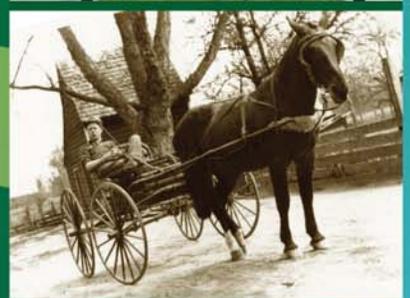


Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2015
Prepared by the Department of Budget & Finance



Local Roots, Global Reach

ISLE OF WIGHT
COUNTY, VIRGINIA

Isle of Wight, Virginia
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ISLE OF WIGHT COUNTY, VIRGINIA



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ISLE OF WIGHT COUNTY, VIRGINIA

November 18, 2015

Members of the Board of Supervisors and Citizens of the County of Isle of Wight, Virginia:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the County of Isle of Wight, Virginia for the fiscal year ended June 30, 2015. This report is intended to provide informative and relevant financial data for the residents of the County, Board of Supervisors, investors, creditors and any other interested readers.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with U. S. generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Further, as management we assert that all disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included in this financial report.

Cherry Bekaert LLP, a certified public accounting firm, audited the County's basic financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's basic financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP with noted emphasis in the independent auditors report as presented in the first component of the financial section of this report. The independent audit of the financial statements of the County is part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with additional emphasis on the administration of federal and state awards. This "Single Audit" information will be available in a separately issued report and will be available upon request from the Department of Budget & Finance.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Isle of Wight County was formerly established in 1634, although prior to 1637, the County was known as Warrosquoyacke. It is one of the oldest county governments in the United States of America and one of the original eight (8) shires by an order of King Charles I. Nestled on the shores of the James River in southeastern Virginia, Isle of Wight's residents enjoy its rural nature spread over 320 square miles coupled with the quaint atmosphere of two (2) incorporated Towns - Smithfield and Windsor.

Isle of Wight County has a rich history that pre-dates its formal establishment in 1634. The County provided fertile farmland and hunting opportunities for its Native American inhabitants prior to the first English settlement in 1619. It still provides an excellent quality of life for over 35,000 residents while balancing its rural history with a future focused on quality commercial and residential growth.

The County provides a wide array of services to citizens. Major programs include Public Safety, Health and Welfare, Parks and Recreation, and Community Development. The financial reporting for the County covers all of these major areas, as well as the County Public Schools.

The **Public Safety** programs of the County feature five fire stations and two rescue squads staffed by well-trained volunteers and a growing number of the professional firefighters and EMS personnel with state of the art equipment and well-maintained facilities. Two of the five fire stations now provide first response services for both fire and EMS calls.

The **Health and Welfare** services program for the County was vastly improved by acquiring a facility formerly utilized as a family medical practice to serve as the new location for the Isle of Wight County Health Department. The property was offered to the County at half of its appraised value. After renovations are completed, it will serve the community well by allowing the Health Department to significantly expand its services in the future.

Parks and Recreation programs are essential to the quality of life of County residents. The Isle of Wight County Fair has become one of the community's signature events. Held at Heritage Park, it provides great family entertainment and highlights the County's rural roots, attracting over 33,000 visitors annually from all over the Commonwealth of Virginia.

The County is also home to Windsor Castle Park located in the heart of downtown Smithfield. It is a 209.8 acre riverside park that features a woodland trail system, picnic and play areas, a dog park, kayak and canoe launch, scenic overlook and the Windsor Castle Historic Site. Windsor Castle Farm was originally part of a 1,450 acre parcel patented in 1637 by Arthur Smith and is situated on a knoll overlooking the Pagan River. The site preserves the rich historic heritage of the Castle, as well as providing a passive public park on the estate grounds.

Community Development continues to be an extremely important focus of the Board of Supervisors in that it provides an opportunity for the County to preserve its natural beauty

while simultaneously promoting smart growth. The County's Comprehensive Land Use Plan is designed to encourage manageable residential and commercial growth in specific areas of the County while preserving farm land and forestry in an effort to maintain the County's rural character and natural beauty.

As part of its community-wide vision, the County has designated three strategic growth areas called Development Service Districts, or DSDs. The three DSDs are located around and close to the existing population centers of Carrollton, Windsor, and Camptown. The benefits of these strategic growth areas include:

- Existing and planned public water and sewer facilities.
- Ready access to the region's transportation network, including Route 17, Route 258, Route 460, and Route 58 as well as two rail lines, which provide direct connections to the Virginia Ports.
- Proximity to the nearby population centers of Smithfield, Windsor, Franklin, Newport News, and Hampton as well as the rest of the Hampton Roads region.
- Planned, future growth opportunities including a mix of residential, commercial and industrial land uses.

The County's **Public Schools** are operated by a legally distinct governing body, the County provides a significant portion of the funding for a public school system recognize for excellence.

Isle of Wight County Schools implement research-based instructional strategies to provide rigorous and engaging learning experiences that ensure student success. The division educates more than 5,500 students in grades PreK-12 at nine schools: five elementary schools, two middle schools, and two high schools.

All nine schools earned full accreditation from the Virginia Department of Education. Isle of Wight County Schools met or exceeded the state pass rates in all core subjects. Division-wide, students increased overall pass rates in Science in every student subgroup. Isle of Wight County Schools earned an on-time graduation rate of nearly 92 percent (91.6%) for the Class of 2015, according to data released by the Virginia Department of Education. The drop-out rate was only 2.5%, well below the State's drop-out rate at 5.2%.

The County's Schools ranks 14th out of 131 school districts in Virginia according to SchoolDigger. The Isle of Wight County Schools continue to rise to the challenge of meeting increases in state and federal benchmarks, many of which are unfunded mandates. The division's success is attributed to the dedicated administrators, teachers, and staff. The division benefits from strong relationships between the community and the schools.

Economic Overview

Isle of Wight County is a community of choice for homeowners and businesses alike because of its rural aesthetics and affordable tax rates. Maintaining and improving the quality of life for residential and commercial residents requires a commitment to the long-term strategies for economic development.

Those strategies include significant investment in the infrastructure to serve the County's Shirley T. Holland Intermodal Industrial Park located just east of the Town of Windsor. The Park is currently home to warehouse distribution facilities for Cost Plus World Market and Safco Products, Inc., a production and distribution facility for Keurig Green Mountain, a leader

in specialty coffee and coffeemakers, and is poised to attract significant new investments in distribution and manufacturing facilities that will create new jobs and further diversify the County's tax base.

Keurig Green Mountain, Inc. purchased a 330,000 square-foot spec building on a 64-acre parcel of land in Phase II of Shirley T. Holland Intermodal Park, where it houses coffee roasting, grinding, flavoring, and packaging operations for its single-serve portion packs for its Keurig® Single-Cup Brewing System. It is estimated the new facility will have as many as 800 employees (currently at over 500 employees).

Phase III of the Shirley T. Holland Intermodal Park was rezoned by the Board of Supervisors in an effort to set the stage for future industrial and commercial development to occur in the central portion of the County.

In September 2013, Smithfield Foods merged with Shuanghui International Holdings Limited (now WH Group Limited). It is now a \$15 billion global food company and the world's largest pork processor and hog producer. In the United States, the company is also the leader in numerous packaged meats categories with popular brands including Smithfield®, Eckrich®, Farmland®, Armour®, Cook's®, Nathan's®, Gwaltney®, Kretschmar®, Curly's®, Carando®, Margherita®, Healthy Ones®, and John Morrell®. In June 2012, Smithfield Foods opened its flagship restaurant/retail store aptly named Taste of Smithfield in Smithfield to highlight its food products.

International Paper had been a mainstay in the County until its 2009 announcement to close its local plant; however, in 2011, the company announced its plan to reopen a portion of its operation to manufacture fluff paper. International Paper has also been in negotiations with other companies that have announced that they will utilize a portion of the former facility to start new operations.

The southern part of the County saw an increase in activity following the announcement of the International Paper Fluff Plant. In the fall of 2011, RepairTech LLC, an industrial contractor with 35 employees, purchased the 31,560 square-foot former Carastar building on Carrsville Highway, expanded its operation and created 15 new jobs. The company previously leased a smaller space across the highway from its new location.

In July 2012, ST Tissue announced plans to invest \$60 million and create 85 jobs to establish a recycled tissue plant. The company recycles waste paper into tissue for napkins and towels using a part of the International Paper mill property.

Franklin Lumber, LLC restarted operations near the end of 2013. A new company started by former employees of the International Paper mill, Franklin Lumber has created 72 jobs with the reopening of the facility, with the potential to create additional jobs as market conditions allow. The new owners plan to make \$14.8 million in new capital investments to the facility over the next five years to increase the capacity and competitiveness of the mill.

Franklin Lumber plans to produce 60 million board feet of southern yellow pine lumber annually. Its products will consist of dimensional lumber for retail, treating and truss manufacturers. The company will also have a strong market for its residual products, including International Paper, which will purchase wood chips for its recently re-opened fluff mill. More than 40% of Franklin Lumber's annual purchases of logs, estimated at almost 300,000 tons, will be sourced from Virginia. Total wood receipts paid to area loggers and landowners likely will exceed \$10 million on an annual basis.

Ezzell Trucking began operations out of a portion of the vacant Franklin Equipment property.

In May 2014, Montague Farms, Inc. announced an expansion of the company's facility in Isle of Wight County that includes three new jobs and the exporting of soybeans into the highly regulated, but lucrative market of South Korea.

Tourism continues to be a strong component of economic development within the County. The community's assets are promoted locally, regionally, and nationally for its "Hams, History, Hospitality, and HeART". The Smithfield Farmers' Market was recently named one of the top 101 farmers' markets in America and the only farmers' market in Virginia to be recognized in the listing.

Financial Guidelines

The County prepares an annual Operating Budget that balances revenues and expenditures within available resources to ensure the sustainability of day-to-day operations and essential services for its citizenry.

The County also prepares a Capital Improvement Plan (CIP) annually. The CIP serves as a planning tool for the efficient, effective and equitable distribution of public improvements throughout the County. The plan represents a balance between finite resources and an increasing number of competing priorities. The County develops a five year CIP each year inclusive of the capital needs of the Public Schools. The Board of Supervisors approves the first year of the plan as the Capital Budget after legal advertising and public hearing requirements have been met. The CIP also anticipates significant projects that are envisioned beyond the initial five year period and identifies projects up to ten years out to allow for appropriate long-term planning and financial projections.

The CIP represents a fiscally responsible approach in its level of reliance on long-term financing for general County improvement projects. The CIP will utilize debt financing as a funding source only after it has been determined that the County can afford to service this debt and the associated operating expenses in subsequent years.

The **Debt Guidelines** adopted to meet the fiscal challenges of financing capital projects identified in the Capital Budget are as follows:

- The County's tax-supported debt service will not exceed 12 percent of general governmental expenditures. Tax-supported debt service shall include any debt service on general obligation bonds which are not self-supporting from a user fee revenue stream (i.e. water and sewer fee). A self-supporting revenue stream is defined as a revenue stream that provides coverage of all debt service obligations without general fund support. Any long term financing lease obligations which may be subject to annual appropriation by the County will also be included in calculations of tax-supported debt service.
- The County's tax-supported debt will not exceed 4 percent of the assessed value of taxable real and personal property in the County.

Major Initiatives and Accomplishments

In June 2014, all three of the international credit rating agencies, Fitch Ratings, Moody's Investors Service, and Standard & Poor's, **affirmed** the County's excellent credit ratings of AA, Aa2, and AA respectively with a stable outlook.

It should be noted that each of the rating agencies pointed to the County's strong financial management as one of the reasons they issued positive ratings. They will continue to monitor the County's progress to ensure it is following the three-year financial plan discussed with the agencies.

Awards

In recognition of its Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2014, a Certificate of Achievement for Excellence in Financial Reporting was awarded to Isle of Wight County by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and reporting, and its attainment represents a significant accomplishment by a government and its management.

An Award of Financial Reporting Achievement was also awarded to the Isle of Wight County Department of Budget & Finance for its role in preparing the award-winning CAFR.

Acknowledgement

We would like to express our appreciation to the County staff who contributed to the timely preparation of this report. We would also like to thank the members of the Board of Supervisors for your interest and support in planning and conducting the financial operations of the County in a responsible and professional manner.

Respectfully submitted,



Anne F. Seward
County Administrator



Michael W. Terry
Director of Budget & Finance

Isle of Wight County, Virginia
Officials
June 30, 2015

Primary Government Officials

BOARD OF SUPERVISORS

Rex W. Alphin, Chairman Carrsville District
Deloris C. “DeeDee” Darden, Vice-Chairman..... Windsor District
Byron B. “Buz” Bailey Newport District
Al Casteen Smithfield District
Rudolph Jefferson..... Hardy District

CONSTITUTIONAL OFFICERS

Georgette C. Phillips Commonwealth’s Attorney
Gerald H. Gwaltney Commissioner of the Revenue
Sharon N. Jones Clerk of Circuit Court
Mark M. Marshall..... Sheriff
Judith C. Wells Treasurer

ADMINISTRATIVE OFFICERS

Anne F. Seward County Administrator
Michael W. Terry Director, Budget & Finance
Mark C. Popovich..... County Attorney

School Board Officials

SCHOOL BOARD

Denise Tynes, Chairman Smithfield District
Julia Perkins, Vice-Chairman..... Windsor District
Edmond Easter..... Newport District
Robert Eley Carrsville District
Alvin Wilson Hardy District

ADMINISTRATIVE OFFICERS

A. Katrise Perera Superintendent
Nancy Hopkins Interim Director of Budget & Finance
Stacy Haney, Reed Smith LLP School Attorney



Government Finance Officers Association

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

Presented to

**County of Isle of Wight
Virginia**

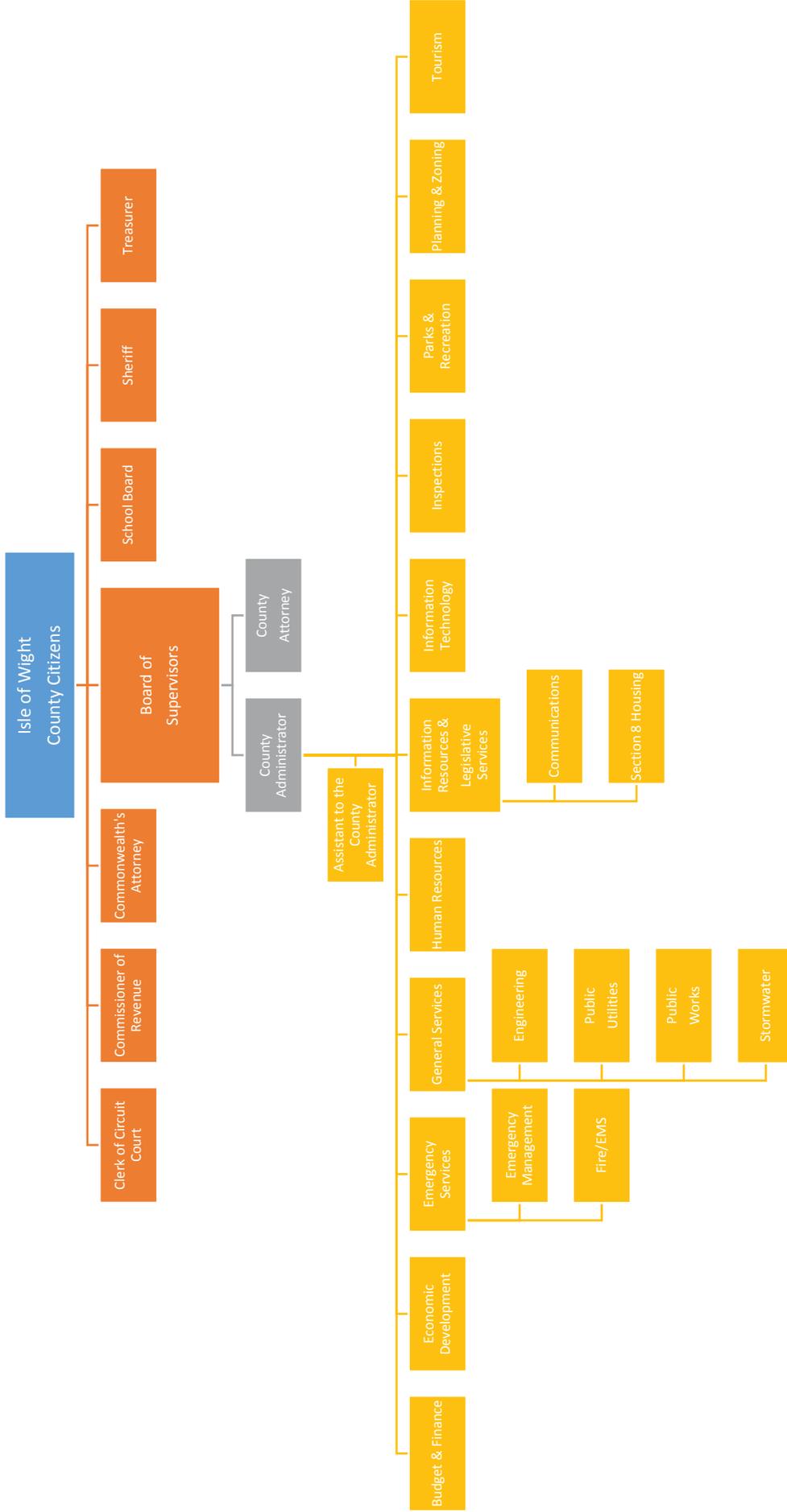
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

ORGANIZATION CHART

FY2014-15





Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

Report of Independent Auditor

The Honorable Members of the Board of Supervisors
County of Isle of Wight, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Isle of Wight, Virginia, (the "County") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 15 to the financial statements, effective July 1, 2014, the County adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Governmental Accounting Standards Board ("GASB") Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information in Exhibits B-1 through B-6, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

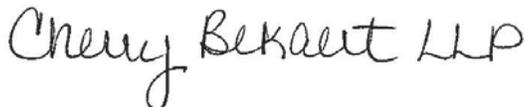
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Isle of Wight, Virginia's basic financial statements. The introductory section, other supplementary information in Exhibits B-7 through B-27, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information in Exhibits B-7 through B-27, as listed in the table of contents, are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information in Exhibits B-7 through B-27, as listed in the table of contents, are fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2015 on our consideration of the County'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* in considering the County's internal control over financial reporting and compliance.



Virginia Beach, Virginia
November 18, 2015

County of Isle of Wight, Virginia
Management's Discussion & Analysis

This section of the County of Isle of Wight, Virginia's (County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2015. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The net position of the County's governmental activities was \$16.6 million at June 30, 2015, a 8.5% decrease from the previous fiscal year.
- In support of the County's primary governmental activities, revenues were generated in the amount of \$74.0 million, of which 83.2% consisted of local taxes, 5.5% from the Commonwealth of Virginia, 3.8% from Federal, 4.1 % from other sources and 3.4% from charges for service. Of the total revenue, 7.1% is in operating grants. Expenses from County operations were \$69.6 million or a 9.8% decrease over the previous year.
- The County's General Fund reported expenditures in excess of revenues and other financing sources and uses in the amount of \$1.4 million, resulting in an unassigned fund balance of \$9.6 million. The expenditures in excess of revenues and other financing sources and uses is \$0.8 million less than the amounts budgeted for the year because the County's management of expenses and implementation cost containment measures throughout the fiscal year, which resulted in \$8.7 million saving in expenditures compared to the final budget.
- The County's tax rate on real estate increased to \$0.85 per \$100 of assessed value. This is currently the lowest tax rate in the Hampton Roads area.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - *Management's Discussion and Analysis* (this section), the *basic financial statements*, and *required and other supplementary information*. The basic financial statements include two statements presenting different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in more detail than the government-wide statements.
- *The governmental funds* statement tells how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as public utilities.
- *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong, such as Special Welfare.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required and other supplementary information* that further explains and supports the information in the financial statements.

Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the County's Annual Financial Report

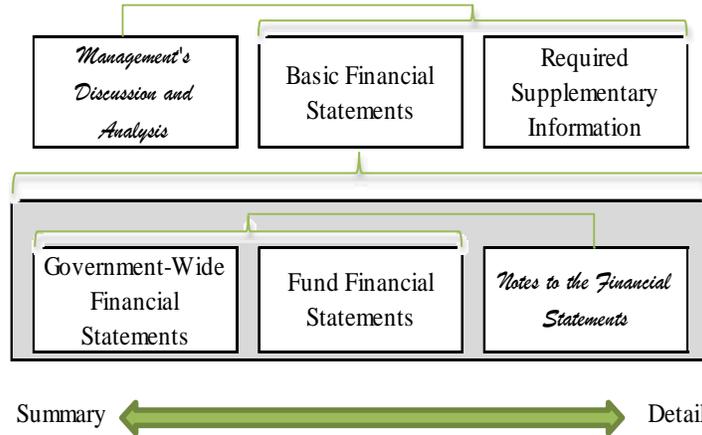


Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Type of Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County's government (except fiduciary funds) and the County's component units	The activities of the County that are not proprietary or fiduciary	Activities the County operates similar to private businesses: public utilities.	Instances in which the County is the trustee or agent for someone else's resources: Special Welfare
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures & changes in fund balances	Statement of net position Statement of revenues, expenses and changes in fund net position Statement of cash flows	Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the County's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The *government-wide financial statements* report information about the County using accounting methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the County's overall financial status. Government-wide financial reporting consists of two statements: the Statement of Net Position and the Statement of Activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to reporting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The two government-wide statements report the County's net position and how they have changed. Net position, the difference between the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, one needs to consider additional non-financial factors such as changes in the County's tax base.

The government-wide statements of the County include the following:

- **Governmental activities** - Most of the County's basic services are reported here including general government, judicial administration, public safety, general services, education, health and welfare, parks and recreation and economic and community development. Property taxes, other local taxes, and state and federal grants finance most of these activities.
- **Business-type activities** - The County's water, sewer and stormwater services are reported as business-type activities. These services are mostly supported by charges for services based on use.
- **Component Units** - The County includes two separate legal entities in its report - the Isle of Wight County School Board and the Industrial Development Authority of the County of Isle of Wight. While legally separate, the County is financially accountable and provides operating and capital funding to these component units.

Fund Financial Statements

The fund financial statements provide additional information about the County's most significant funds. These statements focus on the individual parts of the County government and groupings of related accounts that are used to maintain control over resources that have been segregated for specific purposes. Governments use fund accounting to ensure and demonstrate finance-related legal compliance. The fund financial statements are divided into three categories: governmental funds, proprietary funds and fiduciary funds. These financial statements are supplemented by accompanying Notes to the Financial Statements and Required Supplemental Information.

- **Governmental funds** - Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's services. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, which explains the relationship (or differences) between them.
- **Proprietary Funds** - Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The County's enterprise fund (one type of proprietary fund) is used to report the same functions presented as business-type activities in the government-wide financial statements, but the fund financial statements provide more detail and additional information, such as cash flows. The County's public utilities enterprise fund accounts for the operation of its water and sewer systems while the stormwater enterprise fund accounts for the operation of its stormwater system.

- **Fiduciary Funds** - The 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 statements because the resources of those funds are not available to support the County's services. The accounting used for fiduciary funds is similar to that of the proprietary funds. The County maintained Special Welfare and School Activity Agency Funds in fiscal year 2015.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Table A-1 summarizes the Statement of Net Position at June 30, 2015 and 2014.

Table A-1

	Governmental Activities		Business-Type Activities		Totals	
	2014		2014		2014	
	2015	(as Restated)	2015	(as Restated)	2015	(as Restated)
Current and other assets	\$ 49,339,493	\$ 39,944,895	\$ 12,646,990	\$ 11,172,841	\$ 61,986,483	\$ 51,117,736
Capital assets	109,240,160	107,100,500	14,118,207	14,941,087	123,358,367	122,041,587
Total assets	158,579,653	147,045,395	26,765,197	26,113,928	185,344,850	173,159,323
Deferred outflows of resources	4,763,978	2,032,804	3,006,551	974,581	7,770,529	3,007,385
Current liabilities	\$ 8,417,037	\$ 6,270,331	\$ 2,095,542	\$ 2,599,183	\$ 10,512,579	\$ 8,869,514
Long-term liabilities	121,554,250	123,695,680	39,422,092	36,613,227	160,976,342	160,308,907
Total liabilities	129,971,287	129,966,011	41,517,634	39,212,410	171,488,921	169,178,421
Deferred inflows of resources	16,802,841	1,006,400	121,007	-	16,923,848	1,006,400
Net Investment in capital assets	2,045,769	6,086,446	(16,186,173)	(12,140,987)	(14,140,404)	(6,054,541)
Restricted	7,174,341	13,734,652	5,927,757	-	13,102,098	13,734,652
Unrestricted	7,349,393	(1,715,310)	(1,608,477)	17,086	5,740,916	(1,698,224)
Total net position	\$ 16,569,503	\$ 18,105,788	\$ (11,866,893)	\$ (12,123,901)	\$ 4,702,610	\$ 5,981,887

As described earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the fiscal year, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$4.7 million, a 21.4% decrease from the previous year. Total assets increased by \$12.2 million, a 7% increase, deferred outflows of resources increased by \$4.8 million or 158%, total liabilities increased by \$2.3 million, a 1% increase when compared to June 30, 2014. The increase to the County assets and liabilities is mainly due to construction of capital assets and debt refunding during the year ended June 30, 2015. Deferred inflows of resources increased by \$15.9 million, a 1581.6% increase. The main reason for the increase is \$14.3 million unearned property tax revenues collected during the year ended June 30, 2015 and \$2.1 million deferred inflows related to pension as result of actual earnings of pension plan investment higher than the projected earnings.

The largest portion of the County's net position at June 30, 2015 is net investment in capital assets in amount of \$(14.1) million, or negative 300.7% of total net position. The \$8.1 million or 134% decrease from June 30, 2014 is mainly due to \$7.6 million of capital assets transferred to the School Board and increase of \$2.7 million increase in capital assets related debt.

The second largest component of the net position at June 30, 2015 (\$13.1 million, or 278.6% of total net position) is restricted net position, specifically restricted for capital project in the amount of \$12.6 million. This is County resources restricted for capital projects purposes only.

The unrestricted net position in the amount of \$5.7 million, or 122.1%, is unrestricted net position. It went from deficit of \$1.7 million to surplus of \$5.7 million due to \$6.1 million increase in property taxes mainly from personal property, machinery and tools as result of new industrial park, and \$2.9 million decrease in net pension liability from June 30, 2014.

The following summarizes the County's changes in net position for the years ended June 30, 2015 and 2014:

Table A-2

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014 (as Restated)	2015	2014 (as Restated)	2015	2014 (as Restated)
Revenues						
Program revenues:						
Charges for services	\$ 2,460,273	\$ 2,322,200	\$ 5,779,255	\$ 5,206,661	\$ 8,239,528	\$ 7,528,861
Operating grants and contribution	5,282,485	5,718,851	-	-	5,282,485	5,718,851
Capital grants and contribution	3,133,139	905,676	480,741	481,900	3,613,880	1,387,576
General Revenue:					-	-
Taxes	61,545,222	55,411,326	-	-	61,545,222	55,411,326
Investment income	956,397	324,636	17,873	16,438	974,270	341,074
Others	597,304	840,977	-	10,275	597,304	851,252
Total revenues	73,974,820	65,523,666	6,277,869	5,715,274	80,252,689	71,238,940
Expenses						
General government administration	\$ 4,954,948	5,859,778	-	-	4,954,948	5,859,778
Judicial administration	1,345,313	1,334,545	-	-	1,345,313	1,334,545
Public safety	11,227,838	10,856,876	-	-	11,227,838	10,856,876
General services	6,059,730	6,444,839	-	-	6,059,730	6,444,839
Health and welfare	3,654,546	4,267,056	-	-	3,654,546	4,267,056
Education	31,627,526	25,930,462	-	-	31,627,526	25,930,462
Parks, recreation and cultural	3,051,601	3,250,023	-	-	3,051,601	3,250,023
Community development	3,066,139	2,805,145	-	-	3,066,139	2,805,145
Interest on long-term debt	4,568,504	4,507,212	-	-	4,568,504	4,507,212
Public utility	-	-	11,146,341	8,677,215	11,146,341	8,677,215
Stormwater	-	-	829,480	347,845	829,480	347,845
Total expenses	69,556,145	65,255,936	11,975,821	9,025,060	81,531,966	74,280,996
Change in net position before transfers	4,418,675	267,730	(5,697,952)	(3,309,786)	(1,279,277)	(3,042,056)
Transfers	(5,954,960)	(2,313,266)	5,954,960	2,313,266	-	-
Change in net position	(1,536,285)	(2,045,536)	257,008	(996,520)	(1,279,277)	(3,042,056)
Net position - beginning of year	18,105,788	20,151,324	(12,123,901)	(11,127,381)	5,981,887	9,023,943
Net position - end of year	\$ 16,569,503	\$ 18,105,788	\$ (11,866,893)	\$ (12,123,901)	\$ 4,702,610	\$ 5,981,887

The County's total revenue was \$80.3 million in the year ended June 30, 2015, while the total cost of all programs and services was \$81.5 million.

Revenue increase by \$9.0 million, or 12.7% from the year ended June 30, 2014 due to an increase in property tax revenues. Tax revenues increased significantly from the year ended June 30, 2015 in the amount of \$6.1 million mainly from general property taxes.

Expense increased \$7.3 million, or an increase of 9.8% from the year ended June 30 2014. The increase is primarily from increase in education functional expense by \$5.7 million due to increase in transfers to the School Board for the completed capital project and a \$2.5 million increase in public utility expense related to water contracts with the Cities of Suffolk and Norfolk and contributions to Western Tidewater Water Authority.

Governmental Activities

- The County's total revenues for governmental activities were \$74.0 million, of which a significant portion, 83.2%, comes from local taxes.
- General Property taxes and other local taxes increased by \$6.1 million or 11.1% due to continued increase in real property value and increase in personal property, machinery and tools owned by the local businesses in the County.
- Operating grants and contributions consist of state, federal and local revenues received to offset the cost of various programs. However, the reimbursements do not necessarily represent 100% of expenditures as illustrated in Table A-3a.
- Grants and contribution increased \$1.8 million or 27.0%, mainly due to \$1.4 million in Fort Boykins Erosion and Windsor Sidewalk Project and a \$0.5 million ambulance contributed during the year ended June 30, 2015.

Table A-3a presents the cost of each of the County's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what local tax dollars, as well as state and federal revenues funded.

