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



**THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**COUNTY OF JAMES CITY, VIRGINIA**

Comprehensive Annual Financial Report

June 30, 2015

(With Independent Auditors' Report Thereon)

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

## **INTRODUCTORY SECTION**

# COUNTY OF JAMES CITY, VIRGINIA

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**COUNTY OF JAMES CITY, VIRGINIA**

Comprehensive Annual Financial Report

County Officials

Year ended June 30, 2015

**Board of Supervisors**

Michael J. Hipple, Sr., Powhatan District	Chair
Kevin D. Onizuk, Jamestown District	Vice Chair
James G. Kennedy, Stonehouse District	
John J. McGlennon, Roberts District	
Mary K. Jones, Berkeley District	
Bryan J. Hill	Clerk

**Officials**

Michael E. McGinty	Judge of the Circuit Court
B. Elliott Bondurant	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
Jennifer D. Tomes	Interim Treasurer
Colleen K. Killilea	Judge of the General District Court
George C. Fairbanks, IV	Judge of the Juvenile and Domestic Relations Court
Robert J. Deeds	Sheriff
Bradley J. Rinehimer	Chief of Police
Dr. Steven M. Constantino	Superintendent of Schools
Bryan J. Hill	County Administrator
Michelle M. Gowdy	County Attorney

**COUNTY OF JAMES CITY, VIRGINIA**

Comprehensive Annual Financial Report

County Officials

Year ended June 30, 2015

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

James G. Kennedy Chair

Kevin D. Onizuk Vice Chair

Michael J. Hipple, Sr.

Mary K. Jones

John J. McGlennon

M. Douglas Powell

General Manager

Stephanie A. Luton

Treasurer

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

James Kelly Chair

Heather Cordasco Vice Chair

Ruth Larson

Elise Emanuel

Joe Fuentes

James Nickols

Kyra Cook

**Board Members, Economic Development Authority**

Marshall Warner Chair

Robin Carson Vice Chair

Leanne Dubois

Paul Gerhardt

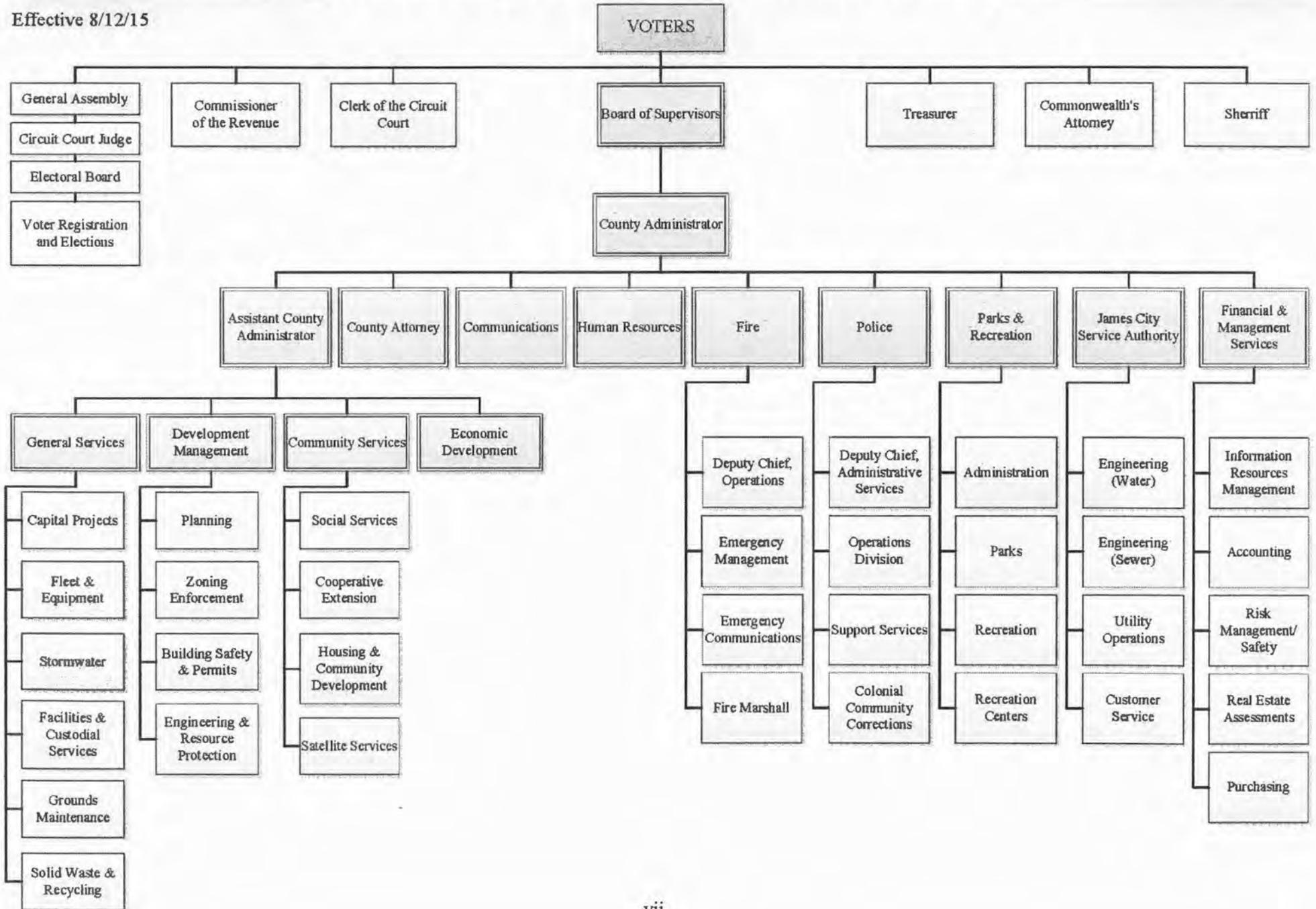
Tim Harris

Stephen Montgomery

Thomas Tingle

# James City County Organization Chart

Effective 8/12/15





November 23, 2015

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, 2015, as required by the Code of Virginia. The Department of Financial and Management Services has prepared this report in accordance with accounting principles generally accepted in the United States of America (GAAP) and the standards of financial reporting prescribed by the Governmental Accounting Standards Board (GASB) and specifications of the Auditor of Public Accounts of the Commonwealth of Virginia. Section 15.1-67 of the Code of Virginia (1950, as amended) requires the County to have an annual audit of the books of account, financial records, and the transactions of the County. Dixon Hughes Goodman LLP was selected to perform the required audit. The unmodified report of Dixon Hughes Goodman LLP, the highest possible result of the audit process, accompanies the financial statements in this report.

Responsibility for both the accuracy of the presented data and the fairness of the presentation, including all disclosures, rests with the County. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the various funds of the County; and that all disclosures necessary to enable the reader to gain maximum understanding of the County's financial activity have been included.

The County government is required to undergo an annual single audit 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 4-14 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 92-97 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 102.

## **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 1.1% from last year. Real estate revenue increased as a result of new development. Revenues are expected to increase 6.7% during fiscal year 2016. The real estate tax revenue is expected to increase next fiscal year, which is primarily related to a 7 cent real estate tax increase.

In May 2015, Standard & Poor's Rating Service reaffirmed the County's AAA bond rating, which is the highest possible rating. This bond rating is based on analysts' recommendations after a review of economic and fiscal performance, strong liquidity, fiscal policies and practices, evidence of financial planning to meet future capital needs. This rating is excellent for a community the size of James City County and gives the County additional leverage in the bond market for potential bond buyers and investors.

## **Major Initiatives**

The County adopts a Comprehensive Plan, which is a document that guides infrastructure, development, policies and public services over the next ten to twenty years. In February 2014, the Board of Supervisors approved the methodology and timeline for the update of the Comprehensive Plan, "Toward 2035: Leading the Way". The focus of this update is to be limited in scope, with a focus on land use, transportation and economic development. As part of this process, a citizen phone survey was completed and organizations were invited to participate in a Community Participation Team (CPT) Forum. The 2035 Comprehensive Plan was adopted by the Board of Supervisors on June 23, 2015.

During fiscal year 2015, two park improvement projects were completed. First, renovations at Freedom Park were completed in February 2015, which added additional parking, sidewalks and lighting, picnic shelters, and a new playground. Second, Jamestown Beach Event Park had several important upgrades that were completed in May 2015, including a second entrance, observation pier, accessible walkway including a beach mat to make water access easier, designated fishing area, a building with restrooms and concessions, a launch area for paddle craft, outdoor rinse stations, and additional parking.

In September 2014, the County launched an enhanced County Alert system for citizens and local businesses. The enhanced system is part of the CodeRED network, which allows quick delivery of emergency alerts and notifications to citizens and businesses. In February 2015, the County launched NovusAGENDA, a new agenda process and meeting management system. This is a paperless system to allow for a more transparent and efficient process in the development of materials and documents for public meetings.

## **Economic Development**

The Economic Development office partnered with the College of William & Mary Mason School of Business, Triangle Business & Innovation Center, and other localities and to develop START! Peninsula 3.0, which is a 54-hour-long "mosh pit of business," bringing together dozens of passionate entrepreneurs and business leaders under one roof with one purpose: to identify the best ideas and create new businesses within one weekend. Also, the Enterprise Zone was amended to add new commercial and industrial areas, including retail centers.

## **Capital Improvement Program**

Capital expenditures totaled \$13,424,741 in fiscal year 2015. The largest capital expenditures this year were related to capital maintenance projects whose purpose is to improve and extend the useful life of County or School buildings and to replace major pieces of equipment, such as fire pumps. There were transfers to the schools for costs associated with renovations at Jamestown High School and the County's share of school facility improvements to address middle school classroom needs.

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 \$77,328,317 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, 2015.

In fiscal year 2016, funding is included for the Human Services Building refurbishment, fire apparatus replacement, new middle school and stormwater projects focusing on the Federal and State mandates on improving water quality. Future planning includes school roof and refurbishments, fire pumper replacements, squad truck replacement, radio system upgrade, 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 Supervisors has authorized water and sewer operations for the JCSA within the Primary Service Area (PSA) in the County. With the approval of the County, the JCSA has extended services beyond the PSA to several public sites in the County, including three public schools, two major planned communities, Greensprings West and Governor's Land. The JCSA also provides water and/or sewer service to limited sections of York County and the City of Williamsburg with the concurrence of the appropriate governing bodies.

During fiscal year 2015, work continued on the multi-year water meter replacement project to increase accuracy and efficiency in meter reading and leak repair using radio read meters.

### **Awards of Achievement**

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to James City County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the thirtieth year that the County has received this prestigious award.

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

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

### **Acknowledgments**

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

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

Respectfully submitted,



Bryan J. Hill  
County Administrator



Suzanne R. Mellen  
Director of Financial and Management Services



Government Finance Officers Association

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

Presented to

**James City County  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

## **INDEPENDENT AUDITORS' REPORT**

## **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, 2015, and the related notes to the financial statements, which collectively comprise the **County of James City, Virginia's** basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of James City, Virginia**, as of June 30, 2015, 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.

### ***Emphasis of Matter***

#### *Change in Accounting Principle*

As discussed in Notes 1s and 18 to the financial statements, beginning net position was restated due to the implementation of GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68*, in 2015. Our opinion is not modified with respect to these changes.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, and schedules of changes in net pension liability and related ratios and employer contributions and related notes on pages 4 through 14; 92 through 101, 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 23, 2015, 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 23, 2015

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

## COUNTY OF JAMES CITY, VIRGINIA

### Management's Discussion and Analysis

June 30, 2015

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, 2015. 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 \$14.1 million over the course of this year's operations, which represents a 3.8% increase from fiscal year 2014.
- The assets of the County exceeded its liabilities as of June 30, 2015 by approximately \$385.0 million. Of this amount, approximately \$296.6 million, or 77.0% is the net investment in capital assets.
- The County's total long-term liabilities for governmental activities at June 30, 2015 decreased by \$17,252,530 to \$176,738,321. The decrease was primarily principal payments on outstanding bonds.
- Actual General Fund revenues received were 0.2%, or \$416,874 more than what had been budgeted and increased 1.7% or \$2,885,410 from fiscal year 2014. There was an increase in real estate tax revenue due to new development. There was also an increase in the personal property tax revenue as a result of an increased collections, number, and the value of vehicles.
- The restatements of the County, the Authority, and Public Schools net position is due to the implementation of GASB Statement No. 68 and No. 71.

#### 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.
- The government-wide financial statements of the County are divided into three categories:
  - *Governmental activities* – Most of the County's basic services are included here, such as the police, fire, parks and recreation, and general administration. Property taxes and state and federal funding finance most of these activities.

## COUNTY OF JAMES CITY, VIRGINIA

### Management's Discussion and Analysis

June 30, 2015

- *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.

### Other Information

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

**COUNTY OF JAMES CITY, VIRGINIA**

Management's Discussion and Analysis

June 30, 2015

**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 \$385,036,058 at the close of the most recent fiscal year. This represents a 3.8% increase from last year.

**Condensed Summary of Net Position**

June 30, 2015

	<u>Governmental activities</u>	<u>Business-type activity</u>	<u>Total</u>	<u>Component unit – public schools</u>
Assets:				
Current and other assets	\$ 88,863,125	38,765,494	127,628,619	18,168,380
Capital assets	<u>329,390,782</u>	<u>161,288,064</u>	<u>490,678,846</u>	<u>53,549,272</u>
Total assets	<u>418,253,907</u>	<u>200,053,558</u>	<u>618,307,465</u>	<u>71,717,652</u>
Deferred outflow of resources:				
Deferred pension contributions	<u>4,091,153</u>	<u>330,920</u>	<u>4,422,073</u>	<u>9,802,152</u>
Total assets and deferred outflow of resources	<u>\$ 422,345,060</u>	<u>200,384,478</u>	<u>622,729,538</u>	<u>81,519,804</u>
Liabilities:				
Long-term liabilities	\$ 176,738,321	24,715,862	201,454,183	108,821,350
Other liabilities	<u>24,922,054</u>	<u>2,071,956</u>	<u>26,994,010</u>	<u>15,666,099</u>
Total liabilities	<u>201,660,375</u>	<u>26,787,818</u>	<u>228,448,193</u>	<u>124,487,449</u>
Deferred inflow of resources:				
Deferred pension investment experience	<u>8,441,486</u>	<u>803,802</u>	<u>9,245,288</u>	<u>17,052,806</u>
Net position:				
Net investment in capital assets	159,469,360	137,173,064	296,642,424	53,328,252
Restricted net position:				
Capital projects	1,551,387	2,716,277	4,267,664	—
Other	—	—	—	382,866
Unrestricted net position	<u>51,222,452</u>	<u>32,903,518</u>	<u>84,125,970</u>	<u>(113,731,569)</u>
Total net position	<u>212,243,199</u>	<u>172,792,859</u>	<u>385,036,058</u>	<u>(60,020,451)</u>
Total liabilities, deferred inflow of resources, and net position	<u>\$ 422,345,060</u>	<u>200,384,479</u>	<u>622,729,539</u>	<u>81,519,804</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Management's Discussion and Analysis

June 30, 2015

**Condensed Summary of Net Position**

June 30, 2014 (as restated)

	<u>Governmental activities</u>	<u>Business-type activity</u>	<u>Total</u>	<u>Component unit – public schools</u>
Assets:				
Current and other assets	\$ 95,946,019	35,614,226	131,560,245	20,312,607
Capital assets	<u>330,432,497</u>	<u>162,582,955</u>	<u>493,015,452</u>	<u>52,447,242</u>
Total assets	\$ <u>426,378,516</u>	<u>198,197,181</u>	<u>624,575,697</u>	<u>72,759,849</u>
Deferred outflow of resources:				
Deferred pension contributions	<u>4,362,691</u>	<u>308,820</u>	<u>4,671,511</u>	<u>7,767,601</u>
Total assets and deferred outflow of resources	\$ <u>430,741,207</u>	<u>198,506,001</u>	<u>629,247,208</u>	<u>80,527,450</u>
Liabilities:				
Long-term liabilities	\$ 193,990,851	26,356,508	220,347,359	124,913,243
Other liabilities	<u>35,466,285</u>	<u>2,466,259</u>	<u>37,932,544</u>	<u>16,060,361</u>
Total liabilities	<u>229,457,136</u>	<u>28,822,767</u>	<u>258,279,903</u>	<u>140,973,604</u>
Net position:				
Net investment in capital assets	142,867,725	137,922,955	280,790,680	52,273,671
Restricted net position:				
Capital projects	8,320,449	2,601,160	10,921,609	—
Other	—	—	—	581,430
Unrestricted net position	<u>50,095,897</u>	<u>29,159,119</u>	<u>79,255,016</u>	<u>(113,301,255)</u>
Total net position	<u>201,284,071</u>	<u>169,683,234</u>	<u>370,967,305</u>	<u>(60,446,154)</u>
Total liabilities and net position	\$ <u>430,741,207</u>	<u>198,506,001</u>	<u>629,247,208</u>	<u>80,527,450</u>

The largest portion of the County's net position at June 30, 2015 (77.0%) 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 (21.8%) may be used to meet the County's ongoing obligations to citizens and creditors. The remaining portion of net position (1.1%) 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 position, both for the primary government as a whole, as well as for its separate governmental and business-type activities.

**COUNTY OF JAMES CITY, VIRGINIA**

Management's Discussion and Analysis

June 30, 2015

The Public Schools' net position increased 0.7% to approximately (\$60.0) million. Of the balance, a deficit of \$113,731,569 for unrestricted net position exists at June 30, 2015 from the adoption of GASB Statement No. 68 and \$53.3 million is invested in capital assets. The increase in net position is primarily attributable to the capitalization of ongoing and completed capital projects.

**Summary of Changes in Net Position**

Year ended June 30, 2015

	<u>Governmental activities</u>	<u>Business-type activity</u>	<u>Total</u>	<u>Component unit – public schools</u>
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 16,715,136	16,452,120	33,167,256	2,314,333
Operating grants and contributions	31,767,861	—	31,767,861	16,483,871
Capital grants and contributions	346,627	5,284,379	5,631,006	—
General revenues:				
Property taxes	113,359,672	—	113,359,672	—
Other taxes	22,771,626	—	22,771,626	—
Grants and contributions not restricted to specific programs	—	—	—	113,568,153
Interest and investment earnings	232,388	248,207	480,595	4,174
Miscellaneous	4,217,842	1,013,854	5,231,696	240,785
<b>Total revenues</b>	<u>189,411,152</u>	<u>22,998,560</u>	<u>212,409,712</u>	<u>132,611,316</u>
<b>Expenses:</b>				
General government administration	19,278,147	—	19,278,147	—
Judicial administration	5,598,594	—	5,598,594	—
Public safety	23,996,973	—	23,996,973	—
Public works	6,985,073	—	6,985,073	—
Health and welfare	7,013,325	—	7,013,325	—
Education	87,713,464	—	87,713,464	132,185,613
Parks, recreation and cultural	9,386,351	—	9,386,351	—
Community development	10,692,736	—	10,692,736	—
Interest on long-term debt	7,787,361	—	7,787,361	—
Service Authority	—	19,888,935	19,888,935	—
<b>Total expenses</b>	<u>178,452,024</u>	<u>19,888,935</u>	<u>198,340,959</u>	<u>132,185,613</u>
<b>Change in net position</b>	10,959,128	3,109,625	14,068,753	425,703
Net position at beginning of year	201,284,071	169,683,234	370,967,305	(60,446,154)
<b>Net position at end of year</b>	<u>\$ 212,243,199</u>	<u>172,792,859</u>	<u>385,036,058</u>	<u>(60,020,451)</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Management's Discussion and Analysis

June 30, 2015

**Summary of Changes in Net Position**

**Year ended June 30, 2014 (as restated)**

	<u>Governmental activities</u>	<u>Business-type activity</u>	<u>Total</u>	<u>Component unit – public schools</u>
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 16,063,721	16,131,430	32,195,151	2,537,194
Operating grants and contributions	30,572,383	—	30,572,383	16,091,244
Capital grants and contributions	1,286,856	3,388,700	4,675,556	—
General revenues:				
Property taxes	111,899,484	—	111,899,484	—
Other taxes	21,435,046	—	21,435,046	—
Grants and contributions not restricted to specific programs	—	—	—	109,960,252
Interest and investment earnings	339,358	267,061	606,419	4,087
Miscellaneous	1,875,485	520,504	2,395,989	224,400
<b>Total revenues</b>	<b>183,472,333</b>	<b>20,307,695</b>	<b>203,780,028</b>	<b>128,817,177</b>
<b>Expenses:</b>				
General government administration	9,249,487	—	9,249,487	—
Judicial administration	5,216,769	—	5,216,769	—
Public safety	25,964,996	—	25,964,996	—
Public works	7,244,367	—	7,244,367	—
Health and welfare	6,671,151	—	6,671,151	—
Education	85,595,145	—	85,595,145	238,387,124
Parks, recreation and cultural	10,897,006	—	10,897,006	—
Community development	10,676,484	—	10,676,484	—
Interest on long-term debt	8,822,326	—	8,822,326	—
Service Authority	—	21,002,926	21,002,926	—
<b>Total expenses</b>	<b>170,337,731</b>	<b>21,002,926</b>	<b>191,340,657</b>	<b>238,387,124</b>
<b>Change in net position</b>	<b>13,134,602</b>	<b>(695,231)</b>	<b>12,439,371</b>	<b>(109,569,947)</b>
Net position at beginning of year	188,149,469	170,378,465	358,527,934	49,123,793
Net position at end of year	\$ <u>201,284,071</u>	<u>169,683,234</u>	<u>370,967,305</u>	<u>(60,446,154)</u>

**Governmental Activities**

For the fiscal year ended June 30, 2015, revenues from governmental activities totaled \$189,411,152. Of this amount, \$53,279,854, or 28.0%, is received from sources other than local tax revenue. Real estate tax revenues, the County's largest single revenue source, totaled \$84,693,239. The County's assessed real property tax base for fiscal year 2015 was \$11,148,405,300, which was an increase of 0.7% from fiscal year 2014. Overall, the net position increased by \$10,959,128 from last year.

In fiscal year 2015, the County reported current year collections of \$19,184,266 in personal property taxes, and received reimbursement from the Commonwealth of Virginia of \$9,770,137. Under the provisions of the Personal

## COUNTY OF JAMES CITY, VIRGINIA

### Management's Discussion and Analysis

June 30, 2015

Property Tax Relief Act (PPTRA), the state's share of local personal property tax was approximately 51% of most taxpayer's payments.

For the fiscal year ended June 30, 2015, expenses for governmental activities totaled \$178,452,024, including payments of \$87,713,464 to Public Schools. Total expenses increased by \$8,114,293 over fiscal year 2014. The increase to expenses was primarily due to an increase in the reduction of capital assets.

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

The business-type activity had an increase in net position of \$3,109,625 during fiscal year 2015. This was a result of increased water demand primarily attributable to irrigation, an increase in the number and value of water and sewer system dedications, an increase in proffer collections, and the absence of one-time emergency infrastructure and equipment repairs. Overall, the expenses decreased from last year by 5.3%. The primary source of revenue consists of charges for water and sewer services, which totaled \$12,588,470 and increased by 6.5% from last year. This decrease was primarily due to a decline in water demands.

