

COUNTY OF JAMES CITY, VIRGINIA

Comprehensive Annual Financial Report

June 30, 2013

(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, 2013

Board of Supervisors

John J. McGlennon, Roberts District	Chair
Mary K. Jones, Berkeley District	Vice Chair
M. Anderson Bradshaw, Powhatan District	
James O. Icenhour, Jr., Jamestown District	
James G. Kennedy, Stonehouse District	
Robert C. Middaugh	Clerk

Officials

Michael E. McGinty	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, 2013

Board of Directors, James City Service Authority

James G. Kennedy Chair

James O. Icenhour, Jr. Vice Chair

M. Anderson Bradshaw

Mary K. Jones

John J. McGlennon

Robert C. Middaugh Secretary

Stephanie A. Luton Treasurer

Larry M. Foster General Manager

School Board, Williamsburg-James City County Public Schools

Ruth Larson Chair

Joe Fuentes Vice Chair

Heather Cordasco

Elise Emanuel

James Kelly

James Nickols

Dr. Oscar Prater

Board Members, Economic Development Authority

Paul W. Gerhardt Chair

Marshall N. Warner Vice Chair

Robin Carson

Leanne DuBois

Tim Harris

Stephen Montgomery

Thomas G. Tingle

Effective 10/16/12





Financial and Management Services

101-F Mounts Bay Road
P.O. Box 8784
Williamsburg, VA 23187-8784
P: 757-253-6630

jamescitycountyva.gov

November 22, 2013

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, 2013, 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 unmodified report of Dixon Hughes Goodman LLP, the highest possible result of the audit process, accompanies the financial statements in this report.

Responsibility for both the accuracy of the presented data and the fairness of the presentation, including all disclosures, rests with the County. 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 division directors, and directs business and administrative procedures.

The Board of Supervisors is a five-member body; one member from each of the five districts, elected for a four-year staggered term by the voters of the district in which the member resides. The Chairman of the Board is elected annually by its members. This body enacts ordinances, appropriates funds, sets tax rates, and establishes policies for the administration of the County's public services.

The County provides a full range of services, including law enforcement, fire protection, and recreational activities. Water and sewer services are provided through the legally separate James City Service Authority (JCSA). The Board of Supervisors of James City County serves as the Board of Directors of the JCSA. The financial activity of the JCSA is included as an integral part of the County's financial statements. The County is also financially accountable for the legally separate Williamsburg-James City County (WJCC) School Board and the legally separate James City County Economic Development Authority, both of which are reported separately as discretely presented component units within the County's financial statements. Additional information on each of these legally separate entities can be found in note 1(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 73-78 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 81.

Economic Condition and Outlook

James City County has seen a gradual increase in economic activity during the current fiscal year. Overall, general fund revenues increased 0.1% from last year. Real estate revenue decreased as a result of reductions in real estate assessments of approximately 3.7%, but was offset by increases in personal property and sales tax revenue. Revenues are expected to increase 3.1% during fiscal year 2014. The real estate tax revenue is expected to increase next fiscal year, which is attributed solely to new development as there is no general reassessment or an increase in the tax rate.

In August 2012, the County retained the rating of AAA by Standard & Poor's and Fitch Ratings, which is the highest rating possible. Also, Moody's Investors Service affirmed its Aa1 rating and revised its outlook to positive. The positive outlook represents an improvement in Moody's rating from its previous Aa1 which had no comment relating to their outlook. 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 2013, 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.

As a historic place, members of the County's Historical Commission unveiled a new historic highway marker for Argall Town in April 2013. The marker honors the 300 acre settlement established by Samuel Argall around 1617 and is located at the end of Jamestown Road near the Jamestown Settlement. In addition, the restoration of the Norge Depot was completed and is now home to an educational center, museum and community meeting space.

The County values healthy minds and healthy bodies as evidenced by the renovations underway at Mid County Park to promote community recreation and plans to reopen in early fiscal year 2014. This renovation addresses several critical issues including aging playground equipment, safety and parking. Additionally this year, the County partnered with local businesses to open a synthetic ice skating rink in New Town.

The County has special character by obtaining a gold certification in the U.S. Green Building Council's LEED (Leadership in Energy and Environmental Design) program for the Fire Administration Building. Also, the police department's traffic safety program received first place in the 2011 Virginia Law Enforcement Challenge and second place in the 2011 National Law Enforcement Challenge setting it apart as one of the top programs in Virginia and across the nation.

The County continues to be a community of choice as evidenced by securing housing counselor grants to provide education and counseling in home purchase financing, budgeting and pre-purchase counseling.

The County is a first-class government and received a Sunny Award from the Sunshine Review, a national nonprofit organization dedicated to government transparency. The earn this award the County's website was graded on content available, including budgets, meetings, lobbying, financial audits, contracts, public records and taxes. The County also received a 2012 Achievement Award from the Virginia Association of Counties and the Planning Innovation Award from the Virginia Chapter of the American Planning Association for the County's 2009 Comprehensive Plan Implementation Tracking Tool. The web-based Tool tracks and manages the County's progress in accomplishing the Comprehensive Plan's nine goals, 57

strategies and 435 actions. The public is able to view the actions and progress through the County's website and the Planning Commission Annual Report.

Economic Development

The Economic Development office hosts an annual workshop to inform qualified businesses of the benefits of the Enterprise Zone program. The Enterprise Zone was expanded by designating additional acreage within the Stonehouse Commerce Park and along both sides of the Route 60 corridor between Stonehouse Commerce Park and Croaker Road. There were also changes to the incentives available to investors within the Enterprise Zone, which encourages capital investment and job creation for existing and prospective new businesses.

This year, a regional business incubator was created jointly with the Economic Development Authorities of James City County, York County and the City of Williamsburg. The incubator will provide a cost-effective business environment for new businesses to establish and locate within the incubator facility.

Capital Improvement Program

Capital expenditures totaled \$12,693,844 (including transfers) in fiscal year 2013. The largest capital expenditures this year were related to the renovations at Mid County Park, purchase of a conservation easement, and renovation of a fire station. There were transfers to the schools for costs associated with renovations at Toano Middle School and Lafayette High School.

James City County will continue to face challenges over the next several years. Several years of population growth have produced demands for public services and facilities. The five-year Capital Improvement Program totals \$76,074,000 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, 2013.

In fiscal year 2014, funding is included for the update, refurbishment and expansion of an existing fire station, improvements to Jamestown Beach and stormwater projects focusing on the maintenance and improvement of publicly-owned facilities. Future planning includes fire pumper replacements, squad truck replacement, human services building rehabilitation, general services operations building, and drainage improvement projects.

James City Service Authority

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

The Board of 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 4.7 million gallons of water per day to 20,549 water customers.

The JCSA's sewer system includes 76 pump stations with approximately 425 miles of sewer collection lines. The sewer system facilities collect and move approximately 5 million gallons of sewage per day for 21,962 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 million gallons of potable water capacity per day per calendar year depending on climatic conditions to meet the County's water supply needs through 2040. During fiscal year 2013, the majority of the Jamestown Road and Indigo Dam water line replacement project was completed. Additionally, rehabilitation work started on the improvement of the sewer interceptor in the Lift Station 1-5 basin along Chisel Run to Olde Towne Road near Route 60.

In January 2013, the JCSA paid off the revenue bonds that were issued in 2003 in the amount of \$14,650,000 and had an outstanding balance of \$7,005,000. The revenue bonds were issued to finance a groundwater treatment facility, wells and water transmission lines.

Water conservation is an important component of meeting future water needs. The JCSA has initiated the "Let's be Water Smart" program which is a partnership with local businesses involved in the landscape industry. The JCSA is one of a few public water utilities in Virginia to offer rebates to residential customers for installing water conserving devices like rain barrels, and water efficient washing machines, dishwashers, toilets, etc.

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, 2012. This was the twenty-eighth 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.

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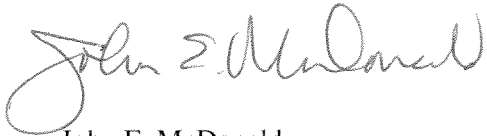
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The preparation of this report could not have been accomplished without the extensive effort and efficient services of the staff of Financial and Management Services. We would like to express our appreciation to each employee of the department who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

Respectfully submitted,

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

Robert C. Middaugh
County Administrator

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

John E. McDonald
Director of Financial and Management Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**James City County
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Independent Auditors' Report

Board of Supervisors
County of James City, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of James City, Virginia*** as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the ***County of James City, Virginia's*** basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of James City, Virginia***, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund; and schedules of funding progress - VRS on pages 3 through 13; 73 through 78; and 79, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *County of James City, Virginia's* basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **November 22, 2013**, on our consideration of *County of James City, Virginia's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *County of James City, Virginia's* internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Newport News, Virginia
November 22, 2013

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

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2013

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, 2013. 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 position increased by approximately \$4.2 million over the course of this year's operations, which represents a 1.1% increase from fiscal year 2012.
- The assets of the County exceeded its liabilities as of June 30, 2013 by approximately \$389.0 million. Of this amount, approximately \$268.8 million, or 69.1%, is the net investment in capital assets.
- The County's total long-term liabilities for governmental activities at June 30, 2013 were \$211,490,080. In September 2012, the County issued \$26,380,000 in lease revenue bonds to finance the construction, renovation, installation and equipping of certain improvements at James River Elementary School, Toano Middle School, and Lafayette High School, a replacement fire station and to refinance the County's obligation under a lease purchase agreement dated November 2003 that financed certain emergency 911 communications equipment and facilities.
- Actual General Fund revenues received were 2.1%, or \$3,406,606 more than what had been budgeted and remained relatively level from fiscal year 2012, increasing by only \$88,117. There was a decrease in real estate tax revenue, which was offset by an increase in personal property and sales tax revenue.

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 position 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 position and how they have changed. Net position – 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 position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, you need to consider additional nonfinancial factors, such as changes in the County's property tax base.

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2013

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

Fund Financial Statements

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

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

Notes to the Basic Financial Statements

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

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2013

Other Information

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

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by \$389,033,836 at the close of the most recent fiscal year. This represents a 1.1% increase from last year.

Condensed Summary of Net Position

June 30, 2013

	<u>Governmental activities</u>	<u>Business-type activity</u>	<u>Total</u>	<u>Component unit – public schools</u>
Assets:				
Current and other assets	\$ 114,628,184	34,895,369	149,523,553	18,671,435
Capital assets	<u>324,179,246</u>	<u>165,151,206</u>	<u>489,330,452</u>	<u>49,897,556</u>
Total assets	<u>\$ 438,807,430</u>	<u>200,046,575</u>	<u>638,854,005</u>	<u>68,568,991</u>
Liabilities:				
Long-term liabilities	\$ 211,490,080	25,764,286	237,254,366	4,813,106
Other liabilities	<u>11,059,129</u>	<u>1,506,674</u>	<u>12,565,803</u>	<u>14,632,092</u>
Total liabilities	<u>\$ 222,549,209</u>	<u>27,270,960</u>	<u>249,820,169</u>	<u>19,445,198</u>
Net position:				
Net investment in capital assets	\$ 128,851,392	139,966,206	268,817,598	49,897,556
Restricted net position:				
Capital projects	35,010,428	2,620,384	37,630,812	—
Unrestricted net position	<u>52,396,401</u>	<u>30,189,025</u>	<u>82,585,426</u>	<u>(773,763)</u>
Total net position	<u>\$ 216,258,221</u>	<u>172,775,615</u>	<u>389,033,836</u>	<u>49,123,793</u>

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2013

Condensed Summary of Net Position

June 30, 2012

	<u>Governmental activities</u>	<u>Business-type activity</u>	<u>Total</u>	<u>Component unit – public schools</u>
Assets:				
Current and other assets	\$ 99,647,533	41,238,168	140,885,701	16,180,450
Capital assets	<u>326,234,111</u>	<u>167,810,314</u>	<u>494,044,425</u>	<u>47,957,321</u>
Total assets	<u>\$ 425,881,644</u>	<u>209,048,482</u>	<u>634,930,126</u>	<u>64,137,771</u>
Liabilities:				
Long-term liabilities	\$ 206,746,932	33,475,813	240,222,745	4,275,557
Other liabilities	<u>8,752,015</u>	<u>1,122,967</u>	<u>9,874,982</u>	<u>13,107,089</u>
Total liabilities	<u>\$ 215,498,947</u>	<u>34,598,780</u>	<u>250,097,727</u>	<u>17,382,646</u>
Net position:				
Net investment in capital assets	\$ 133,812,951	135,110,313	268,923,264	47,957,321
Restricted net position:				
Capital projects	21,226,338	4,876,760	26,103,098	—
Unrestricted net position	<u>55,343,408</u>	<u>34,462,629</u>	<u>89,806,037</u>	<u>(1,202,196)</u>
Total net position	<u>\$ 210,382,697</u>	<u>174,449,702</u>	<u>384,832,399</u>	<u>46,755,125</u>

The largest portion of the County's net position at June 30, 2013 (69.1%) 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 position (21.2%) may be used to meet the County's ongoing obligations to citizens and creditors. The remaining portion of net position (9.7%) 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 position increased 5.1% to approximately \$49.1 million. Of the balance, a \$773,763 deficit for unrestricted net position exists at June 30, 2013 from the recognition of unfunded liabilities related to other post employment benefits (OPEB) and \$49.9 million is invested in capital assets. The increase in net position is primarily attributable to the capitalization of ongoing and completed capital projects.

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2013

Summary of Changes in Net Position

Year ended June 30, 2013

	<u>Governmental activities</u>	<u>Business-type activity</u>	<u>Total</u>	<u>Component unit – public schools</u>
Revenues:				
Program revenues:				
Charges for services	\$ 15,661,265	15,871,187	31,532,452	2,530,375
Operating grants and contributions	31,354,415	—	31,354,415	16,006,571
Capital grants and contributions	1,312,352	4,600,645	5,912,997	—
General revenues:				
Property taxes	110,351,991	—	110,351,991	—
Other taxes	21,208,061	—	21,208,061	—
Grants and contributions not restricted to specific programs	—	—	—	106,692,704
Interest and investment earnings	330,514	(1,249,111)	(918,597)	2,568
Miscellaneous	1,473,964	375,758	1,849,722	201,167
Total revenues	<u>181,692,562</u>	<u>19,598,479</u>	<u>201,291,041</u>	<u>125,433,385</u>
Expenses:				
General government administration	14,304,134	—	14,304,134	—
Judicial administration	5,505,727	—	5,505,727	—
Public safety	27,750,476	—	27,750,476	—
Public works	7,963,622	—	7,963,622	—
Health and welfare	6,785,380	—	6,785,380	—
Education	84,309,615	—	84,309,615	123,064,717
Parks, recreation and cultural	8,536,371	—	8,536,371	—
Community development	11,139,632	—	11,139,632	—
Interest on long-term debt	9,522,081	—	9,522,081	—
Service Authority	—	21,272,566	21,272,566	—
Total expenses	<u>175,817,038</u>	<u>21,272,566</u>	<u>197,089,604</u>	<u>123,064,717</u>
Change in net position	5,875,524	(1,674,087)	4,201,437	2,368,668
Net position at beginning of year	<u>210,382,697</u>	<u>174,449,702</u>	<u>384,832,399</u>	<u>46,755,125</u>
Net position at end of year	<u>\$ 216,258,221</u>	<u>172,775,615</u>	<u>389,033,836</u>	<u>49,123,793</u>

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2013

Summary of Changes in Net Position

Year ended June 30, 2012

	<u>Governmental activities</u>	<u>Business-type activity</u>	<u>Total</u>	<u>Component unit – public schools</u>
Revenues:				
Program revenues:				
Charges for services	\$ 14,980,225	14,883,627	29,863,852	2,568,153
Operating grants and contributions	33,019,242	—	33,019,242	17,998,894
Capital grants and contributions	2,035,365	5,395,362	7,430,727	—
General revenues:				
Property taxes	111,454,692	—	111,454,692	—
Other taxes	20,006,069	—	20,006,069	—
Grants and contributions not restricted to specific programs	—	—	—	103,477,467
Interest and investment earnings	395,001	351,929	746,930	8,454
Miscellaneous	1,286,664	740,199	2,026,863	61,251
Total revenues	<u>183,177,258</u>	<u>21,371,117</u>	<u>204,548,375</u>	<u>124,114,219</u>
Expenses:				
General government administration	17,103,421	—	17,103,421	—
Judicial administration	5,513,976	—	5,513,976	—
Public safety	23,768,668	—	23,768,668	—
Public works	6,119,246	—	6,119,246	—
Health and welfare	7,042,619	—	7,042,619	—
Education	82,082,568	—	82,082,568	122,551,197
Parks, recreation and cultural	8,744,156	—	8,744,156	—
Community development	14,832,661	—	14,832,661	—
Interest on long-term debt	9,384,810	—	9,384,810	—
Service Authority	—	21,361,681	21,361,681	—
Total expenses	<u>174,592,125</u>	<u>21,361,681</u>	<u>195,953,806</u>	<u>122,551,197</u>
Change in net position	8,585,133	9,436	8,594,569	1,563,022
Net position at beginning of year	<u>201,797,564</u>	<u>174,440,266</u>	<u>376,237,830</u>	<u>45,192,103</u>
Net position at end of year	<u>\$ 210,382,697</u>	<u>174,449,702</u>	<u>384,832,399</u>	<u>46,755,125</u>

Governmental Activities

For the fiscal year ended June 30, 2013, revenues from governmental activities totaled \$181,692,562. Of this amount, \$50,132,510, or 27.6%, is received from sources other than local tax revenue. Real estate tax revenues, the County's largest single revenue source, totaled \$83,825,965. The County's assessed real property tax base for fiscal year 2013 was \$10,921,180,200, which was a decrease of 3.5% from fiscal year 2012. Overall, the net position increased by \$5,875,524 from last year.

In fiscal year 2013, the County reported current year collections of \$16,899,043 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, 2013

Personal Property Tax Relief Act (PPTRA), the state's share of local personal property tax was approximately 53% of most taxpayer's payments.

For the fiscal year ended June 30, 2013, expenses for governmental activities totaled \$175,817,038, including payments of \$81,434,312 to Public Schools. Expenses increased by \$1,224,913 over fiscal year 2012. This was primarily due to an increase in the contribution to the Public Schools as a result of an increased enrollment.

Business-Type Activity

The business-type activity had a decrease in net position of \$1,674,087 during fiscal year 2013. This decrease is primarily a result of a reduction in investments used to payoff the 2003 series revenue bonds. There was an increase in the water and sewer system dedications from 2012. Overall, the expenses decreased from last year by 0.4%. The primary source of revenue consists of charges for water and sewer services, which totaled \$12,002,533 and increased by 2.4% from last year. This increase was primarily a result of an increase in water and sewer customers and an increase in sewer service charge rates.

Component Unit – Public Schools

The Schools received \$81,434,312 from the County during fiscal year 2013. This money supported the operating and capital activities for the Schools. Expenses increased by 0.4% from fiscal year 2012, which is primarily a result of an increase in costs for retirement benefit and utilization of health insurance. Revenues increased by 1.1% from the previous fiscal year. This is primarily due to an increase in local funding for operating and capital.

Financial Analysis of the County's Funds

The County's General Fund experienced an overall decrease in fund balance of \$2,990,396. This was mostly due to one-time transfers to the Capital Projects Fund for capital expenditures and a planned draw on capital reserves for debt funding. The portion of the unassigned fund balance for fiscal liquidity totaled \$22,345,746, which was 10.4% of the total general governmental expenditures (from table 11A on page 114), 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 \$132,225. There were supplemental appropriations for legal services costs related to a State Corporation Commission hearing process. Actual General Fund revenues received were 2.1%, or \$3,406,606 more than what had been projected in the amended budget and showed a 0.1% increase, or \$88,117 from fiscal year 2012.

The largest increase in revenues from fiscal year 2012 to fiscal year 2013 occurred in local sales tax revenues totaling \$607,000. Real estate tax revenues, both current and delinquent, are the County's largest revenue source and for fiscal year 2013 totaled \$83,825,965 and was \$735,965 more than the amended budget. However, the real estate tax revenue decreased from 2012, which is attributed to real estate assessments declining approximately 3.7%. Personal property taxes, another large source of local tax funding, had combined collections from the state and local taxpayers of \$26,669,180. State revenues, not including the personal property tax reimbursement, were \$77,278 more than budgeted. State revenues, not including the personal property tax reimbursement, increased \$366,184 in fiscal year 2013 from fiscal year 2012 levels. This increase is primarily due to receiving more in state sales tax, which increased \$341,345 from fiscal year 2012.

