

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011



***COUNTY OF ISLE OF WIGHT
VIRGINIA***

Prepared by the Department of Budget & Finance

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COUNTY of ISLE OF WIGHT

THE COURTHOUSE

December 1, 2011

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, 2011. 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.

KPMG, 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, 2011, 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 unqualified opinion that the County's basic financial statements for the fiscal year ended June 30, 2011, 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 is available in a separately issued report, which is 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.

The Smithfield Volunteer Fire Department held a groundbreaking on May 5, 2010 at its new South Church Street location. The state of the art fire station was completed in the summer of 2011.

County officials also constructed a new animal shelter. The new 4,800 square-foot facility includes 36 indoor/outdoor kennels, plus three (3) double indoor/outdoor kennels for dogs awaiting new homes. It also has 30 cages for cats, with the capacity to expand to 60 cages, a welcoming lobby area with two (2) get acquainted rooms for new pet owners, a food prep room and office space. The new facility located on Poor House Road became operational in early summer 2011.

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 15,000 – 25,000 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 based on the 2010-2011 Virginia Standards of Learning (SOL) tests. 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 89 percent (88.5%) for the Class of 2011, according to data released by the Virginia Department of Education. Advanced Placement Test results indicate that Isle of Wight County students compare very favorably with students around the state of Virginia as well as those in the Southern Region.

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 Industrial Park is currently home to warehouse distribution facilities for Cost Plus World Market and Safco Products, Inc. and is poised to attract significant new investments

in distribution and manufacturing facilities that will create new jobs and diversify the County's tax base.

The County is also focused on promoting the expansion of its existing businesses. The international headquarters for Smithfield Foods, a Fortune 500 company, as well as several of its food processing facilities is located in Isle of Wight County.

International Paper had been a mainstay in the County until its 2009 announcement to close its local plant; however, in 2010, the company announced that it will reopen a portion of its operation to manufacture fluff paper. International Paper is also in negotiations with two other companies that have announced that they utilize a portion of the former facility to start new operations.

American K9 Interdiction LLC, the County's only private company that trains dogs for the Department of Defense and the nation's largest private kennel began operating at a new facility in June 2010 and in December received approval to expand by adding another 200 kennels. American K-9 has invested \$2 million in its new facility and has 42 employees as of June 30, 2011.

Financial Guidelines

The County prepares annually an Operating Budget that balances revenues and expenditures within available resources. The Operating Budget guidelines for the FY2010-11 were as follows:

- Budget requests were to reflect three scenarios – a flat budget, 5% reduction and 7% reduction for operations
- No salary adjustments for FY2010-11
- Operationally critical needs that required additional funding required departments to provide the appropriate documentation to explain/support the request.

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 10 percent of general governmental revenues. 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 5 percent of the assessed value of taxable real property in the County.

Major Initiatives and Accomplishments

The Economic Development Department created a Small Business Incentive Policy, which was approved by the County Board of Supervisors in November 2010. Funding is not yet in place. This program will be for businesses with 20 or fewer employees and less than \$1 million in gross annual sales. Approximately 90% of Isle of Wight County businesses could be eligible to participate. Incentives include: a technology grant for website development, a job creation grant and expansion of the Corridor Improvement Grant into the Windsor Development Service District (WDSD).

In spite of the loss of jobs and tax revenues associated with the closure of International Paper, Fitch, Moody's Investor Service, and Standard & Poor's, in June 2011, affirmed the County's excellent credit ratings of AA, Aa2, and AA- respectively. These ratings are one category below the highest rating level achievable. Additionally, the County received the same short-term credit ratings from all three rating agencies as governmental units with AAA ratings, such as the Commonwealth of Virginia.

Following the announcement of the International Paper mill closing, Isle of Wight County began pursuing legislation to expand the Franklin/Southampton Enterprise Zone, which was approved in late 2009. This legislation, which was approved by the Virginia General Assembly in early 2011, will allow Isle of Wight to apply to expand the zone to include 6.37 square miles in southern Isle of Wight, which includes the closed International Paper mill site. If final approval is received from the Virginia Department of Housing and Community Development (VHCD), Isle of Wight will have ability to designate up to 3,800 acres of industrial property as an Enterprise Zone.