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

The Schools received \$84,348,424 from the County during fiscal year 2015. This money supported the operating and capital activities for the Schools. Expenses increased by 4.6% from fiscal year 2014, which is primarily a result of an increase in costs for retirement benefit and utilization of health insurance. Revenues increased by 2.9% 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 \$3,470,273. 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 \$23,360,679, which was 10.7% of the total general governmental expenditures (from table 11A on page 135), 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 \$38,489. There were supplemental appropriations for insurance recovery funds for damaged equipment and vehicles. Actual General Fund revenues received were 0.2%, or \$416,874 more than what had been budgeted and increased 1.6% or \$2,885,410 from fiscal year 2014.

The largest increase in revenues from fiscal year 2014 to fiscal year 2015 occurred in the County's share of state sales tax for education revenues totaling \$667,098. Real estate tax revenues, both current and delinquent, are the County's largest revenue source and for fiscal year 2015 totaled \$84,693,239 and was \$106,761 less than the amended budget. Personal property taxes, another large source of local tax funding, had combined collections from the state and local taxpayers of \$28,954,403. State revenues, not including the personal property tax reimbursement, were \$292,138 less than budgeted. State revenues, not including the personal property tax reimbursement, increased \$430,322 in fiscal year 2015 from fiscal year 2014 levels. This increase is primarily due to receiving more in state sales tax for education, which increased \$667,098 from fiscal year 2014.

## COUNTY OF JAMES CITY, VIRGINIA

### Management's Discussion and Analysis

June 30, 2015

General Fund budgeted expenditures were 2.9% below the final budget, or \$4,309,696, which was primarily due to reduced departmental spending. Of this amount, \$740,458 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 \$34,663,432. This was a decrease of \$3,470,273 or 9.1% from 2014.

#### **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 105-106. The other governmental funds had an increase in fund balance of \$210,861 in fiscal year 2015 from 2014.

#### **Proprietary Fund**

The County operates one proprietary fund, James City Service Authority (JCSA or the Authority), which provides water and sewer service to County residents. The proprietary funds had an increase of \$3,109,625 in net position during the fiscal year primarily as a result of an increase in water demand primarily attributable to irrigation, an increase in the number and value of water and sewer system dedications, an increase in proffer collections, and the absence of one-time emergency infrastructure and equipment repairs.

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

At the end of fiscal year 2015, the County's investment in capital assets for its governmental and business-type activities totaled \$490,678,846 (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 2015, the net value of school buildings reflected in the governmental activities of the County equals \$195,526,837, 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, 2015

**Capital Assets, Net of Depreciation and Amortization**

June 30, 2015 and 2014

	2015			2014 Total
	Governmental activities	Business-type activity	Total	
Land	\$ —	1,739,491	1,739,491	1,750,391
Land and land rights – utility plant	—	962,995	962,995	962,995
Land and land improvements	28,132,818	13,183	28,146,001	28,100,002
Construction in progress	7,693,335	705,861	8,399,196	14,424,024
Water and sewer systems	—	132,011,921	132,011,921	131,631,413
Buildings and improvements	242,659,350	3,404,146	246,063,496	249,004,335
Improvements other than buildings	23,258,341	—	23,258,341	17,895,537
Equipment and vehicles	12,594,696	1,280,254	13,874,950	14,318,149
Infrastructure	6,983,063	—	6,983,063	5,075,718
Intangible assets – easements	8,069,177	4,570	8,073,747	8,073,747
Intangible assets – water rights	—	21,165,644	21,165,644	21,779,141
<b>Total</b>	<b>\$ 329,390,780</b>	<b>161,288,065</b>	<b>490,678,845</b>	<b>493,015,452</b>

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 2015, \$6,760,319 was transferred to the Capital Projects Fund from the General Fund. During the year, capital project expenditures of \$13,424,741 included the following:

- Transfers to schools for renovation of Lafayette High School
- Transfers to schools for renovation of Jamestown High School
- Transfers to schools for renovation of James River Elementary School
- Costs associated with renovation of a fire station
- Construction costs associated with replacement of a fire station
- Costs associated with purchase of new revenue billing software
- Costs associated with improvements at Jamestown Beach

**COUNTY OF JAMES CITY, VIRGINIA**

Management's Discussion and Analysis

June 30, 2015

**Long-Term Debt**

At June 30, 2015 and 2014, the County had total outstanding debt of \$194,036,422 and \$212,224,772, respectively. Compensated absences, OPEB obligation and landfill postclosure care costs of \$7,417,761 and \$7,007,501 at June 30, 2015 and 2014, respectively, are not included in these amounts.

**Summary of Long-Term Debt**

**June 30, 2015 and 2014**

	<b>2015</b>			<b>2014 Total</b>
	<b>Governmental activities</b>	<b>Business-type activity</b>	<b>Total</b>	
General obligation bonds	\$ 65,458,589	—	65,458,589	72,164,244
Revenue bonds	103,604,000	24,115,000	127,719,000	139,076,000
Other capital leases	858,833	—	858,833	984,528
Total	\$ <u>169,921,422</u>	<u>24,115,000</u>	<u>194,036,422</u>	<u>212,224,772</u>

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, 2015

#### **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 2015 is the first year of the next two-year cycle. The fiscal year 2015 approved budget for the General Fund is \$175,250,000. Fiscal year 2016 is the second year of the current two-year cycle. The fiscal year 2016 approved budget for the General Fund is \$186,964,000.

This budget was adopted on April 28, 2015, and reflects an \$11,430,511, or a 6.1%, increase over the amended fiscal year 2015 budget. This increase is primarily due to increases in real estate, personal property and local sales, meals and lodging tax revenues.

During fiscal year 2016, real estate revenues, the largest source of general fund revenue, are projected to increase 9.4% over last year in association with a 7 cent real estate tax rate increase. Personal property tax revenue is expected to increase by 7.0% over last year. This increase is primarily due to an increase in valuations and an increase in the number of vehicles. State revenues increase by 2.9%, 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 \$82,917,697, which is a 2.6% or \$2,116,033 increase from fiscal year 2015.

#### **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, 2015

Assets	Primary government			Discretely presented component units	
	Governmental activities	Business-type activity	Total	Public schools	Economic Development Authority
Cash and cash equivalents (note 2)	\$ 25,463,403	837,750	26,301,153	17,120,502	1,238,005
Investments (note 2)	7,782,994	33,007,483	40,790,477	—	—
Cash and cash equivalents and investments - restricted (notes 2 and 3)	3,606,789	2,716,277	6,323,066	—	—
Receivables, net of allowance for uncollectibles:					
Taxes, including penalties	30,673,904	—	30,673,904	—	—
Accounts	—	2,574,394	2,574,394	83,239	—
Interest	22,377	88,112	110,489	—	640
Loans	3,272,914	—	3,272,914	—	—
Notes	—	31,531	31,531	—	15,239
Miscellaneous	5,727,243	38,520	5,765,763	—	4,807
Internal balances (note 5)	1,346,004	(1,346,004)	—	—	—
Due from component unit	325,283	—	325,283	—	—
Due from primary government (note 8)	—	—	—	—	81,591
Due from other governments, net (note 6)	9,112,556	—	9,112,556	928,964	—
Inventory	340,709	817,432	1,158,141	35,675	—
Prepaid	2,111	—	2,111	—	—
Other assets	1,186,838	—	1,186,838	—	—
Capital assets (note 7):					
Land and land improvements	28,132,818	2,715,669	30,848,487	8,435,126	233,106
Construction in progress (note 17)	7,693,336	705,860	8,399,196	1,944,242	166,510
Buildings, improvements and equipment	415,792,673	253,204,553	668,997,226	74,439,518	12,719
Intangible assets	8,069,178	25,004,570	33,073,748	—	—
Less accumulated depreciation and amortization	(130,297,223)	(120,342,588)	(250,639,811)	(31,269,614)	(6,565)
Net capital assets	329,390,782	161,288,064	490,678,846	53,549,272	405,770
Total assets	418,253,907	200,053,559	618,307,466	71,717,652	1,746,052
<b>Deferred Outflow of Resources</b>					
Deferred pension contributions (note 12)	4,091,153	330,920	4,422,073	9,802,152	—
Total assets and deferred outflow of resources	\$ 422,345,060	200,384,479	622,729,539	81,519,804	1,746,052
<b>Liabilities</b>					
Liabilities:					
Accounts payable (note 4)	\$ 3,588,744	385,052	3,973,796	2,212,368	100,190
Accrued liabilities (note 4)	1,171,311	517,705	1,689,016	12,459,195	—
Liabilities payable from restricted assets	939,352	—	939,352	—	—
Due to component units (note 8)	81,591	—	81,591	—	—
Due to primary government (note 8)	—	—	—	325,283	—
Advances for construction (note 17)	—	32,902	32,902	—	—
Amounts held for others	—	196,804	196,804	—	—
Unearned revenue (note 9)	3,682,264	—	3,682,264	160,436	—
Net pension liability (note 12)	15,458,792	939,493	16,398,285	—	—
Long-term liabilities (notes 10, 11 and 13):					
Due within one year	19,468,513	833,010	20,301,523	508,817	—
Due in more than one year	157,269,808	23,882,852	181,152,660	108,821,350	—
Total liabilities	201,660,375	26,787,818	228,448,193	124,487,449	100,190
<b>Deferred inflow of Resources</b>					
Deferred pension investment experience (note 12)	8,441,486	803,802	9,245,288	17,052,806	—
<b>Net Position</b>					
Net position:					
Net investment in capital assets	159,469,360	137,173,064	296,642,424	53,328,252	405,770
Restricted net position:					
Capital projects	1,551,387	2,716,277	4,267,664	—	—
Other	—	—	—	382,866	—
Unrestricted net position	51,222,452	32,903,518	84,125,970	(113,731,569)	1,240,092
Total net position	212,243,199	172,792,859	385,036,058	(60,020,451)	1,645,862
Total liabilities and net position	\$ 422,345,060	200,384,479	622,729,539	81,519,804	1,746,052

See accompanying notes to basic financial statements.

**COUNTY OF JAMES CITY, VIRGINIA**

Statement of Activities

Year ended June 30, 2015

Functions/programs	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
General government administration	\$ 19,278,147	8,047,642	23,394,952	—
Judicial administration	5,598,594	1,832,471	1,213,771	15,200
Public safety	23,996,973	3,455,177	1,665,855	157,133
Public works	6,985,073	270,799	13,010	—
Health and welfare	7,013,325	—	3,668,230	—
Education (including payments to school system)	87,713,464	—	—	—
Parks, recreation and cultural	9,386,351	3,109,047	9,390	174,294
Community development	10,692,736	—	1,802,653	—
Interest on long-term debt	7,787,361	—	—	—
Total governmental activities	178,452,024	16,715,136	31,767,861	346,627
Business-type activity - Service Authority	19,888,935	16,452,120	—	5,284,379
Total primary government	\$ 198,340,959	33,167,256	31,767,861	5,631,006
Component units:				
Economic Development Authority	\$ 347,695	20,575	162,946	—
Public Schools	132,185,613	2,314,333	16,483,871	—
Total component units	\$ 132,533,308	2,334,908	16,646,817	—
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, restated				
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
12,164,447	—	12,164,447	—	—
(2,537,152)	—	(2,537,152)	—	—
(18,718,808)	—	(18,718,808)	—	—
(6,701,264)	—	(6,701,264)	—	—
(3,345,095)	—	(3,345,095)	—	—
(87,713,464)	—	(87,713,464)	—	—
(6,093,620)	—	(6,093,620)	—	—
(8,890,083)	—	(8,890,083)	—	—
(7,787,361)	—	(7,787,361)	—	—
(129,622,400)	—	(129,622,400)	—	—
—	1,847,564	1,847,564	—	—
(129,622,400)	1,847,564	(127,774,836)	—	—
—	—	—	—	(164,174)
—	—	—	(113,387,409)	—
—	—	—	(113,387,409)	(164,174)
\$ 113,359,672	—	113,359,672	—	—
10,533,390	—	10,533,390	—	—
468,497	—	468,497	—	—
1,372,519	—	1,372,519	—	—
3,353,337	—	3,353,337	—	—
6,600,364	—	6,600,364	—	—
420,145	—	420,145	—	—
23,374	—	23,374	—	—
—	—	—	113,568,153	—
232,388	248,207	480,595	4,174	13,759
4,217,842	1,013,854	5,231,696	240,785	33,824
140,581,528	1,262,061	141,843,589	113,813,112	47,583
10,959,128	3,109,625	14,068,753	425,703	(116,591)
201,284,071	169,683,234	370,967,305	(60,446,154)	1,762,453
\$ 212,243,199	172,792,859	385,036,058	(60,020,451)	1,645,862

## COUNTY OF JAMES CITY, VIRGINIA

## Balance Sheet

## Governmental Funds

June 30, 2015

Assets	Major Funds			Nonmajor governmental funds	Total governmental funds
	General	Capital projects	Debt service		
Cash and cash equivalents and investments	\$ 7,689,056	15,069,695	—	2,704,652	25,463,403
Investments	6,363,552	1,419,442	—	—	7,782,994
Cash and cash equivalents and investments – restricted (note 3)	865,424	1,387,116	—	1,354,249	3,606,789
Receivables, net of allowance for uncollectibles:					
Taxes	30,563,715	760	—	109,429	30,673,904
Interest	—	22,377	—	—	22,377
Loans	—	—	—	3,272,914	3,272,914
Miscellaneous (note 4)	5,455,108	10,122	—	262,013	5,727,243
Due from other funds (note 5)	414,339	1,412,880	—	—	1,827,219
Due from blended component unit (note 8)	1,346,004	—	—	—	1,346,004
Due from component unit (note 8)	1,340,460	—	—	—	1,340,460
Due from other governments, net (note 6)	7,600,487	—	—	1,512,069	9,112,556
Inventory	340,709	—	—	—	340,709
Prepaid item	2,111	—	—	—	2,111
Total assets	\$ 61,980,965	19,322,392	—	9,215,326	90,518,683
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable (note 4)	\$ 2,719,666	629,817	—	239,261	3,588,744
Accrued liabilities (note 4)	305,996	—	—	16,704	322,700
Liabilities payable from restricted assets	866,177	—	—	73,175	939,352
Due to other funds (note 5)	1,221,607	—	—	605,612	1,827,219
Due to component units (note 8)	94,996	961,680	—	40,092	1,096,768
Unearned revenue (note 9)	22,109,091	760	—	3,283,004	25,392,855
Total liabilities	27,317,533	1,592,257	—	4,257,848	33,167,638
Fund balances:					
Nonspendable:					
Loans	—	—	—	540,850	540,850
Inventory	340,709	—	—	—	340,709
Prepaid item	2,111	—	—	—	2,111
Committed	—	1,551,387	—	69	1,551,456
Assigned:					
General	5,991,822	16,178,748	—	—	22,170,570
Capital reserve	4,968,111	—	—	—	4,968,111
Other governmental funds	—	—	—	4,416,559	4,416,559
Unassigned:					
General	23,360,679	—	—	—	23,360,679
Total fund balances	34,663,432	17,730,135	—	4,957,478	57,351,045
Total liabilities and fund balances	\$ 61,980,965	19,322,392	—	9,215,326	90,518,683

## COUNTY OF JAMES CITY, VIRGINIA

## Balance Sheet

## Governmental Funds

June 30, 2015

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

Ending fund balance – governmental funds	\$ 57,351,045
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.	329,390,782
Land held for resale and future development used in governmental activities are not financial resources and therefore are not reported in the funds.	1,186,838
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	21,710,591
Deferred pension contributions do not provide current financial resources and therefore are not deferred in the governmental funds.	4,091,153
Net pension liability and deferred pension investment experience do not require the use of current financial resources and therefore are not accrued as liabilities or deferred in the governmental funds.	(23,900,278)
Obligation for OPEB is not due and payable in the current period and is not recorded as a liability in the governmental funds.	(2,193,962)
Unmatured interest payable reported in governmental activities will not be paid with current financial resources and therefore is not reported in the funds.	(848,611)
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	\$ (65,458,589)
Capital leases	(858,833)
Lease revenue bonds	(103,604,000)
Compensated absences	(3,454,777)
Landfill postclosure care cost	(1,168,160)
	<u>(174,544,359)</u>
Net assets of governmental activities	<u>\$ 212,243,199</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, 2015

	Major Funds			Nonmajor governmental funds	Total governmental funds
	General	Capital projects	Debt service		
<b>Revenues:</b>					
General property taxes	\$ 112,542,078	—	—	—	112,542,078
Other local taxes	21,986,110	—	—	785,516	22,771,626
Permits, privilege fees and regulatory licenses	8,443,821	—	—	—	8,443,821
Fines and forfeitures	271,615	—	—	—	271,615
Revenue from use of money and property	142,230	87,051	3,092	15	232,388
Charges for services	5,944,750	—	—	—	5,944,750
Miscellaneous	320,563	2,105,824	212,492	463,426	3,102,305
<b>Intergovernmental:</b>					
Local	—	—	—	348,910	348,910
Commonwealth	26,292,362	—	—	3,433,410	29,725,772
Federal	6,834	—	—	4,087,922	4,094,756
<b>Total revenues</b>	<b>175,950,363</b>	<b>2,192,875</b>	<b>215,584</b>	<b>9,119,199</b>	<b>187,478,021</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government administration	9,432,889	—	—	—	9,432,889
Judicial administration	4,171,806	—	—	1,427,922	5,599,728
Public safety	26,531,621	—	—	943,686	27,475,307
Public works	6,962,923	—	—	13,610	6,976,533
Health and welfare	1,785,160	—	—	5,408,681	7,193,841
Education	79,610,865	—	—	—	79,610,865
Parks, recreation and cultural	9,673,422	—	—	185,465	9,858,887
Community development	5,454,857	—	319,767	4,994,440	10,769,064
Nondepartmental	525,433	—	—	—	525,433
<b>Debt service:</b>					
Principal retirement	—	—	16,862,695	—	16,862,695
Interest, other fiscal charges and early retirement	—	—	7,787,361	—	7,787,361
Capital outlay – governmental activities	—	8,656,374	—	—	8,656,374
Capital outlay – school activities	—	4,768,367	—	—	4,768,367
<b>Total expenditures</b>	<b>144,148,976</b>	<b>13,424,741</b>	<b>24,969,823</b>	<b>12,973,804</b>	<b>195,517,344</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>31,801,387</b>	<b>(11,231,866)</b>	<b>(24,754,239)</b>	<b>(3,854,605)</b>	<b>(8,039,323)</b>
<b>Other financing sources (uses):</b>					
Sale of land	—	1,115,537	—	—	1,115,537
Issuance of debt	—	—	34,185,000	—	34,185,000
Payment to escrow agent	—	(1,700,906)	(37,671,046)	—	(39,371,952)
Premium on bond issuance	—	—	3,907,273	—	3,907,273
Transfers in (note 5)	—	6,760,319	24,445,875	4,065,466	35,271,660
Transfers out (note 5)	(35,271,660)	—	—	—	(35,271,660)
Underwriters discount	—	—	(112,863)	—	(112,863)
<b>Total other financing sources (uses)</b>	<b>(35,271,660)</b>	<b>6,174,950</b>	<b>24,754,239</b>	<b>4,065,466</b>	<b>(277,005)</b>
<b>Net change in fund balances</b>	<b>(3,470,273)</b>	<b>(5,056,916)</b>	<b>—</b>	<b>210,861</b>	<b>(8,316,328)</b>
Fund balances at beginning of year	38,133,705	22,787,051	—	4,746,617	65,667,373
Fund balances at end of year	\$ 34,663,432	17,730,135	—	4,957,478	57,351,045

**COUNTY OF JAMES CITY, VIRGINIA**  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year ended June 30, 2015

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 \$ (8,316,328)

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	\$ (12,115,327)	
Capital outlay expenditures	10,962,816	
Cost of assets sold	<u>(186,076)</u>	
		(1,338,587)

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.

817,594

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:

Principal payments	16,862,695	
Payment to escrow agent	2,533,773	
Premium on debt issuance	(3,907,273)	
Underwriters discount	112,863	
Cost of issuance	308,364	
Deferred costs	1,732,928	
OPEB obligation	<u>(383,000)</u>	
		17,260,350

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 \$5,335, increase in landfill postclosure care cost of \$2,485, decrease in accrued interest of \$525,510, and decrease in pension and pension-related deferred amounts of \$2,018,409.

2,536,099

Change in net assets of governmental activities \$ 10,959,128

See accompanying notes to basic financial statements.

## COUNTY OF JAMES CITY, VIRGINIA

Balance Sheet

Proprietary Fund

June 30, 2015

<b>Assets</b>	<b>James City Service Authority</b>
Current assets:	
Cash and cash equivalents	\$ 837,750
Investments	33,007,483
Receivables, net of allowance for uncollectibles:	
Accounts	2,574,394
Interest	88,112
Notes	31,531
Miscellaneous	38,520
Inventory	817,432
Total current assets	<u>37,395,222</u>
Noncurrent assets:	
Capital assets (notes 7, 10 and 17):	
Land	1,739,491
Land – utility plant	962,995
Land improvements	13,183
Construction in progress	705,860
Water and sewer systems— utility plant	244,019,716
Buildings and improvements	4,892,209
Office fixtures and equipment	1,809,839
Automotive equipment	2,482,789
Intangible assets	25,004,570
Less accumulated depreciation and amortization	<u>(120,342,588)</u>
Net capital assets	<u>161,288,064</u>
Investments restricted for future use (note 2)	<u>2,716,277</u>
Total noncurrent assets	<u>164,004,341</u>
Total assets	<u>201,399,563</u>
<b>Deferred Outflow of Resources</b>	
Deferred pension contributions	<u>330,920</u>
Total assets and deferred outflow of resources	<u>\$ 201,730,483</u>
<b>Liabilities</b>	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 385,052
Accrued salaries	21,605
Compensated absences, current portion	268,010
Due to other funds (note 5)	1,346,004
Deposits	196,804
Interest payable	496,100
Current portion of bonds payable (note 10)	<u>565,000</u>
Total current liabilities	<u>3,278,575</u>
Noncurrent liabilities:	
Advances for construction (note 17)	32,902
OPEB liability	243,509
Bonds payable, net of current portion (note 10)	23,550,000
Compensated absences, net of current portion	89,343
Net pension liability	<u>939,493</u>
Total noncurrent liabilities	<u>24,855,247</u>
Total liabilities	<u>28,133,822</u>
<b>Deferred Inflow of Resources</b>	
Deferred pension investment experience	<u>803,802</u>
<b>Net Position</b>	
Net position:	
Net investment in capital assets	137,173,064
Restricted for capital projects	2,716,277
Unrestricted net position	<u>32,903,518</u>
Total net position	<u>172,792,859</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 201,730,483</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, 2015

	<b>James City Service Authority</b>
Operating revenues:	
Water and sewer services	\$ 12,588,470
Water supply proffers	450,262
Rental income	325,991
Miscellaneous	214,104
Total operating revenues	<u>13,578,827</u>
Operating expenses:	
Salaries	4,257,924
Fringe benefits	1,546,525
Operating supplies	836,288
Maintenance of buildings and equipment	2,067,464
Utilities	861,074
Contractual fees	915,365
Depreciation and amortization	7,810,808
Other	497,803
Total operating expenses	<u>18,793,251</u>
Operating loss	<u>(5,214,424)</u>
Nonoperating revenues (expenses):	
Facility charges	3,863,650
Investment income	248,207
Gain on disposal of capital assets	23,497
Interest expense, net	(1,095,684)
Total nonoperating revenues, net	<u>3,039,670</u>
Loss before contributions	<u>(2,174,754)</u>
Capital contributions	<u>5,284,379</u>
Increase in net position	3,109,625
Net position at beginning of year, restated	<u>169,683,234</u>
Net position at end of year	<u>\$ 172,792,859</u>

See accompanying notes to basic financial statements.