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2013

General Fund budgeted expenditures were 1.7% below the final budget, or \$2,434,710, which was primarily due to reduced departmental spending. Of this amount, \$490,946 is for encumbrances and is assigned in the fund balance.

As a result of an increase in transfers to other funds, the fund balance decreased to \$40,886,094. This was a decrease of \$2,990,396 or 6.8% from 2012.

Other Governmental Funds

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for all funds, which can be found on pages 84-85. The other governmental funds remained relatively flat this year, only increasing net position by \$26,932 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 \$1,674,087 in net position during the fiscal year primarily due to a decrease in investments used to payoff the 2003 series revenue bonds.

Capital Assets and Debt Administration

At the end of fiscal year 2013, the County's investment in capital assets for its governmental and business-type activities totaled \$489,330,452 (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 2013, the net value of school buildings reflected in the governmental activities of the County equals \$200,535,537, 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 position.

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2013

Capital Assets, Net of Depreciation and Amortization

June 30, 2013 and 2012

	2013			2012 Total
	Governmental activities	Business-type activity	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	25,836,819	13,183	25,850,002	25,583,728
Construction in progress	5,486,639	510,598	5,997,237	4,704,280
Water and sewer systems	—	134,616,963	134,616,963	136,509,873
Buildings and improvements	252,104,297	3,625,281	255,729,578	259,081,483
Improvements other than buildings	18,520,678	—	18,520,678	19,229,378
Equipment and vehicles	12,619,812	1,274,887	13,894,699	14,601,341
Infrastructure	5,352,811	—	5,352,811	5,658,032
Intangible assets – easements	4,258,190	4,570	4,262,760	2,957,089
Intangible assets – water rights	—	22,392,638	22,392,638	23,006,135
Total	\$ 324,179,246	165,151,206	489,330,452	494,044,425

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 2013, \$5,000,000 was transferred to the Capital Projects Fund from the General Fund. During the year, capital project expenditures of \$12,693,844 (including transfer) included the following:

- Transfers to schools for renovation of Lafayette High School
- Transfers to schools for renovation of Toano Middle School
- Construction costs for the renovation of Kidsburg at Mid County Park
- Costs associated with renovation of two fire stations
- Purchase of an easement on Bush Neck Road

COUNTY OF JAMES CITY, VIRGINIA

Management's Discussion and Analysis

June 30, 2013

Long-Term Debt

At June 30, 2013 and 2012, the County had total outstanding debt of \$229,322,148 and \$232,779,350, respectively. Compensated absences, OPEB obligation and landfill postclosure care costs of \$7,932,218 and \$7,443,393 at June 30, 2013 and 2012, respectively, are not included in these amounts.

Summary of Long-Term Debt

June 30, 2013 and 2012

	2013			2012
	Governmental activities	Business-type activity	Total	Total
General obligation bonds	\$ 80,004,294	—	80,004,294	86,134,103
Revenue bonds	123,034,000	25,185,000	148,219,000	137,410,174
Capital lease – radio system	—	—	—	8,026,000
Other capital leases	1,098,854	—	1,098,854	1,209,073
Total	\$ 204,137,148	25,185,000	229,322,148	232,779,350

In September 2012, the County issued lease revenue bonds totaling \$26,380,000 to finance the construction, renovation, installation, and equipping of certain improvements at James River Elementary School, Toano Middle School, and Lafayette High School, a replacement fire station and to refinance the County's obligation under a lease purchase agreement dated November 2003 that financed certain emergency 911 communications equipment and facilities.

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, 2013

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 2014 is the second year of the next two-year cycle. The fiscal year 2014 approved budget for the General Fund is \$171,500,000.

This budget was adopted on April 23, 2013, and reflects a \$5,502,775, or a 3.3%, increase over the amended fiscal year 2013 budget. This increase is primarily due to an increase in projected local sales tax and meals tax revenue as a result of increased tourism in the area.

During fiscal year 2014, real estate revenues, the largest source of general fund revenue, are projected to increase 1.3% over last year due to new development. Personal property tax revenue is expected to increase by 6.4% over last year. This increase is primarily due to an increase in valuations and a 3% increase in the number of vehicles. State revenues increase by 2.8%, primarily from an increase in sales tax for education. This increase is mostly due to increased estimates of statewide sales tax.

Expenditures include increased costs for a salary increase and health insurance and funding to begin the five-year update to the Comprehensive Planning process. The County's general fund contribution to the Williamsburg-James City County School Board will be \$79,354,599, which is a 3.5% or \$2,665,094 increase from fiscal year 2013.

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 Position

June 30, 2013

Assets	Primary government			Discretely presented component units	
	Governmental activities	Business-type activity	Total	Public schools	Economic Development Authority
Cash and cash equivalents (note 2)	\$ 9,889,166	666,123	10,555,289	15,802,511	1,615,183
Investments (note 2)	29,387,049	28,596,424	57,983,473	—	—
Cash and cash equivalents and investments - restricted (notes 2 and 3)	26,790,669	2,620,384	29,411,053	—	—
Receivables, net of allowance for uncollectibles:					
Taxes, including penalties	28,415,130	—	28,415,130	—	—
Accounts	—	2,530,817	2,530,817	—	—
Interest	32,946	91,217	124,163	—	837
Loans	173,501	—	173,501	—	—
Notes	—	86,585	86,585	—	23,863
Miscellaneous	5,765,616	88,940	5,854,556	47,059	—
Internal balances (note 5)	1,078,608	(1,078,608)	—	—	—
Due from primary government (note 8)	—	—	—	1,444,621	84,599
Due from other governments, net (note 6)	10,002,678	—	10,002,678	1,301,000	—
Inventory	361,682	803,956	1,165,638	76,244	—
Other assets	2,731,139	489,531	3,220,670	—	—
Capital assets (note 7):					
Land and land improvements	25,836,819	2,726,269	28,563,088	8,435,126	2,483,106
Construction in progress (note 17)	5,486,639	510,598	5,997,237	3,089,822	166,510
Buildings, improvements and equipment	398,464,121	242,348,638	640,812,759	62,467,062	5,119
Intangible assets	4,258,190	25,004,570	29,262,760	—	7,600
Less accumulated depreciation and amortization	(109,866,523)	(105,438,869)	(215,305,392)	(24,094,454)	(2,458)
Net capital assets	324,179,246	165,151,206	489,330,452	49,897,556	2,659,877
Total assets	\$ 438,807,430	200,046,575	638,854,005	68,568,991	4,384,359
Liabilities and Net Position					
Liabilities:					
Accounts payable (note 4)	\$ 3,909,645	786,477	4,696,122	2,887,499	209,759
Accrued liabilities (note 4)	1,562,382	526,531	2,088,913	11,553,748	—
Liabilities payable from restricted assets	3,479,065	—	3,479,065	—	—
Due to component units (note 8)	1,529,220	—	1,529,220	—	—
Advances for construction (note 17)	—	32,902	32,902	—	—
Amounts held for others	—	160,764	160,764	—	—
Unearned revenue (note 9)	578,817	—	578,817	190,845	34,500
Long-term liabilities (notes 10, 11 and 13):					
Due within one year	19,141,211	830,833	19,972,044	420,663	—
Due in more than one year	192,348,869	24,933,453	217,282,322	4,392,443	—
Total liabilities	222,549,209	27,270,960	249,820,169	19,445,198	244,259
Net position:					
Net investment in capital assets	128,851,392	139,966,206	268,817,598	49,897,556	2,659,877
Restricted net position:					
Capital projects	35,010,428	2,620,384	37,630,812	—	—
Unrestricted net position	52,396,401	30,189,025	82,585,426	(773,763)	1,480,223
Total net position	216,258,221	172,775,615	389,033,836	49,123,793	4,140,100
Total liabilities and net position	\$ 438,807,430	200,046,575	638,854,005	68,568,991	4,384,359

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Statement of Activities

Year ended June 30, 2013

Functions/programs	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
General government administration	\$ 14,304,134	7,436,450	21,580,996	1,216,791
Judicial administration	5,505,727	1,828,073	1,145,525	—
Public safety	27,750,476	3,463,159	2,544,982	95,561
Public works	7,963,622	225,520	360,834	—
Health and welfare	6,785,380	—	3,508,495	—
Education (including payments to school system)	84,309,615	—	—	—
Parks, recreation and cultural	8,536,371	2,708,063	9,085	—
Community development	11,139,632	—	2,204,498	—
Interest on long-term debt	9,522,081	—	—	—
Total governmental activities	175,817,038	15,661,265	31,354,415	1,312,352
Business-type activity - Service Authority	21,272,566	15,871,187	—	4,600,645
Total primary government	\$ 197,089,604	31,532,452	31,354,415	5,912,997
Component units:				
Economic Development Authority	\$ 705,758	244,009	188,816	—
Public Schools	123,064,717	2,530,375	16,006,571	—
Total component units	\$ 123,770,475	2,774,384	16,195,387	—
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 position				
Net position – beginning				
Net position – 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
15,930,103	—	15,930,103	—	—
(2,532,129)	—	(2,532,129)	—	—
(21,646,774)	—	(21,646,774)	—	—
(7,377,268)	—	(7,377,268)	—	—
(3,276,885)	—	(3,276,885)	—	—
(84,309,615)	—	(84,309,615)	—	—
(5,819,223)	—	(5,819,223)	—	—
(8,935,134)	—	(8,935,134)	—	—
(9,522,081)	—	(9,522,081)	—	—
(127,489,006)	—	(127,489,006)	—	—
—	(800,734)	(800,734)	—	—
(127,489,006)	(800,734)	(128,289,740)	—	—
—	—	—	—	(272,933)
—	—	—	(104,527,771)	—
—	—	—	(104,527,771)	(272,933)
\$ 110,351,991	—	110,351,991	—	—
9,929,142	—	9,929,142	—	—
432,233	—	432,233	—	—
1,406,520	—	1,406,520	—	—
3,011,056	—	3,011,056	—	—
6,054,927	—	6,054,927	—	—
350,862	—	350,862	—	—
23,321	—	23,321	—	—
—	—	—	106,692,704	—
330,514	(1,249,111)	(918,597)	2,568	17,734
1,473,964	375,758	1,849,722	201,167	112,583
133,364,530	(873,353)	132,491,177	106,896,439	130,317
5,875,524	(1,674,087)	4,201,437	2,368,668	(142,616)
210,382,697	174,449,702	384,832,399	46,755,125	4,282,716
\$ 216,258,221	172,775,615	389,033,836	49,123,793	4,140,100

COUNTY OF JAMES CITY, VIRGINIA

Balance Sheet

Governmental Funds

June 30, 2013

Assets	General	Capital projects	Debt service	Other governmental funds	Total governmental funds
Cash and cash equivalents and investments	\$ 6,689,947	—	—	3,199,219	9,889,166
Investments	13,195,662	16,191,387	—	—	29,387,049
Cash and cash equivalents and investments – restricted (note 3)	3,056,725	22,054,409	—	1,679,535	26,790,669
Receivables, net of allowance for uncollectibles:					
Taxes	28,317,229	1,145	—	96,756	28,415,130
Interest	—	32,945	—	1	32,946
Loans	—	—	—	173,501	173,501
Miscellaneous (note 4)	5,745,819	—	—	19,797	5,765,616
Due from other funds (note 5)	1,502,258	—	—	—	1,502,258
Due from blended component unit (note 8)	1,078,608	—	—	—	1,078,608
Due from component unit (note 8)	794,037	—	99,525	—	893,562
Due from other governments, net (note 6)	7,293,541	60,000	—	2,649,137	10,002,678
Inventory	361,682	—	—	—	361,682
Total assets	\$ 68,035,508	38,339,886	99,525	7,817,946	114,292,865
Liabilities and Fund Balances					
Liabilities:					
Accounts payable (note 4)	\$ 2,410,754	776,777	—	722,114	3,909,645
Accrued liabilities (note 4)	232,480	—	—	4,670	237,150
Liabilities payable from restricted assets	3,072,942	349,618	—	56,505	3,479,065
Due to other funds (note 5)	—	—	99,525	1,402,733	1,502,258
Due to component units (note 8)	201,567	2,201,918	—	19,297	2,422,782
Deferred revenue (note 9)	21,231,671	1,145	—	490,856	21,723,672
Total liabilities	27,149,414	3,329,458	99,525	2,696,175	33,274,572
Fund balances:					
Nonspendable:					
Loans	—	—	—	173,501	173,501
Inventory	361,682	—	—	—	361,682
Committed:					
Capital projects	—	35,010,428	—	—	35,010,428
Other governmental funds	—	—	—	128,700	128,700
Assigned:					
General	6,595,137	—	—	—	6,595,137
Capital reserve	11,583,529	—	—	—	11,583,529
Other governmental funds	—	—	—	4,819,570	4,819,570
Unassigned:					
General	22,345,746	—	—	—	22,345,746
Total fund balances	40,886,094	35,010,428	—	5,121,771	81,018,293
Total liabilities and fund balances	\$ 68,035,508	38,339,886	99,525	7,817,946	114,292,865

COUNTY OF JAMES CITY, VIRGINIA

Balance Sheet
Governmental Funds
June 30, 2013

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

Ending fund balance – governmental funds	\$ 81,018,293
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.	324,179,246
Land held for resale and future development used in governmental activities are not are not financial resources and therefore are not reported in the funds.	1,480,210
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	21,144,855
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.	1,250,929
Obligation for OPEB is not due and payable in the current period and is not recorded as a liability in the governmental funds.	(1,446,962)
Unmatured interest payable reported in governmental activities will not be paid with current financial resources and therefore is not reported in the funds.	(1,325,232)
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	\$ (80,004,294)
Capital leases	(1,098,854)
Lease revenue bonds	(123,034,000)
Compensated absences	(3,544,820)
Landfill postclosure care cost	(2,361,150)
	<u>(210,043,118)</u>
Net assets of governmental activities	<u>\$ 216,258,221</u>

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2013

	General	Capital projects	Debt service	Other governmental funds	Total governmental funds
Revenues:					
General property taxes	\$ 109,112,196	—	—	—	109,112,196
Other local taxes	20,427,116	—	—	780,945	21,208,061
Permits, privilege fees and regulatory licenses	7,623,652	—	—	—	7,623,652
Fines and forfeitures	295,355	—	—	—	295,355
Revenue from use of money and property	199,268	104,899	26,316	31	330,514
Charges for services	5,736,864	—	—	—	5,736,864
Miscellaneous	412,092	225,771	251,827	334,229	1,223,919
Intergovernmental:					
Local	—	—	—	350,350	350,350
Commonwealth	25,590,278	588,229	—	4,437,859	30,616,366
Federal	7,010	—	—	3,698,435	3,705,445
Total revenues	169,403,831	918,899	278,143	9,601,849	180,202,722
Expenditures:					
Current:					
General government administration	9,399,885	—	—	—	9,399,885
Judicial administration	4,004,217	—	—	1,246,757	5,250,974
Public safety	25,304,827	—	—	1,250,287	26,555,114
Public works	7,245,190	—	—	361,694	7,606,884
Health and welfare	1,615,584	—	—	5,169,796	6,785,380
Education	75,931,599	—	—	—	75,931,599
Parks, recreation and cultural	9,067,109	—	—	7,974	9,075,083
Community development	5,001,362	—	386,989	5,526,626	10,914,977
Nondepartmental	966,806	—	—	—	966,806
Debt service:					
Principal retirement	—	—	23,473,305	—	23,473,305
Interest, other fiscal charges and early retirement	—	—	9,522,081	—	9,522,081
Capital outlay – governmental activities	—	7,052,825	—	—	7,052,825
Capital outlay – school activities	—	5,533,519	—	—	5,533,519
Total expenditures	138,536,579	12,586,344	33,382,375	13,563,134	198,068,432
Excess (deficiency) of revenues over (under) expenditures	30,867,252	(11,667,445)	(33,104,232)	(3,961,285)	(17,865,710)
Other financing sources (uses):					
Sale of land	—	250,045	—	—	250,045
Proceeds from issuance of debt	—	19,000,000	7,380,000	—	26,380,000
Premium on bond issuance	—	1,308,990	1,000,925	—	2,309,915
Transfers in (note 5)	—	5,000,000	24,976,931	3,988,217	33,965,148
Transfers out (note 5)	(33,857,648)	(107,500)	—	—	(33,965,148)
Underwriters discount	—	—	(253,624)	—	(253,624)
Total other financing sources (uses)	(33,857,648)	25,451,535	33,104,232	3,988,217	28,686,336
Net change in fund balances	(2,990,396)	13,784,090	—	26,932	10,820,626
Fund balances at beginning of year	43,876,490	21,226,338	—	5,094,839	70,197,667
Fund balances at end of year	\$ 40,886,094	35,010,428	—	5,121,771	81,018,293

COUNTY OF JAMES CITY, VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2013

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 \$ 10,820,626

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

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

Depreciation expense	\$ (11,623,788)	
Capital outlay expenditures	10,291,603	
Cost of assets sold	<u>(210,793)</u>	
		(1,542,978)

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

1,239,795

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	(26,380,000)	
Premium on debt issuance	(2,309,915)	
Underwriters discount	253,624	
Amortization of issuance costs	(133,560)	
Principal payments	23,473,305	
Deferred costs	667,015	
OPEB obligation	<u>(249,000)</u>	
		(4,678,531)

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 \$175,827, increase in landfill postclosure care cost of \$22,350 and decrease in accrued interest of \$234,789.

36,612

Change in net assets of governmental activities \$ 5,875,524

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Balance Sheet

Proprietary Fund

June 30, 2013

	James City Service Authority
Assets	
Current assets:	
Cash and cash equivalents	\$ 666,123
Investments	28,596,424
Receivables, net of allowance for uncollectibles:	
Accounts	2,530,817
Interest	91,217
Notes	86,585
Miscellaneous	88,940
Inventory	803,956
Total current assets	<u>32,864,062</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	510,598
Water and sewer systems – utility plant	233,407,744
Buildings and improvements	4,860,309
Office fixtures and equipment	1,669,073
Automotive equipment	2,411,512
Intangible assets	25,004,570
Less accumulated depreciation and amortization	<u>(105,438,869)</u>
Net capital assets	<u>165,151,206</u>
Investments restricted for future use (note 2)	<u>2,620,384</u>
Bond issuance costs, net	<u>489,531</u>
Total noncurrent assets	<u>168,261,121</u>
Total assets	<u>\$ 201,125,183</u>
Liabilities and Net Position	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 786,477
Accrued salaries	13,258
Compensated absences, current portion	305,833
Due to other funds (note 5)	1,078,608
Deposits	160,764
Interest payable	513,273
Current portion of bonds payable (note 10)	<u>525,000</u>
Total current liabilities	<u>3,383,213</u>
Noncurrent liabilities:	
Advances for construction (note 17)	32,902
OPEB liability	171,509
Bonds payable, net of current portion (note 10)	24,660,000
Compensated absences, net of current portion	<u>101,944</u>
Total noncurrent liabilities	<u>24,966,355</u>
Total liabilities	<u>28,349,568</u>
Net position:	
Net investment in capital assets	139,966,206
Restricted for capital projects	2,620,384
Unrestricted net position	<u>30,189,025</u>
Total net position	<u>172,775,615</u>
Total liabilities and net position	<u>\$ 201,125,183</u>

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Fund

Year ended June 30, 2013

	James City Service Authority
Operating revenues:	
Water and sewer services	\$ 12,002,533
Water supply proffers	13,362
Rental income	164,875
Miscellaneous	242,028
Total operating revenues	<u>12,422,798</u>
Operating expenses:	
Salaries	4,306,155
Fringe benefits	1,636,038
Operating supplies	822,882
Maintenance of buildings and equipment	3,364,910
Utilities	862,665
Contractual fees	910,491
Depreciation and amortization	7,723,800
Other	504,573
Total operating expenses	<u>20,131,514</u>
Operating loss	<u>(7,708,716)</u>
Nonoperating revenues (expenses):	
Facility charges	3,868,654
Investment income	(1,249,111)
Gain on disposal of capital assets	(44,507)
Interest expense, net	(1,141,052)
Total nonoperating revenues, net	<u>1,433,984</u>
Loss before contributions	(6,274,732)
Capital contributions	<u>4,600,645</u>
Increase in net position	(1,674,087)
Total fund net position at beginning of year	<u>174,449,702</u>
Total fund net position at end of year	<u><u>\$ 172,775,615</u></u>

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Statement of Cash Flows

Proprietary Fund

Year ended June 30, 2013

	James City Service Authority
Cash flows from operating activities:	
Cash receipts from customers	\$ 11,970,950
Other operating cash receipts	639,438
Cash payments to suppliers of goods and services	(6,144,073)
Cash payments to employees for services	(5,902,214)
Facility charges	3,868,654
Net cash provided by operating activities	<u>4,432,755</u>
Cash flows from capital and related financing activities:	
Payment of debt	(7,515,000)
Interest paid	(1,546,050)
Acquisition and construction of capital assets	(415,385)
Proceeds from sale of capital assets	11,200
Net cash used in capital and related financing activities	<u>(9,465,235)</u>
Cash flows from investing activities:	
Purchases of investments	(32,575,533)
Sales of investments	37,440,133
Interest received	134,979
Net cash provided by investing activities	<u>4,999,579</u>
Net increase in cash and cash equivalents	(32,901)
Cash and cash equivalents at beginning of year	<u>699,024</u>
Cash and cash equivalents at end of year	<u>\$ 666,123</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (7,708,716)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	7,723,800
Facility charges	3,868,654
Changes in assets and liabilities:	
Accounts receivable	(59,230)
Accounts receivable, miscellaneous	197,022
Notes receivable	32,066
Inventory	(56,540)
Accounts payable	534,467
Accrued salaries	18,979
Due to other funds	(156,479)
Deposits	27,647
Deferred liability	(9,915)
OPEB liability	21,000
Net cash provided by operating activities	<u>\$ 4,432,755</u>
Supplemental schedule – noncash capital and investing activities:	
Capital asset contributions	<u>\$ 4,600,645</u>
Unrealized gain from change in fair value of investments	<u>\$ (103,016)</u>

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

Assets	Pension trust fund	Agency funds
Cash and cash equivalents (note 2)	\$ —	3,511,948
Restricted cash and cash equivalents and investments with fiscal agent/trustee (notes 2 and 12):		
Money market funds	5,909,175	7,676,972
Bond mutual funds	1,023,340	—
Debt and equities	7,918,387	—
U.S. stock funds	8,021,934	—
International stock funds	525,474	—
Accounts receivable	—	2,280,408
Total assets	<u>\$ 23,398,310</u>	<u>13,469,328</u>
Liabilities and Net Position		
Liabilities:		
Accounts payable and accrued liabilities	\$ —	1,431,592
Amounts held for others	—	12,037,736
Total liabilities	—	13,469,328
Net position:		
Held in trust for employees' retirement	23,398,310	—
Total liabilities and net position	<u>\$ 23,398,310</u>	<u>13,469,328</u>

See accompanying notes to basic financial statements.

