

# City of Williamsburg, Virginia



## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009

**CITY OF WILLIAMSBURG, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2009**

**PREPARED BY:**

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Department of Finance



CITY OF WILLIAMSBURG, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2009

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## **CITY OF WILLIAMSBURG**

### *Department of Finance*

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November 6, 2009

To the Honorable Mayor, Members of City Council, and Citizens of the City of Williamsburg:

The Comprehensive Annual Financial Report (CAFR) of the City of Williamsburg, Virginia for the fiscal year ended June 30, 2009, is submitted herewith in accordance with Section 15.2-2511 of the Code of Virginia. This report is designed in a manner to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds in conformity with accounting principles generally accepted in the United States of America (GAAP). We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs are included. This report has been prepared by the Department of Finance in accordance with all governmental accounting and financial reporting standards as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) where applicable, and the Auditor of Public Accounts (APA).

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. This is the fourth of a multi-year contract for professional auditing services with this firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Williamsburg financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with generally accepted accounting principals (GAAP). The independent auditor's report is presented as the first component of the financial 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 MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

#### **Profile of the City**

The City of Williamsburg was established by the General Assembly of the Commonwealth of Virginia in 1699 and was incorporated by British Royal Charter in 1722. Today, it operates under the Council-Manager form of government substantially as established in the City Charter of 1932, and as an independent city under the Constitution and laws of the Commonwealth of Virginia. Policy-making and legislative authority are vested in a governing City Council consisting of the Mayor and four other members. The City Council members serve four-year staggered terms. The Mayor is chosen from among City Council members every two years. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

Williamsburg encompasses some nine square miles located between the James and York Rivers on the Virginia Peninsula in Southeastern Virginia. The 2000 U.S. Census showed Williamsburg with a population of 11,998. The latest population figures presented by the Weldon Cooper Center for Public Service at the University of Virginia put the City's current population at 13,354. The City is home to two premier institutions: the College of William & Mary, established in 1693, and the Colonial Williamsburg Foundation recreating the days when Williamsburg was the Capital of Colonial Virginia, 1699 to 1780.

The financial reporting entity includes all the funds of the City of Williamsburg. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. As such, the City has no component units (legally separate entities for which the City as primary government is financially accountable).

The City provides the full range of municipal services including public safety, (police, fire and emergency medical services, parking garage), public works, (street construction and maintenance, landscaping, Stormwater management, engineering, refuse collection), economic development, planning and zoning, code compliance, human services, parks and recreation, and general administrative services. In addition, the City provides water and sewer services to approximately 3,300 residential and 800 commercial customers, with user charges set by City Council to ensure adequate coverage of operating and capital expenses.

The City, by agreements with neighboring James City County, operates the Williamsburg Regional Library system and the Williamsburg-James City County Public Schools (W-JCC Schools). This strong partnership between the City and County governments has served the K-12 education needs of the jurisdictions for over 50 years. FY 2009 marked the second year of a five-year restated contract for operating and capital funding of the joint School system.

The annual budget serves as the foundation for the City's financial planning and control. The budget process incorporates City Council strategic plan "Biennial Goals, Initiatives and Outcomes", and defines, communicates, and funds the City's programs and priorities. The completed budget is City Council's road map, and a primary management tool for the City Manager and Department Heads. The annual Budget Guide is a formal call for all departments of the City, and agencies associated with it, to prepare and submit an estimate of the resources required for the next fiscal year. It includes a set of procedures for building a comprehensive budget for the City Manager to submit to City Council in March of each year. City Council is required to hold public hearings on the proposed budget and tax rates, and to adopt a final budget resolution no later than June 30<sup>th</sup>. The appropriated budget is prepared by fund, function (e.g., public works), and department (e.g., streets). Department heads may make transfers of appropriations within a department, with the approval of the City Manager. Budget amendments requiring changes in total fund appropriations require special approval of City Council, and possibly a public hearing. 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 as part of the required supplementary information other than management's discussion and analysis under the combining and individual funds tab of the report.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Economic Condition and Outlook** - The economy of the City of Williamsburg is propelled by tourism and education. Tourism – including major attractions and the hospitality industry – continues to provide the most significant source of tax base for the city government. Within the city limits are 49 hotels/motels with approximately 4,400 rooms, 36 bed and breakfasts, and 85 restaurants.

The lynch pin of tourism is the Colonial Williamsburg Foundation, which operates the nation's most extensive living history museum. Encompassing 578 restored or reconstructed buildings and employing approximately 3,200, the Foundation interprets the 18<sup>th</sup> century history of America in Virginia's colonial capital. Other nearby attractions not located in the city include Jamestown (site of the first permanent English settlement in 1607), Yorktown (site of Washington's victory over Cornwallis in the Revolutionary War), and Busch Gardens and Water Country USA theme parks. These attractions draw a conservatively estimated 4 million ticketed visitors annually. Next to tourism, higher education drives the Williamsburg economy. The College of William and Mary, located within the city, is the nation's second oldest university. The College owns 18.3% of the land area of the city, currently enrolls about 7,900 students, and employs about 3,650 faculty and staff, including graduate assistants as well.



The City of Williamsburg has seen a slowdown in economic activity during FY 2009. Room tax receipts declined 19.6% during the year. Revenues from \$2/night lodging tax, which are remitted to the Williamsburg Area Destination Marketing Committee, were down 17.1%. Meal tax receipts were also down 8.0% from the prior year. Fortunately, knowing that tourism taxes received during the overlap of fiscal years in the summer of 2007 were unusually high from the Jamestown 2007 celebration, budgeted revenues were reduced accordingly. Nonetheless, combined room and meal tax receipts were 9.5% below budgeted levels for FY 2009. In addition, the City's 1% State sales tax receipts were down 15.7% during FY2009.

The value of taxable real property grew by 2.7% for the year, considerably lower than the 12% average annual growth rate of the five prior years. Although the rate of increase in home values during FY 2009 has slowed, the City has not experienced double-digit declines that communities in northern Virginia and other parts of the country have endured recently. A moderate increase is expected in FY2010, but mostly from new construction. With limited sales data during the past year, especially on the commercial side, it is increasingly difficult for the City Assessor to determine true market value, and will be a challenge until housing prices and sales activity stabilize.

The City has also experienced revenue declines in business licenses, investment earnings, recordation taxes, and permits from last year. The Commonwealth of Virginia has seen similar declines in income, sales, and other taxes during the last two fiscal years. State aid to localities has been reduced during FY 2009 and FY2010 as the Commonwealth continues to experience revenue shortfalls. City spending will continue to be reduced to match the reality of the revenue picture.

**Economic Development Activity** – Two large commercial development projects continue in the City. High Street Williamsburg, a \$250 million, 50-acre mixed-use project, adjacent to the Richmond Road business corridor, is open as a lifestyle retail center. Apartments are now 100 percent occupied. Two retail stores have opened, Five Guys Restaurant and the Movie Tavern. Three more restaurants anticipate starting their tenant improvements in the fall of 2009. The developer, Roseland Property Company, continues to lease space to retail stores, with more condominiums planned in the next phase.

Riverside Health System continues its plans for Quarterpath at Williamsburg, a 350 acre mixed-use development in the southeast quadrant of the City. Riverside recently received state approvals for the construction of a 40-bed state-of-the-art acute care Doctor's Hospital as a major component of this project. Site plans also include an assisted living facility. Construction of Quarterpath Shopping Center, a 125,000 square foot shopping center adjacent to Quarterpath at Williamsburg began in 2008 and will open in the fall of 2009. Harris Teeter will anchor the center with two banks (Wachovia and Towne Bank) building on out parcels.

Besides the two new projects discussed above (High Street and Quarterpath) most future development in the City will be infill and redevelopment. With this in mind, the City continues to implement an existing business program, new business recruitment, and promotion of the City as a premier business location. The Economic Development Authority enacted a Demolition Program to encourage redevelopment projects. Three redevelopment projects are utilizing this forgivable-loan program.

Other economic activity within the City this year includes:

- New businesses that opened after renovating existing space in the City include: Scala Pizzeria, Voyager Home Health, Replay Sports, ACE Garden Flags, Collier's Antiques, LaQuinta Inn, C. Ritchie Photography, Wasabi Oriental Buffet, Law Office of Bambi Faivre Walters, WHRO Public Television and Radio, and WSB CPAs.
- New businesses that opened after constructing new space include: Health Evaluation Center, Five Guys, the Movie Tavern, and SunTrust Bank.
- A mixed-use redevelopment project at 1220 Richmond Road is near completion and includes 24 condominiums and two restaurants.
- Quarterpath Shopping Center is under construction. Tenants will include Harris Teeter, Subway, Towne Bank, and Wachovia/Wells Fargo Bank.
- Chipotle Mexican Grill is under contract to purchase an older motel for redevelopment into one of its restaurants.

Business investment and expansion continues in the City, with a positive impact on the City's real estate property and retail sales tax bases.

## Financial Strategy

The City of Williamsburg takes pride in providing a high level of public services to its residents at a reasonable cost. The real estate tax rate of 54¢ per \$100 of assessed value has remained unchanged since FY 1991, and continues to be one of the lowest city tax rates in the Commonwealth of Virginia. In the past, room and meal taxes provided the largest source of funding for City services. FY 2009 marks the first year that real estate tax receipts outpaced room and meal tax collections. Room and Meal taxes accounted for 27.7% of the General Fund operating revenues for FY 2009, compared to 39.7% in FY 2000<sup>1</sup>. Real estate taxes made up for 30.5% of total revenues in FY 2009, compared to 19.9% in FY 2000. This shifting of tax base is more pronounced when comparing actual tax revenues. Room and meal taxes decreased from \$9.2 Million to \$9.1 Million, a 1% decrease. Real estate taxes increased from \$4.5 Million in FY 2000 to \$10.1 Million in FY 2009, an increase of 122% over the same period. The FY 2009 real estate tax base increased 3.5% from last year, with next year's values estimated to increase just over 2%, mostly from new construction. Unlike many localities around the country, City assessments, on average, continue to be lower than sales in the past year, but recently may be changing. The longer homes tend to be on the market, the higher the assessment/sales ratio. Staff continues to analyze market conditions monthly that could adversely affect this major tax base. In any event, double digit growth in real estate values experienced in the past decade are a thing of the past.

The City's total personal property tax collections increased 7.1% over last year. Further analysis of growth trends for personal property taxes is included in Management's Discussion and Analysis.

We believe that business growth and economic development initiatives mentioned above, along with investment by new and existing businesses in the City, will help to strengthen the City's real estate, personal property, and retail sales tax bases in the next few years.

In order to end FY 2009 in the black, cost savings were identified early in the fall of 2008 by reorganizing staff positions with the retirement of the former Clerk of City Council, resulting in a net loss of 2 positions in Codes Compliance. In addition, 4 vacant positions were frozen, discretionary spending was reduced, including limiting out of state travel, and information technology initiatives were scaled back. Nonetheless, the severe national recession in 2009 continues to put pressure on the City's ability to provide the type and quality of services our residents are accustomed to, and at relatively low tax rates. For FY 2010 the City negotiated a regional E-911 public safety dispatch contract with neighboring York County (resulting in a loss of 13 positions), and approved a new trash collection contract that reduced residential pickup from twice to once a week in order to cut costs. Total approved positions went from 202 in FY 2009 to 185 in FY 2010, a reduction of 9.2%. As mentioned earlier, the Governor's office announced major reductions in aid to Virginia localities in September, 2009 that affect the City, not only during the current year, but possibly many years to come.

Even with the ongoing shift in major tax bases, the City continues working to build the region's travel and tourism-based economy as its primary fiscal strategy. City Council partners each year with the Colonial Williamsburg Foundation and the Greater Williamsburg Chamber and Tourism Alliance, providing substantial funding for advertising. Contributions to these organizations during FY 2009 totaled \$2.35 Million. Room tax receipts during FY 2009 were \$3.57 Million, down 19.6% from FY 2008. Meal tax receipts during the year were \$5.52 Million, down 8.0% from last year. The \$2 per night lodging tax generated \$1.35 Million in the City during the year, and was passed-thru to the Williamsburg Area Destination Marketing Committee for tourism advertising of the Historic Triangle. The City's local retail sales tax receipts for FY 2009 were \$3.84 Million, down 15.7% from last year. Competition of hotels, restaurants, and the retail trade in the entire Williamsburg area is strong, with new businesses opening continually.

The City signed a long term agreement with the City of Newport News in March 2009 to increase the City's future safe yield water capacity. The agreement guarantees up to a 1 million gallons per day additional supply of raw water from Newport News Waterworks for the next 25 years in the event the City needs it, in periods of drought. Funding of the \$12.5 Million agreement was achieved with a \$10 Million bank-qualified borrowing and \$2.5 Million from Utility Fund reserves. Future debt service payments will also require continued water rate increases. Another future, but as yet unknown, cost to the Utility Fund will be full-compliance with the Hampton Roads-wide Consent Order on sanitary sewer overflows.

City staff has formulated financing strategies over the past few years with the City's financial advisors, Davenport and Co., LLC., in order to stay on schedule with major projects. Since 2004 the City's financial policies include maintaining a minimum of 35% of total General Fund operating revenues as its operating fund balance. A detailed analysis of the

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<sup>1</sup> Not including the \$2/night lodging tax, which is dedicated for tourism promotion.

City's fund balance is presented in the Management's Discussion and Analysis section of this report.

### **Cash Management**

City Council adopted formal and strict guidelines governing investment policy and procedures in 1995. The investment policy was last revised in 2003. The policy's objective, in order of priority is (1) Safety, (2) Liquidity, and (3) Return on Investment. As of June 30, 2009 the majority of City surplus funds were invested with the Local Government Investment Pool (LGIP), administered by the State Treasurer's Cash Management & Investments Division. Investment earnings of the LGIP during Fiscal Year 2009 averaged 1.7% for the year.

### **Risk Management**

The City is exposed to various risks of losses related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Virginia Municipal Liability Pool, administered by the Virginia Municipal Self Insurance Association and the Virginia Municipal League. This program provides self-insurance coverage for workers' compensation, general liability, automobile liability, property and fire protection, and public officials' liability and law enforcement liability (except for elected officials).

The City has a self-insurance plan for its employee health insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Details of the health insurance program are provided in the Notes to the Financial Statements.

The City initiated a retiree health insurance supplement program in 2002. Currently 33 retirees enjoy this benefit. Details of this program are presented in the Notes to the Financial Statements. Governmental Accounting Standards Board Statement 45 is effective this year, and required an actuarial valuation to determine the cost of these post employment benefits. The intention of this Statement is to spread the cost of post-retirement benefits out over the time employees are actually working and earning benefits, as opposed to treating it pay-as-you-go as in the past. More information on this requirement is included in the Notes to the Financial Statements section of this report.

The City currently reports all of its risk management activities in the General Fund and Utility Fund.

### **Independent Audit**

The State Code of the Commonwealth of Virginia requires an annual audit of the books of account, financial records, and transactions of the City. This requirement has been complied with and the unqualified opinion of Robinson, Farmer, Cox Associates, independent certified public accountants, has been included in this report.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Williamsburg, Virginia, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. This was the 23<sup>rd</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, with contents conforming to program standards. This report satisfied both generally accepted accounting principles 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 the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the past 17 years. In order to qualify for the Distinguished Budget Presentation Award, the City's Budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. The latest award for the Fiscal Year beginning July 1, 2009 included Special Performance Measures Recognition.

Both of these prestigious awards serve to continually improve the City's annual financial reports and budget documents by implementing professional suggestions from GFOA staff and reviewers across the country.

**Acknowledgements**

The preparation of this report has been accomplished with the efficient and dedicated services of the City Department of Finance. We would like to express our appreciation to all members of the departments who assisted and contributed in its preparation. In addition, the accounting firm of Robinson, Farmer, Cox Associates, is to be congratulated for their substantial contributions, by way of design, counsel, and interpretation of recent guidelines, planning, and implementation of the requirements of all GASB standards. We also wish to express thanks to the Mayor and members of City Council for their unfailing support in planning and conducting the financial operations of the City of Williamsburg in a responsible and progressive manner.

Respectfully Submitted,

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

Jackson C. Tuttle  
City Manager

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

Philip F. Serra CPFO  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Williamsburg  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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

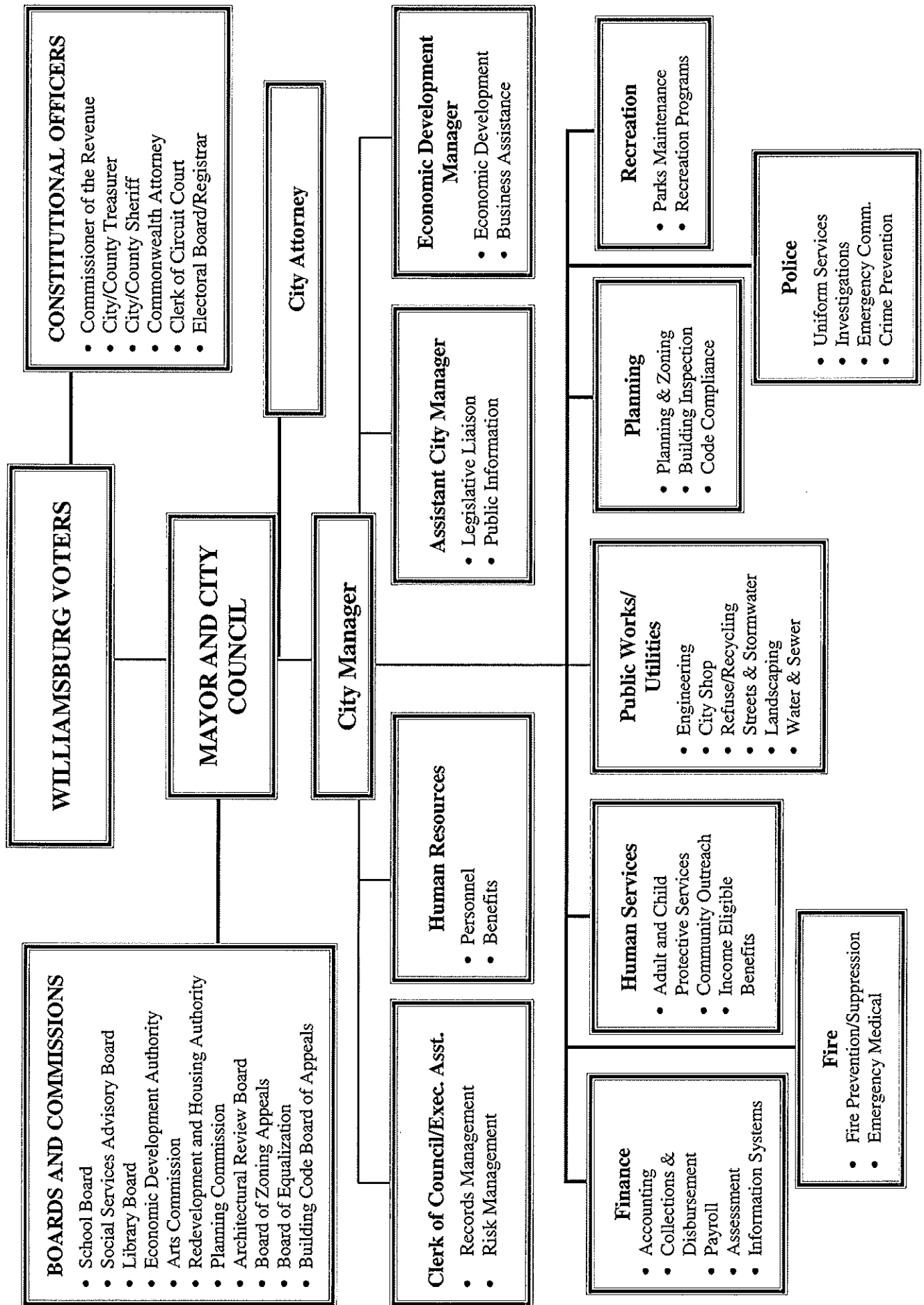


President

Executive Director



# CITY OF WILLIAMSBURG - ORGANIZATION



# CITY OF WILLIAMSBURG, VIRGINIA

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## Members of the City Council

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Jeanne Zeidler, Mayor	
Clyde A. Haulman, Vice-Mayor	
Judith Knudson	Paul Freiling
Robert Braxton	Donna Scott, Clerk of Council

## City Officials

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City Manager .....	Jackson C. Tuttle, II
Director of Finance .....	Philip F. Serra, Jr.
Assistant City Manager .....	Jodi M. Miller
Commonwealth's Attorney .....	Nate Green
City Attorney .....	Joseph F. Phillips
Treasurer .....	M. Ann Davis
Commissioner of Revenue .....	Judy Nightengale Fuqua
Clerk of Circuit Court .....	Betsy Woolridge
Sheriff .....	Robert Deeds
Director of Public Works & Utilities .....	Daniel G. Clayton, III
Director of Planning .....	Reed T. Nester
Director of Human Services .....	Peter P. Walentisch
Director of Recreation .....	Paul Hudson
Chief, Fire Department .....	T. K. Weiler
Chief, Police Department .....	James M. Yost

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## *Independent Auditor's Report*

To The Honorable Members of the City Council  
City of Williamsburg  
Williamsburg, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Williamsburg, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Williamsburg, Virginia's management. 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the City of Williamsburg, Virginia, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15 and in Note 17, the City implemented GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions* and No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2009, on our consideration of the City of Williamsburg, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and the Schedules of Pension Funding Progress and Funding Progress for the Retiree Health Plan as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Williamsburg, Virginia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Williamsburg, Virginia. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robert Fann, Cox Assurite

Richmond, Virginia  
October 15, 2009

The Management's Discussion and Analysis (MD&A) offers readers of the City's financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2009. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, and in the financial statements and notes to the financial statements (which immediately follow this discussion).