## COUNTY OF JAMES CITY, VIRGINIA

## Statement of Cash Flows

## Proprietary Fund

Year ended June 30, 2015

	<b>James City Service Authority</b>
Cash flows from operating activities:	
Cash receipts from customers	\$ 12,447,781
Other operating cash receipts	1,067,923
Cash payments to suppliers of goods and services	(4,368,094)
Cash payments to employees for services	(5,977,476)
Facility charges	3,863,650
Net cash provided by operating activities	<u>7,033,784</u>
Cash flows from capital and related financing activities:	
Payment of debt	(545,000)
Interest paid	(1,104,431)
Acquisition and construction of capital assets	(1,241,159)
Proceeds from sale of capital assets	33,118
Net cash used in capital and related financing activities	<u>(2,857,472)</u>
Cash flows from investing activities:	
Purchases of investments	(28,269,994)
Sales of investments	24,103,069
Interest received	241,393
Net cash used by investing activities	<u>(3,925,532)</u>
Net decrease in cash and cash equivalents	250,780
Cash and cash equivalents at beginning of year	<u>586,970</u>
Cash and cash equivalents at end of year	<u>\$ 837,750</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (5,214,424)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	7,810,808
Facility charges	3,863,650
Changes in assets and liabilities:	
Accounts receivable	(153,087)
Accounts receivable, miscellaneous	48,103
Notes receivable	29,463
Inventory	2,768
Accounts payable	(83,377)
Accrued salaries	21,605
Change in compensated absences	(44,208)
Due to other funds	890,509
Deposits	12,398
OPEB liability	36,000
Decrease in net pension liability and related deferred inflows/outflows of resources	(186,424)
Net cash provided by operating activities	<u>\$ 7,033,784</u>
Supplemental schedule – noncash capital and investing activities:	
Capital asset contributions	<u>\$ 5,284,379</u>
Unrealized loss from change in fair value of investments	<u>\$ (166,009)</u>

See accompanying notes to basic financial statements.

## COUNTY OF JAMES CITY, VIRGINIA

## Statement of Fiduciary Net Position

## Fiduciary Funds

June 30, 2015

Assets	<u>Pension trust fund</u>	<u>Agency funds</u>
Cash and cash equivalents (note 2)	\$ —	2,104,591
Restricted cash and cash equivalents and investments with fiscal agent/trustee (notes 2 and 12):		
Money market funds	7,194,799	7,575,422
Bond mutual funds	750,981	—
Debt and equities	9,682,472	—
U.S. stock funds	10,486,867	—
International stock funds	650,182	—
Accounts receivable	—	2,487,716
Total assets	<u>\$ 28,765,301</u>	<u>12,167,729</u>
<b>Liabilities and Net Position</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ —	632,552
Amounts held for others	—	11,535,177
Total liabilities	—	12,167,729
Net position:		
Held in trust for employees' retirement	<u>28,765,301</u>	—
Total liabilities and net position	<u>\$ 28,765,301</u>	<u>12,167,729</u>

See accompanying notes to basic financial statements.

**COUNTY OF JAMES CITY, VIRGINIA**  
 Statement of Changes in Fiduciary Net Assets  
 Fiduciary Funds  
 Year ended June 30, 2015

	<u><b>Pension trust fund</b></u>
Additions:	
Revenue from use of money and property	\$ 962,117
Contributions	<u>2,400,440</u>
Total additions	3,362,557
Deductions:	
Distributions to employees	<u>2,101,990</u>
Change in net position held in trust for employees' retirement	1,260,567
Net position at beginning of year	<u>27,504,735</u>
Net position at end of year	<u><u>\$ 28,765,302</u></u>

See accompanying notes to basic financial statements.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

#### (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, 2015 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, 2015

#### 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, 2015, the apportionment of the Public Schools' operating costs to the City and County was \$8,528,952 and 9.68% and \$79,580,057 and 90.32%, respectively. For the fiscal year ended June 30, 2015, the contributions for the Public Schools' capital project costs from the City and County were \$576,704 and 10.79% and \$4,768,367 and 89.21%, respectively.

The Public Schools' financial statements for the fiscal year ended June 30, 2015 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, 2015, there were 13 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$186 million.

The Development Authority's financial statements for the fiscal year ended June 30, 2015 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, 2015

#### Other Related Organizations and Joint Ventures

Separate financial statements for the fiscal year ended June 30, 2015, for all other related organizations and joint ventures discussed below except the Colonial Community Corrections Program, Inc., the Virginia Peninsulas Public Service Authority, and the Williamsburg Regional Library, may be obtained from the Director of Budget and Accounting of James City County, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

1. Williamsburg Area Medical Assistance Corporation

The Williamsburg Area Medical Assistance Corporation (the Corporation) was incorporated on February 19, 1993. The Corporation provides a primary medical care clinic to economically disadvantaged persons in the Counties of James City and York and the City of Williamsburg. The County appoints 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, 2015 may be obtained from the Public Service Authority, 475 McLaws Circle, Suite 3B, 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 of Williamsburg, James City County and York County. The Library is operated by a board of trustees. The County appoints 6 trustees, the City of Williamsburg appoints 4 trustees and York County appoints 1 trustee. The Library is a legally

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

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, 2015 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 independent from the

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

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.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

(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 position, the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual basis of accounting and economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations. The County generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The County may defer the use of restricted assets based on a review of the specific transaction.

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

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

The County reports the following major governmental funds:

*General Fund* – The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in other funds. A significant part

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

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

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

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

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

The accompanying fund financial statements of the governmental funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available to finance operations during the year. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

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.

**(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.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

**(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 \$65,160 in the General Fund at June 30, 2015. Additionally, the County recorded an allowance for uncollectible accounts of \$39,214 related to business, professional and occupational license taxes and \$1,703,194 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, 2015, in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

**(h) Inventory**

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

**(i) Capital Assets**

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

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

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

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 \$1,196,000 at June 30, 2015.

**(l) *Property Taxes***

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

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

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

**(m) *Risk Management***

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Property and liability coverages are provided through 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, 2015 are on the following page:

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

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

	<u>Coverage limits</u>
Property insurance:	
Valuation at functional replacement	\$ 83,792,000
Flood (outside 100 year flood plain)	83,792,000
Business interruption/extra expense	3,000,000
Property in transit	5,000,000
Increased cost of construction/ordinance demolition	20,000,000
Back-up of sewers and drains	1,000,000
Debris removal	20,000,000
Pollutant clean-up and removal	500,000
Off premises power failure	2,000,000
Media reproduction	100,000
Newly acquired locations for up to 120 days	20,000,000
General liability and law enforcement	9,000,000
Automobile liability	9,000,000
Public officials	9,000,000
Crime	500,000
Workers' compensation	Statutory limits

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

Effective July 1, 2011, the County participates in the group self-insurance risk pool with Virginia Association of Counties to provide Line of Duty Act benefits to eligible participants. During fiscal year 2015, the County made a payment of \$137,452 for these premiums.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

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

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

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

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

**COUNTY OF JAMES CITY, VIRGINIA**

Management's Discussion and Analysis

June 30, 2015

- *Assigned* – Amounts that are intended to be used for specific purposes, but do not meet the criteria as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Supervisors, or as delegated to the Director of Financial and Management Services. The Board of Supervisors has, by resolution, authorized the Director of Financial and Management Services to assign fund balance. Unlike commitments, assignments generally only exist temporarily and an additional action is not normally required to be taken for the removal of an assignment.
- *Unassigned* – Includes the residual classification for the County's general fund and includes all spendable amounts not contained in other classifications. Only the general fund can report a positive unassigned fund balance. This includes the County's goal of maintaining a fiscal liquidity balance between 10%-12% of the total general governmental expenditures.

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

For the fiscal year ended June 30, 2015, the General Fund has the following amounts assigned or unassigned:

	<u>Assigned</u>	<u>Unassigned</u>
Capital projects	\$ 1,878,000	—
Health insurance	3,073,364	—
Potential insurance loss	300,000	—
Capital reserve fund	4,968,111	—
Encumbrances	740,458	—
Fiscal liquidity	—	23,360,679
	<u>\$ 10,959,933</u>	<u>23,360,679</u>

The committed fund balance for the Capital Projects Fund was \$1,551,387 at June 30, 2015 and was primarily for amounts approved related to bond proceeds received for improvements at three schools and a replacement of a fire station. The assigned fund balance in the capital projects fund was \$16,178,748 at June 30, 2015 and was for ongoing capital projects. The assigned fund balance in the other governmental funds was \$4,416,559 at June 30, 2015 and was primarily for ongoing expenditures.

**(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

## COUNTY OF JAMES CITY, VIRGINIA

### Management's Discussion and Analysis

June 30, 2015

the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

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

The County has adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement 27* (“GASB 68”) and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment to GASB Statement 68* (“GASB 71”). GASB 68 replaces the requirements of Statement 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. Note disclosure and required supplementary information requirements about pensions are also addressed. This statement details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. GASB 71 provides accounting and financial reporting guidance for contributions, if any, made by an employer to a defined benefit plan after the measurement date of the government's beginning net pension. The accounting changes required by GASB 68 and 71 are applied retroactively by reclassifying the statement of net position, balance sheet information, and results of operations.

#### **(t) *Subsequent Events***

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through November 23, 2015 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 \$29,907,947 and the bank balance was \$31,797,120. 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

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans.

**(b) Investments**

As of June 30, 2015, 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	\$ 32,322	32,322	—	—
Money market funds	4,528,267	4,528,267	—	—
Certificates of deposit	3,473,079	500,000	—	2,973,079
Federal agency bonds/notes	6,921,684	249,953	1,517,282	5,154,449
Corporate notes	6,658,965	—	50,014	6,608,951
Municipal bonds	906,301	—	—	906,301
U.S. Treasury notes	20,986,131	—	1,554,086	19,432,045
	<u>\$ 43,506,749</u>	<u>5,310,542</u>	<u>3,121,382</u>	<u>35,074,825</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 position is as follows:

Deposits	\$ 29,907,947
Investments	<u>43,506,749</u>
	<u>\$ 73,414,696</u>
Cash and cash equivalents	\$ 26,301,153
Investments	40,790,477
Cash and cash equivalents and investments - restricted	<u>6,323,066</u>
	<u>\$ 73,414,696</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**

Notes to Basic Financial Statements

June 30, 2015

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, 2015 were rated by Standard & Poor's, Moody's and Fitch and/or an equivalent national rating organization and the ratings are as follows:

	Investment ratings				
	AAA/AA+	AA	AA-	A-1+	A-1
Money market funds	\$ —	—	—	—	249,818
Certificate of deposit	—	—	1,900,074	950,579	—
Corporate notes	2,511,671	1,939,321	2,207,972	—	—
Federal agency					
bonds/notes	6,921,684	—	—	—	—
Municipal bonds	906,302	—	—	—	—
US Treasury notes/bonds	20,986,129	—	—	—	—
<b>Total</b>	<b>\$ 31,325,786</b>	<b>1,939,321</b>	<b>4,108,046</b>	<b>950,579</b>	<b>249,818</b>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

Commonwealth of Virginia LGIP, U.S. Treasury Notes, a portion of money market funds and a portion of certificate of deposit, totaling \$4,933,199 at June 30, 2015, are unrated; therefore, they are not included in the information presented on the previous page.

**(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, 2015, the portions of the County's portfolio (excluding the blended component units), excluding U.S. Treasury notes, which exceed 5% of the total portfolio are as follows:

Federal Home Loan Mortgage Corporation	19.6%
Federal National Mortgage Association	10.7
PFM Funds - Prime, Institutional Class	5.1

**(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, 2015, 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, 2015

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

Cash and cash equivalents:	
Bank deposits (including school agency funds)	\$ 17,954,344
Certificates of deposit	29,245
Investment in LGIP	<u>207,309</u>
	<u>\$ 18,190,898</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 \$17,120,502 (excluding \$1,070,396 of the School Activity Funds) and the bank balance was \$20,734,808. 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	\$ 197,443
Investment in LGIP	242
Certificates of deposit	<u>1,040,320</u>
	<u>\$ 1,238,005</u>

At year end, the carrying value of the Development Authority's deposits with banks and savings institutions was \$197,443 and the bank balance was \$197,461. 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, 2015, are detailed as follows:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Capital projects	Lease bonds	\$ 1,387,116
General	Subdivision escrow	865,424
Grants and special projects	Grants and special projects	110,953
Community development	Community rehabilitation	<u>1,243,296</u>
		<u>\$ 3,606,789</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

**(4) Receivables and Payables**

Amounts due from miscellaneous sources in the General Fund at June 30, 2015, are detailed as follows:

Sales tax	\$ 1,927,294
Emergency medical services	1,190,017
Meals tax	889,369
Other	550,731
Business license	268,427
Charges for services	235,175
Recordation tax	178,275
Deeds of conveyance	103,352
Williamsburg Regional Library	65,325
Utility consumption fee	28,813
Fines and forfeitures	18,330
	<u>5,455,108</u>
	<u>\$ 5,455,108</u>

Accounts payable and accrued liabilities at June 30, 2015, are comprised of the following:

	<u>Accounts payable</u>	<u>Accrued liabilities</u>	<u>Total</u>
General	\$ 2,719,666	305,996	3,025,662
Capital projects	629,817	—	629,817
Other governmental funds	239,261	16,704	255,965
	<u>3,588,744</u>	<u>322,700</u>	<u>3,911,444</u>
Governmental funds			
Accrued interest	—	848,611	848,611
	<u>—</u>	<u>848,611</u>	<u>848,611</u>
Governmental activities	\$ <u>3,588,744</u>	<u>1,171,311</u>	<u>4,760,055</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

**(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, 2015, the balances are as follows:

<b>Due from other funds</b>			
	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Due to other funds:			
General	\$ —	1,221,607	1,221,607
Nonmajor			
governmental funds	414,339	191,273	605,612
Service Authority	<u>1,346,004</u>	<u>—</u>	<u>1,346,004</u>
Total	<u>\$ 1,760,343</u>	<u>1,412,880</u>	<u>3,173,223</u>

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 414,339	1,221,607
Capital Projects	1,412,880	—
Nonmajor		
governmental funds:		
Virginia public assistance	—	292,977
Colonial community corrections	—	9,252
Community development	—	290,537
Trust fund	—	1,030
Tourism investment	—	1,572
Grants/special projects	<u>—</u>	<u>10,244</u>
Total	<u>\$ 1,827,219</u>	<u>1,827,219</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

Interfund transfers for the year ended June 30, 2015, consisted of the following:

	<u>Transfers to other Funds</u>	<u>Transfers from other Funds</u>
General fund	\$ 35,271,660	—
Capital projects	—	6,760,319
Debt service	—	24,445,875
Nonmajor governmental funds	—	4,065,466
Total	<u>\$ 35,271,660</u>	<u>35,271,660</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.

	<u>Transfers in</u>	<u>Transfers out</u>	<u>Net transfers</u>
Governmental funds:			
General fund	\$ —	(35,271,660)	(35,271,660)
Capital projects	6,760,319	—	6,760,319
Debt service	24,445,875	—	24,445,875
Nonmajor governmental funds	4,065,466	—	4,065,466
Total	<u>\$ 35,271,660</u>	<u>(35,271,660)</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, 2015

**(6) Due from Other Governments**

Details of amounts due from other governments as of June 30, 2015 are as follows:

***Governmental activities:***

**General Fund:**

Local Governments:	
City of Williamsburg	\$ 102,523
Other	15,890
Commonwealth of Virginia:	
Recordation tax	134,040
Rolling stock tax	59,386
Communications sales and use tax	279,019
State sales tax	1,960,844
Personal property tax relief	4,836,856
Compensation Board	171,980
Other	39,949
	<hr/>
Total General Fund	7,600,487

**Nonmajor Governmental Funds:**

Local Governments:	
City of Williamsburg	15,116
Other	128,440
Commonwealth of Virginia:	
Virginia Department of Social Services	145,883
Virginia Department of Housing and Community Development	160
Other	618,042
Federal Government:	
Department of Homeland Security	66,631
Department of Social Services	188,379
Department of Transportation	162,854
Other	186,564
	<hr/>
Total Nonmajor Governmental Funds	1,512,069
	<hr/>
Total Governmental Activities	\$ 9,112,556

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

**Component Unit – Public Schools:**

Federal government	\$ 750,571
Commonwealth of Virginia	<u>178,393</u>
Total	<u>\$ 928,964</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, 2015:

**Governmental Activities**

	<u>Balances July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances June 30, 2015</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 28,086,819	225,999	180,000	28,132,818
Construction in progress	12,675,404	9,920,162	14,902,230	7,693,336
Intangible assets - easements	<u>8,069,178</u>	—	—	<u>8,069,178</u>
Total capital assets not being depreciated	<u>48,831,401</u>	<u>10,146,161</u>	<u>15,082,230</u>	<u>43,895,332</u>
Other capital assets:				
Buildings and improvements	324,196,109	4,332,125	392,331	328,135,903
Improvements other than buildings	25,982,862	6,507,417	—	32,490,279
Equipment and vehicles	43,369,641	3,097,759	1,801,763	44,665,637
Infrastructure	<u>8,242,402</u>	<u>2,258,452</u>	—	<u>10,500,854</u>
Total other capital assets	<u>401,791,014</u>	<u>16,195,753</u>	<u>2,194,094</u>	<u>415,792,673</u>
Less accumulated depreciation for:				
Buildings and improvements	78,698,283	7,021,719	243,449	85,476,553
Improvements other than buildings	8,087,325	1,144,612	—	9,231,937
Equipment and vehicles	30,237,626	3,597,884	1,764,569	32,070,941
Infrastructure	<u>3,166,684</u>	<u>351,108</u>	—	<u>3,517,792</u>
Total accumulated depreciation	<u>120,189,918</u>	<u>12,115,323</u>	<u>2,008,018</u>	<u>130,297,223</u>
Other capital assets, net	<u>281,601,096</u>	<u>4,080,430</u>	<u>186,076</u>	<u>285,495,450</u>
	<u>\$ 330,432,497</u>	<u>14,226,591</u>	<u>15,268,306</u>	<u>329,390,782</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

Depreciation was charged to governmental functions as follows:

General government administration	\$ 860,953
Judicial administration	253,965
Public safety	2,357,092
Public works	235,661
Parks, recreation and cultural	1,770,619
Community development	365,139
Education	5,008,700
Nondepartmental	<u>1,263,198</u>
Total depreciation expense – governmental activities	<u>\$ 12,115,327</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

***Business-Type Activity***

	<u>Balances</u> <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>June 30, 2015</u>
Capital assets not being depreciated:				
Land	\$ 1,750,391	1,600	12,500	1,739,491
Land – utility plant	962,995	—	—	962,995
Land improvements	13,183	—	—	13,183
Construction in progress	1,748,620	1,773,110	2,815,870	705,860
Intangible assets – easements	4,570	—	—	4,570
Total capital assets not being depreciated	<u>4,479,759</u>	<u>1,774,710</u>	<u>2,828,370</u>	<u>3,426,099</u>
Other capital assets:				
Water and sewer systems – utility plant	237,026,604	7,070,270	77,158	244,019,716
Buildings and improvements	4,884,119	40,860	32,770	4,892,209
Office fixtures and equipment	1,696,932	129,734	16,827	1,809,839
Automotive equipment	2,349,927	338,334	205,472	2,482,789
Intangible assets – water rights	25,000,000	—	—	25,000,000
Total other capital assets	<u>270,957,582</u>	<u>7,579,198</u>	<u>332,227</u>	<u>278,204,553</u>
Less accumulated depreciation and amortization for:				
Water and sewer systems – utility plant	105,395,191	6,680,140	67,537	112,007,794
Buildings and improvements	1,377,610	143,225	32,770	1,488,065
Office fixtures and equipment	1,000,336	125,585	16,826	1,109,095
Automotive equipment	1,860,390	248,360	205,473	1,903,277
Intangible assets – water rights	3,220,859	613,497	—	3,834,356
Total accumulated depreciation and amortization	<u>112,854,386</u>	<u>7,810,808</u>	<u>322,606</u>	<u>120,342,588</u>
Other capital assets, net	<u>158,103,196</u>	<u>(231,609)</u>	<u>9,621</u>	<u>157,861,966</u>
	<u>\$ 162,582,955</u>	<u>1,543,102</u>	<u>2,837,992</u>	<u>161,288,064</u>

Depreciation and amortization of \$7,810,808 was charged to water and sewer operations as follows:

Water	\$ 4,899,603
Sewer	2,911,205
	<u>\$ 7,810,808</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

***Component Unit – Public Schools***

	<b>Balances</b>			<b>Balances</b>
	<b>July 1, 2014</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2015</b>
Capital assets not being depreciated:				
Land improvements	\$ 8,435,126	—	—	8,435,126
Construction in progress	6,054,125	3,527,417	7,637,300	1,944,242
Total capital assets not being depreciated	<u>14,489,251</u>	<u>3,527,417</u>	<u>7,637,300</u>	<u>10,379,368</u>
Other capital assets:				
Buildings and improvements	44,096,015	7,711,216	—	51,807,231
Furniture and equipment	21,164,528	1,612,248	144,489	22,632,287
Total other capital assets	<u>65,260,543</u>	<u>9,323,464</u>	<u>144,489</u>	<u>74,439,518</u>
Less accumulated depreciation for:				
Buildings and improvements	14,135,027	2,454,823	—	16,589,850
Furniture and equipment	13,167,525	1,550,328	38,089	14,679,764
Total accumulated depreciation	<u>27,302,552</u>	<u>4,005,151</u>	<u>38,089</u>	<u>31,269,614</u>
Other capital assets, net	<u>37,957,991</u>	<u>5,318,313</u>	<u>106,400</u>	<u>43,169,904</u>
	<u>\$ 52,447,242</u>	<u>8,845,730</u>	<u>7,743,700</u>	<u>53,549,272</u>

Depreciation of \$4,005,151 was charged to the Public Schools' governmental functions.