Exhibit 9

COUNTY OF JAMES CITY, VIRGINIA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year ended June 30, 2013

	<u>Pension trust fund</u>
Additions:	
Revenue from use of money and property	\$ 2,495,761
Contributions	<u>1,947,935</u>
Total additions	4,443,696
Deductions:	
Distributions to employees	<u>1,454,563</u>
Change in net position held in trust for employees' retirement	2,989,133
Net position at beginning of year	<u>20,409,177</u>
Net position at end of year	\$ <u><u>23,398,310</u></u>

See accompanying notes to basic financial statements.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

(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, 2013 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, 2013

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, 2013, the apportionment of the Public Schools' operating costs to the City and County was \$75,900,793 and 90.83% and \$7,661,487 and 9.17%, respectively. For the fiscal year ended June 30, 2013, the contributions for the Public Schools' capital project costs from the City and County were \$532,640 and 8.78% and \$5,533,519 and 91.22%, respectively.

The Public Schools' financial statements for the fiscal year ended June 30, 2013 may be obtained from the Finance Department, 117 Ironbound 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 because the majority of their income is appropriated by the County.

From time to time, the Development Authority has issued Industrial Revenue Bonds (the Bonds) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the Bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the state, nor any political subdivision thereof is obligated in any manner for repayment of the Bonds. Accordingly, the Bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, there were 15 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$211 million.

The Development Authority's financial statements for the fiscal year ended June 30, 2013 may be obtained from the Director of Economic Development, 101-D Mounts Bay Road, Williamsburg, Virginia 23185.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Other Related Organizations and Joint Ventures

Separate financial statements for the fiscal year ended June 30, 2013, 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 Accounting Division Director 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 two board members to the Corporation. The Corporation is a legally separate organization, and the County cannot impose its will on the Corporation. The program is fiscally independent, and there is no financial benefit or burden relationship with the County. The County is fiscal agent for the Corporation, and as a result, the Corporation's financial transactions are included as an agency fund in the County's financial statements.

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. 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, 2013 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. The County appoints 5 trustees and the City appoints 4

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trustees. The Library is a legally separate organization, and the County cannot impose its will on the trustees. The Library is fiscally independent, and there is no financial benefit or burden relationship with the County; therefore, it is not included in the County's financial statements. The Library's financial statements for the fiscal year ended June 30, 2013 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 and the sheriff from that jurisdiction. The County, as fiscal agent, appoints one additional member. The Jail Authority is a legally separate organization, and the County cannot impose its will on the Jail Authority.

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

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 Transit Authority (the Transit Authority) was created as a political subdivision of the Commonwealth of Virginia by resolutions adopted in 2008. Members include the County, City of Williamsburg, County of York and the Colonial Williamsburg Foundation. The Transit Authority is governed by a board, consisting of five representatives appointed by the members. The Transit Authority is a legally separate organization, and the County cannot impose its will on the Transit Authority. The Transit Authority is fiscally

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independent from the County, and there is no financial benefit or burden relationship with the County. The County is fiscal agent for the Transit Authority, and as such, the Transit Authority's financial statements are included as an agency fund in the County's financial statements.

(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 Position – The government-wide statement of net position is designed to display the financial position of the County. Governments report all capital assets, including infrastructure, in the government-wide statement of net position and report depreciation expense – the cost of "using up" capital assets – in the statement of activities. The net position of a government are broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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.

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

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

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

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

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The County reports the following major governmental funds:

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

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

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

The County reports the following major proprietary fund:

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

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, and Williamsburg Area Transit Authority.

(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

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available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures, other than interest on long-term debt, are recorded when the fund liability is incurred. Interest on long-term debt is recorded when due.

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

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

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

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

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

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

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Accounting Research Bulletins (ARB) issued on or before November 30, 1989. Under paragraph 7 of GASB Statement No. 20, the County has elected not to apply FASB pronouncements issued after November 30, 1989.

(e) *Cash and Cash Equivalents*

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

(f) *Allowance for Uncollectible Accounts*

The County calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The allowance for uncollectible accounts relating solely to property taxes was \$49,346 in the General Fund at June 30, 2013. Additionally, the County recorded an allowance for uncollectible accounts of \$21,072 related to business, professional and occupational license taxes and \$1,153,263 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, 2013, 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.

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

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

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

(j) *Compensated Absences*

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

(k) *Unbilled Revenue*

The Authority records the amount of earned but unbilled service charges revenue by prorating actual subsequent billings. Amounts accrued but unbilled were approximately \$1,116,180 at June 30, 2013.

(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.

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(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 a group self insurance risk pool. The County's retention is through deductibles on a per-claim basis. Deductibles and coverage limits at June 30, 2013 are as follows:

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

	Coverage limits
Property insurance:	
Valuation at functional replacement	\$ 69,041,677
Flood (outside 100 year flood plain)	69,041,677
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	20,000,000
General liability and law enforcement	9,000,000
Automobile liability	9,000,000
Public officials	9,000,000
Crime	500,000
Workers' compensation	Statutory limits

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

Effective July 1, 2011, the County participates in the group self insurance risk pool with Virginia Association of Counties to provide Line of Duty Act benefits to eligible participants. During fiscal year 2013, the County made a payment of \$114,124 for these premiums.

(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 assigned in fund balance 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 not in spendable form, or are legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for sale, and long term receivables.
- *Restricted* – Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

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- *Committed* – Amounts that can be used only for the specific purposes determined by formal action of the Board of Supervisors and cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- *Assigned* – Amounts that are intended to be used for specific purposes, but do not meet the criteria as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Supervisors, or as delegated to the Director of Financial and Management Services.
- *Unassigned* – Includes the residual classification for the County's general fund and includes all spendable amounts not contained in other classifications. Only the general fund can report a positive unassigned fund balance. This includes the County's goal of maintaining a fiscal liquidity balance between 8%-12% of the total general governmental expenditures.

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

The Board of Supervisors establishes, modifies or rescinds fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established by the Director of Financial and Management Services, who has been given the delegated authority by the Board of Supervisors, to assign amounts for a specific purpose.

For the fiscal year ended June 30, 2013, the General Fund has the following amounts assigned or unassigned:

	<u>Assigned</u>	<u>Unassigned</u>
Capital projects	\$ 3,638,712	—
Health insurance	2,165,479	
Potential insurance loss	300,000	—
Capital reserve fund	11,583,529	—
Encumbrances	490,946	—
Fiscal liquidity	—	22,345,746
	<u>\$ 18,178,666</u>	<u>22,345,746</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

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expenses during the reporting period. Actual results could differ from those estimates and assumptions.

(s) *New Accounting Principles*

Effective with the financial statements for the fiscal year ended June 30, 2013, the Authority has adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This statement amends previous reporting requirements by incorporating the financial elements of deferred outflows of resources and deferred inflows of resources in the presentation of financial position. Under the provisions of this statement, net position, rather than net assets, represents the difference between all other elements on an entity's statement of financial position, or balance sheet. Accordingly, the County's financial statements, items on the balance sheet are now classified as assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.

(t) *Subsequent Events*

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through November 22, 2013, the date the financial statements were available to be issued.

(2) *Cash and Cash Equivalents and Investments*

Primary Government

(a) *Deposits*

At year end, the carrying value of the deposits with banks and savings and loans was \$15,641,166 and the bank balance was \$17,266,680. 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.

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Notes to Basic Financial Statements

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(b) Investments

As of June 30, 2013, the primary government had the following investments and maturities:

	Fair value	Original investment maturity (in years)		
		Less than 1	1-2	2-7
Commonwealth of Virginia				
LGIP	\$ 20,512,754	20,512,754	—	—
Money market funds	24,617,244	24,617,244	—	—
Certificates of deposit	4,966,065	1,300,336	3,049,490	616,239
Federal agency bonds/notes	10,439,817	—	1,074,405	9,365,412
Corporate notes	4,906,990	—	—	4,906,990
Municipal bonds	759,422	—	—	759,422
U.S. Treasury notes	16,106,357	—	1,845,492	14,260,865
	<u>\$ 82,308,649</u>	<u>46,430,334</u>	<u>5,969,387</u>	<u>29,908,928</u>

(c) Summary of Deposits

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

Deposits	\$ 15,641,166
Investments	<u>82,308,649</u>
	<u>\$ 97,949,815</u>
Cash and cash equivalents	\$ 10,555,289
Investments	57,983,473
Cash and cash equivalents and investments - restricted	<u>29,411,053</u>
	<u>\$ 97,949,815</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.

COUNTY OF JAMES CITY, VIRGINIA

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

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

(e) Credit Risk

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

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

The County's investments as of June 30, 2013 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				
		AA+	AA	AA-	A-1+	A-1
Money market funds	\$	—	—	—	—	249,709
Certificate of deposit		—	—	945,410	3,403,252	—
Corporate notes		1,681,740	715,197	2,510,053	—	—
Federal agency						
bonds/notes		10,439,817	—	—	—	—
Municipal bonds		—	759,422	—	—	—
U.S. Treasury notes		16,106,357	—	—	—	—
Total	\$	<u>28,227,914</u>	<u>1,474,619</u>	<u>3,455,463</u>	<u>3,403,252</u>	<u>249,709</u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Commonwealth of Virginia LGIP, a portion of money market funds and a portion of certificate of deposit, totaling \$45,497,692 at June 30, 2013, are unrated; therefore, they are not included in the information presented above.

(f) Concentration of Credit Risk

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

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

As of June 30, 2013, 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 Mortgage Corporation	14.2%
Federal National Mortgage Association	11.0

(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, 2013, all of the County's investments are held in a bank's trust department in the name of James City County.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

(i) *Component Unit – Public Schools*

Cash and cash equivalents:

Bank deposits (including school agency funds)	\$	16,610,365
Certificates of deposit		48,869
Investment in LGIP		246,850
	\$	<u>16,906,084</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 \$16,610,365 (including \$1,103,573 of the School Activity Funds) and the bank balance was \$18,783,503. The difference between the carrying value of bank deposits and the bank balance is primarily due to outstanding checks and deposits in transit. The bank balance is fully covered by federal depository insurance or collateralized in accordance with the Act.

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

Cash and cash equivalents:

Bank deposits	\$	332,417
Investment in LGIP		242
Certificates of deposit		1,282,524
	\$	<u>1,615,183</u>

At year end, the carrying value of the Development Authority's deposits with banks and savings institutions was \$332,417 and the bank balance was \$338,052. 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, 2013, are detailed as follows:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Capital projects	Lease bonds	\$ 21,704,791
General	Subdivision escrow	3,056,725
Grants and special projects	Grants and special projects	793,191
Community development	Community rehabilitation	886,344
Capital projects	Proffers escrow	349,618
		<u>\$ 26,790,669</u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

(4) Receivables and Payables

Amounts due from miscellaneous sources in the General Fund at June 30, 2013, are detailed as follows:

Emergency medical services	\$	2,009,820
Sales tax		1,806,532
Meals tax		677,491
Williamsburg Regional Library		445,090
Other		236,822
Business license		168,610
Charges for services		164,006
Recordation tax		130,767
Fines and forfeitures		45,790
Deeds of conveyance		36,884
Utility consumption fee		24,007
	\$	<u>5,745,819</u>

Accounts payable and accrued liabilities at June 30, 2013, are comprised of the following:

	<u>Accounts payable</u>	<u>Accrued liabilities</u>	<u>Total</u>
General	\$ 2,410,754	232,480	2,643,234
Capital projects	776,777	—	776,777
Other governmental funds	<u>722,114</u>	<u>4,670</u>	<u>726,784</u>
Governmental funds	3,909,645	237,150	4,146,795
Accrued interest	<u>—</u>	<u>1,325,232</u>	<u>1,325,232</u>
Governmental activities	<u>\$ 3,909,645</u>	<u>1,562,382</u>	<u>5,472,027</u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

(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, 2013, the balances are as follows:

	<u>Due from other funds</u>	
	<u>General</u>	
Due to other funds:		
Debt service fund	\$	99,525
Nonmajor		
governmental funds		1,402,733
Service Authority		<u>1,078,608</u>
Total	\$	<u><u>2,580,866</u></u>

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 1,402,733	—
Nonmajor		
governmental funds:		
Virginia public assistance	—	276,264
Colonial community corrections	—	7,983
Community development	—	18,300
Trust fund	—	5,113
Grants/special projects	<u>—</u>	<u>1,095,073</u>
Total	\$ <u><u>1,402,733</u></u>	<u><u>1,402,733</u></u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Interfund transfers for the year ended June 30, 2013, consisted of the following:

	Transfers to other Funds	Transfers from other Funds
General fund	\$ 33,857,648	—
Capital projects	107,500	5,000,000
Debt service	—	24,976,931
Nonmajor governmental funds	—	3,988,217
Total	<u>\$ 33,965,148</u>	<u>33,965,148</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	\$ —	(33,857,648)	(33,857,648)
Capital projects	5,000,000	(107,500)	4,892,500
Debt service	24,976,931	—	24,976,931
Nonmajor governmental funds	3,988,217	—	3,988,217
Total	<u>\$ 33,965,148</u>	<u>(33,965,148)</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, 2013

(6) Due from Other Governments

Details of amounts due from other governments as of June 30, 2013 are as follows:

Governmental activities:

General Fund:

Local Governments:

City of Williamsburg	\$	85,143
Other		15,929

Commonwealth of Virginia:

Recordation tax	124,247
Rolling stock tax	58,954
Communications sales and use tax	275,808
State sales tax	1,688,899
Personal property tax relief	4,836,856
Compensation Board	168,612
Other	39,093

Total General Fund	<u>7,293,541</u>
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Capital Projects Fund:

Commonwealth of Virginia	<u>60,000</u>
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Nonmajor Governmental Funds:

Commonwealth of Virginia:

Virginia Department of Transportation	353,917
Virginia Department of Social Services	155,038
Virginia Department of Housing and Community Development	335,541
Virginia Department of Emergency Management	173,736
Other	326,341

Federal Government:

Department of Homeland Security	85,762
Department of Social Services	167,436
Federal Emergency Management Agency	967,907
Other	83,459

Total Nonmajor Governmental Funds	<u>2,649,137</u>
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Total Governmental Activities	<u><u>\$ 10,002,678</u></u>
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COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Component Unit – Public Schools:

Federal government	\$ 978,419
City of Williamsburg	147,053
Commonwealth of Virginia	<u>175,528</u>
Total	<u><u>\$ 1,301,000</u></u>

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

(7) Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

Governmental Activities

	<u>Balances</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>June 30, 2013</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 25,570,545	266,274	—	25,836,819
Construction in progress	4,108,503	7,192,304	5,814,168	5,486,639
Intangible assets - easements	<u>2,952,519</u>	<u>1,305,671</u>	<u>—</u>	<u>4,258,190</u>
Total capital assets not being depreciated	<u>32,631,567</u>	<u>8,764,249</u>	<u>5,814,168</u>	<u>35,581,648</u>
Other capital assets:				
Buildings and improvements	320,649,215	3,770,279	506,535	323,912,959
Improvements other than buildings	25,346,506	393,852	5,589	25,734,769
Equipment and vehicles	39,545,025	2,660,427	1,597,952	40,607,500
Infrastructure	<u>8,203,816</u>	<u>5,077</u>	<u>—</u>	<u>8,208,893</u>
Total other capital assets	<u>393,744,562</u>	<u>6,829,635</u>	<u>2,110,076</u>	<u>398,464,121</u>
Less accumulated depreciation for:				
Buildings and improvements	65,280,408	6,954,785	426,531	71,808,662
Improvements other than buildings	6,117,128	1,099,059	2,096	7,214,091
Equipment and vehicles	26,198,698	3,259,646	1,470,656	27,987,688
Infrastructure	<u>2,545,784</u>	<u>310,298</u>	<u>—</u>	<u>2,856,082</u>
Total accumulated depreciation	<u>100,142,018</u>	<u>11,623,788</u>	<u>1,899,283</u>	<u>109,866,523</u>
Other capital assets, net	<u>293,602,544</u>	<u>(4,794,153)</u>	<u>210,793</u>	<u>288,597,598</u>
	<u><u>\$ 326,234,111</u></u>	<u><u>3,970,096</u></u>	<u><u>6,024,961</u></u>	<u><u>324,179,246</u></u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Depreciation was charged to governmental functions as follows:

General government administration	\$	707,583
Judicial administration		254,754
Public safety		2,427,997
Public works		221,612
Parks, recreation and cultural		1,641,860
Community development		396,405
Education		5,008,700
Nondepartmental		<u>964,877</u>
Total depreciation expense – governmental activities	\$	<u><u>11,623,788</u></u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Business-Type Activity

	<u>Balances</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>June 30, 2013</u>
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	595,777	2,109,411	2,194,590	510,598
Intangible assets - easements	4,570	—	—	4,570
	<u>3,326,616</u>	<u>2,109,411</u>	<u>2,194,590</u>	<u>3,241,437</u>
Total capital assets not being depreciated				
Other capital assets:				
Water and sewer systems – utility plant	228,822,869	4,782,177	197,302	233,407,744
Buildings and improvements	4,817,690	95,169	52,550	4,860,309
Office fixtures and equipment	1,482,163	256,340	69,430	1,669,073
Automotive equipment	2,373,459	126,540	88,487	2,411,512
Intangible assets – water rights	25,000,000	—	—	25,000,000
	<u>262,496,181</u>	<u>5,260,226</u>	<u>407,769</u>	<u>267,348,638</u>
Total other capital assets				
Less accumulated depreciation and amortization for:				
Water and sewer systems – utility plant	92,312,997	6,516,069	38,285	98,790,781
Buildings and improvements	1,105,014	140,524	10,510	1,235,028
Office fixtures and equipment	840,994	159,001	55,763	944,232
Automotive equipment	1,759,613	190,340	88,487	1,861,466
Intangible assets – water rights	1,993,865	613,497	—	2,607,362
	<u>98,012,483</u>	<u>7,619,431</u>	<u>193,045</u>	<u>105,438,869</u>
Total accumulated depreciation and amortization				
Other capital assets, net	<u>164,483,698</u>	<u>(2,359,205)</u>	<u>214,724</u>	<u>161,909,769</u>
	<u>\$ 167,810,314</u>	<u>(249,794)</u>	<u>2,409,314</u>	<u>165,151,206</u>

Depreciation and amortization of \$7,619,431 was charged to water and sewer operations as follows:

Water	\$ 4,825,850
Sewer	<u>2,793,581</u>
	<u>\$ 7,619,431</u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Component Unit – Public Schools

	Balances July 1, 2012	Increases	Decreases	Balances June 30, 2013
Capital assets not being depreciated:				
Land improvements	\$ 8,435,126	—	—	8,435,126
Construction in progress	418,043	4,063,749	1,391,970	3,089,822
Total capital assets not being depreciated	8,853,169	4,063,749	1,391,970	11,524,948
Other capital assets:				
Buildings and improvements	41,713,967	1,301,358	—	43,015,325
Furniture and equipment	19,728,545	1,152,317	1,429,125	19,451,737
Total other capital assets	61,442,512	2,453,675	1,429,125	62,467,062
Less accumulated depreciation for:				
Buildings and improvements	10,108,404	1,920,300	—	12,028,704
Furniture and equipment	12,229,956	1,248,960	1,413,166	12,065,750
Total accumulated depreciation	22,338,360	3,169,260	1,413,166	24,094,454
Other capital assets, net	39,104,152	(715,585)	15,959	38,372,608
	<u>\$ 47,957,321</u>	<u>3,348,164</u>	<u>1,407,929</u>	<u>49,897,556</u>

Depreciation of \$3,169,260 was charged to the Public Schools' governmental functions.