## **FINANCIAL HIGHLIGHTS**

- The assets of the City of Williamsburg exceeded its liabilities at June 30, 2009 by \$105.2 Million. Capital assets (net of depreciation and related debt) account for 70.7% of this amount, with a value of \$74.4 Million. The remaining net assets may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- The City's total net assets increased by \$1.6 Million, of which the governmental activities increased by \$.6 Million, and business-type activities increased by \$1.0 Million.
- The City's governmental funds reported combined ending fund balances of \$26.6 Million, a decrease of \$2.6 Million from the prior year. Of the \$26.6 Million, 99.5% (\$26.5 Million) is available for spending at the City's discretion (unreserved fund balance).
- Undesignated fund balance for the General Fund was \$21.8 Million or 66.5% of total General Fund operating revenues for FY 2009, representing a decrease of \$3.6 Million from last year. This continues to exceed the City's undesignated fund balance policy minimum of 35% of total General Fund revenues.
- Total General Fund (including 1% Sales Tax) revenues were \$37.1 Million for FY 2009, compared to \$41.7 Million last year. General property tax receipts were \$12.4 Million, and adding State reimbursements for the Car Tax relief program during the year of \$773,572, which are reclassified as State aid, brings property tax receipts to \$13.2 Million, up 4.6% from last year. Other local taxes were down significantly, largely from reductions in business licenses, sales, room and meal taxes.
- Total General Fund expenditures, including capital projects, were down 7.0% at \$39.1 Million for FY 2009. Capital projects accounted for \$7.1 Million in spending for the year, down from last year's level of \$7.8 Million.
- The City's General Fund debt decreased by \$.96 Million (8.5%) during FY 2009 from continued payoff of principal balances on three long-term obligations. This includes a liability of \$82,673 for Other Post Employment Benefits (OPEB) required with Statement 45 of the Governmental Accounting Standards Board (GASB) for costs associated with the City's retiree health insurance supplement program. This new requirement spreads the cost of this benefit out during the years employees are working, rather than treat the cost as a pay-as-you-go supplement to retirees as in the past.
- Business-type activities (Utility Fund) reported net assets at June 30, 2009 of \$20.6 Million. Net assets invested in capital assets (net of depreciation and related debt) account for 75.9% of this amount, with the remaining net assets of \$4.9 Million available without restriction. The Utility Fund reports combined cash and investments at year-end of \$4.8 Million, with total short-term liabilities of \$.6 Million. The Utility Fund took on an additional \$10 Million in a bank-qualified borrowing in April, 2009 for the City's interest in a long-term water supply agreement with the City of Newport News.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and budgetary comparison, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.



**Government-wide Financial Statements**

There are two government-wide financial statements, which are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, judicial, public safety, public works, health and welfare, education, parks and recreation, cultural, community development, and debt service. The sole business-type activity of the City of Williamsburg is the water utility.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, this is just one indicator of financial health of the City. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the City.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net assets are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes, unpaid vendor invoices for items received before June 30, 2009, and earned but unused vacation and sick leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed until after June 30, 2009.

The City has no separately identified component units included in the government-wide financial statements.

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Williamsburg, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Williamsburg can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental Funds are used to account for most, if not all, of a government's tax-supported activities. Proprietary Funds are used to account for a government's business type activities, where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities. Fiduciary Funds are used to account for resources that are held by the government as a trustee or agent for parties outside of the government. The resources of fiduciary funds cannot be used to support the government's own programs.

**Governmental Funds.** The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund. (GASB Statement No. 34 defines a major fund as a fund whose assets, liabilities, revenues or expenditures comprise: 1) at least 10% of the total dollar amount of the same category within either all government or all enterprise funds, as appropriate; and, 2) at least 5% of the total dollar amount of all governmental and enterprise funds combined for the same category. The General Fund is always considered a major fund.) The governmental fund financial statements can be found immediately following the government-wide financial statements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements' use of accrual accounting, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the

fiscal year. Such information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the governmental activities column in the government-wide statements, in order to facilitate this comparison.

The City maintains budgetary controls over its operating funds. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Budgets for governmental funds are established in accordance with state law, and are adopted on a fund level. Personal services are budgeted by fulltime positions. Capital outlays are approved on an item-by-item basis or project basis. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with the budget. Major fund budgetary variance statements are included with the basic financial statements. Non-major fund information follows the notes to the financial statements. Budgetary variances for the General Fund are discussed in some detail later in this section.

*Proprietary Funds.* The City maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water utility operations.

Proprietary fund statements follow the governmental fund statements in this report. They provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. The proprietary fund financial statements provide information for the Water Utility Fund, which is considered to be the only major proprietary fund of the City. There are no reconciling differences from the Proprietary Fund Statement of Net Assets to the business-type activity column on the Government-Wide Statement of Net Assets.

*Fiduciary Funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Williamsburg has one type of fiduciary funds - Agency Funds (which are clearing accounts for assets held by the City in its role as custodian until the funds are allocated to the organizations or government agencies to which they belong). The Statement of Fiduciary Net Assets can be found following the proprietary fund financial statements.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

#### **Statement of Net Assets**

As noted earlier, changes in net assets may serve over time as a useful indicator of a City's financial position. The City's net assets totaled \$105.2 Million at June 30, 2009. The following table reflects the condensed Government-Wide Statement of Net Assets:

## City of Williamsburg's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$ 28,465,240	\$ 30,911,897	\$ 5,726,066	\$ 7,413,247	\$ 34,191,306	\$ 38,325,144
Capital Assets	68,266,455	66,125,598	26,035,309	13,669,407	94,301,764	79,795,005
<b>Total Assets</b>	<b>\$ 96,731,695</b>	<b>\$ 97,037,495</b>	<b>\$ 31,761,375</b>	<b>\$ 21,082,654</b>	<b>\$ 128,493,070</b>	<b>\$ 118,120,149</b>
Long-term Liabilities	\$ 10,357,668	\$ 11,313,035	\$ 10,575,643	\$ 688,915	\$ 20,933,311	\$ 12,001,950
Other Liabilities	1,740,578	1,677,710	623,354	824,151	2,363,932	2,501,861
<b>Total Liabilities</b>	<b>\$12,098,246</b>	<b>\$12,990,745</b>	<b>\$11,198,997</b>	<b>\$1,513,066</b>	<b>\$23,297,243</b>	<b>\$14,503,811</b>
Net Assets:						
Invested in Capital Assets, net						
of related debt	58,769,012	55,591,451	15,601,976	13,102,740	74,370,988	68,694,191
Unrestricted	25,864,437	28,455,299	4,960,402	6,466,848	30,824,839	34,922,147
<b>Total Net Assets</b>	<b>\$ 84,633,449</b>	<b>\$ 84,046,750</b>	<b>\$ 20,562,378</b>	<b>\$ 19,569,588</b>	<b>\$ 105,195,827</b>	<b>\$ 103,616,338</b>

The City of Williamsburg's total assets were \$128.5 Million as of June 30, 2009. The largest portion, \$74.4 Million (57.9 percent), reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in 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.

Of the remaining City assets, approximately \$30.6 Million is accounted for in cash, cash equivalents, and pooled investments, \$2.3 Million in accounts and notes receivable, with the remainder spread among miscellaneous assets.

At June 30, 2009, outstanding liabilities were \$23.3 Million, with \$20.9 Million in general obligation bonds payable, compensated absences, and other post employment benefits (OPEB) liability. Of the bonds payable, \$1.7 Million is due within one year, with the remainder due at various dates until 2024. Refer to Note 9 in the notes to the financial statements for more information on the City's long term debt obligations. Included in other liabilities above are \$1.6 Million in accounts payable, \$257,274 in accrued liabilities, and \$72,688 in deposits payable to customers.

At June 30, 2009, the City had positive balances in all categories of net assets, for the government as a whole, and for its separate governmental and business-type activities.

**Statement of Activities - Changes in Net Assets**

**Governmental activities** – Governmental activities increased the City's net assets by \$.6 Million, accounting for 37.3% of the total growth in net assets of the City during FY 2009. Key factors in this increase include:

- Revenues from all property taxes increased 4.9%, mostly from appreciation in real estate assessments over last year, with real estate receipts up 3.9%;
- Personal property taxes were \$2.7 Million, up 7.1% from last year, from a combination of better identification of City vehicles thru the State's DMV records, and business personal property taxes from new businesses;
- Restaurant and lodging taxes totaled \$9.1 Million, down 12.9% from FY 2008;
- 1% sales taxes were \$3.8 Million, down 15.7% from FY 2008;
- Interest earnings were \$.5 Million, down 62.2% from FY 2008.

**Business-type activities** – The Utility Fund is the City's only business-type activity. The fund attempts to recover as much as possible of the operating expenses it incurs to meet service demands through user charges. Changes in the fund's net assets result from the difference between revenues and expenses, which amounted to an increase of \$1.0 Million for FY 2009. Highlights of FY 2009 activity are as follows:

- Water and sewer revenues increased 4.8% for FY 2009, with overall operating revenues down 2.9% largely from reduced tap fee revenues from a slowdown in development;
- Total operating expenses up less than .7% for FY 2009 by holding the line on spending;
- Investment earnings were \$97,165, about half of last year's level;
- Connection fees of \$39,664 were received from developers.

The following schedule compares the revenues and expenses for the current and previous fiscal year.

**City of Williamsburg's Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 806,898	\$ 962,017	\$ 5,575,174	\$ 5,751,177	\$ 6,382,072	\$ 6,713,194
Operating grants and contributions	4,008,035	3,999,026	-	-	4,008,035	3,999,026
Capital grants and contributions	133,363	464,435	-	-	133,363	464,435
<b>General Revenues:</b>						
Property taxes	12,497,760	11,787,562	-	-	12,497,760	11,787,562
Other local taxes	17,501,794	20,303,116	-	-	17,501,794	20,303,116
Other	<u>2,622,019</u>	<u>4,624,483</u>	<u>280,049</u>	<u>357,265</u>	<u>2,902,068</u>	<u>4,981,748</u>
<b>Total Revenues</b>	<b>37,569,869</b>	<b>42,140,639</b>	<b>5,855,223</b>	<b>6,108,442</b>	<b>43,425,092</b>	<b>48,249,081</b>
<b>Expenses:</b>						
General government	4,206,889	3,925,496	-	-	4,206,889	3,925,496
Judicial administration	373,159	369,459	-	-	373,159	369,459
Public safety	9,626,052	9,410,409	-	-	9,626,052	9,410,409
Public works	4,493,041	4,504,611	-	-	4,493,041	4,504,611
Health and welfare	2,335,735	2,415,272	-	-	2,335,735	2,415,272
Education	7,913,290	8,446,319	-	-	7,913,290	8,446,319
Parks, recreation, & cultural	2,535,481	2,275,707	-	-	2,535,481	2,275,707
Community Development	5,091,394	5,694,235	-	-	5,091,394	5,694,235
Interest expense	408,129	467,896	-	-	408,129	467,896
Water	-	-	4,862,433	4,769,797	4,862,433	4,769,797
<b>Total Expenses</b>	<b>36,983,170</b>	<b>37,509,404</b>	<b>4,862,433</b>	<b>4,769,797</b>	<b>41,845,603</b>	<b>42,279,201</b>
Increase in net assets	586,699	4,631,235	992,790	1,338,645	1,579,489	5,969,880
Net assets - beginning	<u>\$84,046,750</u>	<u>\$79,415,515</u>	<u>19,569,588</u>	<u>18,230,943</u>	<u>103,616,338</u>	<u>97,646,458</u>
Net assets - ending	<u>\$84,633,449</u>	<u>\$84,046,750</u>	<u>\$20,562,378</u>	<u>\$19,569,588</u>	<u>\$105,195,827</u>	<u>\$103,616,338</u>

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

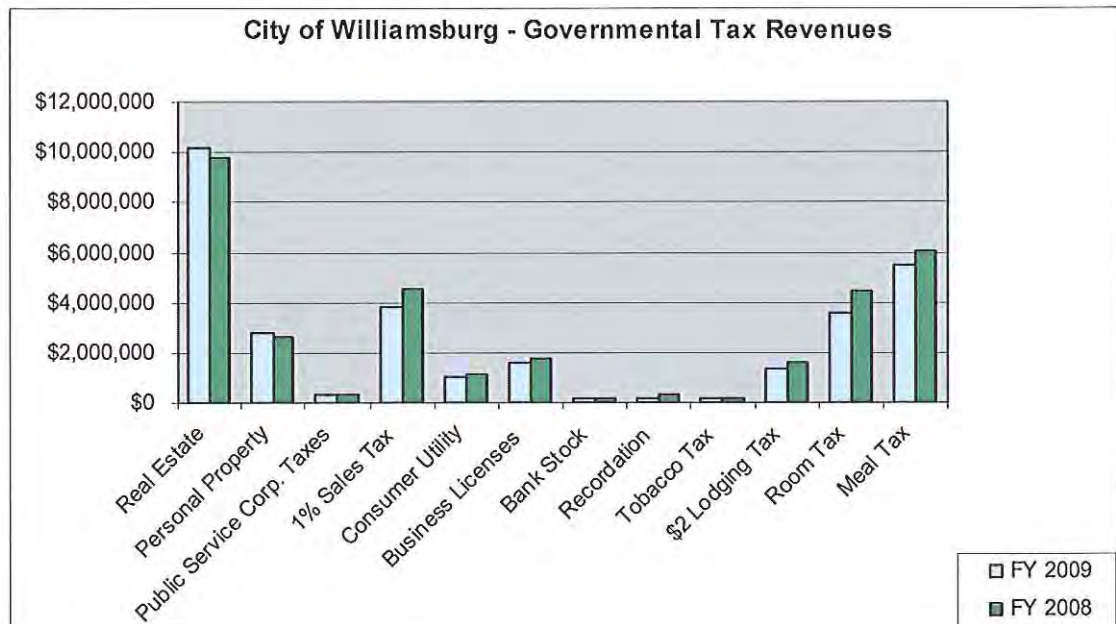
As noted earlier, the City of Williamsburg uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a financial analysis of the City's governmental and proprietary funds.

## Governmental Funds Revenue and Expense Analysis

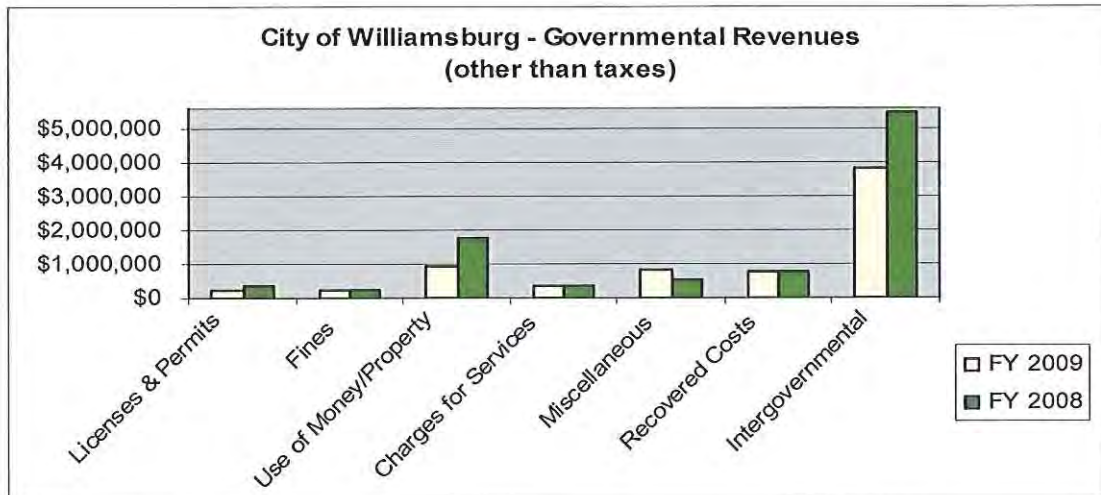
Revenues Classified by Source  
Governmental Funds

Revenues by Source	June 30, 2009		June 30, 2008		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General Property Taxes	\$12,421,044	32.43%	\$11,844,277	27.57%	\$576,767	4.87%
Other Local Taxes	17,501,794	45.70%	20,303,115	47.26%	(2,801,321)	-13.80%
Licenses and permits	207,637	0.54%	376,974	0.88%	(169,337)	-44.92%
Fines & Forfeitures	233,262	0.61%	241,302	0.56%	(8,040)	-3.33%
Use of Money and Property	930,037	2.43%	1,765,800	4.11%	(835,763)	-47.33%
Charges for Services	347,740	0.91%	343,741	0.80%	3,999	1.16%
Miscellaneous	893,270	2.33%	602,550	1.40%	290,720	48.25%
Recovered Costs	790,266	2.06%	760,001	1.77%	30,265	0.00%
Intergovernmental	4,971,107	12.98%	6,719,594	15.64%	(1,748,487)	-26.02%
Total Revenues	\$38,296,157	100.00%	\$42,957,354	100.00%	(\$4,661,197)	-10.85%

The general governmental functions are contained in the General Fund. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the City. On June 30, 2009, unreserved, undesignated fund balance of the General Fund was \$21.8 Million, with total fund balance of \$26.4 Million. Total assets in the General Fund were \$28.1 Million.







The following provides more detailed information about major General Fund operating revenue collections during FY 2009:

- **General Property Taxes** –This consists of real and personal property tax receipts. Real property tax receipts were \$10.1 Million, up 4.1% from last year, due to increased assessments city-wide, new construction, and continued strong collection efforts for delinquent taxes during the year. The real estate tax rate has remained at 54¢/\$100 since 1991. Personal property tax receipts for individuals and businesses totaled \$2.7 Million, including reimbursement for the State's CarTax relief block grant program, and were up 7.1% from last year.
- **Other Local Taxes** - Overall these revenues decreased 13.8% from last year.
  - State sales taxes were \$3.8 Million, down 15.7% from last year's receipts of \$4.6 Million;
  - Consumer utility taxes were \$1.0 Million, down 6.1% from last year, and included telecommunications sales taxes administered by the State;
  - Room taxes were \$3.6 Million, down 19.6% from last year;
  - \$2 per night lodging taxes generated \$1.4 Million, down 17.1% from last year. These pass-thru funds are collected and remitted monthly to the Williamsburg Area Destination Marketing Committee for tourism marketing of the Historic Triangle.
  - Meal taxes were down \$.5 Million to \$5.5 Million during FY 2009, an 8.0% decrease from last year. The continued economic recession and competition from restaurants in surrounding counties continues to have an impact on meal sales in the City.
  - Cigarette taxes were \$144,534, down 20.0% from last year. Replenishment of retail vendor stamps on cigarette inventories can swing this revenue in either direction each year and is difficult to estimate.
- **Revenue from the Use of Money and Property**
  - **Use of Money** – Short-term interest rates were at historic lows during FY 2009. The City's short-term funds invested with the State's Local Government Investment Pool (LGIP) averaged 1.7%, compared to 4.2% last year. Over 99% of the City's surplus funds are held in this pool. The amount of invested surplus funds was consistent with last year's levels.
  - **Use of Property** - Revenues from the use of property were \$472,989, down 14.9% from last year. Parking garage receipts were \$209,300, down 12.5% from last year. Additional rented spaces and amenities charges for properties adjacent to the City's parking deck, and collections for various tenant contracts account for the remainder of this revenue. The City also sold surplus equipment for \$8,175, much of which was sold publicly on the City's Internet auction site (<https://www.williamsburgva.gov/auction>).

- **Charges for Services** – This category consists largely of recreation programs, recreation facility rentals, and cemetery lots and fees. Overall revenues in this category were \$347,740, up by 1.2% from last year. Included are Waller Mill Dog Park revenues of \$7,523.
- **Miscellaneous/Recovered Costs** – These include reimbursements for Utility Fund overhead charges, public safety overtime, stormwater management fees, and James City County's reimbursed portion of annual Arts Commission grants under miscellaneous receipts. Also included are the EMS recovery fees of \$411,430 received during the year.
- **Intergovernmental** – consisting of State and Federal revenues, totaled \$3.8 Million during FY 2009.
  - Non-categorical – Distribution of ABC profits and wine taxes was eliminated by the Commonwealth of Virginia for FY 2009. Grantor's, rolling stock, and rental car taxes totaled \$80,298, and were down 28.1% from last year. The State's personal property tax relief reimbursement (CarTax) was \$773,572, and is set at that amount by the General Assembly.
  - Shared expenses for Commissioner of the Revenue, Treasurer, Medical Examiner, and Registrar/Electoral Board were down a total of \$3,252, or 2.0% from last year.
  - State sales tax for education, a dedicated funding source based on the triennial school-aged population census among Virginia localities, was down 2.7% to \$698,356 for FY 2009.
  - State highway maintenance payments of \$1,382,944 were up 3.8% from last year. These payments, based on road lane miles, increased by \$50,714 during the year.

The following table represents Governmental expenditures by function, including capital projects, compared to prior year amounts.