Awards

Isle of Wight County received a 2011 National Association of Counties (NACo) Achievement Award for its *Isle Pre-Pay Program*. Additionally, the *Isle Pre-Pay Program* was designated as a "Best Rural Program" by NACo. Nationally, only sixteen Achievement Award submissions were selected as "Best in Category". These programs demonstrate the most outstanding county model programs submitted to the national awards competition.

In the current economic environment, the County recognizes the burden its December 5th personal and real property tax due date places on some of its citizens. Through the Isle Pre-pay Program it has addressed and alleviated some of this burden without the significant cost of increasing its tax assessments to a bi-annual process. Rather than face the full payment amount in December, Isle Pre-pay encourages tax payers to make prepayments of their taxes in ten (10) installments through the use of a payment coupon book. Isle of Wight is at the forefront of tax prepayment promotion in the Commonwealth of Virginia and is the first to utilize payment coupon booklets. In addition to the benefits of the Program enjoyed by taxpayers, Isle Pre-pay has enhanced the County's cash flow timing, reduced its tax billing and collection costs, and generated a significant amount of goodwill from satisfied program participants. Isle Pre-pay has increased the County's cash flow timing during the year by more than \$4.3 million dollars, and personal property tax delinquency rates have decreased six percent (6%).

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,



W. Douglas Caskey
County Administrator



Michael W. Terry
Director of Budget & Finance

Isle of Wight County, Virginia
June 30, 2011

Primary Government Officials

BOARD OF SUPERVISORS

Thomas J. Wright, III, Chairman.....Windsor District
Stan D. Clark, Vice-Chairman.....Newport District
Kenneth M. Bunch.....Carrsville District
Al Casteen.....Smithfield District
JoAnn W. Hall.....Hardy District

CONSTITUTIONAL OFFICERS

L. Wayne Farmer.....Commonwealth's Attorney
Gerald Gwaltney.....Commissioner of the Revenue
Sharon N. Jones.....Clerk of Circuit Court
Charlie W. Phelps.....Sheriff
Judith C. Wells.....Treasurer

ADMINISTRATIVE OFFICERS

W. Douglas Caskey.....County Administrator
Michael W. Terry.....Director, Budget & Finance
A. Paul Burton.....County Attorney