The total construction in progress for the Public Schools is \$6,535,798. Capital outlay expenditures totaling \$4,591,556 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, 2015

***Component Unit – Economic Development Authority***

	<b>Balances</b>			<b>Balances</b>
	<b>July 1, 2014</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2015</b>
Capital assets not being depreciated:				
Land	\$ 233,106	—	—	233,106
Construction in progress	166,510	—	—	166,510
Total capital assets not being depreciated	<u>399,616</u>	<u>—</u>	<u>—</u>	<u>399,616</u>
Other capital assets:				
Furniture and equipment	5,119	—	—	5,119
Intangible assets	7,600	—	—	7,600
Total other capital assets	<u>12,719</u>	<u>—</u>	<u>—</u>	<u>12,719</u>
Less accumulated depreciation for:				
Furniture and equipment	1,493	512	—	2,005
Intangible assets	3,040	1,520	—	4,560
Total accumulated depreciation	<u>4,533</u>	<u>2,032</u>	<u>—</u>	<u>6,565</u>
Other capital assets, net	<u>8,186</u>	<u>(2,032)</u>	<u>—</u>	<u>6,154</u>
	<u>\$ 407,802</u>	<u>(2,032)</u>	<u>—</u>	<u>405,770</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

**(8) Amounts Due From and To Component Units**

The Service Authority owes the County \$1,346,004 at June 30, 2015, 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, 2015, the County owed the Public Schools \$1,014,769, which primarily represents construction incurred by the Public Schools. The Public Schools owed the County \$1,340,052, which represents local schools funds unexpended at year end that are contractually required to be returned to the County. Additionally, the County owed the Development Authority \$82,000, which primarily represents payments for Development Authority grants. The Development Authority owed the County \$409, which is a reimbursement for a telecommunications expense.

**(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, 2015 follow:

	<u>General fund</u>	<u>Capital projects</u>	<u>Other governmental funds</u>	<u>Total</u>
Prepaid property taxes	\$ 399,260	—	—	399,260
Unexpended grants	—	—	3,283,004	3,283,004
Governmental activities	399,260	—	3,283,004	3,682,264
Property taxes not collected within 45 days	<u>21,709,831</u>	<u>760</u>	—	<u>21,710,591</u>
Governmental funds	<u>\$ 22,109,091</u>	<u>760</u>	<u>3,283,004</u>	<u>25,392,855</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

**(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, 2015, is presented below:

	<u>Amounts payable at July 1, 2014</u>	<u>Additions</u>	<u>Retirements and reductions</u>	<u>Amounts payable at June 30, 2015</u>	<u>Amounts due within one year</u>
Governmental activities:					
General obligation bonds	\$ 63,510,000	21,610,000	30,490,000	54,630,000	7,940,000
Deferred amounts:					
Add bond premium	<u>8,654,244</u>	<u>3,907,273</u>	<u>1,732,928</u>	<u>10,828,589</u>	<u>—</u>
Total general obligation bonds	<u>72,164,244</u>	<u>25,517,273</u>	<u>32,222,928</u>	<u>65,458,589</u>	<u>7,940,000</u>
Other capital lease	984,528	—	125,695	858,833	130,377
Lease revenue bonds	114,416,000	12,575,000	23,387,000	103,604,000	8,747,000
OPEB obligation	1,810,962	383,000	—	2,193,962	—
Compensated absences	3,449,442	3,745,245	3,739,910	3,454,777	2,591,083
Landfill postclosure care cost	<u>1,165,675</u>	<u>2,485</u>	<u>—</u>	<u>1,168,160</u>	<u>60,053</u>
Total other long-term liabilities	<u>121,826,607</u>	<u>16,705,730</u>	<u>27,252,605</u>	<u>111,279,732</u>	<u>11,528,513</u>
Governmental activities long-term liabilities	<u>\$ 193,990,851</u>	<u>42,223,003</u>	<u>59,475,533</u>	<u>176,738,321</u>	<u>19,468,513</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 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, 2015, \$1,008,200 was included in capital assets, and \$100,820 depreciation expense was incurred during fiscal year 2015.

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

The present value of future minimum capital lease payments of the County as of June 30, 2015, is as follows:

Fiscal year ending June 30:	
2016	162,369
2017	162,369
2018	162,369
2019	162,369
2020	162,369
2021	<u>162,369</u>
Total minimum lease payments	974,214
Less amount representing interest	<u>(115,381)</u>
Present value of minimum capital lease payments	<u>\$ 858,833</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

**(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%	\$ 4,320,000
\$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%	6,620,000
\$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%	300,000
\$39,820,000 General Obligation School Bonds, Series 2005, issued June 8, 2005, maturing in various installments through December 15, 2029, with interest payable semiannually at 3.60%	6,540,000
\$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%	11,550,000
\$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%	2,865,000
\$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%	850,000
\$21,610,000 General Obligation Bond, Series 2014, issued August 5, 2014, maturing in various installments through December 15, 2027, with interest payable semiannually at 2.00%	<u>21,585,000</u>
Total long-term bonded indebtedness	54,630,000
Add premiums	<u>10,828,589</u>
Total general obligation bonds	<u>65,458,589</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

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%	858,833
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Lease revenue bonds:

\$95,775,000 issued December 28, 2006, due in various installments through June 15, 2026, with interest paid semiannually at 5.00%	52,665,000
\$14,935,000 issued September 23, 2009, due in various installments through January 15, 2030, with interest paid semiannually at 3.50%	11,430,000
\$6,672,000 issued September 30, 2011, due in various installments through July 15, 2021, with interest paid semiannually at 2.18%	4,669,000
\$26,380,000 issued September 11, 2012, due in various installments through June 30, 2033, with interest paid semiannually at 4.00%	22,265,000
\$12,575,000 issued August 7, 2014, due in various annual installments through June 15, 2026, with interest paid semiannually at 3.00%	12,575,000

OPEB obligation	2,193,962
Compensated absences	3,454,777
Landfill postclosure care costs	1,168,160
	<hr/>
Total other long-term liabilities	111,279,732
	<hr/>
Total governmental activities	\$ 176,738,321

**(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, 2015, is presented below:

	<u>Amounts payable at July 1, 2014</u>	<u>Additions</u>	<u>Retirements and reductions</u>	<u>Amounts payable at June 30, 2015</u>	<u>Amounts due within one year</u>
Business-type activity:					
Revenue bonds	\$ 24,660,000	—	545,000	24,115,000	565,000
OPEB obligation	207,508	36,000	—	243,509	—
Compensated absences	373,913	445,120	461,680	357,353	268,010
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 25,241,421	481,120	1,006,680	24,715,862	833,010

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

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%

\$ 24,115,000

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

**Governmental activities:**

	<b>General obligation bonds</b>		<b>Lease revenue bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
Fiscal year ending				
June 30:				
2016	7,940,000	2,291,726	8,747,000	4,666,779
2017	5,345,000	1,974,336	8,857,000	4,290,638
2018	5,495,000	1,677,784	8,997,000	3,882,598
2019	4,095,000	1,443,575	9,147,000	3,465,497
2020	4,225,000	1,268,703	8,032,000	3,040,047
2021-2025	14,650,000	4,303,275	39,844,000	9,575,763
2026-2030	12,880,000	1,481,856	16,195,000	2,140,025
2031-2033	—	—	3,785,000	248,787
	<u>\$ 54,630,000</u>	<u>14,441,255</u>	<u>103,604,000</u>	<u>31,310,134</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, 2015

**Business-type activity:**

Fiscal year ending June 30:	Revenue bonds	
	Principal	Interest
2016	565,000	1,081,856
2017	585,000	1,062,081
2018	605,000	1,041,606
2019	630,000	1,017,406
2020	655,000	992,206
2021-2025	3,690,000	4,536,144
2026-2030	3,565,000	3,669,444
2031-2035	3,110,000	2,843,088
2036-2040	10,710,000	2,128,800
	<u>\$ 24,115,000</u>	<u>18,372,631</u>

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

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

	Amounts payable at July 1, 2014	Additions	Retirements and reductions	Amounts payable at June 30, 2015	Amounts due within one year
OPEB obligation	\$ 4,440,300	859,000	303,000	4,996,300	—
Equipment capital leases	173,571	98,861	51,412	221,020	56,777
Compensated absences	962,025	975,192	932,684	1,004,533	452,040
Net pension liability	119,805,628	—	16,697,314	103,108,314	—
Component Unit – Public Schools long-term liabilities	<u>\$ 125,381,524</u>	<u>1,933,053</u>	<u>17,984,410</u>	<u>109,330,167</u>	<u>508,817</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 \$1,168,160 reported as landfill postclosure liability at June 30, 2015, 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

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

on what it would cost to perform all closure and postclosure care in 2015. Actual costs may be higher due to inflation, technology changes, or regulation changes. The County intends to fund these costs from the net revenues collected from the above contract and from any funds accumulated for this purpose in the County General Fund.

#### **(12) Pension Plan**

##### **(a) Pensions**

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

##### **(b) Plan Description**

All full-time, salaried regular employees of participating employers are automatically covered by Virginia Retirement System (VRS) upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to 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 three different benefit plans for local government employees – Plan 1, Plan 2 and Hybrid. Each plan has different eligibility and benefit structures as set out below.

##### **VRS PLAN 1:**

###### ***About VRS Plan 1***

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

###### ***Eligible Members***

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

###### ***Hybrid Opt-In Election***

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

#### ***Retirement Contributions***

Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment. Beginning July 1, 2012, the County opted for employees to pay the entire 5% member contribution.

#### ***Creditable Service***

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

#### ***Vesting***

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

#### ***Calculating the Benefit***

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

#### ***Average Final Compensation***

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

#### ***Service Retirement Multiplier***

The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% as elected by the employer.

#### ***Normal Retirement Age***

Age 65.

#### ***Earliest Unreduced Retirement Eligibility***

Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 55 with at least 30 years of creditable service. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

#### ***Earliest Reduced Retirement Eligibility***

Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty members are eligible for a reduced benefit as early as age 50 with at least five years of creditable service.

#### ***Cost-of-Living Adjustment (COLA) in Retirement***

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

#### **Eligibility:**

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

#### **Exceptions to COLA Effective Dates:**

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

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

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

#### ***Disability Coverage***

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

#### ***Purchase of Prior Service***

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

#### **VRS PLAN 2:**

##### ***About VRS Plan 2***

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

##### ***Eligible Members***

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

##### ***Hybrid Opt-In Election***

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

##### ***Retirement Contributions***

Same as VRS Plan 1.

##### ***Creditable Service***

Same as VRS Plan 1.

##### ***Vesting***

Same as VRS Plan 1.

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

***Calculating the Benefit***

See definition under VRS Plan 1.

***Average Final Compensation***

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

***Service Retirement Multiplier***

Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.

***Normal Retirement Age***

Normal Social Security retirement age.

***Earliest Unreduced Retirement Eligibility***

Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

***Earliest Reduced Retirement Eligibility***

Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Hazardous duty employees are the same as VRS Plan 1.

***Cost-of-Living Adjustment (COLA) in Retirement***

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

**Eligibility:**

Same as VRS Plan 1.

**Exceptions to COLA Effective Dates:**

Same as VRS Plan 1.

***Disability Coverage***

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

***Purchase of Prior Service***

Same as VRS Plan 1.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

#### **HYBRID RETIREMENT PLAN**

##### ***About the Hybrid Retirement Plan***

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

##### ***Eligible Members***

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. Some employees are not eligible to participate in the Hybrid Retirement Plan. They include members of the State Police Officers' Retirement System (SPORS), the Virginia Law Officers' Retirement System (VaLORS), or political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

##### ***Retirement Contributions***

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

##### ***Creditable Service***

###### **Defined Benefit Component:**

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

###### **Defined Contributions Component:**

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

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

#### *Vesting*

##### **Defined Benefit Component:**

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

##### **Defined Contributions Component:**

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

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

#### *Calculating the Benefit*

##### **Defined Benefit Component:**

See definition under VRS Plan 1.

##### **Defined Contribution Component:**

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

#### *Average Final Compensation*

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

#### *Service Retirement Multiplier*

The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

#### *Normal Retirement Age*

##### **Defined Benefit Component:**

Same as VRS Plan 2.

##### **Defined Contribution Component:**

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

## COUNTY OF JAMES CITY, VIRGINIA

Notes to Basic Financial Statements

June 30, 2015

### ***Earliest Unreduced Retirement Eligibility***

#### **Defined Benefit Component:**

Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

#### **Defined Contribution Component:**

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

### ***Earliest Reduced Retirement Eligibility***

#### **Defined Benefit Component:**

Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

#### **Defined Contribution Component:**

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

### ***Cost-of-Living Adjustment (COLA) in Retirement***

#### **Defined Benefit Component:**

Same as VRS Plan 2.

#### **Defined Contribution Component:**

Not applicable.

#### **Eligibility:**

Same as VRS Plan 1 and VRS Plan 2.

#### **Exceptions to COLA Effective Dates:**

Same as VRS Plan 1 and VRS Plan 2.

### ***Disability Coverage***

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

### ***Purchase of Prior Service***

#### **Defined Benefit Component:**

Same as VRS Plan 1 with the following exceptions:

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

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

service will change to actuarial cost.

**Defined Contribution Component:**

Not applicable.

**(c) Employees Covered by Benefit Terms**

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

***Governmental activities:***

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	296
Inactive members:	
Vested inactive members	135
Non-vested inactive members	159
Inactive members active elsewhere in VRS	<u>239</u>
Total inactive members	533
Active members	<u>770</u>
Total covered employees	<u><u>1,599</u></u>

***Business-type activities:***

	<u>Number</u>
Inactive members or their beneficiaries currently receiving	34
Inactive members:	
Vested inactive members	11
Non-vested inactive members	15
Inactive members active elsewhere in VRS	<u>31</u>
Total inactive members	57
Active members	<u>83</u>
Total covered employees	<u><u>174</u></u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	82
Inactive members:	
Vested inactive members	19
Non-vested inactive members	70
Inactive members active elsewhere in VRS	<u>44</u>
Total inactive members	133
Active members	<u>185</u>
Total covered employees	<u><u>400</u></u>

***(d) Contributions***

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

The County's, Authority's, and Public Schools' contractually required contribution rates for the year ended June 30, 2015 were 11.12%, 8.49%, and 7.22% of covered employee compensation, respectively. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Total contributions to the pension plan from the County were \$4,091,153 and \$4,362,691, the Authority were \$330,920 and \$308,820, and the Public Schools were \$372,141 and \$435,519 for years ended June 30, 2015 and June 30, 2014, respectively.

***(e) Net Pension Liability***

The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

#### (f) *Actuarial Assumptions – General Employees*

The total pension liability for general employees in the County's retirement plan was based on an actuarial valuation as of June 30, 2013, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation: 2.5%

Salary increases, including inflation: 3.5% - 5.35%

Investment rate of return: 7%, net of pension plan investment expense, including inflation\*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7%. However, since the difference was minimal, and a more conservative 7% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7% to simplify preparation of pension liabilities.

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

#### Largest 10 – Non-LEOS:

##### Pre-retirement:

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

##### Post-retirement:

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

##### Post-Disablement:

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

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

##### Pre-retirement:

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

##### Post-retirement:

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

##### Post-Disablement:

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

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

**Largest 10 – Non-LEOS:**

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

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

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

**(g) Actuarial Assumptions – Public Safety Employees**

The total pension liability for public safety employees in the retirement plan was based on an actuarial valuation as of June 30, 2013, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

**Largest 10 – LEOS:**

**Pre-retirement:**

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

**Post-retirement:**

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

**Post-Disablement:**

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

**All Others (Non 10 Largest) – LEOS:**

**Pre-retirement:**

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

**Post-retirement:**

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

**Post-Disablement:**

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

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are on the following page:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

**(h) Long-Term Expected Rate of Return**

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

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

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

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

**(i) Discount Rate**

The discount rate used to measure the total pension liability was 7%. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that VRS member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the retirement plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Projected future benefit payments for all current

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

VRS members were projected through 2121. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*(j) Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the new pension liability using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate:

***Governmental activities:***

	<u>1%</u>		<u>Current</u>		<u>1%</u>
	<u>Decrease</u>		<u>Discount</u>		<u>Increase</u>
	<u>(6%)</u>		<u>Rate (7%)</u>		<u>(8%)</u>
Net pension liability	\$ 37,443,554	\$	15,458,792	\$	(2,696,680)

***Business-type activity:***

	<u>1%</u>		<u>Current</u>		<u>1%</u>
	<u>Decrease</u>		<u>Discount</u>		<u>Increase</u>
	<u>(6%)</u>		<u>Rate (7%)</u>		<u>(8%)</u>
Net pension liability	\$ 2,967,853	\$	939,493	\$	(740,025)

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

	<u>1%</u>		<u>Current</u>		<u>1%</u>
	<u>Decrease</u>		<u>Discount</u>		<u>Increase</u>
	<u>(6%)</u>		<u>Rate (7%)</u>		<u>(8%)</u>
Net pension liability	\$ 1,175,394	\$	(804,686)	\$	(2,467,016)

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

**(k) Changes in Net Pension Liability**

**Governmental activities:**

	<u>Total pension liability (a)</u>	<u>Plan fiduciary net pension (b)</u>	<u>Net pension liability (a) - (b)</u>
Balances at June 30, 2013	\$ 145,419,002	\$ 119,228,777	\$ 26,190,225
Changes for the year:			
Service cost	4,376,092	-	4,376,092
Interest	9,996,496	-	9,996,496
Contributions - employer	-	4,362,691	(4,362,691)
Contributions - employee	-	1,909,429	(1,909,429)
Net investment income	-	18,931,089	(18,931,089)
Benefit payments, including refunds of employee contributions	(5,223,843)	(5,223,843)	-
Administrative expenses	-	(100,186)	100,186
Other changes	-	998	(998)
Net changes	<u>9,148,745</u>	<u>19,880,178</u>	<u>(10,731,433)</u>
Balances at June 30, 2014	\$ <u>154,567,747</u>	\$ <u>139,108,955</u>	\$ <u>15,458,792</u>

**Business-type activity:**

	<u>Total pension liability (a)</u>	<u>Plan fiduciary net pension (b)</u>	<u>Net pension liability (a) - (b)</u>
Balances at June 30, 2013	\$ 13,242,723	\$ 11,335,104	\$ 1,907,619
Changes for the year:			
Service cost	417,066	-	417,066
Interest	913,818	-	913,818
Contributions - employer	-	308,820	(308,820)
Contributions - employee	-	197,188	(197,188)
Net investment income	-	1,802,418	(1,802,418)
Benefit payments, including refunds of employee contributions	(376,365)	(376,365)	-
Administrative expenses	-	(9,511)	9,511
Other changes	-	95	(95)
Net changes	<u>954,519</u>	<u>1,922,645</u>	<u>(968,126)</u>
Balances at June 30, 2014	\$ <u>14,197,242</u>	\$ <u>13,257,749</u>	\$ <u>939,493</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

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

	<u>Total pension liability (a)</u>	<u>Plan fiduciary net pension (b)</u>	<u>Net pension liability (a) - (b)</u>
Balances at June 30, 2013	\$ 14,876,279	\$ 14,283,651	\$ 592,628
Changes for the year:			
Service cost	507,972	-	507,972
Interest	1,021,383	-	1,021,383
Contributions - employer	-	435,519	(435,519)
Contributions - employee	-	237,728	(237,728)
Net investment income	-	2,265,304	(2,265,304)
Benefit payments, including refunds of employee contributions	(570,189)	(570,189)	-
Administrative expenses	-	(12,002)	12,002
Other changes	-	120	(120)
Net changes	<u>959,166</u>	<u>2,356,480</u>	<u>(1,397,314)</u>
Balances at June 30, 2014	<u>\$ 15,835,445</u>	<u>\$ 16,640,131</u>	<u>\$ (804,686)</u>

***(l) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2015, the County, Authority, and Schools recognized pension expense of \$2,072,744, \$144,496, \$8,075,082, respectively. At June 30, 2015, deferred outflows of resources and deferred inflows of resources to pensions from the following sources were reported:

***Governmental activities:***

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 8,441,486
Employer contributions subsequent to the measurement date	4,091,153	-
Total	<u>\$ 4,091,153</u>	<u>\$ 8,441,486</u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

***Business-type activity:***

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 803,802
Employer contributions subsequent to the measurement date	330,920	-
<b>Total</b>	<b>\$ <u>330,920</u></b>	<b>\$ <u>803,802</u></b>

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

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,009,806
Employer contributions subsequent to the measurement date	372,141	-
<b>Total</b>	<b>\$ <u>372,141</u></b>	<b>\$ <u>1,009,806</u></b>

The County, Authority, and Schools had \$4,091,153, \$330,920, \$372,141, respectively reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

***Governmental activities:***

**Year ended June 30**

2016	\$ (2,110,371)
2017	(2,110,371)
2018	(2,110,371)
2019	<u>(2,110,373)</u>
	<b>\$ <u>(8,441,486)</u></b>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

***Business-type activity:***

**Year ended June 30**

2016	\$	(200,951)
2017		(200,951)
2018		(200,951)
2019		<u>(200,949)</u>
	\$	<u><u>(803,802)</u></u>

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

**Year ended June 30**

2016	\$	(252,451)
2017		(252,451)
2018		(252,451)
2019		<u>(252,451)</u>
	\$	<u><u>(1,009,804)</u></u>

**(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.

**(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.

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

**(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 556 County and 76 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 49.