**Expenditures By Function  
Governmental Funds**

Expenditures by Function	June 30, 2009		June 30, 2008		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General Government	\$3,247,353	7.95%	\$2,956,796	6.71%	\$290,557	9.83%
Judicial Administration	373,159	0.91%	369,459	0.84%	3,700	1.00%
Public Safety	9,254,068	22.65%	9,064,963	20.58%	189,105	2.09%
Public Works	4,185,312	10.25%	3,579,302	8.13%	606,010	16.93%
Health and Welfare	2,311,671	5.66%	2,391,062	5.43%	(79,391)	-3.32%
Education	7,023,314	17.19%	7,135,650	16.20%	(112,336)	-1.57%
Parks, Recreation, and Cultural	2,272,082	5.56%	2,277,569	5.17%	(5,487)	-0.24%
Community Development	5,070,823	12.41%	5,662,525	12.86%	(591,702)	-10.45%
Capital Projects	5,699,783	13.95%	7,809,941	17.73%	(2,110,158)	-27.02%
Principal Retirement	1,036,704	2.54%	2,314,249	5.26%	(1,277,545)	-55.20%
Interest	377,798	0.92%	477,006	1.08%	(99,208)	-20.80%
Total Expenditures	<u>\$40,852,067</u>	<u>100.00%</u>	<u>\$44,038,522</u>	<u>100.00%</u>	<u>(\$3,186,455)</u>	<u>-7.24%</u>

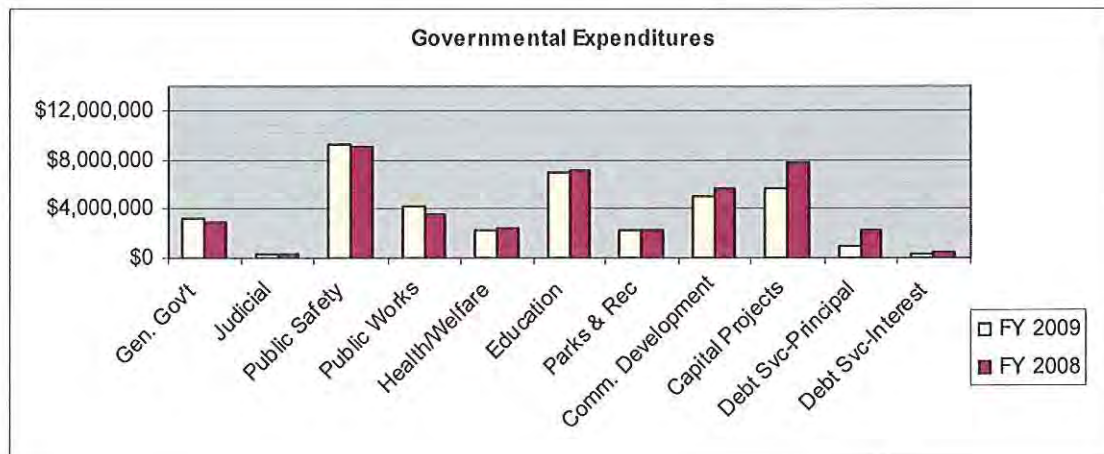
The City's Virginia Retirement System contribution rate, which is set for two-year increments based on the latest actuarial valuation, was 15.49% of covered payroll for FY 2009. Increased retirement benefits were made available January 1, 2009 by City Council action for career police officers and firefighters, based on the hazardous nature of work performed.

The following analysis provides additional information on the City's expenditures by function that changed significantly over the prior year.

- **General Government Administration** – Up \$290,557 or 9.8% from last year. Departments under this category, as well as all City departments, received an average increase in pay ranges of 3.75%, and experienced increased costs for benefits, such as FICA and Medicare withholdings, Virginia Retirement System, and Workers Compensation costs, which are all linked to employee salaries.
- **Judicial Administration** – By contract, the City funds judicial offices with James City County in the jointly owned Courthouse, according to a population-based formula each year. The City's share of expenditures totaled \$373,159, up 1.0% from the prior year.
- **Public Safety** – This category is made up of several departments:
  - **Law Enforcement & Traffic Control** – Expenditures for the Police Department were \$3.5 Million, down .4% from last year. No new positions were added during FY 2009. Increases in personnel costs were more than offset by reduced spending for other operating line items during the year.
  - **E-911** – This operation is responsible for City-wide E-911 communications dispatch at the Police Department. Costs increased 3.8% from last year to \$701,224 – salary and healthcare savings were experienced with employee turnover during the year. This operation transferred by contract with neighboring York County on July 1, 2009.
  - **Prince George Parking Garage** – Total cost this year was \$117,667, up by 5.5%, mostly from increases in personnel costs, equipment maintenance, and utilities. As noted previously, the PGPG generated revenues of \$209,300 for the year.
  - **Fire and Rescue Services** – Total costs were up slightly by 1.1% to \$3.3 Million. Accumulated and unbudgeted benefits paid at retirement for four firefighters were also partially offset by savings in other operating line items during the year.
  - **Correction and Detention** –
    - Williamsburg is a member locality of the Virginia Peninsula Regional Jail, along with James City County, Poquoson, and York County. The City's share, based on days incarceration, totaled \$1.1 Million during the year, up 18.0% from last year. Member jail costs are billed on a 5-year average usage rate to all localities in order to level out incarceration costs for crimes committed within each locality.
    - Juvenile detention costs during the year were \$45,469, down 30.1% from last year due to a decrease in daily population for the third year in a row. Total days for juvenile incarceration in FY 2009 were 263, compared to 359 last year. Like the Regional Jail, incarceration of juveniles at the Merrimac Center is based on crimes committed within the member localities, and very difficult to predict and budget for each year.
    - Inspection costs were \$470,140 during the year, down \$21,253, or 4.3% from the prior year. One building inspector position was eliminated during FY 2009 due to reduced building activity in the City.
- **Public Works** – Various activities make up this category:
  - **Engineering** – Expenditures during the year were \$242,646, up slightly by 1.2% due to increases in personnel costs.
  - **Streets** – Overall costs were \$1,595,811, up 49.6% from last year. The street resurfacing program completed in the summer of 2008 is included in the FY 2009 operating expenditures, skewing comparative costs for streets between FY 2008 and FY 2009.

- Refuse Collection – Expenditures for the year were \$907,085, up 4.9% for the year. For FY 2010, effective July 1, 2009 residential pickup was reduced from twice to once a week pickup for future cost-savings.
- Maintenance-Buildings, grounds, and landscaping costs were \$1,439,770, up 2.3% from last year, due largely to increased operational costs for aging City buildings. Major costs for building repairs are budgeted in the City's capital improvements program and not included here. Information technology costs of \$401,577 are included in the above figure, and are down about 6.1% from last year.
- **Health & Welfare** – Local health department costs were \$233,791, down 1.3% from last year. Contributions to the Colonial Services Board were \$245,860, up 6.0% from last year.
- **Education** – Education costs were \$7.0 Million, down 1.6% from last year. The City's share of the joint Williamsburg-James City County Public School system for Fiscal Year 2009 was 8.58%. FY 2009 was the second of a five year joint agreement, with operating funding based on the City's share of student population times a factor. The factor for FY 2009 was 1.15. Also under that agreement the City funds the same proportion of approved capital projects, except for new school construction, which is at 3.25%. The City's share of school capital costs paid during the year were \$889,976, and included new projects and those carried forward from prior years.
- **Parks, Recreation and Cultural**
  - Parks and recreation costs, including maintenance of Cedar Grove Cemetery, were \$1,387,111, down .4% from last year. Savings was accomplished with a combination of staffing changes and reduced spending for other operational costs.
  - The City's share of the Williamsburg Regional Library for the year was \$884,971, consistent with last year's operating support. The contract percentage for FY 2009 was 15.86% according to the agreement with James City County, which is based on circulation by residency each year.
- **Community Development**
  - Planning – Total expenditures were \$458,780 for FY 2009, down 8.0% from last year. Reduced spending for professional services more than offset increased personnel costs for the year.
  - Community and Economic Development – Contributions to outside agencies were \$4.3 Million during the year, including the \$2 per night lodging tax receipts for the year, totaling \$1.4 Million. Those funds were collected and submitted to the Williamsburg Area Destination Marketing Committee monthly for tourism promotion of the Historic Triangle. Economic development costs were \$121,684. Contributions for the Arts totaled \$135,600.
- **Capital Projects** – Capital project spending varies each year depending on the 5-year program. City projects totaled \$7,114,285 for FY 2009. Major projects included construction costs for the Emergency Operations Center, Kiwanis ball field renovations, various school improvements, and the City's vehicle replacement program. More information is provided under the Capital Asset section below.
- **Principal and Interest payments** – Total principal payments during FY 2009 were \$1.0 Million. Interest payments on outstanding debt totaled \$377,798. Details of long term debt obligations are included in the notes to the financial statements.





### Budget Variances

Included in the Final Budget column of the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - are carryover funds for Capital Projects. Since all planned projects rarely are completed by fiscal year end, this carryover is required in order to complete planned and previously approved projects. Actual revenues in the General Fund were under budget \$2.0 Million for Fiscal Year 2009. Although general property tax receipts were in excess of budgeted estimates, the decline in economic activity significantly affected lodging, meal, and 1% sales taxes during the year. In addition, the Federal Reserve continued to reduce interest rates during FY 2009, significantly impacting the City's ability to reach the budgeted level of interest earnings this year.

Total governmental fund expenditures, including capital projects, totaled \$39.1 Million, and were \$6.5 Million under budget for FY 2009, due to carried-over capital projects still in progress at year end. The budget balances of any appropriated capital projects not completed at year end are carried forward to the next fiscal year, as provided for in the City's financial policies. Carryover funds for capital projects totaled \$4.0 Million at year end.

### Fund Balance

Total Fund Balance for the General Fund decreased from \$29.0 Million to \$26.4 Million for the year. Of that, \$4.0 Million is designated for subsequent years' capital expenditures, and \$420,225 for future health care costs. Projects designated include remaining costs for the Emergency Operations Center, municipal building addition, Kiwanis Park improvements, and school capital projects. In addition, a \$110,000 note was receivable from the Williamsburg Redevelopment and Housing Authority and classified as reserved, since those funds were not on hand and available for spending on June 30, 2009.

### General Fund Reserve Policy

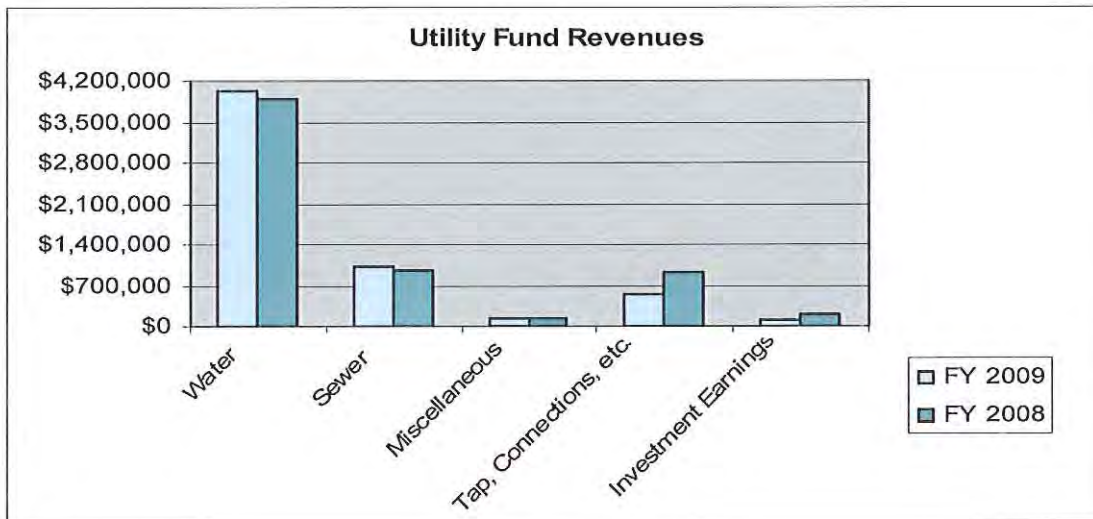
At June 30, 2009 the unreserved, undesignated portion of fund balance was \$21.8 Million. That reserve level, as a percentage of operating revenues for the year, is 66.5%, and continues to be well above the City's policy of maintaining reserves of at least 35% of operating revenues. Reserve levels will decline next year, based on the amount of capital projects carried over from last year, and new projects planned for FY 2010. For the foreseeable future the City's reserves should remain substantially higher than the City's policy level.

### Enterprise Funds Revenue/Expense Analysis

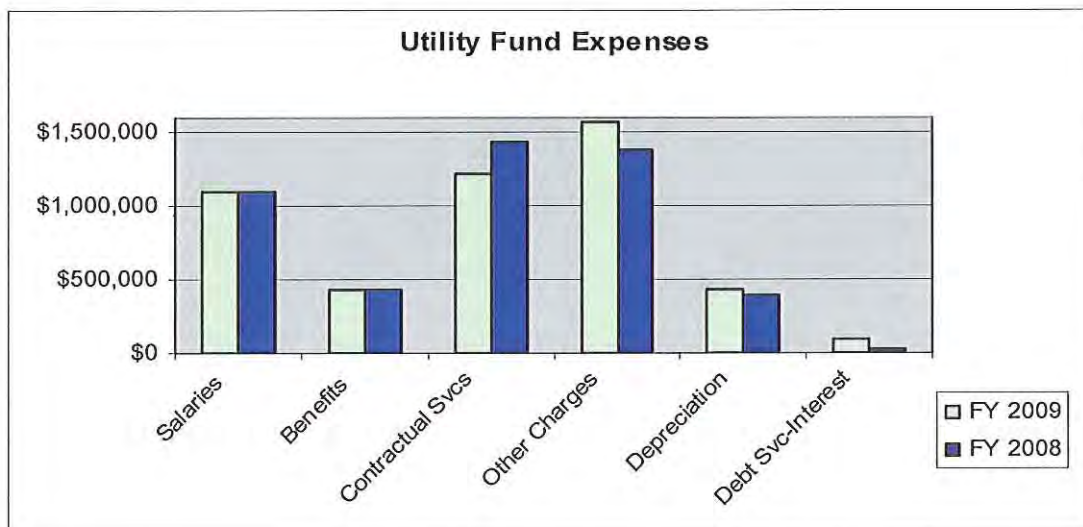
The business-type activity (water and sewer services of the Utility Fund) revenues for the year were \$5.7 Million, down 2.9% from last year. Water rates increased 15% in July 2008 from \$3.30 to \$3.80 per 1,000



gallons. Water and sewer revenues were up 4.8% for FY 2009. Tap, connection, and availability fees are unpredictable and dependent on development activity, and were down significantly from past years due to a slowdown in development activity. The City again received \$134,400 this year from contracts with three cell-phone providers using water tanks as a base for telecommunications equipment. Interest earnings were \$97,165, down 53.7% from last year, due to lower short-term interest rates during the past year.



Utility Fund expenses totaled \$4.8 Million for the year, compared to \$4.7 Million last year. Increases for salaries during the year were offset by savings from a few unfilled vacancies during the year, resulting in level spending for personnel costs. Depreciation charges since April 2009 will include amortization of the \$12.5 Million water agreement with the City of Newport News. This intangible asset will be amortized for 25 years. Operating income for FY 2009 was just under \$1.0 Million, due largely to the increase in water rates and controlled operational spending.



**ORIGINAL AND FINAL AMENDED BUDGETS**

The General Fund's capital improvement budget was increased by \$2,483,342 to carry forward the remaining appropriations for projects that were continued from the prior year.

**CAPITAL ASSET AND DEBT ADMINISTRATION****Capital Assets**

The City of Williamsburg's total investment in capital assets, including construction in progress, for its governmental and business type activities as of June 30, 2009, was \$94.3 Million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and recreation and park facilities. Major capital assets of the Utility Fund consist of all assets used to provide water and sewer services to City residents, including the major investment of the Waller Mill Reservoir and all properties adjacent to this watershed.

Major capital project fund activities during the current fiscal year included the following:

Governmental Funds:

- Completion of the Emergency Operations Center project that was initiated during FY 2008. \$1.8 Million was spent during FY 2009. Total project cost was \$1.9 Million.
- Information Technology network upgrades were completed at a cost of \$157,522.
- Design work began on the Municipal Building renovation, with initial plan and design costs during the year of \$357,961.
- The Kiwanis Park ball field renovation was essentially completed, with \$1.7 Million spent on the project during FY 2009.
- School projects, including renovations to existing facilities, and the City's share of construction costs of two new schools were funded during the year at a cost of \$889,976.
- Vehicles were replaced citywide under the replacement plan for \$183,296.

Utility Fund:

- The \$12.5 Million long-term agreement with the City of Newport News as a long-term source of increased water capacity was signed in March, 2009 – funding was achieved by borrowing \$10 Million with a bank qualified bond for 15 years with a 4% interest rate, and \$2.5 Million from reserves. This amount is reported as an intangible asset in these financial statements to be depreciated over 25 years.
- Other capital expenses were incurred during FY 2009 in the amount of \$196,492, and included water and sewer system improvements, and mandated sewer system rehab costs.

Additional information on the City of Williamsburg's capital assets can be found in the Notes to the Financial Statements section of this report.

**Long-Term Debt**

At June 30, 2009, the City of Williamsburg had total bonded debt outstanding of \$19.9 Million. Bonds payable for Governmental Activities were \$9.5 Million, while business-type activities owed \$10.4 Million at year end. The full faith and credit of the government backs these instruments.

The City's total bonded debt increased \$8.8 Million during FY 2009. The City's remaining capacity for debt at June 30, 2009 was approximately \$169 million. The City has not been rated by a major rating service such as Moody's Investor's Service, or Standard & Poor's. All borrowings have been Bank-Qualified (under \$10 Million) private placements with regional banking institutions and private individuals. As in the past, based on recommendation of the City's financial advisors, Davenport and Company, the City of Williamsburg will consider all aspects of private vs. public borrowing in its borrowing analysis. Additional information on the City of Williamsburg's long-term debt can be found in Note 9-Long-Term Obligations, in the Notes to Financial Statements section of this report.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Williamsburg's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Williamsburg, 401 Lafayette St., Williamsburg, VA 23185

## ***BASIC FINANCIAL STATEMENTS***

## ***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

City of Williamsburg, Virginia  
Statement of Net Assets  
June 30, 2009

	Primary Government		
	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,725,185	\$ 2,033,800	\$ 5,758,985
Investments	22,137,959	2,718,773	24,856,732
Receivables (net of allowance for uncollectibles):			
Taxes receivable	211,305	-	211,305
Accounts receivable	1,181,276	1,001,631	2,182,907
Notes receivable	110,332	-	110,332
Internal balances	28,138	(28,138)	-
Due from other governmental units	1,027,383	-	1,027,383
Prepaid expenses	13,679	-	13,679
Deferred charges	29,983	-	29,983
Capital assets (net of accumulated depreciation):			
Land and land improvements	9,903,249	6,305,101	16,208,350
Buildings and system	17,887,769	4,611,566	22,499,335
Improvements other than buildings	7,263,507	2,005,505	9,269,012
Machinery and equipment	2,617,948	613,137	3,231,085
Intangibles	-	12,500,000	12,500,000
Infrastructure	26,619,993	-	26,619,993
Construction in progress	3,973,989	-	3,973,989
Total assets	<u>\$ 96,731,695</u>	<u>\$ 31,761,375</u>	<u>\$ 128,493,070</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,311,948	\$ 312,237	\$ 1,624,185
Accrued liabilities	229,412	27,862	257,274
Refundable deposits	27,100	45,588	72,688
Accrued interest payable	127,104	66,667	193,771
Unearned revenue	45,014	171,000	216,014
Long-term liabilities:			
Due within one year	1,508,788	691,581	2,200,369
Due in more than one year	8,848,880	9,884,062	18,732,942
Total liabilities	<u>\$ 12,098,246</u>	<u>\$ 11,198,997</u>	<u>\$ 23,297,243</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 58,769,012	\$ 15,601,976	\$ 74,370,988
Unrestricted (deficit)	25,864,437	4,960,402	30,824,839
Total net assets	<u>\$ 84,633,449</u>	<u>\$ 20,562,378</u>	<u>\$ 105,195,827</u>

The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia  
Statement of Activities  
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities	
			Grants and Contributions	Capital Grants and Contributions			Total
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 4,206,889	\$ 4,760	\$ 156,184	\$ -	\$ (4,045,945)	\$	\$ (4,045,945)
Judicial administration	373,159	147,160	-	-	(225,999)		(225,999)
Public safety	9,626,052	295,207	567,854	-	(8,762,991)		(8,762,991)
Public works	4,493,041	-	1,382,944	-	(3,110,097)		(3,110,097)
Health and welfare	2,335,735	-	1,150,400	-	(1,185,335)		(1,185,335)
Education	7,913,290	-	698,356	103,132	(7,111,802)		(7,111,802)
Parks, recreation, and cultural	2,535,481	317,573	5,000	-	(2,212,908)		(2,212,908)
Community development	5,091,394	42,198	47,297	30,231	(4,971,668)		(4,971,668)
Interest on long-term debt	408,129	-	-	-	(408,129)		(408,129)
Total governmental activities	\$ 36,983,170	\$ 806,898	\$ 4,008,035	\$ 133,363	\$ (32,034,874)		\$ (32,034,874)
Business-type activities:							
Utility Fund	\$ 4,862,433	\$ 5,575,174	\$ -	\$ -	\$	\$ 712,741	\$ 712,741
Total business-type activities	\$ 4,862,433	\$ 5,575,174	\$ -	\$ -	\$	\$ 712,741	\$ 712,741
Total primary government	\$ 41,845,603	\$ 6,382,072	\$ 4,008,035	\$ 133,363	\$	\$ (31,322,133)	\$ (31,322,133)
General revenues:							
General property taxes					\$ 12,497,760	\$ -	\$ 12,497,760
Local sales and use taxes					3,844,275	-	3,844,275
Consumers' utility taxes					1,040,510	-	1,040,510
Restaurant food taxes					5,522,541	-	5,522,541
Hotel and motel taxes					3,574,810	-	3,574,810
SZ lodging taxes					1,347,470	-	1,347,470
Business license taxes					1,595,535	-	1,595,535
Other local taxes					576,653	-	576,653
Unrestricted revenues from use of money and property					930,037	97,165	1,027,202
Miscellaneous					871,641	182,884	1,054,525
Grants and contributions not restricted to specific programs					820,341	-	820,341
Total general revenues					\$ 32,621,573	\$ 280,049	\$ 32,901,622
Change in net assets					\$ 586,699	\$ 992,790	\$ 1,579,489
Net assets - beginning					84,046,750	19,569,588	103,616,338
Net assets - ending					\$ 84,633,449	\$ 20,562,378	\$ 105,195,827

The notes to the financial statements are an integral part of this statement.

