA

Note to Required Supplementary Information (Unaudited)

June 30, 2011

(1) Budgeting and Budgetary Accounting

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

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

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

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

All budgets are adopted on a basis consistent with GAAP. The budget was increased by \$917,879 in supplemental appropriations during the fiscal year ended June 30, 2011. This increase was a result of an increase in state funding for sales tax for education. 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, 2011, as adopted and amended by supplemental appropriations.

Unaudited – see accompanying independent auditors' report.

**SUPPLEMENTARY INFORMATION –
COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES – BY FUND TYPE**

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, 2011

	Original Budget	Final Budget	Actual	Variance positive (negative)
Revenues:				
Revenue from use of money and property	\$ 75,000	75,000	58,164	(16,836)
Miscellaneous	230,788	230,788	229,269	(1,519)
Total revenues	305,788	305,788	287,433	(18,355)
Expenditures:				
Community development	75,000	75,000	256,657	(181,657)
Principal retirement	15,254,035	15,254,035	14,830,524	423,511
Interest, other fiscal charges and early retirement	10,835,470	10,835,470	9,853,465	982,005
Total expenditures	26,164,505	26,164,505	24,940,646	1,223,859
Deficiency of revenues under expenditures	(25,858,717)	(25,858,717)	(24,653,213)	1,205,504
Other financing sources (uses):				
Proceeds from issuance of debt	—	—	4,820,000	4,820,000
Payment to escrow agent	—	—	(5,019,743)	(5,019,743)
Premium on bond issuance	—	—	321,834	321,834
Operating transfers in	22,150,000	22,150,000	24,551,125	2,401,125
Underwriter's discount	—	—	(20,003)	(20,003)
Total other financing sources	22,150,000	22,150,000	24,653,213	2,503,213
Excess (deficiency) of revenues and other sources over (under) expenditures	(3,708,717)	(3,708,717)	—	3,708,717
Fund balance at beginning of year	3,708,717	3,708,717	—	(3,708,717)
Fund balance at end of year	\$ —	—	—	—

See accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA

Nonmajor Governmental Funds

The County reports the following nonmajor governmental funds:

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

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

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

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

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

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

COUNTY OF JAMES CITY, VIRGINIA

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2011

	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Community Development Fund	Revolving Loan Fund	Trust Fund	Grants and Special Projects Fund	Total
Assets							
Cash and cash equivalents and investments	\$ 1,096,017	119,398	1,153,569	379,894	484,233	—	3,233,111
Cash and cash equivalents, restricted	—	—	337,614	—	—	4,729	342,343
Accounts receivable	—	6,297	—	—	—	32,720	39,017
Interest receivable	—	—	—	58	49	—	107
Loans receivable	—	—	155,940	—	—	—	155,940
Due from other funds	—	—	—	—	—	1,592	1,592
Due from other governments	491,066	—	—	—	—	1,321,819	1,812,885
Total assets	\$ 1,587,083	125,695	1,647,123	379,952	484,282	1,360,860	5,584,995
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 102,979	11,182	1,892	—	167	121,239	237,459
Accrued liabilities	3,777	1,425	18,590	—	—	—	23,792
Liabilities payable from restricted assets	—	—	37,265	—	—	—	37,265
Due to other funds	267,647	15,500	4,763	—	6,732	—	294,642
Due to component unit	—	—	—	—	—	23,946	23,946
Deferred revenue	—	17,500	142,364	—	—	694,119	853,983
Total liabilities	374,403	45,607	204,874	—	6,899	839,304	1,471,087
Fund balances:							
Nonspendable -							
Loans	—	—	155,940	—	—	—	155,940
Committed -							
Grants	—	—	219,557	—	—	521,556	741,113
Assigned -							
Special revenue	1,212,680	80,088	1,066,752	379,952	477,383	—	3,216,855
Total fund balances	1,212,680	80,088	1,442,249	379,952	477,383	521,556	4,113,908
Total liabilities and fund balances	\$ 1,587,083	125,695	1,647,123	379,952	484,282	1,360,860	5,584,995

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, 2011

	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Community Development Fund	Revolving Loan Fund	Trust Fund	Grants and Special Projects Fund	Total
Revenues:							
Revenue from use of money and property	\$ —	—	2,146	872	1,350	—	4,368
Miscellaneous	—	99,630	119,593	2,762	14,391	—	236,376
Intergovernmental:							
Local	—	122,143	—	—	—	133,475	255,618
Commonwealth	1,612,993	744,514	218,209	—	205,894	526,409	3,308,019
Federal	2,574,322	—	1,642,078	—	14,559	1,346,923	5,577,882
Total revenues	4,187,315	966,287	1,982,026	3,634	236,194	2,006,807	9,382,263
Expenditures:							
Current:							
Judicial administration	—	990,070	—	—	7,340	253,458	1,250,868
Public safety	—	—	—	—	224,071	245,346	469,417
Public works	—	—	—	—	—	1,533,397	1,533,397
Health and welfare	5,594,615	—	—	—	—	436,646	6,031,261
Parks, recreation and cultural	—	—	—	—	8,312	104,239	112,551
Community development	—	—	2,845,342	—	—	62,194	2,907,536
Total expenditures	5,594,615	990,070	2,845,342	—	239,723	2,635,280	12,305,030
Excess (deficiency) of revenues over (under) expenditures	(1,407,300)	(23,783)	(863,316)	3,634	(3,529)	(628,473)	(2,922,767)
Other financing sources (uses):							
Transfers in	1,561,991	34,470	637,995	—	—	348,111	2,582,567
Transfers out	—	—	—	—	(334)	—	(334)
Total other financing sources (uses)	1,561,991	34,470	637,995	—	(334)	348,111	2,582,233
Net change in fund balances	154,691	10,687	(225,321)	3,634	(3,863)	(280,362)	(340,534)
Fund balances at beginning of year	1,057,989	69,401	1,667,570	376,318	481,246	801,918	4,454,442
Fund balances at end of year	\$ 1,212,680	80,088	1,442,249	379,952	477,383	521,556	4,113,908

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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Intergovernmental:			
Commonwealth	\$ —	1,612,993	1,612,993
Federal	4,462,009	2,574,322	(1,887,687)
Total intergovernmental revenues	<u>4,462,009</u>	<u>4,187,315</u>	<u>(274,694)</u>
Expenditures:			
Current:			
Health and welfare	<u>6,421,270</u>	<u>5,594,615</u>	<u>826,655</u>
Deficiency of revenues under expenditures	(1,959,261)	(1,407,300)	551,961
Other financing sources:			
Operating transfers in	<u>1,561,991</u>	<u>1,561,991</u>	<u>—</u>
Excess (deficiency) of revenues and other sources over (under) expenditures	(397,270)	154,691	(551,961)
Fund balance at beginning of year	<u>397,270</u>	<u>1,057,989</u>	<u>(660,719)</u>
Fund balance at end of year	<u>\$ —</u>	<u>1,212,680</u>	<u>(1,212,680)</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 Assets

Agency Funds

June 30, 2011

	Special Welfare	WAMAC	Regional Jail	Juvenile Detention	Williamsburg Area Transit Authority	Total
Assets						
Cash and cash equivalents	\$ 2,716	317,794	274,730	462,226	420,855	1,478,321
Restricted cash and cash equivalents and investments with fiscal agent/trustee	—	3,976,471	3,694,104	—	—	7,670,575
Accounts receivable	—	80,444	126,235	110,421	8,859	325,959
Prepaid item	—	—	8,586	—	—	8,586
Due from other governmental units	—	—	1,791,228	—	680,018	2,471,246
Total assets	\$ 2,716	4,374,709	5,894,883	572,647	1,109,732	11,954,687
Liabilities						
Accounts payable and accrued liabilities	—	75,346	165,379	295,008	257,758	793,491
Amounts held for others	2,716	4,299,363	5,729,504	277,639	851,974	11,161,196
Total liabilities	\$ 2,716	4,374,709	5,894,883	572,647	1,109,732	11,954,687

See accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2011

	Balances beginning of year	Additions	Reductions	Balances end of year
Special Welfare Fund:				
Assets:				
Cash	\$ 3,444	5,569	6,297	2,716
Liabilities:				
Amounts held for others	\$ 3,444	5,569	6,297	2,716
WAMAC Fund:				
Assets:				
Cash	\$ 542,157	2,695,990	2,920,353	317,794
Restricted cash	3,757,784	218,704	17	3,976,471
Accounts receivable	144,962	145,357	209,875	80,444
Total assets	\$ 4,444,903	3,060,051	3,130,245	4,374,709
Liabilities:				
Accounts payable and accrued liabilities	\$ 43,036	2,839,066	2,806,756	75,346
Amounts held for others	4,401,867	2,382,143	2,484,647	4,299,363
Total liabilities	\$ 4,444,903	5,221,209	5,291,403	4,374,709
Regional Jail Fund:				
Assets:				
Cash and cash equivalents	\$ 388,591	11,822,468	11,936,329	274,730
Restricted cash and cash equivalents and investments with fiscal agent/trustee	3,759,658	2,838,778	2,904,332	3,694,104
Accounts receivable	94,644	126,235	94,644	126,235
Prepaid item	5,889	8,586	5,889	8,586
Due from other governmental units	1,694,769	1,791,228	1,694,769	1,791,228
Total assets	\$ 5,943,551	16,587,295	16,635,963	5,894,883
Liabilities:				
Accounts payable and accrued liabilities	\$ 124,594	10,558,468	10,517,683	165,379
Amounts held for others	5,818,957	15,682,919	15,772,372	5,729,504
Total liabilities	\$ 5,943,551	26,241,387	26,290,055	5,894,883
Juvenile Detention Fund:				
Assets:				
Cash and cash equivalents and investments	\$ 582,223	3,259,302	3,379,299	462,226
Accounts receivable	83,670	110,422	83,671	110,421
Total assets	\$ 665,893	3,369,724	3,462,970	572,647
Liabilities:				
Accounts payable and accrued liabilities	\$ 118,416	3,827,943	3,651,351	295,008
Amounts held for others	547,477	3,909,127	4,178,965	277,639
Total liabilities	\$ 665,893	7,737,070	7,830,316	572,647
Williamsburg Area Transit Authority Fund:				
Assets:				
Cash and cash equivalents	\$ 165,471	6,217,918	5,962,534	420,855
Accounts receivable	27,283	8,859	27,283	8,859
Due from other governmental units	1,054,251	680,018	1,054,251	680,018
Total assets	\$ 1,247,005	6,906,795	7,044,068	1,109,732
Liabilities:				
Accounts payable and accrued liabilities	\$ 567,405	5,155,790	5,465,437	257,758
Amounts held for others	679,600	15,235,705	15,063,331	851,974
Total liabilities	\$ 1,247,005	20,391,495	20,528,768	1,109,732