School Board Officials

SCHOOL BOARD

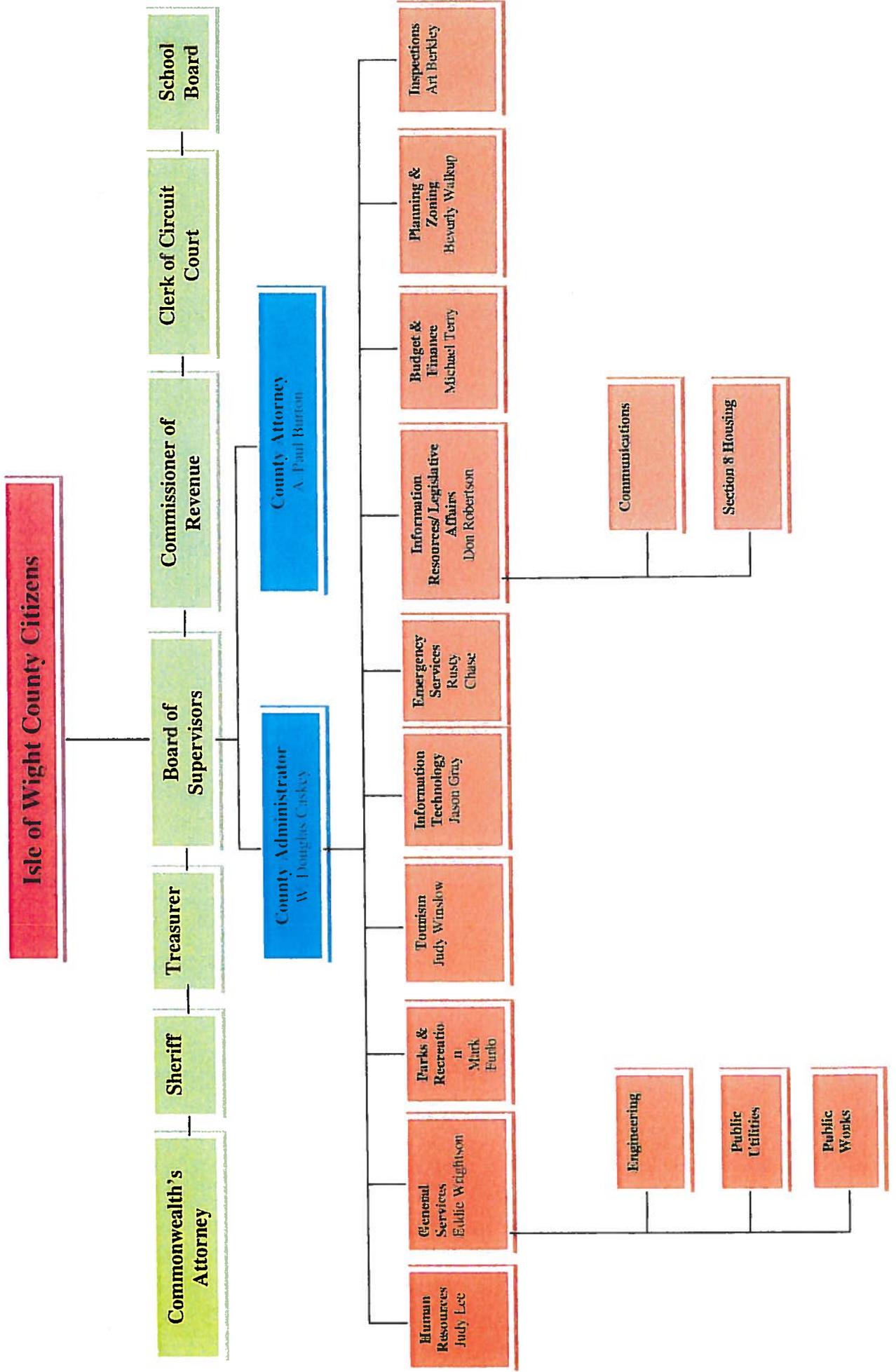
David Goodrich, Chairman.....Smithfield District
T. Hayes Griffin, Vice-Chairman.....Windsor District
Herbert DeGroft.....Hardy District
Robert Eley.....Carrsville District
Dr. George Bradby.....Newport District

ADMINISTRATIVE OFFICERS

Dr. Michael McPherson.....Superintendent
Phillip A. Bradshaw.....Chief Financial Officer
H. Woodrow Crook, Jr.....County Attorney

ORGANIZATIONAL CHART

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Financial Section

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KPMG LLP
Suite 2000
1021 East Cary Street
Richmond, VA 23219-4023

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Isle of Wight, Virginia (the County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* (Specifications), 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Isle of Wight, Virginia as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 1(Q) to the financial statements, the County adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Instruments Omnibus*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011 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* and should be considered in assessing the results of our audit.



The accompanying Management's Discussion and Analysis on pages 3 through 12, the budgetary comparison information on pages 60 through 66, and the Schedules of Funding Progress on pages 67 and 68, respectively, are not a required part of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Introductory Section, Other Supplementary Information and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplementary Information included has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and the Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

December 1, 2011

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

This section of 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, 2011. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