## *FUND FINANCIAL STATEMENTS*



City of Williamsburg, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,442,057	\$ 283,128	\$ 3,725,185
Investments	22,137,959	-	22,137,959
Receivables (net of allowance for uncollectibles):			
Taxes receivable	211,305	-	211,305
Accounts receivable	1,181,276	-	1,181,276
Notes receivable	110,332	-	110,332
Due from other funds	55,137	-	55,137
Due from other governmental units	987,539	39,844	1,027,383
Prepaid items	13,679	-	13,679
Total assets	<u>\$ 28,139,284</u>	<u>\$ 322,972</u>	<u>\$ 28,462,256</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,311,925	\$ 20	\$ 1,311,945
Accrued liabilities	229,412	-	229,412
Refundable deposits	27,100	-	27,100
Accrued interest payable	32,385	-	32,385
Due to other funds	-	26,999	26,999
Deferred revenue	160,689	45,014	205,703
Total liabilities	<u>\$ 1,761,511</u>	<u>\$ 72,033</u>	<u>\$ 1,833,544</u>
Fund balances:			
Reserved for:			
Notes receivable	\$ 110,332	\$ -	\$ 110,332
Prepaid items	13,679	-	13,679
Unreserved, reported in:			
General fund	21,835,773	-	21,835,773
Special revenue funds	-	250,939	250,939
Designated for:			
General fund - subsequent years:			
Capital expenditures	3,997,764	-	3,997,764
Health care costs	420,225	-	420,225
Total fund balances	<u>\$ 26,377,773</u>	<u>\$ 250,939</u>	<u>\$ 26,628,712</u>
Total liabilities and fund balances	<u>\$ 28,139,284</u>	<u>\$ 322,972</u>	<u>\$ 28,462,256</u>

The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia  
 Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Assets  
 June 30, 2009

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 26,628,712
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	68,266,455
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. The following is a summary of items supporting this adjustment:

Deferred property taxes	\$ 160,689	
Amortizable bonds fees	29,983	190,672

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

General obligation bonds	\$ (9,497,443)	
OPEB liability	(82,673)	
Accrued interest payable	(94,722)	
Compensated absences	(777,552)	(10,452,390)

Net assets of governmental activities	\$ 84,633,449
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The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2009

	<u>General</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 12,421,044	\$ -	\$ 12,421,044
Other local taxes	17,501,794	-	17,501,794
Permits, privilege fees, and regulatory licenses	207,637	-	207,637
Fines and forfeitures	233,262	-	233,262
Revenue from the use of money and property	930,029	8	930,037
Charges for services	347,740	-	347,740
Miscellaneous	841,032	52,238	893,270
Recovered costs	790,266	-	790,266
Intergovernmental revenues:			
Commonwealth	3,787,236	476,059	4,263,295
Federal	30,231	677,581	707,812
Total revenues	<u>\$ 37,090,271</u>	<u>\$ 1,205,886</u>	<u>\$ 38,296,157</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 3,247,353	\$ -	\$ 3,247,353
Judicial administration	373,159	-	373,159
Public safety	9,250,432	3,636	9,254,068
Public works	4,185,312	-	4,185,312
Health and welfare	537,535	1,774,136	2,311,671
Education	7,023,314	-	7,023,314
Parks, recreation, and cultural	2,272,082	-	2,272,082
Community development	5,070,823	-	5,070,823
Capital projects	5,699,783	-	5,699,783
Debt service:			
Principal retirement	1,036,704	-	1,036,704
Interest and other fiscal charges	377,798	-	377,798
Total expenditures	<u>\$ 39,074,295</u>	<u>\$ 1,777,772</u>	<u>\$ 40,852,067</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,984,024)</u>	<u>\$ (571,886)</u>	<u>\$ (2,555,910)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 640,000	\$ 640,000
Transfers out	(640,000)	-	(640,000)
Total other financing sources (uses)	<u>\$ (640,000)</u>	<u>\$ 640,000</u>	<u>\$ -</u>
Net change in fund balances	\$ (2,624,024)	\$ 68,114	\$ (2,555,910)
Fund balances - beginning	29,001,797	182,825	29,184,622
Fund balances - ending	<u>\$ 26,377,773</u>	<u>\$ 250,939</u>	<u>\$ 26,628,712</u>

The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia  
 Reconciliation of Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds	\$ (2,555,910)
--	----------------

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 is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital outlay	\$ 4,790,239	
Depreciation expense	<u>(2,649,382)</u>	2,140,857

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	76,716
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The issuance of long-term debt (e.g. bonds, leases) 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, discounts, 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 items. The following is a summary of items supporting this adjustment:

Principal retirement on general obligation bonds	\$ 1,036,704	
Amortization of bond fees	<u>(2,727)</u>	1,033,977

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

(Increase) decrease in accrued leave	\$ 1,336	
(Increase) decrease in OPEB liability	(82,673)	
(Increase) decrease in interest payable	<u>(27,604)</u>	(108,941)

Change in net assets of governmental activities	<u>\$ 586,699</u>
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The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia  
Statement of Net Assets  
Proprietary Funds  
June 30, 2009

	Utility Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,033,800
Investments	2,718,773
Accounts receivable, net of allowances for uncollectibles	1,001,631
Total current assets	<u>\$ 5,754,204</u>
Noncurrent assets:	
Capital assets:	
Land	\$ 6,305,101
Buildings and system	9,885,654
Improvements other than buildings	6,553,577
Machinery and equipment	1,473,661
Intangibles	12,500,000
Less: accumulated depreciation	(10,682,684)
Total capital assets	<u>\$ 26,035,309</u>
Total noncurrent assets	<u>\$ 26,035,309</u>
Total assets	<u>\$ 31,789,513</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 312,237
Accrued liabilities	27,862
Refundable deposits	45,588
Accrued interest payable	66,667
Due to other funds	28,138
Compensated absences	66,948
Deferred revenue	171,000
Bonds payable - current portion	624,633
Total current liabilities	<u>\$ 1,343,073</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 9,808,700
Compensated absences	66,504
OPEB liability	8,858
Total noncurrent liabilities	<u>\$ 9,884,062</u>
Total liabilities	<u>\$ 11,227,135</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 15,601,976
Unrestricted	4,960,402
Total net assets	<u>\$ 20,562,378</u>

The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2009

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	<u>Utility Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenues	\$ 4,020,473
Sewer revenues	1,031,778
Tap and availability fees	502,590
Penalty and interest	20,333
Miscellaneous	143,220
Total operating revenues	<u>\$ 5,718,394</u>
<b>OPERATING EXPENSES</b>	
Personnel services	\$ 1,100,639
Fringe benefits	434,681
Contractual services	1,222,821
Other charges	1,572,394
Depreciation	439,351
Total operating expenses	<u>\$ 4,769,886</u>
Operating income (loss)	<u>\$ 948,508</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	\$ 97,165
Interest expense	(92,547)
Connection fees	39,664
Total nonoperating revenues (expenses)	<u>\$ 44,282</u>
Income before contributions and transfers	<u>\$ 992,790</u>
 Total net assets - beginning	 19,569,588
Total net assets - ending	<u><u>\$ 20,562,378</u></u>

The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2009

	<b>Utility Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 5,737,064
Payments to suppliers	(3,067,752)
Payments to and for employees	(1,524,116)
Net cash provided (used) by operating activities	<u>\$ 1,145,196</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	\$ (12,805,253)
Principal payments on bonds	(133,334)
Connection fees	39,664
Proceeds from indebtedness	10,000,000
Interest payments	(25,880)
Net cash provided (used) by capital and related financing activities	<u>\$ (2,924,803)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Sale (purchase) of investments	2,402,835
Interest and dividends received	97,165
Net cash provided (used) by investing activities	<u>\$ 2,500,000</u>
Net increase (decrease) in cash and cash equivalents	\$ 720,393
Cash and cash equivalents - beginning	1,313,407
Cash and cash equivalents - ending	<u><u>\$ 2,033,800</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	<u>\$ 948,508</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	439,351
(Increase) decrease in accounts receivable	18,177
Increase (decrease) in compensated absences	11,204
Increase (decrease) in accounts payable	(259,099)
Increase (decrease) in deferred revenue	(4,500)
Increase (decrease) customer deposits	4,993
Increase (decrease) in due to other funds	(13,438)
Total adjustments	<u>\$ 196,688</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,145,196</u></u>

The notes to the financial statements are an integral part of this statement.

City of Williamsburg, Virginia  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 219,795
Investments, at fair value:	
Other investments	1,416,035
Other assets	<u>10,191</u>
Total assets	<u><u>\$ 1,646,021</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 29,361
Amounts held for others	<u>1,616,660</u>
Total liabilities	<u><u>\$ 1,646,021</u></u>

The notes to the financial statements are an integral part of this statement.



## CITY OF WILLIAMSBURG, VIRGINIA

### Notes to Financial Statements As of June 30, 2009

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#### ***Note 1—Summary of Significant Accounting Policies:***

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The City of Williamsburg, Virginia (the "City") was established by the General Assembly of the Commonwealth of Virginia in 1699 and was incorporated by British Royal Charter in 1722. The City is a municipal corporation governed by an elected mayor and four-member council. The accompanying financial statements present the government and the entities for which the government is considered to be financially accountable.

Management's Discussion and Analysis - GASB Statement No. 34 requires the 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).

#### Government-wide and Fund Financial Statements

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 but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities). Governments will report all capital assets in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Notes to Financial Statements (Continued)  
As of June 30, 2009

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***Note 1—Summary of Significant Accounting Policies: (Continued)***

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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).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the current reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

**A. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the City of Williamsburg (the primary government).

**B. Individual Component Unit Disclosures**

*Blended Component Unit* - the City has no blended component units to be included for the fiscal year ended June 30, 2009.

*Discretely Presented Component Units* - the City has no discretely presented component units to be included for the fiscal year ended June 30, 2009.

# CITY OF WILLIAMSBURG, VIRGINIA

## Notes to Financial Statements (Continued) As of June 30, 2009

### Note 1—Summary of Significant Accounting Policies: (Continued)

#### C. Other Related Organizations

Not included in the City's financial statements are certain entities created as separate governments under the laws of the Commonwealth of Virginia. These agencies are separate legal entities having governmental character and sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the City, although certain members of their governing bodies are appointed by the City Council. Specific information on the nature of the individual agencies and description of their financial transactions affecting the City are provided in the following paragraphs:

1. Williamsburg Redevelopment & Housing Authority - The Authority is a public corporation that administers urban development projects and operates all public housing in the City. City Council selects the members of the Authority's board; however, the board designates its own management and has the responsibility for budget adoption and revision. The Authority's operating and capital expenditures, including debt service, are financed principally with federal funds and rentals. Separate financial statements are prepared and are available, which reflect the details of its operations.
2. The City of Williamsburg - County of James City, Virginia Joint Public Schools - Under the terms of an agreement dated January 14, 1954, and subsequently revised, between the governing bodies and the school boards of the City of Williamsburg, Virginia and the County of James City, Virginia, effective July 1, 1955, the two localities consolidated the operations of their schools. By agreement, the City's share of operational costs will be equivalent to the percentage of City students each year beginning July 1, 2002, times an add-on factor that varies by year as follows - the last five of which are a result of the latest agreement amended April 12, 2009 for Fiscal Years 2009 through 2012:

<u>Fiscal Year</u>	<u>Factor</u>
2008	1.15
2009	1.15
2010	1.15
2011	1.14
2012	1.14

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2009

*Note 1—Summary of Significant Accounting Policies: (Continued)*

C. Other Related Organizations (Continued)

The City of Williamsburg - County of James City, Virginia Joint Public Schools (Continued)

Summary financial information on the school operations as of June 30, 2009, is as follows:

Total assets	\$ 14,820,849
Liabilities	10,078,018
Fund equity and other credits	4,742,831
Total liabilities, fund equity, and other credits	\$ 14,820,849
Revenues	114,732,900
Expenditures and other financing uses	113,884,355
Excess of expenditures and other financing uses over revenues	848,545
Fund balance, beginning	3,894,286
Fund balance, ending	\$ 4,742,831

General long-term debt of the joint school operations consists of liabilities for early retirement, compensated absences, and obligations under capital leases. Each participating government is responsible for its own debt related to school properties.

3. Williamsburg Regional Library - The Library is a joint operation of the City of Williamsburg and the County of James City, Virginia, operating under a contract dated January 14, 1999. It receives funding from the State of Virginia, the federal government, York County, and some private sources. The Library's board is split between City and County appointees. The Library's management is independent from City and County control. During the current fiscal year, the City contributed \$884,971 to the Library's operating budget, or 15.5% of its net appropriated support. Separate financial statements are prepared and are available, which reflect the details of its operations.
4. Other Agencies - Certain agencies and commissions service both the City of Williamsburg and surrounding localities. Board membership is allocated among the localities and their governing bodies make appointments. These agencies include: Hampton Roads Planning District Commission (HRPDC), Peninsula Alliance for Economic Development (PAED), Colonial Services Board, Virginia Peninsula Regional Jail, Group Home Commission, Middle Peninsula Juvenile Detention Commission, Peninsula Agency on Aging, Community Action Agency, Crossroads, Hampton Roads Partnership, Virginia Peninsula Public Service Authority, and the Williamsburg Area Arts Commission.

Notes to Financial Statements (Continued)  
As of June 30, 2009

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*Note 1—Summary of Significant Accounting Policies: (Continued)*

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D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) 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 (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Notes to Financial Statements (Continued)  
As of June 30, 2009

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*Note 1—Summary of Significant Accounting Policies: (Continued)*

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D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the City.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the City 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.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The City reports the General Fund as a major governmental fund.

The General Fund is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

Proprietary Funds - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from non-operating 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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The City's Major Enterprise Fund consists of the Utility Fund.

Note 1—Summary of Significant Accounting Policies: (Continued)

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D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the following non-major funds: Virginia Public Assistance Fund and Law Enforcement Block Grant Fund. The Virginia Public Assistance Fund accounts for the Social Services programs of the City and is funded primarily through intergovernmental revenues.

Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the City unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Agency Funds. Private Purpose Trust Funds utilize the accrual basis of accounting as described in the Proprietary Funds Presentation. Agency funds utilize the accrual basis of accounting described in the Proprietary Fund Presentation. Agency funds include the Williamsburg Regional Library, the Williamsburg Tricentennial Fund, Colonial CASA Fund, Economic Development Authority, and the Farmer's Market Fund. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.



## CITY OF WILLIAMSBURG, VIRGINIA

### Notes to Financial Statements (Continued) As of June 30, 2009

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#### *Note 1—Summary of Significant Accounting Policies: (Continued)*

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##### G. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$132,478 at June 30, 2009 and is comprised of property taxes of \$86,506 and water and sewer charges of \$45,972.

##### Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	July 1	January 1
Due Date	December 1 / June 1	December 1
Lien Date	July 1	January 1

The City bills and collects its own property taxes. The City follows the practice of reassessing real estate annually and personal property annually.

##### H. Capital Assets

Capital assets, which include property, plant and equipment, and intangibles are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the City as land, buildings, infrastructure, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation. Intangible assets lack physical substance and have a nonfinancial nature and initial useful life extending beyond a single reporting period.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized asset as of June 30, 2009 was immaterial.

Notes to Financial Statements (Continued)  
As of June 30, 2009

*Note 1—Summary of Significant Accounting Policies: (Continued)*

H. Capital Assets (Continued)

Property, plant and equipment of the primary government are depreciated (including amortization of intangible assets) using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings	40
Improvements other than buildings	20
Infrastructure	
Roads	30
Bridges and culverts	50
Water/sewer system	40
Equipment	3-10
Intangibles	40

I. Compensated Absences

Vested or accumulated vacation leave is recognized as an expenditure and liability of the governmental fund that will pay it when it is matured. Thus, the only portion of a compensated absences liability that is reported in the governmental funds would be the amount of reimbursable unused vacation leave or sick leave payable to employees who had terminated their employment as of June 30<sup>th</sup>. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

J. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The City's policy is to fund pension cost as it accrues.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Notes to Financial Statements (Continued)  
As of June 30, 2009

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***Note 1—Summary of Significant Accounting Policies: (Continued)***

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**M. Net Assets**

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

**N. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is 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. Prepaid Items**

Prepaid expenditures in governmental funds are offset by reservation of fund balance.

**P. Inventory**

Inventory is valued at cost using the weighted average method. Inventory consists of expendable supplies held for consumption and is recorded as expenditures when used (consumption method). In the Governmental Funds, inventory is equally offset by a fund balance reserve which indicates that it does not constitute "currently expendable financial resources".

***Note 2—Stewardship, Compliance, and Accounting:***

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

1. The City Charter requires the City Manager to submit to the City Council an annual budget for the ensuing fiscal year at least 60 days prior to the beginning of such fiscal year.
2. A public hearing on the budget is held after a synopsis of the budget is published in a local newspaper of general circulation. After a public hearing, the City Council may change any item in the budget (other than debt service or items required by law). A budget resolution must be adopted by the City Council prior to June 30 or as soon thereafter as is practicable.
3. The City utilizes the budget resolution of budgetary control whereby City Council adopts budgets for estimated revenues and expenditures on a departmental basis for the General Fund and Special Revenue Funds. Adopted budgets may be amended or superseded by action of City Council.

## CITY OF WILLIAMSBURG, VIRGINIA

### Notes to Financial Statements (Continued) As of June 30, 2009

#### Note 2—Stewardship, Compliance, and Accounting (Continued):

4. Budgets are also adopted by City Council for the Enterprise Funds. Budget to actual comparisons for these funds are not presented herein since there is no legal requirement for such presentation.
5. All operating budgets include proposed expenditures and the means of financing them. The City Manager has the authority to transfer amounts within the departments, so long as the total appropriation for a department is not adjusted. Budgeted amounts as presented in the financial statements reflect reallocations within budget categories through June 30, 2009.
6. Appropriation control is maintained at the department level. Appropriations lapse at year end. Encumbrances and reserved fund balances outstanding at year end are re-appropriated in the succeeding year.
7. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
8. The City utilizes a Finance and Audit Committee to assist City Council in carrying out its oversight responsibilities as they relate to financial reporting, internal controls and compliance with laws and regulations.

#### Expenditures and Appropriations

Expenditures exceeded appropriations in the following departments:

Department	Final Budget	Actual	Overexceed Amount
<b>General Fund:</b>			
Clerk of council	\$ 96,981	\$ 102,429	\$ 5,448
Electoral board and officials	24,612	27,399	2,787
Maintenance of general building and grounds	484,305	512,854	28,549
Transportation programs for elderly	3,500	4,168	668
Other community development	-	30,231	30,231
Other welfare and social services	-	12,086	12,086
<b>Law Enforcement Block Grant Fund:</b>			
Other protection	-	3636	3,636

#### Note 3—Deposits and Investments:

##### Deposits

All cash of the primary government is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. Seq. of the Code of Virginia or covered by federal depository insurance.

Notes to Financial Statements (Continued)  
As of June 30, 2009

Note 3—Deposits and Investments: (Continued)

Investments

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The City’s rated debt investments as of June 30, 2009 were rated by *Standard and Poor’s* and the ratings are presented below using the *Standard and Poor’s* rating scale. The City’s investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio, and not more than 5% per issuer.

Locality's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	<u>\$ 26,272,767</u>
Total	<u><u>\$ 26,272,767</u></u>

External Investment Pools

The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2009

**Note 4—Due from Other Governments:**

At June 30, 2009, the City has receivables from other governments as follows:

	Primary Government
Other Local Governments:	
County of James City	\$ 5,513
Commonwealth of Virginia:	
Communications tax	108,773
E-911 wireless tax	17,324
Local sales tax	701,770
Recordation tax	16,698
Rolling stock tax	6,523
Social services	12,651
State sales tax	130,938
Federal Government:	
Social Services	27,193
Total	<u>\$ 1,027,383</u>

**Note 5—Interfund Obligations:**

Details of the Primary Government's interfund receivables and payables as of June 30, 2009 are as follows:

Fund	Interfund Receivables	Interfund Payables
General	\$ 55,137	\$ -
Virginia Public Assistance	-	26,999
Proprietary	-	28,138
Total	<u>\$ 55,137</u>	<u>\$ 55,137</u>

The outstanding balances between funds result mainly 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.

