

JAMES CITY SERVICE AUTHORITY
(A Component Unit of the County of James City, Virginia)
Statements of Revenues, Expenses, and Changes in Net Assets
Years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006, as restated</u>
Operating revenues:		
Water and sewer services	\$ 11,464,460	10,269,798
Miscellaneous	1,029,399	309,429
Reimbursements from storm costs	161,573	—
Rental income (note 10)	187,753	217,172
Water supply proffers	530,518	403,459
Total operating revenues	<u>13,373,703</u>	<u>11,199,858</u>
Operating expenses:		
Salaries (note 6)	1,020,053	762,584
Fringe benefits (note 6)	409,947	265,520
Operating supplies	737,092	560,840
Maintenance of buildings and equipment	793,764	637,345
Special services (notes 9 and 10)	5,168,706	4,877,696
Utilities	640,890	651,820
Water purchases	285,190	320,509
Storm costs	161,349	—
Other	203,327	207,397
Total operating expenses	<u>9,420,318</u>	<u>8,283,711</u>
Operating income before depreciation and amortization	3,953,385	2,916,147
Depreciation and amortization	<u>5,594,153</u>	<u>5,330,865</u>
Operating income (loss)	<u>(1,640,768)</u>	<u>(2,414,718)</u>
Nonoperating revenues (expenses):		
Connection fees	5,904,875	6,132,383
Investment income	1,503,939	935,971
Loss on disposal of capital assets	(2,198,500)	(39,930)
Interest expense, net	(475,557)	(494,712)
Net nonoperating revenues	<u>4,734,757</u>	<u>6,533,712</u>
Income before contributions	3,093,989	4,118,994
Capital assets contributions	<u>7,926,456</u>	<u>10,077,376</u>
Changes in net assets	11,020,445	14,196,370
Net assets at beginning of year, as restated (note 13)	<u>154,985,843</u>	<u>140,789,473</u>
Net assets at end of year	<u>\$ 166,006,288</u>	<u>154,985,843</u>

See accompanying notes to basic financial statements.