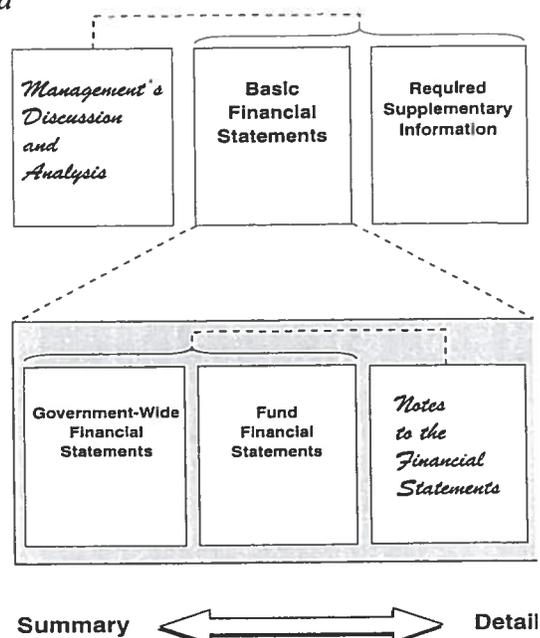
- The net assets of the County's governmental activities were \$34,160,981 at June 30, 2011, a 3% decrease from the previous fiscal year.
- In support of the County's primary governmental activities, revenues were generated in the amount of \$57,664,546 of which 78% consisted of local taxes, 15% from the Commonwealth of Virginia, 4% from Federal and other sources and 3% from charges for service. Of the total revenue, 10% is in operating grants. Expenses from County operations were \$59,157,557 or a 3% decrease from the previous year.
- The County's General Fund reported excess revenues over expenses and other financing uses by \$910,501, resulting in an unassigned fund balance of \$19,807,133. The excess revenue over expenses is a result of the County's management of expenses and implementation cost containment measures throughout the fiscal year.
- The County issued \$17,630,000 in general obligations bonds to refund specific County prior bonded issues and to finance general obligation public improvements.
- The County issued \$6,460,000 general obligations bonds to finance various public utility improvements projects.
- The County issued \$7,500,000 general obligations bonds to finance the school literary programs.
- The County issued \$7,500,000 general obligations bonds to finance school construction and renovation projects.
- The County issued \$12,145,000 general obligations bonds to refund the balance of all the County's outstanding general obligations series 2008A and general obligations refunding series 2009.
- The County's tax rate on real estate remained unchanged at \$0.52 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 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.

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



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 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-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.

Figure A-2. Major Features of the County's Government-wide and Fund Financial Statements

Type of Statements	Fund 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	<ul style="list-style-type: none"> ♦ Statement of net assets ♦ Statement of activities 	<ul style="list-style-type: none"> ♦ Balance sheet ♦ Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> ♦ Statement of net assets ♦ Statement of revenues, expenses and changes in fund net assets ♦ Statement of cash flows 	<ul style="list-style-type: none"> ♦ Statement of fiduciary net assets ♦ Statement of changes in fiduciary net assets
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, 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 as a whole 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 Assets and the Statement of Activities. These statements include all assets and liabilities 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 assets and how they have changed. Net assets, the difference between the County's assets and liabilities, is one way to measure the County's financial health or *position*.

- Over time, increases or decreases in the County's net assets 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, public works, 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 and sewer 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 - as opposed to the County as a whole. 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 only enterprise fund accounts for the operation of its water and sewer systems.
- **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 2011.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As described earlier, net assets 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 exceeded its liabilities by \$31,166,242 a 13% decrease from the previous year as illustrated in Table A-1.

Table A-1

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$66,593,728	\$54,035,389	\$11,741,769	\$10,026,822	\$78,335,497	\$64,062,211
Capital assets	89,302,834	77,759,798	15,416,529	15,773,388	104,719,363	93,533,186
Total assets	155,896,562	131,795,187	27,158,298	25,800,210	183,054,860	157,595,397
Current liabilities	5,954,651	7,836,641	867,922	888,726	6,822,573	8,725,367
Long-term liabilities	115,780,930	88,698,873	29,285,115	24,191,790	145,066,045	112,890,663
Total liabilities	121,735,581	96,535,514	30,153,037	25,080,516	151,888,618	121,616,030
Net assets						
Invested in capital assets, net of related debt	15,653,535	(5,119,903)	(1,661,794)	88,152	13,991,741	(5,031,751)
Restricted	339,032	22,703,988	-	631,542	339,032	23,335,530
Unrestricted	18,168,414	17,675,588	(1,332,945)	-	16,835,469	17,675,588
Total net assets	\$34,160,981	\$35,259,673	\$(2,994,739)	\$ 719,694	\$31,166,242	\$35,979,367

Governmental Activities

- The County's total revenues for governmental activities were \$57,664,546 of which a significant portion, 78%, comes from local taxes.
- General Property taxes and other local taxes decreased 0.05% or \$22,055.
- Operating grants consist of state and federal revenues received to offset the cost of various programs. However, the reimbursements do not necessarily represent 100% of expenditures as illustrated in Table A-2.
- Operating grants increased 1% or \$77,131.