**Note 6—Notes Receivable:**

The City has one non-interest bearing note receivable for \$110,000, due from the Williamsburg Redevelopment and Housing Authority secured by a deed of trust. The note is due on the sale of the related property.



## CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2009**Note 7—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<i>Governmental activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 9,759,682	\$ 143,567	\$ -	\$ 9,903,249
Construction in progress	2,203,615	3,884,224	2,113,850	3,973,989
Total capital assets not subject to depreciation	\$ 11,963,297	\$ 4,027,791	\$ 2,113,850	\$ 13,877,238
Capital assets subject to depreciation:				
Buildings and system	\$ 28,695,604	\$ -	\$ -	\$ 28,695,604
Improvements other than buildings	12,179,104	11,304	-	12,190,408
Infrastructure	48,295,420	2,367,313	-	50,662,733
Machinery and equipment	7,236,148	497,681	94,319	7,639,510
Total capital assets subject to depreciation	\$ 96,406,276	\$ 2,876,298	\$ 94,319	\$ 99,188,255
Less accumulated depreciation for:				
Buildings and system	\$ 10,092,563	\$ 715,272	\$ -	\$ 10,807,835
Improvements other than buildings	4,350,324	576,577	-	4,926,901
Infrastructure	23,234,053	808,687	-	24,042,740
Machinery and equipment	4,567,035	548,846	94,319	5,021,562
Total accumulated depreciation	\$ 42,243,975	\$ 2,649,382	\$ 94,319	\$ 44,799,038
Total capital assets subject to depreciation, net	\$ 54,162,301	\$ 226,916	\$ -	\$ 54,389,217
Governmental activities capital assets, net	\$ 66,125,598	\$ 4,254,707	\$ 2,113,850	\$ 68,266,455

## CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2009**Note 7—Capital Assets: (Continued)**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<i>Business-type activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 5,652,301	\$ -	\$ 1,000	\$ 5,651,301
Open easement	653,800	-	-	653,800
Total capital assets not subject to depreciation	\$ 6,306,101	\$ -	\$ 1,000	\$ 6,305,101
Capital assets subject to depreciation:				
Buildings and system	\$ 9,885,654	\$ -	\$ -	\$ 9,885,654
Intangibles	-	12,500,000	-	12,500,000
Improvements other than buildings	6,365,901	187,676	-	6,553,577
Machinery and equipment	1,355,084	118,577	-	1,473,661
Total capital assets subject to depreciation	\$ 17,606,639	\$ 12,806,253	\$ -	\$ 30,412,892
Less accumulated depreciation for:				
Buildings and system	\$ 5,078,433	\$ 195,655	\$ -	\$ 5,274,088
Intangibles	-	-	-	-
Improvements other than buildings	4,429,815	118,257	-	4,548,072
Machinery and equipment	735,085	125,439	-	860,524
Total accumulated depreciation	\$ 10,243,333	\$ 439,351	\$ -	\$ 10,682,684
Total capital assets subject to depreciation, net	\$ 7,363,306	\$ 12,366,902	\$ -	\$ 19,730,208
Business-type activities capital assets, net	\$ 13,669,407	\$ 12,366,902	\$ 1,000	\$ 26,035,309

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2009

**Note 7—Capital Assets: (Continued)**

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:		
General government	\$	935,461
Public safety		446,161
Public works		977,942
Health and welfare		7,039
Parks, recreation and cultural		265,816
Community development		16,963
		<u>          </u>
Total depreciation expense - governmental activities	\$	<u>2,649,382</u>
Business-type activities:		
Water and sewer	\$	<u>439,351</u>

**Note 8— Interfund Transfers:**

Interfund transfers for the year ended June 30, 2009, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 640,000
Special Revenue Fund:		
Virginia Public Assistance Fund	<u>640,000</u>	<u>-</u>
Total	<u>\$ 640,000</u>	<u>\$ 640,000</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 and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2009

**Note 9—Long-Term Obligations:**

Annual requirements to amortize long-term obligations and related interest are as follows:

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within One Year
<i>Primary Government:</i>					
<i>Governmental Obligations:</i>					
General obligation bonds	\$ 10,534,147	\$ -	\$ 1,036,704	\$ 9,497,443	\$ 1,064,816
Compensated absences	778,888	-	1,336	777,552	443,972
OPEB liability	-	148,532	65,859	82,673	-
Total Governmental obligations	<u>\$ 11,313,035</u>	<u>\$ 148,532</u>	<u>\$ 1,103,899</u>	<u>\$ 10,357,668</u>	<u>\$ 1,508,788</u>
<i>Business-Type Activities:</i>					
<i>Enterprise Obligations:</i>					
General obligation bonds	\$ 566,667	\$ 10,000,000	\$ 133,334	\$ 10,433,333	\$ 624,633
Compensated absences	122,248	11,204	-	133,452	66,948
OPEB liability	-	15,915	7,057	8,858	-
Total Enterprise obligations:	<u>\$ 688,915</u>	<u>\$ 10,027,119</u>	<u>\$ 140,391</u>	<u>\$ 10,575,643</u>	<u>\$ 691,581</u>

Annual debt service requirements to maturity for general obligation bonds and notes payable are as follows:

Year Ended June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 1,064,816	\$ 370,670	\$ 624,633	\$ 419,752
2011	1,088,610	326,357	653,133	392,311
2012	1,118,109	280,313	673,933	364,042
2013	843,344	239,140	595,635	339,932
2014	774,336	209,020	584,700	315,440
2015 - 2019	3,188,520	516,631	3,293,700	1,207,096
2020 - 2024	1,419,708	80,564	4,007,599	493,480
Total	<u>\$ 9,497,443</u>	<u>\$ 2,022,695</u>	<u>\$ 10,433,333</u>	<u>\$ 3,532,053</u>

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2009

*Note 9—Long-Term Obligations: (Continued)*

Details of long-term indebtedness are as follows:

Long-Term Obligations, Governmental Activities:

General Obligation Bonds :

The City authorized and issued a \$2,500,000 general obligation bond for the purpose of financing the construction of a parking garage. The bond bears interest at 4.55%. Interest is payable semi-annually and principal is to be repaid in annual installments and matures January 15, 2017.

Total Amount
\$ 1,540,000

The City authorized and issued a \$4,000,000 general obligation bond for the purpose of financing several public improvement projects payable in principal installments of \$66,666 plus interest at a variable rate equal to the London Interbank Offered Rate (LIBOR) minus 1.40%. Payments are due the first day of each March, June, September, and December through June 2012.

866,667

The City authorized and issued a \$2,000,000 general obligation bond in August 1997 for capital improvements. The bond is payable in quarterly principal installments of \$133,333 plus interest at a fixed rate of 4.94%. Payments are due the first day of each March, June, September, and December through September 2012.

433,334

The City authorized and issued a \$8,500,000 general obligation bond in April 2005 for the purpose of prepayment on \$4,500,000 note pertaining to the Prince George Parking Garage and to finance the construction of a new high school. The bond is payable in annual principal installments plus semi-annual interest payments at a fixed rate of 3.76%. Payments are due the first day of April. Payments began October 1, 2005 and end April 2020.

6,657,442

Total general obligation bonds

\$ 9,497,443

Compensated absences (payable from General Fund)

\$ 777,552

OPEB liability

\$ 82,673

Total Long-Term Obligations, Governmental Activities

\$ 10,357,668

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2009

**Note 9—Long-Term Obligations: (Continued)**

Long-Term Obligations, Business-Type Activities:	Total Amount
<u>General Obligation Bonds :</u>	
The City authorized and issued a \$2,000,000 general obligation bond in August 1997 for the purpose of improvements to the City's water filtration plant. The bond is payable in quarterly principal installments of \$133,333 plus interest at a fixed rate of 4.94%. Payments are due the first day of each March, June, September, and December through September 2012.	\$ 433,333
The City authorized and issued a \$10,000,000 general obligation bond in April 2009 to purchase long-term water rights from the City of Newport News. The bond is payable in scheduled annual principal payments each May 1 through 2024. Interest is payable semi-annually at a fixed rate of 4.00%.	10,000,000
Total general obligation bonds	\$ 10,433,333
Compensated absences (payable from Enterprise Fund)	\$ 133,452
OPEB liability	\$ 8,858
Total Long-Term Obligations, Business-Type Activities	\$ 10,575,643

**Note 10—Deferred Revenue:**

Deferred 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. Deferred revenue totaling \$205,703 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$160,504 at June 30, 2009.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2009, but paid in advance by the tax payers totaled \$185 at June 30, 2009.

Other Deferred Revenue: Deferred revenue representing uncollected state and federal grants not available for funding of current expenditures totaled \$45,014 at June 30, 2009.

## CITY OF WILLIAMSBURG, VIRGINIA

### Notes to Financial Statements (Continued)

As of June 30, 2009

#### **Note 11—Commitments and Contingencies:**

Federal programs in which the City participates were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

A summary of construction commitments is as follows:

	Project	Contractor	Amount of Contract	Contract Outstanding at 6/30/2009
Sales Tax Fund	Williamsburg Emergency Operations Center	David A. Nice Builders	\$ 1,732,162	\$ 107,982
Sales Tax Fund	Kiwanis Park - Phase II	David A. Nice Builders	1,829,309	94,063

#### **Note 12—Litigation:**

At June 30, 2009, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

#### **Note 13—Risk Management:**

The City 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. The City joined together with other local governments in Virginia to form the Virginia Municipal Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The City pays annual premiums to the pool for its property, theft, auto liability, and general liability coverage. Settled claims for the City resulting from these risks have not exceeded insurance coverage for each of the past three years. There was no reduction in insurance coverage during fiscal year 2009.

The City is also a participating member in the Virginia Municipal Group Self Insurance Association. This non-profit entity provides workers' compensation coverage in compliance with the Virginia Workers' Compensation Code. Each Association member jointly and severally agrees to assume, pay and discharge any liability. The City pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid.

In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion, which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. In addition, the City provides various surety bond coverage as required under regulations and at industry recommended levels.

## CITY OF WILLIAMSBURG, VIRGINIA

### Notes to Financial Statements (Continued) As of June 30, 2009

#### **Note 13—Risk Management: (Continued)**

The City has chosen to retain the risk associated with the employee's health insurance plan. Risk is retained at 100% up to an individual stop loss of \$60,000 for individual claims paid during the contract year. Premiums are paid for all eligible full time employees to a claims administrator who processes all claims. Any excess above the amount of the incurred but not reported (IBNR) claims at the end of the year are returned to the City. The annual liability for claims costs, including IBNR claims, is estimated during the annual renewal process each contract year (July 1 through June 30). The estimated claims cost is based on the prior year's experience as well as industry trends.

A summary of claims liability for the past three years follows:

Unpaid claims, June 30, 2006	\$ -
Incurred claims (including IBNR and changes in estimate)	1,227,128
Claim payments	<u>(1,227,128)</u>
Unpaid claims, June 30, 2007	\$ -
Incurred claims (including IBNR and changes in estimate)	1,301,672
Claim payments	<u>(1,301,672)</u>
Unpaid claims, June 30, 2008	\$ -
Incurred claims (including IBNR and changes in estimate)	1,608,999
Claim payments	<u>(1,608,999)</u>
Unpaid claims, June 30, 2009	<u><u>\$ -</u></u>

#### **Note 14—Defined Benefit Pension Plan:**

##### Primary Government:

##### A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

The City contributes to the Virginia Retirement System (VRS). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70 percent of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA), beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.



# CITY OF WILLIAMSBURG, VIRGINIA

## Notes to Financial Statements (Continued) As of June 30, 2009

### Note 14—Defined Benefit Pension Plan: (Continued)

#### A. Plan Description (Continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/publications/2008annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

#### B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. This 5.00% member contribution has been assumed by the employer. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's contribution rate (including member contribution) for the fiscal year ended 2009 was 15.49% of annual covered payroll.

#### C. Annual Pension Cost

For fiscal year 2009, the City's annual pension cost of \$1,445,017 was equal to the City's required and actual contributions.

#### Three-Year Trend Information for City

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2007	\$ 1,443,616	100%	\$ -
June 30, 2008	1,515,973	100%	-
June 30, 2009	1,445,017	100%	-

(1) Employer and employee portions

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officer, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2009

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***Note 14—Defined Benefit Pension Plan: (Continued)***

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**D. Funded Status and Funding Progress**

As of June 30, 2008, the most recent actuarial valuation date, the plan was 89.71% funded. The actuarial accrued liability for benefits was \$47,984,602 and the actuarial value of assets was \$43,045,137, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,939,465. The covered payroll (annual payroll of active employees covered by the plan) was \$9,370,324, and ratio of the UAAL to the covered payroll was 52.71%.

The schedule of funding progress, presented as Required Supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

***Note 15—Postemployment Benefits Other Than Pensions:***

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**Plan Description**

The City provides assistance to certain retirees, who participate in outside non-employer qualified health insurance plans, in the form of a supplemental payment for the cost of health insurance coverage. The payments are made to retirees who participated in the City's health insurance plan for at least ten consecutive years and who had either a minimum of 15 years of service or are disabled.

**Funding Policy**

The monthly amount of the supplemental payment is equal to \$4 for each year of service and cannot exceed \$120 per month. The supplement stops upon the death of the retiree or upon termination of the outside health insurance coverage. The retiree health insurance supplement program was adopted by City Council effective as of January 1, 2002. As of June 30, 2009, there were 33 retirees receiving supplemental payments. Total payments during the year were \$37,080.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The City has elected to calculate the ARC and related information using the projected unit credit actuarial cost method permitted by GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2009

**Note 15-Postemployment Benefits Other Than Pensions (Continued):**

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	164,447
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)	\$	164,447
Estimated Contributions made		(72,916)
Increase in net OPEB obligation		91,531
Net OPEB obligation-beginning of year		-
Net OPEB obligation-end of year	\$	91,531

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 164,447	44.34% \$	91,531

The City implemented GASB Statement No.45 for the fiscal year ended June 30, 2009 and only one year's information was available. This will be expanded in future years when more information becomes available.

**Funded Status and Funding Progress**

As of June 30, 2008, the most recent valuation date, the actuarial accrued liability for benefits was \$1,189,074, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$9,370,324, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.3 percent.

Actuarial valuations of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and level of health insurance supplement reimbursed for retirees.. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Notes to Financial Statements (Continued)  
As of June 30, 2009

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***Note 15-Postemployment Benefits Other Than Pensions (Continued):***

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Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided 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 methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement age for active employees*-Retirement age was estimated based on tables used for the VRS pension valuation based on gender, age, and years of service.

*Marital status*-Not applicable because the City's credit does not apply to the spouse of a retiree.

*Mortality*-Life expectancies were based on mortality tables from the Group Annuity Mortality Tables. The 1994 Mortality Tables for Males and for Females were used.

*Turnover*-Non-group-specific age-based turnover data from the VRS State Employees Pension Valuation were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing and expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid. Assumptions included that 80% of the current actives will be eligible for the medical credit when they retire and all disabled employees will be eligible for the credit.

*Payroll growth rate*-The expected long-term payroll growth rate was assumed to be 2.50% based on a zero population growth assumption.

In the July 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, benefits are projected for life and then 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. Based on the historical and expected returns of the City's short-term investment portfolio, a discount of 4.0% was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was thirty years.

CITY OF WILLIAMSBURG, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2009

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***Note 16–Surety Bonds:***

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The following Surety bonds are maintained by the City:

	<u>Amount</u>
<u>Fidelity and Deposit Company of Maryland</u>	
Philip F. Serra, Director of Finance	\$ 500,000
Judy Nightingale Fuqua, Commissioner of the Revenue	3,000
Betsy Woolridge, Clerk of Circuit Court	103,000
Robert Deeds, Sheriff	30,000
Employees of Constitutional officers - blanket bond	1,000,000
Police Department - blanket bond	100,000
All City of Williamsburg employees except Constitutional Officers and their subordinates and the Police Department	100,000

***Note 17–Governmental Accounting Standards:***

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The Governmental Accounting Standards Board (GASB) has issued Statement No. 51, “Accounting and Financial Reporting for Intangible Assets.” This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The City early implemented GASB Statement No. 51 during fiscal year 2009, which resulted in the recording of water rights as an intangible asset, purchased during fiscal year 2009.

## *REQUIRED SUPPLEMENTARY INFORMATION*

### *NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:*

*Presented budgets were prepared in accordance with  
accounting principles generally accepted in the  
United States of America*

City of Williamsburg, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
General property taxes	\$ 11,960,980	\$ 11,960,980	\$ 12,421,044	\$ 460,064
Other local taxes	20,079,400	20,079,400	17,501,794	(2,577,606)
Permits, privilege fees, and regulatory licenses	235,300	235,300	207,637	(27,663)
Fines and forfeitures	244,000	244,000	233,262	(10,738)
Revenue from the use of money and property	1,235,400	1,235,400	930,029	(305,371)
Charges for services	309,328	309,328	347,740	38,412
Miscellaneous	389,320	385,320	841,032	455,712
Recovered costs	640,000	640,000	790,266	150,266
Intergovernmental revenues:				
Commonwealth	4,028,222	4,042,222	3,787,236	(254,986)
Federal	-	-	30,231	30,231
Total revenues	\$ 39,121,950	\$ 39,131,950	\$ 37,090,271	\$ (2,041,679)
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 3,398,419	\$ 3,459,425	\$ 3,247,353	\$ 212,072
Judicial administration	400,000	400,000	373,159	26,841
Public safety	9,594,078	9,594,079	9,250,432	343,647
Public works	4,338,891	4,338,891	4,185,312	153,579
Health and welfare	554,755	554,755	537,535	17,220
Education	7,084,317	7,023,314	7,023,314	-
Parks, recreation, and cultural	2,374,609	2,374,606	2,272,082	102,524
Community development	5,589,991	5,589,990	5,070,823	519,167
Capital projects	8,361,397	10,844,739	5,699,783	5,144,956
Debt service:				
Principal retirement	1,036,704	1,036,704	1,036,704	-
Interest and other fiscal charges	413,846	413,846	377,798	36,048
Total expenditures	\$ 43,147,007	\$ 45,630,349	\$ 39,074,295	\$ 6,556,054
Excess (deficiency) of revenues over (under) expenditures	\$ (4,025,057)	\$ (6,498,399)	\$ (1,984,024)	\$ 4,514,375
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (761,738)	\$ (761,738)	\$ (640,000)	\$ 121,738
Total other financing sources and uses	\$ (761,738)	\$ (761,738)	\$ (640,000)	\$ 121,738
Net change in fund balances	\$ (4,786,795)	\$ (7,260,137)	\$ (2,624,024)	\$ 4,636,113
Fund balances - beginning	4,786,795	7,260,137	29,001,797	21,741,660
Fund balances - ending	\$ -	\$ -	\$ 26,377,773	\$ 26,377,773

City of Williamsburg, Virginia  
Schedule of Pension Funding Progress  
As of June 30, 2009

## Primary Government:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	\$ 43,045,137	\$ 47,984,602	\$ 4,939,465	89.71%	\$ 9,370,324	52.71%
6/30/2007	39,202,937	44,112,372	4,909,435	88.87%	8,954,857	54.82%
6/30/2006	34,332,037	39,484,872	5,152,835	86.95%	8,204,180	62.81%
6/30/2005	32,348,698	39,044,073	6,695,375	82.85%	7,722,705	86.70%
6/30/2004	31,432,030	35,779,472	4,347,442	87.85%	7,483,762	58.09%
6/30/2003	30,940,656	32,977,544	2,036,888	93.82%	7,149,147	28.49%
6/30/2002	30,740,960	30,564,554	(176,406)	100.58%	6,841,914	-2.58%
6/30/2001	29,626,026	28,096,800	(1,529,226)	105.44%	6,439,813	-23.75%
6/30/2000	26,798,629	26,219,796	(578,833)	102.21%	6,241,551	-9.27%



City of Williamsburg, Virginia  
 Schedule of Funding Progress for the Retiree Health Insurance Supplement Plan  
 As of June 30, 2009

Primary Government:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	\$ -	\$ 1,189,074	\$ 1,189,074	0.00%	\$ 9,370,324 *	12.69%

\* Obtained from City's records.