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

The net OPEB obligation as of June 30, 2015 was calculated as follows:

**Governmental activities:**

Annual required contribution	\$	505,000
Interest on net OPEB obligation		73,000
Actuarial adjustments		<u>(88,000)</u>
Annual OPEB cost		490,000
Contributions made		<u>(107,000)</u>
Increase in net OPEB obligation		383,000
Net OPEB obligation, beginning of year		<u>1,810,962</u>
Net OPEB obligation, end of year	\$	<u><u>2,193,962</u></u>

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

***Business-type activity:***

Annual required contribution	\$ 47,000
Interest on net OPEB obligation	8,000
Actuarial adjustments	<u>(10,000)</u>
Annual OPEB cost	45,000
Contributions made	<u>(9,000)</u>
Increase in net OPEB obligation	36,000
Net OPEB obligation, beginning of year	<u>207,509</u>
Net OPEB obligation, end of year	<u><u>\$ 243,509</u></u>

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

Annual required contribution	\$ 873,000
Interest on net OPEB obligation	178,000
Actuarial adjustments	<u>(192,000)</u>
Annual OPEB cost	859,000
Contributions made	<u>(303,000)</u>
Increase in net OPEB obligation	556,000
Net OPEB obligation, beginning of year	<u>4,440,300</u>
Net OPEB obligation, end of year	<u><u>\$ 4,996,300</u></u>

The trend information for the OPEB plans is as follows:

***Governmental activities:***

**Three-year trend information**

<b>Fiscal year ended June 30,</b>	<b>Annual OPEB cost</b>	<b>Actual contribution</b>	<b>Percentage of annual OPEB cost contributed</b>	<b>Net OPEB obligation</b>
2015	\$ 490,000	107,000	21.8%	\$ 2,193,962
2014	457,000	93,000	20.4	1,810,962
2013	322,000	73,000	22.7	1,446,962

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

***Business-type activity:***

<b>Three-year trend information</b>						
<b>Fiscal year ended June 30,</b>		<b>Annual OPEB cost</b>	<b>Actual contribution</b>	<b>Percentage of annual OPEB cost contributed</b>		<b>Net OPEB obligation</b>
2015	\$	45,000	9,000	20.0%	\$	243,509
2014		43,000	7,000	16.3		207,509
2013		34,000	13,000	38.2		171,509

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

<b>Three-year trend information</b>						
<b>Fiscal year ended June 30,</b>		<b>Annual OPEB cost</b>	<b>Actual contribution</b>	<b>Percentage of annual OPEB cost contributed</b>		<b>Net OPEB obligation</b>
2015	\$	859,000	303,000	35.3%	\$	4,996,300
2014		804,000	242,000	30.1		4,440,300
2013		815,000	239,000	29.3		3,878,300

**(e) Actuarial Methods and Assumptions**

**Valuation Methods**

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

**Employees Included in the Calculations**

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

**Actuarial Assumptions**

In the July 1, 2014 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 25 year period based on a level percent of payroll method. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial accrued liability was \$4,396,000, \$423,000 and \$7,335,000 for the County, Authority and Public Schools, respectively. Future increases for medical benefits are assumed to range from an initial rate of 7.50% and gradually decrease to 5.04% thereafter. It should be noted that actuarial valuations for the OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. As such, 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	Actuarial value of assets	Actuarial liability (AAL) project unit credit	Unfunded actuarial liability (UAAL)	Funding ratio	Covered payroll	UAAL as a percentage of covered payroll
July 1, 2012	\$ —	2,997,000	2,997,000	—	\$ 33,716,939	8.9%
2013	—	4,050,000	4,050,000	—	34,545,065	11.7
2014	—	4,396,000	4,396,000	—	34,159,831	12.9

*Business-type activity:*

Actuarial valuation date	Actuarial value of assets	Actuarial liability (AAL) project unit credit	Unfunded actuarial liability (UAAL)	Funding ratio	Covered payroll	UAAL as a percentage of covered payroll
July 1, 2012	\$ —	343,000	343,000	—	\$ 4,306,155	8.0%
2013	—	389,000	389,000	—	4,288,721	9.1
2014	—	423,000	423,000	—	4,257,924	9.9

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

**Component Unit – Public Schools:**

<b>Actuarial valuation date</b>	<b>Actuarial value of assets</b>	<b>Actuarial liability (AAL) project unit credit</b>	<b>Unfunded actuarial liability (UAAL)</b>	<b>Funding ratio</b>	<b>Covered payroll</b>	<b>UAAL as a percentage of covered payroll</b>
July 1, 2012	\$ —	6,349,000	6,349,000	—	\$ 70,133,265	9.1%
2013	—	6,782,000	6,782,000	—	71,291,388	9.5
2014	—	7,335,000	7,335,000	—	7,400,962	9.9

**(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 (\$18,000 in 2015). 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, and other services are provided to the Authority by the County. The charges for these services amounted to \$807,844 and \$857,564 for the years ended June 30, 2015.

The County rents space in the Authority’s administration building under a 10 year operating lease agreement, effective July 1, 2014. The County paid the Authority \$176,928 for the year ended June 30, 2015. The rental charge includes the following: utilities, insurance, maintenance, housekeeping, supplies and custodial services.

In addition, the County leases space in the Authority’s building at Tewning Road. The lease agreement began July, 2014 for a ten year term, and can be adjusted every five years. For the year ended June 30, 2015, the County paid the Authority \$84,000. The rent includes utilities, maintenance, housekeeping, and custodial services. The County will also pay for tenant improvements up to \$150,000. During the first twelve months, the County must pay two percent (2%) interest payments on any renovation expenses incurred. For the year ended June 30, 2015, interest payments paid by the County were

## COUNTY OF JAMES CITY, VIRGINIA

### Notes to Basic Financial Statements

June 30, 2015

\$1,096. After the first twelve months, the County will pay the Authority the principal cost of the renovations plus two percent (2%) interest.

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 \$123,436 for the year ended June 30, 2015 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.

#### **(16) Risk Management**

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

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

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

**(17) Commitments and Contingencies**

***Primary Government***

*Construction in Progress – Governmental Activities*

At June 30, 2015, the County had several major projects under construction which are presented in the accompanying financial statements as construction in progress. Presented below is a list of major projects, by budget, expenditures to date, balance of contract and budget balance.

<b>Project</b>	<b>Budget</b>	<b>Expenditures to date</b>	<b>Balance of contract</b>	<b>Budget balance</b>
Public safety	\$ 6,726,557	2,857,886	3,713,860	154,811
General governmental	3,387,918	84,506	518,586	2,784,826
Education	9,637,238	4,591,556	3,270,819	1,774,863
Parks and recreation	1,490,468	159,388	48,693	1,282,387
	<u>\$ 21,242,181</u>	<u>7,693,336</u>	<u>7,551,958</u>	<u>5,996,887</u>

*Construction in Progress – Business-Type Activity*

At June 30, 2015, 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.

<b>Project</b>	<b>Budget</b>	<b>Expenditures to date</b>	<b>Balance of contract</b>	<b>Budget balance</b>
Sewer improvements	\$ 4,038,585	45,100	267,488	3,725,997
Water supply	12,875,778	609,032	140,096	12,126,650
Water distribution	333,090	—	—	333,090
Water transmission	500,000	—	45,075	454,925
Water storage	185,620	—	—	185,620
Other	995,580	51,728	62,887	880,965
	<u>\$ 18,928,653</u>	<u>705,860</u>	<u>515,546</u>	<u>17,707,247</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, 2015, the Authority had \$32,902 outstanding in advances for construction.

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

***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, 2015 are as follows:

	<b><u>Lease payments due</u></b>
Year ending June 30:	
2016	\$ 235,312
2017	239,152
2018	245,577
2019	251,810
2020	258,607
2021-2025	1,395,927
2026-2029	526,695
	<u>\$ 3,153,080</u>

Rental expenditures related to these lease agreements were \$392,833 for the year ended June 30, 2015.

*Component Unit – Public Schools*

The Public Schools lease equipment and buildings under noncancelable operating leases. Total costs for such leases were approximately \$259,408 for the year ended June 30, 2015. The future minimum lease payments for these leases are as follows:

	<b><u>Lease payments due</u></b>
Year ending June 30:	
2016	\$ 240,714
2017	134,496
2018	75,579
2019	68,135
2020	23,837
	<u>\$ 542,761</u>

***Other***

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

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

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) Restatement**

The County adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement 68*, in the current year. As a result, the effect on fiscal year 2014 is:

***Governmental activities:***

	<b>2014</b>		<b>2014</b>
	<b>Previously</b>		<b>Restatement</b>
	<b>Reported</b>	<b>Restatement</b>	<b>Restatement</b>
Deferred pension contribution	\$ -	4,362,691	4,362,691
Net pension liability	-	26,190,225	26,190,225
Unrestricted net position	71,923,431	(21,827,534)	50,095,897
Net position	223,111,605	(21,827,534)	201,284,071

***Business-type activity:***

	<b>2014</b>		<b>2014</b>
	<b>Previously</b>		<b>Restatement</b>
	<b>Reported</b>	<b>Restatement</b>	<b>Restatement</b>
Deferred pension contribution	\$ -	308,820	308,820
Net pension liability	-	1,907,619	1,907,619
Unrestricted net position	30,757,918	(1,598,799)	29,159,119
Net position	171,282,033	(1,598,799)	169,683,234

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

	<b>2014</b>		<b>2014</b>
	<b>Previously</b>		<b>Restatement</b>
	<b>Reported</b>	<b>Restatement</b>	<b>Restatement</b>
Deferred pension contribution	\$ -	7,767,601	7,767,601
Net pension liability	21,167,976	119,805,628	140,973,604
Unrestricted net position	(1,263,228)	(112,038,027)	(113,301,255)
Net position	51,591,873	(112,038,027)	(60,446,154)

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Basic Financial Statements

June 30, 2015

**(19) Subsequent Event**

On August 4, 2015, the County issued general obligation refunding bonds, series 2015A, in the amount of \$11,280,000 at an interest rate of 3%. This refunded the 2005 general obligation bonds and a portion of the 2006 general obligation bonds outstanding. On August 4, 2015, the County issued taxable general obligation refunding bonds, series 2015B, in the amount of \$3,820,000 at an interest rate of 1%. This refunded a portion of the 2006 general obligation bonds outstanding.

On August 5, 2015, the County issued lease revenue refunding bonds, series 2015, in the amount of \$49,815,000 at an interest rate of 5%. This refunded the 2006 lease revenue bonds outstanding.

In addition, at the time of these bond refundings, Moody's upgraded the County's bond rating to AAA.

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**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, 2015

Fund, major and minor revenue source	Original budget	Final budget	Actual	Variance positive (negative)
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 84,800,000	84,800,000	84,693,239	(106,761)
Real and personal public service corporation property taxes	1,800,000	1,800,000	2,632,859	832,859
Personal property taxes	19,197,500	19,197,500	19,184,266	(13,234)
Machinery and tools taxes	5,650,000	5,650,000	5,187,583	(462,417)
Penalties	600,000	600,000	573,210	(26,790)
Interest	350,000	350,000	270,921	(79,079)
Total general property taxes	<u>112,397,500</u>	<u>112,397,500</u>	<u>112,542,078</u>	<u>144,578</u>
Other local taxes:				
Local sales and use taxes	10,600,000	10,600,000	10,533,390	(66,610)
Franchise license taxes	500,000	500,000	468,497	(31,503)
Taxes on recordation and wills	1,350,000	1,350,000	1,372,519	22,519
Hotel and motel room taxes	2,600,000	2,600,000	2,567,821	(32,179)
Restaurant food taxes	6,340,000	6,340,000	6,600,364	260,364
Deeds of conveyance	375,000	375,000	420,145	45,145
Penalties	—	—	14,454	14,454
Interest	—	—	8,920	8,920
Total other local taxes	<u>21,765,000</u>	<u>21,765,000</u>	<u>21,986,110</u>	<u>221,110</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	20,000	20,000	13,712	(6,288)
Business licenses	6,355,000	6,355,000	6,514,163	159,163
Motor vehicle licenses	150,000	150,000	145,692	(4,308)
Building permits	1,000,000	1,000,000	941,095	(58,905)
Permits and other licenses	705,000	705,000	829,159	124,159
Total permits, privilege fees and regulatory licenses	<u>8,230,000</u>	<u>8,230,000</u>	<u>8,443,821</u>	<u>213,821</u>
Fines and forfeitures	315,000	315,000	271,615	(43,385)
Revenue from use of property	125,000	125,000	142,230	17,230
Charges for services:				
Excess fees of the clerk	175,000	175,000	143,607	(31,393)
Charges for Commonwealth's attorney	6,000	6,000	5,676	(324)
Charges for law enforcement and traffic control	140,000	140,000	128,492	(11,508)
Charges for emergency medical services	2,425,000	2,425,000	2,226,186	(198,814)
Charges for parks and recreation	2,838,200	2,855,250	3,109,047	253,797
Landfill user fees	245,000	245,000	270,799	25,799
Other fees	83,500	83,500	60,943	(22,557)
Total charges for services	<u>5,912,700</u>	<u>5,929,750</u>	<u>5,944,750</u>	<u>15,000</u>
Miscellaneous revenue:				
Sale of property	75,000	75,000	171,769	96,769
Miscellaneous	83,300	104,739	148,794	44,055
Total miscellaneous revenue	<u>158,300</u>	<u>179,739</u>	<u>320,563</u>	<u>140,824</u>
Total revenue from local sources	<u>148,903,500</u>	<u>148,941,989</u>	<u>149,651,167</u>	<u>709,178</u>

## COUNTY OF JAMES CITY, VIRGINIA

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

## General Fund

Year ended June 30, 2015

<u>Fund, major and minor revenue source</u>	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 30,000	30,000	30,464	464
Tax on deeds	500,000	500,000	328,821	(171,179)
Railroad rolling stock taxes	60,000	60,000	59,386	(614)
Personal property tax relief	9,770,137	9,770,137	9,770,137	—
Communications sales and use tax	1,850,000	1,850,000	1,699,802	(150,198)
Car rental tax	125,000	125,000	103,429	(21,571)
Total noncategorical aid	<u>12,335,137</u>	<u>12,335,137</u>	<u>11,992,039</u>	<u>(343,098)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	541,014	541,014	538,359	(2,655)
Sheriff	696,403	696,403	684,972	(11,431)
Commissioner of the revenue	165,869	165,869	169,249	3,380
Treasurer	168,925	168,925	157,516	(11,409)
Registrar/electoral board	47,000	47,000	44,997	(2,003)
Clerk of the circuit court	482,018	482,018	459,857	(22,161)
Total shared expenses	<u>2,101,229</u>	<u>2,101,229</u>	<u>2,054,950</u>	<u>(46,279)</u>
Other categorical aid:				
Wireless Board	185,000	185,000	201,841	16,841
Commission of the arts	5,000	5,000	5,000	—
HB 599 payments	1,387,341	1,387,341	1,280,307	(107,034)
Share of state sales tax	10,515,793	10,515,793	10,696,929	181,136
Other	55,000	55,000	61,296	6,296
Total other categorical aid	<u>12,148,134</u>	<u>12,148,134</u>	<u>12,245,373</u>	<u>97,239</u>
Total categorical aid	<u>14,249,363</u>	<u>14,249,363</u>	<u>14,300,323</u>	<u>50,960</u>
Total revenue from the Commonwealth	<u>26,584,500</u>	<u>26,584,500</u>	<u>26,292,362</u>	<u>(292,138)</u>
Revenue from the federal government:				
Payments in lieu of taxes	7,000	7,000	6,834	(166)
Total revenue from the federal government	<u>7,000</u>	<u>7,000</u>	<u>6,834</u>	<u>(166)</u>
Total revenues	<u>175,495,000</u>	<u>175,533,489</u>	<u>175,950,363</u>	<u>416,874</u>

## COUNTY OF JAMES CITY, VIRGINIA

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

## General Fund

Year ended June 30, 2015

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
General government administration:				
Legislative:				
Board of supervisors	\$ 220,287	234,087	234,080	7
General and financial administration:				
County administrator	482,163	481,163	448,071	33,092
County attorney	501,432	501,432	362,677	138,755
Human resources	672,466	691,917	525,382	166,535
Legal services	13,500	23,500	20,202	3,298
Commissioner of the revenue	772,250	772,250	777,814	(5,564)
Real estate assessments	821,877	825,377	804,597	20,780
Treasurer	1,402,168	1,402,168	1,350,228	51,940
Financial management	960,696	950,696	847,694	103,002
Accounting	182,170	182,879	112,038	70,841
Publications management	210,260	210,260	205,248	5,012
Purchasing	295,286	295,286	262,775	32,511
Records management	263,301	273,453	242,430	31,023
Information technology	1,967,527	2,019,104	1,899,277	119,827
Fleet maintenance	1,003,037	1,037,537	1,034,897	2,640
Total general and financial administration	9,548,133	9,667,022	8,893,330	773,692
Board of elections:				
Voter registration and elections	358,705	358,887	305,479	53,408
Total general government administration	10,127,125	10,259,996	9,432,889	827,107
Judicial administration:				
Courts:				
Circuit court and judicial services	516,509	516,509	510,601	5,908
General district court	37,240	37,240	30,112	7,128
Juvenile and domestic relations district court	23,760	23,760	18,696	5,064
Clerk of the circuit court	698,756	698,862	685,911	12,951
Sheriff	1,296,617	1,296,617	1,264,069	32,548
9th judicial district	9,945	9,945	9,127	818
Court services and juvenile detention	446,262	470,762	470,729	33
Courthouse	482,665	500,933	403,375	97,558
Total courts	3,511,754	3,554,628	3,392,620	162,008
Commonwealth's attorney	784,080	784,080	779,186	4,894
Total judicial administration	4,295,834	4,338,708	4,171,806	166,902
Public safety:				
Law enforcement and traffic control:				
Police department	9,438,046	9,504,875	9,117,294	387,581
Emergency communications	2,926,704	2,960,182	2,682,616	277,566
Total law enforcement and traffic control	12,364,750	12,465,057	11,799,910	665,147
Fire and rescue services:				
Fire department and emergency medical services	10,993,792	11,060,792	10,724,352	336,440
Correction and detention:				
Regional jail	2,500,000	2,494,300	2,486,189	8,111

## COUNTY OF JAMES CITY, VIRGINIA

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

## General Fund

Year ended June 30, 2015

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
Inspections:				
Building and safety permits	\$ 1,111,716	1,113,376	1,047,214	66,162
Other protection:				
Animal control	207,298	207,298	174,227	33,071
Emergency management	342,307	342,401	299,729	42,672
Total other protection	549,605	549,699	473,956	75,743
Total public safety	27,519,863	27,683,224	26,531,621	1,151,603
Public works:				
Sanitation and waste removal:				
Grounds maintenance	1,635,457	1,649,612	1,495,865	153,747
Solid waste and recycling	1,327,653	1,330,653	1,330,156	497
Total sanitation and waste removal	2,963,110	2,980,265	2,826,021	154,244
Maintenance of general buildings and grounds:				
Facilities management	4,324,753	4,410,853	4,136,902	273,951
Total public works	7,287,863	7,391,118	6,962,923	428,195
Health and welfare:				
Local health department	725,160	725,160	725,160	—
Mental health and mental retardation	1,060,000	1,060,000	1,060,000	—
Total health and welfare	1,785,160	1,785,160	1,785,160	—
Education:				
School board administration	80,832,474	80,832,474	79,610,865	1,221,609
Parks, recreation and cultural:				
Parks and recreation:				
Administration	4,534,815	4,508,632	4,393,038	115,594
Community centers	208,145	283,159	255,116	28,043
Park operations	256,023	270,523	246,656	23,867
Recreation services	478,412	464,640	411,501	53,139
Total parks and recreation	5,477,395	5,526,954	5,306,311	220,643
Library:				
Regional library	4,367,111	4,367,111	4,367,111	—
Total parks, recreation and cultural	9,844,506	9,894,065	9,673,422	220,643
Community development:				
Planning and community development:				
Planning	924,661	995,076	875,001	120,075
Development management	213,179	218,879	212,568	6,311
Communications	589,508	592,303	523,780	68,523
Zoning enforcement	364,587	364,587	355,194	9,393
Economic development	416,318	421,620	319,758	101,862
Satellite office	214,045	214,045	199,145	14,900
Contributions – other	749,161	754,677	738,982	15,695
Regional transportation	573,420	573,420	573,420	—
Total planning and community development	4,044,879	4,134,607	3,797,848	336,759

## COUNTY OF JAMES CITY, VIRGINIA

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

## General Fund

Year ended June 30, 2015

Fund, major and minor expenditure source	Original budget	Final budget	Actual	Variance positive (negative)
Environmental management:				
Engineering and resource protection	\$ 954,233	977,963	889,263	88,700
Stormwater management	797,759	949,255	767,746	181,509
Total environmental management	1,751,992	1,927,218	1,657,009	270,209
Total community development	5,796,871	6,061,825	5,454,857	606,968
Nondepartmental:				
Miscellaneous	240,522	212,102	525,433	(313,331)
Total expenditures	147,730,218	148,458,672	144,148,976	4,309,696
Excess of revenues over expenditures	27,764,782	27,074,817	31,801,387	4,726,570
Other financing uses:				
Operating transfers out	(30,121,057)	(30,121,057)	(35,271,660)	(5,150,603)
Deficiency of revenues over expenditures and other uses	(2,356,275)	(3,046,240)	(3,470,273)	(424,033)
Fund balance at beginning of year	2,356,275	3,046,240	38,133,705	35,087,465
Fund balance at end of year	\$ —	—	34,663,432	34,663,432

Unaudited - see accompanying independent auditors' report.

See accompanying notes to required supplementary information.

## COUNTY OF JAMES CITY, VIRGINIA

## Schedule of Changes in the Net Pension Liability and Related Ratios

Required Supplementary Information (Unaudited)

Year ended June 30, 2015

	2014		
	County Employees	JCSA Employees	Public Schools' Non-Professional
<b>Total pension liability</b>			
Service cost	\$ 4,376,092	417,066	\$ 507,972
Interest	9,996,496	913,818	1,021,383
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(5,223,843)	(376,365)	(570,189)
<b>Net change in total pension liability</b>	<u>9,148,745</u>	<u>954,519</u>	<u>959,166</u>
<b>Total pension liability - beginning</b>	<u>145,419,002</u>	<u>13,242,723</u>	<u>14,876,279</u>
<b>Total pension liability - ending (a)</b>	<u>154,567,747</u>	<u>14,197,242</u>	<u>15,835,445</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	4,362,691	308,820	435,519
Contributions - employee	1,909,429	197,188	237,728
Net investment income	18,931,089	1,802,418	2,265,304
Benefit payments, including refunds of employee contributions	(5,223,843)	(376,365)	(570,189)
Administrative expense	(100,186)	(9,511)	(12,002)
Other	998	95	120
<b>Net change in plan fiduciary net position</b>	<u>19,880,178</u>	<u>1,922,645</u>	<u>2,356,480</u>
<b>Plan fiduciary net position - beginning</b>	<u>119,228,777</u>	<u>11,335,104</u>	<u>14,283,651</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>139,108,955</u>	<u>13,257,749</u>	<u>16,640,131</u>
<b>Net pension liability (a) - (b)</b>	<u>\$ 15,458,792</u>	<u>939,493</u>	<u>(804,686)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	90.00%	93.38%	105.08%
<b>Covered-employee payroll</b>	\$ 36,725,410	3,943,666	4,812,365
<b>Net pension liability as a percentage of the total covered-employee payroll</b>	42.09%	23.82%	-16.72%

Note: Information in this schedule is presented for the year in which information is available.

Information will be added each year until a full 10-year trend is presented.

Unaudited - see accompanying notes and independent auditors' report.

See accompanying notes to required supplementary information.

**COUNTY OF JAMES CITY, VIRGINIA**  
 Schedule of Employer Contributions  
 Required Supplementary Information (Unaudited)  
 Year ended June 30, 2015

**County employees:**

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

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

**James City Service Authority employees:**

Fiscal Year	Contractually Required Contribution	Contributions in relation to contractually required contribution	Contribution deficiency (Excess)	Employer's covered employee payroll	Contributions as a % of covered employee payroll
2015	\$ 330,920	330,920	-	3,897,762	8.49%

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

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

Note: Information in this schedule is presented for the year in which information is available.  
 Information will be added each year until a full 10-year trend is presented.

Unaudited - see accompanying notes and independent auditors' report.  
 See accompanying notes to required supplementary information.

## COUNTY OF JAMES CITY, VIRGINIA

Notes to Required Supplementary Information (Unaudited)

June 30, 2015

### (1) Budgeting and Budgetary Accounting

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

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

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

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

All budgets are adopted on the modified accrual basis of accounting. The budget was increased by \$38,489, excluding encumbrances carried forward of \$690,251, in supplemental appropriations during the fiscal year ended June 30, 2015. This increase was primarily to appropriate insurance recovery funds to replace damaged equipment and vehicles. All appropriations lapse on June 30 for all County funds, except the funds referenced above. All budget data presented in the accompanying basic financial statements represents the appropriated budget as of June 30, 2015, as adopted and amended by supplemental appropriations.