COUNTY OF JAMES CITY, VIRGINIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2011

	<u>Balances beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances end of year</u>
Total:				
Assets:				
Cash and cash equivalents and investments	\$ 1,681,886	24,001,247	24,204,812	1,478,321
Restricted cash and cash equivalents and investments with fiscal agent/trustee	7,517,442	3,057,482	2,904,349	7,670,575
Accounts receivable	350,559	390,873	415,473	325,959
Prepaid item	5,889	8,586	5,889	8,586
Due from other governmental units	<u>2,749,020</u>	<u>2,471,246</u>	<u>2,749,020</u>	<u>2,471,246</u>
Total assets	<u>\$ 12,304,796</u>	<u>29,929,434</u>	<u>30,279,543</u>	<u>11,954,687</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 853,451	22,381,267	22,441,227	793,491
Amounts held for others	<u>11,451,345</u>	<u>37,215,463</u>	<u>37,505,612</u>	<u>11,161,196</u>
Total liabilities	<u>\$ 12,304,796</u>	<u>59,596,730</u>	<u>59,946,839</u>	<u>11,954,687</u>

See accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA

Discretely Presented Component Units

The County reports the following discretely presented component units:

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

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

COUNTY OF JAMES CITY, VIRGINIA

Balance Sheet

Discretely Presented Component Unit – Public Schools – Governmental Funds

June 30, 2011

Assets	General	Grants	Schools' food services	Capital projects	Total governmental funds
Cash and temporary investments	\$ 12,456,764	—	224,747	—	12,681,511
Receivables	293,420	1,251	4,631	—	299,302
Due from other funds	3,155,648	—	—	—	3,155,648
Due from federal government	9,524	1,024,163	442,029	45,752	1,521,468
Due from Commonwealth of Virginia	123,548	27,654	—	—	151,202
Due from the City of Williamsburg and James City County	79,154	—	—	6,031,066	6,110,220
Inventory	—	—	43,319	—	43,319
Total assets	\$ 16,118,058	1,053,068	714,726	6,076,818	23,962,670
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 3,260,651	187,387	36,464	1,218,799	4,703,301
Accrued payroll	6,434,237	343,252	129,512	—	6,907,001
Accrued benefits	4,544,702	226,232	90,874	—	4,861,808
Due to other funds	—	78,434	—	3,077,214	3,155,648
Total liabilities	14,239,590	835,305	256,850	4,296,013	19,627,758
Fund balances:					
Nonspendable -					
Inventory	—	—	43,319	—	43,319
Restricted to -					
Grants	—	217,763	—	—	217,763
Committed to:					
Capital projects	1,140,227	—	—	1,780,805	2,921,032
Strategic plan	60,000	—	—	—	60,000
Student advancement coach training	40,000	—	—	—	40,000
Assigned to -					
Encumbrances	238,241	—	—	—	238,241
Schools' food services fund	—	—	414,557	—	414,557
Unassigned, reported in -					
General fund	400,000	—	—	—	400,000
Total fund balances	1,878,468	217,763	457,876	1,780,805	4,334,912
Total liabilities and fund balances	\$ 16,118,058	1,053,068	714,726	6,076,818	
Adjustments for the statement of net assets:					
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.					44,767,708
Unearned revenue is not reported as a liability in the governmental funds.					(217,763)
Long-term liabilities are not reported as liabilities in the governmental funds.					
Compensated absences		(936,454)			
Other post employment benefits		(2,756,300)			(3,692,754)
Net assets of governmental activities					\$ 45,192,103

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, 2011

	General	Grants	Schools' food services	Capital projects	Total governmental funds
Revenues:					
Intergovernmental:					
From City of Williamsburg and James City County	\$ 80,779,332	—	—	5,466,648	86,245,980
From Commonwealth of Virginia	26,107,540	813,199	51,042	—	26,971,781
From federal government	2,453,890	4,913,999	1,889,127	550,790	9,807,806
Total intergovernmental	109,340,762	5,727,198	1,940,169	6,017,438	123,025,567
Charges for services	454,799	8,829	1,995,521	—	2,459,149
Interest	2,367	—	1,294	—	3,661
Miscellaneous	44,934	578,907	—	—	623,841
Total revenues	109,842,862	6,314,934	3,936,984	6,017,438	126,112,218
Expenditures:					
General and administrative	2,375,576	—	—	—	2,375,576
Instruction	80,170,627	5,098,143	—	—	85,268,770
Attendance and health services	3,643,755	419,347	—	—	4,063,102
Pupil transportation	6,494,969	—	—	—	6,494,969
Operations and maintenance	10,352,143	200	—	—	10,352,343
Technology	5,196,232	431,775	—	—	5,628,007
Food services	—	115,852	3,764,072	—	3,879,924
Capital outlay	2,460,233	200,124	47,188	6,873,956	9,581,501
Total expenditures	110,693,535	6,265,441	3,811,260	6,873,956	127,644,192
Excess of revenues over expenditures	(850,673)	49,493	125,724	(856,518)	(1,531,974)
Other financing sources (uses):					
Transfers in	—	—	—	2,569,449	2,569,449
Transfers out	(2,569,449)	—	—	—	(2,569,449)
Total other financing sources (uses)	(2,569,449)	—	—	2,569,449	—
Net change in fund balances	(3,420,122)	49,493	125,724	1,712,931	(1,531,974)
Fund balances at beginning of year	5,298,590	168,270	332,152	67,874	5,866,886
Fund balances at end of year	\$ 1,878,468	217,763	457,876	1,780,805	4,334,912

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, 2011

Deficiency of revenues under expenditures	\$ (1,531,974)
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	9,581,501
Depreciation expense	<u>(2,444,136)</u>
	7,137,365
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.	(235,908)
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	(61,036)
Change in net OPEB obligation	<u>(784,000)</u>
	(845,036)
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.	(49,493)
Change in net assets	\$ <u><u>4,474,954</u></u>

See accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA

Schedule of Changes in Assets and Liabilities

Discretely Presented Component Unit – Public Schools – Agency Funds

Year ended June 30, 2011

	Balances beginning of year	Additions	Reductions	Balances end of year
State Operated Educational Program:				
Assets:				
Cash and temporary investments	\$ (183,497)	867,650	856,939	(172,786)
Due from other governmental units	<u>237,923</u>	<u>237,119</u>	<u>237,923</u>	<u>237,119</u>
Total assets	<u>\$ 54,426</u>	<u>1,104,769</u>	<u>1,094,862</u>	<u>64,333</u>
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ 54,426</u>	<u>1,612,806</u>	<u>1,602,899</u>	<u>64,333</u>
School Activity Fund:				
Assets:				
Cash and temporary investments	<u>\$ 1,004,309</u>	<u>1,746,676</u>	<u>1,727,993</u>	<u>1,022,992</u>
Liabilities:				
Amounts held for others	<u>\$ 1,004,309</u>	<u>1,746,676</u>	<u>1,727,993</u>	<u>1,022,992</u>
Totals – primary government:				
Assets:				
Cash and temporary investments	\$ 820,812	2,614,326	2,584,932	850,206
Due from other governmental units	<u>237,923</u>	<u>237,119</u>	<u>237,923</u>	<u>237,119</u>
Total assets	<u>\$ 1,058,735</u>	<u>2,851,445</u>	<u>2,822,855</u>	<u>1,087,325</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 54,426	1,612,806	1,602,899	64,333
Amounts held for others	<u>1,004,309</u>	<u>1,746,676</u>	<u>1,727,993</u>	<u>1,022,992</u>
Total liabilities	<u>\$ 1,058,735</u>	<u>3,359,482</u>	<u>3,330,892</u>	<u>1,087,325</u>

See accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA

Balance Sheet

Discretely Presented Component Unit – Economic Development Authority

June 30, 2011

Assets

Current assets:	
Cash and short-term investments (note 2)	\$ 1,916,309
Due from James City County	<u>318,346</u>
Total current assets	<u>2,234,655</u>
Capital assets (note 7):	
Land	2,483,106
Construction in progress	<u>166,510</u>
Total capital assets	<u>2,649,616</u>
Total assets	<u><u>\$ 4,884,271</u></u>

Liabilities and Net Assets

Liabilities:	
Current liabilities:	
Accounts payable	\$ <u>313,633</u>
Net assets:	
Invested in capital assets, net of related debt	2,649,616
Unrestricted	<u>1,921,022</u>
Total net assets	<u>4,570,638</u>
Total liabilities and net assets	<u><u>\$ 4,884,271</u></u>

See accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA

Statement of Revenues, Expenses and Changes in Fund Net Assets
Discretely Presented Component Unit – Economic Development Authority
Year ended June 30, 2011

Operating revenues:	
County contribution	\$ 318,350
Bond fees	10,119
Lease income	68,774
Incubator revenue	21,253
	<hr/>
Total operating revenues	418,496
	<hr/>
Operating expenses:	
Community development	628,387
Advertising	21,100
Professional fees	12,147
Note forgiveness	201,364
Travel and training	1,932
Performance based agreements	86,891
	<hr/>
Total operating expenses	951,821
	<hr/>
Operating loss	(533,325)
	<hr/>
Nonoperating revenue:	
Interest income	60,176
	<hr/>
Net nonoperating expense	60,176
	<hr/>
Change in net assets	(473,149)
	<hr/>
Net assets at beginning of year	5,043,787
	<hr/>
Net assets at end of year	\$ 4,570,638
	<hr/>

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, 2011

Cash flows from operating activities:	
Receipts from customers	\$ 208,631
Payments to suppliers	<u>(440,526)</u>
Net cash used by operating activities	<u>(231,895)</u>
Cash flows from investing activities -	
Interest received	<u>60,176</u>
Net decrease in cash and short-term investments	<u>(171,719)</u>
Cash and short-term investments at beginning of year	<u>2,088,028</u>
Cash and short-term investments at end of year	<u><u>\$ 1,916,309</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (533,325)
Adjustments to reconcile operating loss to cash used by operating activities:	
Note forgiveness	201,364
Changes in assets and liabilities:	
Accounts receivable	64
Due from James City County	(209,929)
Accounts payable	<u>309,931</u>
Net cash used by operating activities	<u><u>\$ (231,895)</u></u>
Cash and short term investments at June 30, 2011 are comprised of the following amounts:	
Cash and short-term investments	<u><u>\$ 1,916,309</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.