***OTHER SUPPLEMENTARY INFORMATION***

City of Williamsburg, Virginia  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2009

	Virginia Public Assistance <u>Fund</u>	Law Enforcement Block <u>Grant</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 278,489	\$ 4,639	\$ 283,128
Due from other governmental units	39,844	-	39,844
Total assets	<u>\$ 318,333</u>	<u>\$ 4,639</u>	<u>\$ 322,972</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 20	\$ -	\$ 20
Due to other funds	26,999	-	26,999
Deferred revenue	45,014	-	45,014
Total liabilities	<u>\$ 72,033</u>	<u>\$ -</u>	<u>\$ 72,033</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ 246,300	\$ 4,639	\$ 250,939
Total fund balances	<u>\$ 246,300</u>	<u>\$ 4,639</u>	<u>\$ 250,939</u>
Total liabilities and fund balances	<u>\$ 318,333</u>	<u>\$ 4,639</u>	<u>\$ 322,972</u>

City of Williamsburg, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2009

	Virginia Public Assistance <u>Fund</u>	Law Enforcement Block Grant <u>Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 8	\$ 8
Miscellaneous	51,878	360	52,238
Intergovernmental revenues:			
Commonwealth	476,059	-	476,059
Federal	674,340	3,241	677,581
Total revenues	<u>\$ 1,202,277</u>	<u>\$ 3,609</u>	<u>\$ 1,205,886</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	\$ -	\$ 3,636	\$ 3,636
Health and welfare	1,774,136	-	1,774,136
Total expenditures	<u>\$ 1,774,136</u>	<u>\$ 3,636</u>	<u>\$ 1,777,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (571,859)</u>	<u>\$ (27)</u>	<u>\$ (571,886)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 640,000	\$ -	\$ 640,000
Total other financing sources and uses	<u>\$ 640,000</u>	<u>\$ -</u>	<u>\$ 640,000</u>
Net change in fund balances	\$ 68,141	\$ (27)	\$ 68,114
Fund balances - beginning	178,159	4,666	182,825
Fund balances - ending	<u>\$ 246,300</u>	<u>\$ 4,639</u>	<u>\$ 250,939</u>

City of Williamsburg, Virginia  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2009

	Virginia Public Assistance Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	51,878	51,878
Intergovernmental revenues:				
Commonwealth	587,433	587,433	476,059	(111,374)
Federal	755,676	755,676	674,340	(81,336)
Total revenues	<u>\$ 1,343,109</u>	<u>\$ 1,343,109</u>	<u>\$ 1,202,277</u>	<u>\$ (140,832)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ -
Health and welfare	2,154,447	2,154,447	1,774,136	380,311
Total expenditures	<u>\$ 2,154,447</u>	<u>\$ 2,154,447</u>	<u>\$ 1,774,136</u>	<u>\$ 380,311</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (811,338)</u>	<u>\$ (811,338)</u>	<u>\$ (571,859)</u>	<u>\$ 239,479</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 811,338	\$ 811,338	\$ 640,000	\$ (171,338)
Total other financing sources and uses	<u>\$ 811,338</u>	<u>\$ 811,338</u>	<u>\$ 640,000</u>	<u>\$ (171,338)</u>
Net change in fund balances	\$ -	\$ -	\$ 68,141	\$ 68,141
Fund balances - beginning	-	-	178,159	178,159
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,300</u>	<u>\$ 246,300</u>

Exhibit 16

Law Enforcement Block Grant Fund				
Budgeted Amounts		Actual	Variance with Final Budget	
Original	Final		Positive	(Negative)
\$ -	\$ -	\$ 8	\$ 8	
-	-	360	360	
-	-	-	-	
-	-	3,241	3,241	
\$ -	\$ -	\$ 3,609	\$ 3,609	
\$ -	\$ -	\$ 3,636	\$ (3,636)	
-	-	-	-	
\$ -	\$ -	\$ 3,636	\$ (3,636)	
\$ -	\$ -	\$ (27)	\$ (27)	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ (27)	\$ (27)	
-	-	4,666	4,666	
\$ -	\$ -	\$ 4,639	\$ 4,639	

City of Williamsburg, Virginia  
Combining Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009

	Agency Funds						
	Williamsburg Regional Library Fund	Williamsburg Tricentennial Fund	Colonial CASA Fund	Economic Development Authority	Farmers' Market Fund	Total	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 164,433	\$ -	\$ 20,169	\$ 16,017	\$ 19,176	\$ 219,795	
Investments, at fair value:							
Other investments	1,163,400	6,470	61,974	127,856	56,335	1,416,035	
Other assets	7,082	-	3,109	-	-	10,191	
Total assets	<u>\$ 1,334,915</u>	<u>\$ 6,470</u>	<u>\$ 85,252</u>	<u>\$ 143,873</u>	<u>\$ 75,511</u>	<u>\$ 1,646,021</u>	
<b>LIABILITIES</b>							
Accounts payable	\$ 21,128	\$ -	\$ 7,482	\$ 60	\$ 691	\$ 29,361	
Amounts held for others	1,313,787	6,470	77,770	143,813	74,820	1,616,660	
Total liabilities	<u>\$ 1,334,915</u>	<u>\$ 6,470</u>	<u>\$ 85,252</u>	<u>\$ 143,873</u>	<u>\$ 75,511</u>	<u>\$ 1,646,021</u>	

City of Williamsburg, Virginia  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2009

Exhibit 18  
Page 1 of 2

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b><u>Williamsburg Regional Library:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 210,845	\$ 6,213,462	\$ 6,259,874	\$ 164,433
Investments, at fair value:				
Other investments	872,814	290,586	-	1,163,400
Other assets	-	7,082		7,082
Total assets	<u>\$ 1,083,659</u>	<u>\$ 6,511,130</u>	<u>\$ 6,259,874</u>	<u>\$ 1,334,915</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 21,128	\$ -	\$ 21,128
Amounts held for others	1,083,659	6,490,002	6,259,874	1,313,787
Total liabilities	<u>\$ 1,083,659</u>	<u>\$ 6,511,130</u>	<u>\$ 6,259,874</u>	<u>\$ 1,334,915</u>
<b><u>Williamsburg Tricentennial Fund:</u></b>				
<b>ASSETS</b>				
Investments, at fair value:				
Other investments	\$ 6,362	\$ 108	\$ -	\$ 6,470
Total assets	<u>\$ 6,362</u>	<u>\$ 108</u>	<u>\$ -</u>	<u>\$ 6,470</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 6,362	\$ 108	\$ -	\$ 6,470
Total liabilities	<u>\$ 6,362</u>	<u>\$ 108</u>	<u>\$ -</u>	<u>\$ 6,470</u>
<b><u>Colonial CASA Fund:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,739	\$ 237,676	\$ 231,246	\$ 20,169
Investments, at fair value:				
Other investments	60,934	1,040	-	61,974
Other assets	-	3,109	-	3,109
Total assets	<u>\$ 74,673</u>	<u>\$ 241,825</u>	<u>\$ 231,246</u>	<u>\$ 85,252</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,762	\$ 7,482	\$ 3,762	\$ 7,482
Amounts held for others	70,911	234,343	227,484	77,770
Total liabilities	<u>\$ 74,673</u>	<u>\$ 241,825</u>	<u>\$ 231,246</u>	<u>\$ 85,252</u>



City of Williamsburg, Virginia  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2009

Exhibit 18  
Page 2 of 2

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b><u>Economic Development Authority:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,098	\$ 58,570	\$ 54,651	\$ 16,017
Investments, at fair value:				
Other investments	145,669	-	17,813	127,856
Total assets	<u>\$ 157,767</u>	<u>\$ 58,570</u>	<u>\$ 72,464</u>	<u>\$ 143,873</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,689	\$ 60	\$ 2,689	\$ 60
Amounts held for others	155,078	58,510	69,775	143,813
Total liabilities	<u>\$ 157,767</u>	<u>\$ 58,570</u>	<u>\$ 72,464</u>	<u>\$ 143,873</u>
<b><u>Farmers' Market:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,517	\$ 75,860	\$ 75,201	\$ 19,176
Investments, at fair value:				
Other investments	55,390	945	-	56,335
Total assets	<u>\$ 73,907</u>	<u>\$ 76,805</u>	<u>\$ 75,201</u>	<u>\$ 75,511</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,188	\$ 691	\$ 5,188	\$ 691
Amounts held for others	68,719	76,114	70,013	74,820
Total liabilities	<u>\$ 73,907</u>	<u>\$ 76,805</u>	<u>\$ 75,201</u>	<u>\$ 75,511</u>
<b><u>Totals - All Agency Funds:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 255,199	\$ 6,585,568	\$ 6,620,972	\$ 219,795
Investments, at fair value:				
Other investments	1,141,169	292,679	17,813	1,416,035
Other assets	-	10,191	-	10,191
Total assets	<u>\$ 1,396,368</u>	<u>\$ 6,888,438</u>	<u>\$ 6,638,785</u>	<u>\$ 1,646,021</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 11,639	\$ 29,361	\$ 11,639	\$ 29,361
Amounts held for others	1,384,729	6,859,077	6,627,146	1,616,660
Total liabilities	<u>\$ 1,396,368</u>	<u>\$ 6,888,438</u>	<u>\$ 6,638,785</u>	<u>\$ 1,646,021</u>

## *SUPPORTING SCHEDULES*

City of Williamsburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

Schedule 1  
Page 1 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 9,870,000	\$ 9,870,000	\$ 10,136,979	\$ 266,979
Real and personal public service corporation taxes	280,000	280,000	279,150	(850)
Personal property taxes	579,980	579,980	636,373	56,393
Business property taxes	1,185,000	1,185,000	1,307,209	122,209
Penalties	28,000	28,000	40,637	12,637
Interest	18,000	18,000	20,696	2,696
Total general property taxes	<u>\$ 11,960,980</u>	<u>\$ 11,960,980</u>	<u>\$ 12,421,044</u>	<u>\$ 460,064</u>
Other local taxes:				
Local sales and use taxes	\$ 4,720,000	\$ 4,720,000	\$ 3,844,275	\$ (875,725)
Consumers' utility taxes	1,012,000	1,012,000	1,040,510	28,510
Business license taxes	1,767,600	1,767,600	1,595,535	(172,065)
Utility license taxes	91,000	91,000	108,020	17,020
Bank stock taxes	170,000	170,000	128,755	(41,245)
Taxes on recordation and wills	250,000	250,000	170,417	(79,583)
Hotel and motel taxes	4,150,000	4,150,000	3,574,810	(575,190)
Restaurant food taxes	5,900,000	5,900,000	5,522,541	(377,459)
\$2 lodging taxes	1,800,000	1,800,000	1,347,470	(452,530)
Tobacco taxes	200,000	200,000	144,534	(55,466)
Penalty and interest on other local taxes	18,800	18,800	24,927	6,127
Total other local taxes	<u>\$ 20,079,400</u>	<u>\$ 20,079,400</u>	<u>\$ 17,501,794</u>	<u>\$ (2,577,606)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,000	\$ 1,000	\$ 3,045	\$ 2,045
Land use application fees	2,000	2,000	5,750	3,750
Transfer fees	300	300	1,372	1,072
Permits and other licenses	232,000	232,000	197,470	(34,530)
Total permits, privilege fees, and regulatory licenses	<u>\$ 235,300</u>	<u>\$ 235,300</u>	<u>\$ 207,637</u>	<u>\$ (27,663)</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 244,000</u>	<u>\$ 244,000</u>	<u>\$ 233,262</u>	<u>\$ (10,738)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 675,000	\$ 675,000	\$ 457,040	\$ (217,960)
Revenue from use of property	560,400	560,400	472,989	(87,411)
Total revenue from use of money and property	<u>\$ 1,235,400</u>	<u>\$ 1,235,400</u>	<u>\$ 930,029</u>	<u>\$ (305,371)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,378	\$ 1,378	\$ 1,331	\$ (47)
Charges for Commonwealth's Attorney	250	250	138	(112)
Charges for parks and recreation	266,700	266,700	317,573	50,873
Charges for planning and community development	41,000	41,000	28,698	(12,302)
Total charges for services	<u>\$ 309,328</u>	<u>\$ 309,328</u>	<u>\$ 347,740</u>	<u>\$ 38,412</u>
Miscellaneous revenue:				
Miscellaneous	<u>\$ 389,320</u>	<u>\$ 385,320</u>	<u>\$ 841,032</u>	<u>\$ 455,712</u>

City of Williamsburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

Schedule 1  
Page 2 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Recovered costs:				
Enterprise fund	\$ 590,000	\$ 590,000	\$ 618,138	\$ 28,138
Overtime - police and fire	50,000	50,000	74,083	24,083
Stormwater management	-	-	21,935	21,935
Other recovered costs	-	-	76,110	76,110
Total recovered costs	<u>\$ 640,000</u>	<u>\$ 640,000</u>	<u>\$ 790,266</u>	<u>\$ 150,266</u>
Total revenue from local sources	<u>\$ 35,093,728</u>	<u>\$ 35,089,728</u>	<u>\$ 33,272,804</u>	<u>\$ (1,816,924)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Reduction in State Aid to Local Governments	\$ -	\$ -	\$ (33,530)	\$ (33,530)
Rolling stock tax	6,000	6,000	8,940	2,940
Motor vehicle rental tax	8,000	8,000	15,899	7,899
Grantors tax	57,000	57,000	55,459	(1,541)
Personal property tax relief funds	705,020	705,020	773,572	68,552
Total noncategorical aid	<u>\$ 776,020</u>	<u>\$ 776,020</u>	<u>\$ 820,340</u>	<u>\$ 44,320</u>
Categorical aid:				
Shared expenses:				
Commissioner of revenue	\$ 80,000	\$ 80,000	\$ 85,464	\$ 5,464
Treasurer	22,000	22,000	22,475	475
Medical examiner	200	200	-	(200)
Registrar/electoral board	48,000	48,000	48,245	245
Total shared expenses	<u>\$ 150,200</u>	<u>\$ 150,200</u>	<u>\$ 156,184</u>	<u>\$ 5,984</u>
Other categorical aid:				
599 Funds	\$ 443,842	\$ 443,842	\$ 427,158	\$ (16,684)
Streets and sidewalks	1,340,000	1,340,000	1,382,944	42,944
EMS funds - 4 for life	11,000	11,000	14,676	3,676
Litter control grant	5,000	5,000	6,337	1,337
Arts commission grant	77,100	77,100	5,000	(72,100)
State school construction funds	103,000	103,000	103,132	132
Fire programs	20,000	20,000	32,650	12,650
Wireless E-911	10,000	10,000	88,144	78,144
State sales tax	762,060	762,060	698,356	(63,704)
Other categorical aid	330,000	344,000	52,315	(291,685)
Total other categorical aid	<u>\$ 3,102,002</u>	<u>\$ 3,116,002</u>	<u>\$ 2,810,712</u>	<u>\$ (305,290)</u>
Total categorical aid	<u>\$ 3,252,202</u>	<u>\$ 3,266,202</u>	<u>\$ 2,966,896</u>	<u>\$ (299,306)</u>
Total revenue from the Commonwealth	<u>\$ 4,028,222</u>	<u>\$ 4,042,222</u>	<u>\$ 3,787,236</u>	<u>\$ (254,986)</u>
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ -	\$ -	\$ 30,231	\$ 30,231
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,231</u>	<u>\$ 30,231</u>
Total General Fund	<u>\$ 39,121,950</u>	<u>\$ 39,131,950</u>	<u>\$ 37,090,271</u>	<u>\$ (2,041,679)</u>

City of Williamsburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

Schedule 1  
Page 3 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 6,947	\$ 6,947
Summer youth program	-	-	44,931	44,931
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,878</u>	<u>\$ 51,878</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,878</u>	<u>\$ 51,878</u>
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 471,681	\$ 471,681	\$ 393,526	\$ (78,155)
Comprehensive services act	115,752	115,752	82,533	(33,219)
Total categorical aid	<u>\$ 587,433</u>	<u>\$ 587,433</u>	<u>\$ 476,059</u>	<u>\$ (111,374)</u>
Total revenue from the Commonwealth	<u>\$ 587,433</u>	<u>\$ 587,433</u>	<u>\$ 476,059</u>	<u>\$ (111,374)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 755,676	\$ 755,676	\$ 661,340	\$ (94,336)
Homeland security grant	-	-	13,000	13,000
Total categorical aid	<u>\$ 755,676</u>	<u>\$ 755,676</u>	<u>\$ 674,340</u>	<u>\$ (81,336)</u>
Total revenue from the federal government	<u>\$ 755,676</u>	<u>\$ 755,676</u>	<u>\$ 674,340</u>	<u>\$ (81,336)</u>
Total Virginia Public Assistance Fund	<u>\$ 1,343,109</u>	<u>\$ 1,343,109</u>	<u>\$ 1,202,277</u>	<u>\$ (140,832)</u>
<b>Law Enforcement Block Grant Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 8	\$ 8
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 8</u>
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 360	\$ 360
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368</u>	<u>\$ 368</u>
Revenue from the federal government:				
Categorical aid:				
Homeland security and law enforcement grants	\$ -	\$ -	\$ 3,241	\$ 3,241
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,241</u>	<u>\$ 3,241</u>
Total Law Enforcement Block Grant Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,609</u>	<u>\$ 3,609</u>
Total Primary Government	<u>\$ 40,465,059</u>	<u>\$ 40,475,059</u>	<u>\$ 38,296,157</u>	<u>\$ (2,178,902)</u>

City of Williamsburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

Schedule 2  
Page 1 of 4

<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
City council	\$ 158,738	\$ 158,738	\$ 143,986	\$ 14,752
Clerk of council	96,979	96,981	102,429	(5,448)
Total legislative	<u>\$ 255,717</u>	<u>\$ 255,719</u>	<u>\$ 246,415</u>	<u>\$ 9,304</u>
General and financial administration:				
City manager	\$ 1,099,419	\$ 1,160,423	\$ 1,019,023	\$ 141,400
City attorney	278,220	278,220	267,095	11,125
Commissioner of revenue	195,669	195,668	193,386	2,282
Assessor	167,497	167,498	160,044	7,454
Treasurer	54,645	54,645	44,486	10,159
Director of finance	982,438	982,439	956,997	25,442
Automotive/motor pool	240,208	240,208	239,603	605
Total general and financial administration	<u>\$ 3,018,096</u>	<u>\$ 3,079,101</u>	<u>\$ 2,880,634</u>	<u>\$ 198,467</u>
Board of elections:				
Electoral board and officials	\$ 24,612	\$ 24,612	\$ 27,399	\$ (2,787)
Registrar	99,994	99,993	92,905	7,088
Total board of elections	<u>\$ 124,606</u>	<u>\$ 124,605</u>	<u>\$ 120,304</u>	<u>\$ 4,301</u>
Total general government administration	<u>\$ 3,398,419</u>	<u>\$ 3,459,425</u>	<u>\$ 3,247,353</u>	<u>\$ 212,072</u>
Judicial administration:				
Courts:				
Courthouse activities	\$ 400,000	\$ 400,000	\$ 373,159	\$ 26,841
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 3,567,734	\$ 3,567,736	\$ 3,446,841	\$ 120,895
Prince George parking garage	132,833	132,833	117,667	15,166
E-911	719,631	719,630	701,224	18,406
Total law enforcement and traffic control	<u>\$ 4,420,198</u>	<u>\$ 4,420,199</u>	<u>\$ 4,273,913</u>	<u>\$ 146,286</u>
Fire and rescue services:				
Fire department	\$ 3,340,666	\$ 3,340,667	\$ 3,293,365	\$ 47,302
Correction and detention:				
Juvenile detention commission	\$ 120,000	\$ 120,000	\$ 45,469	\$ 74,531
Regional jail	1,069,356	1,069,356	1,069,356	-
Group home commission	76,256	76,256	76,256	-
Total correction and detention	<u>\$ 1,265,612</u>	<u>\$ 1,265,612</u>	<u>\$ 1,191,081</u>	<u>\$ 74,531</u>

City of Williamsburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

Schedule 2  
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<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
<b>Public safety: (Continued)</b>				
Inspections:				
Building	\$ 536,402	\$ 536,401	\$ 470,140	\$ 66,261
Other protection:				
Animal control	\$ 24,500	\$ 24,500	\$ 18,000	\$ 6,500
Medical examiner	400	400	140	260
Emergency services (civil defense)	6,300	6,300	3,793	2,507
Total other protection	\$ 31,200	\$ 31,200	\$ 21,933	\$ 9,267
Total public safety	\$ 9,594,078	\$ 9,594,079	\$ 9,250,432	\$ 343,647
<b>Public works:</b>				
Maintenance of highways, streets, bridges & sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,630,247	\$ 1,630,247	\$ 1,595,811	\$ 34,436
Engineering	258,300	258,299	242,646	15,653
Total maintenance of highways, streets, bridges & sidewalks	\$ 1,888,547	\$ 1,888,546	\$ 1,838,457	\$ 50,089
Sanitation and waste removal:				
Refuse collection	\$ 918,500	\$ 918,500	\$ 907,085	\$ 11,415
Maintenance of general buildings and grounds:				
Maintenance of general buildings and grounds	\$ 484,304	\$ 484,305	\$ 512,854	\$ (28,549)
Landscaping	575,040	575,040	525,339	49,701
Information technology	472,500	472,500	401,577	70,923
Total maintenance of general buildings and grounds	\$ 1,531,844	\$ 1,531,845	\$ 1,439,770	\$ 92,075
Total public works	\$ 4,338,891	\$ 4,338,891	\$ 4,185,312	\$ 153,579
<b>Health and welfare:</b>				
Health:				
Local health department	\$ 247,845	\$ 247,845	\$ 233,791	\$ 14,054
Mosquito control	7,950	7,950	5,108	2,842
Total health	\$ 255,795	\$ 255,795	\$ 238,899	\$ 16,896
Mental health and mental retardation:				
Administration - mental health and retardation	\$ 245,860	\$ 245,860	\$ 245,860	\$ -