The total construction in progress for the Public Schools is \$5,050,156. Capital outlay expenditures totaling \$1,960,334 are presented in the County's construction in progress balance in order to match the corresponding debt.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Component Unit – Economic Development Authority

	Balances July 1, 2012	Increases	Decreases	Balances June 30, 2013
Capital assets not being depreciated:				
Land	\$ 2,483,106	—	—	2,483,106
Construction in progress	166,510	—	—	166,510
Total capital assets not being depreciated	2,649,616	—	—	2,649,616
Other capital assets:				
Furniture and equipment	5,119	—	—	5,119
Intangible assets	7,600	—	—	7,600
Total other capital assets	12,719	—	—	12,719
Less accumulated depreciation for:				
Furniture and equipment	469	469	—	938
Intangible assets	—	1,520	—	1,520
Total accumulated depreciation	469	1,989	—	2,458
Other capital assets, net	12,250	(1,989)	—	10,261
	<u>\$ 2,661,866</u>	<u>(1,989)</u>	<u>—</u>	<u>2,659,877</u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

(8) Amounts Due From and To Component Units

The Service Authority owes the County \$1,078,608 at June 30, 2013, 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, 2013, the County owed the Public Schools \$1,444,621, which primarily represents construction incurred by the Public Schools. Additionally, the County owed the Development Authority \$84,599, 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, 2013 follow:

	<u>General fund</u>	<u>Capital projects</u>	<u>Other governmental funds</u>	<u>Total</u>
Prepaid property taxes	\$ 87,961	—	—	87,961
Unexpended grants	—	—	490,856	490,856
Governmental activities	87,961	—	490,856	578,817
Property taxes not collected within 45 days	21,143,710	1,145	—	21,144,855
Governmental funds	<u>\$ 21,231,671</u>	<u>1,145</u>	<u>490,856</u>	<u>21,723,672</u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

(10) Long-Term Liabilities

Primary Government

A summary of the County's long-term liability activity for governmental activities for the fiscal year ended June 30, 2013, is presented below:

	<u>Amounts payable at July 1, 2012</u>	<u>Additions</u>	<u>Retirements and reductions</u>	<u>Amounts payable at June 30, 2013</u>	<u>Amounts due within one year</u>
Governmental activities:					
General obligation bonds	\$ 78,714,085	—	7,519,085	71,195,000	7,685,000
Deferred amounts:					
Add bond premium	7,874,129	2,309,915	707,152	9,476,892	—
Deduct underwriter's discount	(454,111)	(253,624)	(40,137)	(667,598)	—
Total general obligation bonds	<u>86,134,103</u>	<u>2,056,291</u>	<u>8,186,100</u>	<u>80,004,294</u>	<u>7,685,000</u>
Capital lease – Radio System	8,026,000	—	8,026,000	—	—
Other capital lease	1,209,074	—	110,220	1,098,854	114,326
Lease revenue bonds	104,472,000	26,380,000	7,818,000	123,034,000	8,618,000
OPEB obligation	1,197,962	249,000	—	1,446,962	—
Compensated absences	3,368,993	4,087,865	3,912,038	3,544,820	2,658,615
Landfill postclosure care cost	<u>2,338,800</u>	<u>22,350</u>	<u>—</u>	<u>2,361,150</u>	<u>65,270</u>
Total other long-term liabilities	<u>120,612,829</u>	<u>30,739,215</u>	<u>19,866,258</u>	<u>131,485,786</u>	<u>11,456,211</u>
Governmental activities long-term liabilities	<u>\$ 206,746,932</u>	<u>32,795,506</u>	<u>28,052,358</u>	<u>211,490,080</u>	<u>19,141,211</u>

The General Fund or the Special Revenue Fund where the employees' salaries are charged generally liquidates compensated absences and other postemployment benefit obligation.

In September 2012, the County issued lease revenue bonds totaling \$26,380,000 to finance the construction, renovation, installation and equipping of certain improvements at James River Elementary School, Toano Middle School, and Lafayette High School, a replacement fire station and to refinance the County's obligation under a lease purchase agreement dated November 2003 that financed certain emergency 911 communications equipment and facilities.

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, 2013, \$1,008,700 was included in capital assets, and \$100,820 depreciation expense was incurred during fiscal year 2013.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

The present value of future minimum capital lease payments of the County as of June 30, 2013, is as follows:

Fiscal year ending June 30:		
2014	\$	155,258
2015		162,369
2016		162,369
2017		162,369
2018		162,369
2019-2021		<u>487,106</u>
Total minimum lease payments		1,291,840
Less amount representing interest		<u>(192,986)</u>
Present value of minimum capital lease payments	\$	<u><u>1,098,854</u></u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

(a) *Governmental Activities*

Details of long-term bonded indebtedness:

\$18,800,000 School Bonds, issued May 1, 1997, maturing in various annual installments through January 15, 2018, with interest payable semiannually at 5.60%	\$ 6,810,000
\$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 4.725%	8,835,000
\$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 5.975%	420,000
\$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 5.00%	5,090,000
\$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%	31,620,000
\$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%	13,650,000
\$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%	3,820,000
\$1,000,000 General Obligation School Bond, Series 2011A, issued December 15, 2011, maturing in various installments through December 1, 2030, with interest payable semiannually at 4.25%	950,000
	<hr/> 71,195,000
Add premiums	9,476,892
Deduct underwriter's discount	<hr/> (667,598)
Total general obligation bonds	<hr/> 80,004,294

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Capital lease obligation:

\$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%	1,098,854
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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%	16,645,000
\$95,775,000 issued December 28, 2006, due in various installments through June 15, 2026, with interest paid semiannually at 5.00%	62,245,000
\$14,935,000 issued September 23, 2009, due in various installments through January 15, 2030, with interest paid semiannually at 2.25%	12,610,000
\$6,672,000 issued September 30, 2011, due in various installments through July 15, 2021, with interest paid semiannually at 2.18%	6,004,000
\$26,380,000 issued September 11, 2012, due in various installments through June 30, 2033, with interest paid semiannually at 4.00%	25,530,000

OPEB obligation	1,446,962
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Compensated absences	3,544,820
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Landfill postclosure care costs	2,361,150
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Total other long-term liabilities	131,485,786
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Total governmental activities	\$ 211,490,080
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(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, 2013, is presented below:

		Amounts payable at July 1, 2012	Additions	Retirements and reductions	Amounts payable at June 30, 2013	Amounts due within one year
Business-type activity:						
Revenue bonds	\$	32,700,000	—	7,515,000	25,185,000	525,000
Add bond premium		238,175	—	238,175	—	—
OPEB obligation		150,509	21,000	—	171,509	—
Compensated absences		387,129	453,022	432,374	407,777	305,833
Total	\$	33,475,813	474,022	8,185,549	25,764,286	830,833

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Details of long-term bonded indebtedness:

\$27,120,000 Revenue Bonds, Series 2008 issued August, 2008,
maturing in various annual installments through 2040
with interest payable semiannually at 3.50%

\$ 25,185,000

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:				
2014	\$ 7,685,000	3,195,910	8,618,000	5,585,484
2015	7,985,000	2,840,438	8,727,000	5,209,451
2016	7,940,000	2,500,629	8,852,000	4,825,366
2017	5,275,000	2,200,726	8,982,000	4,427,807
2018	5,495,000	1,923,134	9,142,000	4,002,391
2019-2023	17,105,000	6,773,953	42,248,000	13,717,473
2024-2028	14,375,000	3,080,938	28,470,000	4,401,931
2029-2033	5,335,000	334,843	7,995,000	751,818
	<u>\$ 71,195,000</u>	<u>22,850,571</u>	<u>123,034,000</u>	<u>42,921,721</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, 2013

Business-type activity:

Fiscal year ending June 30:	Revenue bonds	
	Principal	Interest
2014	\$ 525,000	1,119,306
2015	545,000	1,100,931
2016	565,000	1,081,856
2017	585,000	1,062,081
2018	605,000	1,041,606
2019-2023	3,405,000	4,823,269
2024-2028	4,185,000	4,044,006
2029-2033	4,060,000	3,165,738
2034-2038	—	2,563,188
2039-2040	10,710,000	590,888
	<u>\$ 25,185,000</u>	<u>20,592,869</u>

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

(c) *Component Unit – Public Schools*

	Amounts payable at July 1, 2012	Additions	Retirements and reductions	Amounts payable at June 30, 2013	Amounts due within one year
OPEB obligation	\$ 3,302,300	815,000	239,000	3,878,300	—
Compensated absences	973,257	897,176	935,627	934,806	420,663
Component Unit – Public Schools long-term liabilities	<u>\$ 4,275,557</u>	<u>1,712,176</u>	<u>1,174,627</u>	<u>4,813,106</u>	<u>420,663</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 \$2,361,150 reported as landfill postclosure liability at June 30, 2013, 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 2013. 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, 2013

(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 upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

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

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service or when the sum of 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.
- Eligible hazardous duty members 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. These members include sheriffs, deputy sheriffs, law enforcement officers and firefighters. 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 member's average final compensation multiplied by the member'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 member's 60 consecutive months of highest compensation. The retirement multiplier for Plan 1 members is 1.7%. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013. At retirement, members 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 members 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,

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

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 at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf>, or by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

(b) Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. Effective July 1, 2012, Plan 1 members were required to make the 5% member contribution. Effective July 1, 2011, Plan 2 members were required to make their 5% contribution. Prior to these dates, the County assumed this contribution for employees. 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, 2013 were 16.70%, 7.83% 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, 2013, the annual pension cost of \$6,037,423, \$506,157, and \$554,483 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, 2012 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, 2012 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, 2013	\$ 6,037,423	100%	None
June 30, 2012	4,466,056	100	None
June 30, 2011	4,680,445	100	None

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Business-type activity:

Three-year trend information			
Fiscal year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
June 30, 2013	\$ 506,157	100%	None
June 30, 2012	382,768	100	None
June 30, 2011	379,057	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, 2013	\$ 554,483	100%	None
June 30, 2012	566,011	100	None
June 30, 2011	543,878	100	None

(d) Funded Status and Funding Progress

The most recent actuarial valuation as of June 30, 2012 indicated the following with respect to the plan's funded status and funding progress:

Governmental activities:

Actuarial value of assets	\$	107,015,111
Actuarial accrued liability (AAL)		141,541,906
Unfunded actuarial accrued liability (UAAL)		34,526,795
Funded ratio		75.61%
Covered payroll	\$	34,025,561
UAAL as a percentage of covered payroll		101.47%

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Business-type activity:

Actuarial value of assets	\$	10,146,323
Actuarial accrued liability (AAL)		12,443,789
Unfunded actuarial accrued liability (UAAL)		2,297,466
Funded ratio		81.54%
Covered payroll	\$	3,779,338
UAAL as a percentage of covered payroll		60.79%

Component Unit – Public Schools (non-professional):

Actuarial value of assets	\$	12,876,349
Actuarial accrued liability (AAL)		15,103,163
Unfunded actuarial accrued liability (UAAL)		2,226,814
Funded ratio		85.26%
Covered payroll	\$	4,730,105
UAAL as a percentage of covered payroll		47.08%

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) Post-Employment Benefits Other Than Pensions (OPEB)

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, 2013

(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 346 County and 80 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 Public Schools' plan allows retirees under the age of 65 to remain in the same medical and dental plan as active employees if they have at least five years of service and are a covered member under the plan at retirement and for at least 24 months prior to retiring. Retirees pay 100% of the premium, minus any applicable \$62.50 monthly contributed. The Public Schools' plan allows eligible retirees to receive a \$62.50 monthly contribution toward their health insurance premium if they have a minimum of twelve continuous years of service. The Public Schools' current membership is 50.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

(d) Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation as of June 30, 2013 was calculated as follows:

Governmental activities:

Annual required contribution	\$ 329,000
Interest on net OPEB obligation	47,000
Actuarial adjustments	<u>(54,000)</u>
Annual OPEB cost	322,000
Contributions made	<u>(73,000)</u>
Increase in net OPEB obligation	249,000
Net OPEB obligation, beginning of year	<u>1,197,962</u>
Net OPEB obligation, end of year	<u><u>\$ 1,446,962</u></u>

Business-type activity:

Annual required contribution	\$ 35,000
Interest on net OPEB obligation	6,000
Actuarial adjustments	<u>(7,000)</u>
Annual OPEB cost	34,000
Contributions made	<u>(13,000)</u>
Increase in net OPEB obligation	21,000
Net OPEB obligation, beginning of year	<u>150,509</u>
Net OPEB obligation, end of year	<u><u>\$ 171,509</u></u>

Component Unit – Public Schools:

Annual required contribution	\$ 815,000
Interest on net OPEB obligation	132,000
Actuarial adjustments	<u>(132,000)</u>
Annual OPEB cost	815,000
Contributions made	<u>(239,000)</u>
Increase in net OPEB obligation	576,000
Net OPEB obligation, beginning of year	<u>3,302,300</u>
Net OPEB obligation, end of year	<u><u>\$ 3,878,300</u></u>

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

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
2013	\$ 322,000	22.7%	\$ 1,446,962
2012	305,000	21.6	1,197,962
2011	290,470	13.9	958,962

Business-type activity:

Three-year trend information			
Fiscal year ended June 30,	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
2013	\$ 34,000	38.2%	\$ 171,509
2012	32,000	34.4	150,509
2011	31,560	14.4	129,509

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
2013	\$ 815,000	29.3%	\$ 3,878,300
2012	748,000	27.0	3,302,300
2011	1,074,000	27.0	2,756,300

(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.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

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, 2012 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 2.5%, payroll growth of 3%, healthcare cost trend rate of 9% and amortization of the initial unfunded actuarial liability over a closed 26 year period based on a level percent of payroll method. The actuarial accrued liability was \$2,997,000, \$343,000 and \$6,349,000 for the County, Authority and Public Schools, respectively. Future increases for the cost of medical benefits were assumed to range from 5% to 9% with the larger increases in the early years and gradually decreasing to 5% thereafter. It should be noted actuarial calculations reflect a long-term perspective and, therefore, actuarially determined amounts are subject to revision as results are compared to past expectations and new estimates are made about the future.

(f) Schedule of Funding Progress

Governmental activities:

Actuarial valuation date July 1,	Actuarial value of assets	Actuarial accrued liability (AAL) project unit credit	Unfunded actuarial accrued liability (UAAL)	Funding ratio	Covered payroll	UAAL as a percentage of covered payroll
2010	\$ —	2,194,000	2,194,000	—	\$ 32,436,359	6.8%
2011	—	2,767,000	2,767,000	—	32,497,922	8.5
2012	—	2,997,000	2,997,000	—	33,716,939	8.9

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
2010	\$ —	244,000	244,000	—	\$ 4,040,543	6.0%
2011	—	322,000	322,000	—	4,144,696	7.8
2012	—	343,000	343,000	—	4,306,155	8.0

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Component Unit – Public Schools:

Actuarial valuation date July 1,	Actuarial value of assets	accrued liability (AAL) project unit credit	Unfunded actuarial accrued liability (UAAL)	Funding ratio	Covered payroll	UAAL as a percentage of covered payroll
2010	\$ —	7,988,000	7,988,000	—	\$ 69,697,225	11.5%
2011	—	5,803,000	5,803,000	—	71,381,094	8.1
2012	—	6,349,000	6,349,000	—	70,133,265	9.1

(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 (\$17,500 in 2013). 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 \$845,205 for the year ended June 30, 2013. 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 March 2014. The yearly rate was \$105,195 for 2013, 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 \$115,867 for the year ended June 30, 2013 for these services.

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

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

(16) Risk Management

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

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

(17) Commitments and Contingencies

Primary Government

Construction in Progress – Governmental Activities

At June 30, 2013, 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	\$ 9,902,576	402,704	540,721	8,959,151
General governmental	5,119,583	1,843,400	862,133	2,414,050
Education	11,056,264	1,960,334	7,536,456	1,559,474
Community development	560,915	—	—	560,915
Parks and recreation	3,460,825	1,280,201	461,826	1,718,798
	<u>\$ 30,100,163</u>	<u>5,486,639</u>	<u>9,401,136</u>	<u>15,212,388</u>

Construction in Progress – Business-Type Activity

At June 30, 2013, the Authority had several major projects under construction which are presented in the accompanying financial statements as construction in progress. Presented on the following page is a list of major projects, by budget, expenditures to date, balance of contract and budget balance.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Project	Budget	Expenditures to date	Balance of contract	Budget balance
Sewer improvements	\$ 4,408,217	—	1,722,838	2,685,379
Water supply	7,135,148	422,917	190,948	6,521,283
Water distribution	2,242	—	2,242	—
Water transmission	489,916	—	243,306	246,610
Water storage	685,620	—	—	685,620
Other	716,386	87,681	117,901	510,804
	<u>\$ 13,437,529</u>	<u>510,598</u>	<u>2,277,235</u>	<u>10,649,696</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, 2013, the Authority had \$32,902 outstanding in advances for construction.

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, 2013 are as follows:

	Lease payments due
Year ending June 30:	
2014	\$ 387,669
2015	397,204
2016	193,168
2017	43,312
2018	43,865
2019-2023	223,064
2024-2028	229,754
2029	46,732
	<u>\$ 1,564,768</u>

Rental expenditures related to these lease agreements were \$378,612 for the year ended June 30, 2013.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2013

Other

The County and the Public Schools participate in a number of federal awards. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial. The County, the Public Schools and the Development Authority are currently not involved in any litigation which management feels could have a significant impact on the County's, the Public Schools', or the Development Authority's financial condition.

(18) Subsequent Events

On July 24, 2013, the County purchased an 81.794 acre conservation easement on Greensprings Road and two parcels on the corner of Jamestown Road and 4H Club Road. The total purchase price for this was \$2,611,200 and was paid from the Capital Projects Fund.

On September 23, 2013, the Economic Development Authority approved the transfer of ownership of Mainland Farm to the County. Mainland Farm consists of 214.05 acres and is located at 2881 Greensprings Road. On October 8, 2013, the Board of Supervisors approved to convey a conservation easement on Mainland Farm to the Williamsburg Land Conservancy. This conservation easement was granted in order to protect and preserve the scenic, rural and agricultural character of Mainland Farm.