CONTENTS

Financial Trends

Tables 1 - 4

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

Revenue Capacity

Tables 5 - 9

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

Debt Capacity

Tables 10 - 12

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

Demographic & Economic Information

Tables 13 - 14

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

Operation Information

Tables 15 - 18

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

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

Table 1

COUNTY OF JAMES CITY, VIRGINIA

Net Assets by Component (1)

Last Nine Fiscal Years

	Fiscal year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets, net of related debt	\$ 66,576,674	72,906,650	47,458,012	57,943,767	25,413,961	160,168,505	155,643,755	91,045,788	46,961,066
Reserved:									
Capital projects	107,703	96,590	43,794,137	41,541,322	124,329,355	6,498,734	15,716,245	41,296,767	20,005,183
Debt service	1,350,042	1,587,781	85,774	14,148,422	6,214,172	433,272	394,831	813,685	—
Other purposes	57,788,196	58,697,908	55,102,486	47,114,240	37,081,001	44,309,703	42,816,887	61,999,946	134,831,315
Unrestricted									
Total governmental activities net assets	\$ 125,822,615	133,288,929	148,182,004	160,747,751	193,038,489	211,410,214	214,571,718	195,156,186	201,797,564
Business-type activity:									
Invested in capital assets, net of related debt	\$ 88,966,049	104,781,826	112,013,177	123,710,597	132,145,149	134,569,730	134,314,330	135,071,435	135,641,623
Reserved:									
Capital projects	15,048,381	3,155,428	696,483	703,494	709,584	1,305,775	4,674,837	4,610,218	4,740,769
Debt service	19,899,685	23,422,019	27,135,809	29,627,748	33,151,555	36,275,425	36,591,088	36,430,621	34,057,874
Unrestricted									
Total business-type activity net assets	\$ 123,914,115	131,359,273	139,845,469	154,041,839	166,006,288	172,150,930	175,580,255	176,112,274	174,440,266
Primary government:									
Invested in capital assets, net of related debt	\$ 155,542,723	177,688,476	159,471,189	181,654,364	157,559,110	294,738,235	289,958,085	226,117,223	182,602,689
Reserved:									
Capital projects	15,048,381	3,155,428	44,490,620	42,244,816	125,038,939	7,804,509	20,391,082	45,906,985	24,745,952
Debt service	107,703	96,590	85,774	—	—	—	—	—	—
Other purposes	1,350,042	1,587,781	1,741,595	14,148,422	6,214,172	433,272	394,831	813,685	—
Unrestricted	77,687,881	82,119,927	82,238,295	76,741,988	70,232,556	80,585,128	79,407,975	98,430,567	168,889,189
Total primary government net assets	\$ 249,736,730	264,648,202	288,027,473	314,789,590	359,044,777	383,561,144	390,151,973	371,268,460	376,237,830

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

Table 2

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Governmental activities:									
General government administration	\$ 7,197,198	7,421,564	7,715,060	5,790,007	16,835,827	18,873,491	21,347,839	23,962,622	23,061,671
Judicial administration	4,117,622	4,006,887	4,212,935	4,374,852	5,053,351	5,151,971	5,515,309	5,321,244	5,394,548
Public safety	14,199,802	14,856,391	16,742,887	13,599,920	23,500,193	24,704,720	23,267,505	22,477,094	15,003,864
Public works	3,295,519	3,487,207	4,390,347	2,674,311	3,361,025	5,990,017	5,925,566	19,240,014	7,332,972
Health and welfare	5,774,531	6,141,730	6,555,435	7,043,503	6,762,204	7,116,193	7,171,131	7,332,607	7,582,994
Education	52,526,017	55,189,245	58,841,825	77,265,247	63,874,870	75,880,133	83,021,945	81,441,066	83,737,593
Parks, recreation, and cultural	8,090,348	8,304,480	8,893,143	8,720,218	2,131,929	6,534,492	10,302,398	8,938,509	8,980,597
Community development	10,129,125	9,811,644	11,835,533	12,662,469	17,214,104	16,633,166	13,575,967	11,472,198	9,467,357
Storm costs	—	8,239,127	30,124	—	166,546	—	—	—	—
Interest on long-term debt	4,179,994	4,197,067	4,328,942	5,962,561	9,857,524	11,198,606	10,582,404	10,671,318	9,853,465
Non-departmental	829,715	1,643,125	1,975,709	5,161,844	—	—	—	—	—
Total governmental activities expenses	110,339,871	123,298,467	125,521,940	143,254,932	148,757,573	172,082,789	180,710,064	190,856,672	170,415,061
Business-type activities:									
Service Authority	10,505,144	11,731,280	12,804,913	14,149,218	17,688,528	16,551,103	18,742,699	20,074,066	20,896,660
Stormwater Utility	—	—	—	—	—	882,254	1,466,080	—	—
Total business-type expenses	10,505,144	11,731,280	12,804,913	14,149,218	17,688,528	17,433,357	20,208,779	20,074,066	20,896,660
Total primary government expenses	\$ 120,845,015	\$ 135,029,747	\$ 138,326,853	\$ 157,404,150	\$ 166,446,101	\$ 189,516,146	\$ 200,918,843	\$ 210,930,738	\$ 191,311,721
Program revenues:									
Governmental activities:									
Charges for services:									
General government administration	\$ 4,884,302	5,176,215	5,607,216	6,569,599	8,362,971	7,996,663	7,342,625	6,594,623	6,845,682
Judicial administration	1,852,313	1,888,854	1,926,242	2,098,884	2,269,336	2,200,572	2,013,959	1,753,575	1,864,708
Public safety	997,995	1,497,108	1,626,293	1,555,099	1,879,979	2,950,693	2,714,769	2,704,770	2,874,239
Parks, recreation and cultural	2,432,925	2,509,133	2,530,099	2,638,777	2,565,177	2,539,147	2,493,973	2,547,762	2,494,536
Other	1,463,335	1,977,719	2,129,972	2,473,163	691,062	684,719	736,926	213,976	203,302
Total charges for services	11,630,870	13,049,029	13,819,822	15,335,524	15,768,525	16,371,794	15,302,252	13,814,706	14,282,467
Operating grants and contributions	6,081,590	14,130,212	18,964,343	18,790,084	22,448,104	24,593,841	25,171,862	23,161,669	32,049,993
Capital grants and contributions	—	317,414	3,057,457	785,786	5,039,467	3,087,066	804,605	423,581	434,823
Total governmental activities program revenues	17,712,460	27,496,655	35,841,622	34,911,394	43,256,096	44,052,701	41,278,719	37,399,956	46,767,283
Business-type activities:									
Charges for services	11,801,581	12,942,503	15,149,124	16,805,640	17,899,853	16,928,117	14,787,096	15,575,143	16,443,520
Operating grants and contributions	—	371,538	—	—	—	—	21,978	2,756	—
Capital grants and contributions	5,696,575	5,233,761	4,983,390	10,077,376	7,926,456	3,154,158	4,563,025	3,427,510	1,750,073
Total business-type activities program revenues	17,498,156	18,547,802	20,132,514	26,883,016	25,826,309	20,082,275	19,372,099	19,005,409	18,193,593
Total primary government program revenues	\$ 35,210,616	\$ 46,044,457	\$ 55,974,136	\$ 61,794,410	\$ 69,082,405	\$ 64,134,976	\$ 60,650,818	\$ 56,405,365	\$ 64,960,876
Net (expense)/revenue:									
Governmental activities	\$ (92,627,411)	(95,801,812)	(89,680,318)	(108,343,538)	(105,501,477)	(128,030,088)	(139,431,345)	(153,456,716)	(123,647,778)
Business-type activities	6,993,012	6,816,522	7,327,601	12,733,798	8,137,781	2,648,918	(836,680)	(1,068,657)	(2,703,067)
Total primary government net expense	\$ (85,634,399)	(88,985,290)	(82,352,717)	(95,609,740)	(97,363,696)	(125,381,170)	(140,268,025)	(154,525,373)	(126,350,845)

Table 2

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General revenues and other changes in net assets:									
Governmental activities:									
Taxes:									
Property taxes, levied for general purposes	\$ 65,470,090	68,374,743	74,480,869	86,204,347	94,855,055	109,559,232	106,494,452	109,159,897	109,545,003
Other local taxes	14,948,074	15,297,039	17,955,400	20,366,681	21,273,019	20,486,124	18,869,282	18,355,067	19,100,086
Permits, fees and licenses	6,481,619	15,463,455	7,746,142	8,877,130	9,255,185	8,288,580	7,420,591	6,672,136	—
Interest on investment earnings	880,626	563,216	849,860	3,407,722	7,306,357	5,105,721	2,351,497	673,668	442,698
Grants and contributions not restricted to specific programs	11,696,289	2,947,631	2,520,331	—	—	—	—	—	—
Gain (loss) on sale of capital assets	23,809	(93,129)	(53,727)	—	—	—	223,203	—	—
Sale of land	—	—	—	—	—	—	4,936,444	—	—
Miscellaneous	—	715,171	1,074,518	2,053,405	5,102,599	2,962,156	2,297,380	1,390,966	1,201,369
Total governmental activities	99,500,507	103,268,126	104,573,393	120,909,285	137,792,215	146,401,813	142,592,849	136,251,734	130,289,156
Business-type activities:									
Interest on investment earnings	302,872	184,213	506,939	935,971	1,503,939	2,004,957	3,669,266	956,056	509,675
Gain (loss) on sale of capital assets	(117,874)	1,869	24,124	—	—	181,615	74,226	—	—
Miscellaneous	286,296	442,554	627,532	526,601	1,378,725	1,309,152	522,513	644,620	521,384
Total business-type activities	471,294	628,636	1,158,595	1,462,572	2,882,664	3,495,724	4,266,005	1,600,676	1,031,059
Total primary government	\$ 99,971,801	103,896,762	105,731,988	122,371,857	140,674,879	149,897,537	146,858,854	137,852,410	131,320,215
Change in net assets:									
Governmental activities	\$ 6,873,096	7,466,314	14,893,075	12,565,747	32,290,738	18,371,725	3,161,504	(17,204,982)	6,641,378
Business-type activities	7,464,306	7,445,158	8,486,196	14,196,370	11,020,445	6,144,642	3,429,325	532,019	(1,672,008)
Total primary government	\$ 14,337,402	14,911,472	23,379,271	26,762,117	43,311,183	24,516,367	6,590,829	(16,672,963)	4,969,370

(1) Reflects expenses from Exhibit 2.