Table A-3a

	Total Cost of Services			Net Cost of Services		
	2015	2014	% Change	2015	2014	% Change
Governmental Activities:						
General government						
administration	\$ 4,954,948	\$ 5,859,778	-15.4%	\$ 3,996,085	\$ 5,218,279	-23.4%
Judicial administration	1,345,313	1,334,545	0.8%	754,100	734,861	2.6%
Public safety	11,227,838	10,856,876	3.4%	7,350,882	7,594,179	-3.2%
General services	6,059,730	6,444,839	-6.0%	3,987,315	6,010,802	-33.7%
Health and welfare	3,654,546	4,267,056	-14.4%	1,455,752	1,872,201	-22.2%
Education	31,627,526	25,930,462	22.0%	24,046,131	25,617,262	-6.1%
Parks, recreation and cultural	3,051,601	3,250,023	-6.1%	2,298,744	2,358,538	-2.5%
Community development	3,066,139	2,805,145	9.3%	2,337,387	2,395,875	-2.4%
Interest on long-term debt	4,568,504	4,507,212	1.4%	4,677,512	4,507,212	3.8%
Total expenses	\$ 69,556,145	\$ 65,255,936	6.6%	\$ 50,903,908	\$ 56,309,209	-9.6%

- The cost of all *governmental* activities this year was \$69.6 million, a 7% increase from the previous year. The increase in 2015 was primarily driven by increases in contribution to the school's capital assets.
- Education continues to be one of the County's highest priorities and commitments representing 45.5% of total costs and 47.2% of total net costs.

Business-type Activities

	Total Cost of Services			Net Cost of Services		
	2015	2014	% Change	2015	2014	% Change
Business-type Activities:						
Public Utilities	11,146,341	8,677,215	28.5%	\$6,777,991	\$4,621,040	46.7%
Stormwater	829,480	347,845	138.5%	(1,062,115)	(1,284,541)	-17.3%
Total expense	\$11,975,821	\$9,025,060	32.7%	\$5,715,876	\$3,336,499	71.3%

Revenues of the County's business-type activities for the operation of water and sewer systems increased by \$0.3 million or 7.7% while the expenses increased by \$2.5 million or 28.5% from the year ended June 30, 2014. Increase in water and sewer revenue resulted from increase in demand for water from the customers. A significant portion of the operating expenses, 61.2%, were attributable to the purchase of an annual fixed rate charge for water availability from a neighboring local government and capital contributions to the Western Tidewater Authority.

In September 2009, the City of Suffolk and the County entered into revised agreement with Western Tidewater Water Authority (WTWA) which supersedes the 2006 agreement. The 2009 Regional Water Agreement provides for the construction of the Authority's Western Branch pipeline to convey raw water purchased under the Norfolk agreement as well as "Phase 3" expansion and subsequent "Phase 4" expansion of the Water Plant.

The County made \$6.0 million transfers from its General Fund to support the operations of the Public Utilities fund which has been the practice in prior fiscal years. However, the operation of the water and sewer systems is expected to continue to grow and it is the intent of the County to establish a repayment schedule to the Governmental Funds for previous operating transfers.

Revenues of the County's business-type activities for the operation of stormwater systems increased by \$0.3 million or 15.9% while the expenses increased by \$0.5 million or 138% from the year ended June 30, 2014. Increase in expenses due to professional services for the design of the stormwater system during the year ended June 30, 2015.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to maintain control over resources that have been segregated for specific purposes and to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The primary purpose of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information assists in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$27.2 million, of which \$9.6 million or 35.4% is unassigned.

- **General Fund.** The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance was \$9.6 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total current expenditures. At June 30, 2015, the unassigned fund balance represented approximately 19.4% of the total General Fund expenditures.
- **Capital projects fund.** The capital projects fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for in their respective fund. At the end of the current fiscal year, the fund balance was \$11.9 million, a decrease of \$5.6 million or 32.1%. The decrease represents current year capital expenditures in the amount of \$13.3 million, including \$8.5 million in the School's capital projects.
- **Non-Major Governmental Funds.** The County accounts for other programs and services in different funds. These funds include the Department of Social Services, Comprehensive Services, E-911 Funds, Community Development Block Grant Funds, Section 8, Asset Forfeiture, the County Fair, the Museum Fund and the newly formed Grants Fund. At June 30, 2015, the combined fund balances were \$0.5 million.

Proprietary funds – The County's proprietary funds consist of the County's water and sewer operations and stormwater operation. More detail information can be found in the government-wide financial statements. The net position of the proprietary Public Utility Fund at the end of the current fiscal year was a deficit of \$(14.1) million, of which deficit of \$(16.2) million is representative of net investment in capital assets and deficit of \$(3.9) million is unrestricted at June 30, 2015. The decrease in net investment in capital assets in the amount of \$4.0 million or 33.3% is a combination of increase of general obligation bond in the amount of \$1.8 million and increase of pending bond drawdowns in the amount of \$2.1 million. The net position of the proprietary Stormwater Fund at the end of the current fiscal year was \$2.3 million in unrestricted net position.

General Fund Budgetary Highlights

The County's annual budget is prepared on an operating basis and includes estimated revenues and annual appropriations for operations. Excluding transfers between funds and debt service costs, actual expenditures were \$8.5 million below final budget amounts.

Resources available, excluding transfers between funds, were \$0.9 million above the final budgeted amount. The variance in the available resources was the result of a \$0.3 million variance in revenues from uses of money and property, and a \$0.3 million variance in proceed from sale of assets compared to the final budgeted amount. Total taxes were 74.4% of the General Fund budget, excluding transfers between funds. The increase in property tax attribute to the increase in property value and new facilities and machinery in the County's Shirley T. Holland Intermodal Industrial Park for ST Tissue LLC and Franklin Lumber LLC.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015, the County had invested \$123.4 million, net of accumulated depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

Annually, the Board of Supervisors adopts a five (5) year Capital Improvement Plan with a five (5) year horizon. The capital improvement plan begins with a review of requests from departments, agencies and other organizations by a sub-committee, comprised of three (3) members from the Planning Commission and two (2) members from the Board of Supervisors. The funding stream, consisting of operating revenues, reserves and bonded debt is also reviewed in connection with the requests. The proposed plan is then presented to the Planning Commission for discussion and review and subsequently presented to the Board of Supervisors for adoption. More detailed information on the county's capital assets are presented in Note 7 to the basic financial statements.

Table A-4

	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2015	2014	2015	2014	2015	2014	
Nondepreciable assets							
Land	\$ 13,128,024	\$ 13,128,024	\$ 228,840	\$ 228,840	\$ 13,356,864	\$ 13,356,864	0%
Intangibles	4,338,512	4,326,512	-	-	4,338,512	4,326,512	0%
Construction in progress	3,272,022	27,939,984	1,032,824	987,824	4,304,846	28,927,808	-85%
Total nondepreciable assets	20,738,558	45,394,520	1,261,664	1,216,664	22,000,222	46,611,184	-53%
Depreciable assets							
Land improvements	12,518,681	8,162,163	13,921,517	13,921,517	26,440,198	22,083,680	20%
Buildings	92,786,927	69,645,090	11,760,322	11,717,304	104,547,249	81,362,394	28%
Equipment	5,567,209	4,663,705	804,797	791,471	6,372,006	5,455,176	17%
Vehicles	4,260,819	3,440,940	371,516	328,771	4,632,335	3,769,711	23%
Total depreciable assets	115,133,636	85,911,898	26,858,152	26,759,063	141,991,788	112,670,961	26%
Total accumulated depreciation	(26,632,034)	(24,205,918)	(14,001,609)	(13,034,640)	(40,633,643)	(37,240,558)	9%
Net capital assets	\$ 109,240,160	\$ 107,100,500	\$ 14,118,207	\$ 14,941,087	\$ 123,358,367	\$ 122,041,587	1%

Major capital asset events during the current fiscal year included the following:

- Expansion of water treatment and delivery infrastructure through participation with the Western Tidewater Water Authority
- Completion of the Isle of Wight County Rescue Building
- Completion of the Georgie D. Tyler Middle School

Long-Term Debt

At year-end the County had \$155.1 million in bonds, loans, and capital leases as shown in Table A-5. The Commonwealth of Virginia limits the amount of debt outstanding to 10% of the localities assessed value of real property. At June 30, 2015, the County's debt ratio to assessed value was approximately 3.0% demonstrating the County's conservative debt borrowing policy and management approach. More detailed information about the County's debt is presented in the notes to the financial statements. More detailed information on the county's long-term debt are presented in Note 8 to the basic financial statements

Table A-5

	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2015	2014	2015	2014	2015	2014	
General Obligation Bonds	\$ 106,161,673	\$ 105,792,197	\$ 35,413,327	\$ 34,087,803	\$ 141,575,000	\$ 139,880,000	1%
Bond premium	4,712,124	3,563,646	3,695,061	3,387,108	8,407,185	6,950,754	21%
Bond discounts	-	(180,060)	-	(80,939)	-	(260,999)	-100%
Subtotal	110,873,797	109,175,783	39,108,388	37,393,972	149,982,185	146,569,755	2%
Installment purchase agreements - PACE	4,326,512	4,326,512	-	-	4,326,512	4,326,512	0%
Literary Loans	-	1,500,000	-	-	-	1,500,000	-100%
Note payable	-	-	24,000	36,000	24,000	36,000	-33%
Capital leases	722,822	-	50,903	-	773,725	-	100%
Total long-term debt	\$ 115,923,131	\$ 115,002,295	\$ 39,183,291	\$ 37,429,972	\$ 155,106,422	\$ 152,432,267	2%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The County's per capita personal income, as of the latest data available, was \$30,903.
- Real Estate Tax Rate increased to \$0.85 per \$100 of assessed value.
- Increased funding for schools of approximately 2%.
- Decrease in costs for Virginia Retirement System of approximately 3.5%.

These indicators were taken into account when adopting the general operating and capital budget for fiscal year 2015-16. Amounts available for appropriation in the general operating and capital budget are \$162.6 million, a 6% increase from the fiscal year 2014-15 in the amount of \$152.5 million. The increase is due to costly state and federal mandates and additional expense for contractual commitments.

OTHER FACTORS TO CONSIDER

The County is committed to using its resources wisely and to delivering quality services to its citizens. The County continually strives to enhance the cost-effectiveness of its operations and the services it provides without sacrificing quality.

The Board of Supervisors revised strategic plan to incorporate a Values Statement, Mission Statement and four primary strategic directions as follows:

Isle of Wight Values Statement

To sustain Isle of Wight County's stature as a COMMUNITY OF CHOICE for people, families, and businesses alike while preserving and protecting our rural heritage, our bountiful mix of natural resources and our natural beauty for present and future generations.

Isle of Wight County Mission Statement

As a COMMUNITY OF CHOICE, Isle of Wight County is committed to providing an excellent quality of life for all citizens through the provision of fiscally responsible services and programs.

Isle of Wight County Slogan

A COMMUNITY OF CHOICE committed to excellence.

Isle of Wight County's Strategic Direction/Agenda 2011-2015

- 1. Effective governance and community partnerships.*
- 2. Economic well-being and quality of life.*
- 3. Managing growth and change.*
- 4. Funding the future.*

Isle of Wight County Schools

Isle of Wight County Schools is committed to preparing our students for excellence in the 21st century by ensuring that they are provided with the knowledge and skills needed to be successful in pursuit of college, careers and citizenship in the global world community. Annually, IWCS educates more than 5,600 students in a comprehensive Pre-Kindergarten through twelfth grade instructional program; consisting of five elementary, two middle and two high schools. All IWC schools are fully accredited by the Virginia Department of Education and by the Southern Association of Colleges and Schools. Over 91.6% of IWCS' Class of 2015 graduated "on-time" with their four-year cohort group.

With the opening of the 2015-16 school year, Isle of Wight County Schools continues with the i-SLE 21 Program (Initiative for Student Learning and Engagement in the 21st Century). The primary goals of this initiative include:

- Developing a culture that works collaboratively to utilize a variety of data sources and knowledge of best educational practices to guide our instructional decision-making
- Extend the rigor of daily classroom instruction and assessment to incorporate critical thinking and problem-solving skills and encourage creativity
- Increase opportunities for students to meaningfully engage in the learning process and utilize technology to enhance and expand learning opportunities.

As part of i-SLE21, all IWCS high school students have been issued an iPad for educational use, 24/7, both in and outside of the classroom. The intent of this 1-1 technology initiative is to help level the educational playing field by making technology resources available to all IWCS high school students so that the same learning opportunities are accessible to them beyond the confines of the traditional school walls and daily classroom schedule. IWCS is committed to extending the i-SLE21 initiative to middle and elementary students in the coming years. Wise use of financial resources coupled with extensive professional development for teachers will prove the keys to achieving Isle of Wight County School's to prepare our students for excellence in the 21st century.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County's Department of Budget and Finance at 757-365-6273.

Basic Financial Statements

*County of Isle of Wight, Virginia**Statement of Net Position***June 30, 2015**

	Primary Government			Discretely Presented Component Units	
	Governmental	Business-Type	Total	School	Economic
	Activities	Activities		Board	Development Authority
Assets					
Cash and cash equivalents	\$ 26,394,406	\$ 3,353,837	\$ 29,748,243	\$ 4,833,502	\$ 245,278
Restricted cash and cash equivalents	11,328,254	2,241,082	13,569,336	1,055,059	-
Investments	1,945,445	-	1,945,445	-	-
Receivables - net	12,220,604	797,401	13,018,005	249,222	2,280
Internal balances	(6,212,073)	6,212,073	-	-	-
Due from other governments	1,839,855	-	1,839,855	1,368,718	-
Due from component units - School	1,343,152	-	1,343,152	-	-
Inventories and prepaid items	2,349	29,177	31,526	49,729	-
Deposits	45,873	13,420	59,293	-	-
Capital lease receivable	-	-	-	-	67,863
Notes receivable from component unit	56,628	-	56,628	-	-
Advance to component unit	375,000	-	375,000	-	-
Land held for resale	-	-	-	-	1,433,285
Capital assets:					
Nondepreciable	20,738,558	1,261,664	22,000,222	1,619,726	10,859,198
Depreciable - net	88,501,602	12,856,543	101,358,145	35,307,251	201,917
Total assets	158,579,653	26,765,197	185,344,850	44,483,207	12,809,821
Deferred Outflows of Resources					
Deferred losses on refundings	3,535,557	2,927,154	6,462,711	-	-
Deferred outflows related to pension	1,228,421	79,397	1,307,818	6,352,617	-
Total deferred outflows of resources	4,763,978	3,006,551	7,770,529	6,352,617	-

County of Isle of Wight, Virginia

Statement of Net Position (Continued)

June 30, 2015

	Primary Government			Discretely Presented Component Units	
	Governmental	Business-Type	Total	School	Economic
	Activities	Activities		Board	Development Authority
Liabilities					
Accounts payable	4,284,046	1,138,764	5,422,810	1,036,967	-
Accrued liabilities	85,278	1,302	86,580	4,102,934	-
Advance from primary government	-	-	-	-	375,000
Amounts held in escrow	1,948,897	19,582	1,968,479	-	-
Due to component unit - School	-	-	-	-	-
Due to primary government	-	-	-	1,343,152	-
Customer deposits payable	-	183,048	183,048	-	1,000
Accrued interest payable	1,466,463	751,156	2,217,619	44,243	-
Unearned revenues	632,353	1,690	634,043	109,191	-
Long-term obligations:					
Due within one year	3,354,687	214,126	3,568,813	324,420	35,068
Due in more than one year	116,142,577	39,083,725	155,226,302	11,288,040	21,560
Net pension liabilities	2,056,986	124,241	2,181,227	45,876,698	-
Total liabilities	129,971,287	41,517,634	171,488,921	64,125,645	432,628
Deferred Inflows of Resources					
Unearned property taxes	14,302,072	-	14,302,072	-	-
Prepaid property taxes	117,557	-	117,557	-	-
Deferred gains on refundings	379,772	-	379,772	-	-
Deferred inflows related to pension	2,003,440	121,007	2,124,447	11,914,140	-
Total deferred inflows of resources	16,802,841	121,007	16,923,848	11,914,140	-
Net Position					
Net investment in capital assets	2,045,769	(16,186,173)	(14,140,404)	30,031,977	11,004,487
Restricted:					
Capital projects	6,655,052	5,927,757	12,582,809	291,671	-
Other	519,289	-	519,289	17,046	-
Unrestricted (deficit)	7,349,393	(1,608,477)	5,740,916	(55,544,655)	1,372,706
Total net position	\$ 16,569,503	\$(11,866,893)	\$ 4,702,610	\$(25,203,961)	\$ 12,377,193

*County of Isle of Wight, Virginia**Statement of Activities***Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government activities:				
General government administration	\$ 4,954,948	\$ 388,251	\$ 570,612	\$ -
Judicial administration	1,345,313	220,034	371,179	-
Public safety	11,227,838	1,330,020	1,820,075	519,741
General services	6,059,730	-	111,368	1,753,930
Health and welfare	3,654,546	-	2,309,078	-
Education	31,627,526	-	-	-
Parks, recreation and cultural	3,051,601	479,016	84,734	189,107
Community development	3,066,139	42,952	15,439	670,361
Interest on long-term debt	4,568,504	-	-	-
Total governmental activities	69,556,145	2,460,273	5,282,485	3,133,139
Business-type activities:				
Public utility	11,146,341	3,887,660	-	480,741
Stormwater	829,480	1,891,595	-	-
Total Business-type activities	11,975,821	5,779,255	-	480,741
Total Primary Government	\$ 81,531,966	\$ 8,239,528	\$ 5,282,485	\$ 3,613,880
Component Units				
School Board	\$ 64,271,081	\$ 6,280,827	\$ 30,801,751	\$ 28,900
Economic Development Authority	45,048	37,139	-	-
Total component units	\$ 64,316,129	\$ 6,317,966	\$ 30,801,751	\$ 28,900

County of Isle of Wight, Virginia

Statement of Activities (Continued)

Year Ended June 30, 2015

	Net (Expenses) Revenues and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority
Primary Government					
Government activities:					
General government administration	\$ (3,996,085)	\$ -	\$ (3,996,085)	\$ -	\$ -
Judicial administration	(754,100)	-	(754,100)	-	-
Public safety	(7,558,002)	-	(7,558,002)	-	-
General services	(4,194,432)	-	(4,194,432)	-	-
Health and welfare	(1,345,468)	-	(1,345,468)	-	-
Education	(31,627,526)	-	(31,627,526)	-	-
Parks, recreation and cultural	(2,298,744)	-	(2,298,744)	-	-
Community development	(2,337,387)	-	(2,337,387)	-	-
Interest on long-term debt	(4,568,504)	-	(4,568,504)	-	-
Total governmental activities	(58,680,248)	-	(58,680,248)	-	-
Business-type activities:					
Public utility	-	(6,777,940)	(6,777,940)	-	-
Stormwater	-	1,062,115	1,062,115	-	-
Total Business-type activities	-	(5,715,825)	(5,715,825)	-	-
Total Primary Government	(58,680,248)	(5,715,825)	(64,396,073)	-	-
Component Units					
School Board	-	-	-	(27,159,603)	-
Economic Development Authority	-	-	-	-	(7,909)
Total component units	-	-	-	(27,159,603)	(7,909)
General revenue:					
General property taxes	54,539,535	-	54,539,535	-	-
Other local taxes	7,005,687	-	7,005,687	-	-
Investment earnings	956,397	17,873	974,270	62,933	5,800
Miscellaneous	379,229	-	379,229	189,807	30,398
Payment from the Primary Government	-	-	-	35,748,371	-
Gain on sale of assets	218,075	-	218,075	-	-
Transfers	(5,954,960)	5,954,960	-	-	-
Total general revenues and transfers	57,143,963	5,972,833	63,116,796	36,001,111	36,198
Change in net position	(1,536,285)	257,008	(1,279,277)	8,841,508	28,289
Net position - beginning of year, as Restated (Note 15)	18,105,788	(12,123,901)	5,981,887	(34,045,469)	12,348,904
Net position - end of year	\$ 16,569,503	\$(11,866,893)	\$ 4,702,610	\$(25,203,961)	\$ 12,377,193



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

County of Isle of Wight, Virginia

Balance Sheet - Governmental Funds

June 30, 2015

Assets	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$16,897,861	\$ 8,932,735	\$ 81,141	\$ 306,270	\$26,218,007
Restricted cash and cash equivalents	22,126	11,306,128	-	-	11,328,254
Investments	1,945,445	-	-	-	1,945,445
Receivables - net of allowance for uncollectibles:					
Taxes	11,137,578	-	-	-	11,137,578
Accounts	495,696	21,000	-	3,348	520,044
Notes	617,540	-	-	-	617,540
Deposit	-	45,873	-	-	45,873
Due from other funds	200,236	-	-	-	200,236
Due from component unit	1,542,699	-	-	-	1,542,699
Due from other governments	435,911	938,470	-	465,474	1,839,855
Prepaid items	-	-	-	2,349	2,349
Advance to component unit	375,000	-	-	-	375,000
Total assets	\$33,670,092	\$21,244,206	\$ 81,141	\$ 777,441	\$55,772,880
Liabilities					
Accounts payable	\$ 800,577	\$ 3,367,671	\$ -	\$ 74,046	\$ 4,242,294
Accrued expenses	83,560	-	-	375	83,935
Amounts held in escrow	1,946,276	-	-	2,621	1,948,897
Due to other funds	351,886	5,779,046	81,141	200,236	6,412,309
Due to component unit	-	199,547	-	-	199,547
Unearned revenues	629,353	-	-	3,000	632,353
Total liabilities	3,811,652	9,346,264	81,141	280,278	13,519,335
Deferred Inflows of Resources					
Unavailable revenue-property taxes	14,907,350	-	-	-	14,907,350
Prepaid property taxes	117,557	-	-	-	117,557
Total deferred inflows of resources	15,024,907	-	-	-	15,024,907
Fund Balances					
Fund balances					
Nonspendable	992,540	-	-	2,349	994,889
Restricted	22,126	6,655,052	-	494,814	7,171,992
Assigned	4,169,225	5,242,890	-	-	9,412,115
Unassigned	9,649,642	-	-	-	9,649,642
Total fund balances	14,833,533	11,897,942	-	497,163	27,228,638
Total liabilities, deferred inflow of resources and fund balances	\$33,670,092	\$21,244,206	\$ 81,141	\$ 777,441	\$55,772,880

County of Isle of Wight, Virginia**Reconciliation of the Governmental Funds' Balance Sheet
to the Statement of Net Position****June 30, 2015**

Total fund balances - governmental funds	<u>\$ 27,228,638</u>
Amount reported for governmental activities in the Statement of Net Position are different because:	
Internal service funds are used to charge the costs of equipment and risk management to individual funds. The assets and liabilities of internal service funds are reported with governmental activities in the statement of net position.	120,338
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Nondepreciable capital assets	20,738,558
Depreciable capital assets, net of \$868,294 reported in internal service fund	114,265,342
Accumulated depreciation, net of (\$729,147) reported in internal service fund	<u>(25,902,887)</u>
Depreciable capital assets, net	<u>88,362,455</u>
Revenues not collected soon enough to pay for current-period expenditures.	605,278
Deferred outflows of resources:	
Losses on refundings	3,535,557
Pension	1,185,694
Deferred inflows:	
Gains on refundings	(379,772)
Pension	(1,938,001)
Long-term obligations, including bonds payable, are not due and payable in the current period and are not reported in the funds.	
Bonds and PACE obligations	(115,200,309)
Capital leases	(722,822)
Compensated absences	(942,663)
Net pension liabilities	(1,989,798)
Net OPEB obligation	(1,031,559)
Landfill closure costs	(1,535,628)
Accrued interest payable	<u>(1,466,463)</u>
Total net position - governmental activities	<u><u>\$ 16,569,503</u></u>

County of Isle of Wight, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2015

	General	Capital Projects	Debt service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
General property taxes	\$ 49,173,371	\$ -	\$ -	\$ -	\$ 49,173,371
Other local taxes	6,822,840	-	-	19,988	6,842,828
Permits, privilege fees and regulatory licenses	536,667	584,507	-	-	1,121,174
Fines and forfeitures	153,929	-	-	-	153,929
Revenues from use of money and property	340,256	10,823	53,971	33,425	438,475
Charges for services	1,068,705	-	-	195,724	1,264,429
Miscellaneous	1,030,765	39,206	551,348	48,611	1,669,930
Intergovernmental:					
Commonwealth of Virginia	7,535,630	262,031	-	1,038,017	8,835,678
Federal	-	1,673,489	-	1,616,189	3,289,678
Local	-	512,473	-	255,246	767,719
Total revenues	66,662,163	3,082,529	605,319	3,207,200	73,557,211
Expenditures					
General government administration	5,118,338	-	-	-	5,118,338
Judicial administration	1,389,675	-	-	-	1,389,675
Public safety	9,314,937	-	-	1,525,557	10,840,494
General services	4,833,285	-	-	125,138	4,958,423
Health and welfare	808,225	-	-	3,070,503	3,878,728
Education	23,161,494	-	-	-	23,161,494
Parks, recreation and cultural	2,170,636	-	-	504,888	2,675,524
Community development	3,048,384	-	-	69,080	3,117,464
Capital outlay	-	13,264,484	-	-	13,264,484
Debt service:					
Principal retirement	-	-	2,845,721	-	2,845,721
Interest and other charges	-	-	5,014,093	-	5,014,093
Total expenditures	49,844,974	13,264,484	7,859,814	5,295,166	76,264,438
Excess (deficiency) of revenues over (under) expenditures	16,817,189	(10,181,955)	(7,254,495)	(2,087,966)	(2,707,227)
Other financing sources (uses)					
Transfers in	-	3,769,335	6,658,810	2,291,639	12,719,784
Transfers out	(18,556,688)	-	-	(118,056)	(18,674,744)
Proceed from bond issuance and capital lease	-	799,871	44,071,977	-	44,871,848
Payment to escrow for bond refunding	-	-	(43,476,292)	-	(43,476,292)
Proceeds from sale of property	299,667	-	-	-	299,667
Total other financing sources (uses)	(18,257,021)	4,569,206	7,254,495	2,173,583	(4,259,737)
Net change in fund balance	(1,439,832)	(5,612,749)	-	85,617	(6,966,964)
Fund balances - beginning of year	16,273,365	17,510,691	-	411,546	34,195,602
Fund balances - end of year	\$ 14,833,533	\$ 11,897,942	\$ -	\$ 497,163	\$ 27,228,638

The accompanying notes are an integral part of these financial statements.