City of Williamsburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

Schedule 2  
Page 3 of 4

<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Welfare:				
Public assistance	\$ 49,600	\$ 49,600	\$ 48,608	\$ 992
Transportation programs for elderly	3,500	3,500	4,168	(668)
Total welfare	<u>\$ 53,100</u>	<u>\$ 53,100</u>	<u>\$ 52,776</u>	<u>\$ 324</u>
Total health and welfare	<u>\$ 554,755</u>	<u>\$ 554,755</u>	<u>\$ 537,535</u>	<u>\$ 17,220</u>
Education:				
Other instructional costs:				
Contribution to local school board	<u>\$ 7,084,317</u>	<u>\$ 7,023,314</u>	<u>\$ 7,023,314</u>	<u>\$ -</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 459,574	\$ 459,573	\$ 418,016	\$ 41,557
Maintenance of parks and recreation	259,356	281,355	275,419	5,936
Recreation facility	707,631	685,631	640,270	45,361
Cemeteries	59,093	59,092	53,406	5,686
Total parks and recreation	<u>\$ 1,485,654</u>	<u>\$ 1,485,651</u>	<u>\$ 1,387,111</u>	<u>\$ 98,540</u>
Library:				
Contribution to regional library	<u>\$ 888,955</u>	<u>\$ 888,955</u>	<u>\$ 884,971</u>	<u>\$ 3,984</u>
Total parks, recreation, and cultural	<u>\$ 2,374,609</u>	<u>\$ 2,374,606</u>	<u>\$ 2,272,082</u>	<u>\$ 102,524</u>
Community development:				
Planning and community development:				
Planning	\$ 537,046	\$ 539,546	\$ 458,780	\$ 80,766
Community development	4,775,308	4,780,958	4,324,528	456,430
Economic development	133,437	133,436	121,684	11,752
Other community development	-	-	30,231	(30,231)
Arts commission	144,200	136,050	135,600	450
Total planning and community development	<u>\$ 5,589,991</u>	<u>\$ 5,589,990</u>	<u>\$ 5,070,823</u>	<u>\$ 519,167</u>
Total community development	<u>\$ 5,589,991</u>	<u>\$ 5,589,990</u>	<u>\$ 5,070,823</u>	<u>\$ 519,167</u>
Capital projects:				
Other capital projects	<u>\$ 8,361,397</u>	<u>\$ 10,844,739</u>	<u>\$ 5,699,783</u>	<u>\$ 5,144,956</u>
Debt service:				
Principal retirement	\$ 1,036,704	\$ 1,036,704	\$ 1,036,704	\$ -
Interest and other fiscal charges	413,846	413,846	377,798	36,048
Total debt service	<u>\$ 1,450,550</u>	<u>\$ 1,450,550</u>	<u>\$ 1,414,502</u>	<u>\$ 36,048</u>
Total General Fund	<u>\$ 43,147,007</u>	<u>\$ 45,630,349</u>	<u>\$ 39,074,295</u>	<u>\$ 6,556,054</u>



City of Williamsburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

Schedule 2  
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<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 1,148,921	\$ 1,148,921	\$ 1,067,969	\$ 80,952
Public assistance	833,901	833,901	525,685	308,216
Comprehensive services	171,625	171,625	168,396	3,229
Other welfare and social services	-	-	12,086	(12,086)
Total welfare and social services	<u>\$ 2,154,447</u>	<u>\$ 2,154,447</u>	<u>\$ 1,774,136</u>	<u>\$ 380,311</u>
Total health and welfare	<u>\$ 2,154,447</u>	<u>\$ 2,154,447</u>	<u>\$ 1,774,136</u>	<u>\$ 380,311</u>
Total Virginia Public Assistance Fund	<u>\$ 2,154,447</u>	<u>\$ 2,154,447</u>	<u>\$ 1,774,136</u>	<u>\$ 380,311</u>
<b>Law Enforcement Block Grant Fund:</b>				
Public safety:				
Other protection:				
Other protection	\$ -	\$ -	\$ 3,636	\$ (3,636)
Total Law Enforcement Block Grant Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,636</u>	<u>\$ (3,636)</u>
Total Primary Government	<u>\$ 45,301,454</u>	<u>\$ 47,784,796</u>	<u>\$ 40,852,067</u>	<u>\$ 6,932,729</u>

## Statistical Section

### Contents

### Tables

#### Financial Trends

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

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#### Revenue Capacity

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

5 - 9

#### Debt Capacity

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

10 - 12

#### Demographic and Economic Information

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

13-14

#### Operating Information

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

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*Sources:* Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

City of Williamsburg, Virginia  
Net Assets by Component,  
Last Seven Fiscal Years  
*(accrual basis of accounting)*

Table 1

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$43,829,109	\$48,294,124	\$41,977,081	\$43,724,093	49,783,173	55,591,451	58,769,012
Unrestricted	22,305,527	20,819,991	30,578,146	32,119,103	29,632,342	28,455,299	25,864,437
<b>Total governmental activities net assets</b>	<u>\$66,134,636</u>	<u>\$69,114,115</u>	<u>\$72,555,227</u>	<u>\$75,843,196</u>	<u>\$79,415,515</u>	<u>\$84,046,750</u>	<u>\$84,633,449</u>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	\$8,525,848	\$8,755,781	\$9,720,452	\$9,781,412	12,764,785	13,102,740	15,601,976
Unrestricted	4,916,024	5,790,053	5,143,153	5,454,407	5,466,158	6,466,848	4,960,402
<b>Total business-type activities net assets</b>	<u>\$13,441,872</u>	<u>\$14,545,834</u>	<u>\$14,863,605</u>	<u>\$15,235,819</u>	<u>\$18,230,943</u>	<u>\$19,569,588</u>	<u>\$20,562,378</u>
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$52,354,957	\$57,049,905	\$51,697,533	\$53,505,505	\$62,547,958	\$68,694,191	\$74,370,988
Restricted	-	-	-	-	-	-	-
Unrestricted	27,221,551	26,610,044	35,721,299	37,573,510	35,098,500	34,922,147	30,824,839
<b>Total primary government net assets</b>	<u>\$79,576,508</u>	<u>\$83,659,949</u>	<u>\$87,418,832</u>	<u>\$91,079,015</u>	<u>\$97,646,458</u>	<u>\$103,616,338</u>	<u>\$105,195,827</u>

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Expenses</b>						
Governmental activities:						
General government administration	\$2,758,568	\$2,950,481	\$3,196,039	\$3,989,006	\$3,556,882	\$3,925,496
Judicial administration	273,154	293,222	308,361	356,257	379,945	369,459
Public safety	6,563,142	6,933,837	7,475,819	8,011,476	8,840,146	9,410,409
Public works	3,765,655	4,959,412	4,110,492	3,007,234	7,196,599	4,504,611
Health and welfare	1,809,216	1,991,478	2,065,153	2,180,922	2,176,382	2,415,272
Education	6,583,596	6,822,656	6,267,967	6,437,154	7,044,990	8,446,319
Parks, recreation and cultural	2,071,236	2,094,830	2,179,626	2,138,010	2,170,492	2,275,707
Community development	3,135,821	3,259,276	4,853,168	9,168,959	5,328,651	5,694,235
Nondepartmental	46,163	127,858	17,349	-	-	-
Interest expense	361,125	352,333	396,211	592,688	551,307	467,896
Total governmental activities expenses	\$27,367,676	\$29,785,383	\$30,870,185	\$35,881,706	\$37,245,394	\$37,509,404
<b>Business-type activities</b>						
Water and sewer services	\$4,098,596	\$3,838,917	\$3,983,571	\$4,230,185	\$4,569,446	\$4,769,797
Total business-type activities expenses	4,098,596	3,838,917	3,983,571	4,230,185	4,569,446	4,769,797
Total primary government expenses	\$31,466,272	\$33,624,300	\$34,853,756	\$40,111,891	\$41,814,840	\$42,279,201
<b>Program Revenues (see Schedule 3)</b>						
Governmental activities:						
Charges for services:						
General government administration*	\$862,919	\$1,027,386	\$1,228,597	\$-	\$-	\$-
Judicial administration	-	-	-	\$142,321	\$155,924	\$140,559
Public safety	508,864	559,545	582,729	364,959	328,194	479,255
Public works	12,071	50,199	11,403	-	-	-
Parks, recreation and cultural	297,674	270,705	316,991	302,835	338,754	298,453
Community development	51,694	59,418	58,428	56,566	36,073	43,750
Operating grants and contributions	3,307,596	4,808,926	3,718,194	5,224,480	4,161,505	3,999,026
Capital grants and contributions	102,974	102,924	102,922	176,937	266,087	464,435
Total governmental activities program revenues	\$5,143,792	\$6,879,103	\$6,019,264	\$6,268,098	\$5,286,537	\$5,425,478
<b>Business-type activities:</b>						
Charges for services:						
Water and sewer	\$4,721,388	\$4,890,679	\$4,195,671	\$4,379,515	\$4,493,958	\$5,751,177
Total business-type activities program revenues	4,721,388	4,890,679	4,195,671	4,379,515	4,493,958	5,751,177
Total primary government program revenues	\$9,865,180	\$11,769,782	\$10,214,935	\$10,647,613	\$9,780,495	\$11,176,655
						\$10,523,470

\* Beginning in FY 2006 use of property and miscellaneous income are not reported under the program revenues of General government administration.

	Fiscal Year						
	<u>2002</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Net (Expense)/Revenue</b>							
Governmental activities	(\$22,223,884)	(\$22,906,280)	(\$24,850,921)	(\$29,613,608)	(\$31,958,857)	(\$32,083,926)	(\$32,034,874)
Business-type activities	622,792	1,051,762	212,100	149,330	(75,488)	981,380	712,741
Total primary government net expense	(\$21,601,092)	(\$21,854,518)	(\$24,638,821)	(\$29,464,278)	(\$32,034,345)	(\$31,102,546)	(\$31,322,133)
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Taxes							
General property taxes	\$6,295,230	\$7,574,245	\$7,944,010	\$8,250,312	\$9,281,349	\$10,576,818	\$11,190,551
Sales taxes	4,468,174	4,240,721	4,219,603	4,303,203	4,867,792	4,562,028	3,844,275
Business property taxes	1,246,548	1,254,363	1,259,291	1,143,727	1,130,964	1,210,744	1,307,209
Consumer utility taxes	589,089	684,702	1,062,031	451,524	700,691	1,107,790	1,040,510
Business license taxes	1,634,995	1,639,065	1,757,085	1,789,386	1,593,478	1,754,093	1,595,535
Hotel and room taxes	4,114,010	3,996,782	3,695,937	3,787,611	4,350,871	4,447,662	3,574,810
\$2 lodging taxes	-	-	1,582,047	1,595,664	1,672,720	1,625,774	1,347,470
Meals taxes	5,338,967	5,420,516	5,394,509	5,600,162	5,851,680	6,005,227	5,522,541
Other local taxes	611,790	110,107	910,932	1,457,982	1,096,618	800,542	576,653
Use of Money & Property	832,461	965,258	465,369	1,382,832	2,156,025	1,765,800	930,037
Gain on sale of capital assets	337,264	-	1,220	1,082,095	1,348,618	-	-
Grants and contributions not restricted to specific programs	-	-	-	929,240	879,936	899,609	820,341
Miscellaneous	-	-	-	660,148	600,434	1,959,074	871,641
Transfers	50,000	-	-	-	-	-	-
Total governmental activities	25,518,578	25,885,759	28,292,034	32,433,886	35,531,176	36,715,161	32,621,573
Business-type activities:							
Investment earnings	123,220	52,200	105,671	202,622	253,915	209,655	97,165
Gain on sale of capital assets	-	-	-	-	2,677,383	-	-
Miscellaneous	-	-	-	35,517	139,314	147,610	182,884
Total business-type activities	123,220	52,200	105,671	238,139	3,070,612	357,265	280,049
Total primary government	\$25,641,748	\$25,937,959	\$28,397,705	\$32,672,025	\$38,601,788	\$37,072,426	\$32,901,622
<b>Change in Net Assets</b>							
Governmental activities	\$3,294,644	\$2,979,479	\$3,441,113	\$2,820,278	\$3,572,319	\$4,631,235	\$586,699
Business-type activities	746,012	1,103,962	317,771	387,469	2,995,124	1,338,645	992,790
Total primary government	\$4,040,656	\$4,083,441	\$3,758,884	\$3,207,747	\$6,567,443	\$5,969,880	\$1,579,489

City of Williamsburg, Virginia  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 543,605	\$ 548,702	\$ 553,490	\$ 124,011
Unreserved	14,932,925	17,303,413	25,927,029	22,360,336	20,886,657	30,616,683	31,982,623	29,509,734	28,448,307	26,253,762
Total general fund	<u>14,932,925</u>	<u>17,303,413</u>	<u>25,927,029</u>	<u>22,360,336</u>	<u>20,886,657</u>	<u>30,616,683</u>	<u>32,526,228</u>	<u>30,058,436</u>	<u>29,001,797</u>	<u>26,377,773</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	129,187	117,577	225,323	162,486	141,922	131,239	210,575	207,354	182,825	250,939
Total all other governmental fund	<u>129,187</u>	<u>117,577</u>	<u>225,323</u>	<u>162,486</u>	<u>141,922</u>	<u>131,239</u>	<u>210,575</u>	<u>207,354</u>	<u>182,825</u>	<u>250,939</u>

City of Williamsburg, Virginia  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>										
Taxes	\$22,253,679	\$22,529,334	\$24,083,697	\$23,993,013	\$25,624,343	\$27,748,415	\$28,194,199	\$30,590,846	\$32,147,392	\$29,922,838
Licenses, fees, and permits	163,291	267,047	173,985	212,618	305,762	256,662	275,741	200,897	\$376,974	\$207,637
Fines and penalties	238,003	253,578	282,664	273,584	254,706	234,157	229,779	281,612	\$241,302	\$233,262
Use of money and property	726,379	987,325	877,741	509,695	154,762	464,761	931,410	1,600,447	\$1,765,785	\$930,029
Charges for services	334,812	319,808	341,113	345,348	317,845	365,026	361,161	376,435	\$343,741	\$347,740
Intergovernmental	2,206,669	2,224,003	2,211,804	2,306,054	3,654,043	2,603,923	5,072,198	4,042,460	\$5,483,155	\$3,817,467
Other revenues	984,039	1,117,931	1,152,182	1,027,827	1,117,425	1,334,780	1,798,505	3,584,046	\$1,306,373	\$1,631,298
Total revenues	\$ 26,906,872	\$ 27,699,026	\$ 29,123,186	\$ 28,668,139	\$ 31,428,886	\$ 33,007,724	\$ 36,862,993	\$ 40,676,743	\$ 41,664,722	\$ 37,090,271
<b>Expenditures</b>										
General government	\$ 1,899,725	\$ 1,932,875	\$ 1,952,376	\$ 2,040,718	\$ 2,172,065	\$ 2,290,766	\$ 2,636,419	\$ 2,615,827	\$ 2,956,796	\$ 3,247,353
Judicial	365,171	275,310	293,703	273,154	293,222	308,361	356,257	379,945	369,459	373,159
Police	2,639,281	2,733,728	2,850,557	2,861,260	3,072,285	3,499,854	3,541,289	4,034,064	4,246,050	4,273,913
Fire	1,965,668	2,114,910	2,150,348	2,216,034	2,335,061	2,531,801	2,741,472	3,064,526	3,257,746	3,293,365
Other public safety	926,642	842,889	969,896	1,135,888	1,182,040	1,274,946	1,494,849	1,502,298	1,558,461	1,683,154
Public works	2,807,153	2,902,339	3,078,356	2,853,272	4,454,010	3,628,476	3,636,448	3,847,395	3,579,302	4,185,312
Health and welfare	338,187	365,523	372,417	381,610	400,239	418,312	450,930	473,142	518,007	537,535
Education	5,809,163	6,496,149	6,763,889	6,518,691	6,734,071	6,267,967	6,437,154	6,493,421	7,135,650	7,023,314
Parks and recreation	982,119	1,012,865	1,069,304	1,137,105	1,169,003	1,254,125	1,242,389	1,284,977	1,392,614	1,387,111
Library	657,211	616,281	739,744	758,674	752,197	771,595	796,580	861,030	884,955	884,971
Community Development - Note a	2,786,386	2,846,217	2,898,086	2,932,800	2,989,506	4,852,663	4,908,287	5,348,425	5,662,525	5,070,823
Non-departmental	8,085	6,210	97,680	68,644	137,351	33,349	-	-	-	-
Capital projects	2,623,501	2,288,580	3,192,642	7,582,378	5,818,262	3,030,777	5,774,358	12,492,119	7,809,941	5,699,783
Debt Service										
Principal	788,000	788,000	788,000	908,000	5,413,000	918,000	5,872,179	992,425	2,314,249	1,036,704
Interest	345,542	323,094	290,907	361,125	352,333	437,444	505,332	554,257	477,006	377,798
Total expenditures	\$ 24,941,834	\$ 25,544,970	\$ 27,507,905	\$ 32,029,353	\$ 37,274,645	\$ 31,518,436	\$ 40,393,943	\$ 43,943,851	\$ 42,162,761	\$ 39,074,295
Excess of revenues over (under) expenditures	\$ 1,965,038	\$ 2,154,056	\$ 1,615,281	\$ (3,361,214)	\$ (5,845,759)	\$ 1,489,288	\$ (3,530,950)	\$ (3,267,108)	\$ (498,039)	\$ (1,984,024)

City of Williamsburg, Virginia  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Other Financing Sources (Uses)										
Bonds issued	\$ -	\$ -	\$ 7,000,000	\$ -	\$ -	\$ 8,500,000	\$ -	\$ -	\$ -	\$ -
Refunding bonds issued	-	-	-	-	4,500,000	-	-	-	-	-
Disposal of capital asset	-	-	-	-	-	12,975	-	-	-	-
Sale of capital assets	-	503,109	304,335	123,329	200,000	-	5,068,073	1,354,316	-	-
Capital leases	-	-	-	-	-	51,928	-	-	-	-
Transfers in	-	-	-	-	32,080	160,835	-	-	-	-
Transfers out	(240,000)	(338,473)	(296,000)	(328,808)	(360,000)	(485,000)	(543,284)	(555,000)	(558,600)	(640,000)
Total other financing sources (uses)	\$ (240,000)	\$ 164,636	\$ 7,008,335	\$ (205,479)	\$ 4,372,080	\$ 8,240,738	\$ 4,524,789	\$ 799,316	\$ (558,600)	\$ (640,000)
Net change in fund balances	\$ 1,725,038	\$ 2,318,692	\$ 8,623,616	\$ (3,566,693)	\$ (1,473,679)	\$ 9,730,026	\$ 993,839	\$ (2,467,792)	\$ (1,056,639)	\$ (2,624,024)
Debt service as a percentage of noncapital expenditures	5.35%	5.02%	4.64%	5.48%	22.44%	5.00%	22.58%	5.17%	8.84%	4.43%

Note a: Beginning in FY 2004 the \$2 per night lodging tax (all passed thru to the Williamsburg Area Destination Marketing Committee) was initiated.



Table 5

City of Williamsburg, Virginia  
Tax Revenues by Source, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Fiscal Year	Property <sup>2</sup>	1% Sales & Use	Consumer Utility <sup>1</sup>	Business License	Franchise <sup>3</sup>	Tobacco	Hotel & Motel	\$2 Lodging	Restaurant	Other	Total
2000	\$ 6,829,694	\$ 3,782,864	\$ 653,968	\$ 1,535,238	\$ 180,902	-	\$ 4,097,054	-	\$ 5,075,742	\$ 279,119	\$ 22,434,581
2001	7,140,860	3,720,937	722,294	1,592,792	216,307	-	3,895,420	-	5,114,515	342,516	22,745,641
2002	7,577,391	4,368,379	783,722	1,622,735	194,633	-	4,114,010	-	5,318,886	298,574	24,278,330
2003	8,210,667	3,781,232	868,340	1,641,721	202,360	-	3,974,894	-	5,244,106	272,053	24,195,373
2004	8,869,569	4,210,450	910,418	1,628,458	225,716	305,729	3,996,782	-	5,393,776	309,161	25,850,059
2005	9,241,737	4,219,603	1,297,227	1,749,413	235,196	209,340	3,695,937	1,582,047	5,367,745	385,366	27,983,611
2006	10,039,498	4,303,203	1,137,150	1,789,386	250,762	184,080	3,787,611	1,595,664	5,600,162	640,764	29,328,280
2007	11,233,048	4,867,792	1,074,296	1,593,478	171,746	172,872	4,350,871	1,672,720	5,851,680	550,141	31,538,644
2008	12,617,849	4,562,028	1,107,790	1,754,093	102,833	180,701	4,447,662	1,625,774	6,005,227	517,007	32,920,964
2009	13,194,616	3,844,275	1,040,510	1,595,535	108,020	144,534	3,574,810	1,347,470	5,522,541	324,099	30,696,410

<sup>1</sup> Wireless telecommunication taxes were initiated in FY 2004 - Significant delinquent telecommunications taxes

were received in FY 2005 due to issues relating to jurisdiction identification by telephone companies

<sup>2</sup> For comparison with prior years, property tax revenues FY 2006 and beyond include Personal Property Tax Relief Act receipts reclassified beginning in FY 2006 as State funds.

<sup>3</sup> Effective January 1, 2007 Cable Franchise fees included in Consumer Utility taxes

City of Williamsburg, Virginia  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property			Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate*
	Residential Property	Commercial Property <sup>1</sup>	Motor Vehicles <sup>2</sup>	Other				
2000	\$ 436,041,000	\$ 755,666,400	\$ 25,016,515	\$ 33,013,315	\$ 375,706,400	\$ 874,030,830	4.04	
2001	465,605,100	775,000,400	28,216,550	35,481,423	377,238,400	927,065,073	4.04	
2002	493,696,625	803,185,980	29,397,420	37,446,864	388,880,280	974,846,609	4.04	
2003	543,061,000	854,851,000	30,756,020	37,476,509	402,276,700	1,063,867,829	4.04	
2004	670,963,900	897,611,400	31,817,660	36,817,378	451,149,200	1,186,061,138	4.04	
2005	736,951,300	918,939,700	30,793,980	36,827,600	453,198,400	1,270,314,180	4.04	
2006	872,835,500	960,854,400	35,607,452	38,600,378	494,984,900	1,412,912,830	4.04	
2007	1,021,043,000	1,020,298,800	36,612,408	34,390,362	493,690,200	1,618,654,370	4.04	
2008	1,139,635,400	1,196,545,300	35,958,080	36,179,761	532,941,500	1,875,377,041	4.04	
2009	1,215,949,800	1,226,781,800	35,034,560	38,278,637	547,275,600	1,968,769,197	4.04	

Source: City of Williamsburg Assessor's Office, Commissioner of the Revenue

\*Real Estate tax rate was \$.54/\$100, and personal property tax rate was \$.50/\$100 since 1991.