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

Table 3

COUNTY OF JAMES CITY, VIRGINIA
Fund Balances, Governmental Funds
Last Ten Fiscal Years (1)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund:										
Nonspendable:										
Inventory	\$ 254,027	233,165	234,894	253,111	245,959	291,364	288,734	264,969	276,083	298,757
Prepaid items	—	—	—	—	—	—	—	—	400,301	—
Assigned:										
General	445,917	455,557	482,971	465,203	457,287	452,420	407,496	437,744	1,161,093	2,678,655
Capital projects	9,539,321	7,155,444	8,903,531	11,438,811	14,056,476	14,668,476	13,729,826	11,118,329	12,408,971	16,045,435
Unassigned:										
General	13,374,960	13,869,753	15,074,120	18,822,560	21,406,435	23,904,427	22,099,383	21,311,672	21,187,263	20,449,054
Total general fund	\$ 23,614,225	21,713,919	24,695,516	30,979,685	36,166,157	39,316,687	36,525,439	33,132,714	35,433,711	39,471,901
All other government funds:										
Nonspendable -										
Loans	\$ 133,646	150,142	143,645	158,438	147,168	170,886	144,538	129,862	137,301	155,940
Committed:										
Grants	—	—	—	—	—	—	—	—	—	741,113
Capital projects	19,726,753	15,578,329	20,826,056	54,962,288	51,808,002	113,413,284	95,085,866	80,344,173	52,626,696	25,150,586
Assigned:										
Debt service	120,254	107,703	96,590	6,134	—	—	—	—	—	—
Special revenue	3,123,795	4,929,400	5,320,033	4,319,239	3,662,370	2,880,529	4,248,738	5,206,988	4,317,141	3,216,855
Total all other governmental funds	\$ 23,104,448	20,765,574	26,386,324	59,446,099	55,617,540	116,464,699	99,479,142	85,681,023	57,081,138	29,264,494

(1) Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which provides clearer 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 2002 through 2010 have been restated to reflect this standard.

Table 4

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

	Fiscal year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:									
General property taxes	\$ 64,994,207	68,756,419	73,733,187	85,280,660	97,049,153	105,668,764	107,015,723	107,695,813	108,564,306
Other local taxes	14,948,074	15,297,039	17,955,400	20,366,681	21,273,019	20,486,124	18,869,282	18,355,067	19,100,086
Licenses, permits, and fees	6,241,266	7,233,545	7,746,142	8,877,130	9,255,185	8,288,580	7,420,591	6,672,136	7,055,618
Fines and forfeitures	240,353	288,221	301,204	290,714	321,443	366,606	348,846	296,866	334,633
Use of money and property	880,626	563,216	849,860	3,407,723	7,306,357	5,105,721	2,351,497	673,668	442,698
Charges for services	3,471,380	3,846,636	4,007,722	4,335,505	4,124,072	5,519,603	5,504,494	4,857,836	4,861,478
Intergovernmental	24,804,534	34,539,339	31,833,900	30,285,175	38,810,581	38,166,492	35,425,379	32,245,254	34,515,554
Miscellaneous	1,132,835	715,171	3,293,645	2,053,402	5,102,599	2,962,156	7,457,027	1,390,966	1,201,370
Total revenues	116,713,275	131,239,586	139,721,060	154,896,990	183,242,409	186,564,046	184,392,839	172,187,606	176,075,743
Expenditures:									
Storm costs	---	8,239,127	30,124	---	166,546	---	---	---	---
General government	6,833,152	7,202,889	7,101,022	7,681,371	10,363,474	9,564,540	8,756,912	8,323,563	8,265,513
Judicial administration	3,795,286	3,747,921	3,923,755	4,188,180	4,837,033	5,267,359	5,323,019	5,302,279	5,311,684
Public works	3,437,085	3,341,281	4,218,631	4,494,973	5,181,021	5,885,527	5,878,757	5,650,572	7,241,872
Health and welfare	5,814,844	6,161,651	6,314,548	6,840,336	6,762,204	7,116,193	7,171,131	7,332,607	7,582,994
Education	49,505,679	52,556,412	55,459,098	60,797,314	64,498,554	74,228,490	74,724,304	73,757,904	73,830,796
Parks, recreation, and cultural	7,667,379	7,886,872	8,338,914	9,010,847	9,825,513	10,045,603	10,100,822	9,509,436	9,180,161
Public safety	14,939,911	15,176,064	17,526,762	18,791,965	22,416,276	23,382,553	23,159,401	22,987,019	23,792,805
Community development	9,377,193	9,333,332	14,770,525	13,048,650	17,191,924	16,332,072	14,520,010	11,086,234	10,289,898
Nondepartmental	1,105,541	720,813	997,581	1,267,388	1,473,817	2,492,546	1,502,034	556,381	(266,150)
Debt service (2):									
Principal	5,859,041	5,414,782	6,411,051	7,215,460	14,488,702	14,245,257	14,363,935	15,077,900	14,830,524
Interest	4,256,959	3,886,121	4,275,082	5,962,561	9,857,524	11,253,935	10,625,010	10,365,470	9,853,465
Debt issuance cost	171,502	---	---	---	---	---	---	---	---
Additional payments made to bond escrow agent	3,067,636	---	---	---	---	---	---	101,667	---
Underwriters discount	96,795	---	139,659	125,640	192,900	---	---	---	---
Capital outlay (1)	9,619,982	13,469,974	12,611,144	37,898,518	76,594,343	26,526,776	25,458,348	43,005,939	30,042,723
Total expenditures	125,547,985	137,137,239	142,117,896	177,323,203	243,849,861	206,340,851	201,583,683	213,056,971	199,956,285
Excess (deficiency) of revenues over (under) expenditures	(8,834,710)	(5,897,653)	(2,396,836)	(22,426,213)	(60,607,452)	(19,776,805)	(17,190,844)	(40,869,365)	(23,880,542)
Other financing sources:									
Transfers in	18,612,049	15,023,528	15,338,857	23,559,107	32,695,840	33,046,784	30,904,124	29,093,987	28,784,026
Issuance of debt	28,970,200	---	39,820,000	23,492,454	116,775,000	---	---	14,935,000	4,820,000
Proceeds from capital lease	---	14,500,000	---	---	---	---	---	---	---
Underwriter's discount	(27,135,000)	---	---	---	---	---	---	---	(20,003)
Payment to refunded bond escrow agent	1,489,579	---	1,920,780	291,672	7,830,141	---	---	---	(5,019,743)
Premiums on bonds issued	(18,612,049)	(15,023,528)	(15,338,857)	(23,559,107)	(32,695,840)	(33,046,784)	(30,904,124)	(29,093,987)	(28,784,026)
Transfers out	3,324,779	14,500,000	41,740,780	23,784,126	124,605,141	---	---	14,947,809	102,088
Total other financing sources	(5,509,931)	8,602,347	39,343,944	1,357,913	63,997,689	(19,776,805)	(17,190,844)	(25,921,556)	(23,778,454)
Net change in fund balances	8.85%	7.56%	8.43%	9.33%	15.62%	14.48%	13.92%	13.58%	14.27%
Debt service as a percentage of noncapital expenditures (3)									

(1) Including operating transfers to capital projects.

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

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

Table 5

COUNTY OF JAMES CITY, VIRGINIA

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal year	Total real property	General personal property	Machinery and tools	Mobile homes	Total Personal property	Public service	Total assessed value	Total direct tax rate
2002	\$ 4,983,279,400	456,083,192	131,353,797	11,682,476	599,119,465	163,054,266	5,745,453,131	4.870
2003	5,457,560,000	460,530,027	131,460,371	10,850,870	602,841,268	165,415,976	6,225,817,244	4.870
2004	5,953,156,800	476,376,143	126,907,184	11,363,983	614,647,310	163,577,218	6,731,381,328	4.860
2005	6,695,142,900	502,326,785	124,695,633	12,354,517	639,376,935	154,833,875	7,489,353,710	4.825
2006	8,189,928,900	558,027,641	123,471,704	12,350,825	693,850,170	165,476,326	9,049,255,396	4.785
2007	9,821,638,100	595,277,728	122,197,566	12,675,461	730,150,755	152,475,702	10,704,264,557	4.770
2008	10,672,714,225	623,336,868	125,136,293	12,537,160	761,010,321	176,428,097	11,610,152,643	4.770
2009	11,005,655,000	610,316,169	128,696,107	11,641,959	750,654,235	184,750,991	11,941,060,226	4.770
2010	11,155,493,300	598,149,387	132,052,632	10,994,266	741,196,285	196,289,584	12,092,979,169	4.770
2011	11,172,929,700	621,471,862	137,178,668	10,101,067	768,751,597	210,802,200	12,152,483,497	4.770

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)
2002	\$	0.870	4.00	5.00	4.00	1.00
2003		0.870	4.00	5.00	4.00	1.00
2004		0.870	4.00	5.00	4.00	1.00
2005		0.825	4.00	5.00	4.00	1.00
2006		0.785	4.00	5.00	4.00	1.00
2007		0.770	4.00	5.00	4.00	1.00
2008		0.770	4.00	5.00	4.00	1.00
2009		0.770	4.00	5.00	4.00	1.00
2010		0.770	4.00	5.00	4.00	1.00
2011		0.770	4.00	5.00	4.00	1.00

(1) Per \$100 assessed value

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

Table 7

COUNTY OF JAMES CITY, VIRGINIA

Principal Property Tax Payers

Current Year and Nine Years Ago

	2011			2002		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 4,839,587	1	4.09%	\$ 4,788,316	1	6.97%
Wal-Mart, Inc.	1,156,567	2	0.98	627,004	5	0.91
Seaworld Parks, LLC	1,120,837	3	0.95	1,323,246	2	1.93
Powhatan Plantation Owners Association	980,194	4	0.83	543,061	7	0.79
Virginia Electric & Power Company	799,797	5	0.68	735,583	3	1.07
Busch Properties, Inc.	778,416	6	0.66	609,864	6	0.89
Williamsburg Landing, Inc.	737,636	7	0.62	450,628	9	0.66
Ball Metal Container	675,043	8	0.57	627,389	4	0.91
Williamsburg Plantation Owners Association	654,724	9	0.55	—	—	—
Williamsburg Outlets, LLC	588,051	10	0.50	467,567	8	0.68
Owens - Brockway	—			449,699	10	0.65
Total	\$ 12,330,852		10.43%	\$ 10,622,357		15.46%

Source: Commissioner of the Revenue

Table 7A

COUNTY OF JAMES CITY, VIRGINIA

Principal Personal Property Tax Payers

Current Year and Nine Years Ago

	2011			2002 (1)		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 3,756,362	1	12.22%	\$	**	**
Seaworld Parks, LLC	1,120,837	2	3.64	**	**	**
Ball Metal Container	569,956	3	1.85	**	**	**
Printpack, Inc.	452,854	4	1.47	**	**	**
Owens-Brockway Glass Cont.	400,892	5	1.30	**	**	**
Wal-Mart, Inc.	352,993	6	1.15	**	**	**
Jack L. Massie Contracting, Inc.	216,012	7	0.70	**	**	**
Cox Communications of Hampton Roads	191,285	8	0.62	**	**	**
Branscome, Inc.	171,057	9	0.56	**	**	**
Busch Properties, Inc.	112,395	10	0.37	**	**	**
Total	\$ 7,344,643		23.88%	\$	—	—%

Source: Commissioner of the Revenue

(1) The first year this was reported was fiscal year 2010. Therefore, information for fiscal year 2002 is not available.

