

**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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Water and sewer services	\$ 11,211,578	11,464,460
Water supply proffers	502,217	530,518
Rental income (note 10)	181,256	187,753
Reimbursements for storm costs	—	161,573
Other	615,883	1,029,399
Total operating revenues	<u>12,510,934</u>	<u>13,373,703</u>
Operating expenses:		
Salaries (note 6)	1,016,005	1,020,053
Fringe benefits (note 6)	396,771	409,947
Operating supplies	708,433	737,092
Maintenance of buildings and equipment	1,170,192	793,764
Special services (notes 9 and 10)	5,717,101	5,168,706
Utilities	809,577	640,890
Water purchases	349,351	285,190
Storm costs	—	161,349
Other	38,169	203,327
Total operating expenses	<u>10,205,599</u>	<u>9,420,318</u>
Operating income before depreciation and amortization	2,305,335	3,953,385
Depreciation and amortization	5,864,920	5,594,153
Operating loss	<u>(3,559,585)</u>	<u>(1,640,768)</u>
Nonoperating revenues (expenses):		
Facility charges	3,428,121	5,904,875
Investment income	1,995,201	1,503,939
Gain (loss) on disposal of capital assets	181,615	(2,198,500)
Interest expense, net	(480,584)	(475,557)
Net nonoperating revenues	<u>5,124,353</u>	<u>4,734,757</u>
Income before contributions	1,564,768	3,093,989
Capital asset contributions	3,154,158	7,926,456
Changes in net assets	4,718,926	11,020,445
Net assets at beginning of year	<u>166,006,288</u>	<u>154,985,843</u>
Net assets at end of year	<u>\$ 170,725,214</u>	<u>166,006,288</u>

See accompanying notes to basic financial statements.