County of Isle of Wight, Virginia

Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2015

Net change in fund balances - governmental funds	\$ (6,966,964)
Amount reported for governmental activities in the Statement of Activities are different because:	
Internal service funds are used to charge the costs of technology and risk management to individual funds. The net expense of certain activities of internal service fund of is reported with governmental activities, net of capital contributions from governmental activities	229,098
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. Transfers of capital assets to the school board are recorded as additional expenses related to education.	
Capital outlay	12,347,168
Joint activity - transfer of capital assets, net	(7,581,395)
Depreciation expense, net of \$17,888 reported in internal service fund	(2,561,313)
Net effect on sale of property	(132,331)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of net position.	
Bond and capital lease proceeds	(44,871,848)
Repayment of debt principal	46,322,013
Amortization of bond premiums	778,379
Amortization of bond discounts	(180,060)
Amortization of deferred gain on refunding	67,286
Amortization of deferred loss on refunding	(114,724)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	250,273
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Decrease in accrued interest	(105,292)
Decrease in compensated absences	231,566
Decrease in net pension liability	696,039
Increase in net OPEB obligation	(135,860)
Decrease in landfill closure costs	191,680
Change in net position of governmental activities	\$ (1,536,285)

County of Isle of Wight, Virginia

Statements of Net Position - Proprietary Funds

June 30, 2015

	Enterprise Funds			Governmental Activities- Internal Service Funds
	Public Utilities	Stormwater	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 1,034,802	\$ 2,319,035	\$ 3,353,837	\$ 176,399
Restricted cash and cash equivalents	2,241,082	-	2,241,082	-
Receivables - net of allowance of \$118,385 for Public Utilities	664,341	133,060	797,401	2,070
Inventories	29,177	-	29,177	-
Deposits	5,265	8,155	13,420	-
Due from other funds	6,212,073	-	6,212,073	-
Total current assets	10,186,740	2,460,250	12,646,990	178,469
Noncurrent assets				
Capital assets:				
Nondepreciable	1,261,664	-	1,261,664	-
Depreciable - net	12,837,318	19,225	12,856,543	139,147
Total noncurrent assets	14,098,982	19,225	14,118,207	139,147
Total assets	24,285,722	2,479,475	26,765,197	317,616
Deferred outflows of resources				
Deferred losses on bond refundings	2,927,154	-	2,927,154	-
Pension related deferred outflows of resources	49,338	30,059	79,397	42,727
Total deferred outflows of resources	2,976,492	30,059	3,006,551	42,727

County of Isle of Wight, Virginia

Statements of Net Position - Proprietary Funds

June 30, 2015

	Enterprise Funds			Governmental Activities- Internal Service Funds
	Public Utilities	Stormwater	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 1,061,945	\$ 76,819	\$ 1,138,764	\$ 41,752
Accrued liabilities	1,302	-	1,302	1,343
Amount held in escrow	-	19,582	19,582	-
Accrued interest payable	751,048	108	751,156	-
Customer deposits payable	183,048	-	183,048	-
Unearned revenue	360	1,330	1,690	-
General obligation bonds payable	184,060	-	184,060	-
Notes payable	12,000	-	12,000	-
Capital leases	5,494	5,494	10,988	-
Compensated absences	4,972	2,106	7,078	3,462
Total current liabilities	2,204,229	105,439	2,309,668	46,557
Noncurrent liabilities				
General obligation bonds payable	38,924,328	-	38,924,328	-
Notes payable	12,000	-	12,000	-
Capital leases	19,958	19,957	39,915	-
Compensated absences	44,751	18,951	63,702	31,159
Net OPEB obligation	41,541	2,239	43,780	29,662
Net pension liability	82,287	41,954	124,241	67,188
Total noncurrent liabilities	39,124,865	83,101	39,207,966	128,009
Total liabilities	41,329,094	188,540	41,517,634	174,566
Deferred inflows of resources				
Pension related deferred inflows of resources	80,145	40,862	121,007	65,439
Total deferred inflows of resources	80,145	40,862	121,007	65,439
Net Position				
Net investment in capital assets	(16,188,102)	1,929	(16,186,173)	139,147
Restricted	5,919,602	8,155	5,927,757	-
Unrestricted (deficit)	(3,878,525)	2,270,048	(1,608,477)	(18,809)
Total net position	\$ (14,147,025)	\$ 2,280,132	\$ (11,866,893)	\$ 120,338

County of Isle of Wight, Virginia

Statements of Revenues, Expenses, and Changes in Fund Net Position- Proprietary Funds

Year Ended June 30, 2015

	Enterprise Funds			Governmental Activities- Internal Service Funds
	Public Utilities	Stormwater	Total	
Operating revenues				
Charges for services	\$ 3,887,660	\$ 1,891,595	\$ 5,779,255	\$ 1,447,649
Other revenue	-	-	-	55,779
Total operating revenues	3,887,660	1,891,595	5,779,255	1,503,428
Operating expenses				
Current:				
Personnel services	497,155	330,651	827,806	365,140
Fringe benefits	233,793	116,063	349,856	278,838
Contractual services	272,718	279,183	551,901	267,563
Purchases	6,818,781	-	6,818,781	-
Other charges	610,805	102,466	713,271	344,902
Depreciation	966,349	620	966,969	17,887
Total operating expenses	9,399,601	828,983	10,228,584	1,274,330
Operating Income (loss)	(5,511,941)	1,062,612	(4,449,329)	229,098
Nonoperating revenues (expenses)				
Interest income	12,009	5,864	17,873	-
Interest and fiscal charges	(1,746,740)	(497)	(1,747,237)	-
Total nonoperating expenses, net	(1,734,731)	5,367	(1,729,364)	-
Transfers				
Transfers in	5,954,960	-	5,954,960	-
Transfers out	-	-	-	(180,376)
Total transfers	5,954,960	-	5,954,960	(180,376)
Income (Losses) before contributions	(1,291,712)	1,067,979	(223,733)	48,722
Contributions				
Connection fees	480,741	-	480,741	-
Capital contributions	-	-	-	71,616
Total contributions	480,741	-	480,741	71,616
Changes in net position	(810,971)	1,067,979	257,008	120,338
Net position - beginning of year, as Restated (Note 15)	(13,336,054)	1,212,153	(12,123,901)	-
Net position- end of year	\$ (14,147,025)	\$ 2,280,132	\$ (11,866,893)	\$ 120,338

County of Isle of Wight, Virginia

Statements of Cash Flows - Proprietary Funds

Year Ended June 30, 2015

	Public Utilities	Stormwater	Total	Governmental Activities- Internal Service Funds
Cash flows from operating activities				
Received from customers and users	\$ 3,619,613	\$ 1,922,712	\$ 5,542,325	\$ 1,501,358
Payments to suppliers for goods and services	(7,188,194)	(285,500)	(7,473,694)	(570,713)
Payments to employees	(768,926)	(452,457)	(1,221,383)	(668,828)
Net cash provided by (used in) operating activities	<u>(4,337,507)</u>	<u>1,184,755</u>	<u>(3,152,752)</u>	<u>261,817</u>
Cash flows from non-capital financing activities				
Due from other funds	928,502	(303,541)	624,961	-
Transfers in	5,954,960	-	5,954,960	-
Return of customer deposits	(25,772)	-	(25,772)	-
Net cash provided by (used in) non-capital financing activities	<u>6,857,690</u>	<u>(303,541)</u>	<u>6,554,149</u>	<u>-</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(101,344)	-	(101,344)	(85,418)
Connection fees	480,741	-	480,741	-
Principal payments on bonds	(12,098,920)	-	(12,098,920)	-
Principal payments on notes	(12,000)	-	(12,000)	-
Principal payments on capital leases	(2,713)	(2,713)	(5,426)	-
Proceed from refunding bonds	11,995,156	-	11,995,156	-
Interest paid on notes, bonds, and capital leases	(1,827,138)	(225)	(1,827,363)	-
Net cash used in capital and related financing activities	<u>(1,566,218)</u>	<u>(2,938)</u>	<u>(1,569,156)</u>	<u>(85,418)</u>
Cash flows from investing activities				
Interest received	12,009	5,864	17,873	-
Net cash provided by investing activities	<u>12,009</u>	<u>5,864</u>	<u>17,873</u>	<u>-</u>
Change in cash and cash equivalents	965,974	884,140	1,850,114	176,399
Cash and cash equivalents - beginning of year	2,309,910	1,434,895	3,744,805	-
Cash and cash equivalents - end of year	<u>\$ 3,275,884</u>	<u>\$ 2,319,035</u>	<u>\$ 5,594,919</u>	<u>\$ 176,399</u>
Noncash items from capital and related financing activities				
Capital asset acquired through capital leases	\$ 22,900	\$ 19,845	\$ 42,745	\$ -
Capital contribution	-	-	-	71,616
Total noncash item from capital and related financing activities	<u>\$ 22,900</u>	<u>\$ 19,845</u>	<u>\$ 42,745</u>	<u>\$ 71,616</u>

County of Isle of Wight, Virginia

Statements of Cash Flows - Proprietary Funds (Continued)

Year Ended June 30, 2015

	<u>Public Utilities</u>	<u>Stormwater</u>	<u>Total</u>	Governmental Activities- Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (5,511,941)	\$ 1,062,612	\$ (4,449,329)	\$ 229,098
Transfers out for employee benefits	-	-	-	(180,376)
Adjustments to reconcile to net cash provided by (used in) operating activities:				
Depreciation	966,349	620	966,969	17,887
Change in:				
Accounts receivable	(267,463)	31,887	(235,576)	(2,070)
Deferred outflows of resources related to pension	1,772	(4,001)	(2,229)	(42,727)
Accounts payable	514,110	76,567	590,677	41,752
Accrued expenses	1,049	-	1,049	1,343
Amount held in escrow	-	19,582	19,582	-
Unearned revenue	(584)	(770)	(1,354)	-
Compensated absences	(13,199)	11,753	(1,446)	34,621
Net pension liability	(111,006)	(56,596)	(167,602)	67,188
Other post-employment benefits payable	3,261	2,239	5,500	29,662
Deferred inflows of resources related to pension	80,145	40,862	121,007	65,439
Net cash provided by (used in) operating activities	<u><u>\$ (4,337,507)</u></u>	<u><u>\$ 1,184,755</u></u>	<u><u>\$ (3,152,752)</u></u>	<u><u>\$ 261,817</u></u>

County of Isle of Wight, Virginia

Statement of Assets and Liabilities - Fiduciary Funds

June 30, 2015

		<u>Agency Funds</u>
	Assets	
Cash and cash equivalents		<u>\$ 400,081</u>
	Liabilities	
Amounts held for social services clients		40,564
Amounts held for others		<u>359,517</u>
	Total liabilities	<u>\$ 400,081</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2015

Note 1 – Summary of Significant Accounting Policies

The County of Isle of Wight, Virginia (the County) is a municipal corporation governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection, general services, community development, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County have been prepared in conformity with the U.S. generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (the GASB) and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The County's more significant accounting policies are described herein.

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 the Primary Government'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 County (the Primary Government) and its component units. Each discretely presented component unit is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units

The *Isle of Wight County Public School Board* (School Board) members are elected by the citizens of the County of Isle of Wight. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding source for the School System is the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discretely presented component of the County financial statements.

The *Economic Development Authority of Isle of Wight County* (EDA) was created by the Board of Supervisors and is responsible for industrial and commercial development in the County. The EDA consists of seven members appointed by the primary government's Board of Supervisors. The EDA holds certain real property being developed into an industrial park. The land was purchased by the County and conveyed to the EDA. The EDA is fiscally dependent on the County. The EDA does not issue a separate financial report. The financial statements of the EDA are presented as a discretely presented component of the County financial statements.

B. Financial Reporting Model and basis of Presentation

Government-wide Financial Statements – The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the County, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the County. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Financial Reporting Model and basis of Presentation (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements – The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category — governmental, proprietary, and fiduciary — are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

General – This is the County's primary operating fund. It accounts for all financial resources of the County, 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. The services which are administered by the County and accounted for in the General Fund include, among others, County Board, Finance, Administration, Public Safety, and General Services.

Capital Projects – Accounts for financial resources to be used for the acquisition or construction of major capital facilities

Debt Service – Accounts for resources to be used for repayments of principal and interest on the general long-term debt of the County.

The County reports two major proprietary funds, the Enterprise **Public Utilities Fund**, which provides water and sewer services for the County and the **Stormwater Fund** which provides stormwater services for the County.

The County reports two Internal Service Funds, the **Information Technology**, which provides implementation and maintenance of the technology infrastructure and the **Risk Management Fund**, which finances property, workers' compensation, auto and general liability coverage.

Additionally, the County reports an **Agency Fund**, which is custodial and accounts for amounts held for special assessment districts.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes is recognized in the period for which the levy is intended to finance, which is the year in which the taxes are levied. Revenue from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 County considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Significant revenue sources which are susceptible to accrual include property taxes, miscellaneous taxes, charges for services, grants, and investment income. All other revenue sources including fines and forfeitures, inspection fees, and recreation fees are considered to be measurable and available only when cash is received.

D. Accounting Changes

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*). This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement became effective for periods beginning after June 15, 2014. See Note 15 for prior period adjustment as a result of implementation.

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operation*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement became effective for periods beginning after December 15, 2013 and did not have a significant impact on the County's financial statements for the year ended June 30, 2015.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Accounting Changes (Continued)

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement establishes standards relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement became effective for periods beginning after June 15, 2014. See Note 15 for prior period adjustment as a result of implementation.

E. Cash and Cash Equivalents

The County's and School Board's cash and cash equivalents are stated at cost, which approximates fair value. Cash and cash equivalents include cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition. Deposit and investment instruments include certificates of deposit, savings accounts, money market funds, Virginia State Non-Arbitrage Program, bankers' acceptances, the Commonwealth Local Government Investment Pool (LGIP) and United States (U.S.) government securities. Investments are generally on deposit with banks and savings and loan institutions and are collateralized under the provisions of the Virginia Security for Public Deposits Act, Section 2.1-359 et seq. Securities are held in safekeeping by the respective financial institutions. Investment income is reported in the same fund that reports the investment.

F. Investments

Investments for the Primary Government, as well as for its component units, are reported at fair value based upon quoted market prices.

G. Property Taxes

All property tax receivables are shown net of an allowance for uncollectible accounts. The County calculates its allowance for uncollectible accounts using historical collection data, specific account analysis and management's judgment. An allowance for uncollectible accounts is also provided for accounts receivable of the Public Utilities Fund based on historical data. At June 30, 2015, the allowance for the General Fund was \$1,534,452

The County bills and collects taxes and recognizes such taxes as revenues, when measurable and available in the governmental funds financial statements and for the period in which they are levied for, in the government-wide financial statements. Property taxes, net of allowance for uncollectible amounts, not collected within 60 days after year end, are reflected as deferred inflow of resources in the governmental fund financial statements. Real property are budgeted and billed to fund operations occurring within the year they are required to be paid. Accordingly, real property tax payments received by June 30 with a December 5 due date are intended to fund the operations of the next fiscal year and are recorded as unearned revenues at June 30. The County in 2015 changed the billing cycle for personal property tax to April with the first payment due June 5 and second payment due on December 5. The personal property tax billing is budgeted for next year's operations and the entire billing is considered a deferred inflow of resources in the governmental fund financial statements. Current personal property tax payments received by June 30 are recorded as unearned. The County bills and collects its own property taxes.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Property Taxes (Continued)

	<u>Real property</u>	<u>Personal property</u>
Levy date	July 1	January 1
Due date and collection date	June 5/December 5	June 5/December 5
Lien date for delinquent taxes	July 1	July 1

While the assessed value of real estate for the County's ten largest taxpayers comprises 7.60% of the County's real estate tax base, credit risk with respect to real estate taxes receivable is limited due to the large number of property owners comprising the County's total tax base.

The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first \$20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passes Senate Bill 5005. The bill provides for the Commonwealth to reimburse a portion of the tangible personal property tax levied bases on a fixed relief amount. The fixed relief amount was capped at \$950,000,000 in total for all localities with the County's share capped at \$5,115,890, which the County received during the year ended June 30, 2015. The Commonwealth requires localities to record the revenue from PPTRA as received from other governments, not as property taxes.

H. Connection Fees

Connection fees accounted for in the Public Utilities Fund represents charges to new customers for their fair share of the capital cost of the system already in place and/or the cost of increasing the capacity of the system to meet the additional demand created by the connection of new customers.

I. Unbilled Utility Receivables

Estimated water sales for water usage prior to year-end that are unbilled are recognized as current year revenues and are included in utility receivables.

J. Internal and Intra-entity Activity

The County has the following types of interfund transactions:

Loans – Interfund loan amounts are provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

Services provided and used – Sales and purchases of goods and services between funds for a price approximate their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net position.

Reimbursements – Repayments are from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Internal and Intra-entity Activity (Continued)

Transfers – Transfers are flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

K. Inventory

Inventory consists of materials and supplies held for future use and is stated at cost using the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

L. Capital Assets

Capital assets include land and land improvements, buildings and building improvements, equipment, vehicles and intangibles assets. Any asset or group of assets acquired by the County are considered capital assets if they have an estimated useful life in excess of two years and an acquisition cost (or fair market value when received) of at least \$5,000. Such assets are recorded at historical cost (or estimated historical cost) if constructed or purchased. Donated capital assets are recorded at fair market value at the date of donation. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Accumulated depreciation and amortization are reported as reductions of capital assets. At June 30, 2015, the recorded intangibles have lives into perpetuity and, therefore, are not amortized.

The costs of normal maintenance and repairs not adding to the value of the asset or materially extending asset 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. There was no capitalized interest for the year ended June 30, 2015.

Capital assets of the Primary Government, as well as the component units, are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Years</u>
Buildings and building improvements	50
Land improvements	20
Equipment	5-15
Vehicles	5-8

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Compensated Absences

County and School Board employees are granted vacation and sick leave in varying amounts as services are provided. They may accumulate, subject to certain limitations, unused vacation and sick leave earned and, upon retirement, termination or death, may be compensated for certain amounts at their current rates of pay at the time of separation. The liability for compensated absences reported in the government-wide and proprietary fund financial statements has been calculated using the vesting method, which includes leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination. The liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are typically liquidated by the County's General Fund for governmental activities.

N. Bond Premiums, Discounts, and Deferred Gains and Losses on Refunding

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as gains and losses on refunding, are deferred and amortized over the life of the bonds using the effective interest method. 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, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Deferred Outflows of Resources and Inflows of Resources

The Statement of Net Position and balance sheet reports separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time. The County reports deferred losses on refunding and deferred outflows related to pension under deferred outflows of resources.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time. The County reports unearned property taxes, prepaid property taxes, deferred gains on refunding, and deferred inflows related to pension under deferred inflows of resources.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Pension

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

Q. Net Position

In the government-wide and proprietary fund financial statements, net position is displayed in three components as follows:

Net Investment in Capital Assets– This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, other borrowings and deferred inflows and outflows that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net position that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation (e.g. customers' deposits, unexpended bond proceeds). When both restricted and unrestricted resources are available for use, generally it is the County's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

R. Fund Balance

In the fund financial statements, fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balances are reported in five components as follows:

Nonspendable – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (e.g. creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation.

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision making authority, the County's Board of Supervisor, which is by board resolutions. Those committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action (county resolutions) it employed previously to commit those amounts.

Assigned – This component consists of amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Supervisors. The Board of Supervisors authorized the Director of Budget & Finance to assign the fund balances.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Fund Balance (Continued)

Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the General Fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the County's policy to use committed resources first, then assigned, and then unassigned as they are needed.

S. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 2 – Deposits and Investments

Cash and investments are held separately and in pools by several of the County's funds. The County maintains various cash and investment pools that are available for use by all funds. Income from pooled investments is allocated to the funds based on their proportional share of their investment balance.

A summary of deposits and investments held by the Primary Government at June 30, 2015 is as follows:

Deposits	
Demand deposits	\$ 27,572,904
Cash on hand	2,293
Investments	
LGIP	2,573,128
Zero coupon bond	1,945,445
Money market funds	13,569,335
Total deposits and investments	\$ 45,663,105
Reconciliation to Statements of Net Position	
<u>Government-wide:</u>	
Cash and cash equivalents	\$ 29,748,243
Restricted cash and cash equivalents	13,569,336
Investments	1,945,445
<u>Fiduciary Funds:</u>	
Cash and cash equivalents	400,081
Total deposits and investments	\$ 45,663,105

A. Deposits

All cash of the Primary Government and discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (ACT), a multiple financial institution collateral pool, Section 2.2-4400 et. Seq. of the *Code of Virginia* or covered by the Federal Depository Insurance Corporation (FDIC). Under the Act, financial institutions, holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board, while savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board can assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by financial institutions. All funds, unless otherwise classified as restricted, are deposited into pooled bank accounts; the major account defined as the General Fund concentration account. As disbursements are made from the payroll, budget, and social services bank accounts, funds from the general fund concentration account are automatically transferred to those bank accounts to cover those disbursements on a daily basis. All cash classified as restricted is related to grantor or debtor requirements.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 2 - Deposits and Investments (Continued)

B. Investment Policy

In accordance with the *Code of Virginia* and other applicable law and regulations, the County's investment policy (Policy) permits investments in obligations of the U.S. government, an agency thereof, or government sponsored corporations; high quality commercial paper and bankers' acceptances; repurchase agreements and certificates of deposit of Virginia banks and savings institutions; and the LGIP, a 2a-7 like pool, and State Non-Arbitrage Program. The maximum percentage of the portfolio permitted in commercial paper is 35% and not more than 5% can be in commercial paper issued by one corporation. The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission but is managed as a "2a-7 like pool." Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The LGIP values portfolio securities by the amortized cost method and on a monthly basis this valuation is compared to current market to monitor any variance. The fair value of the County's position in the pool is the same as the value of the pool shares.

C. Credit Risk

Credit risk is the risk that the County will not recover their investments due to the inability of the counterparty to fulfill its obligation. As required by state statute, the Policy requires commercial paper have a debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's, Duff and Phelps, Inc., Standard & Poor's, and Fitch Investors' Service. Negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard and Poor's and "P-1" by Moody's Investor Services.

The Primary Government's investments are rated as follows:

	AAA	AA	Total
LGIP	\$ 2,573,128	\$ -	\$ 2,573,128
Zero coupon bond	-	1,945,445	1,945,445
Money market funds	13,569,335	-	13,569,335
	<u>\$ 16,142,463</u>	<u>\$ 1,945,445</u>	<u>\$ 18,087,908</u>

D. Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. As a means of limiting exposure to fair value losses arising from rising interest rates, the Policy limits the investment of operating funds to investments with a stated maturity of no more than two years from the date of purchase. The average maturity of the operating fund investment portfolio may not exceed 12 months. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 2 - Deposits and Investments (Continued)

The Primary Government had the following investments and maturities:

	Fair Value	Less than 1	FY 2039
LGIP	\$ 2,573,128	\$ 2,573,128	\$ -
Zero coupon bond	1,945,445	-	1,945,445
Money market funds	13,569,335	13,569,335	-
	<u>\$ 18,087,908</u>	<u>\$ 16,142,463</u>	<u>\$ 1,945,445</u>

Note 3 – Due From Other Governments

The County and School Board receivables from other governments are as follows:

	<u>Primary Government</u>				<u>Component Unit -</u>
	General	Capital	Nonmajor	Total	School Board
		Fund	Projects		Governmental
		Fund	Funds		
<u>Amounts Due From:</u>					
Commonwealth of Virginia:					
Operating grants	\$ -	\$ -	\$ 47,746	\$ 47,746	\$ -
Capital grants	-	285,884	-	285,884	92,859
Social Services	-	-	18,028	18,028	-
Comprehensive Services	-	-	34,536	34,536	-
Communication tax	106,131	-	-	106,131	-
State and Use Sales Tax	225,914	-	-	225,914	1,032,628
Federal government operating grants	-	652,586	186,565	839,151	173,251
Town of Windsor	-	-	58,685	58,685	-
Town of Smithfield	98,098	-	119,914	218,012	-
Other	5,768	-	-	5,768	69,980
Totals	<u>\$ 435,911</u>	<u>\$ 938,470</u>	<u>\$ 465,474</u>	<u>\$ 1,839,855</u>	<u>\$ 1,368,718</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 4 – Interfund Balances and Activity

The following balances at June 30, 2015 represent amounts due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 200,236
Public Utilities	General Fund	351,886
Public Utilities	Capital Projects Fund	5,779,046
Public Utilities	Debt Service Fund	81,141
		<u>\$ 6,412,309</u>

These balances result from operating transactions between funds and are repaid during the next fiscal year within the normal course of business.

Interfund transfers for the year ended June 30, 2015 were as follows:

Transfer Out	Transfer in	Purpose	Amount
General Fund	Capital Projects Fund	Capital projects	\$ 3,769,335
General Fund	Debt Services Fund	Debt services	6,658,810
General Fund	Public Utilities Fund	General operations	5,954,960
General Fund	Nonmajor Governmental Fund	Social Services operations	951,522
General Fund	Nonmajor Governmental Fund	Comprehensive Services operations	107,666
General Fund	Nonmajor Governmental Fund	E-911 operations	962,128
General Fund	Nonmajor Governmental Fund	Section 8 operations	48,292
General Fund	Nonmajor Governmental Fund	County Fair operations	45,843
General Fund	Nonmajor Governmental Fund	To set up Grants Fund	58,132
Nonmajor Governmental Fund	Nonmajor Governmental Fund	Transfer Asset Forfeitures to Grants Fund	118,056
Total			<u>\$ 18,674,744</u>

Transfers are used as follows: (1) to move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them (2) to use unrestricted revenues collected in the General Fund to finance various grants, projects or programs accounted for in other funds in accordance with budgetary authorization (3) to provide funding for capital expenditures or budgeted subsidies for operations and (4) to set up Grants Fund and Internal Service Fund.

Transfers out in the amount of \$180,376 reported in the Internal Service Funds are related to the transfer of employee benefit related liabilities from governmental activities to the Internal Service Funds. These transfers are eliminated in the government-wide financial statements.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 5 – Notes Receivable

A. Acquisition Notes

The County agreed to loan the EDA \$358,000 to finance the acquisition of an office building by the EDA. Interest on the outstanding principal balance of the note is due at a rate of 7% per annum. The outstanding principal balance of the note receivable at June 30, 2015 is \$56,628 and matures in March 2017.

B. Town of Smithfield

As recorded in the General Fund, the County sold a building and land to the Town of Smithfield in 2011 for \$677,215. The County financed \$638,908 of the selling price at variable rates of interest from 4.0% to 5.5% and maturing on January 1, 2019. The outstanding principle balance of the note receivable at June 30, 2015 is \$560,912.

Note 6 – Lease Receivable

The EDA leases the office building discussed in Note 6.A. to International Paper. The agreement calls for the purchase of this office building by International Paper for \$1 at the end of the lease and has, therefore, been treated as a direct financing lease transaction.

The following schedule summarizes the total future minimum lease payments:

2016	\$	41,184
2017		<u>30,891</u>
Total minimum lease payments		72,075
Less - amount representing interest		<u>(4,212)</u>
Present value of future payments	\$	<u><u>67,863</u></u>

Although International Paper closed its Franklin facility, the Company has been actively engaged in marketing the facility.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 7 – Capital Assets

The following is a summary of changes in capital assets:

<u>Primary Government</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 13,128,024	\$ -	\$ -	\$ 13,128,024
Intangibles	4,326,512	12,000	-	4,338,512
Construction in progress	7,077,363	2,951,146	7,041,627	2,986,882
Construction in progress - jointly owned assets	20,862,621	8,540,130	29,117,611	285,140
Total capital assets not being depreciated	<u>45,394,520</u>	<u>11,503,276</u>	<u>36,159,238</u>	<u>20,738,558</u>
Capital assets being depreciated:				
Buildings - County	35,437,463	5,053,718	100,000	40,391,181
Buildings - jointly owned assets	34,207,627	25,721,368	7,533,249	52,395,746
Land improvements	8,162,163	1,724,502	-	9,886,665
Land improvements - jointly owned assets	-	2,733,246	101,230	2,632,016
Equipment	4,663,705	918,322	14,818	5,567,209
Vehicles	3,440,940	937,392	117,513	4,260,819
Total capital assets being depreciated	<u>85,911,898</u>	<u>37,088,548</u>	<u>7,866,810</u>	<u>115,133,636</u>
Less - accumulated depreciation:				
Buildings - County	5,675,008	822,618	100,000	6,397,626
Buildings - jointly owned assets	11,142,084	770,752	48,866	11,863,970
Land improvements	2,345,608	363,795	-	2,709,403
Land improvements - jointly owned assets	-	113,885	4,218	109,667
Equipment	2,606,741	202,434	-	2,809,175
Vehicles	2,436,477	305,716	-	2,742,193
Total accumulated depreciation	<u>24,205,918</u>	<u>2,579,200</u>	<u>153,084</u>	<u>26,632,034</u>
Total capital assets being depreciated - net	<u>61,705,980</u>	<u>34,509,348</u>	<u>7,713,726</u>	<u>88,501,602</u>
Governmental activities capital assets - net	<u>\$ 107,100,500</u>	<u>\$ 46,012,624</u>	<u>\$ 43,872,964</u>	<u>\$ 109,240,160</u>

Depreciation expense was charged to functions of the Primary Government as follows:

Governmental activities	
Public safety	\$ 526,282
General services	549,396
Health and welfare	91,318
Parks, recreation and culture	461,487
Community development	48,193
Education	884,637
Internal Service Fund	17,887
Total depreciation expense - governmental activities	<u>\$ 2,579,200</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 7 – Capital Assets (Continued)

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 228,840	\$ -	\$ -	\$ 228,840
Construction in progress	987,824	45,000	-	1,032,824
Total capital assets not being depreciated	1,216,664	45,000	-	1,261,664
Capital assets being depreciated:				
Buildings	11,717,304	43,018	-	11,760,322
Land improvements	13,921,517	-	-	13,921,517
Equipment	791,471	13,326	-	804,797
Vehicles	328,771	42,745	-	371,516
Total capital assets being depreciated	26,759,063	99,089	-	26,858,152
Less - accumulated depreciation:				
Buildings	3,249,093	209,524	-	3,458,617
Land improvements	7,818,537	683,043	-	8,501,580
Equipment	1,067,082	46,747	-	1,113,829
Vehicles	899,928	27,655	-	927,583
Total accumulated depreciation	13,034,640	966,969	-	14,001,609
Total capital assets being depreciated - net	13,724,423	(867,880)	-	12,856,543
Business-type activities capital assets - net	\$ 14,941,087	\$ (822,880)	\$ -	\$ 14,118,207

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 7 – Capital Assets (Continued)

<u>Discretely Presented Component</u>	<u>Balance</u>			<u>Balance</u>
<u>Unit - School Board</u>	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Capital assets not being depreciated:				
Land	\$ 1,619,726	\$ -	\$ -	\$ 1,619,726
Total capital assets not being depreciated	<u>1,619,726</u>	<u>-</u>	<u>-</u>	<u>1,619,726</u>
Capital assets being depreciated:				
Buildings and improvements	45,010,119	5,944,015	-	50,954,134
Land improvements	1,810,568	249,710	-	2,060,278
Equipment	11,374,590	8,274,536	-	19,649,126
Vehicles	5,465,586	272,532	-	5,738,118
Total capital assets being depreciated	<u>63,660,863</u>	<u>14,740,793</u>	<u>-</u>	<u>78,401,656</u>
Less - accumulated depreciation:				
Buildings and improvements	25,585,680	1,005,464	-	26,591,144
Land improvements	1,319,943	72,759	-	1,392,702
Equipment	8,963,705	1,391,389	-	10,355,094
Vehicles	4,424,075	331,390	-	4,755,465
Total accumulated depreciation	<u>40,293,403</u>	<u>2,801,002</u>	<u>-</u>	<u>43,094,405</u>
Total capital assets being depreciated - net	<u>23,367,460</u>	<u>11,939,791</u>	<u>-</u>	<u>35,307,251</u>
School Board capital assets - net	<u>\$ 24,987,186</u>	<u>\$ 11,939,791</u>	<u>\$ -</u>	<u>\$ 36,926,977</u>

Depreciation expense was charged to functions of the School Board as follows:

Discretely Presented Component Unit - School Board	
Instructional services	\$ 2,469,612
Pupil Transportation	<u>331,390</u>
Total depreciation expense - school board	<u>\$ 2,801,002</u>

In accordance with Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Isle of Wight, Virginia for the year ended June 30, 2015, is that school financed assets, net of accumulated depreciation, in the amount of \$43,339,265 are reported in the primary government as “jointly owned assets” for financial reporting purposes.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 7 – Capital Assets (Continued)

<u>Discretely Presented Component Unit - Economic Development Authority</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Capital assets not being depreciated:				
Land	\$ 10,859,198	\$ -	\$ -	\$ 10,859,198
Total capital assets not being depreciated	<u>10,859,198</u>	<u>-</u>	<u>-</u>	<u>10,859,198</u>
Capital assets being depreciated:				
Buildings	55,000	-	-	55,000
Land improvements	181,255	-	-	181,255
Total capital assets being depreciated	<u>236,255</u>	<u>-</u>	<u>-</u>	<u>236,255</u>
Less - accumulated depreciation				
Buildings	6,050	1,100	-	7,150
Land improvements	18,126	9,062	-	27,188
Total accumulated depreciation	<u>24,176</u>	<u>10,162</u>	<u>-</u>	<u>34,338</u>
Total capital assets being depreciated - net	<u>212,079</u>	<u>(10,162)</u>	<u>-</u>	<u>201,917</u>
EDA capital assets - net	<u>\$ 11,071,277</u>	<u>\$ (10,162)</u>	<u>\$ -</u>	<u>\$ 11,061,115</u>

The following construction commitments were entered into by the County with various vendors for infrastructure and building improvements in the areas of general government administration, public safety, education, parks, recreation and cultural and public utility as follows:

Construction Commitments:	<u>Spent-to-date</u>	<u>Remaining</u>
Industrial Park	\$ 8,033,107	\$ 9,379
STH Intermodal Park	12,526,878	426,226
Building Capital Maintenance	97,641	415,801
Rushmere VFD Floor/HVAC/Paving	-	125,000
IOW Rescue Squad Bldg	4,958,586	411,370
Isle of Wight Health Department	2,286,764	2,044
Nike Skate Park	396,700	8,000
Parks & Recreation Maintenance	180,485	66,876
Regional Consent Order	984,116	34,784
Schools Capital Maintenance Projects	-	500,000
Water Capital Maintenance	-	150,000
Nike Park Rd-Gatling Pt Water Main	45,000	2,000,000
Waterline Extension WTWA-STH Park	-	350,000
TMDL	134,881	30,388
Stormwater Management Program	20,418	10,552
Stormwater Master Plan	-	50,000
Stormwater Retrofit Projects	-	290,000
Stormwater Capital Maintenance	-	50,000
Sewer Capital Maintenance	-	50,000
Camptown/Carrsville Public Utilities	411,709	17,817
Route 460 Pump Station	164,900	34,700
	<u>\$ 30,241,185</u>	<u>\$ 5,032,937</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 8 – Long-Term Obligations