Table 7B

COUNTY OF JAMES CITY, VIRGINIA

Principal Real Estate Tax Payers

Current Year and Nine Years Ago

	2011			2002 (1)		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 1,083,225	1	1.21%	\$	**	**
Powhatan Plantation Owners Association	966,499	2	1.10	**	**	**
Wal-Mart, Inc.	803,574	3	0.92	**	**	**
Virginia Electric & Power Company	799,109	4	0.91	**	**	**
Williamsburg Landing, Inc.	675,738	5	0.77	**	**	**
Busch Properties, Inc.	666,021	6	0.76	**	**	**
Williamsburg Plantation Owners Association	650,274	7	0.74	**	**	**
Williamsburg Outlets, LLC	588,051	8	0.67	**	**	**
Manor Houses Associates	581,756	9	0.66	**	**	**
Seaworld Parks, LLC (2)	521,684	10	0.60	**	**	**
Total	\$ 7,335,931		8.34%	\$	—	—%

Source: Commissioner of the Revenue

(1) The first year this was reported was fiscal year 2010. Therefore, information for fiscal year 2002 is not available.

(2) The name changed from Busch Entertainment Corp to SeaWorld Parks, LLC in October 2011.

Table 8

COUNTY OF JAMES CITY, VIRGINIA

Property Tax Levies and Collections

Last Six Fiscal Years (5)

Fiscal year	Taxes levied for the fiscal year (1)	Collected within the fiscal year of the levy		Collections in subsequent years (3)	Total collections to date	
		Amount (2)	Percentage of levy		Amount	Percentage of levy (4)
2006	\$ 96,341,567	77,276,680	80.21%	19,278,297	96,554,977	100.22%
2007	108,123,499	88,517,232	81.87	18,242,709	106,759,941	98.74
2008	116,924,011	96,462,155	82.50	19,362,701	115,824,856	99.06
2009	116,869,636	97,777,543	83.66	19,831,302	117,608,845	100.63
2010	118,887,565	98,995,837	83.27	18,876,296	117,872,133	99.15
2011	119,565,754	99,395,228	83.13	19,643,520	119,038,748	99.56

(1) Tax levied in current fiscal year for all tax years.

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

(3) Collections in subsequent years do not include PPTRA claimed by taxpayers.

(4) Collections of delinquent taxes may result in overall collections exceeding current year levy.

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

Source: Treasurer, James City County

Table 9

COUNTY OF JAMES CITY, VIRGINIA

Taxable Sales by Category

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Apparel stores	\$ 80,764,148	77,812,731	81,257,571	97,321,446	106,280,148	129,014,904	140,648,465	167,950,739	175,885,946	183,244,309
Automotive dealers, supplies and repair	5,849,993	6,945,804	8,546,791	9,728,269	9,532,774	9,958,680	10,626,082	14,567,840	12,949,521	17,019,548
Building materials, machinery and equipment	60,997,150	66,570,828	76,748,086	95,792,695	80,881,233	70,536,701	48,814,343	31,817,138	42,771,225	16,631,597
Eating and drinking establishments	104,350,008	101,962,933	100,640,302	116,938,094	50,262,980	64,500,250	61,733,750	67,796,606	89,306,904	91,552,799
Food stores	110,549,708	108,456,499	106,942,175	106,657,961	93,670,198	121,052,401	131,331,534	136,126,199	109,487,554	135,172,441
Furniture, home furnishings and household equipment	20,675,656	22,143,579	21,940,341	25,363,301	38,502,745	39,426,034	40,492,354	34,053,707	21,986,380	22,119,421
General merchandise	54,388,821	53,143,646	17,129,785	18,483,634	55,149,333	89,788,633	100,039,981	91,584,624	95,560,600	87,029,287
Lodging	66,098,507	62,193,694	51,125,828	41,654,420	51,474,891	58,643,553	55,764,241	47,796,238	39,984,592	32,414,685
Other outlets	17,894,132	20,419,881	65,996,384	68,466,514	42,378,637	23,256,354	27,416,608	26,130,061	25,930,390	29,255,159
Other retail stores, dealers, trades and services	104,778,164	121,411,709	122,429,498	137,539,091	175,126,243	205,937,385	212,079,549	182,317,205	163,456,030	188,073,849
Total	\$ 626,346,287	641,061,304	652,756,761	717,945,425	703,259,182	812,114,895	828,946,907	800,140,357	777,319,142	802,513,095

Source: Weldon Cooper Center

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

Table 10

COUNTY OF JAMES CITY, VIRGINIA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal year	Governmental activities						
	General obligation bonds	Virginia literary fund loan	Loan payable Governor's Land	Capital lease – radio system	Other capital lease	Loan payable Virginia Department of Transportation	Lease revenue bonds
2002	\$ 83,636,632	144,750	259,827	—	—	750,000	—
2003	78,746,889	115,800	—	—	—	625,000	—
2004	73,636,054	86,850	—	14,500,000	—	500,000	—
2005	109,814,071	57,900	—	13,816,000	—	375,000	—
2006	106,062,319	28,950	—	13,100,000	808,307	250,000	22,570,000
2007	126,590,560	—	—	12,350,000	688,190	125,000	112,780,000
2008	118,369,735	—	—	11,564,000	562,298	—	107,200,000
2009	109,974,105	—	—	10,740,000	430,533	—	101,595,000
2010	101,414,765	—	—	9,877,000	292,895	—	110,275,000
2011	93,283,624	—	—	8,973,000	1,312,522	—	104,055,000
Total							
2002	84,791,209					750,000	84,791,209
2003	79,487,689					625,000	79,487,689
2004	88,722,904					500,000	88,722,904
2005	124,062,971					375,000	124,062,971
2006	142,819,576				808,307	250,000	142,819,576
2007	252,533,750				688,190	125,000	252,533,750
2008	237,696,033				562,298	—	237,696,033
2009	222,739,638				430,533	—	222,739,638
2010	221,859,660				292,895	—	221,859,660
2011	207,624,146				1,312,522	—	207,624,146

Business-type activity

Fiscal year	Business-type activity			Ratios of Outstanding Debt by Type	
	Revenue bonds	Total primary government	Percentage of personal income (1)	Per capita personal income (2)	
2002	\$ —	\$ 84,791,209	28.23	\$ 38,021	
2003	15,258,289	94,745,978	26.55	38,906	
2004	14,782,165	103,505,069	26.99	41,731	
2005	13,961,041	138,024,012	21.39	42,713	
2006	13,034,918	155,854,494	21.10	45,778	
2007	12,133,794	264,667,544	13.40	48,135	
2008	11,212,670	248,908,703	14.89	49,520	
2009	37,386,546	260,126,184	14.57	49,551	
2010	35,950,422	257,810,082	**	**	
2011	35,001,394	242,625,540	**	**	

Source: U.S. Census Bureau

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

(2) Calendar year basis

** Population and income statistics not yet available

Table 11

COUNTY OF JAMES CITY, VIRGINIA

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

Fiscal year	(1) Population	(2) Assessed value	(3) (4) Gross bonded debt	(5) Less debt service monies available	Net bonded debt	Ratio of net general obligation debt to assessed value	Net bonded debt per capita
2002	\$ 50,858	5,745,453,131	83,781,382	9,573,068	74,208,314	1.29%	\$ 1,459
2003	52,303	6,225,817,244	80,537,541	9,686,080	70,851,461	1.14	1,355
2004	53,952	6,731,381,328	75,247,759	9,300,903	65,946,856	0.97	1,222
2005	56,463	7,489,353,710	109,465,708	10,686,133	98,779,575	1.30	1,749
2006	58,893	9,049,255,396	106,091,269	13,178,021	92,913,248	1.03	1,578
2007	60,867	10,704,264,557	126,590,560	24,346,226	102,244,334	0.96	1,680
2008	61,195	11,610,152,643	118,369,735	25,499,192	92,870,543	0.80	1,518
2009	63,135	11,941,060,226	109,974,105	24,988,945	84,985,160	0.71	1,346
2010	63,675	12,092,979,169	101,414,765	25,225,253	76,189,512	0.63	1,197
2011	67,101	12,152,483,497	93,283,624	24,683,989	68,599,635	0.56	1,022

(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) From Table 11 A

Table 11A

COUNTY OF JAMES CITY, VIRGINIA

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

Last Ten Fiscal Years

Fiscal year		(1) Principal	(2) Interest	(4) Total debt service	(3) Total general governmental expenditures	Ratio of debt service to general total governmental expenditures
2002	\$	4,904,047	4,669,021	9,573,068	126,110,078	7.59%
2003		5,442,903	4,243,177	9,686,080	133,771,807	7.24
2004		5,414,782	3,886,121	9,300,903	142,379,879	6.53
2005		6,411,051	4,275,082	10,686,133	154,634,945	6.91
2006		7,215,460	5,962,561	13,178,021	171,917,860	7.67
2007		14,488,702	9,857,524	24,346,226	199,622,475	12.20
2008		14,245,257	11,253,935	25,499,192	212,383,260	12.01
2009		14,363,935	10,625,010	24,988,945	208,510,363	11.98
2010		15,077,900	10,147,353	25,225,253	198,552,653	12.70
2011		14,830,524	9,853,465	24,683,989	198,893,176	12.41