Table A-2 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-2

Cost of County Functions	Total Cost of Services			Net Cost of Services		
	2011	2010	% Change	2011	2010	% Change
General government administration	\$ 5,585,577	\$ 4,721,064	18.31%	\$ (211,561)	\$ 4,289,821	-104.93%
Judicial administration	970,228	1,017,192	-4.62%	215,802	176,923	21.98%
Public safety	7,454,652	8,228,634	-9.41%	5,287,715	6,125,391	-13.68%
General services	6,604,193	6,479,386	1.93%	6,501,258	6,451,093	0.78%
Health and welfare	4,884,843	5,062,126	-3.50%	2,029,045	2,037,063	-0.39%
Education	25,419,456	25,724,901	-1.19%	25,419,456	25,697,391	-1.08%
Parks, recreation and cultural	2,797,390	2,724,759	2.67%	2,361,087	2,328,773	1.39%
Community development	1,931,593	2,898,788	-33.37%	1,147,957	878,825	30.62%
Nondepartmental	1,429,542	1,351,357	5.79%	1,429,542	1,351,357	5.79%
Interest on long-term debt	2,080,083	2,619,271	-20.59%	2,080,083	2,619,271	-20.59%
Total expenses	\$59,157,557	\$60,827,478	-2.75%	\$46,260,384	\$51,955,908	-10.96%

- The cost of all *governmental* activities this year was \$59,157,557 a 3% decrease from the previous year. The decrease in 2011 was primarily driven by the County's managing expenses and implementing cost containment measures throughout the fiscal year in the areas of Public Safety, Community Development, and Interest on Long-term Debt.
- Education continues to be one of the County's highest priorities and commitments representing 43% of total costs and 55% of total net costs.
- The cost of debt service decreased \$539,188 (21%) from prior fiscal year.

Business-type Activities

Revenues of the County's business-type activities for the operation of water and sewer systems increased by 7% and expenses decreased by 2%. A significant portion of the operating expenses, 42%, 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.

Cost of Public Utilities	Total Cost of Services			Net Cost of Services		
	2011	2010	% Change	2011	2010	% Change
Public Utilities	\$6,999,024	\$6,986,865	0.17%	\$3,736,336	\$3,692,854	1.18%

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 did not make any transfers from its Capital Projects Fund to support the operations of the Public Utilities fund which has been the practice in prior fiscal years. However, the operations of the water and sewer systems are 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.

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 \$60,100,232, of which 33% or \$19,807,133 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 \$19,807,133. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. At June 30, 2011, the unassigned fund balance represented approximately 39% 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 \$39,201,620, consisting of funds restricted for contracts in process or assigned for subsequent years' expenditures.
- **Proprietary fund.** The County's proprietary fund consists of its water and sewer operations and provides the same type of information found in the government-wide financial statements, but in more detail. The net assets of the proprietary fund at the end of the current fiscal year were \$(2,994,739), of which \$(1,661,794) is representative of capital assets net of related debt and \$(1,332,945) is restricted for capital projects (Exhibit A-5) at June 30, 2011.
- **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 and the Museum Fund. At June 30, 2011, the combined fund balances were \$423,611.

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 \$3,417,701 below final budget amounts.

On the other hand, resources available, excluding bond proceeds, were \$2,611,067 below the final budgeted amount. The decrease in the available resources was the result of a \$2,600,000 decrease in the collection of personal property taxes compared to the final budgeted amount, a 32% decrease. Total taxes were 70% of the General Fund budget. Revenue from property taxes decreased by 2% over the prior fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011, the County had invested \$104,719,363 net of accumulated depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.)

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.