The following is a summary of changes in long-term obligations during the year ended June 30, 2015:

Governmental Activities	Balance July 1, 2014 (As Restated)	Increases	Decreases	Balance June 30, 2015	Due Within One Year
General obligation bonds	\$ 105,792,197	\$ 40,990,556	\$ (40,621,080)	\$ 106,161,673	\$ 3,100,940
Bond premiums	3,563,646	1,926,857	(778,379)	4,712,124	-
Bond discounts	(180,060)	-	180,060	-	-
Subtotal	<u>109,175,783</u>	<u>42,917,413</u>	<u>(41,219,399)</u>	<u>110,873,797</u>	<u>3,100,940</u>
PACE program	4,326,512	-	-	4,326,512	-
Literary loans	1,500,000	-	(1,500,000)	-	-
Capital leases	-	799,871	(77,049)	722,822	156,019
Compensated absences	1,208,850	540,127	(771,693)	977,284	97,728
Net OPEB obligation	925,362	154,693	(18,834)	1,061,221	-
Landfill closure costs	1,727,308	-	(191,680)	1,535,628	-
Net pension liability	4,831,865	506,190	(3,281,069)	2,056,986	-
Total Governmental Activities	<u>\$ 123,695,680</u>	<u>\$ 44,918,294</u>	<u>\$ (47,059,724)</u>	<u>\$ 121,554,250</u>	<u>\$ 3,354,687</u>
Business-Type Activities					
General obligation bonds	\$ 34,087,803	\$ 13,424,444	\$ (12,098,920)	\$ 35,413,327	\$ 184,060
Bond premiums	3,387,108	825,796	(517,843)	3,695,061	-
Bond discounts	(80,939)	-	80,939	-	-
Subtotal	<u>37,393,972</u>	<u>14,250,240</u>	<u>(12,535,824)</u>	<u>39,108,388</u>	<u>184,060</u>
Notes payable	36,000	-	(12,000)	24,000	12,000
Capital leases	-	56,329	(5,426)	50,903	10,988
Compensated absences	72,226	63,287	(64,733)	70,780	7,078
Net OPEB obligation	38,280	6,256	(756)	43,780	-
Net pension liability	291,843	30,573	(198,175)	124,241	-
Total Business-Type Activities	<u>\$ 37,832,321</u>	<u>\$ 14,406,685</u>	<u>\$ (12,816,914)</u>	<u>\$ 39,422,092</u>	<u>\$ 214,126</u>
Discretely Presented Component Units					
School Board					
Capital leases	\$ 6,895,000	\$ -	\$ -	\$ 6,895,000	\$ 143,000
Compensated absences	440,599	79,747	(84,408)	435,938	43,594
Net OPEB obligation	3,487,631	789,871	(158,128)	4,119,374	-
Claims payable	755,310	4,421,649	(5,014,811)	162,148	137,826
Net pension liability	58,549,349	6,907,259	(19,579,910)	45,876,698	-
Total School Board	<u>\$ 70,127,889</u>	<u>\$ 12,198,526</u>	<u>\$ (24,837,257)</u>	<u>\$ 57,489,158</u>	<u>\$ 324,420</u>
Economic Development Authority					
Note payable	\$ 89,446	\$ -	\$ (32,818)	\$ 56,628	\$ 35,068

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 8 – Long-Term Obligations (Continued)

A. General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities and are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued with varied amounts of principal maturing each year. There are no sinking fund requirements. General obligation bonds currently outstanding are as follows:

	Amount Outstanding
General Obligation Refunding Bonds of 2015 (tax exempt bonds) - \$17,395,000 dated June 2015 with principal payable in various annual installments through 2031. Interest is payable semi-annually at a rate of 2.90% over the life of the bond. The bonds were used to advance refund prior issues.	\$ 17,395,000
General Obligation Refunding Bonds of 2014B (taxable bonds) - \$12,290,000 dated July 2014 with principal payable in various annual installments through 2040. Interest is payable semi-annually at a rate of 4.40% over the life of the bond. The bonds were used to advance refund prior issues.	12,290,000
General Obligation Refunding Bonds of 2014A (tax exempt bonds) - \$24,730,000 dated July 2014 with principal payable in various annual installments through 2037. Interest is payable semi-annually at a rate that varies from 3.00% to 5.00% over the life of the bond. The bonds were used to advance refund prior issues. The bonds were issued at a premium of \$2,752,653, which is being amortized over the life of the bonds.	24,730,000
General Obligations Bonds of 2013 - \$2,145,000 dated June 2013, principal payable in various annual installments through 2020, interest payable semi-annually at a coupon rate of 2.7%. The principal was used to refund \$790,000 and \$1,105,000 of outstanding 2004 and 2008B Series Bonds respectively.	2,145,000

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 8 – Long-Term Obligations (Continued)

A. General Obligation Bonds (Continued)

General Obligations Bonds of 2012 - \$48,465,000 dated September 2012, principal payable in various annual installments through 2043, interest payable semi-annually at coupon rates from 2% to 5%. Of this bond issue, \$3,494,846 was borrowed to finance various capital improvements. The remaining \$33,680,000 was used to current refund \$7,685,000 of outstanding 2010 Series Bonds and advance refund \$6,460,000 of the outstanding 2011 Bond Anticipation Note, and \$19,535,000 of the outstanding 2003 and 2004 bonds . The bonds were issued at a \$6,774,843 premium, which is being amortized over the life of the bonds. 45,800,000

General Obligation Bonds of 2011A (tax exempt bonds) - \$17,630,000 dated June 2011 with principal payable in various annual installments through 2031. Interest is payable semi-annually at a rate that varies from 2.00% to 4.125% over the life of the bond. The bonds were used to finance general obligation public improvements and to advance refund prior issues. The bonds were issued at a premium of \$235,938, which is being amortized over the life of the bonds. 14,005,000

General Obligation Bonds of 2011VPSA (tax exempt bonds) - \$7,500,000 dated June 2011 with principal payable in various annual installments beginning June 2014 through to June 2027. These bonds were obtained through the Virginia Public School Authority pooled Qualified School Construction Bonds (QSCB). The QSCBs are tax credit bonds such that the interest component of the bond is subject entirely to the federal subsidy reimbursement which offsets completely the interest on these bonds. The bonds are being used for the school construction and renovation projects. 7,000,000

General Obligation Bonds of 2010D (tax exempt bonds) - \$12,145,000 dated September 2010 with principal payable in various annual installments through April 2028. Interest is payable semi-annually at a rate that varies from 2.00% to 4.00% over the life of the bond. The bonds are being used to refund the balance of all the County's outstanding general obligation series 2008A and general obligation refunding series 2009. The bonds were issued at a premium of \$643,939, which is being amortized over the life of the bonds. 4,445,000

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 8 – Long-Term Obligations (Continued)

A. General Obligation Bonds (Continued)

General Obligation Bonds of 2010A (tax exempt bonds) - \$985,000 235,000
 dated April 2010 with principal payable in various annual installments through 2016. Interest is payable semi-annually at a rate that varies from 3.00% to 3.25% over the life of the bond. The bonds were used to refund the balance of all the County's outstanding general obligation series 1996. The bonds were issued at a premium of \$36,522, which is being amortized over the life of the bonds.

General Obligation Bonds of 2010C (taxable Build America Bonds) - \$13,530,000 13,530,000
 dated April 2010 with principal payable in various annual installments through 2033. Interest is payable semi-annually at a rate that varies from 3.70% to 6.05% over the life of the bond. The bonds were used to finance various capital improvements, including but not limited to, the acquisition, construction and equipping of courthouse and public safety facilities, public buildings and the acquisition of land for economic development. The bonds were issued at par value.

Total General Obligation Bonds Outstanding \$ 141,575,000

Maturities of General Obligation Bonds, including future interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 3,100,940	\$ 3,511,176	\$ 184,060	\$ 1,545,425	\$ 3,285,000	\$ 5,056,601
2017	3,006,700	3,615,293	158,300	1,567,303	3,165,000	5,182,596
2018	3,384,768	3,526,509	165,232	1,561,428	3,550,000	5,087,938
2019	5,540,940	3,411,475	344,060	1,552,164	5,885,000	4,963,638
2020	5,718,364	3,248,598	356,636	1,539,407	6,075,000	4,788,005
2021-2025	29,599,867	13,439,418	2,800,133	7,452,290	32,400,000	20,891,708
2026-2030	29,702,938	8,448,282	6,396,090	7,905,637	36,099,028	16,353,919
2031-2035	19,142,172	3,374,619	6,588,868	5,282,230	25,731,040	8,656,849
2036-2040	6,964,984	678,300	14,784,949	2,540,625	21,749,933	3,218,925
2041-2044	-	-	3,635,000	211,125	3,635,000	211,125
Total	\$ 106,161,673	\$ 43,253,671	\$ 35,413,327	\$ 31,157,634	\$ 141,575,000	\$ 74,411,305

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 8 – Long-Term Obligations (Continued)

B. Refunded Debt

Series 2014A and Series 2014B (Partial Current Refunding, Partial Advance Refunding)

On July 24, 2014, the County issued \$24,730,000 of General Obligation Refunding Bonds, Series 2014A, with an average interest rate of 4.56%. The bonds consist of serial bonds bearing various fixed rates ranging from 3.25% to 5.00% with annual maturities from July 2025 through July 2036. The net proceeds of \$27,075,549 were deposited to an irrevocable trust used to a) refund the 2014 to 2019 maturities of the County's Series 1999 Literary Loan, with a total principal amount \$1,500,000 and an interest rate of 3.00%, b) advance refund (i) the 2015 to 2022 maturities of the County's Series 2008B bonds, with a total principal amount \$8,120,000 and interest rates of 4.25% to 5.50%, (ii) the 2015 to 2021 maturities of the County's Series 2010D bonds, with a total principal amount \$4,076,904 and interest rates of 3.00% to 4.00%, (iii) the 2015 to 2018 maturities of the County's Series 2011A bonds, with a total principal amount \$2,150,000 and interest rates of 2.00% to 4.00%, (iv) the 2015 to 2017 maturities of the County's Series 2012 bonds, with a total principal amount \$1,655,000 and interest rates of 3.00% to 4.00%, and c) refinance the 2016 maturity of the County's Series 2011C Literary Loan Anticipation Note, with a total principal amount \$7,500,000 and an interest rate of 4.00%. The County incurred a loss on the refunding in the amount of \$2,368,321.

On July 24, 2014, the County issued \$12,290,000 of General Obligation Refunding Bonds, Series 2014B, with an average interest rate of 4.50%. The bonds consist of a term bond bearing a fixed rate of 4.50% maturing July 2039. The net proceeds of \$12,085,819 were deposited to an irrevocable trust used to advance refund (i) the 2014 to 2022 maturities of the County's Series 2005 bonds, with a total principal amount \$7,880,000 and interest rates of 3.75% to 5.00%, (ii) the 2015 to 2020 maturities of the County's Series 2010D bonds, with a total principal amount \$1,928,096 and interest rates of 3.00% to 4.00%, (iii) the 2017 to 2018 maturities of the County's Series 2011A bonds, with a total principal amount \$1,120,000 and interest rates of 2.00% to 4.00%, and (iv) the 2016 to 2017 maturities of the County's Series 2012 bonds, with a total principal amount \$425,000 and an interest rate of 4.00%. The County incurred a loss on the refunding in the amount of \$526,785.

The purpose of refinancing the Series 2011C Literary Loan Anticipation Note was to implement a planned long-term financing structure. The purpose of refunding the remaining debt was to restructure a portion of the County's debt obligations. The transaction reduced the County's debt service in Fiscal Year 2015 through Fiscal Year 2023 by \$27,855,447 and increased the annual debt service in fiscal year 2024 through fiscal year 2040 by an average of \$3,406,419 a year. This debt service includes the planned long-term financing of the Series 2011C Literary Loan Anticipation Note. The Series 2014A and Series 2014B restructuring, including the refinancing of the Series 2011C Literary Loan Anticipation Note, resulted in present value savings of (\$5,861,222) or (16.12%). The Series 2014A and Series 2014B restructuring, excluding the refinancing of the Series 2011C Literary Loan Anticipation Note, resulted in present value savings of (\$2,465,122) or (8.54%).

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 8 – Long-Term Obligations (Continued)

B. Refunded Debt (Continued)

Series 2015 (Advance Refunding)

On June 9, 2015, the County issued a \$17,395,000 General Obligation Refunding Bond, Series 2015. The bond has a fixed rate of 2.79% with annual maturities from July 2015 through July 2031. The net proceeds of \$17,223,459 were deposited to an irrevocable trust used to refund the 2023 to 2031 maturities of the County's Series 2008B bonds, with a total principal amount \$14,505,000 and an interest rate of 5.375% to 6.00%. The County incurred a loss on the refunding in the amount of \$2,718,459.

The refunding was done to produce debt service savings to the County. The transaction reduced the County's debt service in Fiscal Year 2019 through final maturity by \$2,666,767. Present value savings were \$2,037,894 or 14.07%.

Prior Years Defeased Obligations

In prior years, the County defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 2015, the County had \$32,030,000 in outstanding prior year bonds that are considered defeased.

C. Purchase Agricultural Conservation Easement Program

On May 19, 2005, Board of Supervisors adopted an ordinance establishing the Purchase Agricultural Conservation Easement Program (PACE). The primary purpose of the ordinance is to promote and encourage the preservation of farmland in Isle of Wight County. Through PACE, the County acquires development rights in designated areas within the County through the purchase of agricultural land preservation easements. Landowners who meet certain eligibility criteria may sell an easement to the County while holding fee simple title to the land and continuing to farm. The County acquires development rights by executing installment purchase agreements with the landowners and have an indefinite life.

These agreements provide for the payment of the principal balance to be paid in a single installment due approximately thirty years after execution of the agreement. Interest on the unpaid principal balance is payable semi-annually and interest expense was \$209,836 for June 30, 2015.

These obligations are constituted within the meaning of Article VII, Section 10 of the Virginia Constitution and are general obligations of the County, pledging the full faith and credit and unlimited taxing power of the County. By policy, interest will be paid from a dedicated portion of real estate taxes with principal payments being made from a maturing zero coupon Treasury securities purchased from the dedicated portion of real estate taxes.

At June 30, 2015, two installment purchase agreements totaling 619.08 acres at a total purchase price of \$4,326,512 are outstanding.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 8 – Long-Term Obligations (Continued)

C. Purchase Agricultural Conservation Easement Program (Continued)

The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2016	\$ -	\$ 209,836
2017	-	209,836
2018	-	209,836
2019	-	209,836
2020	-	209,836
2021-2025	-	1,049,180
2026-2030	-	1,049,180
2031-2035	-	1,049,180
2036-2039	4,326,512	944,261
	<u>\$ 4,326,512</u>	<u>\$ 5,140,981</u>

D. Notes Payable – Public Utilities

The County in 2012 purchased a water transmission easement for \$90,000 of which \$60,000 of the amount was financed by the owner over five years at zero interest. The note matures in 2017.

The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Business-Type Activities	
	Principal	Interest
2016	\$ 12,000	\$ -
2017	12,000	-
	<u>\$ 24,000</u>	<u>\$ -</u>

E. Notes Payable - EDA

The note payable of the EDA is the note to the General Fund used to finance the construction of the office building leased by the EDA to International Paper. This note is payable in annual installments plus interest at 7% per annum.

The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Principal	Interest
	2016	\$ 35,068
2017	21,560	480
	<u>\$ 56,628</u>	<u>\$ 3,190</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 8 – Long-Term Obligations (Continued)

F. Primary Government Capital Leases

During the fiscal year 2015, the County entered into a noncancellable master tax exempt lease purchase agreement for equipment. The cost of equipment put in service during the year was \$792,072. At June 30, 2015, the accumulated depreciation was in the amount of \$27,985.

Fiscal Year Ending June 30,	Governmental Activities	Business-type Activities
2016	\$ 167,356	\$ 11,786
2017	167,356	11,786
2018	167,356	11,786
2019	167,356	11,786
2020	83,678	5,893
Total minimum lease payments	\$ 753,102	\$ 53,037
less amounts representing interest	(30,280)	(2,134)
Present value of minimum lease payments	<u>\$ 722,822</u>	<u>\$ 50,903</u>

G. School Board Capital Leases

During fiscal year 2014, the School Board has entered into a non-cancelable equipment lease purchase agreement to finance the costs to acquire, construct and install certain energy savings. The cost of the asset placed in service was in the amount of \$6,599,173. At June 30, 2015, the accumulated depreciation was in the amount of \$59,107.

Future lease minimum lease payments are as follows:

Fiscal Year Ending June 30,	
2016	\$ 407,072
2017	420,393
2018	435,944
2019	450,648
2020	466,486
Thereafter	<u>7,785,160</u>
Total minimum lease payments	\$ 9,965,702
less amounts representing interest	(3,070,702)
Present value of minimum lease payments	<u>\$ 6,895,000</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation

A. Plan Description

All full-time, salaried permanent employees of the County of Isle of Wight, Virginia and the non-professional employees County of Isle of Wight School Board are automatically covered by VRS Retirement Plan, agent-multiple employer plans, upon employment. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan, an cost-sharing multiple-employer plan, upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (Continued)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>About the Hybrid Retirement Plan (Continued)</p> <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • County and School Board employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • County employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (Continued)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some County and School Boards elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some County and School Boards elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. <u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (Continued)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting Defined Benefit Component: Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service.</p> <p>Defined Contributions Component: Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. • Distribution is not required by law until age 70½.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (Continued)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member’s average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1 <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. County hazardous duty employees: The retirement multiplier of eligible County and School Board hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. Sheriffs and regional jail superintendents: Same as Plan 1. County hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriffs and regional jail superintendents: Not applicable. County hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> <u>Not applicable.</u></p>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (Continued)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>County hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>County hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>County hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>County hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>County hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>County hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>County hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>County hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility Defined Benefit Component: VRS: Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p>County hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (Continued)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p>Eligibility: Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not applicable.</p> <p>Eligibility: Same as Plan 1 and Plan 2.</p>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (Continued)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (Continued)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits. N/A for School Board Professional employees</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. N/A for School Board Professional employees</p>	<p>Disability Coverage Employees of County and School Boards (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one- year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service Defined Benefit Component: Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost./ After that on- year period, the rate for most categories of service will change to actuarial cost. Defined Contribution Component: Not applicable.</p>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

Detailed information about the VRS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Employees Covered by Benefit Terms

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

	Plans	
	County	School Board Non-Professional
Inactive members or their beneficiaries currently receiving benefits	125	48
Inactive members		
Vested	43	8
Non-vested	69	44
Active elsewhere in VRS	115	26
Total inactive	227	78
Active	259	98
Total	611	224

C. Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,307,815 and \$1,650,431 for the years ended June 30, 2015 and June 30, 2014, respectively. Contributions to the pension plan from the School Board for the nonprofessional employees were \$235,605 and \$183,059 for the years ended June 30, 2015 and June 30, 2014, respectively.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

C. Contributions (Continued)

The School Board's contractually required contribution rate for professional employees for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$6,114,064 and \$3,210,607 for the years ended June 30, 2015 and June 30, 2014, respectively.

D. Net Pension Liability

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

E. Actuarial Assumptions

The total pension liability for General Employees in the County's and School Board's Retirement Plan and for Public Safety Employees in the County's Retirement Plan were based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.50%
Salary Increases, including inflation	3.50% - 5.35% for General employee in County and School Board's Plan 3.50% - 4.75% for Public Safety employees in County's Plan
Investment Rate of Return	7.0 Percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

E. Actuarial Assumptions(Continued)

Mortality Rate

14 % of deaths for General employees and 60% of death for Public safety employees are assumed to be service related Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

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

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

Teacher Retirement Plan

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 3 years.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement.

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

E. Actuarial Assumptions (Continued)

Largest 10 - Non-LEOS:	Update mortality table
	Decrease in rate of service retirement
	Decrease in rates of disability retirement
	Reduce rates of salary increase by 0.25% per year
All Other (Non 10 Larges) - Non-LEOS:	Update mortality table
	Decrease in rate of service retirement
	Decrease in rates of disability retirement
	Reduce rates of salary increase by 0.25% per year
Teachers Retirement Plan	Update mortality table
	Adjustments to the rates of service retirement
	Decrease in rates of withdrawals for 3 through 9 years of service
	Decrease in rates of disability
	Reduce rates of salary increase by 0.25% per year

F. Long-Term Expected Rate of Return

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

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

F. Long-Term Expected Rate of Return (Continued)

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

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

H. Changes in Net Pension Liability

The following tables show the changes in net pension liability recognized over the measurement period.

	County		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2013 (Valuation Date)	\$ 35,046,800	\$ 29,923,092	\$ 5,123,708
Changes Recognized for the Measurement Period:			
Service Cost	1,417,914	-	1,417,914
Interest on the total pension liability	2,390,589	-	2,390,589
Contributions from the employer		1,354,797	(1,354,797)
Contributions from employees		663,795	(663,795)
Net investment income		4,757,268	(4,757,268)
Benefit payments, including refunds of employee contributions	(1,791,060)	(1,791,060)	-
Administrative expense	-	(25,127)	25,127
Other changes	-	251	(251)
Net Changes during July 1, 2013 to June 30, 2014	\$ 2,017,443	\$ 4,959,924	\$ (2,942,481)
Balance at June 30, 2014 (Measurement Date)	\$ 37,064,243	\$ 34,883,016	\$ 2,181,227

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

H. Changes in Net Pension Liability (Continued)

	School Board Non-Professional		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2013 (Valuation Date)	\$ 5,564,222	\$ 4,797,873	\$ 766,349
Changes Recognized for the Measurement Period:			
Service Cost	220,250	-	220,250
Interest on the total pension liability	371,469	-	371,469
Contributions from the employer		183,059	(183,059)
Contributions from employees		80,042	(80,042)
Net investment income, net of administrative expense		723,316	(723,316)
Benefit payments, including refunds of employee contributions	(515,046)	(515,046)	-
Administrative expense		(4,085)	4,085
Other changes		38	(38)
Net Changes during July 1, 2013 to June 30, 2014	<u>\$ 76,673</u>	<u>\$ 467,324</u>	<u>\$ (390,651)</u>
Balance at June 30, 2014 (Measurement Date)	<u>\$ 5,640,895</u>	<u>\$ 5,265,197</u>	<u>\$ 375,698</u>

The following tables show the roll-forward of total pension liability to the measurement date:

County	
(a) TPL as of June 30, 2013	\$ 35,046,800
(b) Entry Age Normal Cost for the period June 30, 2013 - June 30, 2014	1,325,153
(c) Actual benefits and refunds for the period June 30, 2013 - June 30, 2014	<u>1,791,060</u>
(d) TPL as of June 30, 2014 =[(a) + (b)] x (1.07) - [(c) x (1.035)]	<u>\$ 37,064,243</u>

School Board Non-Professional	
(a) TPL as of June 30, 2013	\$ 5,564,222
(b) Entry Age Normal Cost for the period June 30, 2013 - June 30, 2014	205,841
(c) Actual benefits and refunds for the period June 30, 2013 - June 30, 2014	<u>515,046</u>
(d) TPL as of June 30, 2014 =[(a) + (b)] x (1.07) - [(c) x (1.035)]	<u>\$ 5,640,895</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County and School Board using the discount rate of 7.00%, as well as what the political subdivision’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Net Pension Liability (Asset)		
	Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
County	\$ 7,166,414	\$ 2,181,227	\$ (1,950,647)
School Board Non-Professional	\$ 1,061,068	\$ 375,698	\$ (198,575)
School Board Professional	\$ 66,814,000	\$ 45,501,000	\$ 27,954,000

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the County and the School Board recognized pension expense of \$536,763 and \$109,548 for non-professional employees and \$2,529,000 for professional employees, respectively. At June 30, 2015, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

County		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 1,307,818	\$ -
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	-	(2,124,447)
Total	<u>\$ 1,307,818</u>	<u>\$ (2,124,447)</u>
School Board Non-Professional		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 238,553	\$ -
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	-	(317,140)
Total	<u>\$ 238,553</u>	<u>\$ (317,140)</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 9 – Defined Pension Benefit Obligation (Continued)

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

School Board Professional		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 6,114,064	\$ -
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	-	(6,753,000)
Changes in proportion between employer contribution and proportionate share of contribution	-	(4,844,000)
Total	<u>\$ 6,114,064</u>	<u>\$ (11,597,000)</u>

\$1,307,818, \$238,553, and 6,114,064 reported as deferred outflows of resources related to pensions resulting from the County, the School Board’s non-professional, and the School Board’s professional contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources		
	School Board		
	County	Non-Professional	Professional
2016	\$ (531,112)	\$ (79,285)	\$ (2,758,000)
2017	(531,112)	(79,285)	(2,758,000)
2018	(531,112)	(79,285)	(2,758,000)
2019	(531,111)	(79,285)	(2,758,000)
2020	-	-	(565,000)
Thereafter	-	-	-
	<u>\$ (2,124,447)</u>	<u>\$ (317,140)</u>	<u>\$ (11,597,000)</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 10 – Other Post Employment Benefit (OPEB) Plans

A. Plan Provisions

In addition to providing the pension benefits described in Note 9, the County and School Board provide postemployment health care (OPEB) for qualifying retired employees, who are not yet eligible for Medicare, through a single-employer defined benefit plan. The benefits benefit levels, employee contributions and employer contributions are governed by the County and School Board and can be amended.

B. Plan Description

Currently, covered full-time active employees who retire directly from the County, are eligible to receive an early or regular retirement benefit from the VRS and have at least 15 years of service (or have retired due to line-of-duty injuries) are eligible to receive post-employment health care benefits. Each year, retirees participating in the County's sponsored plans will be given the opportunity to change plans or drop coverage during an open enrollment period. The pre-Medicare retirees have a choice of two plans: Key Care and Health Keepers Plans. Post-Medicare retirees and spouses of retirees are not eligible to participate. Dental plans are available at the retiree's cost and it is assumed for both the County and the Schools that participant dental contributions cover any dental claims that may occur. Therefore, there is no liability for dental plan coverage in retirement. There were 2 County participants at the time of the actuarial study. Since the retirees contribute towards their health insurance premiums based on a blended rate, the County has an implicit liability.

For the School Board, the retiree must also retire directly from the Schools and be eligible to receive an early or regular retirement benefit from the VRS. Post-Medicare retirees are not eligible to participate. Spouses of retirees may participate until they are eligible for Medicare. The School Board provides a single-employer defined benefit medical plan that covers retirees until they are eligible for Medicare. There is no coverage provided for retirees or their spouses once they reach the age of 65 and are eligible for Medicare. Both plans were established under the authority of the Isle of Wight County School Board and any amendments to the plans must be approved by the School Board. The School Board's current plan participants are 19. Since the retirees contribute towards their health insurance premiums based on a blended rate, the School Board has an implicit liability.

Employees may retire under the Virginia Retirement System with an unreduced pension benefit under the following age and service requirements:

- Age 50 and 30 years of service
- Age 65 and 5 years of service

Employees may retire with a reduced pension benefit at either age 50 and 10 years of service or age 55 and five years of service.

C. Funding Policy

The anticipated growth in the net OPEB obligation is based on contributions to the benefit plan on a pay-as-you-go cost basis. The County of School Board's actuarial studies used data which has been projected into the future based on the assumption the current active population remains constant. In addition, the estimated contributions are based on the implicit rate subsidy payments made during the year by the retirees. The plan is unfunded. The County uses General Fund to liquidate the OPEB obligation for governmental activities and Public Utility Enterprise Fund to liquidate the OPEB obligation for business-type activities.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 10 – Other Post Employment Benefit (OPEB) Plans (Continued)

D. Annual OPEB Costs and Net OPEB Obligations

The County's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Governmental Activities

Annual required contribution (ARC)	\$ 156,011
Interest on net OPEB obligations	37,014
Adjustment to annual required contribution	<u>(38,332)</u>
Annual OPEB Cost	154,693
Pay-As-You-Go Annual Employer Contributions	<u>(18,834)</u>
Increase in Net OPEB Obligations	135,859
Net OPEB Obligations - beginning of year	<u>925,362</u>
Net OPEB Obligations - end of year	<u>\$ 1,061,221</u>

Business-Type Activities

Annual required contribution	\$ 6,311
Interest on net OPEB obligations	1,531
Adjustment to annual required contributions	<u>(1,586)</u>
Annual OPEB Cost	6,256
Pay-As-You-Go Annual Employer Contributions	<u>(756)</u>
Increase in Net OPEB Obligations	5,500
Net OPEB Obligations - beginning of year	<u>38,280</u>
Net OPEB Obligations - end of year	<u>\$ 43,780</u>

Component Unit - School Board

Annual required contribution	\$ 794,836
Interest on net OPEB obligation	139,505
Adjustment to annual required contribution	<u>(144,470)</u>
Annual OPEB Cost	789,871
Pay-As-You-Go Annual Employer Contribution	<u>(158,128)</u>
Increase in Net OPEB Obligations	631,743
Net OPEB Obligation - beginning of year	<u>3,487,631</u>
Net OPEB Obligations - end of year	<u>\$ 4,119,374</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 10 – Other Post Employment Benefit (OPEB) Plans (Continued)

D. Annual OPEB Costs and Net OPEB Obligations (Continued)

Information reflecting the annual OPEB cost, which approximated the annual required contribution, and the percentages contributed for the past three fiscal years is as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation
Governmental Activities			
2015	\$ 154,693	12.2%	\$ 1,061,221
2014	232,400	20.4%	925,362
2013	223,251	14.2%	740,281
Business-Type Activities			
2015	\$ 6,256	12.1%	\$ 43,780
2014	9,529	16.8%	38,280
2013	8,371	7.7%	30,356
Component Unit - School Board			
2015	\$ 789,871	20.0%	\$ 4,119,374
2014	845,164	44.1%	3,487,631
2013	785,939	34.1%	3,014,859

E. Actuarial Methods and Assumptions

Valuation Methods

The Entry Age Normal actuarial cost method was used to calculate all of the expense amounts and the funded status of the plan. The calculations were performed in accordance with the methodologies set forth in GAAP. This method assigns the plan's total actuarial present value of future benefits to various periods. The actuarial accrued liability is assigned to years prior to the valuation and the normal cost is assigned to the year following the valuation. The remaining costs are assigned to future years.