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

Table 11B

COUNTY OF JAMES CITY, VIRGINIA

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

Last Ten Fiscal Years

Fiscal year	(1) Principal	(2) Interest	(4) Total debt service	(3) Total general governmental revenues	Ratio of debt service to general total governmental revenues
2002	\$ 4,904,047	4,669,021	9,573,068	126,579,049	7.56%
2003	5,442,903	4,243,177	9,686,080	131,552,134	7.36
2004	5,414,782	3,886,121	9,300,903	146,620,455	6.34
2005	6,411,051	4,275,082	10,686,133	159,351,967	6.71
2006	7,215,460	5,962,561	13,178,021	177,521,975	7.42
2007	14,488,702	9,857,524	24,346,226	204,284,050	11.92
2008	14,245,257	11,253,935	25,499,192	219,920,086	11.59
2009	14,363,935	10,625,010	24,988,945	216,835,334	11.52
2010	15,077,900	10,147,353	25,225,253	200,014,429	12.61
2011	14,830,524	9,853,465	24,683,989	201,684,905	12.24

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

Table 12

COUNTY OF JAMES CITY, VIRGINIA

Pledged Revenue Coverage

James City Service Authority

Last Ten Fiscal Years

Fiscal year	Gross revenue	(1) Operating expenses	Net revenue available for debt service	(2) Debt service requirements			Coverage
				Principal	Interest	Total	
2002	\$ 12,390,547	7,394,450	4,996,097	—	—	—	—
2003	12,390,749	6,587,651	5,803,098	435,000	60,969	495,969	11.70
2004	13,942,677	7,128,622	6,814,055	825,000	482,695	1,307,695	5.21
2005	16,307,719	7,743,365	8,564,354	840,000	541,881	1,381,881	6.20
2006	18,268,212	8,283,711	9,984,501	860,000	522,981	1,382,981	7.22
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

(1) Total operating expenses exclusive of depreciation.

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

Table 13

COUNTY OF JAMES CITY, VIRGINIA

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar year	Population (1)	Personal income (2)	Per capita personal income (2)	Unemployment percentage (1)
2002	50,858	\$ 2,393,678,000	38,021	2.4%
2003	52,303	2,515,632,000	38,906	2.5
2004	53,952	2,793,123,000	41,731	3.2
2005	56,463	2,952,937,000	42,713	2.9
2006	58,893	3,289,020,000	45,778	2.6
2007	60,867	3,546,329,000	48,135	2.5
2008	61,195	3,706,388,000	49,520	3.2
2009	63,135	3,788,855,000	49,551	5.3
2010	63,675	**	**	**
2011	67,101	**	**	**

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

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

** Statistics not yet available

Table 13

COUNTY OF JAMES CITY, VIRGINIA
Demographic and Economic Statistics

Households and Population

(Sources: Social Services Department and Planning Division)

	<u>Food stamp households</u>	<u>Total households *</u>	<u>Percentage of food stamp households</u>
Year:			
2002	666	20,553	3.2
2003	696	21,160	3.3
2004	773	22,095	3.5
2005	881	24,624	3.6
2006	974	25,659	3.8
2007	927	26,507	3.5
2008	965	27,217	3.5
2009	1,224	27,567	4.4
2010	1,638	26,860	6.1
2011	1,840	27,042	6.8

* The number of households is the number of occupied housing.

Population

(Source: U.S. Census)

	<u>Population number</u>	<u>Percentage increase</u>
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

Age Distribution

	<u>1970</u>	<u>%</u>	<u>1980</u>	<u>%</u>	<u>1990</u>	<u>%</u>	<u>2000</u>	<u>%</u>	<u>2010</u>	<u>%</u>
Age:										
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	6.2
20-29	2,915	16.3	3,870	17.0	5,330	15.3	—	—	—	—
20-34 **	—	—	—	—	—	—	7,484	15.6	9,741	14.5
30-44	3,172	17.8	4,780	21.0	8,901	25.5	—	—	—	—
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
	<u>17,853</u>	<u>100.0</u>	<u>22,763</u>	<u>100.0</u>	<u>34,859</u>	<u>100.0</u>	<u>48,102</u>	<u>100.0</u>	<u>67,009</u>	<u>100.0</u>

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

Table 13

COUNTY OF JAMES CITY, VIRGINIA

Demographic and Economic Statistics

Households and Population

(Source: Planning Division)

	<u>Number of households *</u>	<u>Total households population **</u>	<u>Persons per household</u>
Year:			
2002	20,553	50,716	2.47
2003	21,160	52,266	2.47
2004	22,095	54,573	2.47
2005	24,624	56,463	2.29
2006	25,659	57,991	2.26
2007	26,507	59,905	2.26
2008	27,217	61,511	2.26
2009	27,567	62,301	2.47
2010	26,860	65,909	2.45
2011	27,042	66,252	2.45

* The number of households is the number of occupied housing.

Unemployment Rate and Labor Force *

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

	<u>Labor force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment percentage</u>
Year:				
2001	25,562	25,015	547	2.1
2002	28,453	27,759	694	2.4
2003	29,189	28,462	727	2.5
2004	26,419	25,580	839	3.2
2005	28,056	27,248	808	2.9
2006	29,348	28,573	775	2.6
2007	30,852	30,078	774	2.5
2008	31,715	30,694	1,021	3.2
2009	32,373	30,657	1,716	5.3
2010	32,494	30,659	1,835	5.6

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

Table 13

COUNTY OF JAMES CITY, VIRGINIA
Demographic and Economic Statistics

Median Household Income

	James City County	Commonwealth of Virginia	United States
Year:			
2000	58,342	46,789	41,990
2001	57,352	48,130	42,228
2002	59,483	48,224	42,409
2003	62,326	50,028	43,318
2004	66,180	51,103	44,334
2005	65,681	54,207	46,242
2006	67,054	56,297	48,451
2007	70,487	59,575	50,740
2008	76,705	61,210	52,029
2009	72,902	59,372	50,221

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

Table 14

COUNTY OF JAMES CITY, VIRGINIA

Principal Employers in James City County

Current Year and Nine Years Ago

	2011 (1)			2002		
	Employees	Rank	Percentage of total County employment	Employees	Rank	Percentage of total County employment
Employment:						
Principal Public/Private Employers:						
Busch Gardens*	4,076	1	13.29%	4,300	1	15.49%
Williamsburg-James City County Public Schools	1,844	2	6.01	1,302	2	4.69
Lumber Liquidators	1,150	3	3.75	—		—
Eastern State Hospital	962	4	3.14	800	4	2.88
James City County	865	5	2.82	588	6	2.12
Anheuser-Busch, Inc.	708	6	2.31	1,100	3	3.96
Busch Properties, Inc.	697	7	2.27	650	5	2.34
Wal-Mart Distribution Center	559	8	1.82	400	7	1.44
Avid Medical	448	9	1.46	—		—
Jamestown-Yorktown Foundation	406	10	1.32	—		—
John Deere	—		—	300	8	1.08
Ball Metal	—		—	200	9	0.72
Owens-Brockway	—		—	160	10	0.58
Total	11,715		38.19%	9,800		35.30%

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

(1) Includes seasonal employees

* Seasonal employer

Table 15

COUNTY OF JAMES CITY, VIRGINIA

Full-time County Government Employees by Function/Program

Last Ten Fiscal Years

Function/program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Administrative:										
Board of supervisors	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
County administration	3.5	3.5	3.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Satellite services	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
County attorney	4.5	4.5	4.5	4.5	4.5	5.0	5.0	5.0	5.0	5.0
Elections:										
General registrar	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Human resources:										
Human resources	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Communications	3.5	4.5	5.0	5.0	6.0	7.5	7.5	6.5	6.5	7.5
TQP	4.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0
Financial administration:										
Accounting	8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0	8.0	8.0
Commissioner of the revenue	11.0	11.0	11.0	11.0	11.0	13.0	13.0	13.0	12.0	11.0
Financial and management services	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Purchasing	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Real estate assessments	10.0	11.0	11.0	11.0	11.0	12.0	13.0	13.0	11.0	10.0
Treasurer	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	12.0
General services:										
Facilities maintenance	20.0	20.0	20.0	20.0	19.0	18.0	19.0	19.0	18.0	17.0
Fleet maintenance	7.0	6.0	6.0	6.0	8.0	8.0	8.0	8.0	7.0	8.0
General services	—	—	—	2.5	3.5	6.5	6.5	6.5	6.5	5.5
Grounds maintenance	9.0	11.0	11.0	15.0	13.0	16.0	21.0	21.0	20.0	22.0
Solid waste management	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	6.0
Stormwater	—	—	—	—	—	—	9.0	8.5	6.5	6.5
Information resources management:										
Information resources management	18.0	19.0	19.0	19.0	20.0	20.0	21.0	21.0	21.0	20.0
Development management:										
Code compliance	15.0	15.0	16.0	17.0	18.0	20.0	21.0	19.0	15.0	13.0
Development management	4.5	4.5	4.5	4.5	4.5	3.5	4.5	2.5	2.5	2.5
Economic development	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Environmental services	9.0	9.0	10.0	11.0	12.0	15.0	15.0	15.0	14.0	12.0
Mosquito control	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	—	—
Planning and zoning	14.5	14.5	15.5	16.5	18.5	17.5	19.5	19.5	17.5	15.5
Judicial:										
Courts/judicial	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Courthouse	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Clerk of the circuit court	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Commonwealth's attorney	8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0
Public safety:										
Animal control	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
Emergency communications	19.0	22.0	24.0	25.0	26.0	27.0	27.0	27.0	27.0	26.0
Emergency management	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0
Emergency medical services	18.0	18.0	18.0	18.0	24.0	24.0	25.0	25.0	25.0	25.0
Fire	70.0	71.0	74.0	77.0	77.0	80.0	83.0	86.0	86.0	86.0
Police	69.0	72.0	73.0	74.0	78.0	87.0	94.0	97.0	98.0	98.0
Radio maintenance	1.0	1.0	1.0	—	—	—	—	—	—	—
Sheriff	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	16.0