<sup>1</sup> Includes tax-exempt property.

<sup>2</sup> Motor vehicles are assessed at NADA average loan value as of January 1st each year

**Note:** Real property in the City of Williamsburg is reassessed every year. Code of Virginia § 58.1-3201 requires that annual assessments of real estate shall be made at 100 percent fair market value. A significant time delay (up to 2 years) is inherent in the annual appraisal process due to continuous sales of like-properties in the City. Recent periods of high-volume sales and rising property values can widen the gap between City assessed values and market values; therefore the estimated actual value of real property in the City is not known.

\* Per Table 7 - Real and personal property tax rates have not changed since 1991

City of Williamsburg, Virginia  
Direct Tax Rates  
Last Ten Fiscal Years

Table 7

Fiscal Year Ended June 30,	Real Estate Tax <sup>1</sup>	Personal Property Tax <sup>1</sup>	Room Tax	Meal Tax	Retail Sales Tax <sup>2</sup>
2000	\$0.54	\$3.50	5%	5%	1%
2001	\$0.54	\$3.50	5%	5%	1%
2002	\$0.54	\$3.50	5%	5%	1%
2003	\$0.54	\$3.50	5%	5%	1%
2004	\$0.54	\$3.50	5%	5%	1%
2005	\$0.54	\$3.50	5%	5%	1%
2006	\$0.54	\$3.50	5%	5%	1%
2007	\$0.54	\$3.50	5%	5%	1%
2008	\$0.54	\$3.50	5%	5%	1%
2009	\$0.54	\$3.50	5%	5%	1%

<sup>1</sup> per \$100 assessed value

<sup>2</sup> Collected by State, remitted monthly to City

The City of Williamsburg has no overlapping taxes.

Table 8

City of Williamsburg, Virginia  
Principal Real Estate Property Taxpayers  
Current Year and Nine Years Ago

	2000			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayers</u>						
Colonial Williamsburg Foundation	\$ 183,051,300	1	18.78%	\$ 266,119,000	1	15.11%
Art Williamsburg	\$ 13,802,300	2	1.42%			
Williamsburg Hotel LLC	\$ 11,138,800	3	1.14%			
Federal Realty Investment Trust	\$ 10,174,300	4	1.04%			
JIN, Inc.	\$ 7,632,300	5	0.78%	\$ 13,406,500	8	0.75%
Woodshire, LTD	\$ 6,776,800	6	0.70%	\$ 9,710,100	10	1.48%
LTD Associates One, LLC	\$ 6,767,400	7	0.69%			
LTD Associates Two, LLC	\$ 6,083,700	8	0.62%			
Patrick Henry Inn	\$ 6,011,200	9	0.62%			
PVR Associates LLC	\$ 5,610,700	10	0.58%			
Bluegreen Vacations, Unlimited				\$ 26,132,300	2	1.42%
Rivside Healthcare Associates				\$ 25,004,400	3	1.22%
Westgate Resorts, LTD				\$ 21,479,600	4	1.08%
King James Group, LLC				\$ 19,086,800	5	1.06%
Sunrise Investment Group, LLC				\$ 18,646,800	6	1.00%
Williamsburg Improvements, LLC				\$ 17,627,600	7	0.76%
Oam Shree Corporation				\$ 13,228,400	9	0.55%

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

Table 9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the			Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy		Percentage of		Amount	Levy
		Amount	Levy				
2000	\$ 6,468,264	\$ 6,258,949	96.76%	\$	177,140	\$ 6,436,089	99.50%
2001	6,918,899	6,683,837	96.60%		199,749	6,883,586	99.49%
2002	7,272,047	7,057,210	97.05%		170,107	7,227,317	99.38%
2003	7,801,901	7,592,851	97.37%		166,878	7,759,729	99.46%
2004	8,506,917	8,347,049	98.12%		142,151	8,489,200	99.79%
2005	8,864,042	8,700,344	98.14%		148,514	8,848,858	99.83%
2006	9,734,314	9,573,842	98.54%		143,794	9,717,636	99.83%
2007	10,953,045	10,733,140	97.99%		203,398	10,936,538	99.85%
2008	12,253,120	12,041,834	98.28%		167,844	12,209,678	99.65%
2009	12,812,428	12,635,773	98.28%	n/a		12,635,773	98.62%

Source: City of Williamsburg Assessor's Office

Notes: Property in the City of Williamsburg is reassessed every year. Code of Virginia § 58.1-3201 requires that annual assessments of real estate shall be made at 100 percent fair market value

Estimated actual taxable value is calculated by dividing taxable assessed value by 100%

City of Williamsburg, Virginia  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Table 10

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Debt Per Capita
	General Obligation Bonds	Notes Payable	General Obligation Bonds			
2000	\$ 7,228,000	\$ -	\$ 2,287,133		\$ 9,515,133	\$ 793
2001	6,440,000	-	7,933,800		14,373,800	1,159
2002	12,652,000	-	7,700,360		20,352,360	1,615
2003	11,744,000	-	7,525,173		19,269,173	1,460
2004	10,831,000	1,300,000	7,237,154		18,068,154	1,445
2005	18,413,000	1,300,000	6,938,851		25,351,851	1,989
2006	12,540,821	1,300,000	6,665,050		19,205,871	1,530
2007	11,548,396	1,300,000	700,000		12,248,396	1,023
2008	10,534,146	-	566,666		11,100,812	838
2009	9,497,443	-	10,433,333		19,930,776	1,492

City of Williamsburg, Virginia  
 Ratios of General Bonded Debt Outstanding,  
 Last Ten Fiscal Years

Table 11

<u>Fiscal Year</u>	<u>Total General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value<sup>1</sup> of Property</u>	<u>Per Capita<sup>2</sup></u>
2000	\$ 9,515,133	1.09%	\$ 793
2001	14,373,800	1.55%	1,159
2002	20,352,360	2.09%	1,615
2003	19,269,173	1.81%	1,460
2004	19,368,154	1.63%	1,445
2005	26,651,851	2.10%	1,989
2006	20,505,871	1.45%	1,530
2007	13,548,394	0.84%	1,011
2008	11,100,812	0.59%	838
2009	19,930,775	1.01%	1,492

<sup>1</sup> See Table 6 for property value data.

<sup>2</sup> Population data can be found in Table 13

City of Williamsburg, Virginia  
Legal Debt Margin Information,  
Last Ten Fiscal Years

Table 12

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$81,585,650	\$86,396,127	\$90,863,133	\$99,563,530	\$111,742,610	\$120,269,260	\$133,870,500	\$154,722,020	\$180,323,920	\$189,545,600
Total net debt applicable to limit	9,515,133	14,373,800	20,352,360	19,269,173	19,368,154	26,651,851	20,505,871	13,548,395	11,100,812	19,930,775
Legal debt margin	72,070,517	72,022,327	70,510,773	80,294,357	92,374,456	93,617,409	113,364,629	141,173,625	169,223,108	169,614,825
Total net debt applicable to the limit as a percentage of debt limit	11.66%	16.64%	22.40%	19.35%	17.33%	22.16%	15.32%	8.76%	6.16%	10.52%

Legal Debt Margin Calculation for Fisco

Assessed Value	\$1,895,456,000
Debt Limit (10% of assessed value)	189,545,600
Debt applicable to limit:	
General obligation bonds	19,930,775
Legal debt margin	<u>\$169,614,825</u>

Note: Virginia statute limits bond issuing authority of Virginia cities to 10% of the assessed real estate value.  
The above calculation includes all debt secured by the full faith and credit of the City.



City of Williamsburg, Virginia  
Demographic and Economic Statistics,  
Last Ten Fiscal Years

Table 13

Fiscal Year	City Population	Area Population <sup>2</sup>	Personal Income (thousands of dollars) <sup>2</sup>	Per Capita Personal Income <sup>2</sup>	Public School Enrollment <sup>3</sup>	Unemployment Rate <sup>1</sup>
2000*	11,998	60,495	\$ 2,107,283	\$ 34,841	8,191	4.3%
2001	12,400	61,504	2,290,040	37,250	8,407	5.7%
2002	12,600	62,978	2,392,093	38,006	8,553	7.2%
2003	13,200	64,683	2,484,654	38,444	8,959	8.0%
2004	13,400	66,961	2,725,826	40,748	9,402	7.5%
2005	13,400	69,161	2,859,404	41,394	9,820	7.1%
2006	13,400	71,787	3,163,681	44,148	10,105	5.8%
2007	13,242	72,924	3,369,024	45,843	10,137	5.5%
2008	13,273	74,768	**	**	10,248	8.7%
2009	13,354	75,591	**	**	10,507	**

\* U. S. Census-city population - other city population figures supplied by Weldon Cooper Center for Public Service (University of VA)

<sup>1</sup> Virginia Employment Commission (*calendar year figures*)

<sup>2</sup> Source - U.S. Bureau of Census

population and per capita personal figures are only available for the City of Williamsburg and neighboring James City County combined

<sup>3</sup> Source - Williamsburg-James City County Public Schools

City of Williamsburg, Virginia  
Principal Employers  
Current Year and Nine Years Ago

Table 14

<u>Employer</u>	2000			2009		
	<u>Employees<sup>1</sup></u>	<u>Rank</u>	<u>Percentage of total City Employment</u>	<u>Employees<sup>1</sup></u>	<u>Rank</u>	<u>Percentage of total City Employment</u>
College of William & Mary	1,000+	1	14.46%	1,000+	1	20.29%
Colonial Williamsburg Foundation	1,000+	2	11.83%	1,000+	2	9.82%
Colonial Williamsburg Company	1,000+	3	9.01%	500 to 999	3	5.96%
Williamsburg Community Hospital <sup>2</sup>	500 to 999	4	4.34%			
Aramark	250 to 499	5	1.39%	250 to 499	4	1.39%
City of Williamsburg	100 to 249	6	1.11%	250 to 499	5	1.25%
Williamsburg Hospitality House	100 to 249	7	0.56%			
Red Lobster & The Olive Garden	100 to 249	8	0.56%	100 to 249	6	0.56%
Walsingham Academy				100 to 249	7	0.56%
Patrick Henry Inn	100 to 249	9	0.56%			
National Center for State Courts	100 to 249	10	0.56%	100 to 249	8	0.56%
Outback Steakhouse				50 to 99	9	0.28%
Yankee Candle				50 to 99	10	0.28%

<sup>1</sup> includes part-time and seasonal employees

<sup>2</sup> now Sentara Healthcare-relocated to neighboring York County in August 2006

City of Williamsburg, Virginia  
Full-time-Equivalent City Employees by Function/Program  
Last Ten Fiscal Years

	Full-time-Equivalent Employees as of June 30:									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General Government</b>										
City Manager	5.0	5.0	4.5	4.0	4.5	4.5	5.5	5.5	5.5	6.5
Clerk of Council	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
City Attorney	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Commissioner of Revenue	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Registrar	1.5	1.5	2.0	2.0	2.0	1.5	1.5	1.5	1.5	1.5
Assessor	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	11.5	12.0	12.0	12.0	11.0	11.0	11.0	11.0	12.0	12.0
<b>Police</b>										
Officers	34.0	34.0	34.0	34.0	34.0	34.0	34.0	35.0	36.0	36.0
Civilians	13.5	13.5	13.5	13.5	15.5	16.0	16.0	18.0	18.0	18.0
<b>Fire</b>										
Firefighters & officers	30.0	31.0	31.0	31.0	31.0	31.0	34.0	35.0	36.0	36.0
Civilians	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Public Works</b>										
Engineering	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Streets	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Landscape	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Shop	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Building Maintenance	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Planning	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Code Compliance	4.0	4.0	4.0	4.0	6.0	6.0	6.0	7.0	7.0	7.0
Recreation	9.5	9.5	9.5	9.5	9.5	9.5	9.0	9.0	9.0	9.0
Human Services	11.0	11.0	11.0	11.0	11.0	12.0	12.0	12.0	12.0	12.0
Public Utilities	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>25.0</u>	<u>25.0</u>	<u>25.0</u>	<u>26.0</u>
<b>Total</b>	<u>177.0</u>	<u>179.5</u>	<u>179.5</u>	<u>180.0</u>	<u>184.5</u>	<u>185.5</u>	<u>191.0</u>	<u>196.0</u>	<u>200.0</u>	<u>202.0</u>

Source: City Finance Department

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

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

Table 16

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government										
Real estate parcels appraised	3,641	3,701	3,828	3,978	4,000	4,204	4,374	4,223	4,139	4,135
Real estate property transfers	305	367	428	339	527	486	441	381	342	242
Police										
Calls for service	32,673	31,295	36,256	30,285	32,618	29,990	30,727	32,532	30,147	31,711
Moving violations	2,942	3,191	3,238	2,924	2,128	1,672	1,867	1,989	2,053	2,118
Crimes investigated	3,294	3,406	3,744	1,681	1,979	1,770	1,740	1,772	1,615	1,605
Fire										
Emergency fire responses	689	757	629	649	650	625	694	693	1,581	1,338
Emergency EMS responses	1,685	1,613	1,655	1,702	1,739	1,692	1,744	1,861	2,151	2,200
Public Works										
Street miles maintained	54	54	54	54	54	54	54	54	54	54
Work orders issued	243	214	239	282	163	246	327	227	185	218
Tons of res. solid waste collected	3,052	3,127	2,922	2,698	3,416	2,371	3,477	3,624	3,607	4,061
Planning										
Subdivision lots approved	82	137	2	-	4	4	60	90	-	-
Site plans processed	8	10	10	10	13	11	20	14	7	10
Code Compliance										
Total permits issued	1,449	1,348	1,112	1,126	2,498	1,244	1,337	1,050	1,845	1,475
Total inspections performed	5,442	5,911	6,889	6,998	10,821	10,326	7,887	6,535	7,228	6,706
Recreation										
Program participants	37,332	32,235	34,292	36,645	31,504	32,126	29,518	27,914	24,536	25,335
Special events participants	6,348	10,748	13,133	17,707	19,131	19,364	20,228	21,719	20,281	22,792
Waller Mill Park attendance*	94,685	156,887	198,480	185,388	96,110	116,261	160,175	209,760	199,050	249,226
Human Services (avg. monthly)										
Total benefit program cases	567	588	617	705	864	724	729	612	600	693
Total service cases	165	190	179	163	164	206	184	186	179	174
Public Utilities										
Water treated (million gallons)	1,284	1,398	1,271	1,260	1,254	1,217	1,290	1,223	1,201	1,213
Water lines/hydrants repaired	157	159	208	201	80	79	62	71	48	49
Sewer lines cleaned/repared	240	246	208	207	113	130	127	100	94	72
Emergency repair responses	598	545	545	529	270	325	403	387	412	446

Source: City operating departments

\* Waller Mill Park suffered extensive damage from Hurricane Isabel in Sept., 2003

City of Williamsburg, Virginia  
Capital Asset Statistics by Function,  
Last Ten Fiscal Years

Table 17

Function/Program	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General Government</b>										
Number of buildings	25	26	27	28	28	28	28	28	28	28
Number of parking structures	1	1	1	1	2	2	2	2	2	2
Total number of active vehicles in vehicle replacement plan	69	71	72	75	74	80	77	80	81	77
<b>Public Safety</b>										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of fire stations	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Lane miles of streets maintained	45	45	48	48	48	48	49	50	50	50
Number of traffic signals	14	14	14	14	14	14	14	14	14	15
Bridges	4	4	4	4	4	4	4	4	4	4
<b>Education-Regional Schools</b>										
Grades: K - 5	7	7	7	7	7	7	7	7	8	8
Grades: 6 - 8	3	3	3	3	3	3	3	3	3	3
Grades: 9 -12	2	2	2	2	2	2	2	2	3	3
<b>Parks &amp; Recreation</b>										
Number of parks	4	4	4	4	4	4	4	4	4	4
Number of ball fields	6	6	6	6	6	6	6	6	6	6
Number of tennis courts	10	10	10	10	10	10	10	10	10	10
Number of total acres	2,036	2,036	2,036	2,036	2,036	2,036	2,036	2,036	2,036	2,036
<b>Culture</b>										
Number of public libraries (regional)	2	2	2	2	2	2	2	2	2	2
<b>Public Utilities</b>										
Miles of water distribution	40	40	48	48	48	48	48	48	48	48
Number of water tanks	5	5	5	5	5	5	5	5	5	5
Number of pump stations	11	11	11	12	13	14	14	14	14	14

Source: City departments.

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## 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 the City Council  
City of Williamsburg  
Williamsburg, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Williamsburg, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the City of Williamsburg, Virginia's basic financial statements and have issued our report thereon dated October 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Williamsburg, Virginia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Williamsburg, Virginia's financial statements that is more than inconsequential will not be prevented or detected by the City of Williamsburg, Virginia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Williamsburg, Virginia's internal control.

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

### Compliance and Other Matters

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

We noted other matters involving the internal control and its operation that we have reported to management of the City of Williamsburg, Virginia, in a separate letter dated October 15, 2009.

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

*Robyn. Fann, lva Associates*

Richmond, Virginia  
October 15, 2009

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To The Honorable Members of the City Council  
City of Williamsburg  
Williamsburg, Virginia

### Compliance

We have audited the compliance of the City of Williamsburg, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Williamsburg, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Williamsburg, Virginia's management. Our responsibility is to express an opinion on the City of Williamsburg, Virginia's compliance based on our audit.

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

In our opinion, the City of Williamsburg, Virginia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009.

### Internal Control Over Compliance

The management of the City of Williamsburg, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Williamsburg, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 City of Williamsburg, Virginia's internal control over compliance.



A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

*Robynn Fann, Cox Associates*

Richmond, Virginia  
October 15, 2009

City of Williamsburg, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2009

Page 1 of 2

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
<i>Department of Health and Human Services:</i>		
Pass Through Payments:		
<i>Department of Social Services:</i>		
Promoting Safe and Stable Families	93.556	\$ 1,167
Temporary Assistance to Needy Families (TANF)	93.558	147,281
Refugee and Entrant Assistance - State Administered Programs	93.566	262
Low Income Home Energy Assistance	93.568	3,859
Child Care and Development Block Grant	93.575	67,499
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	37,942
Child Welfare Services - State Grants	93.645	478
Foster Care - Title IV-E	93.658	119,086
ARRA - Foster Care - Title IV-E	93.658	6,663
Adoption Assistance	93.659	28,784
ARRA - Adoption Assistance	93.659	2,676
Social Services Block Grant	93.667	46,601
Chafee Foster Care Independence Program	93.674	1,049
ARRA - Child Care and Development Block Grant	93.713	257
Children's Health Insurance Program	93.767	7,358
Medical Assistance Program (Title XIX)	93.778	77,716
		<u>548,678</u>
Total Department of Health and Human Services		\$ 548,678
<i>Department of Agriculture:</i>		
Pass Through Payments:		
<i>Department of Social Services:</i>		
State Admin Matching Grants for Supplemental Nutrition Assistance Program	10.561	\$ 112,662
<i>Department of Justice:</i>		
Pass Through Payments:		
<i>Department of Criminal Justice Services:</i>		
Local law enforcement block grant	16.592	\$ 3,241
<i>U.S. Department of Housing and Urban Development:</i>		
Pass Through Payments:		
<i>Department of Housing and Community Development:</i>		
Community development block grant	14.228	\$ 30,231

City of Williamsburg, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2009

Page 2 of 2

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
<i>Department of Homeland Security:</i>		
Pass Through Payments:		
<i>Department of Emergency Services:</i>		
Citizens corp.	97.053	\$ 2,048
State homeland security program	97.073	6,967
State domestic preparedness equipment support program	97.004	3,985
Total Department of Homeland Security		<u>\$ 13,000</u>
Total Federal Assistance		<u><u>\$ 707,812</u></u>

City of Williamsburg, Virginia  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2009

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Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federally assisted programs of the City of Williamsburg, Virginia. The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as, federal awards passed through other government agencies, are included on the schedule.

Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

Note 3 - Relationship to Financial Statements

Federal expenditures, revenues, and capital contributions are reported in the City's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General fund	\$ 30,231
Virginia public assistance fund	674,340
Law enforcement block grant fund	<u>3,241</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 707,812</u></u>
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City of Williamsburg, Virginia  
Schedule of Findings and Questioned Costs  
For the year ended June 30, 2009

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**Section I—Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	<u>✓</u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes	<u>✓</u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u>✓</u> no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	_____ yes	<u>✓</u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes	<u>✓</u> none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes ✓ no

Identification of major programs:

CFDA Number(s)

93.558

93.778

Name of Federal Program or Cluster

Temporary Assistance for Needy Families (TANF)

Medical Assistance Program (Title XIX)

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ✓ yes \_\_\_\_\_ no

**Section II—Financial Statement Findings**

None

**Section III—Federal Award Findings and Questioned Costs**

None

**City of Williamsburg, Virginia**  
**Schedule of Prior Year Findings and Questioned Costs**  
**For the year ended June 30, 2009**

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There were no prior year findings or questioned costs.