**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, 2013

Fund, major and minor revenue source	Original budget	Final budget	Actual	Variance positive (negative)
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 83,090,000	83,090,000	83,825,965	735,965
Real and personal public service corporation property taxes	1,725,000	1,725,000	1,792,966	67,966
Personal property taxes	17,005,000	17,005,000	16,899,043	(105,957)
Machinery and tools taxes	5,600,000	5,600,000	5,686,089	86,089
Penalties	500,000	500,000	573,787	73,787
Interest	200,000	200,000	334,346	134,346
Total general property taxes	108,120,000	108,120,000	109,112,196	992,196
Other local taxes:				
Local sales and use taxes	9,175,000	9,175,000	9,929,142	754,142
Franchise license taxes	600,000	600,000	432,233	(167,767)
Taxes on recordation and wills	1,100,000	1,100,000	1,406,520	306,520
Hotel and motel room taxes	1,950,000	1,950,000	2,230,111	280,111
Restaurant food taxes	5,925,000	5,925,000	6,054,927	129,927
Deeds of conveyance	300,000	300,000	350,862	50,862
Penalties	—	—	16,174	16,174
Interest	—	—	7,147	7,147
Total other local taxes	19,050,000	19,050,000	20,427,116	1,377,116
Permits, privilege fees and regulatory licenses:				
Animal licenses	20,000	20,000	23,901	3,901
Business licenses	5,635,000	5,635,000	6,057,140	422,140
Motor vehicle licenses	135,000	135,000	139,610	4,610
Building permits	800,000	800,000	820,967	20,967
Permits and other licenses	655,000	655,000	582,034	(72,966)
Total permits, privilege fees and regulatory licenses	7,245,000	7,245,000	7,623,652	378,652
Fines and forfeitures	300,000	300,000	295,355	(4,645)
Revenue from use of property	185,000	185,000	199,268	14,268
Charges for services:				
Excess fees of the clerk	165,000	165,000	178,396	13,396
Charges for Commonwealth's attorney	5,000	5,000	5,944	944
Charges for law enforcement and traffic control	155,000	155,000	137,384	(17,616)
Charges for emergency medical services	2,127,000	2,127,000	2,341,297	214,297
Charges for parks and recreation	2,558,000	2,558,000	2,708,063	150,063
Landfill user fees	235,000	235,000	225,520	(9,480)
Other fees	70,000	70,000	140,260	70,260
Total charges for services	5,315,000	5,315,000	5,736,864	421,864
Miscellaneous revenue:				
Sale of property	50,000	50,000	154,041	104,041
Miscellaneous	80,000	212,225	258,051	45,826
Total miscellaneous revenue	130,000	262,225	412,092	149,867
Total revenue from local sources	140,345,000	140,477,225	143,806,543	3,329,318

COUNTY OF JAMES CITY, VIRGINIA

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

General Fund

Year ended June 30, 2013

Fund, major and minor revenue source	Original budget	Final budget	Actual	Variance positive (negative)
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 30,000	30,000	17,974	(12,026)
Tax on deeds	550,000	550,000	481,051	(68,949)
Railroad rolling stock taxes	51,000	51,000	58,954	7,954
Personal property tax relief	9,770,137	9,770,137	9,770,137	—
Car rental tax	70,000	70,000	120,988	50,988
Total noncategorical aid	10,471,137	10,471,137	10,449,104	(22,033)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	496,248	496,248	497,538	1,290
Sheriff	676,119	676,119	690,939	14,820
Commissioner of the revenue	157,500	157,500	160,718	3,218
Treasurer	150,902	150,902	156,285	5,383
Registrar/electoral board	47,000	47,000	44,658	(2,342)
Clerk of the circuit court	463,186	463,186	455,256	(7,930)
Total shared expenses	1,990,955	1,990,955	2,005,394	14,439
Other categorical aid:				
Wireless Board	152,500	152,500	183,131	30,631
Commission of the arts	5,000	5,000	5,000	—
HB 599 payments	1,320,500	1,320,500	1,320,487	(13)
Share of state sales tax	9,822,908	9,822,908	9,834,318	11,410
Communications sales and use tax	1,700,000	1,700,000	1,744,466	44,466
Other	50,000	50,000	48,378	(1,622)
Total other categorical aid	13,050,908	13,050,908	13,135,780	84,872
Total categorical aid	15,041,863	15,041,863	15,141,174	99,311
Total revenue from the Commonwealth	25,513,000	25,513,000	25,590,278	77,278
Revenue from the federal government:				
Payments in lieu of taxes	7,000	7,000	7,010	10
Total revenue from the federal government	7,000	7,000	7,010	10
Total revenues	165,865,000	165,997,225	169,403,831	3,406,606

COUNTY OF JAMES CITY, VIRGINIA

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

General Fund

Year ended June 30, 2013

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
General government administration:				
Legislative:				
Board of supervisors	\$ 196,834	195,005	184,152	10,853
General and financial administration:				
County administrator	434,400	436,548	432,499	4,049
County attorney	498,355	501,342	472,872	28,470
Human resources	659,806	703,481	656,974	46,507
Legal services	11,100	393,442	353,827	39,615
Commissioner of the revenue	713,170	725,243	720,571	4,672
Real estate assessments	728,373	742,847	725,037	17,810
Treasurer	1,230,861	1,242,177	1,224,805	17,372
Financial management	877,482	899,270	878,660	20,610
Accounting	167,756	172,392	145,208	27,184
Publications management	200,094	203,324	190,983	12,341
Purchasing	334,598	337,744	233,983	103,761
Records management	240,003	245,887	229,846	16,041
Telecommunications	206,361	209,864	202,215	7,649
Information technology	1,606,466	1,648,119	1,520,113	128,006
Fleet maintenance	882,604	899,285	893,947	5,338
Total general and financial administration	8,791,429	9,360,965	8,881,540	479,425
Board of elections:				
Voter registration and elections	351,927	355,682	334,193	21,489
Total general government administration	9,340,190	9,911,652	9,399,885	511,767
Judicial administration:				
Courts:				
Circuit court and judicial services	510,520	512,673	506,417	6,256
General district court	42,611	43,169	30,680	12,489
Juvenile and domestic relations district court	23,709	23,709	18,971	4,738
Clerk of the circuit court	736,624	736,624	688,772	47,852
Sheriff	1,249,821	1,267,045	1,260,007	7,038
9th judicial district	9,564	10,131	9,222	909
Court services and juvenile detention	449,000	449,000	317,628	131,372
Courthouse	450,446	478,679	408,279	70,400
Total courts	3,472,295	3,521,030	3,239,976	281,054
Commonwealth's attorney	785,769	798,625	764,241	34,384
Total judicial administration	4,258,064	4,319,655	4,004,217	315,438
Public safety:				
Law enforcement and traffic control:				
Police department	8,927,405	9,186,181	8,876,745	309,436
Emergency communications	2,664,560	2,610,845	2,591,506	19,339
Total law enforcement and traffic control	11,591,965	11,797,026	11,468,251	328,775
Fire and rescue services:				
Fire department and emergency medical services	9,819,241	10,101,872	10,051,301	50,571

COUNTY OF JAMES CITY, VIRGINIA

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

General Fund

Year ended June 30, 2013

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
Correction and detention:				
Regional jail	\$ 2,260,631	2,286,839	2,229,050	57,789
Inspections:				
Building and safety permits	1,054,333	1,097,243	1,021,320	75,923
Other protection:				
Animal control	219,116	223,482	210,009	13,473
Emergency management	333,359	340,789	324,896	15,893
Total other protection	552,475	564,271	534,905	29,366
Total public safety	25,278,645	25,847,251	25,304,827	542,424
Public works:				
Sanitation and waste removal:				
Grounds maintenance	1,552,826	1,573,280	1,454,478	118,802
Solid waste and recycling	1,589,074	1,694,117	1,692,886	1,231
Total sanitation and waste removal	3,141,900	3,267,397	3,147,364	120,033
Maintenance of general buildings and grounds:				
Facilities management	4,222,778	4,313,386	4,097,826	215,560
Total public works	7,364,678	7,580,783	7,245,190	335,593
Health and welfare:				
Local health department	707,665	707,665	692,404	15,261
Mental health and mental retardation	923,180	923,180	923,180	—
Total health and welfare	1,630,845	1,630,845	1,615,584	15,261
Education:				
School board administration	76,720,315	76,720,315	75,931,599	788,716
Parks, recreation and cultural:				
Parks and recreation:				
Administration	4,363,499	4,421,439	4,319,878	101,561
Community centers	135,700	145,241	143,835	1,406
Park operations	183,000	193,578	190,838	2,740
Recreation services	364,100	363,906	292,307	71,599
Total parks and recreation	5,046,299	5,124,164	4,946,858	177,306
Library:				
Regional library	4,120,251	4,120,251	4,120,251	—
Total parks, recreation and cultural	9,166,550	9,244,415	9,067,109	177,306
Community development:				
Planning and community development:				
Planning	814,978	838,208	741,400	96,808
Development management	241,939	244,676	222,018	22,658
Communications	585,058	595,170	582,360	12,810
Zoning enforcement	327,570	330,874	274,988	55,886
Economic development	394,178	401,514	374,862	26,652
Satellite office	204,969	208,199	205,877	2,322
Contributions – other	700,128	700,128	698,230	1,898
Regional transportation	505,216	505,216	505,216	—
Total planning and community development	3,774,036	3,823,985	3,604,951	219,034

COUNTY OF JAMES CITY, VIRGINIA

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

General Fund

Year ended June 30, 2013

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
Environmental management:				
Engineering and resource protection	\$ 960,343	973,329	899,137	74,192
Stormwater management	457,158	616,308	449,220	167,088
Total environmental management	1,417,501	1,589,637	1,348,357	241,280
Cooperative extension program:				
Community development	49,800	49,800	48,054	1,746
Total community development	5,241,337	5,463,422	5,001,362	462,060
Nondepartmental:				
Miscellaneous	492,305	252,951	966,806	(713,855)
Total expenditures	139,492,929	140,971,289	138,536,579	2,434,710
Excess of revenues over expenditures	26,372,071	25,025,936	30,867,252	5,841,316
Other financing uses:				
Operating transfers out	(29,372,071)	(29,372,071)	(33,857,648)	(4,485,577)
Excess (deficiency) of revenues over expenditures and other uses	(3,000,000)	(4,346,135)	(2,990,396)	1,355,739
Fund balance at beginning of year	3,000,000	4,346,135	43,876,490	39,530,355
Fund balance at end of year	\$ —	—	40,886,094	40,886,094

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, 2013

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, 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
June 30, 2011	105,068,952	134,838,075	29,769,123	77.92	34,570,101	86.11
June 30, 2012	107,015,111	141,541,906	34,526,795	75.61	34,025,561	101.47

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, 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
June 30, 2011	9,884,534	11,714,335	1,829,801	84.38	3,789,456	48.29
June 30, 2012	10,146,323	12,443,789	2,297,466	81.54	3,779,338	60.79

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, 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
June 30, 2011	12,608,672	14,672,694	2,064,022	85.93	4,796,556	43.03
June 30, 2012	12,876,349	15,103,163	2,226,814	85.26	4,730,105	47.08

Unaudited - see accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA

Note to Required Supplementary Information (Unaudited)

June 30, 2013

(1) Budgeting and Budgetary Accounting

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

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

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

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

All budgets are adopted on the modified accrual basis of accounting. The budget was increased by \$757,225, excluding encumbrances carried forward of \$721,135, in supplemental appropriations during the fiscal year ended June 30, 2013. This increase was to appropriate fund balance to make a one-time bonus payment to employees and compensation study and to cover legal services costs related to a State Corporation Commission hearing process on the location of a proposed electric transmission line in the County. 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, 2013, as adopted and amended by supplemental appropriations.

Unaudited – see accompanying independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF JAMES CITY, VIRGINIA

Debt Service Fund

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

COUNTY OF JAMES CITY, VIRGINIA

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

Debt Service Fund

Year ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:				
Revenue from use of money and property	\$ 20,000	20,000	26,316	6,316
Miscellaneous	223,301	223,301	251,827	28,526
Total revenues	<u>243,301</u>	<u>243,301</u>	<u>278,143</u>	<u>34,842</u>
Expenditures:				
Community development	90,000	90,000	386,989	(296,989)
Principal retirement	15,590,305	15,590,305	23,473,305	(7,883,000)
Interest, other fiscal charges and early retirement	9,468,429	9,468,429	9,522,081	(53,652)
Total expenditures	<u>25,148,734</u>	<u>25,148,734</u>	<u>33,382,375</u>	<u>(8,233,641)</u>
Excess (deficiency) of revenues over (under) expenditures	(24,905,433)	(24,905,433)	(33,104,232)	(8,198,799)
Other financing sources (uses):				
Proceeds from issuance of debt	—	—	7,380,000	(7,380,000)
Premium on bond issuance	—	—	1,000,925	(1,000,925)
Operating transfers in	20,450,000	20,450,000	24,976,931	(4,526,931)
Underwriters discount	—	—	(253,624)	(253,624)
Total other financing sources (uses)	<u>20,450,000</u>	<u>20,450,000</u>	<u>33,104,232</u>	<u>(13,161,480)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures	(4,455,433)	(4,455,433)	—	4,455,433
Fund balance at beginning of year	<u>4,455,433</u>	<u>4,455,433</u>	<u>—</u>	<u>(4,455,433)</u>
Fund balance at end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

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.

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

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

COUNTY OF JAMES CITY, VIRGINIA

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2013

Assets	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Community Development Fund	Revolving Loan Fund	Trust Fund	Tourism Investment Fund	Grants and Special Projects Fund	Total
Cash and cash equivalents and investments	\$ 1,372,208	105,888	532,358	415,630	569,817	203,318	—	3,199,219
Cash and cash equivalents, restricted	—	—	886,344	—	—	—	793,191	1,679,535
Taxes receivable	—	—	—	—	—	96,756	—	96,756
Accounts receivable	—	15,619	—	4,178	—	—	—	19,797
Interest receivable	—	—	—	—	1	—	—	1
Loans receivable	—	—	173,501	—	—	—	—	173,501
Due from other governments	323,508	—	378,718	—	29,898	—	1,917,013	2,649,137
Total assets	\$ 1,695,716	121,507	1,970,921	419,808	599,716	300,074	2,710,204	7,817,946
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 13,920	8,304	272,532	—	33,347	103,284	290,727	722,114
Accrued liabilities	2,115	1,535	721	—	—	—	299	4,670
Liabilities payable from restricted assets	—	—	56,505	—	—	—	—	56,505
Due to other funds	276,264	7,983	18,300	—	5,113	—	1,095,073	1,402,733
Due to component unit	—	—	—	—	—	—	19,297	19,297
Deferred revenue	—	19,000	156,633	—	—	—	315,223	490,856
Total liabilities	292,299	36,822	504,691	—	38,460	103,284	1,720,619	2,696,175
Fund balances:								
Nonspendable - Loans	—	—	173,501	—	—	—	—	173,501
Committed - Grants	—	—	—	—	—	—	128,700	128,700
Assigned - Special revenue	1,403,417	84,685	1,292,729	419,808	561,256	196,790	860,885	4,819,570
Total fund balances	1,403,417	84,685	1,466,230	419,808	561,256	196,790	989,585	5,121,771
Total liabilities and fund balances	\$ 1,695,716	121,507	1,970,921	419,808	599,716	300,074	2,710,204	7,817,946

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, 2013

	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Community Development Fund	Revolving Loan Fund	Trust Fund	Tourism Investment Fund	Grants and Special Projects Fund	Total
Revenues:								
Other local taxes	\$ ---	---	---	---	---	780,945	---	780,945
Revenue from use of money and property	---	---	8	2	21	---	---	31
Miscellaneous	---	61,047	206,494	33,191	33,497	---	---	334,229
Intergovernmental:								
Local	---	113,164	---	---	---	---	237,186	350,350
Commonwealth	1,402,373	738,214	850,374	---	317,919	---	1,128,979	4,437,859
Federal	1,909,008	91,974	1,265,387	---	28,420	---	403,646	3,698,435
Total revenues	3,311,381	1,004,399	2,322,263	33,193	379,857	780,945	1,769,811	9,601,849
Expenditures:								
Current:								
Judicial administration	---	1,031,714	---	---	11,820	---	203,223	1,246,757
Public safety	---	---	---	---	271,038	---	979,249	1,250,287
Public works	---	---	---	---	860	---	360,834	361,694
Health and welfare	4,770,257	---	---	---	3,566	---	395,973	5,169,796
Parks, recreation and cultural	---	---	---	---	3,890	---	4,084	7,974
Community development	---	---	3,347,659	---	975	1,812,355	365,637	5,526,626
Total expenditures	4,770,257	1,031,714	3,347,659	---	292,149	1,812,355	2,309,000	13,563,134
Excess (deficiency) of revenues over (under) expenditures	(1,458,876)	(27,315)	(1,025,396)	33,193	87,708	(1,031,410)	(539,189)	(3,961,285)
Other financing sources:								
Transfers in	1,587,616	34,470	630,059	---	---	1,170,000	566,072	3,988,217
Net change in fund balances	128,740	7,155	(395,337)	33,193	87,708	138,590	26,883	26,932
Fund balances at beginning of year	1,274,677	77,530	1,861,567	386,615	473,548	58,200	962,702	5,094,839
Fund balances at end of year	\$ 1,403,417	84,685	1,466,230	419,808	561,256	196,790	989,585	5,121,771

See accompanying independent auditors' report.

Exhibit B-3

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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Intergovernmental:			
Commonwealth	\$ —	1,402,373	1,402,373
Federal	3,658,180	1,909,008	(1,749,172)
Total intergovernmental revenues	<u>3,658,180</u>	<u>3,311,381</u>	<u>(346,799)</u>
Expenditures:			
Current:			
Health and welfare	<u>5,630,546</u>	<u>4,770,257</u>	<u>860,289</u>
Excess (deficiency) of revenues over (under) expenditures	(1,972,366)	(1,458,876)	513,490
Other financing sources:			
Operating transfers in	<u>1,587,616</u>	<u>1,587,616</u>	<u>—</u>
Excess (deficiency) of revenues and other sources over (under) expenditures	(384,750)	128,740	(513,490)
Fund balance at beginning of year	<u>384,750</u>	<u>1,274,677</u>	<u>(889,927)</u>
Fund balance at end of year	<u>\$ —</u>	<u>1,403,417</u>	<u>(1,403,417)</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, 2013

	Special Welfare	WAMAC	Regional Jail	Juvenile Detention	Williamsburg Area Transit Authority	Total
Assets						
Cash and cash equivalents	\$ 8,793	1,818,478	547,556	534,145	602,976	3,511,948
Restricted cash and cash equivalents and investments with fiscal agent/trustee	—	2,250,000	5,426,972	—	—	7,676,972
Accounts receivable	—	81,892	157,385	155,394	17,749	412,420
Due from other governmental units	—	—	1,142,794	—	725,194	1,867,988
Total assets	\$ 8,793	4,150,370	7,274,707	689,539	1,345,919	13,469,328
Liabilities						
Accounts payable and accrued liabilities	\$ 1,527	47,921	749,080	215,479	417,585	1,431,592
Amounts held for others	7,266	4,102,449	6,525,627	474,060	928,334	12,037,736
Total liabilities	\$ 8,793	4,150,370	7,274,707	689,539	1,345,919	13,469,328

See accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year ended June 30, 2013

	Balances beginning of year	Additions	Reductions	Balances end of year
Special Welfare Fund:				
Assets:				
Cash	\$ 2,638	17,980	11,825	8,793
Liabilities:				
Accounts payable and accrued liabilities	\$ —	1,527	—	1,527
Amounts held for others	2,638	17,980	13,352	7,266
Total liabilities	\$ 2,638	19,507	13,352	8,793
WAMAC Fund:				
Assets:				
Cash	\$ 94,749	3,940,237	2,216,508	1,818,478
Restricted cash	3,773,891	38,226	1,562,117	2,250,000
Accounts receivable	84,823	164,872	167,803	81,892
Total assets	\$ 3,953,463	4,143,335	3,946,428	4,150,370
Liabilities:				
Accounts payable and accrued liabilities	\$ 42,238	2,066,554	2,060,871	47,921
Amounts held for others	3,911,225	2,596,867	2,405,643	4,102,449
Total liabilities	\$ 3,953,463	4,663,421	4,466,514	4,150,370
Regional Jail Fund:				
Assets:				
Cash and cash equivalents	\$ 1,472,731	12,422,707	13,347,882	547,556
Restricted cash and cash equivalents and investments with fiscal agent/trustee	3,201,479	4,558,866	2,333,373	5,426,972
Accounts receivable	690,454	158,592	691,661	157,385
Prepaid item	9,972	—	9,972	—
Due from other governmental units	1,290,642	1,142,794	1,290,642	1,142,794
Total assets	\$ 6,665,278	18,282,959	17,673,530	7,274,707
Liabilities:				
Accounts payable and accrued liabilities	\$ 790,862	7,895,296	7,937,078	749,080
Amounts held for others	5,874,416	19,189,980	18,538,769	6,525,627
Total liabilities	\$ 6,665,278	27,085,276	26,475,847	7,274,707
Juvenile Detention Fund:				
Assets:				
Cash and cash equivalents and investments	\$ 380,984	3,799,436	3,646,275	534,145
Accounts receivable	89,303	155,394	89,303	155,394
Total assets	\$ 470,287	3,954,830	3,735,578	689,539
Liabilities:				
Accounts payable and accrued liabilities	\$ 244,939	3,345,738	3,375,198	215,479
Amounts held for others	225,348	4,737,815	4,489,103	474,060
Total liabilities	\$ 470,287	8,083,553	7,864,301	689,539