Table 15

COUNTY OF JAMES CITY, VIRGINIA

Full-time County Government Employees by Function/Program

Last Ten Fiscal Years

Function/program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Community services:										
Community services	6.0	8.0	5.0	5.0	5.0	4.0	4.0	3.0	3.0	—
Cooperative extension service	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Parks and recreation	33.0	42.0	43.0	43.0	45.0	52.0	56.0	54.0	53.0	48.0
Volunteer services	1.5	—	—	—	—	—	—	—	—	—
Neighborhood connections	2.5	3.5	3.0	3.0	3.0	4.0	4.0	4.0	2.0	—
Total general fund	452.5	474.0	480.0	492.5	512.5	548.5	586.5	584.0	563.0	541.0
Other services:										
Community development	8.5	8.5	8.5	8.5	8.5	9.5	9.5	9.5	8.5	9.5
JCSA	74.0	76.0	78.0	81.0	85.0	87.0	88.0	91.0	90.0	86.0
Social services	46.5	50.5	52.5	52.5	53.5	53.5	57.5	57.5	52.5	52.5
Colonial community corrections	11.0	11.0	12.0	13.0	13.0	13.0	13.0	11.0	11.0	12.0
Special projects/grants	—	—	—	3.0	3.0	1.0	2.0	2.0	2.0	—
Grand total all funds	592.5	620.0	631.0	650.5	675.5	712.5	756.5	755.0	727.0	701.0

Source: Financial and Management Services

Table 16

COUNTY OF JAMES CITY, VIRGINIA

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Calls for service	17,678	17,574	18,433	18,574	20,641	21,897	21,320	21,694	21,762	21,129
Major crimes reported (1)	1,642	1,600	992	889	1,049	971	1,007	1,060	1,080	1,071
Major crimes cleared (2)	845	651	320	306	301	351	343	363	396	325
Fire:										
Fire/other responses	2,389	2,307	3,001	2,411	2,822	3,064	3,575	2,969	2,922	2,786
Inspections	673	769	894	1,574	1,798	1,486	2,334	1,156	2,037	1,735
EMS responses	4,158	4,227	4,642	4,688	4,869	5,219	4,851	5,276	5,573	5,956
Refuse collection:										
Refuse collected (tons per day)	N/A	N/A	N/A	8.95	10.76	11.83	9.25	7.68	8.06	8.51
Recyclables collected (tons per day)	N/A	N/A	N/A	1.11	1.08	1.43	1.25	1.12	1.08	1.10
Parks and recreation:										
Community center admissions	283,457	284,448	321,656	349,107	333,299	315,480	409,706	353,862	394,757	463,491
Park attendance	N/A	N/A	848,750	1,021,620	1,100,051	1,151,574	1,236,968	1,368,462	1,349,550	1,708,976
Participants in programs offered	N/A	N/A	N/A	N/A	228,504	250,042	408,905	422,009	384,650	395,789
Water:										
New connections	683	785	909	1,068	880	694	351	263	385	388
Water mains breaks	62	85	62	59	51	42	57	37	40	44
Wastewater:										
New connections	553	603	770	930	884	693	389	269	380	375

(1) Beginning with fiscal year 2004, major crimes and major crimes reported no longer included simple assaults, which were counted in previous years.

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

N/A : This information is not available.

Table 17

COUNTY OF JAMES CITY, VIRGINIA
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	245	245	181	333	1,547	1,749	1,622	1,622	1,622	1,622
Playgrounds	4	4	5	6	7	8	10	10	11	11
Ball fields maintained	43	43	54	58	17	23	30	30	58	65
Tennis courts maintained	12	12	19	19	3	6	6	6	5	5
Community centers	2	2	2	2	2	2	2	2	2	2
Water:										
Water lines (miles)	274	282	294	305	319	329	332	339	344	393
Water customers	14,158	14,761	15,657	16,531	17,552	18,283	18,770	19,085	19,368	19,719
Storage tanks (greater than 250,000 gallons)	6	8	8	8	7	7	8	8	8	8
Average ERCs (2)	16,631	15,600	16,800	18,800	19,200	20,400	20,350	25,753	20,200	20,866
Wastewater:										
Sewer lines (miles)	329	339	346	352	360	370	375	379	382	419
Gallons collected (millions)	1,639	1,509	1,471	1,469	1,606	1,680	1,727	1,956	2,116	1,598
Sewer customers	15,249	15,902	16,605	17,357	17,982	18,426	18,590	18,702	18,860	21,127

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

Table 18

COUNTY OF JAMES CITY, VIRGINIA

Miscellaneous Statistics

Retail Sales

Last 10 Years

(Source: Treasurer, James City County)

	Taxable retail sales	Percentage change
Year:		
2002	660,603,800	(1.8)
2003	678,016,200	2.6
2004	679,508,600	0.2
2005	763,697,400	12.4
2006	832,202,000	9.0
2007	882,593,500	6.1
2008	892,444,900	1.1
2009	861,852,500	(3.4)
2010	842,195,600	(2.3)
2011	892,445,000	6.0

Business Licenses Issued

Last 10 Years

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

	Business licenses issued	Percentage change
Year:		
2002	3,954	4.5
2003	4,099	3.7
2004	4,696	14.5
2005	4,967	5.8
2006	5,088	2.4
2007	5,983	17.6
2008	5,800	(3.1)
2009	6,446	11.1
2010	6,109	(5.2)
2011	5,931	(2.9)

Table 18

COUNTY OF JAMES CITY, VIRGINIA

Miscellaneous Statistics

Construction Information

Last Ten Fiscal Years

Fiscal year	Construction					
	Commercial/Industrial		Residential		Total	
	Number of permits	Value	Number of permits	Value	Number of permits	Value
2002	158	\$ 22,896,558	1,173	\$ 157,003,841	1,331	\$ 179,900,399
2003	169	44,596,181	1,309	189,039,265	1,478	233,635,446
2004	187	34,879,976	1,371	226,011,007	1,558	260,890,983
2005	217	104,058,153	1,675	260,028,704	1,892	364,086,857
2006	197	70,501,744	1,645	264,701,674	1,842	335,203,418
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

Source: Code Compliance Division

Table 18

COUNTY OF JAMES CITY, VIRGINIA

Miscellaneous Statistics

Williamsburg-James City County Public Schools

Staffing Analysis

	<u>Classroom teachers</u>	<u>Pupils</u>	<u>Pupil-teacher ratio</u>
School year:			
2010-11	673.91	10,549	15.7
2009-10	668.98	10,503	15.7
2008-09	643.00	10,249	15.9
2007-08	625.00	10,137	16.2
2006-07	612.00	10,107	16.5
2005-06	596.68	9,820	16.5
2004-05	574.68	9,402	16.4
2003-04	550.50	8,961	16.3
2002-03	546.46	8,553	15.7
2001-02	542.21	8,407	15.5

Source: Williamsburg-James City County Public Schools

Projected Enrollment (1)

2011-12 (2)	10,671
2012-13	10,795
2013-14	11,239
2014-15	11,563
2015-16	11,830

(1) Based on enrollment projections provided by DeJong-Healy, October 2011.

(2) Actual Fall 2011 enrollment provided by Williamsburg-James City County Public Schools.

COMPLIANCE SECTION

COUNTY OF JAMES CITY, VIRGINIA

Schedule of Expenditures of Federal Awards -- Primary Government and

Discretely Presented Component Unit -- Public Schools

Year ended June 30, 2011

<u>Federal Grantor/State Pass-Through Grantor/Program Title</u>	<u>Federal catalog number</u>	<u>Expenditures</u>
Primary Government:		
Governmental Activities:		
Department of Agriculture:		
Virginia Department of Social Services:		
State Administrative Matching Grants - Supplemental Nutrition Assistance Program	10.561	\$ 448,271
ARRA - State Administrative Matching Grants - Supplemental Nutrition Assistance Program	ARRA - 10.561	19,157
Total Department of Agriculture		<u>467,428</u> *
Department of Health and Human Services:		
Virginia Department of Social Services:		
Promoting Safe and Stable Families	93.556	2,283
Temporary Assistance for Needy Families	93.558	265,500
Refugee and Entrant Assistance -- State Administered Programs	93.566	860
Low-Income Home Energy Assistance	93.568	19,915
Chafee Education and Training Vouchers Program	93.599	8,228
Child Welfare Services	93.645	1,520
Foster Care -- Title IV-E	93.658	238,696
Adoption Assistance	93.659	153,499
Social Services Block Grant	93.667	196,039
Chafee Foster Care Independent Living	93.674	5,086
State Children's Insurance Program	93.767	11,813
Medical Assistance Program	93.778	266,869
Administration for Children and Families:		
ARRA - Foster Care -- Title IV-E	ARRA - 93.658	4,060
ARRA - Adoption Assistance	ARRA - 93.659	9,487
Child Care and Development Cluster:		
Virginia Department of Social Services:		
Child Care and Development Block Grant	93.575	491,082
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	241,392
Administration for Children and Families:		
ARRA - Child Care and Development Block Grant	ARRA - 93.713	42,526
Total Child Care and Development Cluster		<u>775,000</u> *
Total Department of Health and Human Services		<u>1,958,855</u>
Department of Energy -		
Energy Efficiency and Conservation Block Grant	81.117	66,292
Total Department of Energy		<u>66,292</u>
Department of Commerce -		
National Oceanic and Atmospheric Administration	11.463	100,000
Total Department of Commerce		<u>100,000</u>

COUNTY OF JAMES CITY, VIRGINIA

Schedule of Expenditures of Federal Awards – Primary Government and
Discretely Presented Component Unit – Public Schools

Year ended June 30, 2011

<u>Federal Grantor/State Pass-Through Grantor/Program Title</u>	<u>Federal catalog number</u>	<u>Expenditures</u>
Primary Government, continued:		
Department of Homeland Security:		
Port Security Grant Program Cluster:		
Port Security Grant Program	97.056	\$ 22,410
ARRA - Port Security Grant Program	ARRA - 97.116	20,207
Total Port Security Grant Program Cluster		<u>42,617</u>
Homeland Security Grant Program Cluster:		
Virginia Department of Emergency Management:		
State Homeland Security Program	97.073	29,734
Homeland Security Grant Program	97.067	22,272
Total Homeland Security Grant Program Cluster		<u>52,006</u>
Total Department of Homeland Security		<u>94,623</u>
Department of Housing and Community Development:		
Virginia Department of Housing and Community Development:		
Housing Counselor Grant	14.169	5,600
Community Development Block Grants	14.228	340,741
ARRA-Homelessness Prevention and Rapid Re-Housing Assistance	ARRA - 14.257	14,577
Section 8 Housing Choice Vouchers	14.871	1,063,119 *
Total Department of Housing and Community Development		<u>1,424,037</u>
Department of Interior:		
Direct Payment -		
Bureau of Cash Management Payment in lieu of taxes	15.000	7,038
Virginia Department of Health -		
Clean Vessel Act Grant Program	15.616	16,664
Total Department of Interior		<u>23,702</u>
Department of Labor -		
Employee Benefits Security Administration -		
ARRA - COBRA premium assistance	ARRA - 17.151	8,311
Total Department of Labor		<u>8,311</u>