Employees Included in the Calculations

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 10 – Other Post Employment Benefit (OPEB) Plans (Continued)

E. Actuarial Methods and Assumptions (Continued)

Actuarial Assumptions

In the July 1, 2014 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included calculations based on a discount rate of 4.0% for the unfunded liability, expected payroll growth rate of 2.5%, 0% expected rate of return on assets since the plan is not funded, healthcare cost trend rate of 8.25% for 2014 and reduced by 0.5% per year to 4.75% thereafter in 2020, inflation rate of 2.5%, and amortization of the initial unfunded actuarial liability over 30 years based on a level percent of payroll method. The actuarial accrued liability was \$1,146,599 and \$5,192,126 for the County and the School Board, respectively.

Actuarial valuations of an ongoing plan involve 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 the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members.

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 liability for benefits for the County and School Board.

F. Funded Status and Funding Progress

Actuarial Valuation Date July 1, 2015	Actuarial value of assets	Actuarial accrued liability (AAL) project unit	Unfunded actuarial accrued liability	Funding Ratio	Covered Payroll	UAAL as a percentage of covered payroll
Governmental activities	\$ -	\$ 1,104,334	\$ 1,104,334	0.00%	\$ 10,423,410	10.59%
Business-type activities	-	42,265	42,265	0.00%	380,696	11.10%
Total Primary Government	<u>\$ -</u>	<u>\$ 1,146,599</u>	<u>\$ 1,146,599</u>	<u>0.00%</u>	<u>\$ 10,804,106</u>	<u>10.61%</u>
Component Unit - School Board	<u>\$ -</u>	<u>\$ 5,192,126</u>	<u>\$ 5,192,126</u>	<u>0.00%</u>	<u>\$ 29,310,983</u>	<u>17.71%</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 11 – Commitments and Contingent Liabilities

A. *Post Closure Landfill Costs*

State and federal laws and regulations require the County to perform certain continuing maintenance and monitoring functions subsequent to the closure of a landfill site. The County ceased accepting solid waste at its landfill in 1987 and completed initial closure measures in that same year. The County closed its landfill prior to the date mandated by state and federal law and regulation and, therefore, the County is only liable for post-closure monitoring. During fiscal year 2006, the County was deemed to be in violation of the Virginia Solid Waste Management Regulations and the approved Closure Plan. The County submitted a corrective action plan to the Commonwealth's Department of Environmental Quality. During 2008, the County provided for additional financial assurance in the amount of \$1,000,000. The currently estimated future total cost of the post-closure monitoring and maintenance is \$1,535,628 based on the expected cost for all equipment, facilities and services required to monitor and maintain the landfill post-closure. This represents a decrease over the 2014 estimated liability as a result of the completed repairs to the landfill cap. These repairs allowed the County to terminate a stormwater discharge (VPDES) permit which carried costs associated with demonstrating permit compliance such as lab testing, outfall sampling, coordination visits with Consultant and State, permit renewal fees etc. During the fiscal year ended June 30, 2015, the County expended \$157,614 in post-closure costs. The current costs of landfill closure and post closure cure is an estimate subject to changes resulting from inflation, technology or change in applicable laws or regulations.

B. *Underground Storage Tank*

In January 2001, petroleum contamination was encountered on the western edge of the County's complex, which was traced to a leaking 1,000 gallon underground storage tank containing heating oil. The tank was subsequently closed and an investigation was conducted to determine the extent of contamination. Although contamination appeared to be confined to the immediate vicinity, two 4-inch recovery wells and ten 2-inch monitoring wells were installed on the site. On July 2, 2003, the Department of Environmental Quality (DEQ) approved a Corrective Action Plan (CAP) calling for removal of free product by Fluid Vapor Recovery and passive skimmers and periodic sampling of groundwater and tap water. The endpoint for this CAP is a free product thickness of less than 0.01 feet in all wells maintained for six consecutive months. The County must continue to recover free product on a monthly basis and submit CAP Implementation reports on a quarterly basis until this endpoint is met. The DEQ has contracted directly with an outside contractor to continue the monitoring in accordance with the CAP.

C. *Risk Management*

The County and School Board are exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. For general liability, automobile liability and workers compensation and employers' liability, the County participates with other localities in the Virginia Association of Counties (VACO) Risk Management Program. The VACO Risk Management Program provides counties and county related agencies with insurance coverage for property and liability insurance and risk management services through the Virginia Association of Counties Group Self-Insurance Risk Pool (VACoRP). The County pays an annual premium for its share of the cost of the insurance which includes general liability, product liability and personal injury with a limit of \$5,000,000 for each occurrence; \$5,000,000 combined limit for auto liability and \$1,000,000 limit for workers compensation coverage. The School Board participates in the Virginia School Boards Association Property & Casualty Pool for its general liability and automobile liability with limits of \$1,000,000, respectively, for each occurrence. The School Board's workers' compensation coverage is \$500,000 and the School board has additional excess liability coverage and boiler and machinery coverage with limits of \$9,000,000 and \$10,000,000, respectively.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 11 – Commitments and Contingent Liabilities (Continued)

C. Risk Management (Continued)

There have not been any reductions in insurance coverage for the County or the School Board from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The School Health Benefits Internal Service Fund was established to account for the School Board's group health insurance. The School Board provides insurance benefits from this fund through its third-party administrator. The School Board pays the basic premiums for the employees' coverage into the fund and allows employees to select additional benefits for themselves and their dependents with premiums paid by the employees for such additional benefits. Contracted insurance providers receive disbursements from the fund based on monthly enrollment and premium calculations. All funds are available to pay claims, claim reserves and administrative costs of the program.

The changes in medical claims liability for the three years ended June 30, 2015 are as follow:

	2015	2014	2013
Claims liabilities, beginning of year	\$ 755,310	\$ 789,679	\$ 710,061
Current year claims	4,069,179	5,012,010	5,047,714
Change in prior year claims	352,470	456,647	911,144
Claim payments	(3,904,542)	(4,718,885)	(5,150,215)
Legal, Administrative and other expenses	(1,110,269)	(784,141)	(729,025)
Claims liabilities, end of year	<u>\$ 162,148</u>	<u>\$ 755,310</u>	<u>\$ 789,679</u>
Claims liabilities, due in one year	<u>\$ 137,826</u>	<u>\$ 634,964</u>	<u>\$ 678,374</u>

D. Contingencies

Amounts received or receivable for grants or contracts from outside agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed amounts, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, which may be disallowed by any grantors, cannot be determined at this time, but management of the County believes any such amounts will be immaterial to its financial position.

During the year, the County was involved in legal matters that were settled prior to the release of the financial statements. Those matters were settled for immaterial amounts; therefore, the amounts were not accrued in the accompanying financial statements.

E. Capital Leases

On June 15, 2015, the School Board approved a master equipment lease purchase agreement to finance the purchase technology equipment, school buses, and food service equipment in the amount of \$1,240,000, \$860,000, and \$620,000, respectively. No assets have been acquired or installed as of June 30, 2015.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 12 – Jointly Governed Organizations

The County, in conjunction with other localities, created the Western Tidewater Water Authority (Authority), the Western Tidewater Regional Jail Authority (Jail), the Blackwater Regional Library (Library) and the Western Tidewater Community Services Board (WTCSB). The governing bodies of these organizations are appointed by the governing bodies of the participating jurisdictions. During the year ended June 30, 2015, the County contributed \$163,477 to the operations of the WTCSB \$650,180 to the Library and \$909,852 to the Jail.

In September 2009, the County amended its agreement with the Authority which provides for construction of the Western Branch Pipeline used to convey purchased raw water. The amendment to the contract contains provisions for the Authority to negotiate a water supply agreement between the Cities of Suffolk and Norfolk and the County. Annually, the County pays a fixed charge as an outside customer to the City of Suffolk to reserve the capacity for County's annual water resource requirements. The County also pays a fixed charge to the City of Norfolk for access to its water supply reservoir. The Authority passed through billings of \$50,462 to the County for the fixed charges during fiscal year 2015. Additionally, in fiscal year 2015, the County contributed approximately \$522,464 to the Authority for its share of capital costs incurred by the Authority.

Note 13 – Annexation Agreement

The County has entered into an agreement with the City of Franklin (City) whereby the City waived any and all of its rights and power to seek the annexation of the County's territory within a designated area adjacent to the City. In return, the County agreed to share with the City all local tax revenues collected by the County within the designated area using a predetermined formula. For the year ended June 30, 2015, the payments made to the City were \$699,141.

Note 14 – Fund Balances

The County has the following fund balance classifications at June 30, 2015:

	General	Capital Projects	Other Governmental	Total
Nonspendable				
Notes receivable	\$ 617,540	\$ -	\$ -	\$ 617,540
Advance to component unit	375,000	-	-	375,000
Prepaid items	-	-	2,349	2,349
Restricted for:				
Capital projects	-	6,655,052	-	6,655,052
Social services	-	-	268,930	268,930
Community development	22,126	-	143,677	165,803
Public safety	-	-	75,644	75,644
Parks and recreation	-	-	6,563	6,563
Assigned to:				
Capital projects	-	5,242,890	-	5,242,890
Economic development	1,000,000	-	-	1,000,000
Subsequent year's expenditures	3,169,225	-	-	3,169,225
Unassigned	9,649,642	-	-	9,649,642
	<u>\$ 14,833,533</u>	<u>\$ 11,897,942</u>	<u>\$ 497,163</u>	<u>\$ 27,228,638</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements (Continued)

June 30, 2015

Note 15 – Prior Period Adjustments

The County implemented GASB Statement No. 68 and No. 71 during the year ended June 30, 2015. The beginning net position at July 1, 2014 was restated as follows:

	Primary Government					Component Unit School Board
	Governmental Activities	Business-Type Activities	Enterprise Funds			
			Public Utility	Stormwater	Total	
Beginning net position at July 1, 2014	\$ 21,660,024	\$(11,909,226)	\$(13,193,871)	\$ 1,284,645	\$(11,909,226)	\$ 21,106,821
(1) Deferred outflows of resources related to pension	1,277,629	77,168	51,110	26,058	77,168	3,397,059
(2) Net pension liability	(4,831,865)	(291,843)	(193,293)	(98,550)	(291,843)	(58,549,349)
Beginning net position at July 1, 2014, as Restated	<u>\$ 18,105,788</u>	<u>\$(12,123,901)</u>	<u>\$(13,336,054)</u>	<u>\$ 1,212,153</u>	<u>\$(12,123,901)</u>	<u>\$(34,045,469)</u>

- (1) Restatement for pension contribution made after measurement date of June 30, 2013 and within the year ended June 30, 2014 in accordance with GASB 71.
- (2) Restatement for net pension liability at July 1, 2014 based on valuation date of June 30, 2013 in accordance with GASB 68.

Note 16 – Individual Fund Disclosures

The following funds and functions had excess of expenditures over appropriation during the year ended June 30, 2015:

	Appropriations	Expenditures	Excess Expenditures over Appropriation
Debt service Fund			
Interest and other charges	\$ 3,743,045	\$ 5,014,093	\$ (1,271,048)
Museum Fund			
Parks, recreation and cultural	-	101,456	(101,456)

Interest and other charges exceeded appropriation for Debt Service Fund is related to cost of issuance for the two refunding bonds during the year ended June 30, 2015. Parks, recreation and cultural expenditures for Museum Fund in excess of appropriation as result of the transfer of the operations to the Town of Smithfield during the year ended June 30, 2015. As a result, there is no appropriation of for the Museum Fund.



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

Required Supplementary Information



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

County of Isle of Wight, Virginia

*Required Supplementary Information
Schedule of Revenues and Expenditures - Budget and Actual -
General Fund*

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Primary Government				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property	\$ 34,904,000	\$ 34,904,000	\$ 34,250,619	\$ (653,381)
Real and personal public service corporation property	1,113,000	1,113,000	1,266,042	153,042
Personal property	7,100,000	7,100,000	7,029,208	(70,792)
Boat/Airplane	104,000	104,000	125,051	21,051
Mobile home	140,000	140,000	158,827	18,827
Machinery and tools	3,717,000	3,717,000	4,046,668	329,668
Equipment	1,600,000	1,600,000	1,679,834	79,834
Penalties	315,000	315,000	375,898	60,898
Interest and other costs	185,000	185,000	241,224	56,224
Total general property taxes	49,178,000	49,178,000	49,173,371	(4,629)
Other local taxes:				
Local sales and use	2,100,000	2,100,000	2,165,642	65,642
Communications sales and use	1,375,000	1,375,000	1,328,533	(46,467)
Consumer's utility	800,000	800,000	875,271	75,271
Consumption	90,000	90,000	130,646	40,646
Business license	478,000	478,000	408,831	(69,169)
Motor vehicle licenses	1,058,000	1,058,000	1,042,551	(15,449)
Recordation and wills	550,000	550,000	483,757	(66,243)
Lodging	20,000	20,000	22,930	2,930
Meals tax	337,000	337,000	335,721	(1,279)
Bank franchise	7,800	7,800	8,731	931
Cable franchise	10,500	10,500	10,722	222
Penalties	4,000	4,000	7,136	3,136
Interest	1,000	1,000	2,369	1,369
Total other local taxes	6,831,300	6,831,300	6,822,840	(8,460)
Permits, fees and licenses:				
Animal licenses	27,000	27,000	40,483	13,483
Temporary certificate of occupancy	10,200	10,200	-	(10,200)
Land use application and transfer fees	2,000	2,000	1,315	(685)
Zoning and subdivision fees	47,000	47,000	66,095	19,095
Building permits	321,770	321,770	369,747	47,977
Inspection fees	20,000	20,000	-	(20,000)
Concealed weapon permits	20,000	20,000	19,584	(416)
Misc permits/fees	33,000	33,000	39,443	6,443
Total permits, fees and licenses	480,970	480,970	536,667	55,697
Fines and forfeitures	100,000	100,000	153,929	53,929
Total fines and forfeitures	100,000	100,000	153,929	53,929

(Continued)

County of Isle of Wight, Virginia

Required Supplementary Information
Schedule of Revenues and Expenditures - Budget and Actual -
General Fund

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues from use of money and property:				
Revenues from use of money	-	-	180,257	180,257
Revenues from use of property	-	-	159,999	159,999
Total revenues from use of money and property	-	-	340,256	340,256
Charges for services:				
Charges for Commonwealth's Attorney	20,600	20,600	11,138	(9,462)
Charges for parks and recreation	277,140	277,140	206,830	(70,310)
Charges for building construction court fee	40,000	40,000	54,967	14,967
Charges for law enforcement and other protections	133,360	133,360	134,886	1,526
Charges for emergency medical services	760,000	760,000	658,767	(101,233)
Charges for maps and others	1,490	1,490	2,117	627
Total charges for services	1,232,590	1,232,590	1,068,705	(163,885)
Miscellaneous:				
Miscellaneous	140,000	150,500	125,526	(24,974)
Gifts and donations	30,000	55,000	136,021	81,021
Farmers market	-	11,056	42,652	31,596
Recovered costs:				
Indirect cost allocation	70,000	70,000	74,830	4,830
Insurance Reimbursement	-	-	-	-
Recovered costs	125,000	125,000	265,185	140,185
Other	-	-	386,551	386,551
Total miscellaneous	365,000	411,556	1,030,765	619,209
Other financing sources:				
Interfund transfers	3,118,285	10,995,801	-	(10,995,801)
Proceeds from sale of assets	-	-	299,667	299,667
Total other financing sources	3,118,285	10,995,801	299,667	(10,696,134)
Total revenues from local sources	61,306,145	69,230,217	59,426,200	(9,804,017)
Revenue from the Commonwealth				
Noncategorical aid:				
State personal property tax relief	5,115,890	5,115,890	5,115,890	-
Other revenue from the Commonwealth	176,000	176,000	182,847	6,847
Total noncategorical aid	5,291,890	5,291,890	5,298,737	6,847
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	361,000	361,000	371,179	10,179
Sheriff	1,185,000	1,185,000	1,179,933	(5,067)
Commissioner of the Revenue	137,000	137,000	134,618	(2,382)
Treasurer	116,000	116,000	116,054	54
Registrar/electoral board	40,000	40,000	41,033	1,033
Clerk of the Circuit Court	256,000	270,102	278,906	8,804
Total shared expenses	2,095,000	2,109,102	2,121,723	12,621
Other categorical aid:				
Fire program funds	68,985	68,985	77,793	8,808
Four for life	37,666	37,666	37,377	(289)
Total other categorical aid	106,651	106,651	115,170	8,519
Total categorical aid	2,201,651	2,215,753	2,236,893	21,140
Total revenues from the Commonwealth	7,493,541	7,507,643	7,535,630	27,987

(Continued)

County of Isle of Wight, Virginia

Required Supplementary Information
Schedule of Revenues and Expenditures - Budget and Actual -
General Fund

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue from the federal government:				
2010C Build America	337,500	337,500	-	(337,500)
Total revenues from the federal government	337,500	337,500	-	(337,500)
Total General Fund revenues and other financing sources	69,137,186	77,075,360	66,961,830	(10,113,530)
General government administration				
Legislative:				
Board of Supervisors	301,095	326,667	321,003	5,664
Total legislative	301,095	326,667	321,003	5,664
General and financial administration:				
Budget and finance	753,702	785,003	558,934	226,069
Commissioner of the Revenue	630,836	631,637	594,386	37,251
County Administrator	433,049	450,050	548,737	(98,687)
County Attorney	483,979	991,761	500,074	491,687
Human resources	278,187	282,132	267,587	14,545
Technology	777,863	777,863	777,863	-
Insurance	-	452,024	452,024	-
Purchasing	52,111	52,111	59,460	(7,349)
Real estate assessment	317,077	236,077	224,645	11,432
Treasurer	613,623	630,150	595,481	34,669
Total general and financial administration	4,340,427	5,288,808	4,579,191	709,617
Board of Elections:				
Registrar/electoral board and officials	236,681	241,082	218,144	22,938
Total Board of Elections	236,681	241,082	218,144	22,938
Total general government administration	4,878,203	5,856,557	5,118,338	738,219
Judicial administration:				
Courts:				
Circuit Court	134,941	137,341	134,772	2,569
General District Court	9,521	13,677	11,512	2,165
Fifth District Court services unit	198,530	198,630	198,191	439
Juvenile and Domestic Relations District Court	43,367	43,367	15,049	28,318
Clerk of the Circuit Court	446,219	460,321	461,402	(1,081)
Total courts	832,578	853,336	820,926	32,410
Commonwealth's Attorney	553,924	566,944	568,749	(1,805)
Total Commonwealth's Attorney	553,924	566,944	568,749	(1,805)
Total judicial administration	1,386,502	1,420,280	1,389,675	30,605

(Continued)

County of Isle of Wight, Virginia

*Required Supplementary Information
Schedule of Revenues and Expenditures - Budget and Actual -
General Fund*

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety:				
Law enforcement and traffic control:				
Sheriff	3,878,126	3,854,735	3,825,990	28,745
Total law enforcement and traffic control	3,878,126	3,854,735	3,825,990	28,745
Fire and rescue services:				
Emergency services	713,759	714,038	650,630	63,408
Fire and rescue response	3,423,223	3,515,886	3,092,160	423,726
Total fire and rescue services	4,136,982	4,229,924	3,742,790	487,134
Inspections - building	517,048	480,954	447,036	33,918
Total inspections - building	517,048	480,954	447,036	33,918
Other protection:				
Animal control	366,465	389,856	389,269	587
Western Tidewater Regional Jail	1,017,022	1,017,022	909,852	107,170
Total other protection	1,383,487	1,406,878	1,299,121	107,757
Total public safety	9,915,643	9,972,491	9,314,937	657,554
General services:				
Administration:				
General administration (Pub Works)	321,524	322,881	328,072	(5,191)
Engineering division	222,306	231,051	187,396	43,655
Central permitting	-	32,677	9,195	23,482
Total administration	543,830	586,609	524,663	61,946
Sanitation and waste removal:				
Refuse collection	3,666,904	3,669,140	3,238,472	430,668
Total sanitation and waste removal	3,666,904	3,669,140	3,238,472	430,668
Maintenance of general buildings and grounds:				
General properties (Bldg&Grds)	1,159,880	1,244,403	1,070,150	174,253
Total maintenance of general buildings and grounds	1,159,880	1,244,403	1,070,150	174,253
Total general services	5,370,614	5,500,152	4,833,285	666,867
Health and welfare:				
Court Appointed Special Advocate	20,000	20,000	20,000	-
Genieve Shelter	8,000	8,000	8,000	-
Endeppence Center of Tidewater	3,000	3,000	3,000	-
IOW Christian Outreach	6,000	6,000	6,000	-
Senior Services of Southeastern Hampton Roads	48,934	48,934	48,934	-
Smart Beginning	15,000	15,000	15,000	-
Western Tidewater Health District	531,890	522,464	522,464	-
Western Tidewater Community Service Board	163,477	163,877	163,827	50
Western Tidewater Free Clinic	21,000	21,000	21,000	-
Total health and welfare	817,301	808,275	808,225	50
Education:				
Local contribution	24,844,264	24,988,887	23,161,494	1,827,393
Total education	24,844,264	24,988,887	23,161,494	1,827,393

(Continued)

County of Isle of Wight, Virginia

*Required Supplementary Information
Schedule of Revenues and Expenditures - Budget and Actual -
General Fund*

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Parks, recreation and cultural:				
Parks and recreation	248,757	414,084	259,527	154,557
Parks and recreation programs	578,637	581,934	487,083	94,851
Parks and gateways	737,750	759,203	730,811	28,392
Total parks and recreation	1,565,144	1,755,221	1,477,421	277,800
Cultural enrichment:				
Isle of Wight Arts	5,000	5,000	5,000	-
Total cultural enrichment	5,000	5,000	5,000	-
Library:				
Library administration	684,017	685,417	688,215	(2,798)
Total library	684,017	685,417	688,215	(2,798)
Total parks, recreation and cultural	2,254,161	2,445,638	2,170,636	275,002
Community development:				
Planning:				
Planning & Zoning	804,106	850,682	774,334	76,348
Economic development	1,502,947	1,838,262	860,795	977,467
Tourism	390,318	401,716	408,531	(6,815)
Farmer's market	-	11,056	33,237	(22,181)
Other - Planning	-	25,000	25,000	-
Annexation settlement payment	600,000	699,141	699,141	-
Communication	137,019	147,019	152,172	(5,153)
Other	870,674	3,297,921	43,007	3,254,914
Total planning	4,305,064	7,270,797	2,996,217	4,274,580
Cooperative extension program	74,354	62,435	52,167	10,268
Other	-	-	-	-
Total cooperative extension program	74,354	62,435	52,167	10,268
Total community development	4,379,418	7,333,232	3,048,384	4,284,848
Other financing uses:				
Transfers out	15,291,080	18,749,848	18,556,688	193,160
Total other financing uses	15,291,080	18,749,848	18,556,688	193,160
Total General Fund expenditures and other financing uses	69,137,186	77,075,360	68,401,662	8,673,698
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(1,439,832)	(1,439,832)
Fund balance- beginning of year	16,273,365	16,273,365	16,273,365	-
Fund balance- end of year	\$ 16,273,365	\$ 16,273,365	\$ 14,833,533	\$ (1,439,832)

County of Isle of Wight, Virginia

Notes to Required Supplementary Information

Year Ended June 30, 2015

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The General and Capital Projects Fund budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General, Special Revenue, Capital Projects, and Proprietary funds of the Primary Government and Component Unit - School Board.
6. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.
7. Appropriations lapsed on June 30 for all County units. All unexpended appropriations of the School Board revert back to the County at the end of each fiscal year.
8. The Primary Government have assigned fund balances for subsequent year's years expenditures unless the subsequent year's years expenditures relate to restricted or committed resources.

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Funding Progress for Other Post Employment Benefit Plans - OPEB***Year Ended June 30, 2015**

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded actuarial accrued liability (UAAL)	Funded ratio	Covered payroll	UAAL as a Percentage of covered payroll
County Employees						
7/1/2014	\$ -	\$ 1,146,599	\$ 1,146,599	0.00%	10,804,106	10.61%
7/1/2013	\$ -	\$ 1,584,278	\$ 1,584,278	0.00%	11,326,971	13.99%
7/1/2012	\$ -	\$ 1,383,668	\$ 1,383,668	0.00%	11,326,971	12.22%
School Board						
7/1/2014	\$ -	\$ 5,192,126	\$ 5,192,126	0.00%	29,310,983	17.71%
7/1/2013	\$ -	\$ 7,051,556	\$ 7,051,556	0.00%	28,815,816	24.47%
7/1/2012	\$ -	\$ 6,495,473	\$ 6,495,473	0.00%	28,815,816	22.54%

County of Isle of Wight, Virginia**Required Supplementary Information****Schedule of Changes in Net Pension Liability and Related Ratios - VRS****Last Ten Fiscal Years****County Employees**

	2015
Total pension liability	
Service cost	\$ 1,417,914
Interest	2,390,589
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(1,791,060)
Net change in total pension liability	2,017,443
Total pension liability - beginning	35,046,800
Total pension liability - ending (a)	\$ 37,064,243
Pension fiduciary net position	
Contributions - employer	\$ 1,354,797
Contributions - employee	663,795
Net investment income	4,757,268
Benefit payments, including refunds of employee contributions	(1,791,060)
Administrative expense	(25,127)
Other	251
Net change in plan fiduciary net position	4,959,924
Plan fiduciary net position - beginning	29,923,092
Plan fiduciary net position - ending (b)	\$ 34,883,016
County's net pension liability - ending (a) - (b)	\$ 2,181,227
Plan fiduciary net position as a percentage of the total pension liability	94.12%
Covered-employee payroll	\$ 10,876,942
County's net pension liability as a percentage of covered-employee payroll	20.05%

* Information prior to measurement date of June 30, 2014 is not readily available

(Continued)

County of Isle of Wight, Virginia**Required Supplementary Information****Schedule of Changes in Net Pension Liability and Related Ratios - VRS (Continued)****Last Ten Fiscal Years****School Board - Nonprofessional Employees**

	2015
Total pension liability	
Service cost	\$ 220,250
Interest	371,469
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(515,046)
Net change in total pension liability	76,673
Total pension liability - beginning	5,564,222
Total pension liability - ending (a)	\$ 5,640,895
Pension fiduciary net position	
Contributions - employer	\$ 183,059
Contributions - employee	80,042
Net investment income	723,316
Benefit payments, including refunds of employee contributions	(515,046)
Administrative expense	(4,085)
Other	38
Net change in plan fiduciary net position	467,324
Plan fiduciary net position - beginning	4,797,873
Plan fiduciary net position - ending (b)	\$ 5,265,197
School Board's net pension liability - ending (a) - (b)	\$ 375,698
Plan fiduciary net position as a percentage of the total pension liability	93.34%
Covered-employee payroll	\$ 2,121,914
School Board's net pension liability as a percentage of covered-employee payroll	17.71%

* Information prior to measurement date of June 30, 2014 is not readily available

(Continued)

County of Isle of Wight, Virginia**Required Supplementary Information
Schedule of Contribution - VRS****Last Ten Fiscal Years**

	County Employees	
	<u>2014-2015</u>	<u>2013-2014²</u>
Actuarially determined contribution	\$ 1,307,818	\$ 1,354,797
Contributions in relation to the actuarially determined contribution	<u>(1,307,818)</u>	<u>(1,354,797)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll ¹	\$11,257,635	\$10,876,942
Contributions as a percentage of covered-employee payroll	11.62%	12.46%

Notes to Schedule:

Valuation date:

Actuarially determined contribution are calculated as of June 30, 2013, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Investment rate of return*	7.00%
Projected salary increases*	3.5% - 5.35%
* Includes Inflation at	2.50%
Cost-of-living adjustments	2.25% - 2.5%

Other information:

¹ Covered-employee payroll is based on June 30, 2013 valuation report in the amount of \$10,509,123 and assumed 3.5% payroll growth assumption.

² Information prior to fiscal year 2014 is not readily available

County of Isle of Wight, Virginia**Required Supplementary Information
Schedule of Contribution - VRS (Continued)****Last Ten Fiscal Years****School Board - Nonprofessional Employees**

	<u>2014-2015</u>	<u>2013-2014²</u>
Actuarially determined contribution	\$ 238,553	\$ 183,059
Contributions in relation to the actuarially determined contribution	<u>(238,553)</u>	<u>(183,059)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll ¹	\$ 2,196,181	\$ 2,121,914
Contributions as a percentage of covered-employee payroll	10.86%	8.63%

Notes to Schedule:

Valuation date:

Actuarially determined contribution are calculated as of June 30, 2013, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Investment rate of return*	7.00%
Projected salary increases*	3.5% - 5.35%
* Includes Inflation at	2.50%
Cost-of-living adjustments	2.25% - 2.5%

Other information:

¹ Covered-employee payroll is based on June 30, 2013 valuation report in the amount of \$2,050,158 and assumed 3.5% payroll growth assumption.