COUNTY OF JAMES CITY, VIRGINIA

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year ended June 30, 2013

	Balances beginning of year	Additions	Reductions	Balances end of year
Williamsburg Area Transit Authority Fund:				
Assets:				
Cash and cash equivalents	\$ 637,693	6,213,622	6,248,339	602,976
Accounts receivable	12,114	17,749	12,114	17,749
Due from other governmental units	738,446	725,194	738,446	725,194
Total assets	<u>\$ 1,388,253</u>	<u>6,956,565</u>	<u>6,998,899</u>	<u>1,345,919</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 482,442	3,106,380	3,171,237	417,585
Amounts held for others	905,811	13,736,388	13,713,865	928,334
Total liabilities	<u>\$ 1,388,253</u>	<u>16,842,768</u>	<u>16,885,102</u>	<u>1,345,919</u>
Total:				
Assets:				
Cash and cash equivalents and investments	\$ 2,588,795	26,393,982	25,470,829	3,511,948
Restricted cash and cash equivalents and investments with fiscal agent/trustee	6,975,370	4,597,092	3,895,490	7,676,972
Accounts receivable	876,694	496,607	960,881	412,420
Prepaid item	9,972	—	9,972	—
Due from other governmental units	2,029,088	1,867,988	2,029,088	1,867,988
Total assets	<u>\$ 12,479,919</u>	<u>33,355,669</u>	<u>32,366,260</u>	<u>13,469,328</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,560,481	16,415,495	16,544,384	1,431,592
Amounts held for others	10,919,438	40,279,030	39,160,732	12,037,736
Total liabilities	<u>\$ 12,479,919</u>	<u>56,694,525</u>	<u>55,705,116</u>	<u>13,469,328</u>

See accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA

Discretely Presented Component Units

The County reports the following discretely presented component units:

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

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

COUNTY OF JAMES CITY, VIRGINIA

Balance Sheet

Discretely Presented Component Unit – Public Schools – Governmental Funds

June 30, 2013

Assets	General	Grants	Schools' food services	Capital projects	Total governmental funds
Cash and temporary investments	\$ 14,076,155	76,706	576,219	1,073,431	15,802,511
Receivables	36,840	4,732	5,487	—	47,059
Due from federal government	16,363	635,606	326,450	—	978,419
Due from Commonwealth of Virginia	150,719	24,809	—	—	175,528
Due from the City of Williamsburg and James City County	36,895	—	—	2,423,118	2,460,013
Inventory	—	—	76,244	—	76,244
Total assets	\$ 14,316,972	741,853	984,400	3,496,549	19,539,774
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,656,531	62,740	298	2,036,269	3,755,838
Accrued payroll	6,178,163	281,459	125,630	—	6,585,252
Accrued benefits	4,652,265	206,809	109,422	—	4,968,496
Total liabilities	12,486,959	551,008	235,350	2,036,269	15,309,586
Fund balances:					
Nonspendable -					
Inventory	—	—	76,244	—	76,244
Restricted to -					
Grants	—	190,845	—	—	190,845
Committed to -					
Capital projects	—	—	—	1,460,280	1,460,280
Assigned to:					
General	1,330,013	—	—	—	1,330,013
Schools' food services fund	—	—	672,806	—	672,806
Unassigned, reported in -					
General fund	500,000	—	—	—	500,000
Total fund balances	1,830,013	190,845	749,050	1,460,280	4,230,188
Total liabilities and fund balances	\$ 14,316,972	741,853	984,400	3,496,549	
Adjustments for the statement of net position:					
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.					49,897,556
Unearned revenue is not reported as a liability in the governmental funds.					(190,845)
Long-term liabilities are not reported as liabilities in the governmental funds.					
Compensated absences		(934,806)			
Other post employment benefits		(3,878,300)			(4,813,106)
Net position of governmental activities					\$ 49,123,793

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, 2013

	General	Grants	Schools' food services	Capital projects	Total governmental funds
Revenues:					
Intergovernmental:					
From City of Williamsburg and James City County	\$ 83,562,280	—	—	3,901,956	87,464,236
From Commonwealth of Virginia	27,402,913	856,245	63,750	—	28,322,908
From federal government	152,615	4,006,696	2,086,504	—	6,245,815
Total intergovernmental	111,117,808	4,862,941	2,150,254	3,901,956	122,032,959
Charges for services	644,360	15,117	1,870,898	—	2,530,375
Interest	1,772	—	796	—	2,568
Miscellaneous	201,167	632,879	—	—	834,046
Total revenues	111,965,107	5,510,937	4,021,948	3,901,956	125,399,948
Expenditures:					
General and administrative	2,380,943	32,435	—	—	2,413,378
Instruction	81,519,349	4,469,500	—	—	85,988,849
Attendance and health services	3,868,988	224,345	—	—	4,093,333
Pupil transportation	7,033,259	—	—	—	7,033,259
Operations and maintenance	10,148,277	504	—	—	10,148,781
Technology	4,973,281	342,956	—	—	5,316,237
Food services	—	240,562	3,953,183	—	4,193,745
Capital outlay	967,889	234,072	14,111	4,063,749	5,279,821
Total expenditures	110,891,986	5,544,374	3,967,294	4,063,749	124,467,403
Excess (deficiency) of revenues over (under) expenditures	1,073,121	(33,437)	54,654	(161,793)	932,545
Other financing sources (uses):					
Transfers in	—	—	—	685,097	685,097
Transfers out	(685,097)	—	—	—	(685,097)
Total other financing sources (uses)	(685,097)	—	—	685,097	—
Net change in fund balances	388,024	(33,437)	54,654	523,304	932,545
Fund balances at beginning of year	1,441,989	224,282	694,396	936,976	3,297,643
Fund balances at end of year	\$ 1,830,013	190,845	749,050	1,460,280	4,230,188

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, 2013

Excess of revenues under expenditures \$ 932,545

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	5,279,821
Depreciation expense	(3,169,260)
	<u>2,110,561</u>

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. (170,326)

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	38,451
Change in net OPEB obligation	(576,000)
	<u>(537,549)</u>

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.

	<u>33,437</u>
Change in net position	<u><u>\$ 2,368,668</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, 2013

	Balances beginning of year	Additions	Reductions	Balances end of year
State Operated Educational Program:				
Assets:				
Cash and temporary investments	\$ (191,875)	1,018,235	1,028,810	(202,450)
Due from other governmental units	<u>251,665</u>	<u>268,889</u>	<u>251,665</u>	<u>268,889</u>
Total assets	<u>\$ 59,790</u>	<u>1,287,124</u>	<u>1,280,475</u>	<u>66,439</u>
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ 59,790</u>	<u>1,943,965</u>	<u>1,937,316</u>	<u>66,439</u>
School Activity Fund:				
Assets:				
Cash and temporary investments	<u>\$ 1,127,747</u>	<u>2,181,267</u>	<u>2,002,991</u>	<u>1,306,023</u>
Liabilities:				
Amounts held for others	<u>\$ 1,127,747</u>	<u>2,181,267</u>	<u>2,002,991</u>	<u>1,306,023</u>
Totals – primary government:				
Assets:				
Cash and temporary investments	\$ 935,872	3,199,502	3,031,801	1,103,573
Due from other governmental units	<u>251,665</u>	<u>268,889</u>	<u>251,665</u>	<u>268,889</u>
Total assets	<u>\$ 1,187,537</u>	<u>3,468,391</u>	<u>3,283,466</u>	<u>1,372,462</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 59,790	1,943,965	1,937,316	66,439
Amounts held for others	<u>1,127,747</u>	<u>2,181,267</u>	<u>2,002,991</u>	<u>1,306,023</u>
Total liabilities	<u>\$ 1,187,537</u>	<u>4,125,232</u>	<u>3,940,307</u>	<u>1,372,462</u>

See accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA

Balance Sheet

Discretely Presented Component Unit – Economic Development Authority

June 30, 2013

Assets

Assets:

Cash and short-term investments (note 2)	\$ 1,615,183
Due from James City County	186,802
Interest receivable	837
Notes receivable	23,863
Capital assets (note 7 and 18):	
Land	2,483,106
Furniture and equipment	5,119
Intangible assets	7,600
Construction in progress	166,510
Accumulated depreciation	<u>(2,458)</u>
Total capital assets	<u>2,659,877</u>
Total assets	<u><u>\$ 4,486,562</u></u>

Liabilities and Net Position

Liabilities:

Current liabilities:

Accounts payable	\$ 209,759
Due to James City County	102,203
Deferred revenue	<u>34,500</u>
Total current liabilities	<u>346,462</u>

Net position:

Net investment in capital assets	2,659,877
Unrestricted	<u>1,480,223</u>
Total net position	<u>4,140,100</u>
Total liabilities and net position	<u><u>\$ 4,486,562</u></u>

See accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA

Statement of Revenues, Expenses and Changes in Fund Net Position
Discretely Presented Component Unit – Economic Development Authority

Year ended June 30, 2013

Operating revenues:	
County contribution	\$ 154,316
Bond fees	88,873
Lease income	244,009
Incubator revenue	14,685
Incubator member contributions	34,500
Miscellaneous revenue	9,025
Total operating revenues	<u>545,408</u>
Operating expenses:	
Community development	434,982
Advertising	93,205
Professional fees	26,798
Note forgiveness	2,007
Performance based agreements	137,627
Other	9,150
Total operating expenses	<u>703,769</u>
Operating loss before depreciation	<u>(158,361)</u>
Depreciation	<u>1,989</u>
Operating loss	<u>(160,350)</u>
Nonoperating revenue:	
Interest income	<u>17,734</u>
Net nonoperating revenue	<u>17,734</u>
Change in net position	(142,616)
Net position at beginning of year	<u>4,282,716</u>
Net position at end of year	<u>\$ 4,140,100</u>

See accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA

Statement of Cash Flows

Discretely Presented Component Unit – Economic Development Authority

Year ended June 30, 2013

Cash flows from operating activities:	
Receipts from customers	\$ 471,939
Payments to suppliers	<u>(488,892)</u>
Net cash used by operating activities	<u>(16,953)</u>
Cash flows from investing activities -	
Interest received	<u>17,734</u>
Net increase in cash and short-term investments	781
Cash and short-term investments at beginning of year	<u>1,614,402</u>
Cash and short-term investments at end of year	\$ <u><u>1,615,183</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (160,350)
Adjustments to reconcile operating loss to cash used by operating activities:	
Depreciation	1,989
Note forgiveness	2,007
Changes in assets and liabilities:	
Due from James City County	(77,416)
Interest receivable	1,940
Accounts payable	78,174
Due to James City County	102,203
Deferred revenue	<u>34,500</u>
Net cash used by operating activities	\$ <u><u>(16,953)</u></u>
Cash and short term investments at June 30, 2013 are comprised of the following amounts:	
Cash and short-term investments	\$ <u><u>1,615,183</u></u>

See accompanying independent auditors' report.

STATISTICAL SECTION

COUNTY OF JAMES CITY, VIRGINIA

Statistical Section Overview

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

CONTENTS

Financial Trends **Tables 1 - 4**

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

Revenue Capacity **Tables 5 - 9**

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

Debt Capacity **Tables 10 - 12**

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

Demographic & Economic Information **Tables 13 - 14**

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

Operation Information **Tables 15 - 18**

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

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

Table 1

COUNTY OF JAMES CITY, VIRGINIA

Net Position by Component
Last Ten Fiscal Years

	Fiscal year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Net investment in capital assets	\$ 72,906,650	47,458,012	57,943,767	25,413,961	160,168,505	155,643,755	91,045,788	46,961,066	133,812,951	128,851,392
Reserved:										
Capital projects	—	43,794,137	41,541,322	124,329,355	6,498,734	15,716,245	41,296,767	20,005,183	21,226,338	35,010,428
Debt service	96,590	85,774	—	—	—	—	—	—	—	—
Other purposes	1,587,781	1,741,595	14,148,422	6,214,172	433,272	394,831	813,685	—	—	—
Unrestricted	58,697,908	55,102,486	47,114,240	37,081,001	44,309,703	42,816,887	61,999,946	134,831,315	55,343,408	52,396,401
Total governmental activities net position	\$ 133,288,929	148,182,004	160,747,751	193,038,489	211,410,214	214,571,718	195,156,186	201,797,564	210,382,697	216,258,221
Business-type activity:										
Net investment in capital assets	\$ 104,781,826	112,013,177	123,710,597	132,145,149	134,569,730	134,314,330	135,071,435	135,641,623	135,110,313	139,966,206
Reserved:										
Capital projects	3,155,428	696,483	703,494	709,584	1,305,775	4,674,837	4,610,218	4,740,769	4,876,760	2,620,384
Unrestricted	23,422,019	27,135,809	29,627,748	33,151,555	36,275,425	36,591,088	36,430,621	34,057,874	34,462,629	30,189,025
Total business-type activity net position	\$ 131,359,273	139,845,469	154,041,839	166,006,288	172,150,930	175,580,255	176,112,274	174,440,266	174,449,702	172,775,615
Primary government:										
Net investment in capital assets	\$ 177,688,476	159,471,189	181,654,364	157,559,110	294,738,235	289,958,085	226,117,223	182,602,689	268,923,264	268,817,598
Reserved:										
Capital projects	3,155,428	44,490,620	42,244,816	125,038,939	7,804,509	20,391,082	45,906,985	24,745,952	26,103,098	37,630,812
Debt service	96,590	85,774	—	—	—	—	—	—	—	—
Other purposes	1,587,781	1,741,595	14,148,422	6,214,172	433,272	394,831	813,685	—	—	—
Unrestricted	82,119,927	82,238,295	76,741,988	70,232,556	80,585,128	79,407,975	98,430,567	168,889,189	89,806,037	82,585,426
Total primary government net position	\$ 264,648,202	288,027,473	314,789,590	359,044,777	383,561,144	390,151,973	371,268,460	376,237,830	384,832,399	389,033,836

Table 2

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities:										
General government administration	\$ 7,421,564	7,715,060	5,790,007	16,835,827	18,873,491	21,347,839	23,962,622	23,061,671	17,103,421	14,304,134
Judicial administration	4,006,887	4,212,935	4,374,852	5,053,351	5,151,971	5,515,309	5,521,244	5,394,548	5,513,976	5,505,727
Public safety	14,856,391	16,742,887	13,599,920	23,500,193	24,704,720	23,267,505	22,477,094	15,003,864	23,768,668	27,750,476
Public works	3,487,207	4,390,347	2,674,311	3,361,025	5,990,017	5,925,566	19,240,014	7,332,972	6,119,246	7,963,622
Health and welfare	6,141,730	6,555,435	7,043,503	6,762,204	7,116,193	7,171,131	7,332,607	7,382,994	7,042,619	6,785,380
Education	55,189,245	58,841,825	77,265,247	63,874,870	75,880,133	83,021,945	81,441,066	83,737,593	82,082,568	84,309,615
Parks, recreation, and cultural	8,304,480	8,893,143	8,720,218	2,131,929	6,534,492	10,302,398	8,938,509	8,980,597	8,744,156	8,536,371
Community development	9,811,644	11,835,533	12,662,469	17,214,104	16,633,166	13,575,967	11,472,198	9,467,357	14,832,661	11,139,632
Storm costs	8,239,127	30,124	—	166,546	—	—	—	—	—	—
Interest on long-term debt	4,197,067	4,328,942	5,962,561	9,857,524	11,198,606	10,582,404	10,671,318	9,853,465	9,384,810	9,522,081
Non-departmental	1,643,125	1,975,709	5,161,844	—	—	—	—	—	—	—
Total governmental activities expenses	123,298,467	125,521,940	143,254,932	148,757,573	172,082,789	180,710,064	190,856,672	170,415,061	174,592,125	175,817,038
Business-type activities:										
Service Authority	11,731,280	12,804,913	14,149,218	17,688,528	16,551,103	18,742,699	20,074,066	20,896,660	21,361,681	21,272,566
Stormwater Utility	—	—	—	—	882,254	1,466,080	—	—	—	—
Total business-type expenses	11,731,280	12,804,913	14,149,218	17,688,528	17,433,357	20,208,779	20,074,066	20,896,660	21,361,681	21,272,566
Total primary government expenses	\$ 135,029,747	138,326,853	157,404,150	166,446,101	189,516,146	200,918,843	210,930,738	191,311,721	195,953,806	197,089,604
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	\$ 5,176,215	5,607,216	6,569,599	8,362,971	7,996,663	7,342,625	6,594,623	6,845,682	7,246,961	7,436,450
Judicial administration	1,888,854	1,926,242	2,098,886	2,269,336	2,200,572	2,013,959	1,753,575	1,864,708	1,816,700	1,828,073
Public safety	1,497,108	1,626,293	1,555,099	1,879,979	2,950,693	2,714,769	2,704,770	2,874,239	3,172,589	3,463,159
Parks, recreation and cultural	2,509,133	2,530,099	2,638,777	2,565,177	2,539,147	2,493,973	2,547,762	2,494,536	2,527,532	2,708,063
Other	1,977,719	2,129,972	2,473,163	691,062	684,719	736,926	213,976	203,302	216,443	225,520
Total charges for services	13,049,029	13,819,822	15,335,524	15,768,525	16,371,794	15,302,252	13,814,706	14,282,467	14,980,225	15,661,265
Operating grants and contributions	14,130,212	18,964,343	18,790,084	22,448,104	24,593,841	25,171,862	23,161,669	32,049,993	33,019,242	31,354,415
Capital grants and contributions	317,414	3,057,457	785,786	5,039,467	3,087,066	804,605	423,581	434,823	2,035,365	1,312,352
Total governmental activities program revenues	27,496,655	35,841,622	34,911,394	43,256,096	44,052,701	41,278,719	37,399,956	46,767,283	50,034,832	48,328,032
Business-type activities:										
Charges for services	12,942,503	15,149,124	16,805,640	17,899,853	16,928,117	14,787,096	15,575,143	16,443,520	14,883,627	15,871,187
Operating grants and contributions	371,538	—	—	—	—	21,978	2,756	—	—	—
Capital grants and contributions	5,233,761	4,983,390	10,077,376	7,926,456	3,154,158	4,563,025	3,427,510	1,750,073	5,395,362	4,600,645
Total business-type activities program revenues	18,547,802	20,132,514	26,883,016	25,826,309	20,082,275	19,372,099	19,005,409	18,193,593	20,278,989	20,471,832
Total primary government program revenues	\$ 46,044,457	55,974,136	61,794,410	69,082,405	64,134,976	60,650,818	56,405,365	64,960,876	70,313,821	68,799,864
Net (expense)/revenue:										
Governmental activities	\$ (95,801,812)	(89,680,318)	(108,343,538)	(105,501,477)	(128,030,088)	(139,431,345)	(153,456,716)	(123,647,778)	(124,557,293)	(127,489,006)
Business-type activities	6,816,522	7,527,601	12,733,798	8,137,781	2,648,918	(836,680)	(1,068,657)	(2,703,067)	(1,082,692)	(800,734)
Total primary government net expense	\$ (88,985,290)	(82,152,717)	(95,609,740)	(97,363,696)	(125,381,170)	(140,268,025)	(154,525,373)	(126,350,845)	(125,639,985)	(128,289,740)

Table 2

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 68,374,743	74,480,869	86,204,347	94,855,055	109,559,232	106,494,452	109,159,897	109,545,003	111,454,692	110,351,991
Other local taxes	15,297,039	17,955,400	20,366,681	21,273,019	20,486,124	18,869,282	18,355,067	19,100,086	20,006,069	21,208,061
Permits, fees and licenses	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	563,216	849,860	3,407,722	7,306,357	5,105,721	2,351,497	673,668	442,698	395,001	330,514
Grants and contributions not restricted to specific programs	2,947,631	2,520,331	---	---	---	---	---	---	---	---
Gain (loss) on sale of capital assets	(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	1,286,664	1,473,964
Total governmental activities	103,268,126	104,573,393	120,909,285	137,792,215	146,401,813	142,592,849	136,251,734	130,289,156	133,142,426	133,364,530
Business-type activities:										
Interest on investment earnings	184,213	506,939	935,971	1,503,939	2,004,957	3,669,266	956,056	509,675	351,929	(1,249,111)
Gain (loss) on sale of capital assets	1,869	24,124	---	---	181,615	74,226	---	---	---	---
Miscellaneous	442,554	627,532	526,601	1,378,725	1,309,152	522,513	644,620	521,384	740,199	375,758
Total business-type activities	628,636	1,158,595	1,462,572	2,882,664	3,495,724	4,266,005	1,600,676	1,031,059	1,092,128	(873,353)
Total primary government	\$ 103,896,762	105,731,988	122,371,857	140,674,879	149,897,537	146,858,854	137,852,410	131,320,215	134,234,554	132,491,177
Change in net position:										
Governmental activities	\$ 7,466,314	14,893,075	12,565,747	32,290,738	18,371,725	3,161,504	(17,204,982)	6,641,378	8,585,133	5,875,524
Business-type activities	7,445,158	8,486,196	14,196,370	11,020,445	6,144,642	3,429,325	532,019	(1,672,008)	9,436	(1,674,087)
Total primary government	\$ 14,911,472	23,379,271	26,762,117	43,311,183	24,516,367	6,590,829	(16,672,963)	4,969,370	8,594,569	4,201,437

(1) Reflects expenses from Exhibit 2.