### (2) Changes of Benefit Terms

There have been no significant changes to the system benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

### (3) Changes of Assumptions

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

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement

**COUNTY OF JAMES CITY, VIRGINIA**

Notes to Required Supplementary Information (Unaudited)

June 30, 2015

- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

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, 2015

	<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	3,092	(16,908)
Miscellaneous	211,620	211,620	212,492	872
Total revenues	<u>231,620</u>	<u>231,620</u>	<u>215,584</u>	<u>(16,036)</u>
Expenditures:				
Community development	75,000	75,000	319,767	(244,767)
Principal retirement	16,830,000	16,830,000	16,862,695	(32,695)
Interest, other fiscal charges and early retirement	8,186,660	8,186,660	7,787,361	399,299
Total expenditures	<u>25,091,660</u>	<u>25,091,660</u>	<u>24,969,823</u>	<u>121,837</u>
Deficiency of revenues under expenditures	(24,860,040)	(24,860,040)	(24,754,239)	105,801
Other financing sources (uses):				
Proceeds from issuance of debt	—	—	34,185,000	(34,185,000)
Payment to escrow agent	—	—	(37,671,046)	37,671,046
Premium on bond issuance	—	—	3,907,273	(3,907,273)
Operating transfers in	21,300,000	21,300,000	24,445,875	(3,145,875)
Underwriters discount	—	—	(112,863)	112,863
Total other financing sources (uses)	<u>21,300,000</u>	<u>21,300,000</u>	<u>24,754,239</u>	<u>(3,454,239)</u>
Deficiency of revenues and other sources under expenditures	(3,560,040)	(3,560,040)	—	3,560,040
Fund balance at beginning of year	3,560,040	3,560,040	—	(3,560,040)
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.

*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, 2015

Assets	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Community Development Fund	Trust Fund	Tourism Investment Fund	Grants and Special Projects Fund	Total
Cash and cash equivalents and investments	\$ 1,256,008	107,156	194,345	324,022	823,121	—	2,704,652
Cash and cash equivalents, restricted	—	—	1,243,296	—	—	110,953	1,354,249
Taxes receivable	—	—	—	—	109,429	—	109,429
Accounts receivable	—	12,702	138,464	3	—	110,844	262,013
Loans receivable	—	—	3,272,914	—	—	—	3,272,914
Due from other governments	334,262	16,784	128,600	—	—	1,032,423	1,512,069
Paid Total assets	<u>\$ 1,590,270</u>	<u>136,642</u>	<u>4,977,619</u>	<u>324,025</u>	<u>932,550</u>	<u>1,254,220</u>	<u>9,215,326</u>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 26,187	6,629	14,421	1,032	98,906	92,086	239,261
Accrued liabilities	6,040	6,598	—	—	—	4,066	16,704
Liabilities payable from restricted assets	—	—	73,175	—	—	—	73,175
Due to other funds	292,977	9,252	290,537	1,030	1,572	10,244	605,612
Due to component unit	—	—	—	—	—	40,092	40,092
Unearned revenue	—	11,000	2,732,064	—	—	539,940	3,283,004
Total liabilities	<u>325,204</u>	<u>33,479</u>	<u>3,110,197</u>	<u>2,062</u>	<u>100,478</u>	<u>686,428</u>	<u>4,257,848</u>
Fund balances:							
Nonspendable -							
Loans	—	—	540,850	—	—	—	540,850
Committed -							
Grants	—	—	—	—	—	69	69
Assigned -							
Special revenue	1,265,066	103,163	1,326,572	321,963	832,072	567,723	4,416,559
Total fund balances	<u>1,265,066</u>	<u>103,163</u>	<u>1,867,422</u>	<u>321,963</u>	<u>832,072</u>	<u>567,792</u>	<u>4,957,478</u>
Total liabilities and fund balances	<u>\$ 1,590,270</u>	<u>136,642</u>	<u>4,977,619</u>	<u>324,025</u>	<u>932,550</u>	<u>1,254,220</u>	<u>9,215,326</u>

See accompanying independent auditors' report.

COUNTY OF JAMES CITY, VIRGINIA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year ended June 30, 2015

	Virginia Public Assistance Fund	Colonial Community Corrections Fund	Community Development Fund	Trust Fund	Tourism Investment Fund	Grants and Special Projects Fund	Total
<b>Revenues:</b>							
Other local taxes	\$ —	—	—	—	785,516	—	785,516
Revenue from use of money and property	—	—	—	15	—	—	15
Miscellaneous	—	91,925	162,084	36,573	8,000	164,844	463,426
<b>Intergovernmental:</b>							
Local	—	77,134	—	—	—	271,776	348,910
Commonwealth	1,110,525	802,346	436,013	14,919	—	1,069,607	3,433,410
Federal	2,231,479	100,707	967,154	49,436	—	739,146	4,087,922
<b>Total revenues</b>	<b>3,342,004</b>	<b>1,072,112</b>	<b>1,565,251</b>	<b>100,943</b>	<b>793,516</b>	<b>2,245,373</b>	<b>9,119,199</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government administration	—	—	—	—	—	—	—
Judicial administration	—	1,112,369	—	17,763	—	297,790	1,427,922
Public safety	—	—	—	208,995	—	734,691	943,686
Public works	—	—	—	600	—	13,010	13,610
Health and welfare	4,851,849	—	—	2,150	—	554,682	5,408,681
Parks, recreation and cultural	—	—	—	6,781	—	178,684	185,465
Community development	—	—	2,139,891	—	1,907,188	947,361	4,994,440
<b>Total expenditures</b>	<b>4,851,849</b>	<b>1,112,369</b>	<b>2,139,891</b>	<b>236,289</b>	<b>1,907,188</b>	<b>2,726,218</b>	<b>12,973,804</b>
Deficiency of revenues under expenditures	(1,509,845)	(40,257)	(574,640)	(135,346)	(1,113,672)	(480,845)	(3,854,605)
<b>Other financing sources:</b>							
Transfers in	1,370,934	49,192	596,865	—	1,560,000	488,475	4,065,466
<b>Net change in fund balances</b>	<b>(138,911)</b>	<b>8,935</b>	<b>22,225</b>	<b>(135,346)</b>	<b>446,328</b>	<b>7,630</b>	<b>210,861</b>
Fund balances at beginning of year	1,403,977	94,228	1,845,197	457,309	385,744	560,162	4,746,617
Fund balances at end of year	\$ 1,265,066	103,163	1,867,422	321,963	832,072	567,792	4,957,478

See accompanying independent auditors' report.

## COUNTY OF JAMES CITY, VIRGINIA

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

## Virginia Public Assistance Fund

Year ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Intergovernmental:			
Commonwealth	\$ 2,935	1,110,525	1,107,590
Federal	3,779,768	2,231,479	(1,548,289)
Total intergovernmental revenues	<u>3,782,703</u>	<u>3,342,004</u>	<u>(440,699)</u>
Expenditures:			
Current:			
Health and welfare	<u>5,688,865</u>	<u>4,851,849</u>	<u>837,016</u>
Deficiency of revenues under expenditures	(1,906,162)	(1,509,845)	396,317
Other financing sources:			
Operating transfers in	<u>1,400,000</u>	<u>1,370,934</u>	<u>(29,066)</u>
Deficiency of revenues and other sources under expenditures	(506,162)	(138,911)	(367,251)
Fund balance at beginning of year	<u>506,162</u>	<u>1,403,977</u>	<u>(897,815)</u>
Fund balance at end of year	<u>\$ —</u>	<u>1,265,066</u>	<u>(1,265,066)</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, 2015

<b>Assets</b>	<u>Special Welfare</u>	<u>WAMAC</u>	<u>Regional Jail</u>	<u>Juvenile Detention</u>	<u>Williamsburg Area Transit Authority</u>	<u>Total</u>
Cash and cash equivalents	\$ 10	89,092	604,476	940,631	470,382	2,104,591
Restricted cash and cash equivalents and investments with fiscal agent/trustee	—	4,207,422	3,368,000	—	—	7,575,422
Accounts receivable	—	152,280	308,042	127,144	1,675	589,141
Due from other government	—	—	1,155,407	—	743,168	1,898,575
Total assets	<u>\$ 10</u>	<u>4,448,794</u>	<u>5,435,925</u>	<u>1,067,775</u>	<u>1,215,225</u>	<u>12,167,729</u>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ —	29,333	238,009	151,041	214,169	632,552
Amounts held for others	10	4,419,461	5,197,916	916,734	1,001,056	11,535,177
Total liabilities	<u>\$ 10</u>	<u>4,448,794</u>	<u>5,435,925</u>	<u>1,067,775</u>	<u>1,215,225</u>	<u>12,167,729</u>

See accompanying independent auditors' report.

**COUNTY OF JAMES CITY, VIRGINIA**  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Year ended June 30, 2015

	<u>Balances beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances end of year</u>
<b>Special Welfare Fund:</b>				
Assets:				
Cash	\$ 206	4,909	5,105	10
Liabilities:				
Amounts held for others	206	4,909	5,105	10
<b>WAMAC Fund:</b>				
Assets:				
Cash	\$ 117,692	2,301,577	2,330,177	89,092
Restricted cash	4,106,651	176,221	75,450	4,207,422
Accounts receivable	97,822	194,274	139,816	152,280
Total assets	<u>\$ 4,322,165</u>	<u>2,672,072</u>	<u>2,545,443</u>	<u>4,448,794</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 28,853	2,000,089	1,999,609	29,333
Amounts held for others	4,293,311	2,669,887	2,543,737	4,419,461
Total liabilities	<u>\$ 4,322,164</u>	<u>4,669,976</u>	<u>4,543,346</u>	<u>4,448,794</u>
<b>Regional Jail Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 851,664	13,031,639	13,278,827	604,476
Restricted cash and cash equivalents and investments with fiscal agent/trustee	3,453,235	2,531,865	2,617,100	3,368,000
Accounts receivable	149,438	338,861	180,257	308,042
Due from other governmental units	1,134,515	1,155,732	1,134,840	1,155,407
Total assets	<u>\$ 5,588,852</u>	<u>17,058,097</u>	<u>17,211,024</u>	<u>5,435,925</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 304,601	8,243,034	8,309,626	238,009
Amounts held for others	5,284,250	16,216,073	16,302,407	5,197,916
Total liabilities	<u>\$ 5,588,851</u>	<u>24,459,107</u>	<u>24,612,033</u>	<u>5,435,925</u>
<b>Juvenile Detention Fund:</b>				
Assets:				
Cash and cash equivalents and investments	\$ 327,972	4,091,039	3,478,380	940,631
Accounts receivable	389,418	130,361	392,635	127,144
Total assets	<u>\$ 717,390</u>	<u>4,221,400</u>	<u>3,871,015</u>	<u>1,067,775</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 154,007	3,327,649	3,330,615	151,041
Amounts held for others	563,382	5,532,910	5,179,558	916,734
Total liabilities	<u>\$ 717,389</u>	<u>8,860,559</u>	<u>8,510,173</u>	<u>1,067,775</u>

**COUNTY OF JAMES CITY, VIRGINIA**  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year ended June 30, 2015

	<b>Balances beginning of year</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balances end of year</b>
<b>Williamsburg Area Transit Authority Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 769,281	8,353,443	8,652,342	470,382
Accounts receivable	7,978	9,326	15,629	1,675
Due from other governmental units	935,192	1,678,361	1,870,385	743,168
Total assets	<u>\$ 1,712,451</u>	<u>10,041,130</u>	<u>10,538,356</u>	<u>1,215,225</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 732,395	3,446,978	3,965,204	214,169
Amounts held for others	980,057	18,555,294	18,534,295	1,001,056
Total liabilities	<u>\$ 1,712,452</u>	<u>22,002,272</u>	<u>22,499,499</u>	<u>1,215,225</u>
<b>Total:</b>				
<b>Assets:</b>				
Cash and cash equivalents and investments	\$ 2,066,815	27,782,607	27,744,831	2,104,591
Restricted cash and cash equivalents and investments with fiscal agent/trustee	7,559,886	2,708,086	2,692,550	7,575,422
Accounts receivable	644,656	672,822	728,337	589,141
Due from other governmental units	2,069,707	2,834,093	3,005,225	1,898,575
Total assets	<u>\$ 12,341,064</u>	<u>33,997,608</u>	<u>34,170,943</u>	<u>12,167,729</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,219,856	17,017,750	17,605,054	632,552
Amounts held for others	11,121,206	42,979,073	42,565,102	11,535,177
Total liabilities	<u>\$ 12,341,062</u>	<u>59,996,823</u>	<u>60,170,156</u>	<u>12,167,729</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, 2015

Assets	General	Grants	Schools' food services	Capital projects	Total governmental funds
Cash and temporary investments	\$ 15,570,164	24,840	517,345	1,008,153	17,120,502
Receivables	55,167	18,290	9,782	—	83,239
Due from federal government	—	633,326	117,244	—	750,570
Due from Commonwealth of Virginia	151,314	27,079	—	—	178,393
Due from the City of Williamsburg and James City County	78,775	—	—	1,062,261	1,141,036
Inventory	—	—	35,675	—	35,675
Total assets	<u>\$ 15,855,421</u>	<u>703,534</u>	<u>680,046</u>	<u>2,070,414</u>	<u>19,309,415</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,115,184	67,021	4,775	1,020,730	2,207,710
Accrued payroll	6,614,804	294,235	134,645	—	7,043,684
Accrued benefits	5,111,584	181,842	122,085	—	5,415,511
Due to the City of Williamsburg and James City County	1,470,977	—	—	—	1,470,977
Total liabilities	<u>14,312,549</u>	<u>543,098</u>	<u>261,505</u>	<u>1,020,730</u>	<u>16,137,882</u>
<b>Fund balances:</b>					
Nonspendable -					
Inventory	—	—	35,675	—	35,675
Restricted	—	160,436	382,866	—	543,302
Committed	—	—	—	1,049,684	1,049,684
Assigned	1,042,872	—	—	—	1,042,872
Unassigned	500,000	—	—	—	500,000
Total fund balances	<u>1,542,872</u>	<u>160,436</u>	<u>418,541</u>	<u>1,049,684</u>	<u>3,171,533</u>
Total liabilities and fund balances	<u>\$ 15,855,421</u>	<u>703,534</u>	<u>680,046</u>	<u>2,070,414</u>	
<b>Adjustments for the statement of net position:</b>					
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.					53,549,272
Long-term liabilities are not reported as liabilities in the governmental funds.					
Compensated absences		(1,004,533)			
Equipment capital leases		(221,020)			
Other post employment benefits		(4,996,300)			
Net pension liability		<u>(103,108,314)</u>			(109,330,167)
Advance receipt of grant funding is not reported as a liability in the governmental funds.					(160,436)
Deferred outflows and inflows of resources are not current financial resources and therefore are not reported in the governmental funds.					(7,250,653)
Net position of governmental activities					<u>\$ (60,020,451)</u>

See accompanying independent auditors' report.

## COUNTY OF JAMES CITY, VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Discretely Presented Component Unit – Public Schools – Governmental Funds  
 Year ended June 30, 2015

	<u>General</u>	<u>Grants</u>	<u>Schools' food services</u>	<u>Capital projects</u>	<u>Total governmental funds</u>
<b>Revenues:</b>					
Intergovernmental:					
From City of Williamsburg and James City County	\$ 88,109,009	—	—	3,520,875	91,629,884
From Commonwealth of Virginia	30,853,685	982,300	53,253	6,542	31,895,780
From federal government	87,634	3,558,790	2,154,512	—	5,800,936
Total intergovernmental	119,050,328	4,541,090	2,207,765	3,527,417	129,326,600
Charges for services	581,991	4,597	1,732,342	—	2,318,930
Interest	3,827	—	347	—	4,174
Miscellaneous	240,786	694,043	—	—	934,829
Total revenues	119,876,932	5,239,730	3,940,454	3,527,417	132,584,533
<b>Expenditures:</b>					
General and administrative	2,847,306	—	—	—	2,847,306
Instruction	87,276,924	4,098,991	—	—	91,375,915
Attendance and health services	4,155,979	562,036	—	—	4,718,015
Pupil transportation	7,542,084	—	—	—	7,542,084
Operations and maintenance	10,950,273	26,178	—	—	10,976,451
Technology	7,125,095	303,538	—	—	7,428,633
Food services	—	85,921	4,155,437	—	4,241,358
Debt service:					
Principal	51,412	—	—	—	51,412
Interest	24,851	—	—	—	24,851
Capital outlay	1,496,316	189,849	—	3,527,417	5,213,582
Total expenditures	121,470,240	5,266,513	4,155,437	3,527,417	134,419,607
Deficiency of revenues under expenditures	(1,593,308)	(26,783)	(214,983)	—	(1,835,074)
<b>Other financing sources:</b>					
Proceeds from capital lease obligations	98,861	—	—	—	98,861
Total other financing sources	98,861	—	—	—	98,861
Net change in fund balances	(1,494,447)	(26,783)	(214,983)	—	(1,736,213)
Fund balances at beginning of year	3,037,319	187,219	633,524	1,049,684	4,907,746
Fund balances at end of year	\$ 1,542,872	160,436	418,541	1,049,684	3,171,533

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, 2015

Net change in fund balances	\$ (1,736,213)
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	5,213,582
Depreciation expense	<u>(4,005,151)</u>
	1,208,431
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.	(106,400)
Repayment of debt principal is an expenditure in the governmental funds, but does not affect the statement of activities.	51,412
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	(42,508)
Change in net OPEB obligation	(556,000)
Change in net pension liability	<u>1,679,059</u>
	1,080,551
Proceeds from the issuance of long-term debt are reported as other financing sources in the governmental funds, increasing fund balance. In the government-wide statements, new debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This represents principal amounts of new capital leases.	(98,861)
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>26,783</u>
Change in net position	<u>\$ 425,703</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, 2015

	<u>Balances beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances end of year</u>
State Operated Educational Program:				
Assets:				
Cash and temporary investments	\$ (177,953)	1,017,408	1,040,676	(201,221)
Due from other governmental units	<u>261,755</u>	<u>267,116</u>	<u>261,984</u>	<u>266,887</u>
Total assets	<u>\$ 83,802</u>	<u>1,284,524</u>	<u>1,302,660</u>	<u>65,666</u>
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ 83,802</u>	<u>1,755,296</u>	<u>1,773,432</u>	<u>65,666</u>
School Activity Fund:				
Assets:				
Cash and temporary investments	<u>\$ 1,237,848</u>	<u>2,039,296</u>	<u>2,005,527</u>	<u>1,271,617</u>
Liabilities:				
Amounts held for others	<u>\$ 1,237,848</u>	<u>2,039,296</u>	<u>2,005,527</u>	<u>1,271,617</u>
Totals – primary government:				
Assets:				
Cash and temporary investments	\$ 1,059,895	3,056,704	3,046,203	1,070,396
Due from other governmental units	<u>261,755</u>	<u>267,116</u>	<u>261,984</u>	<u>266,887</u>
Total assets	<u>\$ 1,321,650</u>	<u>3,323,820</u>	<u>3,308,187</u>	<u>1,337,283</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 83,802	1,755,296	1,773,432	65,666
Amounts held for others	<u>1,237,848</u>	<u>2,039,296</u>	<u>2,005,527</u>	<u>1,271,617</u>
Total liabilities	<u>\$ 1,321,650</u>	<u>3,794,592</u>	<u>3,778,959</u>	<u>1,337,283</u>

See accompanying independent auditors' report.

## COUNTY OF JAMES CITY, VIRGINIA

## Balance Sheet

Discretely Presented Component Unit – Economic Development Authority

June 30, 2015

## Assets

## Assets:

Cash and short-term investments (note 2)	\$	1,238,005
Due from James City County		82,000
Interest receivable		640
Bond fee receivable		4,807
Current portion of notes receivable		3,220
Notes receivable		12,019
Capital assets (note 7 and 18):		
Land		233,106
Furniture and equipment		5,119
Intangible assets		7,600
Construction in progress		166,510
Accumulated depreciation		(6,565)
Total capital assets		<u>405,770</u>
Total assets	\$	<u><u>1,746,461</u></u>

## Liabilities and Net Position

## Liabilities:

## Current liabilities:

Accounts payable	\$	100,190
Due to James City County		409
Total current liabilities		<u>100,599</u>

## Net position:

Net investment in capital assets		405,770
Unrestricted		<u>1,240,092</u>
Total net position		<u>1,645,862</u>
Total liabilities and net position	\$	<u><u>1,746,461</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, 2015

Operating revenues:	
County contribution	\$ 93,946
Bond fees	22,860
Lease income	20,575
Incubator revenue	5,650
Incubator member contributions	69,000
Miscellaneous revenue	5,314
Total operating revenues	<u>217,345</u>
Operating expenses:	
Community development	165,093
Promotion	62,648
Professional fees	20,352
Note forgiveness	1,742
Performance based agreements	82,000
Other	13,828
Total operating expenses	<u>345,663</u>
Operating loss before depreciation	<u>(128,318)</u>
Depreciation	<u>2,032</u>
Operating loss	<u>(130,350)</u>
Nonoperating revenue:	
Interest income	<u>13,759</u>
Change in net position	<u>(116,591)</u>
Net position at beginning of year	<u>1,762,453</u>
Net position at end of year	<u>\$ 1,645,862</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, 2015

Cash flows from operating activities:	
Receipts from customers	\$ 350,593
Payments to suppliers	<u>(485,248)</u>
Net cash used by operating activities	<u>(134,655)</u>
Cash flows from investing activities -	
Interest received	<u>13,759</u>
Net decrease in cash and short-term investments	(120,896)
Cash and short-term investments at beginning of year	<u>1,358,901</u>
Cash and short-term investments at end of year	<u>\$ 1,238,005</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (130,350)
Adjustments to reconcile operating loss to cash used by operating activities:	
Depreciation	2,032
Note forgiveness	1,742
Changes in assets and liabilities:	
Due from James City County	136,108
Interest receivable	205
Bond fee receivable	(4,807)
Accounts payable	(139,823)
Due to James City County	<u>238</u>
Net cash used by operating activities	<u>\$ (134,655)</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

	2006	2007	2008	2009	2010	2011	2012	2013	2014, as restated	2015
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 57,943,767	25,413,961	160,168,505	155,643,755	91,045,788	46,961,066	133,812,951	128,851,392	142,867,725	159,469,360
Reserved:										
Capital projects	41,541,322	124,329,355	6,498,734	15,716,245	41,296,767	20,005,183	21,226,338	35,010,428	8,320,449	1,551,387
Other purposes	14,148,422	6,214,172	433,272	394,831	813,685	—	—	—	—	—
Unrestricted	47,114,240	37,081,001	44,309,703	42,816,887	61,999,946	134,831,315	55,343,408	52,396,401	50,095,897	51,222,452
Total governmental activities net position	\$ 160,747,751	193,038,489	211,410,214	214,571,718	195,156,186	201,797,564	210,382,697	216,258,221	201,284,071	212,243,199
<b>Business-type activity:</b>										
Net investment in capital assets	\$ 123,710,597	132,145,149	134,569,730	134,314,330	135,071,435	135,641,623	135,110,313	139,966,206	137,922,955	137,173,064
Reserved:										
Capital projects	703,494	709,584	1,305,775	4,674,837	4,610,218	4,740,769	4,876,760	2,620,384	2,601,160	2,716,277
Unrestricted	29,627,748	33,151,555	36,275,425	36,591,088	36,430,621	34,057,874	34,462,629	30,189,025	29,159,119	32,903,518
Total business-type activity net position	\$ 154,041,839	166,006,288	172,150,930	175,580,255	176,112,274	174,440,266	174,449,702	172,775,615	169,683,234	172,792,859
<b>Primary government:</b>										
Net investment in capital assets	\$ 181,654,364	157,559,110	294,738,235	289,958,085	226,117,223	182,602,689	268,923,264	268,817,598	280,790,680	296,642,424
Reserved:										
Capital projects	42,244,816	125,038,939	7,804,509	20,391,082	45,906,985	24,745,952	26,103,098	37,630,812	10,921,609	4,267,664
Other purposes	14,148,422	6,214,172	433,272	394,831	813,685	—	—	—	—	—
Unrestricted	76,741,988	70,232,556	80,585,128	79,407,975	98,430,567	168,889,189	89,806,037	82,585,426	79,255,016	84,125,970
Total primary government net position	\$ 314,789,590	359,044,777	383,561,144	390,151,973	371,268,460	376,237,830	384,832,399	389,033,836	370,967,305	385,036,058