Table A-3	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2011	2010	2011	2010	2011	2010	
Nondepreciable assets							
Land	\$ 12,743,908	\$ 11,900,856	\$ 181,240	\$ 181,240	\$ 12,925,148	\$ 12,082,096	33.76%
Intangibles	4,326,512	4,326,512	-	-	4,326,512	4,326,512	100.00%
Construction in progress	1,984,087	13,956,898	964,823	1,040,459	2,948,910	14,997,357	265.73%
Total nondepreciable assets	<u>19,054,507</u>	<u>30,184,266</u>	<u>1,146,063</u>	<u>1,221,699</u>	<u>20,200,570</u>	<u>31,405,965</u>	139.13%
Depreciable assets							
Land improvements	7,905,296	6,978,000	12,324,903	12,324,903	20,230,199	19,302,903	2.77%
Buildings	73,294,607	54,196,059	11,337,334	10,749,568	84,631,941	64,945,627	-3.91%
Equipment	4,368,954	4,153,137	512,287	502,980	4,881,241	4,656,117	3.44%
Vehicles	3,320,348	3,300,294	289,129	289,128	3,609,477	3,589,422	3.25%
Total depreciable assets	<u>88,889,205</u>	<u>68,627,490</u>	<u>24,463,653</u>	<u>23,866,579</u>	<u>113,352,858</u>	<u>92,494,069</u>	-1.97%
Total accumulated depreciation	<u>(18,640,878)</u>	<u>(16,725,446)</u>	<u>(10,193,187)</u>	<u>(9,314,890)</u>	<u>(28,834,065)</u>	<u>(26,040,336)</u>	11.68%
Net capital assets	<u>\$ 89,302,834</u>	<u>\$ 82,086,310</u>	<u>\$ 15,416,529</u>	<u>\$ 15,773,388</u>	<u>\$ 104,719,363</u>	<u>\$ 97,859,698</u>	16.27%

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
- A new courts/clerk building - completed.
- A new fire station for the Smithfield Volunteer Fire Department - completed.
- Renovation of the Isle of Wight County Rescue Building - planning stage
- A new County Animal Shelter – completed.

Long-Term Liabilities

At year-end the County had \$145,756,275 in bonds, loans, notes and capital leases outstanding and \$1,214,548 in Compensated Absences as shown in Table A-4. The Commonwealth of Virginia limits the amount of debt outstanding to 10% of the localities assessed value of real property. At June 30, 2011, the County's debt ratio to assessed value was approximately 1.9% 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.

Table A-4	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2011	2010	2011	2010	2011	2010	
General Obligation Bonds							
Series of 2003	\$ 5,625,000	\$ 6,400,000	\$ -	\$ -	\$ 5,625,000	\$ 6,400,000	-12.11%
Series of 2005	-	-	9,173,777	9,810,230	9,173,777	9,810,230	-6.49%
Series A of 2008	-	4,657,500	-	2,421,900	-	7,079,400	-100.00%
Series B of 2008	21,780,000	21,780,000	3,220,000	3,220,000	25,000,000	25,000,000	0.00%
Series A of 2009	-	705,834	-	543,271	-	1,249,105	-100.00%
Series A of 2010	283,453	283,453	-	-	283,453	283,453	0.00%
Series B of 2010	-	-	7,685,000	7,685,000	7,685,000	7,685,000	0.00%
Series C of 2010	13,530,000	13,530,000	-	-	13,530,000	13,530,000	0.00%
Series D of 2010	5,103,477	-	2,835,979	-	7,939,456	-	-
Series A of 2011	4,825,000	-	-	-	4,825,000	-	-
Series B of 2011	-	-	6,460,000	-	6,460,000	-	-
Bonds for Schools							
Series of 2003	695,000	1,400,000	-	-	695,000	1,400,000	-50.36%
Series of 2004	17,330,000	22,820,000	-	-	17,330,000	22,820,000	-24.06%
Series of 2005	2,229,996	2,509,770	-	-	2,229,996	2,509,770	-11.15%
Series A of 2008	-	2,235,600	-	-	-	2,235,600	-100.00%
Series A of 2009	-	2,055,522	-	-	-	2,055,522	-100.00%
Series A of 2010	701,547	701,547	-	-	701,547	701,547	0.00%
Series D of 2010	4,205,544	-	-	-	4,205,544	-	-
Series A of 2011	12,805,000	-	-	-	12,805,000	-	-
Series C of 2011	7,500,000	-	-	-	7,500,000	-	-
VPSA 2011	7,500,000	-	-	-	7,500,000	-	-
Literary Loans							
Series of 1999	2,250,000	2,500,000	-	-	2,250,000	2,500,000	-10.00%
Notes Payable							
Pruden VPSA Note	8,578	16,807	-	-	8,578	16,807	-48.96%
Total outstanding debt	\$ 106,372,595	\$ 81,596,033	\$ 29,374,756	\$ 23,680,401	\$ 135,747,351	\$ 105,276,434	28.94%
Installment purchase agreements - PACE							
Compensated absences	1,159,903	1,099,346	54,797	49,090	1,214,700	1,148,436	5.77%
Landfill closure costs	1,596,077	1,294,102	-	-	1,596,077	1,294,102	23.33%
Net OPEB obligations	385,736	224,246	14,671	8,009	400,407	232,255	72.40%
Deferred gains(losses) on refundings	(84,453)	-	(867,400)	-	(951,853)	-	-
Deferred charges obligations - bond premiums	2,024,560	383,032	708,291	462,299	2,732,851	845,331	223.29%
Total long-term debt	\$ 115,780,930	\$ 88,923,271	\$ 29,285,115	\$ 24,199,799	\$ 145,066,045	\$ 113,123,070	25.53%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The County's per capita personal income, as of the latest data available, was \$29,594.
- All tax rates remained unchanged including the Real Estate Tax Rate of \$0.52 per \$100 of assessed value.
- Revenues generated from all local sources decreased by approximately 1.4%.
- Decreased funding for schools of approximately 1.6%.
- Increase in costs for Virginia Retirement System of approximately 13%.