² Information prior to fiscal year 2014 is not readily available

County of Isle of Wight, Virginia

Notes to Required Supplementary Information

Year Ended June 30, 2015

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

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

Largest 10 – Non-LEOS:

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

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Proportionate Share of the Net Pension Liability - VRS***Last Ten Fiscal Years****School Board - Professional Employees**

	<u>2015</u>
School Board's proportion of the net pension liability	0.38%
School Board's proportionate share of the net pension liability	\$ 45,501,000
School Board's covered-employee payroll	\$ 40,295,418
School Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	112.92%
Plan fiduciary net position as a percentage of the total pension liability	70.88%

* Information prior to fiscal year 2015 is not readily available

*County of Isle of Wight, Virginia**Required Supplementary Information
Schedule of Contribution - VRS***Last Ten Fiscal Years****School Board - Professional Employees**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,114,064	\$ 3,210,607
Contributions in relation to the Contractually required contribution	<u>(6,114,064)</u>	<u>(3,210,607)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School Board's covered-employee payroll	\$ 41,705,757	\$ 40,295,418
Contributions as a percentage of covered-employee payroll	14.66%	7.97%

* Information prior to fiscal year 2014 is not readily available

County of Isle of Wight, Virginia

Notes to Required Supplementary Information

Year Ended June 30, 2015

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component went into effect in FY 2014. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013. Because of this was a new benefit and the number of participants was small, the impact on the liabilities as of the measurement date of June 30, 2014 are minimal

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

- Update mortality table
- Adjustments to rates of service retirement for females
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rate of salary increase by 0.25% per year



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

Other Supplementary Information



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

County of Isle of Wight, Virginia

*Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Capital Projects Fund*

Year Ended June 30, 2015

	Capital Projects			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Permits, privilege fees and regulatory licenses	\$ -	\$ -	\$ 584,507	\$ 584,507
Revenue from use of property	-	-	10,823	10,823
Miscellaneous	-	8,850	39,206	30,356
Intergovernmental:				
Commonwealth of Virginia	-	6,322,308	262,031	(6,060,277)
Federal	-	2,324,347	1,673,489	(650,858)
Local	-	7,517	512,473	504,956
Total revenues	-	8,663,022	3,082,529	(5,580,493)
Expenditures				
Capital outlay	150,000	26,152,900	13,264,484	12,888,416
Total expenditures	150,000	26,152,900	13,264,484	12,888,416
Deficiency of revenues under expenditures	(150,000)	(17,489,878)	(10,181,955)	7,307,923
Other financing sources (uses)				
Operating transfers in	150,000	16,690,007	3,769,335	(12,920,672)
Capital lease proceeds	-	799,871	799,871	-
Total other financing sources (uses), net	150,000	17,489,878	4,569,206	(12,920,672)
Net change in fund balance	-	-	(5,612,749)	(5,612,749)
Fund balances - beginning of year	17,510,691	17,510,691	17,510,691	-
Fund balances - end of year	\$ 17,510,691	\$ 17,510,691	\$ 11,897,942	\$ (5,612,749)

County of Isle of Wight, Virginia

*Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Debt Service Fund*

Year Ended June 30, 2015

	Debt Service			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenues from use of money and property	\$ -	\$ -	\$ 53,971	\$ 53,971
Miscellaneous	-	-	551,348	551,348
Total revenues	-	-	605,319	605,319
Expenditures				
Principal retirement	3,081,413	3,081,413	2,845,721	235,692
Interest and other charges	3,743,045	3,743,045	5,014,093	(1,271,048)
Total expenditures	6,824,458	6,824,458	7,859,814	(1,035,356)
Deficiency of revenues under expenditures	(6,824,458)	(6,824,458)	(7,254,495)	(430,037)
Other financing sources (uses)				
Operating transfers in	6,824,458	6,824,458	6,658,810	(165,648)
Proceeds from refunding bond issuances	-	-	44,071,977	44,071,977
Payments to refunded debt escrow agent	-	-	(43,476,292)	(43,476,292)
Total other financing sources (uses), net	6,824,458	6,824,458	7,254,495	430,037
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -

County of Isle of Wight, Virginia

Other Supplementary Information Nonmajor Governmental Funds

Year Ended June 30, 2015

The following is a brief description of the nonmajor governmental funds reported by the County:

- The *Department of Social Services Fund* accounts for revenues and expenditures related to services provided to citizens in the community. Revenues are derived from state and federal funding.
- The *Comprehensive Services Fund* accounts for revenues and expenditures related to services provided to the youth of the County. Revenues are derived from state and local funding.
- The *E-911* Fund accounts for revenues and expenditures related to operation of the Emergency Communications Center, which supports all Public Safety Response Agencies of the county. Revenues are derived from local and state collected E911 wireless taxes and recovered costs from the County and the towns of Smithfield and Windsor.
- The *Community Development Block Grant Fund* accounts for revenues and expenditures related to management of the Federal rehabilitation loan program for individuals.
- The *Section 8 Fund* accounts for revenues and expenditures to provide rental assistance and other services to assist first time home buyers. Revenues are derived from Federal funding. In 2015, the Section 8 Fund programs was transferred to another non-county agency.
- The *Asset Forfeiture Fund* accounts for monies collected from the seizures of assets connected to the illegal distribution of narcotics according to [§ 19.2-386.22](#) of the *Code of Virginia* and governed by [§ 19.2-386.1-14](#) of the *Code of Virginia*. Revenues are derived from state and local funding. In 2015, the Asset Forfeiture Fund programs were transferred to the Grants Fund.
- The *County Fair Fund* accounts for revenues and expenditures related to services provided to the community to provide entertainment activities emphasizing the agriculture industry of the County. Revenues are derived from charges for services and local funding.
- The *Museum Fund* accounts for revenues and expenditures related to the promotion and maintenance of the County museum. Revenues are derived from charges for services and local funding. In 2015, the Museum Fund operations were transferred to the Town of Smithfield.
- The *Grants Fund* accounts for special revenues that are legally restricted to expenditures for specified purposes. The Grants Fund provides accounting for certain federal and state grants awarded to the County.

*County of Isle of Wight, Virginia**Combining Balance Sheets -
Nonmajor Governmental Funds***June 30, 2015**

	DSS	Comprehensive Services Fund	E-911 Fund	Community Development Block Grant	Section 8
Assets					
Cash and investments	\$ 160,998	\$ -	\$ -	\$ 140,871	\$ 539
Accounts receivable, net	-	-	2,098	-	-
Due from other governments	110,282	34,536	195,666	-	-
Prepaid items	2,349	-	-	-	-
Total assets	\$ 273,629	\$ 34,536	\$ 197,764	\$ 140,871	\$ 539
Liabilities and Fund Balances					
Accounts payable	\$ -	\$ 12,566	\$ 31,521	\$ -	\$ 164
Accrued expenses	-	-	-	-	375
Court escrow	-	-	-	-	-
Due to other funds	2,350	21,970	166,243	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	2,350	34,536	197,764	-	539
Fund balances					
Nonspendable	2,349	-	-	-	-
Restricted	268,930	-	-	140,871	-
Total fund balances	271,279	-	-	140,871	-
Total liabilities and fund balances	\$ 273,629	\$ 34,536	\$ 197,764	\$ 140,871	\$ 539

*County of Isle of Wight, Virginia**Combining Balance Sheets -
Nonmajor Governmental Funds (Continued)***June 30, 2015**

	Asset Forfeiture Fund	County Fair Fund	Museum Fund	Grants Fund	Totals
Assets					
Cash and investments	\$ -	\$ 3,862	\$ -	\$ -	\$ 306,270
Accounts receivable, net	-	1,250	-	-	3,348
Due from other governments	-	-	-	124,990	465,474
Prepaid items	-	-	-	-	2,349
Total assets	\$ -	\$ 5,112	\$ -	\$ 124,990	\$ 777,441
Liabilities and Fund Balances					
Accounts payable	\$ -	\$ 2,112	\$ -	\$ 27,683	\$ 74,046
Accrued expenses	-	-	-	-	375
Court escrow	-	-	-	2,621	2,621
Due to other funds	-	-	-	9,673	200,236
Unearned revenues	-	3,000	-	-	3,000
Total liabilities	-	5,112	-	39,977	280,278
Fund balances					
Nonspendable	-	-	-	-	2,349
Restricted	-	-	-	85,013	494,814
Total fund balances	-	-	-	85,013	497,163
Total liabilities and fund balances	\$ -	\$ 5,112	\$ -	\$ 124,990	\$ 777,441

*County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds***Year Ended June 30, 2015**

	DSS	Comprehensive Services Fund	E-911 Fund	Community Development Block Grant	Section 8
Revenues					
Other local taxes	\$ -	\$ -	\$ 19,988	\$ -	\$ -
Uses of money and property	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	55	-	5,939	-	-
Intergovernmental:					
Commonwealth	634,302	115,140	113,986	-	-
Federal	1,396,749	-	-	-	88,056
Local	-	-	253,928	-	-
Total revenues	2,031,106	115,140	393,841	-	88,056
Expenditures					
Public safety	-	-	1,355,969	-	-
General services	-	-	-	-	-
Health and welfare	2,711,349	222,806	-	-	136,348
Parks, recreation and cultural	-	-	-	-	-
Community development	-	-	-	-	-
Total expenditures	2,711,349	222,806	1,355,969	-	136,348
Excess (deficiency) of revenues over (under) expenditures	(680,243)	(107,666)	(962,128)	-	(48,292)
Other financing sources					
Operating transfers in	951,522	107,666	962,128	-	48,292
Operating transfers out	-	-	-	-	-
Total other financing sources	951,522	107,666	962,128	-	48,292
Net change in fund balance	271,279	-	-	-	-
Fund balances - beginning of year	-	-	-	140,871	-
Fund balances - end of year	\$ 271,279	\$ -	\$ -	\$ 140,871	\$ -

*County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds***Year Ended June 30, 2015**

	Asset Forfeitures Fund	County Fair Fund	Museum Fund	Grants Fund	Totals
Revenues					
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ 19,988
Uses of money and property	-	33,425	-	-	33,425
Charges for services	-	195,724	-	-	195,724
Miscellaneous	-	42,617	-	-	48,611
Intergovernmental:					
Commonwealth	-	-	-	174,589	1,038,017
Federal	-	-	-	131,384	1,616,189
Local	-	-	-	1,318	255,246
Total revenues	-	271,766	-	307,291	3,207,200
Expenditures					
Public safety	-	-	-	169,588	1,525,557
General services	-	-	-	125,138	125,138
Health and welfare	-	-	-	-	3,070,503
Parks, recreation and cultural	-	368,772	101,456	34,660	504,888
Community development	-	-	-	69,080	69,080
Total expenditures	-	368,772	101,456	398,466	5,295,166
Excess (deficiency) of revenues over (under) expenditures	-	(97,006)	(101,456)	(91,175)	(2,087,966)
Other financing sources					
Operating transfers in	-	45,843	-	176,188	2,291,639
Operating transfers out	(118,056)	-	-	-	(118,056)
Total other financing sources	(118,056)	45,843	-	176,188	2,173,583
Net change in fund balance	(118,056)	(51,163)	(101,456)	85,013	85,617
Fund balances - beginning of year	118,056	51,163	101,456	-	411,546
Fund balances - end of year	\$ -	\$ -	\$ -	\$ 85,013	\$ 497,163

County of Isle of Wight, Virginia

*Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds*

Year Ended June 30, 2015

	DSS			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Miscellaneous	\$ -	\$ -	\$ 55	\$ 55
Intergovernmental:				
Commonwealth	1,050,934	1,050,934	634,302	(416,632)
Federal	1,405,985	1,405,985	1,396,749	(9,236)
Total revenues	2,456,919	2,456,919	2,031,106	(425,813)
Expenditures				
Health and welfare	3,221,543	3,264,317	2,711,349	552,968
Total expenditures	3,221,543	3,264,317	2,711,349	552,968
Excess (deficiency) of revenues over (under) expenditures	(764,624)	(807,398)	(680,243)	127,155
Other financing sources				
Operating transfers in	764,624	807,398	951,522	144,124
Total other financing sources	764,624	807,398	951,522	144,124
Net change in fund balance	-	-	271,279	271,279
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ 271,279	\$ 271,279

(Continued)

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds****Year Ended June 30, 2015**

	Comprehensive Services Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Commonwealth	\$ 337,251	\$ 337,251	\$ 115,140	\$ (222,111)
Total revenues	337,251	337,251	115,140	(222,111)
Expenditures				
Health and welfare	605,587	605,587	222,806	382,781
Total expenditures	605,587	605,587	222,806	382,781
Excess (deficiency) of revenues over (under) expenditures	(268,336)	(268,336)	(107,666)	160,670
Other financing sources				
Operating transfers in	268,336	268,336	107,666	(160,670)
Total other financing sources	268,336	268,336	107,666	(160,670)
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -

(Continued)

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds****Year Ended June 30, 2015**

	E911 Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Other local taxes	\$ 20,400	\$ 20,400	\$ 19,988	\$ (412)
Miscellaneous	-	5,000	5,939	939
Intergovernmental:				
Commonwealth	85,000	281,821	113,986	(167,835)
Local	199,723	199,723	253,928	54,205
Total revenues	305,123	506,944	393,841	(113,103)
Expenditures				
Public safety	1,325,742	1,555,663	1,355,969	199,694
Total expenditures	1,325,742	1,555,663	1,355,969	199,694
Excess (deficiency) of revenues over (under) expenditures	(1,020,619)	(1,048,719)	(962,128)	86,591
Other financing sources				
Operating transfers in	1,020,619	1,048,719	962,128	(86,591)
Operating transfers out	-	-	-	-
Total other financing sources	1,020,619	1,048,719	962,128	(86,591)
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -

(Continued)

County of Isle of Wight, Virginia

**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds**

Year Ended June 30, 2015

	Community Development Block Grant			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	140,871	140,871	140,871	-
Fund balances - end of year	\$ 140,871	\$ 140,871	\$ 140,871	\$ -

(Continued)

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds****Year Ended June 30, 2015**

	Section 8			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal	\$ 89,760	\$ 89,760	\$ 88,056	\$ (1,704)
Total revenues	89,760	89,760	88,056	(1,704)
Expenditures				
Health and welfare	124,383	137,642	136,348	1,294
Total expenditures	124,383	137,642	136,348	1,294
Excess (deficiency) of revenues over (under) expenditures	(34,623)	(47,882)	(48,292)	(410)
Other financing sources				
Operating transfers in	34,623	47,882	48,292	410
Total other financing sources	34,623	47,882	48,292	410
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -

(Continued)

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds****Year Ended June 30, 2015****Asset Forfeitures Fund**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other financing sources				
Operating transfers out	\$ -	\$ -	\$ (118,056)	\$ (118,056)
Total other financing sources	-	-	(118,056)	(118,056)
Net change in fund balance	-	-	(118,056)	(118,056)
Fund balances - beginning of year	118,056	118,056	118,056	-
Fund balances - end of year	\$ 118,056	\$ 118,056	\$ -	\$ (118,056)

(Continued)

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds****Year Ended June 30, 2015**

	County Fair Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Use of money and property	\$ 32,000	\$ 32,000	\$ 33,425	\$ 1,425
Charges for services	294,200	294,200	195,724	(98,476)
Miscellaneous	37,998	39,998	42,617	2,619
Total revenues	364,198	366,198	271,766	(94,432)
Expenditures				
Parks, recreation and cultural	364,198	368,734	368,772	(38)
Total expenditures	364,198	368,734	368,772	(38)
Excess (deficiency) of revenues over (under) expenditures	-	(2,536)	(97,006)	(94,470)
Other financing sources				
Operating transfers in	-	2,536	45,843	43,307
Total other financing sources	-	2,536	45,843	43,307
Net change in fund balance	-	-	(51,163)	(51,163)
Fund balances - beginning of year	51,163	51,163	51,163	-
Fund balances - end of year	\$ 51,163	\$ 51,163	\$ -	\$ (51,163)

(Continued)

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds****Year Ended June 30, 2015**

	Museum Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures				
Parks, recreation and cultural	-	-	101,456	(101,456)
Total expenditures	-	-	101,456	(101,456)
Excess (deficiency) of revenues over (under) expenditures	-	-	(101,456)	(101,456)
Fund balances - beginning of year	101,456	101,456	101,456	-
Fund balances - end of year	\$ 101,456	\$ 101,456	\$ -	\$ (101,456)

(Continued)

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds****Year Ended June 30, 2015**

	Grants Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Commonwealth	\$ -	\$ 351,224	\$ 174,589	\$ (176,635)
Federal	57,314	230,562	131,384	(99,178)
Local	-	26,202	1,318	(24,884)
Total revenues	57,314	607,988	307,291	(300,697)
Expenditures				
Public safety	-	267,072	169,588	97,484
General services	-	162,091	125,138	36,953
Parks, recreation and cultural	142,000	197,252	34,660	162,592
Community development	57,314	123,573	69,080	54,493
Total expenditures	199,314	749,988	398,466	351,522
Excess (deficiency) of revenues over (under) expenditures	(142,000)	(142,000)	(91,175)	50,825
Other financing sources				
Operating transfers in	142,000	142,000	176,188	34,188
Total other financing sources	142,000	142,000	176,188	34,188
Net change in fund balance	-	-	85,013	85,013
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ 85,013	\$ 85,013

(Continued)

*County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds***Year Ended June 30, 2015**

	Totals			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Other local taxes	\$ 20,400	\$ 20,400	\$ 19,988	\$ (412)
Use of money and property	32,000	32,000	33,425	1,425
Charges for services	294,200	294,200	195,724	(98,476)
Miscellaneous	37,998	44,998	48,611	3,613
Intergovernmental:				
Commonwealth	1,473,185	2,021,230	1,038,017	(983,213)
Federal	1,553,059	1,726,307	1,616,189	(110,118)
Local	199,723	225,925	255,246	29,321
Total revenues	3,610,565	4,365,060	3,207,200	(1,157,860)
Expenditures				
Public safety	1,325,742	1,822,735	1,525,557	297,178
General services	-	162,091	125,138	36,953
Health and welfare	3,951,513	4,007,546	3,070,503	937,043
Parks, recreation and cultural	506,198	565,986	504,888	61,098
Community development	57,314	123,573	69,080	54,493
Total expenditures	5,840,767	6,681,931	5,295,166	1,386,765
Excess (deficiency) of revenues over (under) expenditures	(2,230,202)	(2,316,871)	(2,087,966)	228,905
Other financing sources				
Operating transfers in	2,230,202	2,316,871	2,291,639	(25,232)
Operating transfers out	-	-	(118,056)	(118,056)
Total other financing sources	2,230,202	2,316,871	2,173,583	(143,288)
Net change in fund balance	-	-	85,617	85,617
Fund balances - beginning of year	411,546	411,546	411,546	-
Fund balances - end of year	\$ 411,546	\$ 411,546	\$ 497,163	\$ 85,617



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

County of Isle of Wight, Virginia

Other Supplementary Information Internal Services Funds

Year Ended June 30, 2015

The following is a brief description of the Internal Service Funds reported by the County:

- The *Information Technology Fund* - provides implementation and maintenance of the technology infrastructure.
- The *Risk Management Fund* - finances property, workers' compensation, auto and general liability insurance coverage.

County of Isle of Wight, Virginia

Combining Statements of Net Position - Internal Service Funds

June 30, 2015

	Information Technology	Risk Management	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 104,133	\$ 72,266	\$ 176,399
Accounts receivables	-	2,070	2,070
Total current assets	104,133	74,336	178,469
Noncurrent assets			
Capital assets:			
Depreciable - net	139,147	-	139,147
Total noncurrent assets	139,147	-	139,147
Total assets	243,280	74,336	317,616
Deferred Outflows of Resources			
Deferred outflows of resources related to pension	38,353	4,374	42,727
Total deferred outflows of resources	38,353	4,374	42,727
Liabilities			
Current liabilities			
Accounts payable	37,823	3,929	41,752
Accrued liabilities	1,343	-	1,343
Compensated absences	3,304	158	3,462
Total current liabilities	42,470	4,087	46,557
Noncurrent liabilities			
Compensated absences	29,733	1,426	31,159
Net pension liability	62,537	4,651	67,188
Net OPEB obligation	26,065	3,597	29,662
Total noncurrent liabilities	118,335	9,674	128,009
Total liabilities	160,805	13,761	174,566
Deferred Inflows of Resources			
Deferred inflows of resources related to pension	60,909	4,530	65,439
Total deferred inflows of resources	60,909	4,530	65,439
Net Position			
Net investment in capital assets	139,147	-	139,147
Unrestricted (deficit)	(79,228)	60,419	(18,809)
Total net position	\$ 59,919	\$ 60,419	\$ 120,338

County of Isle of Wight, Virginia

*Combining Statements of Revenues, Expenses,
and Changes in Net Position- Internal Service Funds*

Year Ended June 30, 2015

	Information Technology	Risk Management	Total
Operating revenues			
Charges for services	\$ 942,237	\$ 505,412	\$ 1,447,649
Other revenue	7,527	48,252	55,779
	<u>949,764</u>	<u>553,664</u>	<u>1,503,428</u>
Operating expenses			
Current:			
Personnel services	324,235	40,905	365,140
Fringe benefits	118,272	160,566	278,838
Contractual services	11,108	256,455	267,563
Other charges	322,800	22,102	344,902
Depreciation	17,887	-	17,887
Total operating expenses	<u>794,302</u>	<u>480,028</u>	<u>1,274,330</u>
Operating income	155,462	73,636	229,098
Transfers			
Transfers out	(167,159)	(13,217)	(180,376)
Total transfers	<u>(167,159)</u>	<u>(13,217)</u>	<u>(180,376)</u>
Income (losses) before contributions	(11,697)	60,419	48,722
Contributions			
Capital contributions	71,616	-	71,616
Total contributions	<u>71,616</u>	<u>-</u>	<u>71,616</u>
Changes in net position	59,919	60,419	120,338
Net position - beginning of year	-	-	-
Net position- end of year	<u>\$ 59,919</u>	<u>\$ 60,419</u>	<u>\$ 120,338</u>

County of Isle of Wight, Virginia

Combining Statements of Cash Flows - Internal Service Funds

Year Ended June 30, 2015

	Information Technology	Risk Management	Total
Cash flows from operating activities			
Received from customers and users	\$ 949,764	\$ 551,594	\$ 1,501,358
Payments to suppliers for goods and services	(296,085)	(274,628)	(570,713)
Payments to employees	(464,128)	(204,700)	(668,828)
Net cash provided by operating activities	189,551	72,266	261,817
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(85,418)	-	(85,418)
Net cash used in capital and related financing activities	(85,418)	-	(85,418)
Change in cash and cash equivalents	104,133	72,266	176,399
Cash and cash equivalents - beginning of year	-	-	-
Cash and cash equivalents - end of year	\$ 104,133	\$ 72,266	\$ 176,399
Noncash item from capital and related financing activities			
Capital contribution	\$ 71,616	\$ -	\$ 71,616
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 155,462	\$ 73,636	\$ 229,098
Transfers out for employee benefits	(167,159)	(13,217)	(180,376)
Adjustments to reconcile to net cash provided by (used in) operating activities:			
Depreciation	17,887	-	17,887
Change in:			
Accounts receivables	-	(2,070)	(2,070)
Deferred outflows of resources related to pension	(38,353)	(4,374)	(42,727)
Accounts payable	37,823	3,929	41,752
Accrued expenses	1,343	-	1,343
Compensated absences	33,037	1,584	34,621
Net pension liability payable	62,537	4,651	67,188
Other post-employment benefits payable	26,065	3,597	29,662
Deferred inflows of resources related to pension	60,909	4,530	65,439
Net cash provided by operating activities	\$ 189,551	\$ 72,266	\$ 261,817

*County of Isle of Wight, Virginia**Combining Balance Sheets - Governmental Funds - Component Unit - School Board***June 30, 2015**

Assets	Governmental Funds				Totals
	School Operating Fund	School Capital Projects Fund	School Textbook Fund	School Cafeteria Fund	
Cash and investments	\$ 4,575,075	\$ -	\$ -	\$ 258,427	\$ 4,833,502
Restricted cash	-	616,937	-	-	616,937
Accounts receivable - net of allowances for uncollectibles	237,450	-	-	11,772	249,222
Inventory	-	-	-	49,729	49,729
Due from primary government	-	199,547	-	-	199,547
Due from other funds	254,470	285,140	17,046	-	556,656
Due from other governmental units	1,309,087	-	-	59,631	1,368,718
Total assets	\$ 6,376,082	\$ 1,101,624	\$ 17,046	\$ 379,559	\$ 7,874,311
Liabilities					
Accounts payable	\$ 201,046	\$ 809,953	\$ -	\$ 25,968	\$ 1,036,967
Accrued liabilities	4,102,934	-	-	-	4,102,934
Due to primary government	1,542,626	-	-	73	1,542,699
Due to other funds	529,476	-	-	27,180	556,656
Total liabilities	6,376,082	809,953	-	53,221	7,239,256
Fund Balance					
Fund balances:					
Nonspendable: Inventory	-	-	-	49,729	49,729
Restricted: CAES sprinkler system	-	275,332	-	-	275,332
Restricted: Energy Savings Project (ESCO)	-	16,339	-	-	16,339
Restricted: Textbooks	-	-	17,046	-	17,046
Unassigned	-	-	-	276,609	276,609
Total fund balances	-	291,671	17,046	326,338	635,055
Total liabilities and fund balance	\$ 6,376,082	\$ 1,101,624	\$ 17,046	\$ 379,559	\$ 7,874,311

*County of Isle of Wight, Virginia**Reconciliation of Balance Sheets - Component Unit - School Board
to the Statement of Net Position***June 30, 2015**

Total fund balances - School Board - governmental funds	\$ 635,055
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Amounts reported for government activities in the Statement
of Net Position are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds, net of
accumulated depreciation.

Non depreciable capital assets	1,619,726
Depreciable capital assets	78,401,656
Accumulated depreciation	(43,094,405)
Depreciable assets, net	<u>35,307,251</u>

Long-term obligations are not due and payable in the current
period and are not reported in in funds

Capital leases	(6,895,000)
Compensated absences	(435,938)
Net pension liability	(45,876,698)
OPEB obligation	(4,119,374)
Accrued interest payable	(44,243)

Deferred outflows of resources related to pension	6,352,617
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Deferred inflows of resources related to pension	(11,914,140)
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The internal service fund is used by management to charge the cost of
health benefits. The assets and liabilities of the internal service fund is
included in governmental activities in the Statement of Net Position

<u>166,783</u>

Total net position- School Board - governmental activities	<u><u>\$ (25,203,961)</u></u>
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County of Isle of Wight, Virginia

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Component Unit - School Board

Year Ended June 30, 2015

	Governmental Funds				Total
	School Operating Fund	School Capital Projects Fund	School Textbook Fund	School Cafeteria Fund	
Revenues					
Revenues from use of money and property	\$ 52,748	\$ 9,190	\$ -	\$ 992	\$ 62,930
Charges for services	155,809	-	-	751,534	907,343
Miscellaneous	122,179	-	-	9,204	131,383
Recovered costs	58,424	-	-	-	58,424
Payment from the Primary Government	22,868,522	5,005,482	292,972	-	28,166,976
Intergovernmental:					
Commonwealth	26,975,482	-	301,940	30,621	27,308,043
Federal	2,382,409	-	-	1,140,199	3,522,608
Total revenues	52,615,573	5,014,672	594,912	1,932,550	60,157,707
Expenditures					
Current:					
Administration, attendance and health	2,307,516	-	-	-	2,307,516
Instructional services	40,685,196	-	693,359	-	41,378,555
Operations and maintenance	4,431,317	-	-	-	4,431,317
Pupil transportation	3,282,122	-	-	-	3,282,122
School food services	5,432	-	-	1,984,939	1,990,371
Facilities	-	4,730,645	-	-	4,730,645
Technology	1,654,151	-	-	-	1,654,151
Capital outlay	493,241	6,599,173	-	13,900	7,106,314
Debt service:					
Interest and fiscal charges	-	249,235	-	-	249,235
Total expenditures	52,858,975	11,579,053	693,359	1,998,839	67,130,226
Excess (Deficiency) of revenues under expenditures	(243,402)	(6,564,381)	(98,447)	(66,289)	(6,972,519)
Net change in fund balance	(243,402)	(6,564,381)	(98,447)	(66,289)	(6,972,519)
Fund equity - beginning of year	243,402	6,856,052	115,493	392,627	7,607,574
Fund equity - end of year	\$ -	\$ 291,671	\$ 17,046	\$ 326,338	\$ 635,055

*County of Isle of Wight, Virginia**Reconciliation of the Statements of Revenues, Expenditures, and Changes in
Fund Balances to the Statement of Activities - Component Unit - School Board***Year Ended June 30, 2015**

Net change in fund balances - School Board - governmental funds	\$ (6,972,519)
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Amounts reported for governmental activities in the statement
of Net Position are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and transfers exceed depreciation expense.

Joint activity-transfer of capital assets	7,581,395
Capital outlay	7,106,314
Depreciation expense	(2,747,918)

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Decrease in compensated absences	4,661
Decrease in net pension liability	3,714,069
Increase in net OPEB obligation	(631,743)
Interest in accrued interest	(44,243)

The internal service fund is used by management to charge the cost of health benefits. The net income of the internal service fund is reported with governmental activities in the Statement of Activities.