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014, as restated	2015
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government administration	\$ 5,790,007	16,835,827	18,873,491	21,347,839	23,962,622	23,061,671	17,103,421	14,304,134	9,249,487	19,278,147
Judicial administration	4,374,852	5,053,351	5,151,971	5,515,309	5,321,244	5,394,548	5,513,976	5,505,727	5,216,769	5,598,594
Public safety	13,599,920	23,500,193	24,704,720	23,267,505	22,477,094	15,003,864	23,768,668	27,750,476	25,964,996	23,996,973
Public works	2,674,311	3,361,025	5,990,017	5,925,566	19,240,014	7,332,972	6,119,246	7,963,622	7,244,367	6,985,073
Health and welfare	7,043,503	6,762,204	7,116,193	7,171,131	7,332,607	7,582,994	7,042,619	6,785,380	6,671,151	7,013,325
Education	77,265,247	63,874,870	75,880,133	83,021,945	81,441,066	83,737,593	82,082,568	84,309,615	85,595,145	87,713,464
Parks, recreation, and cultural	8,720,218	2,131,929	6,534,492	10,302,398	8,938,509	8,980,597	8,744,156	8,536,371	10,897,006	9,386,351
Community development	12,662,469	17,214,104	16,633,166	13,575,967	11,472,198	9,467,357	14,832,661	11,139,632	10,676,484	10,692,736
Storm costs	—	166,546	—	—	—	—	—	—	—	—
Interest on long-term debt	5,962,561	9,857,524	11,198,606	10,582,404	10,671,318	9,853,465	9,384,810	9,522,081	8,822,326	7,787,361
Non-departmental	5,161,844	—	—	—	—	—	—	—	—	—
<b>Total governmental activities expenses</b>	<b>143,254,932</b>	<b>148,757,573</b>	<b>172,082,789</b>	<b>180,710,064</b>	<b>190,856,672</b>	<b>170,415,061</b>	<b>174,592,125</b>	<b>175,817,038</b>	<b>170,337,731</b>	<b>178,452,024</b>
<b>Business-type activities:</b>										
Service Authority	14,149,218	17,688,528	16,551,103	18,742,699	20,074,066	20,896,660	21,361,681	21,272,566	21,002,926	19,888,935
Stormwater Utility	—	—	882,254	1,466,080	—	—	—	—	—	—
<b>Total business-type expenses</b>	<b>14,149,218</b>	<b>17,688,528</b>	<b>17,433,357</b>	<b>20,208,779</b>	<b>20,074,066</b>	<b>20,896,660</b>	<b>21,361,681</b>	<b>21,272,566</b>	<b>21,002,926</b>	<b>19,888,935</b>
<b>Total primary government expenses</b>	<b>\$ 157,404,150</b>	<b>166,446,101</b>	<b>189,516,146</b>	<b>200,918,843</b>	<b>210,930,738</b>	<b>191,311,721</b>	<b>195,953,806</b>	<b>197,089,604</b>	<b>191,340,657</b>	<b>198,340,959</b>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government administration	\$ 6,569,599	8,362,971	7,996,663	7,342,625	6,594,623	6,845,682	7,246,961	7,436,450	7,758,238	8,047,642
Judicial administration	2,098,886	2,269,336	2,200,572	2,013,959	1,753,575	1,864,708	1,816,700	1,828,073	1,839,637	1,832,471
Public safety	1,555,099	1,879,979	2,950,693	2,714,769	2,704,770	2,874,239	3,172,589	3,463,159	3,330,101	3,455,177
Parks, recreation and cultural	2,638,777	2,565,177	2,539,147	2,493,973	2,547,762	2,494,536	2,527,532	2,708,063	2,854,489	3,109,047
Other	2,473,163	691,062	684,719	736,926	213,976	203,302	216,443	225,520	281,256	270,799
<b>Total charges for services</b>	<b>15,335,524</b>	<b>15,768,525</b>	<b>16,371,794</b>	<b>15,302,252</b>	<b>13,814,706</b>	<b>14,282,467</b>	<b>14,980,225</b>	<b>15,661,265</b>	<b>16,063,721</b>	<b>16,715,136</b>
Operating grants and contributions	18,790,084	22,448,104	24,593,841	25,171,862	23,161,669	32,049,993	33,019,242	31,354,415	30,572,383	31,767,861
Capital grants and contributions	785,786	5,039,467	3,087,066	804,605	423,581	434,823	2,035,365	1,312,352	1,286,856	346,627
<b>Total governmental activities program revenues</b>	<b>34,911,394</b>	<b>43,256,096</b>	<b>44,052,701</b>	<b>41,278,719</b>	<b>37,399,956</b>	<b>46,767,283</b>	<b>50,034,832</b>	<b>48,328,032</b>	<b>47,922,960</b>	<b>48,829,624</b>
<b>Business-type activities:</b>										
Charges for services	16,805,640	17,899,853	16,928,117	14,787,096	15,575,143	16,443,520	14,883,627	15,871,187	16,131,430	16,452,120
Operating grants and contributions	—	—	—	21,978	2,756	—	—	—	—	—
Capital grants and contributions	10,077,376	7,926,456	3,154,158	4,563,025	3,427,510	1,750,073	5,395,362	4,600,645	3,388,700	5,284,379
<b>Total business-type activities program revenues</b>	<b>26,883,016</b>	<b>25,826,309</b>	<b>20,082,275</b>	<b>19,372,099</b>	<b>19,005,409</b>	<b>18,193,593</b>	<b>20,278,989</b>	<b>20,471,832</b>	<b>19,520,130</b>	<b>21,736,499</b>
<b>Total primary government program revenues</b>	<b>\$ 61,794,410</b>	<b>69,082,405</b>	<b>64,134,976</b>	<b>60,650,818</b>	<b>56,405,365</b>	<b>64,960,876</b>	<b>70,313,821</b>	<b>68,799,864</b>	<b>67,443,090</b>	<b>70,566,123</b>
<b>Net (expense)/revenue:</b>										
Governmental activities	\$ (108,343,538)	(105,501,477)	(128,030,088)	(139,431,345)	(153,456,716)	(123,647,778)	(124,557,293)	(127,489,006)	(122,414,771)	(129,622,400)
Business-type activities	12,733,798	8,137,781	2,648,918	(836,680)	(1,068,657)	(2,703,067)	(1,082,692)	(800,734)	(1,482,796)	1,847,564
<b>Total primary government net expense</b>	<b>\$ (95,609,740)</b>	<b>(97,363,696)</b>	<b>(125,381,170)</b>	<b>(140,268,025)</b>	<b>(154,525,373)</b>	<b>(126,350,845)</b>	<b>(125,639,985)</b>	<b>(128,289,740)</b>	<b>(123,897,567)</b>	<b>(127,774,836)</b>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014, as restated	2015
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 86,204,347	94,855,055	109,559,232	106,494,452	109,159,897	109,545,003	111,454,692	110,351,991	111,899,484	113,359,672
Other local taxes	20,366,681	21,273,019	20,486,124	18,869,282	18,355,067	19,100,086	20,006,069	21,208,061	21,435,046	22,771,626
Permits, fees and licenses	8,877,130	9,255,185	8,288,580	7,420,591	6,672,136	—	—	—	—	—
Interest on investment earnings	3,407,722	7,306,357	5,105,721	2,351,497	673,668	442,698	395,001	330,514	339,358	232,388
Gain on sale of capital assets	—	—	—	223,203	—	—	—	—	—	—
Sale of land	—	—	—	4,936,444	—	—	—	—	—	—
Miscellaneous	2,053,405	5,102,599	2,962,156	2,297,380	1,390,966	1,201,369	1,286,664	1,473,964	1,875,485	4,217,842
Total governmental activities	<u>120,909,285</u>	<u>137,792,215</u>	<u>146,401,813</u>	<u>142,592,849</u>	<u>136,251,734</u>	<u>130,289,156</u>	<u>133,142,426</u>	<u>133,364,530</u>	<u>135,549,373</u>	<u>140,581,528</u>
Business-type activities:										
Interest on investment earnings	935,971	1,503,939	2,004,957	3,669,266	956,056	509,675	351,929	(1,249,111)	267,061	248,207
Gain (loss) on sale of capital assets	—	—	181,615	74,226	—	—	—	—	—	—
Miscellaneous	526,601	1,378,725	1,309,152	522,513	644,620	521,384	740,199	375,758	520,504	1,013,854
Total business-type activities	<u>1,462,572</u>	<u>2,882,664</u>	<u>3,495,724</u>	<u>4,266,005</u>	<u>1,600,676</u>	<u>1,031,059</u>	<u>1,092,128</u>	<u>(873,353)</u>	<u>787,565</u>	<u>1,262,061</u>
Total primary government	<u>\$ 122,371,857</u>	<u>140,674,879</u>	<u>149,897,537</u>	<u>146,858,854</u>	<u>137,852,410</u>	<u>131,320,215</u>	<u>134,234,554</u>	<u>132,491,177</u>	<u>136,336,938</u>	<u>141,843,589</u>
Change in net position:										
Governmental activities	\$ 12,565,747	32,290,738	18,371,725	3,161,504	(17,204,982)	6,641,378	8,585,133	5,875,524	13,134,602	10,959,128
Business-type activities	14,196,370	11,020,445	6,144,642	3,429,325	532,019	(1,672,008)	9,436	(1,674,087)	(695,231)	3,109,625
Total primary government	<u>\$ 26,762,117</u>	<u>43,311,183</u>	<u>24,516,367</u>	<u>6,590,829</u>	<u>(16,672,963)</u>	<u>4,969,370</u>	<u>8,594,569</u>	<u>4,201,437</u>	<u>12,439,371</u>	<u>14,068,753</u>

(1) Reflects expenses from Exhibit 2.

Table 3

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund:										
Nonspendable:										
Inventory	\$ 245,959	291,364	288,734	264,969	276,083	298,757	346,545	361,682	370,536	340,709
Prepaid items	—	—	—	—	400,301	—	—	—	—	2,111
Assigned:										
General	457,287	452,420	407,496	437,744	1,161,093	2,678,655	6,089,236	6,595,137	6,544,809	5,991,822
Capital projects	14,056,476	14,668,476	13,729,826	11,118,329	12,408,971	16,045,435	15,766,115	11,583,529	8,118,950	4,968,111
Unassigned:										
General	21,406,435	23,904,427	22,099,383	21,311,672	21,187,263	20,449,054	21,674,594	22,345,746	23,099,410	23,360,679
Total general fund	\$ 36,166,157	39,316,687	36,525,439	33,132,714	35,433,711	39,471,901	43,876,490	40,886,094	38,133,705	34,663,432
All other government funds:										
Nonspendable -										
Loans	\$ 147,168	170,886	144,538	129,862	137,301	155,940	167,249	173,501	601,707	540,850
Committed:										
Grants	—	—	—	—	—	741,113	962,702	128,700	240,900	69
Capital projects	51,808,002	113,413,284	95,085,866	80,344,173	52,626,696	25,150,586	21,226,338	35,010,428	8,320,449	1,551,387
Assigned:										
Capital projects	—	—	—	—	—	—	—	—	14,466,602	16,178,748
Special revenue	3,662,370	2,880,529	4,248,738	5,206,988	4,317,141	3,216,855	3,964,888	4,819,570	3,904,010	4,416,559
Total all other governmental funds	\$ 55,617,540	116,464,699	99,479,142	85,681,023	57,081,138	29,264,494	26,321,177	40,132,199	27,533,668	22,687,613

- (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 2006 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**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
General property taxes	\$ 85,280,660	97,049,153	105,668,764	107,015,723	107,695,813	108,564,306	110,677,787	109,112,196	112,151,342	112,542,078
Other local taxes	20,366,681	21,273,019	20,486,124	18,869,282	18,355,067	19,100,086	20,006,069	21,208,061	21,435,046	22,771,626
Licenses, permits, and fees	8,877,130	9,255,185	8,288,580	7,420,591	6,672,136	7,055,618	7,487,105	7,623,652	8,134,299	8,443,821
Fines and forfeitures	290,714	321,443	366,606	348,846	296,866	334,633	274,198	295,355	293,625	271,615
Use of money and property	3,407,723	7,306,357	5,105,721	2,351,497	673,668	442,698	395,001	330,514	339,358	232,388
Charges for services	4,335,505	4,124,072	5,519,603	5,504,494	4,857,836	4,861,478	5,174,185	5,736,864	5,549,607	5,944,750
Intergovernmental	30,285,175	38,810,581	38,166,492	35,425,379	32,245,254	34,515,554	37,099,346	34,672,161	33,945,431	34,169,438
Miscellaneous	2,053,402	5,102,599	2,962,156	7,457,027	1,390,966	1,201,370	1,286,664	1,473,964	1,875,484	4,217,842
<b>Total revenues</b>	<b>154,896,990</b>	<b>183,242,409</b>	<b>186,564,046</b>	<b>184,392,839</b>	<b>172,187,606</b>	<b>176,075,743</b>	<b>182,400,355</b>	<b>180,452,767</b>	<b>183,724,192</b>	<b>188,593,558</b>
<b>Expenditures:</b>										
Storm costs	—	166,546	—	—	—	—	2,454,661	—	—	—
General government	7,681,371	10,363,474	9,564,540	8,756,912	8,323,563	8,265,513	8,669,692	9,399,885	9,643,858	9,432,889
Judicial administration	4,188,180	4,837,033	5,267,359	5,323,019	5,302,279	5,311,684	5,254,489	5,250,974	5,514,609	5,599,728
Public works	4,494,973	5,181,021	5,885,527	5,878,757	5,650,572	7,241,872	6,493,573	7,606,884	7,353,940	6,976,533
Health and welfare	6,840,336	6,762,204	7,116,193	7,171,131	7,332,607	7,582,994	7,042,619	6,785,380	7,061,327	7,193,841
Education	60,797,314	64,498,554	74,228,490	74,724,304	73,757,904	73,830,796	74,280,245	75,931,599	77,496,482	79,610,865
Parks, recreation, and cultural	9,010,847	9,825,513	10,045,603	10,100,822	9,509,436	9,180,161	9,163,941	9,075,083	9,899,159	9,858,887
Public safety	18,791,965	22,416,276	23,382,553	23,159,401	22,987,019	23,792,805	24,915,821	26,555,114	26,764,383	27,475,307
Community development	13,048,650	17,191,954	16,332,072	14,520,010	11,086,234	10,289,898	9,873,740	10,914,977	10,958,279	10,769,064
Nondepartmental	1,267,388	1,473,817	2,492,546	1,502,034	556,381	(266,150)	1,265,803	966,806	721,744	525,433
Debt service (2):										
Principal	7,215,460	14,488,702	14,245,257	14,363,935	15,077,900	14,830,524	14,787,955	23,473,305	16,417,326	16,862,695
Interest	5,962,561	9,857,524	11,253,935	10,625,010	10,365,470	9,853,465	9,384,810	9,522,081	8,822,326	7,787,361
Underwriters discount	125,640	192,900	—	—	101,667	—	—	—	—	—
Capital outlay (1)	37,898,518	76,594,343	26,526,776	25,458,348	43,005,939	30,042,723	15,023,734	12,586,344	18,421,679	13,424,741
<b>Total expenditures</b>	<b>177,323,203</b>	<b>243,849,861</b>	<b>206,340,851</b>	<b>201,583,683</b>	<b>213,056,971</b>	<b>199,956,285</b>	<b>188,611,083</b>	<b>198,068,432</b>	<b>199,075,112</b>	<b>195,517,344</b>
Deficiency of revenues under expenditures	(22,426,213)	(60,607,452)	(19,776,805)	(17,190,844)	(40,869,365)	(23,880,542)	(6,210,728)	(17,615,665)	(15,350,920)	(6,923,786)
<b>Other financing sources:</b>										
Transfers in	23,559,107	32,695,840	33,046,784	30,904,124	29,093,987	28,784,026	29,412,515	33,965,148	34,729,940	35,271,660
Issuance of debt	23,492,454	116,775,000	—	—	14,935,000	4,820,000	7,672,000	26,380,000	—	34,185,000
Underwriter's discount	—	—	—	—	—	(20,003)	—	(253,624)	—	(112,863)
Payment to refunded bond escrow agent	—	—	—	—	—	(5,019,743)	—	—	—	(39,371,952)
Premiums on bonds issued	291,672	7,830,141	—	—	12,809	321,834	—	2,309,915	—	3,907,273
Transfers out	(23,559,107)	(32,695,840)	(33,046,784)	(30,904,124)	(29,093,987)	(28,784,026)	(29,412,515)	(33,965,148)	(34,729,940)	(35,271,660)
<b>Total other financing sources</b>	<b>23,784,126</b>	<b>124,605,141</b>	<b>—</b>	<b>—</b>	<b>14,947,809</b>	<b>102,088</b>	<b>7,672,000</b>	<b>28,436,291</b>	<b>—</b>	<b>(1,392,542)</b>
<b>Net change in fund balances</b>	<b>\$ 1,357,913</b>	<b>63,997,689</b>	<b>(19,776,805)</b>	<b>(17,190,844)</b>	<b>(25,921,556)</b>	<b>(23,778,454)</b>	<b>1,461,272</b>	<b>10,820,626</b>	<b>(15,350,920)</b>	<b>(8,316,328)</b>
Debt service as a percentage of noncapital expenditures	9.33%	15.62%	14.48%	13.92%	13.58%	14.27%	13.65%	17.57%	13.97%	13.36%

(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

<b>Fiscal year</b>	<b>Total real property</b>	<b>General personal property</b>	<b>Machinery and tools</b>	<b>Mobile homes</b>	<b>Total Personal property</b>	<b>Public service</b>	<b>Total assessed value</b>	<b>Total direct tax rate</b>
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
2014	11,067,756,400	710,720,870	144,950,305	8,346,659	864,017,834	233,973,337	12,165,747,571	4.770
2015	11,148,405,300	783,249,672	144,694,099	7,901,856	935,845,627	336,370,602	12,420,621,529	4.770

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

<b>Fiscal year</b>		<b>Real estate tax (1)</b>	<b>Personal property tax (1)</b>	<b>Room tax</b>	<b>Meal tax</b>	<b>Retail sales tax (2)</b>	<b>Total direct tax rate</b>
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
2014		0.770	4.00	5.00	4.00	1.00	4.770
2015		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

	2015			2006		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 5,007,638	1	4.04%	\$ 4,632,950	1	4.98%
Seaworld Parks, LLC	1,980,424	2	1.60	1,370,299	2	1.47
Virginia Electric & Power Company	1,396,208	3	1.13	611,378	7	0.66
Wal-Mart, Inc.	1,087,484	4	0.88	980,477	3	1.05
Premium Outlets of Williamsburg (1)	1,045,175	5	0.84	546,993	9	0.59
Powhatan Plantation Owners Association	980,222	6	0.79	798,915	4	0.86
Williamsburg Landing, Inc.	769,057	7	0.62	555,316	8	0.60
Ball Metal Container	688,884	8	0.56	613,747	6	0.66
Williamsburg Plantation Owners Association	657,613	9	0.53	—	—	—
Owens-Brockway	532,259	10	0.43	—	—	—
Busch Properties	—	—	—	723,669	5	0.78
Manor Houses Association	—	—	—	486,331	10	0.52
<b>Total</b>	<b>\$ 14,144,964</b>		<b>11.42%</b>	<b>\$ 11,320,075</b>		<b>12.17%</b>

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

	2015			2006 (1)		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Anheuser-Busch, Inc.	\$ 3,924,079	1	11.02%	\$ **		**
Seaworld Parks, LLC	1,458,740	2	4.10	**		**
Ball Metal Container	559,424	3	1.57	**		**
Printpack, Inc.	466,985	4	1.31	**		**
Owens-Brockway Glass Container	448,168	5	1.26	**		**
Wal-Mart, Inc.	317,484	6	0.89	**		**
Cox Communications of Hampton Roads	242,898	7	0.68	**		**
Toyota Lease Trust	226,624	8	0.64	**		**
HVT, Inc.	110,893	9	0.31	**		**
Branscome, Inc.	106,533	10	0.30	**		**
Total	\$ 7,861,828		22.08%	\$ —		—%

Source: Commissioner of the Revenue

(1) The first year this was reported was fiscal year 2010. Therefore, information for fiscal year 2006 is not available.

Table 7B

**COUNTY OF JAMES CITY, VIRGINIA**

Principal Real Estate Tax Payers

Current Year and Nine Years Ago

	2015			2006 (1)		
	Property taxes assessed	Rank	Percentage of County total	Property taxes assessed	Rank	Percentage of County total
Virginia Electric & Power Company	\$ 1,392,726	1	1.57%	\$ **		**
Anheuser-Busch, Inc.	1,083,559	2	1.23%	**		**
Premium Outlets of Williamsburg (2)	1,038,962	3	1.17	**		**
Powhatan Plantation Owners Association	966,499	4	1.09	**		**
Wal-Mart, Inc.	770,000	5	0.87	**		**
Williamsburg Landing, Inc.	675,738	6	0.76	**		**
Williamsburg Plantation Owners Association	650,029	7	0.74	**		**
Manor Houses Associates	580,068	8	0.66	**		**
Virginia United Methodist Homes, Inc.	577,698	9	0.65	**		**
Seaworld Parks, LLC	521,684	10	0.59	**		**
Total	\$ 8,256,963		9.33%	\$ —		—%

Source: Commissioner of the Revenue

(1) The first year this was reported was fiscal year 2010. Therefore, information for fiscal year 2006 is not available.