Table 3

COUNTY OF JAMES CITY, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years (1)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund:										
Nonspendable:										
Inventory	\$ 234,894	253,111	245,959	291,364	288,734	264,969	276,083	298,757	346,545	361,682
Prepaid items	—	—	—	—	—	—	400,301	—	—	—
Assigned:										
General	482,971	465,203	457,287	452,420	407,496	437,744	1,161,093	2,678,655	6,089,236	6,595,137
Capital projects	8,903,531	11,438,811	14,056,476	14,668,476	13,729,826	11,118,329	12,408,971	16,045,435	15,766,115	11,583,529
Unassigned:										
General	15,074,120	18,822,560	21,406,435	23,904,427	22,099,383	21,311,672	21,187,263	20,449,054	21,674,594	22,345,746
Total general fund	\$ 24,695,516	30,979,685	36,166,157	39,316,687	36,525,439	33,132,714	35,433,711	39,471,901	43,876,490	40,886,094
All other government funds:										
Nonspendable -										
Loans	\$ 143,645	158,438	147,168	170,886	144,538	129,862	137,301	155,940	167,249	173,501
Committed:										
Grants	—	—	—	—	—	—	—	741,113	962,702	128,700
Capital projects	20,826,056	54,962,288	51,808,002	113,413,284	95,085,866	80,344,173	52,626,696	25,150,586	21,226,338	35,010,428
Assigned:										
Debt service	96,590	6,134	—	—	—	—	—	—	—	—
Special revenue	5,320,033	4,319,239	3,662,370	2,880,529	4,248,738	5,206,988	4,317,141	3,216,855	3,964,888	4,819,570
Total all other governmental funds	\$ 26,386,324	59,446,099	55,617,540	116,464,699	99,479,142	85,681,023	57,081,138	29,264,494	26,321,177	40,132,199

(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 2004 through 2010 have been restated to reflect this standard.

Table 4

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

	Fiscal year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
General property taxes	68,756,419	73,733,187	85,280,660	97,049,153	105,668,764	107,015,723	107,695,813	108,564,306	110,677,787	109,112,196
Other local taxes	15,297,039	17,955,400	20,566,681	21,273,019	20,486,124	18,869,282	18,355,067	19,100,086	20,006,069	21,208,061
Licenses, permits, and fees	7,233,545	7,746,142	8,877,130	9,255,185	8,288,580	7,420,591	6,672,136	7,055,618	7,487,105	7,623,652
Fines and forfeitures	288,221	301,204	320,714	321,443	366,606	348,846	296,866	334,633	274,198	295,355
Use of money and property	563,216	849,860	3,407,723	7,306,357	5,105,721	2,351,497	673,668	442,698	395,001	330,514
Charges for services	3,846,636	4,007,722	4,335,505	4,124,072	5,519,603	5,504,494	4,857,836	4,861,478	5,174,185	5,736,864
Intergovernmental	34,539,339	31,833,900	30,285,175	38,810,581	38,166,492	35,425,379	32,245,254	37,099,346	37,099,346	34,672,161
Miscellaneous	715,171	3,293,645	2,053,403	5,102,599	2,963,156	7,457,027	1,390,966	1,201,370	1,286,664	1,473,964
Total revenues	131,239,586	139,721,060	154,896,990	183,242,409	186,564,046	184,392,839	172,187,606	176,075,743	182,400,355	180,452,767
Expenditures:										
Storm costs	8,239,127	30,124	—	166,546	—	—	—	—	2,454,661	—
General government	7,202,889	7,101,022	7,681,371	10,363,474	9,564,540	8,756,912	8,323,563	8,265,513	8,669,692	9,399,885
Judicial administration	3,747,921	3,923,755	4,188,180	4,837,033	5,267,359	5,323,019	5,302,279	5,311,684	5,254,489	5,250,974
Public works	3,341,281	4,218,631	4,494,973	5,181,021	5,885,527	5,878,757	5,650,572	7,241,872	6,493,573	7,606,884
Health and welfare	6,161,651	6,314,548	6,840,336	6,762,204	7,116,193	7,171,131	7,332,607	7,582,994	7,042,619	6,785,380
Education	52,556,412	55,459,098	60,797,314	64,498,554	74,228,490	74,724,304	73,757,904	73,830,796	74,280,245	75,931,599
Parks, recreation, and cultural	7,886,872	8,338,914	9,010,847	9,825,513	10,045,603	10,100,822	9,509,436	9,180,161	9,163,941	9,075,083
Public safety	15,176,064	17,526,762	18,791,965	22,416,276	23,382,553	23,159,401	22,987,019	23,792,805	24,915,821	26,555,114
Community development	9,333,332	14,770,525	13,048,650	17,191,954	16,332,072	14,520,010	11,086,234	10,289,898	9,873,740	10,914,977
Nondepartmental	720,813	997,581	1,267,388	1,473,817	2,492,546	1,502,034	556,381	(266,150)	1,265,803	966,806
Debt service (2):										
Principal	5,414,782	6,411,051	7,215,460	14,488,702	14,245,257	14,363,935	15,077,900	14,830,524	14,787,955	23,473,305
Interest	3,886,121	4,275,082	5,962,561	9,857,524	11,253,935	10,625,010	10,365,470	9,853,465	9,384,810	9,522,081
Underwriter's discount	—	139,659	125,640	192,900	—	—	101,667	—	—	—
Capital outlay (1)	13,469,974	12,611,144	37,898,518	76,594,343	26,526,776	25,458,348	43,005,939	30,042,723	15,023,734	12,586,344
Total expenditures	137,137,239	142,117,896	177,323,203	243,849,861	206,340,851	201,583,683	213,056,971	199,956,285	188,611,083	198,068,432
Deficiency of revenues under expenditures	(5,897,653)	(2,396,836)	(22,426,213)	(60,607,452)	(19,776,805)	(17,190,844)	(40,869,365)	(23,880,542)	(6,210,728)	(17,615,665)
Other financing sources:										
Transfers in	—	—	—	—	—	—	—	—	—	—
Issuance of debt	15,023,528	15,338,857	23,559,107	32,695,840	33,046,784	30,904,124	29,093,987	28,784,026	29,412,515	33,965,148
Proceeds from capital lease	—	39,820,000	23,492,454	116,775,000	—	—	14,935,000	4,820,000	7,672,000	26,380,000
Underwriter's discount	—	—	—	—	—	—	—	—	—	—
Payment to refunded bond escrow agent	—	—	—	—	—	—	—	(20,003)	—	(253,624)
Premiums on bonds issued	—	—	291,672	7,830,141	—	—	—	(5,019,743)	—	—
Transfers out	(15,023,528)	(15,338,857)	(23,559,107)	(32,695,840)	(33,046,784)	(30,904,124)	(29,093,987)	(28,784,026)	(29,412,515)	(33,965,148)
Total other financing sources	14,500,000	41,740,780	23,784,126	124,605,141	(33,046,784)	(30,904,124)	(29,093,987)	(28,784,026)	7,672,000	28,436,291
Net change in fund balances	8,602,347	39,343,944	1,357,913	63,997,689	(19,776,805)	(17,190,844)	(25,921,556)	(23,778,454)	1,461,272	10,820,626
Debt service as a percentage of noncapital expenditures	7.56%	8.43%	9.33%	15.62%	14.48%	13.92%	13.58%	14.27%	13.65%	17.57%

(1) Including operating transfers to capital projects.
(2) Noncapital expenditures equals total expenditures less amounts for capitalized assets on the government-wide statement of net 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
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
2012	11,316,807,900	652,561,625	139,945,157	9,719,184	802,225,966	222,670,868	12,341,704,734	4.770
2013	10,921,180,200	687,058,440	141,877,157	9,209,475	838,145,072	232,588,225	11,991,913,497	4.770

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)		Total direct tax rate
2004	\$	0.860	4.00	5.00%	4.00	1.00%	\$	4.860
2005		0.825	4.00	5.00	4.00	1.00		4.825
2006		0.785	4.00	5.00	4.00	1.00		4.785
2007		0.770	4.00	5.00	4.00	1.00		4.770
2008		0.770	4.00	5.00	4.00	1.00		4.770
2009		0.770	4.00	5.00	4.00	1.00		4.770
2010		0.770	4.00	5.00	4.00	1.00		4.770
2011		0.770	4.00	5.00	4.00	1.00		4.770
2012		0.770	4.00	5.00	4.00	1.00		4.770
2013		0.770	4.00	5.00	4.00	1.00		4.770

(1) Per \$100 assessed value

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

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

Table 7

COUNTY OF JAMES CITY, VIRGINIA

Principal Property Tax Payers

Current Year and Nine Years Ago

	2013			2004		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 4,868,393	1	4.09%	\$ 4,878,222	1	6.26%
Seaworld Parks, LLC	1,818,178	2	1.53	1,341,782	2	1.72
Wal-Mart, Inc.	1,162,762	3	0.98	691,072	4	0.88
Powhatan Plantation Owners Association	981,606	4	0.82	677,146	5	0.87
Virginia Electric & Power Company	890,362	5	0.75	638,124	6	0.81
Premium Outlets of Williamsburg (1)	835,907	6	0.70	462,117	8	0.59
Williamsburg Landing, Inc.	751,199	7	0.63	448,934	10	0.57
Ball Metal Container	693,142	8	0.58	619,805	7	0.79
Owens-Brockway	690,470	9	0.58	455,071	9	0.58
Williamsburg Plantation Owners Association	658,212	10	0.55	—	—	—
Busch Properties	—		—	828,916	3	1.06
Total	\$ 13,350,231		11.21%	\$ 11,041,189		14.13%

Source: Commissioner of the Revenue

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

Table 7A

COUNTY OF JAMES CITY, VIRGINIA

Principal Personal Property Tax Payers

Current Year and Nine Years Ago

	2013			2004 (1)		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 3,785,168	1	11.39%	\$		**
Seaworld Parks, LLC	1,296,314	2	3.90	**		**
Owens-Brockway Glass Container	618,220	3	1.86	**		**
Ball Metal Container	588,056	4	1.68	**		**
Printpack, Inc.	471,910	5	1.42	**		**
Wal-Mart, Inc.	359,188	6	1.08	**		**
Cox Communications of Hampton Roads	264,627	7	0.80	**		**
Branscome, Inc.	140,186	8	0.42	**		**
HVT, Inc.	138,573	9	0.42	**		**
Toyota Motor Credit Corp	108,879	10	0.33	**		**
Total	\$ 7,771,121		23.30%	\$		—%

Source: Commissioner of the Revenue

(1) The first year this was reported was fiscal year 2010. Therefore, information for fiscal year 2004 is not available.

Table 7B

COUNTY OF JAMES CITY, VIRGINIA

Principal Real Estate Tax Payers

Current Year and Nine Years Ago

	2013			2004 (1)		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 1,083,225	1	1.26%	**		**
Powhatan Plantation Owners Association	966,499	2	1.13	**		**
Virginia Electric & Power Company	887,671	3	1.03	**		**
Premium Outlets of Williamsburg (2)	829,840	4	0.97	**		**
Wal-Mart, Inc.	803,574	5	0.94	**		**
Williamsburg Landing, Inc.	675,738	6	0.79	**		**
Williamsburg Plantation Owners Association	650,808	7	0.76	**		**
Manor Houses Associates	596,756	8	0.69	**		**
Virginia United Methodist Homes, Inc.	577,698	9	0.67	**		**
Seaworld Parks, LLC	521,684	10	0.61	**		**
Total	\$ 7,593,493		8.85%	—		—%

Source: Commissioner of the Revenue

- (1) The first year this was reported was fiscal year 2010. Therefore, information for fiscal year 2004 is not available.
- (2) Premium Outlets includes two related parties, Williamsburg Outlets, LLC and Williamsburg Mazel, LLC. They are combined in this table to show the value of the shopping center.

Table 8

COUNTY OF JAMES CITY, VIRGINIA

Property Tax Levies and Collections

Last Eight Fiscal Years (2)

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount (1)	Percentage of levy (%)		Amount	Percentage of levy (%)
2006	\$ 95,578,378	78,647,494	82.29%	16,849,756	95,497,250	99.92%
2007	105,817,252	88,752,007	83.87	16,974,284	105,726,291	99.91
2008	114,077,182	96,586,301	84.67	17,357,421	113,943,722	99.88
2009	114,866,888	97,895,837	85.23	16,773,573	114,669,410	99.83
2010	116,352,344	99,101,581	85.17	16,773,316	115,874,897	99.59
2011	117,146,045	100,889,563	86.12	15,478,353	116,367,916	99.34
2012	121,256,513	101,482,234	83.69	18,195,427	119,677,661	98.70
2013	116,000,925	98,431,581	84.85	—	98,431,581	84.85

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

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

Source: Treasurer, James City County

Table 9

COUNTY OF JAMES CITY, VIRGINIA

Taxable Sales by Category
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Apparel stores	\$ 81,257,571	97,321,446	106,280,148	129,014,904	140,648,465	167,950,739	175,885,946	183,244,309	198,116,199	206,585,825
Automotive dealers, supplies and repair	8,546,791	9,728,269	9,532,774	9,958,680	10,626,082	14,567,840	12,949,521	17,019,548	24,017,913	21,792,904
Building materials, machinery and equipment	76,748,086	95,792,695	80,881,233	70,536,701	48,814,343	31,817,138	42,771,225	16,631,597	20,676,668	19,518,301
Eating and drinking establishments	100,640,302	116,938,094	50,262,980	64,500,250	61,733,750	67,796,606	89,306,904	91,552,799	103,724,814	105,121,625
Food stores	106,942,175	106,657,961	93,670,198	121,052,401	131,331,534	136,126,199	109,487,554	135,172,441	148,451,817	160,043,266
Furniture, home furnishings and household equipment	21,940,341	25,363,301	38,502,745	39,426,034	40,492,354	34,053,707	21,986,380	22,119,421	23,420,749	25,032,485
General merchandise	17,129,785	18,483,634	55,149,333	89,788,633	100,039,981	91,584,624	95,560,600	87,029,287	92,522,324	103,860,834
Lodging	51,125,828	41,654,420	51,474,891	58,643,553	55,764,241	47,796,238	39,984,592	32,414,685	14,172,343	16,041,031
Other outlets	65,996,384	68,466,514	42,378,637	23,256,354	27,416,608	26,130,061	25,930,390	29,255,159	39,511,197	38,200,453
Other retail stores, dealers, trades and services	122,429,498	137,539,091	175,126,243	205,937,385	212,079,549	182,317,205	163,456,030	188,073,849	204,974,337	208,856,679
Total	\$ 652,756,761	717,945,425	703,259,182	812,114,895	828,946,907	800,140,357	777,319,142	802,513,095	869,588,361	905,053,403

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	Capital lease – radio system	Other capital lease	Loan payable Virginia Department of Transportation	Lease revenue bonds	Total
2004	\$ 73,636,054	86,850	14,500,000	—	500,000	—	88,722,904
2005	109,814,071	57,900	13,816,000	—	375,000	—	124,062,971
2006	106,062,319	28,950	13,100,000	808,307	250,000	22,570,000	142,819,576
2007	126,590,560	—	12,350,000	688,190	125,000	112,780,000	252,533,750
2008	118,369,735	—	11,564,000	562,298	—	107,200,000	237,696,033
2009	109,974,105	—	10,740,000	430,533	—	101,595,000	222,739,638
2010	101,414,765	—	9,877,000	292,895	—	110,275,000	221,859,660
2011	93,283,624	—	8,973,000	1,312,522	—	104,055,000	207,624,146
2012	86,134,103	—	8,026,000	1,209,074	—	104,472,000	199,841,177
2013	80,004,294	—	—	1,098,854	—	123,034,000	204,137,148

Fiscal year	Business-type activity			Percentage of personal income (1)	Per capita personal income (2)
	Revenue bonds	Total primary government			
2004	\$ 14,782,165	\$ 103,505,069	26.99	\$	40,974
2005	13,961,041	138,024,012	21.39		41,692
2006	13,034,918	155,854,494	21.10		44,480
2007	12,133,794	264,667,544	13.76		47,825
2008	11,212,670	248,908,703	16.01		51,274
2009	37,386,546	260,126,184	14.77		48,129
2010	35,950,423	257,810,083	15.66		49,563
2011	34,469,298	242,093,444	17.83		52,228
2012	32,938,174	232,779,351	**		**
2013	25,185,000	229,322,148	**		**

Notes:

(1) Based on personal income from Table 13

(2) From Table 13, 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
2004	53,952	\$ 6,731,381,328	75,247,759	—	75,247,759	1.12	\$ 1,395
2005	56,463	7,489,353,710	109,465,708	—	109,465,708	1.46	1,939
2006	58,893	9,049,255,396	106,091,269	1,749,709	104,341,560	1.15	1,772
2007	60,867	10,704,264,557	126,590,560	1,832,039	124,758,521	1.17	2,050
2008	61,195	11,610,152,643	118,369,735	1,890,734	116,479,001	1.00	1,903
2009	63,135	11,941,060,226	109,974,105	1,706,525	108,267,580	0.91	1,715
2010	67,745	12,092,979,169	101,414,765	2,921,044	98,493,721	0.81	1,454
2011	68,500	12,152,483,497	93,283,624	2,921,037	90,362,587	0.74	1,319
2012	69,451	12,341,704,734	86,134,103	2,920,981	83,213,122	0.67	1,198
2013	69,945	11,991,913,497	80,004,294	2,920,538	77,083,756	0.64	1,102

(1) Planning Division - population figure is the estimate from the second quarter of the year

(2) From Table 5

(3) Includes all long-term general obligation bonded debt, bond anticipation notes, and literary fund loans

(4) Includes general obligation debt payable from enterprise revenues

(5) Debt Service Reserve Funds held by a trustee

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
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
2012	14,787,955	9,384,810	24,172,765	201,078,316	12.02
2013 (5)	23,473,305	9,522,081	32,995,386	215,304,486	15.32

- (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.
- (5) In fiscal year 2013, principal payments increased by \$7,380,000 related to the refinancing of a capital lease. Proceeds from the issuance of new debt were used for these principal payments.

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
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
2012	14,787,955	9,384,810	24,172,765	206,996,888	11.68
2013 (5)	23,473,305	9,522,081	32,995,386	205,082,111	16.09

- (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.
- (5) In fiscal year 2013, principal payments increased by \$7,380,000 related to the refinancing of a capital lease. Proceeds from the issuance of new debt were used for these principal payments.