<u>831,492</u>

Change in net position of School Board - governmental activities	\$ <u>8,841,508</u>
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County of Isle of Wight, Virginia

*Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Governmental Funds - Component Unit - School Board*

Year Ended June 30, 2015

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenues from use of money and property	\$ 35,000	\$ 35,000	\$ 52,748	\$ 17,748
Charges for services	135,500	135,500	155,809	20,309
Miscellaneous	7,500	7,500	122,179	114,679
Recovered costs	25,000	25,000	58,424	33,424
Revenue from the Primary Government	24,545,892	24,289,882	22,868,522	(1,421,360)
Intergovernmental:				
Commonwealth	27,005,501	27,064,384	26,975,482	(88,902)
Federal	2,500,744	2,789,219	2,382,409	(406,810)
Total revenues	54,255,137	54,346,485	52,615,573	(1,730,912)
Expenditures				
Current				
Administration, attendance and health	2,421,169	2,379,009	2,307,516	71,493
Instructional services	41,460,615	41,816,957	40,685,196	1,131,761
Operations and maintenance	4,724,183	4,657,639	4,431,317	226,322
Pupil transportation	3,057,462	3,364,624	3,282,122	82,502
School food services	-	88,604	5,432	83,172
Technology	2,319,308	2,003,591	1,654,151	349,440
Capital outlay	272,400	272,400	493,241	(220,841)
Total expenditures	54,255,137	54,582,824	52,858,975	1,723,849
Net change in fund balance	-	(236,339)	(243,402)	(7,063)
Fund balances (accumulated deficit) - beginning of year	-	-	243,402	243,402
Fund balances - end of year	\$ -	\$ (236,339)	\$ -	\$ 236,339

(Continued)

County of Isle of Wight, Virginia

*Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Governmental Funds - Component Unit - School Board (Continued)*

Year Ended June 30, 2015

	School Capital Projects Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenues from use of money and property	\$ -	\$ -	\$ 9,190	\$ 9,190
Revenue from the Primary Government	-	5,305,352	5,005,482	(299,870)
Intergovernmental:				
Federal	-	-	-	-
Total revenues	-	5,305,352	5,014,672	(290,680)
Expenditures				
Current				
Facilities	-	5,315,398	4,730,645	584,753
Capital outlay	-	6,599,173	6,599,173	-
Debt service:				
Interest and fiscal charges	-	249,235	249,235	-
Total expenditures	-	12,163,806	11,579,053	584,753
Excess of revenue over/(under) expenditures	-	(6,858,454)	(6,564,381)	294,073
Net change in fund balance	-	(6,858,454)	(6,564,381)	294,073
Fund balances - beginning of year	-	-	6,856,052	6,856,052
Fund balances - end of year	\$ -	\$ (6,858,454)	\$ 291,671	\$ 7,150,125

(Continued)

County of Isle of Wight, Virginia

*Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Governmental Funds - Component Unit - School Board (Continued)*

Year Ended June 30, 2015

	School Textbook Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenue from the Primary Government	\$ 298,372	\$ 298,372	\$ 292,972	\$ (5,400)
Intergovernmental:				
Commonwealth	298,372	298,372	301,940	3,568
Total revenues	596,744	596,744	594,912	(1,832)
Expenditures				
Current				
Instructional services	596,744	712,237	693,359	18,878
Total expenditures	596,744	712,237	693,359	18,878
Net change in fund balance	-	(115,493)	(98,447)	17,046
Fund balances - beginning of year	-	115,493	115,493	-
Fund balances - end of year	\$ -	\$ -	\$ 17,046	\$ 17,046

(Continued)

County of Isle of Wight, Virginia

*Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Governmental Funds - Component Unit - School Board (Continued)*

Year Ended June 30, 2015

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenues from use of money and property	\$ 1,145	\$ 1,145	\$ 992	\$ (153)
Charges for services	1,014,140	1,014,140	751,534	(262,606)
Miscellaneous	-	-	9,204	9,204
Intergovernmental:				
Commonwealth	37,000	37,000	30,621	(6,379)
Federal	1,150,118	1,150,118	1,140,199	(9,919)
Total revenues	2,202,403	2,202,403	1,932,550	(269,853)
Expenditures				
Current				
School food services	2,202,403	2,185,442	1,984,939	200,503
Capital outlay	-	13,900	13,900	-
Total expenditures	2,202,403	2,199,342	1,998,839	200,503
Net change in fund balance	-	3,061	(66,289)	(69,350)
Fund balances - beginning of year	392,627	392,627	392,627	-
Fund balances - end of year	\$ 392,627	\$ 395,688	\$ 326,338	\$ (69,350)

(Continued)

County of Isle of Wight, Virginia

*Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Governmental Funds - Component Unit - School Board*

Year Ended June 30, 2015

	Totals			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenues from use of money and property	\$ 36,145	\$ 36,145	\$ 62,930	\$ 26,785
Charges for services	1,149,640	1,149,640	907,343	(242,297)
Miscellaneous	7,500	7,500	131,383	123,883
Recovered costs	25,000	25,000	58,424	33,424
Revenue from the Primary Government	24,844,264	29,893,606	28,166,976	(1,726,630)
Intergovernmental:				
Commonwealth	27,340,873	27,399,756	27,308,043	(91,713)
Federal	3,650,862	3,939,337	3,522,608	(416,729)
Total revenues	57,054,284	62,450,984	60,157,707	(2,293,277)
Expenditures				
Current				
Administration, attendance and health	2,421,169	2,379,009	2,307,516	71,493
Instructional services	42,057,359	42,529,194	41,378,555	1,150,639
Operations and maintenance	4,724,183	4,657,639	4,431,317	226,322
Pupil transportation	3,057,462	3,364,624	3,282,122	82,502
School food services	2,202,403	2,274,046	1,990,371	283,675
Facilities	-	5,315,398	4,730,645	584,753
Technology	2,319,308	2,003,591	1,654,151	349,440
Debt service:				
Interest and fiscal charges	-	249,235	249,235	-
Capital outlay	272,400	6,885,473	7,106,314	(220,841)
Total expenditures	57,054,284	69,658,209	67,130,226	2,527,983
Net change in fund balance	-	(7,207,225)	(6,972,519)	234,706
Net change in fund balance	-	(7,207,225)	(6,972,519)	234,706
Fund balances - beginning of year	392,627	508,120	7,607,574	(7,099,454)
Fund balances - end of year	\$ 392,627	\$ (6,699,105)	\$ 635,055	\$ (6,864,748)

*County of Isle of Wight, Virginia**Statement of Net Position - Proprietary Fund - Component Unit - School Board***June 30, 2015**

	Assets	<u>School Health Benefits Fund</u>
Current assets		
Cash and cash equivalents - restricted		\$ 438,122
Total current assets		<u>438,122</u>
	Liabilities	
Current liabilities		
Claims payable		137,826
Unearned revenues		109,191
Total current liabilities		<u>247,017</u>
Noncurrent liabilities		
Claims payable		24,322
Total noncurrent liabilities		<u>24,322</u>
Total liabilities		<u>271,339</u>
	Net Position	
Net position - unrestricted		<u>\$ 166,783</u>

County of Isle of Wight, Virginia**Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Fund - Component Unit - School Board****Year Ended June 30, 2015**

	School Health Benefits Fund
Operating revenues	
Recovered costs	\$ 5,373,484
Operating expenses	
Healthcare benefits	4,541,995
Operating income	831,489
Nonoperating revenue	
Revenue from use of money and property	3
Change in net position	831,492
Net position - beginning of year	(664,709)
Net position - end of year	\$ 166,783

*County of Isle of Wight, Virginia**Statement of Cash Flows - Proprietary Fund - Component Unit - School Board***Year Ended June 30, 2015**

	School Health Benefits Fund
Cash flows from operating activities	
Received from customers and users	\$ 5,371,227
Payments to suppliers for goods and services	(5,014,811)
	<hr/>
Net cash provided by operating activities	356,416
	<hr/>
Cash flows from investing activities	
Interest received	3
	<hr/>
Net cash provided by from investing activities	3
	<hr/>
Change in cash and cash equivalents	356,419
Cash and cash equivalents - beginning of year	81,703
	<hr/>
Cash and cash equivalents - end of year	\$ 438,122
	<hr/> <hr/>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ 831,489
Adjustments to reconcile operating loss to net cash provided by operating activities	
Change in:	
Accounts receivable	8,898
Claims payable	(472,816)
Unearned revenue	(11,155)
	<hr/>
Net cash provided by operating activities	\$ 356,416
	<hr/> <hr/>

*County of Isle of Wight, Virginia**Combining Statements of Assets and Liabilities - Fiduciary Funds***June 30, 2015**

	Special Welfare Funds	Student Activity Funds	Totals Agency Funds
Assets			
Cash and cash equivalents	\$ 40,564	\$ 359,517	\$ 400,081
Liabilities			
Amounts held for social services clients	\$ 40,564	\$ -	\$ 40,564
Amounts held for others	-	359,517	359,517
Total liabilities	\$ 40,564	\$ 359,517	\$ 400,081

County of Isle of Wight, Virginia**Combining Statements of Changes in Assets and Liabilities - Fiduciary Funds****Year Ended June 30, 2015**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare				
Assets				
Cash and cash equivalents	\$ 42,511	36	\$ (1,983)	\$ 40,564
Liabilities				
Amounts held for social services clients	\$ 42,511	\$ 36	\$ (1,983)	\$ 40,564
Student Activities				
Assets				
Cash and cash equivalents	\$ 352,352	\$ 1,566,572	\$ (1,559,407)	\$ 359,517
Liabilities				
Amounts held for others	\$ 352,352	\$ 1,566,572	\$ (1,559,407)	\$ 359,517
Total				
Assets				
Cash and cash equivalents	\$ 394,863	\$ 1,566,608	\$ (1,561,390)	\$ 400,081
Liabilities				
Amounts held for social services clients	\$ 42,511	\$ 36	\$ (1,983)	\$ 40,564
Amounts held for others	352,352	1,566,572	(1,559,407)	359,517
	\$ 394,863	\$ 1,566,608	\$ (1,561,390)	\$ 400,081

*County of Isle of Wight, Virginia**Statements of Net Position- Component Unit - Economic Development Authority***June 30, 2015**

Assets	
Current assets	
Cash and cash equivalents	\$ 245,278
Accounts receivables	2,280
Total current assets	<u>247,558</u>
Noncurrent assets	
Capital lease receivable	67,863
Land held for resale	1,433,285
Capital assets:	
Nondepreciable	10,859,198
Depreciable, net	201,917
Total noncurrent assets	<u>12,562,263</u>
Total assets	<u>12,809,821</u>
Liabilities	
Current liabilities	
Escrow payable	1,000
Advance from primary government	375,000
Note payable - current portion	35,068
Total current liabilities	<u>411,068</u>
Noncurrent liabilities	
Note payable - less current portion	21,560
Total liabilities	<u>432,628</u>
Net Position	
Net investment in capital assets	11,004,487
Unrestricted	1,372,706
Total net position	<u>\$ 12,377,193</u>

*County of Isle of Wight, Virginia**Statements of Revenues, Expenses, and Changes in Fund Net Position
Component Unit - Economic Development Authority***Year Ended June 30, 2015**

Operating revenues	
Charges for services	\$ 10,794
Other revenues	26,345
	<u>37,139</u>
Operating expenses	
Operations	25,501
Compensation	4,425
Depreciation	10,162
Total operating expenses	<u>40,088</u>
Operating loss	<u>(2,949)</u>
Nonoperating revenues (expenses)	
Property rental	30,398
Interest income	5,800
Interest expense	(4,960)
Total nonoperating revenues, net	<u>31,238</u>
Change in net position	28,289
Net position - beginning of year	<u>12,348,904</u>
Net position - end of year	<u>\$ 12,377,193</u>

*County of Isle of Wight, Virginia**Statements of Cash Flows - Component Unit - Economic Development Authority***Year Ended June 30, 2015**

Cash flows from operating activities	
Received from customers and users	\$ 209,545
Payments to suppliers for goods and services	(204,076)
Payments to employees	(4,425)
Net cash provided by operating activities	<u>1,044</u>
Cash flows from capital and related financing activities	
Principal payments on notes payable	(32,818)
Interest paid on notes	(4,960)
Net cash used in capital and related financing activities	<u>(37,778)</u>
Cash flows from investing activities	
Interest income	5,800
Principal collections on capital lease receivable	30,398
Rental of property	35,384
Net cash provided by investing activities	<u>71,582</u>
Change in cash and cash equivalents	34,848
Cash and cash equivalents - beginning of year	<u>210,430</u>
Cash and cash equivalents - end of year	<u>\$ 245,278</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (2,949)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	10,162
Change in accounts receivable	(2,280)
Change in due from primary government	174,686
Change in accounts payable	(178,575)
Net cash provided by operating activities	<u>\$ 1,044</u>



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

County of Isle of Wight, Virginia

Statistical Section Overview

Year Ended June 30, 2015

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

Contents

Exhibits

Financial Trends

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

C-1 through C-4

Revenue Capacity

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

C-5 through C-10

Debt Capacity

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

C-11 through C-12

Demographic and Economic Information

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

C13

Operating Information

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

C-14 through C-16

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

*County of Isle of Wight, Virginia**Net Position (Assets) by Component*

Last Ten Fiscal Years					
	2015	2014*	2013	2012	2011
Governmental activities					
Net investment in capital assets	\$ 2,045,769	\$ 6,086,446	\$ 4,923,554	\$ 9,453,645	\$ 15,381,413
Restricted	7,174,341	13,734,652	24,568,034	320,527	349,812
Unrestricted	7,349,393	(1,715,310)	(5,786,028)	21,960,979	18,615,968
Total governmental activities net position	\$ 16,569,503	\$ 18,105,788	\$ 23,705,560	\$ 31,735,151	\$ 34,347,193
Business-type activities					
Net investment in capital assets	\$(16,186,173)	\$(12,140,987)	\$(8,834,474)	\$(6,129,102)	\$(1,661,794)
Restricted	5,927,757	-	-	-	-
Unrestricted	(1,608,477)	17,086	(2,078,232)	(2,587)	(1,332,945)
Total business-type activities net position	\$(11,866,893)	\$(12,123,901)	\$(10,912,706)	\$(6,131,689)	\$(2,994,739)
Primary government					
Net investment in capital assets	\$(14,140,404)	\$(6,054,541)	\$(3,910,920)	\$ 3,324,543	\$ 13,719,619
Restricted	13,102,098	13,734,652	24,568,034	320,527	349,812
Unrestricted	5,740,916	(1,698,224)	(7,864,260)	21,958,392	17,283,023
Total primary government net position	\$ 4,702,610	\$ 5,981,887	\$ 12,792,854	\$ 25,603,462	\$ 31,352,454

(Continued)

* 2014 unrestricted net position restated to reflect implementation of GASB 68/71

County of Isle of Wight, Virginia

Net Position (Assets) by Component (Continued)

Last Ten Fiscal Years					
	2010	2009	2008	2007	2006
Governmental activities					
Net investment in capital assets	\$ (5,119,903)	\$ 7,629,388	\$ 9,382,768	\$ 12,936,538	\$ 10,905,026
Restricted	22,703,988	27,436,029	14,816,245	11,393,907	6,685,306
Unrestricted	17,675,588	4,259,513	19,329,621	22,294,446	24,355,641
Total governmental activities net position	\$ 35,259,673	\$ 39,324,930	\$ 43,528,634	\$ 46,624,891	\$ 41,945,973
Business-type activities					
Net investment in capital assets	\$ 88,152	\$ 864,915	\$ 6,425,436	\$ 4,030,507	\$ 3,321,270
Restricted	631,542	1,619,337	918,159	859,724	911,938
Unrestricted	-	-	-	380,734	3,152,360
Total business-type activities net position	\$ 719,694	\$ 2,484,252	\$ 7,343,595	\$ 5,270,965	\$ 7,385,568
Primary government					
Net investment in capital assets	\$ (5,031,751)	\$ 8,494,303	\$ 15,808,204	\$ 16,967,045	\$ 14,226,296
Restricted	23,335,530	29,055,366	15,734,404	12,253,631	7,597,244
Unrestricted	17,675,588	4,259,513	19,329,621	22,675,180	27,508,001
Total primary government net position	\$ 35,979,367	\$ 41,809,182	\$ 50,872,229	\$ 51,895,856	\$ 49,331,541

*County of Isle of Wight, Virginia**Change in Net Position***Last Ten Fiscal Years**

	2015	2014	2013	2012	2011
Expenses					
Governmental activities:					
General government	\$ 4,954,948	\$ 5,859,778	\$ 6,446,046	\$ 5,571,463	\$ 5,585,577
Judicial administration	1,345,313	1,334,545	1,198,998	1,078,015	970,228
Public safety	11,227,838	10,856,876	10,360,047	9,999,240	7,454,652
General services	6,059,730	6,444,839	6,979,003	7,072,833	6,604,193
Health and welfare	3,654,546	4,267,056	4,361,198	4,444,284	4,884,843
Education	31,627,526	25,930,462	29,976,658	24,794,008	25,419,456
Parks, recreation and cultural	3,051,601	3,250,023	2,990,630	2,979,591	2,797,390
Community development	3,066,139	2,805,145	3,174,930	5,995,359	1,931,593
Nondepartmental	-	-	-	1,314,563	1,429,542
Interest on long-term debt	4,568,504	4,507,212	3,979,848	2,792,214	2,080,083
Total governmental activities expenses	69,556,145	65,255,936	69,467,358	66,041,570	59,157,557
Business-type activities:					
Public utilities	11,146,341	8,677,215	8,214,531	7,439,824	6,999,024
Stormwater	829,480	347,845	-	-	-
Total business-type activities expenses	11,975,821	9,025,060	8,214,531	7,439,824	6,999,024
Total primary government expenses	\$ 81,531,966	\$ 74,280,996	\$ 77,681,889	\$ 73,481,394	\$ 66,156,581
Program revenue					
Governmental activities:					
Charges for services:					
General government	\$ 388,251	\$ 682	\$ 758	\$ 123,391	\$ 198,737
Judicial administration	220,034	174,940	156,543	369,278	149,251
Public safety	1,330,020	1,518,532	1,154,693	2,155,302	625,612
General services	-	-	375,498	408,320	-
Health and welfare	-	-	-	77,525	35,446
Parks, recreation and cultural	479,016	584,689	526,622	585,740	436,303
Community development	42,952	43,357	30,412	134,755	672,840
Operating grants and contributions	5,282,485	5,718,851	9,526,260	13,330,802	10,676,049
Capital grants and contributions	3,133,139	905,676	150,000	109,489	102,935
Interest rate subsidy	-	-	257,127	569,315	-
Total governmental activities program revenues	10,875,897	8,946,727	12,177,913	17,863,917	12,897,173

(Continued)

County of Isle of Wight, Virginia

Change in Net Position (Continued)

Last Ten Fiscal Years

	2010	2009	2008	2007	2006
Expenses					
Governmental activities:					
General government	\$ 4,721,064	\$ 3,410,733	\$ 6,182,728	\$ 4,794,578	\$ 5,800,635
Judicial administration	1,017,192	1,034,595	857,697	878,317	866,371
Public safety	8,228,634	8,966,721	6,053,668	6,166,925	5,632,965
General services	6,479,386	6,810,610	5,145,769	4,400,738	3,903,265
Health and welfare	5,062,126	5,143,058	5,025,666	4,894,622	4,340,638
Education	25,724,901	24,360,654	26,964,798	21,036,346	19,336,608
Parks, recreation and cultural	2,724,759	3,526,076	1,279,128	1,856,803	1,494,482
Community development	2,898,788	3,902,800	2,332,420	3,083,356	1,548,527
Nondepartmental	1,351,357	-	-	-	-
Interest on long-term debt	2,619,271	2,292,872	2,186,412	2,144,123	2,243,574
Total governmental activities expenses	60,827,478	59,448,119	56,028,286	49,255,808	45,167,065
Business-type activities:					
Public utilities	6,986,865	6,273,275	5,581,285	5,137,986	3,247,060
Stormwater	-	-	-	-	-
Total business-type activities expenses	6,986,865	6,273,275	5,581,285	5,137,986	3,247,060
Total primary government expenses	\$ 67,814,343	\$ 65,721,394	\$ 61,609,571	\$ 54,393,794	\$ 48,414,125
Program revenue					
Governmental activities:					
Charges for services:					
General government	\$ 25,863	\$ 11,162	\$ 1,693	\$ 242,086	\$ 66,864
Judicial administration	147,275	91,288	201,653	148,848	180,914
Public safety	637,668	833,366	721,630	704,337	520,015
General services	4,744	4,080	2,520	3,480	4,320
Health and welfare	-	-	-	75,030	77,925
Parks, recreation and cultural	394,328	357,218	263,158	260,831	258,788
Community development	387,414	281,552	76,791	140,302	2,314
Operating grants and contributions	5,655,377	6,617,823	7,292,110	5,581,783	3,199,313
Capital grants and contributions	1,618,901	161,236	183,662	-	-
Interest rate subsidy	-	-	-	-	-
Total governmental activities program revenues	8,871,570	8,357,725	8,743,217	7,156,697	4,310,453

(Continued)

County of Isle of Wight, Virginia

Change in Net Position (Continued)

Last Ten Fiscal Years

	2015	2014	2013	2012	2011
Business-type activities					
Charges for services	5,779,255	5,206,661	3,080,643	2,856,747	2,902,184
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	480,741	481,900	467,939	1,415,036	360,504
Total business-type activities program revenues	6,259,996	5,688,561	3,548,582	4,271,783	3,262,688
Total primary government program revenues	17,135,893	14,635,288	15,726,495	22,135,700	16,159,861
Net expense - governmental activities	58,680,248	56,309,209	57,289,445	48,177,653	46,260,384
Net expense - business-type activities	5,715,825	3,336,499	4,665,949	3,168,041	3,736,336
Total primary government net expense	64,396,073	59,645,708	61,955,394	51,345,694	49,996,720
General revenues and other changes in net position					
Governmental activities					
Taxes					
Property taxes	\$ 54,539,535	\$ 48,365,143	\$ 42,408,465	\$ 38,130,254	\$ 38,254,048
Permits, fees and licenses	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Other taxes	7,005,687	7,046,183	6,709,396	6,200,597	6,582,549
Unrestricted grants and contributions	-	-	-	-	-
Recovered costs	-	-	-	-	-
Investment earnings	956,397	324,636	909,387	1,066,841	196,774
Miscellaneous	379,229	840,977	-	397,920	314,533
Gain on sale of assets	218,075	-	163,555	(23,789)	-
Transfers	(5,954,960)	(2,313,266)	-	-	-
Total governmental activities	57,143,963	54,263,673	50,190,803	45,771,823	45,347,904
Business-type activities					
Investment earnings	17,873	16,438	47,754	27,205	21,903
Connection fees	-	-	-	-	-
Gain on sale of assets	-	10,275	-	-	-
Miscellaneous	-	-	-	3,886	-
Transfers	5,954,960	2,313,266	-	-	-
Total business-type activities	5,972,833	2,339,979	47,754	31,091	21,903
Total primary government	\$ 63,116,796	\$ 56,603,652	\$ 50,238,557	\$ 45,802,914	\$ 45,369,807
Change in net position					
Governmental activities	(1,536,285)	(2,045,536)	(7,098,642)	(2,405,830)	(912,480)
Business-type activities	257,008	(996,520)	(4,618,195)	(3,136,950)	(3,714,433)
Total primary government	\$ (1,279,277)	\$ (3,042,056)	\$ (11,716,837)	\$ (5,542,780)	\$ (4,626,913)

(Continued)

County of Isle of Wight, Virginia

Change in Net Position (Continued)

Last Ten Fiscal Years

	2010	2009	2008	2007	2006
Business-type activities					
Charges for services	2,708,017	2,014,246	1,750,406	1,755,893	1,661,105
Operating grants and contributions	-	-	-	96,200	-
Capital grants and contributions	585,994	609,989	642,005	-	-
Total business-type activities program revenues	3,294,011	2,624,235	2,392,411	1,852,093	1,661,105
Total primary government program revenues	12,165,581	10,981,960	11,135,628	9,008,790	5,971,558
Net expense - governmental activities	51,955,908	51,090,394	47,285,069	42,099,111	40,856,612
Net expense - business-type activities	3,692,854	3,649,040	3,188,874	3,285,893	1,585,955
Total primary government net expense	55,648,762	54,739,434	50,473,943	45,385,004	42,442,567
General revenues and other changes in net position					
Governmental activities					
Taxes					
Property taxes	\$ 38,081,388	\$ 38,665,135	\$ 36,374,761	\$ 35,199,045	\$ 31,333,628
Permits, fees and licenses	-	426,074	-	705,195	1,567,278
Fines and forfeitures	-	86,997	-	-	411
Other taxes	5,898,162	6,248,462	6,393,256	6,080,588	6,411,933
Unrestricted grants and contributions	5,115,890	5,218,907	5,372,245	5,763,882	7,968,456
Recovered costs	-	-	-	224,213	127,074
Investment earnings	627,179	562,017	1,161,393	1,758,751	1,222,794
Miscellaneous	74,328	45,572	133,040	58,555	33,403
Gain on sale of assets	-	-	5,882	-	-
Transfers	(1,906,296)	(4,366,474)	(5,251,765)	(3,012,200)	(2,928,799)
Total governmental activities	47,890,651	46,886,690	44,188,812	46,778,029	45,736,178
Business-type activities					
Investment earnings	-	-	-	-	21,383
Connection fees	-	-	-	1,164,379	2,790,662
Gain on sale of assets	-	-	2,025	-	-
Miscellaneous	-	-	-	32,000	2,986
Transfers	1,928,296	(1,210,303)	4,282,478	(25,089)	-
Total business-type activities	1,928,296	(1,210,303)	4,284,503	1,171,290	2,815,031
Total primary government	\$ 49,818,947	\$ 45,676,387	\$ 48,473,315	\$ 47,949,319	\$ 48,551,209
Change in net position					
Governmental activities	(4,065,257)	(4,203,704)	(3,096,257)	4,678,918	4,879,566
Business-type activities	(1,764,558)	(4,859,343)	1,095,629	(2,114,603)	1,229,076
Total primary government	\$ (5,829,815)	\$ (9,063,047)	\$ (2,000,628)	\$ 2,564,315	\$ 6,108,642

County of Isle of Wight, Virginia

Fund Balances - Governmental Funds

Last Ten Fiscal Years					
	2015	2014	2013	2012	2011
General fund					
Designated	\$ -	\$ -	\$ -	\$ -	\$ -
Undesignated	-	-	-	-	-
Total general fund	\$ -				
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total all other governmental funds	\$ -				
 Post-GASB 54					
General Fund					
Non Spendable:					
Non Spendable	\$ 992,540	\$ 1,045,272	\$ 89,446	\$ 120,158	\$ 148,990
Spendable:					
Restricted	22,126	22,081	29,650	29,650	29,650
Assigned	4,169,225	165,775	255,878	632,588	489,228
Unassigned	9,649,642	15,040,237	16,393,908	18,513,870	19,807,133
Total General Fund	\$ 14,833,533	\$ 16,273,365	\$ 16,768,882	\$ 19,296,266	\$ 20,475,001
All other Government funds					
Non Spendable:					
Non Spendable	\$ 2,349	\$ 40,381	\$ 40,595	\$ 40,215	\$ 40,430
Spendable:					
Restricted	7,149,866	13,712,571	24,568,034	29,041,335	38,040,517
Assigned	5,242,890	4,169,285	5,020,477	5,377,105	1,544,284
Total all other government funds	\$ 12,395,105	\$ 17,922,237	\$ 29,629,106	\$ 34,458,655	\$ 39,625,231

*County of Isle of Wight, Virginia**Fund Balances - Governmental Funds (Continued)*

Last Ten Fiscal Years					
	2010	2009	2008	2007	2006
General fund					
Designated	\$ 2,518,642	\$ 3,414,895	\$ 8,908,921	\$ 9,920,089	\$ 10,828,260
Undesignated	17,045,858	13,036,057	13,343,356	13,448,031	14,982,480
Total general fund	\$ 19,564,500	\$ 16,450,952	\$ 22,252,277	\$ 23,368,120	\$ 25,810,740
All other governmental funds					
Reserved	\$ 31,574	\$ 29,441	\$ 9,181	\$ 21,677	\$ 28,940
Unreserved, reported in					
Special revenue funds	298,329	502,420	642,624	395,315	710,402
Capital projects funds	22,703,988	27,436,029	12,402,711	11,177,979	6,273,860
Total all other governmental funds	\$ 23,033,891	\$ 27,967,890	\$ 13,054,516	\$ 11,594,971	\$ 7,013,202

County of Isle of Wight, Virginia

Changes in Fund Balance - Governmental Funds

Last Ten Fiscal Years

	2015	2014	2013	2012	2011
Revenues					
General property taxes	\$ 49,173,371	\$ 43,628,917	\$ 37,158,645	\$ 38,024,532	\$ 37,864,858
Other local taxes	6,842,828	6,840,236	6,616,219	6,301,083	6,582,549
Permits, fees and licenses	1,121,174	635,888	1,710,818	380,302	443,308
Fines and forfeitures	153,929	118,609	105,191	85,598	75,813
Revenue from use of property	438,475	366,712	909,387	1,066,841	196,774
Charges for services	1,264,429	1,578,846	2,859,255	1,620,896	1,599,068
Miscellaneous	2,265,305	1,321,386	217,987	524,121	309,404
Recovered costs	-	9,327,462	-	-	-
Intergovernmental	12,297,700	2,070,994	12,625,247	15,591,979	10,778,984
Total revenues	73,557,211	65,889,050	62,202,749	63,595,352	57,850,758
Expenditures					
General governmental administration	5,118,338	5,301,989	4,869,180	4,814,890	4,292,762
Judicial administration	1,389,675	1,334,756	1,198,998	1,058,580	970,228
Public safety	10,840,494	10,425,432	9,973,620	8,655,939	6,770,494
General Services	4,958,423	5,747,203	5,929,766	10,110,789	6,155,695
Health and welfare	3,878,728	4,244,521	4,299,377	951,649	4,785,833
Education	23,161,494	23,126,262	25,679,304	26,268,626	25,004,954
Parks, recreation and cultural	2,675,524	2,885,662	2,629,412	2,633,606	2,443,506
Community development	3,117,464	2,773,473	3,143,003	5,995,716	1,897,246
Nondepartmental	-	-	-	1,314,563	1,429,542
Capital projects	13,264,484	18,432,571	9,489,014	5,035,723	12,947,475
Debt service					
Principal	2,845,721	2,401,952	3,173,957	31,516	380,000
Interest	5,014,093	5,195,448	4,592,524	2,784,497	2,312,636
Issuance costs	-	-	285,487	284,568	289,453
Total expenditures	76,264,438	81,869,269	75,263,642	69,940,662	69,679,824
Excess of revenues over (under) expenditures	(2,707,227)	(15,980,219)	(13,060,893)	(6,345,310)	(11,829,066)
Other financing sources (uses)					
Transfers in	12,719,784	1,763,908	3,127,894	1,826,748	1,789,120
Transfers out	(18,674,744)	(4,077,174)	(3,127,894)	(1,826,748)	(1,789,120)
Proceeds from borrowing	44,871,848	6,011,099	26,044,679	-	43,654,158
Payments to escrow agent	(43,476,292)	80,000	(22,473,109)	-	(14,137,039)
Proceeds from sale of property	299,667	-	-	-	-
Total other financing sources (uses)	(4,259,737)	3,777,833	3,571,570	-	29,517,119
Net change in fund balance	\$ (6,966,964)	\$ (12,202,386)	\$ (9,489,323)	\$ (6,345,310)	\$ 17,688,053

(Continued)

Debt service as a percentage of noncapital expenditures	12%	12%	12%	5%	5%
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County of Isle of Wight, Virginia

Changes in Fund Balance - Governmental Funds (Continued)

Last Ten Fiscal Years					
	2010	2009	2008	2007	2006
Revenues					
General property taxes	\$ 38,385,088	\$ 39,132,235	\$ 36,455,016	\$ 34,738,809	\$ 31,455,053
Other local taxes	5,898,162	6,248,462	6,393,256	6,080,588	5,925,247
Permits, fees and licenses	407,410	426,074	422,715	705,195	1,567,278
Fines and forfeitures	60,345	86,997	102,098	47,800	64,880
Revenue from use of property	627,179	562,017	1,209,977	1,764,813	1,222,794
Charges for services	1,091,590	1,043,664	826,949	925,316	646,836
Miscellaneous	122,347	136,831	422,807	240,246	112,016
Recovered costs	595,391	755,480	580,925	683,004	507,199
Intergovernmental	12,382,619	11,173,159	11,893,008	11,306,981	11,590,021
Total revenues	59,570,131	59,564,919	58,306,751	56,492,752	53,091,324
Expenditures					
General governmental administration	4,822,494	5,841,246	4,776,697	4,240,227	4,653,439
Judicial administration	1,017,192	1,034,595	857,697	878,317	866,371
Public safety	6,844,989	8,341,561	6,580,696	5,676,894	4,748,296
General Services	5,938,395	6,359,832	5,131,709	4,064,393	3,780,746
Health and welfare	5,019,248	5,105,498	4,969,514	4,831,783	4,198,322
Education	25,058,724	23,508,520	21,788,354	18,701,537	16,654,576
Parks, recreation and cultural	2,482,008	4,297,093	2,026,518	1,871,428	1,453,286
Community development	1,797,791	3,828,750	3,568,838	1,777,156	1,501,480
Nondepartmental	1,351,357	1,338,618	1,249,397	1,133,400	1,534,907
Capital projects	20,491,939	-	7,708,392	4,185,235	5,765,123
Debt service					
Principal	1,534,551	4,316,323	3,947,613	4,727,013	4,529,512
Interest	1,750,465	2,407,157	2,229,008	2,236,220	2,373,585
Issuance costs	253,168	352,213	47,400	-	42,970
Total expenditures	78,362,321	66,731,406	64,881,833	54,323,603	52,102,613
Excess of revenues over (under) expenditures	(18,792,190)	(7,166,487)	(6,575,082)	2,169,149	988,711
Other financing sources (uses)					
Transfers in	1,607,891	30,884,999	14,495,362	10,536,626	6,810,406
Transfers out	(3,514,187)	(39,709,180)	(17,576,578)	(10,566,626)	(7,181,826)
Proceeds from borrowing	18,878,035	25,102,717	10,000,000	-	58,675
Payments to escrow agent	-	-	-	-	-
Proceeds from sale of property	-	-	-	-	-
Total other financing sources (uses)	16,971,739	16,278,536	6,918,784	(30,000)	(312,745)
Net change in fund balance	\$ (1,820,451)	\$ 9,112,049	\$ 343,702	\$ 2,139,149	\$ 675,966
Debt service as a percentage of noncapital expenditures	6%	11%	11%	14%	15%

*County of Isle of Wight, Virginia**Assessed Value and Estimated Actual Value of Taxable Property***Last Ten Fiscal Years**

Fiscal Year	Residential Property	Commercial / Industrial Property	Agriculture Property	(1) Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2015	\$ 3,285,777,463	\$ 671,045,521	\$ 240,480,302	\$ 4,197,303,286	\$ 0.85	\$ 4,197,303,286	100%
2014	\$ 3,239,296,300	\$ 665,825,700	\$ 242,072,000	\$ 4,147,194,000	\$ 0.73	\$ 4,147,194,000	100%
2013	\$ 3,187,589,700	\$ 648,094,500	\$ 245,103,000	\$ 4,080,787,200	\$ 0.65	\$ 4,080,787,200	100%
2012	\$ 3,380,104,000	\$ 642,766,300	\$ 252,515,900	\$ 4,275,386,200	\$ 0.65	\$ 4,275,386,200	100%
2011	\$ 3,383,219,600	\$ 648,572,200	\$ 651,867,200	\$ 4,683,659,000	\$ 0.52	\$ 4,683,659,000	100%
2010	\$ 3,505,342,600	\$ 671,872,400	\$ 666,436,200	\$ 4,843,651,200	\$ 0.52	\$ 4,843,651,200	100%
2009	\$ 3,483,983,000	\$ 622,787,400	\$ 684,778,700	\$ 4,791,549,100	\$ 0.52	\$ 4,791,549,100	100%
2008	\$ 3,305,409,700	\$ 565,071,500	\$ 465,626,600	\$ 4,336,107,800	\$ 0.52	\$ 4,336,107,800	100%
2007	\$ 3,101,569,900	\$ 513,599,500	\$ 491,224,800	\$ 4,106,394,200	\$ 0.53	\$ 4,106,394,200	100%
2006	\$ 2,013,888,400	\$ 387,838,300	\$ 394,450,700	\$ 2,796,177,400	\$ 0.68	\$ 2,796,177,400	100%

(1) Does not reflect land use assessments.