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

Table 8

## COUNTY OF JAMES CITY, VIRGINIA

## Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount (1)	Percentage of levy (%)		Amount	Percentage of levy (%)
2006	\$ 95,574,858	78,647,494	82.29%	\$ 16,850,677	95,498,171	99.92%
2007	105,811,945	88,752,007	83.88	16,977,379	105,729,386	99.92
2008	114,071,066	96,586,301	84.67	17,364,741	113,951,042	99.89
2009	114,860,437	97,895,837	85.23	16,806,828	114,702,665	99.86
2010	116,355,119	99,101,581	85.17	16,888,741	115,990,322	99.69
2011	117,175,876	100,889,563	86.10	15,840,347	116,729,910	99.62
2012	121,294,208	101,482,234	83.67	19,297,459	120,779,693	99.58
2013	117,394,409	98,431,581	83.85	18,076,974	116,508,555	99.25
2014	118,756,973	100,523,591	84.65	17,285,081	117,808,672	99.20
2015	120,406,640	101,071,578	83.94	—	101,071,578	83.94

Source: Treasurer, James City County

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

Table 9

**COUNTY OF JAMES CITY, VIRGINIA**  
 Taxable Sales by Category  
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Apparel stores	\$ 106,280,148	129,014,904	140,648,465	167,950,739	175,885,946	183,244,309	198,116,199	206,585,825	213,354,143	194,143,321
Automotive dealers, supplies and repair	9,532,774	9,958,680	10,626,082	14,567,840	12,949,521	17,019,548	24,017,913	21,792,904	21,122,470	20,893,120
Building materials, machinery and equipment	80,881,233	70,536,701	48,814,343	31,817,138	42,771,225	16,631,597	20,676,668	19,518,301	18,093,198	18,046,110
Eating and drinking establishments	50,262,980	64,500,250	61,733,750	67,796,606	89,306,904	91,552,799	103,724,814	105,121,625	116,111,215	112,320,430
Food stores	93,670,198	121,052,401	131,331,534	136,126,199	109,487,554	135,172,441	148,451,817	160,043,266	169,193,864	172,591,926
Furniture, home furnishings and household equipment	38,502,745	39,426,034	40,492,354	34,053,707	21,986,380	22,119,421	23,420,749	25,032,485	31,239,589	33,524,596
General merchandise	55,149,333	89,788,633	100,039,981	91,584,624	95,560,600	87,029,287	92,522,324	103,860,834	116,426,211	133,412,703
Lodging	51,474,891	58,643,553	55,764,241	47,796,238	39,984,592	32,414,685	14,172,343	16,041,031	15,276,927	20,352,083
Other outlets	42,378,637	23,256,354	27,416,608	26,130,061	25,930,390	29,255,159	39,511,197	38,200,453	38,297,074	32,410,167
Other retail stores, dealers, trades and services	175,126,243	205,937,385	212,079,549	182,317,205	163,456,030	188,073,849	204,974,337	208,856,679	205,764,580	231,051,462
Total	\$ <u>703,259,182</u>	<u>812,114,895</u>	<u>828,946,907</u>	<u>800,140,357</u>	<u>777,319,142</u>	<u>802,513,095</u>	<u>869,588,361</u>	<u>905,053,403</u>	<u>944,879,271</u>	<u>968,745,918</u>

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

Governmental activities							
Fiscal year	General obligation bonds	Virginia literary fund loan	Capital lease – radio system	Other capital lease	Loan payable Virginia Department of Transportation	Lease revenue bonds	Total
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
2014	72,164,244	—	—	984,528	—	114,416,000	187,564,772
2015	65,458,589	—	—	858,833	—	103,604,000	169,921,422

Fiscal year	Business-type activity Revenue bonds	Total primary government	Percentage of personal income (1)	Per capita personal income (2)
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	15.16	47,983
2011	34,469,298	242,093,444	17.63	51,652
2012	32,938,174	232,779,351	19.34	53,495
2013	25,185,000	229,322,148	**	53,571
2014	24,660,000	212,224,772	**	**
2015	24,115,000	194,036,422	**	**

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

<b>Fiscal year</b>	<b>(1) Population</b>	<b>(2) Assessed value</b>	<b>(3) (4) Gross bonded debt</b>	<b>(5) Less debt service monies available</b>	<b>Net bonded debt</b>	<b>Ratio of net general obligation debt to assessed value</b>	<b>Net bonded debt per capita</b>
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
2014	70,711	12,165,747,571	72,164,244	2,920,369	69,243,875	0.57	979
2015	72,187	12,420,621,529	65,458,589	1,219,616	64,238,973	0.52	890

- (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

<b>Fiscal year</b>	<b>(1) Principal</b>	<b>(2) Interest</b>	<b>(4) Total debt service</b>	<b>(3) Total general governmental expenditures</b>	<b>Ratio of debt service to general total governmental expenditures</b>
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
2014	16,417,326	8,822,326	25,239,652	211,866,777	11.91
2015	16,862,695	8,781,971	25,644,666	218,984,810	11.71

- (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

<b>Fiscal year</b>	<b>(1) Principal</b>	<b>(2) Interest</b>	<b>(4) Total debt service</b>	<b>(3) Total general governmental revenues</b>	<b>Ratio of debt service to general total governmental revenues</b>
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
2014	16,417,326	8,822,326	25,239,652	209,633,075	12.04
2015	16,862,695	8,781,971	25,644,666	213,074,589	12.04

- (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	
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
2014	16,918,995	12,527,225	4,391,770	545,000	1,100,931	1,645,931	2.67
2015	17,714,181	10,813,844	6,900,337	565,000	1,081,856	1,646,856	4.19

(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

<u>Calendar year</u>	<u>Population (1)</u>	<u>Personal income (2)</u>	<u>Per capita personal income (2)</u>	<u>Unemployment percentage (1)</u>
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	3,907,522,000	47,983	6.3
2011	68,114	4,267,524,000	51,652	6.1
2012	69,451	4,502,567,000	53,495	5.7
2013	70,376	4,592,180,000	53,571	5.3
2014	71,254	**	**	5.0
2015	72,187	**	**	4.8*

(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 as of May 2015

\*\* 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)

Year:	<u>Food stamp households</u>	<u>Total households *</u>	<u>Percentage of food stamp households</u>
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	27,196	6.0
2011	1,840	27,551	6.7
2012	2,015	27,893	7.2
2013	2,236	28,090	8.0
2014	2,211	28,615	7.7
2015	2,006	28,986	6.9

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

**Population**

(Source: U.S. Census)

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

**Age Distribution**

(Source: U.S. Census)

Age:	<u>1970</u>	<u>%</u>	<u>1980</u>	<u>%</u>	<u>1990</u>	<u>%</u>	<u>2000</u>	<u>%</u>	<u>2010</u>	<u>%</u>
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)

Year:	<u>Number of households *</u>	<u>Total households population **</u>	<u>Persons per household</u>
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	27,196	66,631	2.45
2011	27,551	67,499	2.45
2012	27,893	68,337	2.45
2013	28,271	69,265	2.45
2014	28,615	70,107	2.45
2015	28,986	71,015	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**

Last 10 Calendar Years

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

Year:	<u>Civilian labor force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment rate (%)</u>
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	32,243	30,205	2,038	6.3
2011	32,627	30,638	1,989	6.1
2012	33,041	31,152	1,889	5.7
2013	33,771	31,970	1,801	5.3
2014	33,836	32,157	1,679	5.0
2015	33,951	32,310	1,641	4.8

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

## Demographic and Economic Statistics

## Last Ten Calendar Years

**Median Household Income**

<b>Calendar year</b>	<b>James City County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
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	78,396	61,782	51,371
2013	75,806	62,745	52,250
2014	**	**	**
2015	**	**	**

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

	2015			2006		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of total County employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of total County employment</u>
Employment:						
Principal Public/Private Employers:						
Busch Gardens (1)	1000+	1	**	1000+	1	25.64%
Williamsburg-James City County						
Public Schools	1000+	2	4.95%	1000+	2	6.23%
Eastern State Hospital	500-999	3	2.79	1000+	3	4.46%
James City County	500-999	4	2.32	500-999	5	3.71%
Wal-Mart Distribution Center	500-999	5	0.19	500-999	6	3.39%
Kingsmill Resort	500-999	6	1.55	—	—	—
Anheuser-Busch, Inc.	500-999	7	1.55	500-999	4	3.75%
Owens & Minor	500-999	8	1.55	250-499	9	1.60%
Busch Properties, Inc.	—	—	—	500-999	7	3.25%
Jamestown-Yorktown Foundation	250-499	9	0.93	250-499	8	2.14%
Williamsburg Landing	250-499	10	0.93	250-499	10	1.19%
Total	—	—	16.76%	—	—	55.36%

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.

Table 15

**COUNTY OF JAMES CITY, VIRGINIA**  
 Full-time County Government Employees by Function/Program  
 Last Ten Fiscal Years

Function/program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3.0	3.0	3.0
Satellite services	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
County attorney	4.5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Communications	6.0	7.5	7.5	6.5	6.5	7.5	7.5	7.0	7.0	7.0
Economic development	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	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	4.0	4.0	7.0	7.0	7.0	7.0
Training and Quality Performance	3.0	3.0	3.0	3.0	3.0	3.0	—	—	—	—
Financial administration:										
Accounting	8.0	9.0	9.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0
Commissioner of the revenue	11.0	13.0	13.0	13.0	12.0	11.0	11.0	11.0	11.0	11.0
Financial and management services	7.0	7.0	7.0	7.0	7.0	7.0	6.0	7.0	7.0	7.0
Purchasing	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Real estate assessments	11.0	12.0	13.0	13.0	11.0	10.0	9.0	10.0	10.0	10.0
Treasurer	13.0	13.0	13.0	13.0	13.0	12.0	11.0	12.0	12.0	13.0
Information resources management	20.0	20.0	21.0	21.0	21.0	20.0	21.0	21.0	21.0	21.0
General services:										
Facilities maintenance	19.0	18.0	19.0	19.0	18.0	17.0	17.0	18.0	18.0	18.0
Fleet and equipment	8.0	8.0	8.0	8.0	7.0	8.0	8.0	8.0	8.0	8.0
General and capital services	3.5	6.5	6.5	6.5	6.5	5.5	7.0	8.0	8.0	7.0
Grounds maintenance	13.0	16.0	21.0	21.0	20.0	22.0	22.0	24.0	25.0	25.0
Solid waste management	6.0	7.0	7.0	7.0	7.0	6.0	6.0	5.0	5.0	5.0
Stormwater	—	—	9.0	8.5	6.5	6.5	4.0	4.0	4.0	6.0
Development management:										
Building safety and permits	18.0	20.0	21.0	19.0	15.0	13.0	13.0	13.0	13.0	14.0
Development management	4.5	3.5	4.5	2.5	2.5	2.5	2.5	2.0	2.0	2.0
Engineering and resource protection	12.0	15.0	15.0	15.0	14.0	12.0	13.0	12.0	12.0	11.0
Mosquito control	1.0	1.0	1.0	1.0	—	—	—	—	—	—
Planning	18.5	17.5	19.5	19.5	17.5	12.5	10.5	10.0	10.0	10.0
Zoning enforcement	—	—	—	—	—	3.0	4.0	4.0	4.0	4.0
Judicial:										
Courts/judicial	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Courthouse	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Clerk of the circuit court	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	11.0
Commonwealth's attorney	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Sheriff	18.0	18.0	18.0	18.0	18.0	16.0	16.0	16.0	16.0	16.0
Public safety:										
Animal control	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
Emergency communications	26.0	27.0	27.0	27.0	27.0	26.0	26.0	26.0	26.0	29.0
Emergency management	1.0	1.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Emergency medical services	24.0	24.0	25.0	25.0	25.0	25.0	—	—	—	—
Fire	77.0	80.0	83.0	86.0	86.0	86.0	110.0	110.0	110.0	114.0
Police	78.0	87.0	94.0	97.0	98.0	98.0	98.0	98.0	99.0	103.0

Table 15

**COUNTY OF JAMES CITY, VIRGINIA**  
 Full-time County Government Employees by Function/Program  
 Last Ten Fiscal Years

<u>Function/program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Parks and recreation	45.0	52.0	56.0	54.0	53.0	48.0	49.0	48.0	48.0	47.0
Community services:										
Community services	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	—	—	—
Neighborhood connections	3.0	4.0	4.0	4.0	2.0	—	—	—	—	—
Total general fund	<u>512.5</u>	<u>548.5</u>	<u>586.5</u>	<u>584.0</u>	<u>563.0</u>	<u>541.0</u>	<u>541.0</u>	<u>542.0</u>	<u>544.0</u>	<u>555.0</u>
Other services:										
Community development	8.5	9.5	9.5	9.5	8.5	9.5	9.5	9.0	9.0	8.0
JCSA	85.0	87.0	88.0	91.0	90.0	86.0	89.0	89.0	89.0	89.0
Social services	53.5	53.5	57.5	57.5	52.5	52.5	52.5	52.0	51.0	51.0
Colonial community corrections	13.0	13.0	13.0	11.0	11.0	12.0	12.0	12.0	13.0	13.0
Special projects/grants	3.0	4.0	5.0	6.0	5.0	3.0	3.0	3.0	3.0	3.0
Grand total all funds	<u>675.5</u>	<u>715.5</u>	<u>759.5</u>	<u>759.0</u>	<u>730.0</u>	<u>704.0</u>	<u>707.0</u>	<u>707.0</u>	<u>709.0</u>	<u>719.0</u>

Source: Financial and Management Services

Table 16

## COUNTY OF JAMES CITY, VIRGINIA

## Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Calls for service	20,641	21,897	21,320	21,694	21,762	21,129	20,879	19,539	20,175	20,875
Major crimes reported	1,049	971	1,007	1,060	1,080	1,071	1,092	999	999	1,182
Major crimes cleared	301	351	343	363	396	325	324	317	247	335
Fire:										
Fire/other responses	2,822	3,064	3,575	2,969	2,922	2,786	3,178	2,822	3,065	3,153
Inspections	1,798	1,486	2,334	1,156	2,037	1,735	1,804	1,910	1,829	1,320
EMS responses	4,869	5,219	4,851	5,276	5,573	5,956	6,147	6,446	6,450	6,666
Refuse collection:										
Refuse collected (tons per day)	10.76	11.83	9.25	7.68	8.06	8.51	10.39	11.85	10.59	9.72
Recyclables collected (tons per day)	1.08	1.43	1.25	1.12	1.08	1.10	1.01	1.04	0.97	0.91
Recyclables collected curbside (tons per day)	N/A	N/A	N/A	N/A	N/A	22.51	22.25	22.37	22.21	23.21
Parks and recreation:										
Community center admissions	333,299	315,480	409,706	353,862	394,757	463,491	464,358	511,976	444,755	400,367
Park attendance	1,100,051	1,151,574	1,236,968	1,368,462	1,349,550	1,708,976	2,253,617	2,163,533	2,428,894	2,595,974
Participants in programs offered	228,504	250,042	408,905	422,009	384,650	395,789	378,733	371,959	402,634	441,969
Water:										
New connections	880	694	351	263	385	388	351	448	359	388
Water mains breaks	51	42	57	37	40	44	31	25	21	26
Wastewater:										
New connections	884	693	389	269	380	375	296	347	261	380

Source: County operating departments

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	5	5	5	5	5	5	5	5	5	5
Parks and recreation:										
Acreage	1,547	1,749	1,622	1,622	1,622	1,622	1,622	1,622	1,622	1,622
Playgrounds	7	8	10	10	11	11	11	11	11	12
Ball fields maintained	17	23	30	30	58	65	65	65	65	65
Tennis courts maintained	3	6	6	6	5	5	5	5	5	4
Community centers	2	2	2	2	2	2	2	2	2	2
Water:										
Water lines (miles)	319	329	332	339	344	393	390	393	400	402
Water customers	17,552	18,283	18,770	19,085	19,368	19,719	20,070	20,549	20,858	21,246
Storage tanks (greater than 250,000 gallons)	6	6	7	7	7	7	7	7	7	7
Average ERCs (1)	19,200	19,600	20,400	25,753	20,200	20,866	19,200	18,597	18,937	19,415
Wastewater:										
Sewer lines (miles)	360	370	375	379	382	419	423	425	430	435
Gallons collected (millions)	1,606	1,680	1,727	1,765	1,833	1,598	1,771	1,739	1,862	1,922
Sewer customers	17,982	18,426	18,590	18,702	18,860	21,127	21,488	21,962	22,575	22,955

Source: County operating departments

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

Table 18

## COUNTY OF JAMES CITY, VIRGINIA

## Miscellaneous Statistics

**Retail Sales**

Last 10 Years

(Source: Treasurer, James City County)

	<b>Taxable retail sales</b>	<b>Percentage change (%)</b>
Year:		
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
2014	999,911,900	0.7
2015	1,053,339,000	5.1

**Business Licenses Issued**

Last 10 Years

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

	<b>Business licenses issued</b>	<b>Percentage change (%)</b>
Year:		
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
2014	5,854	(0.5)
2015	6,005	2.6

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
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
2014	166	33,169,762	741	123,841,836	907	157,011,598
2015	147	16,449,776	822	129,526,342	969	145,976,118

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:			
2014-15	662.84	11,116	16.8
2013-14	648.67	10,998	17.0
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

Source: Williamsburg-James City County Public Schools

**Projected Enrollment (1)**

2015-16	11,316
2016-17	11,439
2017-18	11,461
2018-19	11,580

(1) Based on low enrollment projections provided by Future Think, November 2014.

## **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, 2015

<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	\$ 472,463
Total Department of Agriculture		<u>472,463</u>
Department of Health and Human Services:		
Virginia Department of Social Services:		
Promoting Safe and Stable Families	93.556	987
Temporary Assistance for Needy Families	93.558	341,335
Refugee and Entrant Assistance – State Administered Programs	93.566	495
Low-Income Home Energy Assistance	93.568	35,827
Chafee Education and Training Vouchers Program	93.599	1,772
Child Welfare Services	93.645	2,030
Foster Care – Title IV-E	93.658	197,355
Adoption Assistance	93.659	330,196
Social Services Block Grant	93.667	243,303
Chafee Foster Care Independent Living	93.674	2,028
State Children’s Insurance Program	93.767	14,932
Medical Assistance Program	93.778	528,339
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	49,030
Total Department of Health and Human Services		<u>1,747,629</u>
Department of Interior:		
Direct Payment -		
Bureau of Cash Management Payment in lieu of taxes	15.000	6,834
Land and Water Conservation	15.916	155,684
Total Department of Interior		<u>162,518</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, 2015

<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:		
Hazard Mitigation Grant Program	97.039	63,275
Homeland Security Grant Program	97.067	36,757
Emergency Management Performance Grants	97.042	39,510
Port Security Grant Program	97.056	41,543
Total Department of Homeland Security		<u>181,085</u>
Department of Housing and Community Development:		
Virginia Department of Housing and Community Development:		
Section 8 Housing Choice Vouchers	14.871	1,087,249
Home Investment Partnership Program	14.239	47,749
Housing Counselor Grant	14.169	25,000
Total Department of Housing and Community Development		<u>1,159,998</u>
Department of Transportation:		
National Highway Traffic Safety Administration -		
Highway Safety Grant	20.600	44,815
Highway Planning and Construction Cluster:		
Virginia Department of Conservation and Recreation:		
Recreation Trails Program	20.219	18,610
Virginia Department of Transportation:		
Transportation Enhancement Programs Funds	20.205	256,961
Total Highway Planning and Construction Center Cluster		<u>275,571</u>
Total Department of Transportation		<u>320,386</u>
Department of Justice:		
Bureau of Justice Administration -		
BJA - Bulletproof Vests Partnership	16.607	5,700
Total Department of Justice		<u>5,700</u>
Department of Criminal Justice Services:		
Virginia Department of Criminal Justice Services:		
Violence Against Women Formula Grants	16.588	28,632
Crime Victim Assistance	16.575	79,565
Total Department of Criminal Justice Services		<u>108,197</u>
Total federal awards, primary government-governmental activities		<u>4,157,976</u>
Business-type activity - James City Service Authority:		
Environmental Protection Agency -		
Virginia Department of Environmental Quality		
Wellhead Protection Grant	66.468	1,800
Total federal awards, primary government		<u>4,159,776</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, 2015

<u>Federal Grantor/State Pass-Through Grantor/Program Title</u>	<u>Federal catalog number</u>	<u>Expenditures</u>
Component Unit – Public Schools:		
Department of Agriculture:		
Child Nutrition Cluster:		
Virginia Department of Agriculture and Consumer Services - Food Commodities	10.555	\$ 218,860
Virginia Department of Education:		
School Breakfast Program	10.553	407,904
National School Lunch Program	10.555	1,420,030
Total Child Nutrition Cluster		<u>2,046,794</u>
Total Department of Agriculture		<u>2,046,794</u>
Department of Education:		
Virginia Department of Education:		
Title I Grants to Local Educational Agencies	84.010	1,175,514
Title I, Part D, Neglected and Delinquent Children	84.013	15,291
Vocational Education – Basic Grants to States	84.048	130,349
Title II, Part A, Improving Teacher Quality State Grants	84.367	262,702
Impact Aid	84.041	176,917
Title III, Part A, English Language Acquisition Grants	84.365	19,610
Special Education Cluster:		
Virginia Department of Education:		
Special Education – Grants to States	84.027	1,849,470
Special Education – Preschool Grants	84.173	21,852
Total Special Education Cluster		<u>1,871,322</u>
College of William and Mary - Project HOPE	84.387	12,813
Total Department of Education		<u>3,664,518</u>
Department of Health and Human Services -		
Head Start Program Cluster:		
Williamsburg-James City County Community Action Agency - Head Start	93.600	107,719
Total Department of Health and Human Services		<u>107,719</u>
Department of Transportation -		
Safe Routes to Schools	20.205	30,911
Total federal awards, Component Unit – Public Schools		<u>5,849,942</u>
Total federal awards, reporting entity		<u>\$ 10,009,718</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, 2015

**(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	\$	6,833
Special Revenue Funds		4,151,143
Component Unit - JCSA		1,800
Component Unit - Public Schools		<u>5,849,942</u>
	\$	<u><u>10,009,718</u></u>

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

To The 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, 2015, 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 23, 2015.

### ***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 23, 2015

## **Independent Auditors' 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, 2015. The **County of James City, Virginia's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of **County of James City, Virginia's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, 2015.

***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 23, 2015

## **Independent Auditors' Report 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, 2015, and have issued our report thereon November 23, 2015.

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 15-1 and 15-2. 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 23, 2015**

**COUNTY OF JAMES CITY, VIRGINIA**

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

**(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:  
**Title I Grants to Local Educational Agencies (CFDA Number 84.010), Special Education Cluster (CFDA Numbers 84.027 and 84.173)**
- (h) Dollar threshold used to determine Type A programs: **\$300,292**
- (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 15-1**

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

**Criteria:** One real estate holdings disclosure statement (from a member of the Planning Commission) 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 required forms in a timely manner.

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

**COUNTY OF JAMES CITY, VIRGINIA**

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

**Finding 15-2**

**Condition:** In Section 15.2-1615 of the Code of Virginia requires the daily deposit of all collections into the sheriff's official bank account intact, if receipts total \$200 or more. If receipts total less than \$200 in a day, accumulate daily receipts until they total \$200 but always deposit no less frequently than weekly. Someone other than the employee preparing the receipts should make the deposit for the sheriff's offices with one employee other than the sheriff, that employee may perform these functions; however, it is imperative that the sheriff reviews their work.

**Criteria:** One receipt of cash not in excess of \$200 was not deposited weekly.

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

**Recommendation:** The sheriff's office should take steps to ensure that receipts are deposited in the bank timely.

**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 were two findings in the prior year related to one financial disclosure statement not filed timely and the sheriff's office did not deposit a cash receipt in excess of \$200 timely.