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	
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
2012	15,975,755	12,414,605	3,561,150	1,545,000	1,483,100	3,028,100	1.18
2013	14,997,834	12,424,220	2,573,614	525,000	1,119,306	1,644,306	1.57

(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)
2004	53,952	\$ 2,793,123,000	40,974	3.2%
2005	56,463	2,952,937,000	41,692	3.1
2006	58,893	3,289,020,000	44,480	2.6
2007	60,867	3,641,841,000	47,825	2.5
2008	61,195	3,985,612,000	51,274	3.2
2009	63,135	3,840,912,000	48,129	5.5
2010	67,745	4,037,513,000	49,563	5.5
2011	68,500	4,316,358,000	52,228	5.3
2012	69,451	**	**	5.1
2013	69,945	**	**	**

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

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

** Statistics not yet available

Table 13

COUNTY OF JAMES CITY, VIRGINIA

Demographic and Economic Statistics

Households and Population

(Sources: Social Services Department and Planning Division)

	Food stamp households	Total households *	Percentage of food stamp households
Year:			
2004	773	22,095	3.5%
2005	881	24,624	3.6
2006	974	25,659	3.8
2007	927	26,507	3.5
2008	965	27,217	3.5
2009	1,224	27,567	4.4
2010	1,638	27,003	6.1
2011	1,840	27,375	6.7
2012	2,015	27,707	7.3
2013	2,236	28,090	8.0

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

Population

(Source: U.S. Census)

	Population number	Percentage increase
1950	6,317	28.7%
1960	11,539	82.7
1970	17,853	54.7
1980	22,763	27.5
1990	34,859	53.1
2000	48,102	38.0
2010	67,009	39.3

Age Distribution

(Source: U.S. Census)

	1970	%	1980	%	1990	%	2000	%	2010	%
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

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:			
2004	22,095	54,573	2.47
2005	24,624	56,463	2.29
2006	25,659	57,991	2.26
2007	26,507	59,905	2.26
2008	27,217	61,511	2.26
2009	27,567	62,301	2.47
2010	27,003	66,157	2.45
2011	27,375	67,068	2.45
2012	27,707	67,882	2.45
2013	28,090	68,821	2.45

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

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

Unemployment Rate and Labor Force

(Source: Planning Division supplemented by data from Virginia Workforce Connection)

	<u>Civilian labor force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment rate (%)</u>
Year:				
2004	27,761	26,842	919	3.3
2005	28,974	28,072	902	3.1
2006	30,368	29,568	800	2.6
2007	31,437	30,664	773	2.5
2008	32,294	31,262	1,032	3.2
2009	32,648	30,867	1,781	5.5
2010	34,888	32,986	1,902	5.5
2011	35,170	33,319	1,851	5.3
2012	35,884	34,063	1,821	5.1
2013	35,303	33,642	1,661	4.7

Table 13

COUNTY OF JAMES CITY, VIRGINIA

Demographic and Economic Statistics

Last Ten Calendar Years

Median Household Income

Calendar year		James City County	Commonwealth of Virginia	United States
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
2010		74,241	60,665	50,046
2011		73,575	61,877	50,502
2012		**	**	**
2013		**	**	**

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

** Statistics not yet available

Table 14

COUNTY OF JAMES CITY, VIRGINIA

Principal Employers in James City County

Current Year and Nine Years Ago

	2013			2004 (2)		
	Employees	Rank	Percentage of total County employment	Employees	Rank	Percentage of total County employment
Employment:						
Principal Public/Private Employers:						
Busch Gardens (1)	**	1	**	1,000+	**	**
Williamsburg-James City County Public Schools	1,750	2	6.82%	1,000+	**	**
Eastern State Hospital	875	3	2.57	1,000+	**	**
James City County	707	4	2.08	500-999	**	**
Wal-Mart Distribution Center	612	5	1.80	250-499	**	**
Anheuser-Busch, Inc.	575	6	1.69	500-999	**	**
Avid Medical	502	7	1.47	**	**	**
Kingsmill Resort and Spa	434	8	1.27	**	**	**
Jamestown-Yorktown Foundation	421	9	1.24	250-499	**	**
Williamsburg Landing	332	10	0.97	250-499	**	**
Williamsburg Plantation, Inc.	**		**	250-499	**	**
Total	6,208		19.91%	—		—

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

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

(2) Governmental Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section*, was adopted by the County as of July 1, 2005. Hence, some information for fiscal year 2004 is not available.

Table 15

COUNTY OF JAMES CITY, VIRGINIA

Full-time County Government Employees by Function/Program

Last Ten Fiscal Years

Function/program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Satellite services	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0
County attorney	4.5	4.5	4.5	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Communications	5.0	5.0	6.0	7.5	7.5	6.5	6.5	7.5	7.5	7.5
Economic development	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Voter registration and elections	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Human resources:										
Human resources	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	7.0	7.0
Training and Quality Performance	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	9.0	9.0	9.0	8.0	8.0	8.0	8.0
Commissioner of the revenue	11.0	11.0	11.0	13.0	13.0	13.0	12.0	11.0	11.0	11.0
Financial and management services	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0
Purchasing	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Real estate assessments	11.0	11.0	11.0	12.0	13.0	13.0	11.0	10.0	9.0	9.0
Treasurer	13.0	13.0	13.0	13.0	13.0	13.0	13.0	12.0	11.0	11.0
Information resources management	19.0	19.0	20.0	20.0	21.0	21.0	21.0	20.0	21.0	21.0
General services:										
Facilities maintenance	20.0	20.0	19.0	18.0	19.0	19.0	18.0	17.0	17.0	17.0
Fleet and equipment	6.0	6.0	8.0	8.0	8.0	8.0	7.0	8.0	8.0	8.0
General and capital services	—	2.5	3.5	6.5	6.5	6.5	6.5	5.5	7.0	7.0
Grounds maintenance	11.0	15.0	13.0	16.0	21.0	21.0	20.0	22.0	22.0	22.0
Solid waste and recycling	6.0	6.0	—	7.0	7.0	7.0	7.0	6.0	6.0	6.0
Stormwater	—	—	—	—	9.0	8.5	6.5	6.5	4.0	4.0
Development management:										
Building safety and permits	16.0	17.0	18.0	20.0	21.0	19.0	15.0	13.0	13.0	13.0
Development management	4.5	4.5	4.5	3.5	4.5	2.5	2.5	2.5	2.5	2.5
Engineering and resource protection	10.0	11.0	12.0	15.0	15.0	15.0	14.0	12.0	13.0	13.0
Mosquito control	1.0	1.0	1.0	1.0	1.0	1.0	—	—	—	—
Planning	15.5	16.5	18.5	17.5	19.5	19.5	17.5	15.5	10.5	10.5
Zoning enforcement	—	—	—	—	—	—	—	—	4.0	4.0
Judicial:										
Courts/judicial	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Courthouse	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Clerk of the circuit court	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Commonwealth's attorney	8.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Sheriff	18.0	18.0	18.0	18.0	18.0	18.0	18.0	16.0	16.0	16.0
Public safety:										
Animal control	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0
Emergency communications	24.0	25.0	26.0	27.0	27.0	27.0	27.0	26.0	26.0	26.0
Emergency management	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	3.0	3.0
Emergency medical services	18.0	18.0	24.0	24.0	25.0	25.0	25.0	25.0	—	—
Fire	74.0	77.0	77.0	80.0	83.0	86.0	86.0	86.0	110.0	110.0
Police	73.0	74.0	78.0	87.0	94.0	97.0	98.0	98.0	98.0	99.0
Radio maintenance	1.0	—	—	—	—	—	—	—	—	—

Table 15

COUNTY OF JAMES CITY, VIRGINIA

Full-time County Government Employees by Function/Program

Last Ten Fiscal Years

Function/program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Parks and recreation	43.0	43.0	45.0	52.0	56.0	54.0	53.0	48.0	49.0	49.0
Community services:										
Community services	5.0	5.0	5.0	4.0	4.0	3.0	3.0	—	—	—
Cooperative extension service	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Neighborhood connections	3.0	3.0	3.0	4.0	4.0	4.0	2.0	—	—	—
Total general fund	480.0	492.5	512.5	548.5	586.5	584.0	563.0	541.0	541.0	542.0
Other services:										
Community development	8.5	8.5	8.5	9.5	9.5	9.5	8.5	9.5	9.5	9.5
JCSA	78.0	81.0	85.0	87.0	88.0	91.0	90.0	86.0	89.0	89.0
Social services	52.5	52.5	53.5	53.5	57.5	57.5	52.5	52.5	53.5	53.5
Colonial community corrections	12.0	13.0	13.0	13.0	13.0	11.0	11.0	12.0	12.0	12.0
Special projects/grants	—	3.0	3.0	1.0	2.0	2.0	2.0	—	—	—
Grand total all funds	631.0	650.5	675.5	712.5	756.5	755.0	727.0	701.0	705.0	706.0

Source: Financial and Management Services

Table 16

COUNTY OF JAMES CITY, VIRGINIA
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Calls for service	18,433	18,574	20,641	21,897	21,320	21,694	21,762	21,129	20,879	19,539
Major crimes reported (1)	992	889	1,049	971	1,007	1,060	1,080	1,071	1,092	999
Major crimes cleared (2)	320	306	301	351	343	363	396	325	324	317
Fire:										
Fire/other responses	3,001	2,411	2,822	3,064	3,575	2,969	2,922	2,786	3,178	2,822
Inspections	894	1,574	1,798	1,486	2,334	1,156	2,037	1,735	1,804	1,910
EMS responses	4,642	4,688	4,869	5,219	4,851	5,276	5,573	5,956	6,147	6,446
Refuse collection:										
Refuse collected (tons per day)	N/A	8.95	10.76	11.83	9.25	7.68	8.06	8.51	10.39	11.85
Recyclables collected (tons per day)	N/A	1.11	1.08	1.43	1.25	1.12	1.08	1.10	1.01	1.04
Recyclables collected curbside (tons per day)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	22.51	22.25	22.37
Parks and recreation:										
Community center admissions	321,656	349,107	333,299	315,480	409,706	353,862	394,757	463,491	464,358	511,976
Park attendance	848,750	1,021,620	1,100,051	1,151,574	1,236,968	1,368,462	1,349,550	1,708,976	2,253,617	2,163,533
Participants in programs offered	N/A	N/A	228,504	250,042	408,905	422,009	384,650	395,789	378,733	371,959
Water:										
New connections	909	1,068	880	694	351	263	385	388	351	448
Water mains breaks	62	59	51	42	57	37	40	44	31	25
Wastewater:										
New connections	770	930	884	693	389	269	380	375	296	347

(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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	181	333	1,547	1,749	1,622	1,622	1,622	1,622	1,622	1,622
Playgrounds	5	6	7	8	10	10	11	11	11	11
Ball fields maintained	54	58	17	23	30	30	58	65	65	65
Tennis courts maintained	19	19	3	6	6	6	5	5	5	5
Community centers	2	2	2	2	2	2	2	2	2	2
Water:										
Water lines (miles)	294	305	319	329	332	339	344	393	390	393
Water customers	15,657	16,531	17,552	18,283	18,770	19,085	19,368	19,719	20,070	20,549
Storage tanks (greater than 250,000 gallons)	6	6	6	6	7	7	7	7	7	7
Average ERCs (2)	16,800	18,800	19,200	19,600	20,400	25,753	20,200	20,866	19,200	18,597
Wastewater:										
Sewer lines (miles)	346	352	360	370	375	379	382	419	423	425
Gallons collected (millions)	1,471	1,469	1,606	1,680	1,727	1,765	1,833	1,598	1,771	1,739
Sewer customers	16,605	17,357	17,982	18,426	18,590	18,702	18,860	21,127	21,488	21,962

(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:		
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
2012	932,214,200	4.5
2013	992,914,200	6.5

Business Licenses Issued

Last 10 Years

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

	Business licenses issued	Percentage change
Year:		
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)
2012	5,831	(1.7)
2013	5,881	0.9

Table 18

COUNTY OF JAMES CITY, VIRGINIA

Miscellaneous Statistics

Construction Information

Last Ten Fiscal Years

(Source: Building and Safety Permits Division)

Fiscal year	Construction					
	Commercial/Industrial		Residential		Total	
	Number of permits	Value	Number of permits	Value	Number of permits	Value
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
2012	172	45,837,716	802	100,812,412	974	146,650,128
2013	139	27,700,522	835	117,237,035	974	144,937,557

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:			
2012-13	648.10	10,795	16.7
2011-12	658.59	10,671	16.2
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

Source: Williamsburg-James City County Public Schools

Projected Enrollment (1)

2012-13	10,748
2013-14	10,992
2014-15	11,208
2015-16	11,472
2016-17	11,681

(1) Based on enrollment projections provided by DeJong-Healy, November 2012.

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, 2013

<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	\$ 479,530
National Fish and Wildlife Foundation - Chesapeake Bay Stewardship Grant	10.683	27,955
Total Department of Agriculture		<u>507,485</u>
Department of Health and Human Services:		
Virginia Department of Social Services:		
Temporary Assistance for Needy Families	93.558	365,496
Refugee and Entrant Assistance – State Administered Programs	93.566	1,569
Low-Income Home Energy Assistance	93.568	24,545
Chafee Education and Training Vouchers Program	93.599	2,445
Child Welfare Services	93.645	1,421
Foster Care – Title IV-E	93.658	219,436
Adoption Assistance	93.659	308,357
Social Services Block Grant	93.667	228,012
Chafee Foster Care Independent Living	93.674	2,091
State Children's Insurance Program	93.767	10,348
Medical Assistance Program	93.778	288,179
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	53,753
Total Department of Health and Human Services		<u>1,505,652</u>
Environmental Protection Agency -		
Office of Air and Radiation -		
Climate Showcase Communities Grant Program	66.041	156,036
Total Environmental Protection Agency		<u>156,036</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, 2013

<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:		
Virginia Department of Emergency Management:		
State Homeland Security Program	97.073	\$ 10,211
Homeland Security Grant Program	97.067	21,384
Emergency Management Performance Grants	97.042	86,167
Port Security Grant Program	97.056	69,420
Total Department of Homeland Security		<u>187,182</u>
Department of Housing and Community Development:		
Virginia Department of Housing and Community Development:		
Section 8 Housing Choice Vouchers	14.871	1,231,295
Community Development Block Grant	14.228	788,723
Housing Counselor Grant	14.169	10,000
Total Department of Housing and Community Development		<u>2,030,018</u>
Department of Interior:		
Direct Payment -		
Bureau of Cash Management Payment in lieu of taxes	15.000	7,010
Total Department of Interior		<u>7,010</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, 2013

<u>Federal Grantor/State Pass-Through Grantor/Program Title</u>	<u>Federal catalog number</u>	<u>Expenditures</u>
Primary Government, continued:		
Department of Transportation:		
National Highway Traffic Safety Administration - Highway Safety Grant	20.600	\$ 28,654
Virginia Department of Transportation:		
Transportation Enhancement Programs Funds	20.205	208,064
Total Department of Transportation		236,718
Department of Justice:		
Bureau of Justice Administration -		
BJA - Bulletproof Vests Partnership	16.607	7,385
Office of Justice Programs -		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	6,812
Total Department of Justice		14,197
Department of Criminal Justice Services:		
Virginia Department of Criminal Justice Services:		
Joint Law Enforcement Operations - Equitable Sharing Program	16.922	11,123
Violence Against Women Formula Grants	16.588	29,361
Crime Victim Assistance	16.575	70,357
Total Department of Criminal Justice Services		110,841
Total federal awards, primary government-governmental activities		4,755,139
Business-type activity – James City Service Authority:		
Environmental Protection Agency -		
Virginia Department of Environmental Quality		
Wellhead Protection Grant	66.468	29,366
Total federal awards, primary government		4,784,505

COUNTY OF JAMES CITY, VIRGINIA

Schedule of Expenditures of Federal Awards – Primary Government and

Discretely Presented Component Unit – Public Schools

Year ended June 30, 2013

Federal Grantor/State Pass-Through Grantor/Program Title	Federal catalog number	Expenditures
Component Unit – Public Schools:		
Department of Agriculture:		
Virginia Department of Agriculture and Consumer Services -		
Food Commodities	10.555	\$ 218,284
Child Nutrition Cluster:		
Virginia Department of Education:		
School Breakfast Program	10.553	390,846
National School Lunch Program	10.555	1,359,128
Total Child Nutrition Cluster		<u>1,749,974</u>
Virginia Department of Education:		
School Snack Program	10.554	6,309
Total Department of Agriculture		<u>1,974,567</u>
Department of Education:		
Virginia Department of Education:		
Adult Education – State Grant Program	84.002	55,866
Title I Grants to Local Educational Agencies	84.010	1,275,314
Title I, Part D, Neglected and Delinquent Children	84.013	83,215
ARRA - Longitudinal Data System	ARRA - 84.000	32,435
Vocational Education – Basic Grants to States	84.048	127,559
Title II, Part A, Improving Teacher Quality State Grants	84.367	234,730
Impact Aid	84.041	95,966
Title III, Part A, English Language Acquisition Grants	84.365	28,482
Carol White Physical Education Grant	84.215	247,035
Special Education Cluster:		
Virginia Department of Education:		
Special Education – Grants to States	84.027	1,927,466
Special Education – Preschool Grants	84.173	25,480
Total Special Education Cluster		<u>1,952,946</u>
College of William and Mary -		
Project HOPE	84.387	18,908
Total Department of Education		<u>4,152,456</u>
Department of Health and Human Services -		
Head Start Program Cluster:		
Williamsburg-James City County Community Action Agency -		
Head Start	93.600	111,938
Total Department of Health and Human Services		<u>111,938</u>
Total federal awards, Component Unit – Public Schools		<u>6,238,961</u>
Total federal awards, reporting entity		<u>\$ 11,023,466</u>

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF JAMES CITY, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

(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	\$ 7,010
Capital Projects Fund	162,735
Special Revenue Funds	4,585,394
Component Unit – James City Service Authority	29,366
Component Unit – Public Schools	6,238,961
	<u>\$ 11,023,466</u>

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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, in accordance with the auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the *County of James City, Virginia*, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the *County of James City, Virginia's* basic financial statements and have issued our report thereon dated **November 22, 2013**.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Dixon Hughes Goodman LLP

Newport News, Virginia
November 22, 2013



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

***Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by 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 could have a direct and material effect on each of *County of James City, Virginia's* major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of *County of James City, Virginia's* major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the *County of James City, Virginia's* compliance.

Opinion on Each Major Federal Program

In our opinion, the *County of James City, Virginia* complied, in all material respects, with the requirements referred to above that referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the *County of James City, Virginia* is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the *County of James City, Virginia's* internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Newport News, Virginia
November 22, 2013



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, 2013, and have issued our report thereon November 22, 2013.

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 two instances of noncompliance with the provisions referred to in the preceding paragraph. These instances are discussed in the Schedule of Findings and Questioned Costs as Findings 13-1 and 13-2. 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 22, 2013

COUNTY OF JAMES CITY, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **unmodified opinion**
- (b) Significant deficiencies in internal control disclosed by the audit of the financial statements: **none noted**
Material weaknesses: **none noted**
- (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: **unmodified opinion**
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **no**
- (g) Major programs:
State Administrative Matching Grants-Supplemental Nutrition Assistance Program (CFDA Number 10.561), Temporary Assistance for Needy Families (CFDA number 93.558), Community Development Block Grant (CFDA Number 14.228), Title I Grants to Local Education Agencies (CFDA Number 84.010).
- (h) Dollar threshold used to determine Type A programs: **\$330,704**
- (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 13-1

Condition: The State and Local Government Conflict of Interests Act contained in Chapter 31 of Title 2.2 of the Code of Virginia requires local government officials to file a statement of economic interests with the clerk of the governing body by January 15 of each year.

Criteria: One financial disclosure statement (from a member of the Board of Supervisors) was not filed timely.

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

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

COUNTY OF JAMES CITY, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

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

Finding 13-2

Condition: In Section 15.2-1615 of the Code of Virginia the sheriff shall keep the books, papers, receipt books and statements pertaining to the receipts and disbursements of his office at all times ready for inspection by the Auditor of Public Accounts or any other certified public accountant authorized by the governing body.

Criteria: One receipt of cash was not able to be located for audit.

Effect: The County was not in compliance with the Code of Virginia.

Recommendation: The sheriff's office should take steps to ensure that receipts from officers are turned in to the sheriff's office when money is turned in to the office for deposit.

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

(5) Summary Schedule of Prior Federal Audit Findings:

Federal: There were no prior year federal findings.

State: There was a finding in the prior year related to one financial disclosure statement not filed timely.