Source: Isle of Wight County Commissioner of Revenue

*County of Isle of Wight, Virginia**Assessed Value of Taxable Property (4)***Last Ten Fiscal Years**

Fiscal Year	Real Estate (1)	Personal Property	Mobile Homes	Machinery and Tools	Public Service (2)(3)	Total
2015	\$ 4,197,303,286	\$ 380,073,520	\$ 20,267,854	\$ 578,929,789	\$ 145,270,583	\$ 5,321,845,032
2014	\$ 4,147,194,000	\$ 376,396,647	\$ 19,875,446	\$ 503,480,949	\$ 142,459,577	\$ 5,189,406,619
2013	\$ 4,070,990,990	\$ 353,861,037	\$ 19,586,906	\$ 380,157,383	\$ 141,582,514	\$ 4,966,178,830
2012	\$ 4,287,008,000	\$ 310,527,887	\$ 20,398,831	\$ 279,087,266	\$ 125,549,557	\$ 5,022,571,541
2011	\$ 4,245,268,423	\$ 304,164,506	\$ 19,902,737	\$ 704,140,467	\$ 238,256,420	\$ 5,511,732,553
2010	\$ 4,410,701,000	\$ 313,455,361	\$ 22,572,521	\$ 768,126,945	\$ 216,191,065	\$ 5,731,046,892
2009	\$ 4,359,684,973	\$ 319,490,754	\$ 21,850,013	\$ 768,109,446	\$ 199,316,241	\$ 5,668,451,427
2008	\$ 3,968,971,300	\$ 295,835,165	\$ 26,153,828	\$ 744,812,445	\$ 218,043,560	\$ 5,253,816,298
2007	\$ 3,879,182,779	\$ 283,389,074	\$ 22,902,248	\$ 688,302,371	\$ 177,306,412	\$ 5,051,082,884
2006	\$ 2,626,671,100	\$ 239,166,064	\$ 26,328,256	\$ 676,290,770	\$ 202,190,306	\$ 3,770,646,496

- (1) Real estate is assessed at 100% of fair market value.
- (2) Assessed values are established by the State Corporation Commission.
- (3) Real estate and personal property.
- (4) The assessed values listed are net of supplement and abatement activity

*County of Isle of Wight, Virginia**Property Tax Rates**Tax Rates Per Hundred Dollars of Assessed Valuation***Last Ten Fiscal Years**

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Boats and Aircraft/ Farm Machinery
2015	\$ 0.85	\$ 4.50	\$ 0.85	\$ 0.70	\$ 1.00/1.00
2014	\$ 0.73	\$ 4.50	\$ 0.73	\$ 0.70	\$ 1.00/1.00
2013	\$ 0.65	\$ 4.50	\$ 0.65	\$ 0.70	\$ 1.00/1.00
2012	\$ 0.65	\$ 4.50	\$ 0.65	\$ 0.95	\$ 1.00/1.00
2011	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2010	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2009	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2008	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2007	\$ 0.53	\$ 4.40	\$ 0.53	\$ 0.95	\$ 1.00/1.00
2006	\$ 0.68	\$ 4.40	\$ 0.68	\$ 0.95	\$ 1.00/1.00

County of Isle of Wight, Virginia

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2015		Percent of Total Assessed Valuation Real Estate	2006		Percent of Total Assessed Valuation Real Estate
	Assessed Valuation Real Estate	Rank		Assessed Valuation Real Estate	Rank	
International Paper	\$ 106,817,200	1	2.54%	\$ 65,839,477	1	2.51%
Inland RI Holdings LLC etals	41,871,600	2	1.00%	-	-	0.00%
Smithfield Foods	41,811,700	3	1.00%	21,947,200	3	0.84%
Gwaltney of Smithfield, Ltd.	30,293,000	4	0.72%	18,383,200	4	0.70%
Eagle Harbor Apartments, LP	25,600,000	5	0.61%	-	-	0.00%
Sentara Healthcare	14,669,700	6	0.35%	-	-	0.00%
LDI Virginia LLC	14,417,900	7	0.34%	-	-	0.00%
Cypress Creek Dev. Co. LLC	13,227,000	8	0.32%	-	-	0.00%
Eagle Harbor LLC	13,285,400	9	0.32%	8,250,301	8	0.31%
Eagle Harbor Apartments II, LP	13,015,000	10	0.31%	-	-	0.00%
Cost Plus, Inc.	-	-	0.00%	36,898,050	2	1.40%
Smithfield Packing Co., Inc.	-	-	0.00%	15,861,017	5	0.60%
Carolina Cold Storage Ltd.	-	-	0.00%	10,200,500	6	0.39%
Smithfield-Carroll's Farms	-	-	0.00%	8,929,300	7	0.34%
Eagle Harbor Shopping Center	-	-	0.00%	7,554,725	9	0.29%
Bradford Mews	-	-	0.00%	7,119,800	10	0.27%
	\$ 315,008,500		7.51%	\$ 200,983,570		7.65%

Taxpayer	Assessed Valuation Personal Property	Rank	Percent of Total Assessed Valuation Personal Property (1)	Assessed Valuation Personal Property	Rank	Percent of Total Assessed Valuation Personal Property (1)
Gwaltney of Smithfield Ltd.	95,584,475	2	8.50%	41,175,267	3	3.60%
Keuring Green Mountain Inc	61,085,927	3	5.43%	-	-	0.00%
ST Tissue LLC	38,086,613	4	3.39%	-	8	0.00%
Franklin Lumber LLC	17,045,872	5	1.52%	-	-	0.00%
Cost Plus, Inc.	7,317,150	6	0.65%	4,026,922	-	0.35%
Premium Pet Health LLC	3,328,317	7	0.30%	-	-	0.00%
NMHG Financial Services Inc	3,152,030	8	0.28%	-	-	0.00%
Food Lion	2,565,199	9	0.23%	-	-	0.00%
Charter Communications	2,639,288	10	0.23%	-	-	0.00%
Smithfield Packing Co., Inc.	-	-	0.00%	54,854,055	2	4.80%
Aconcagua Timber Corp.	-	-	0.00%	14,987,054	4	1.31%
Smithfield Foods	-	-	0.00%	8,755,451	5	0.77%
Franklin Equipment Co.	-	-	0.00%	6,439,594	6	0.56%
Specialty Minerals	-	-	0.00%	6,453,742	7	0.56%
Smithfield Ham & Products Co.	-	-	0.00%	2,882,921	9	0.25%
Hollerbach Andres & Grap Equipment	-	-	0.00%	901,657	10	0.08%
	\$ 565,634,025		50.30%	\$ 675,595,325		59.06%

(1) Includes personal property, mobile homes, and machinery and tools.



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

*County of Isle of Wight, Virginia**Property Tax Levies and Collections***Last Ten Fiscal Years**

Fiscal Year	Total (3) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1)(2) Tax Collections	(4) Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2015	\$ 50,406,860	\$ 48,910,585	97.03%	\$ 1,496,274	\$ 50,406,859	100.00%	\$ 2,043,041	4.05%
2014	\$ 44,218,554	\$ 42,859,922	96.93%	\$ 1,358,632	\$ 44,043,677	99.60%	\$ 1,875,008	4.24%
2013	\$ 39,022,902	\$ 37,912,561	97.15%	\$ 1,092,333	\$ 37,276,878	95.53%	\$ 1,498,059	3.84%
2012	\$ 38,146,295	\$ 37,009,730	97.02%	\$ 1,136,565	\$ 38,155,848	100.03%	\$ 740,634	1.94%
2011	\$ 37,800,619	\$ 36,741,218	97.20%	\$ 1,059,401	\$ 38,021,111	100.58%	\$ 1,088,242	2.88%
2010	\$ 38,229,341	\$ 37,103,403	97.05%	\$ 1,125,938	\$ 38,463,274	100.61%	\$ 2,021,149	5.29%
2009	\$ 39,119,371	\$ 37,700,668	96.37%	\$ 1,431,558	\$ 39,132,235	100.03%	\$ 2,236,992	5.72%
2008	\$ 36,629,733	\$ 35,338,546	96.48%	\$ 1,116,470	\$ 36,455,016	99.52%	\$ 2,115,219	5.77%
2007	\$ 34,875,852	\$ 33,657,328	96.51%	\$ 1,081,481	\$ 34,738,809	99.61%	\$ 1,931,984	5.54%
2006	\$ 31,158,439	\$ 30,241,183	97.06%	\$ 1,213,870	\$ 31,455,053	100.95%	\$ 1,240,956	3.98%

- (1) Exclusive of penalties and interest. Includes Commonwealth's reimbursement for personal property taxes and balance outstanding.
- (2) Does not include land redemptions.
- (3) Represents fully supplemented and abated tax levy amounts.
- (4) Represents total taxes collected in fiscal year for all tax years.

*County of Isle of Wight, Virginia**Taxable Sales by Category***Last Ten Fiscal Years**

	2015	2014	2013	2012	2011
Apparel stores	\$ 3,155,626	\$ 3,390,204	\$ 2,577,049	\$ 3,248,038	\$ -
General merchandise	15,058,574	16,305,494	17,733,688	11,841,685	11,710,358
Food stores	70,333,859	67,184,591	66,740,132	61,823,527	63,183,444
Eating and drinking establishments	28,003,995	27,356,817	28,035,436	26,704,871	27,138,019
Home furnishings and appliances	1,970,161	1,506,054	1,578,689	4,510,823	2,058,879
Building materials and farm tools	7,607,946	9,266,806	11,080,360	8,547,370	8,051,507
Auto dealers and supplies	3,699,950	3,891,078	3,662,321	4,091,794	4,064,402
Service stations	8,750,178	9,937,560	9,897,012	10,059,667	8,206,374
Other retail stores	8,155,461	6,725,858	6,528,091	16,683,719	11,806,647
All other outlets	66,100,640	56,617,257	52,632,271	45,568,767	51,916,137
	\$212,836,390	\$ 202,181,719	\$ 200,465,049	\$ 193,080,261	\$ 188,135,767

(Continued)

*County of Isle of Wight, Virginia**Taxable Sales by Category (Continued)*

Last Ten Fiscal Years					
	2010	2009	2008	2007	2006
Apparel stores	\$ 2,556,980	\$ 3,758,328	\$ 3,184,117	\$ 2,150,512	\$ 3,410,503
General merchandise	14,918,672	12,228,829	16,115,703	18,559,292	13,163,881
Food stores	74,800,531	60,905,257	61,204,656	54,501,587	48,032,908
Eating and drinking establishments	32,607,044	23,713,146	21,443,858	21,019,435	19,887,741
Home furnishings and appliances	2,481,550	2,306,325	2,672,545	3,379,379	3,635,937
Building materials and farm tools	11,615,775	11,676,999	10,693,285	9,891,751	7,049,986
Auto dealers and supplies	5,287,732	3,263,926	4,272,627	4,538,516	4,518,819
Service stations	15,614,464	14,041,823	10,221,368	8,343,933	6,723,241
Other retail stores	9,613,885	20,802,164	57,032,191	51,903,227	45,761,268
All other outlets	74,411,889	15,581,876	18,866,150	22,965,139	20,992,350
	\$ 243,908,522	\$ 168,278,673	\$ 205,706,500	\$ 197,252,771	\$ 173,176,634



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

*County of Isle of Wight, Virginia**Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita***Last Ten Fiscal Years**

Fiscal Year	Population	Assessed Value	(1) Gross Bonded Debt	(2) Less Debt Payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	(3) Percentage of Per Capita Income	Net Bonded Debt per Capita
2015	36,007	\$ 4,197,303,286	\$ 150,247,147	\$ 39,148,981	\$ 111,098,166	0.0265	10.0%	\$ 3,085
2014	35,656	\$ 4,147,194,000	\$ 146,569,755	\$ 37,393,972	\$ 109,175,783	0.0263	9.9%	\$ 3,062
2013	35,399	\$ 4,966,178,830	\$ 150,387,747	\$ 44,620,819	\$ 105,766,928	0.0213	7.0%	\$ 2,988
2012	35,457	\$ 5,022,571,541	\$ 132,640,758	\$ 28,354,023	\$ 104,286,735	0.0208	7.2%	\$ 2,941
2011	35,270	\$ 5,511,732,553	\$ 135,269,771	\$ 29,215,647	\$ 106,054,124	0.0192	10.2%	\$ 3,007
2010	36,729	\$ 5,731,046,892	\$ 103,604,958	\$ 24,142,700	\$ 79,462,258	0.0139	5.7%	\$ 2,163
2009	35,659	\$ 5,668,451,427	\$ 85,142,005	\$ 16,330,058	\$ 71,210,095	0.0126	5.4%	\$ 1,997
2008	34,620	\$ 5,253,816,298	\$ 67,954,073	\$ 11,325,837	\$ 56,225,120	0.0107	4.6%	\$ 1,624
2007	34,057	\$ 5,051,082,884	\$ 62,658,480	\$ 12,053,360	\$ 50,605,120	0.0100	4.3%	\$ 1,486
2006	33,065	\$ 3,770,646,496	\$ 67,740,400	\$ 12,584,471	\$ 55,155,929	0.0146	5.0%	\$ 1,668

- (1) Includes all long-term general obligation debt. Prior year amounts were restated to include bond premium, discount, and adjustments.
(2) Prior year amounts were restated to include bond premium.
(3) See Exhibit C-13 for per capita income.

*County of Isle of Wight, Virginia**Legal Debt Margin*

Last Ten Fiscal Years	2015	2014	2013	2012	2011
Total assessed valuation of real estate from land book	\$4,197,303,286	\$4,147,194,000	\$4,070,990,990	\$4,287,008,000	\$4,245,268,423
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%
Debt limitation	419,730,329	414,719,400	407,099,099	428,700,800	424,526,842
Total debt of the County	141,575,000	139,880,000	142,925,000	131,775,000	133,488,773
Total debt of the Town of Smithfield	-	-	-	5,303,476	4,870,725
Total debt of the Town of Windsor	-	-	-	2,168,307	1,629,976
Total	141,575,000	139,880,000	142,925,000	139,246,783	139,989,474
Amount by which legal debt margin exceeds total debt	\$ 278,155,329	\$ 274,839,400	\$ 264,174,099	\$ 289,454,017	\$ 284,537,368

(Continued)

Under state finance laws, the County of Isle of Wight's outstanding general obligation debt should not exceed 10% of total assessed value.

*County of Isle of Wight, Virginia**Legal Debt Margin (Continued)*

Last Ten Fiscal Years	2010	2009	2008	2007	2006
Total assessed valuation of real estate from land book	\$4,680,728,500	\$4,359,684,973	\$3,968,971,300	\$3,879,182,779	\$2,626,671,100
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%
Debt limitation	468,072,850	435,968,497	396,897,130	387,918,278	262,667,110
Total debt of the County	102,759,627	84,569,627	64,255,029	58,600,029	67,052,307
Total debt of the Town of Smithfield	4,476,754	4,924,960	5,380,722	5,977,452	6,604,383
Total debt of the Town of Windsor	763,140	773,226	782,871	792,091	800,079
Total	107,999,521	90,267,813	70,418,622	65,369,572	74,456,769
Amount by which legal debt margin exceeds total debt	\$ 360,073,329	\$ 345,700,684	\$ 326,478,508	\$ 322,548,706	\$ 188,210,341

Under state finance laws, the County of Isle of Wight's outstanding general obligation debt should not exceed 10% of total assessed value.



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

*County of Isle of Wight, Virginia**Demographic Statistics***Last Ten Fiscal Years**

Fiscal Year	(1) Population	(1) Per Capita Income	Registered Voters	(2) Unemployment Rate
2015	36,007 (4)	\$ 30,903 (4)	26,176	5.2%
2014	35,656 (4)	\$ 30,806 (4)	26,685	5.5%
2013	35,399 (4)	\$ 42,883 (4)	26,490	6.0%
2012	35,457 (4)	\$ 40,710 (4)	26,534	6.3%
2011	35,270 (4)	\$ 29,594 (4)	26,023	7.1%
2010	36,729 (3)	\$ 37,754 (3)	25,675	7.7%
2009	35,659 (3)	\$ 36,654 (3)	25,732	6.7%
2008	34,620 (3)	\$ 35,586 (3)	24,131	3.7%
2007	33,612	\$ 34,549 (3)	23,356	3.0%
2006	33,090	\$ 33,543	22,501	3.1%

Source:

- (1) Weldon-Cooper Center for Public Service, UVA.
- (2) Virginia Employment Commission.
- (3) Estimated assuming a 3% growth rate from the prior year.
- (4) 2010 Census Data

*County of Isle of Wight, Virginia**Full-time Equivalent County Government Employees by Function/Program***Last Nine Fiscal Years**

Function/Program	Full-time Equivalent Employees as of June 30,				
	2015	2014	2013	2012	2011
General government					
Board of Supervisors	0.5	4.0	4.0	4.0	4.0
County Administration	3.0	4.0	4.0	4.0	4.0
County Attorney	2.0	2.0	1.5	2.0	3.0
Commissioner of Revenue	10.5	10.5	10.5	10.5	11.5
Treasurer	9.5	9.5	9.5	9.0	9.5
Budget and Finance	5.0	6.0	7.0	7.0	7.0
Purchasing	1.5	0.0	0.0	0.0	0.0
Human Resources	2.0	2.0	3.0	2.0	2.0
Communications	2.0	2.0	1.0	1.0	1.0
Economic Development	5.0	5.0	5.0	5.0	5.0
Registrar	3.5	3.5	2.5	2.5	2.5
Inspections	5.0	7.0	7.0	7.0	7.0
Information Technology	7.0	7.0	7.0	7.0	7.0
Risk Management	1.0	0.0	0.0	0.0	0.0
Planning and Zoning	10.0	9.0	10.0	10.0	11.0
Health & Welfare	1.5	1.5	1.5	4.0	5.0
Tourism	3.5	3.5	3.5	6.5	6.5
Clerk of Court	7.0	7.0	7.0	7.0	6.0
Commonwealth Attorney	6.0	6.0	6.0	6.0	6.0
Total general government	85.5	85.5	86.0	90.5	94.0
Public Safety					
Sheriff Deputies (including Sheriff)	47.5	46.5	46.5	45.5	44.0
Administrative	5.0	4.5	4.0	4.5	2.0
Animal Control	5.5	5.5	5.0	4.5	5.0
Emergency Communications	19.5	22.0	19.5	19.0	19.0
Total Public Safety	77.5	78.5	75.0	73.5	70.0
Fire and Rescue					
Administrative	5.0	6.0	4.0	4.0	2.0
Firefighters/Paramedics	54.5	60.0	55.5	46.0	23.0
Total Fire and Rescue	59.5	66.0	59.5	50.0	25.0
General Services					
Administrative	3.5	5.0	3.0	3.0	3.0
Engineering	1.9	6.0	7.0	7.5	8.0
Stormwater	10.4	4.0	0.0	0.0	0.0
Refuse collection	20.5	23.5	20.5	22.0	19.0
Building and Grounds	8.0	7.0	6.0	6.0	6.0
Custodians	-	6.5	6.5	7.0	7.0
Total Public Works	44.3	52.0	43.0	45.5	43.0
Parks, Recreation and Cultural	21.0	20.5	21.5	20.0	20.0
Public Utilities	15.2	13.0	13.0	14.0	13.5
Public Schools					
Instructional Positions	402.0	477.0	538.3	356.0	434.0
Administrators	45.5	47.0	53.4	44.0	40.0
Support Personnel	248.0	177.1	185.5	133.0	277.0
Total Public Schools	695.5	701.1	777.2	533.0	751.0
Grand total	998.5	1,016.6	1,075.2	826.5	1,016.5

Source: Various County of Isle of Wight Departments,
including Isle of Wight County School for information relates to Public Schools

* Information prior to fiscal year 2007 is not readily available

*County of Isle of Wight, Virginia**Full-time Equivalent County Government Employees by Function/Program (Continued)***Last Nine Fiscal Years**

Function/Program	Full-time Equivalent Employees as of June 30,			
	2010	2009	2008	2007
General government				
County Administration	4.0	5.0	6.0	7.0
County Administration	4.0	5.0	6.0	7.0
County Attorney	3.0	3.0	3.0	3.0
Commissioner of Revenue	11.5	11.5	10.5	9.5
Treasurer	9.5	10.5	8.5	7.5
Budget and Finance	7.0	7.0	7.0	6.5
Purchasing	0.0	0.0	0.0	0.0
Human Resources	2.0	3.0	3.0	3.0
Communications	1.0	2.0	1.0	1.0
Economic Development	3.0	3.0	3.0	3.0
Registrar	2.5	2.0	2.0	2.0
Inspections	9.0	9.0	9.0	9.0
Information Technology	7.0	8.0	6.5	6.5
Risk Management	0.0	0.0	0.0	0.0
Planning and Zoning	12.0	13.0	12.0	12.0
Health & Welfare	5.0	7.0	6.0	1.0
Tourism	3.5	3.5	6.5	5.5
Clerk of Court	6.0	6.5	6.5	6.0
Commonwealth Attorney	6.0	5.5	4.0	4.0
Total general government	92.0	99.5	94.5	86.5
Public Safety				
Sheriff Deputies (including Sheriff)	44.0	44.0	44.0	42.0
Administrative	2.0	2.0	2.0	2.0
Animal Control	5.0	5.5	5.0	5.0
Emergency Communications	19.0	18.0	17.0	17.0
Total Public Safety	70.0	69.5	68.0	66.0
Fire and Rescue				
Administrative	2.0	3.0	2.5	1.0
Firefighters/Paramedics	23.0	20.5	18.5	18.5
Total Fire and Rescue	25.0	23.5	21.0	19.5
General Services				
Administrative	3.0	1.5	1.5	2.0
Engineering	6.0	5.0	7.0	5.0
Stormwater	0.0	0.0	0.0	0.0
Refuse collection	19.0	19.5	21.5	19.0
Building and Grounds	5.0	12.0	11.0	11.5
Custodians	6.5	6.5	6.5	5.0
Total Public Works	39.5	44.5	47.5	42.5
Parks, Recreation and Cultural	22.5	12.5	13.5	16.5
Public Utilities	13.5	9.5	10.5	12.0
Public Schools				
Instructional Positions	539.0	555.6	549.6	534.1
Administrators	23.0	23.0	23.0	24.0
Support Personnel	207.0	245.1	247.5	247.3
Total Public Schools	769.0	823.7	820.1	805.4
Grand total	1,031.5	1,082.7	1,075.1	1,048.4

Source: Various County of Isle of Wight Departments,
including Isle of Wight County School for information relates to Public Schools

* Information prior to fiscal year 2007 is not readily available

*County of Isle of Wight, Virginia**Operating Indicators by Function/Program***Last Nine Fiscal Years**

Function/Program	2015	2014	2013	2012	2011
Sheriff					
Physical arrests	470	814	527	419	412
Traffic violations	2,582	2,274	2,032	1,448	1,214
Fire					
Emergency responses - Fire	1,728	1,334	709	1,479	1,375
Emergency responses - Rescue	4,323	4,149	4,720	4,179	4,343
Building Permits					
Residential	130	126	107	85	92
Residential - Value	\$ 28,774,421	\$ 29,193,361	\$ 25,170,632	\$ 12,656,261	\$ 24,909,824
Commercial	9	5	4	5	14
Commercial - Value	\$ 1,803,859	\$ 3,010,200	\$ 2,738,211	\$ 2,734,000	\$ 8,748,932
Refuse collection					
Refuse collected (tons per day)	28	31	46	47.9	49.3
Public Schools					
Cost Per Student	\$ 9,922	\$ 10,113	\$ 9,628	\$ 9,827	\$ 9,827
Average Daily Membership	5,233	5,325	5,312	5,331	5,331
Student/Teacher Ratio	14.05	17.2	16.3	15.7	15.7
Park and recreation					
Athletic field permits issued	30	32	59	872	
County Fair Admissions	29,337	25,160	33,886	14,997	15,000
Library					
Volumes in collection	73,430	184,288	186,615	202,633	223,249
Total volumes borrowed	187,594	417,529	449,557	945,071	215,767
Water					
New connections	52	58	60	50	93
Average daily consumption (thousands of gallons)	0.65	0.58	0.60	0.58	0.57

Source: Various County of Isle of Wight Departments,
including Isle of Wight County School for information relates to Public Schools

* Information prior to fiscal year 2007 is not readily available

*County of Isle of Wight, Virginia**Operating Indicators by Function/Program (Continued)***Last Nine Fiscal Years**

Function/Program	2010	2009	2008	2007
Sheriff				
Physical arrests	533	661	890	989
Traffic violations	1,456	1,047	2,677	1,383
Fire				
Emergency responses - Fire	2,285	1,920	1,539	1,792
Emergency responses - Rescue	3,360	4,657	4,408	3,660
Building Permits				
Residential	169	118	167	310
Residential - Value	\$ 4,121,500	\$ 24,255,044	\$ 35,817,165	\$ 56,519,045
Commercial	11	14	14	31
Commercial - Value	\$ 16,306,000	\$ 31,604,670	\$ 10,537,686	\$ 13,266,100
Refuse collection				
Refuse collected (tons per day)	52.7	53.0	56.0	56.0
Public Schools				
Cost Per Student	\$ 10,861	\$ 11,136	\$ 10,767	\$ 10,232
Average Daily Membership	5,367	5,306	5,286	5,372
Student/Teacher Ratio	12.1	12.9	13.1	13.1
Park and recreation				
Athletic field permits issued	94	539	158	205
County Fair Admissions	21,000	12,000	2,400	2,979
Library				
Volumes in collection	253,402	265,491	268,863	258,620
Total volumes borrowed	221,725	249,144	229,489	193,082
Water				
New connections	57	54	71	109
Average daily consumption (thousands of gallons)	0.56	0.89	0.67	0.69

Source: Various County of Isle of Wight Departments,
including Isle of Wight County School for information relates to Public Schools

* Information prior to fiscal year 2007 is not readily available

*County of Isle of Wight, Virginia**Capital Asset Statistics by Function/Program***Last Nine Fiscal Years**

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007
Sheriff									
Stations	1	1	1	1	1	1	1	1	1
Patrol units	30	48	49	43	43	51	56	45	41
Fire and Rescue									
Fire Units	5	5	5	5	5	5	5	5	5
Rescue Units	4	4	4	4	4	4	4	4	4
Refuse collection									
Collection trucks	6	6	6	6	6	6	6	5	5
Public Schools									
School Facilities	9	9	9	9	9	9	9	9	9
Park and recreation									
Parks	7	7	7	7	7	7	7	7	7
Acreage	570	570	570	570	570	570	570	565	565
Playgrounds	4	4	4	4	4	4	4	8	8
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4
Soccer/football fields	12	12	12	12	12	12	12	8	9
Community centers	2	2	2	2	2	2	2	2	2
Museums	2	2	2	2	2	2	2	2	2
Library Facilities									
	3	3	3	3	3	3	3	3	3

Source: Various County of Isle of Wight Departments, including Isle of Wight County School for information relates to Public Schools

* Information prior to fiscal year 2007 is not readily available

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- Davenport & Company LLC
- Other Related Organizations



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA



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Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

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