COUNTY OF JAMES CITY, VIRGINIA

Schedule of Expenditures of Federal Awards – Primary Government and

Discretely Presented Component Unit – Public Schools

Year ended June 30, 2011

<u>Federal Grantor/State Pass-Through Grantor/Program Title</u>	<u>Federal catalog number</u>	<u>Expenditures</u>
Primary Government, continued:		
Department of Transportation:		
Highway Planning and Construction Cluster:		
Federal Highway Administration -		
Highway Planning and Construction -		
ARRA - Federal Aid Highway Program, Federal Lands Program	ARRA - 20.205	\$ 719,343
Virginia Department of Transportation -		
Transportation Enhancement Programs Fund	20.205	378,446
Total Highway Planning and Construction Cluster		<u>1,097,789</u> *
National Highway Traffic Safety Administration:		
Highway Safety Grant	20.600	27,699
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	952
Alcohol Open Container Requirements	20.607	6,632
Total Department of Transportation		<u>1,133,072</u>
Department of Justice:		
Bureau of Justice Administration -		
BJA - Bulletproof Vests Partnerships	16.607	6,218
Office of Justice Programs:		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14,812
Office for Victims of Crime -		
Crime Victim Assistance/Discretionary Grants	16.582	4,698
Total Department of Justice		<u>25,728</u>
Department of Criminal Justice Services:		
Virginia Department of Criminal Justice Services:		
DCJS Server and DVD Grant	16.738	14,213
Violence Against Women Formula Grants	16.588	25,150
Crime Victim Assistance	16.575	75,732
Total Department of Criminal Justice Services		<u>115,095</u>
Environmental Protection Agency -		
Office of Air and Radiation -		
Climate Showcase Communities Grant Program	66.041	20,482
Total Environmental Protection Agency		<u>20,482</u>
Total federal awards, primary government-governmental activities		<u>5,437,625</u>
Business-type activity – James City Service Authority:		
Department of Energy -		
Virginia Department of Mines, Minerals and Energy -		
ARRA - Energy Efficient Appliance Rebate Program	ARRA - 81.127	4,350
Total federal awards, primary government-business-type activity -		
James City Service Authority		<u>4,350</u>
Total federal awards, primary government		<u>5,441,975</u>

COUNTY OF JAMES CITY, VIRGINIA

Schedule of Expenditures of Federal Awards – Primary Government and

Discretely Presented Component Unit – Public Schools

Year ended June 30, 2011

<u>Federal Grantor/State Pass-Through Grantor/Program Title</u>	<u>Federal catalog number</u>	<u>Expenditures</u>
Component Unit – Public Schools:		
Department of Agriculture:		
Child Nutrition Cluster:		
Virginia Department of Agriculture and Consumer Services -		
Food Commodities	10.555	\$ 218,583
Virginia Department of Education:		
School Breakfast Program	10.553	340,095
National School Lunch Program	10.555	1,262,641
Total Child Nutrition Cluster		1,821,319 *
School Snack Program	10.554	6,537
Total Department of Agriculture		1,827,856
Department of Education:		
Direct Payment -		
Impact Aid	84.041	38,237
Virginia Department of Education:		
Adult Education – State Grant Program	84.002	43,173
Title I, Part D, Neglected and Delinquent Children	84.013	77,517
ARRA - State Fiscal Stabilization Fund	ARRA - 84.394	2,352,319 *
Title IV, Part A, Safe and Drug-Free Schools and Communities -		
State Grants	84.186	20,470
Vocational Education – Basic Grants to States	84.048	122,320
Title II, Part A, Improving Teacher Quality State Grants	84.367	298,789
Title III, Part A, English Language Acquisition Grants	84.365	11,187
Carol White Physical Education Grant	84.215	288,096
Title I, Part A Cluster:		
Virginia Department of Education:		
Title I Grants to Local Educational Agencies	84.010	898,460
Title I, School Improvement	84.010	173,617
Title I, Distinguished Schools	84.010	15,634
ARRA - Title I Grants to Local Educational Agencies	ARRA - 84.389	244,945
Total Title I, Part A Cluster		1,332,656 *
Special Education Cluster:		
Virginia Department of Education:		
Special Education – Grants to States	84.027	1,570,541
ARRA - Special Education – Grants to States	ARRA - 84.391	1,017,440
Special Education – Preschool Grants	84.173	25,740
ARRA - Special Education – Preschool Grants	ARRA - 84.392	28,847
Total Special Education Cluster		2,642,568 *
Title II, Part D Cluster -		
Virginia Department of Education -		
Title II, Part D, Enhancing Education Through Technology Program	84.318	6,932
Total Title II, Part D Cluster		6,932

Exhibit E-1

COUNTY OF JAMES CITY, VIRGINIA

Schedule of Expenditures of Federal Awards – Primary Government and

Discretely Presented Component Unit – Public Schools

Year ended June 30, 2011

<u>Federal Grantor/State Pass-Through Grantor/Program Title</u>	<u>Federal catalog number</u>	<u>Expenditures</u>
Component Unit - Public Schools, continued:		
Department of Education, continued:		
Virginia Department of Education:		
College of William and Mary -		
Project HOPE	84.387	<u>16,721</u>
Total Department of Education		<u>7,250,985</u>
Department of Health and Human Services -		
Head Start Program Cluster:		
Williamsburg-James City County Community Action Agency -		
Head Start	93.600	61,272
Child Development Resource:		
ARRA - Early Head Start	ARRA - 93.709	<u>550,790</u>
Total Department of Health and Human Services		<u>612,062</u> *
Total federal awards, Component Unit – Public Schools		<u>9,690,903</u>
Total federal awards, reporting entity		<u>\$ 15,132,878</u>

See accompanying notes to schedule of expenditures of federal awards.

* Type A Program. All other programs are Type B.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

(1) General

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

(2) Relationship to Basic Financial Statements

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

General Fund	\$ 107,920
Capital Projects Fund	4,301
Special Revenue Funds	5,325,404
Component Unit – James City Service Authority	4,350
Component Unit – Public Schools	9,690,903
	<u>\$ 15,132,878</u>



DIXON HUGHES GOODMAN^{LLP}
Certified Public Accountants and Advisors

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

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

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the *County of James City, Virginia*, as of and for the year ended June 30, 2011, which collectively comprise the *County of James City, Virginia's* basic financial statements and have issued our report thereon dated November 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the *County of James City, Virginia's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions

of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of *County of James City, Virginia* in a separate letter dated November 23, 2011.

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

Dixon Hughes Goodman LLP

Newport News, Virginia
November 23, 2011



DIXON HUGHES GOODMAN^{LLP}
Certified Public Accountants and Advisors

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

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

Compliance

We have audited *County of James City, Virginia's* compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The *County of James City, Virginia's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of the *County of James City, Virginia's* management. Our responsibility is to express an opinion on the *County of James City, Virginia's* compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about the *County of James City, Virginia's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the *County of James City, Virginia's* compliance with those requirements.

In our opinion, the *County of James City, Virginia* complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2011.

Internal Control over Compliance

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

opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the *County of James City, Virginia's* internal control over compliance.

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

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

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

Dixon Hughes Goodman LLP

Newport News, Virginia
November 23, 2011



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

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

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

We have audited the financial statements of the ***County of James City, Virginia***, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 23, 2011.

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 11-1. 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 23, 2011

COUNTY OF JAMES CITY, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **unqualified opinion**
 - (b) Significant deficiencies in internal control disclosed by the audit of the financial statements: **none noted**
Material weaknesses: **no**
 - (c) Noncompliance which is material to the financial statements: **no**
 - (d) Significant deficiencies in internal control over major programs: **no**
 - (e) The type of report issued on compliance for major programs: **unqualified opinion**
 - (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **no**
 - (g) Major programs:
Child Care and Development Cluster (CFDA Numbers 93.575, 93.596, and ARRA-93.713), Highway Planning and Construction (CFDA Numbers 20.205 and ARRA-20.205), Section 8 Housing Choice Vouchers (CFDA Number 14.871), Title I, Part A Cluster (CFDA Numbers 84.010 and ARRA-84.389), Williamsburg-James City County Community Action Agency-Head Start (CFDA Numbers 93.600 and ARRA-93.709), Child Nutrition Cluster (CFDA Numbers 10.555 and 10.553), Special Education Cluster (CFDA Numbers 84.027, 84.173, ARRA-84.391, and ARRA-84.392), State Fiscal Stabilization Fund (CFDA Number ARRA-84.394) State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA Number 10.561 and ARRA-10.561).
 - (h) Dollar threshold used to determine Type A programs: **\$453,986**
 - (i) Auditee qualified as low-risk auditee under Section 530 of OMB Circular A-133: **yes**
- (2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*: none noted**
- (3) Findings and Questioned Costs Relating to Federal Awards: none noted**
- (4) State Compliance Findings:**

Finding 11-1

Condition: The specifications for Audits of Counties, Cities and Towns issued by the Virginia Auditor of Public Accounts require in Chapter 3, subsection 3 that appropriate internal controls are in place to ensure that cash is available in the bank for all checks issued.

Criteria: Cash was not available to cover checks written for the Middle Peninsula Juvenile Detention Commission on June 30, 2011.

COUNTY OF JAMES CITY, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Effect: The Treasurer's Office was not in compliance with Chapter 3-3 of the specifications for Audits of Counties, Cities and Towns.

Recommendation: The Treasurer should implement new controls to monitor the cash requirements for each bank account.

Management's response: The Treasurer agrees with the finding and new controls are in place.

- (5) **Summary Schedule of Prior Federal Audit Findings: no uncorrected prior federal audit findings-none.**