These indicators were taken into account when adopting the general operating and capital budget for fiscal year 2011-12. Amounts available for appropriation in the general operating budget are \$101,955,021, of which \$91,180,021 is for operating and \$10,775,000 is available for capital budget. The operating budget decreased approximately 0.9%, primarily driven by decreases in funding for schools, in costs for Virginia Retirement System and decreases in revenues generated from all local sources. The County is experiencing a reduction in "growth" related revenues. The trend in the real estate and new construction market is apparent with the projected reduction in building permits and real estate transfers.

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.

During fiscal year 2011, the Board of Supervisors revised its 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 2010-2011

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

Isle of Wight County Schools implements research-based instructional strategies to provide rigorous and engaging learning experiences that ensure student success. The division educated more than 5,400 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 based on the 2010-2011 Virginia Standards of Learning (SOL) tests. Isle of Wight County Schools equaled or exceeded the state pass rates in English, math, science and history earning an 89% pass rate in all nine schools. Division-wide, students increased overall pass rates in English and math as well as the pass rates in almost every student subgroup. Isle of Wight County Schools earned an on-time graduation rate of 89 percent for the Class of 2011, according to data released by the Virginia Department of Education (VDOE). Advanced Placement Test results indicate that Isle of Wight County students compare very favorably with students around the state of Virginia as well as those in the Southern Region.

The school division continues to rise to the challenge of meeting increases in state and federal benchmarks, many of which are unfunded mandates. The division's results are attributed to the dedicated teachers, staff and administrators. The division also benefits from strong relationships between the community and the schools.

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

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County of Isle of Wight, Virginia

Statement of Net Assets

June 30, 2011

Assets	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Industrial Development Authority
Cash and cash equivalents	\$ 22,181,721	\$ 250	\$ 22,181,971	\$ 5,166,298	\$ 1,048,102
Restricted cash and cash equivalents	38,606,690	11,858,411	50,465,101	-	-
Investments	1,120,563	-	1,120,563	-	-
Receivables - net	594,135	371,748	965,883	71,650	317,340
Internal balances	814,842	(814,842)	-	-	-
Due from Primary Government	-	-	-	1,612,994	-
Due from other governments	1,086,953	-	1,086,953	1,307,551	-
Inventory	40,430	48,851	89,281	43,591	-
Deposits	-	-	-	-	50,000
Capital lease receivable	-	-	-	-	196,258
Notes receivable	898,192	-	898,192	-	-
Deferred bond issuance costs	1,250,202	277,351	1,527,553	-	-
Capital assets:					
Nondepreciable	19,054,507	1,146,063	20,200,570	1,625,896	11,010,591
Depreciable - net	70,248,327	14,270,466	84,518,793	26,816,284	52,250
Total assets	155,896,562	27,158,298	183,054,860	36,644,264	12,674,541
Liabilities					
Accounts payable	2,014,249	449,581	2,463,830	950,966	24,297
Accrued Liabilities	252,134	-	252,134	4,768,939	-
Due to component unit	1,612,994	-	1,612,994	-	-
Due to other governments	28,465	-	28,465	-	-
Customer deposits payable	-	153,015	153,015	-	-
Accrued interest payable	1,503,057	265,326	1,768,383	-	-
Unearned revenues	543,752	-	543,752	332,220	-
Long-term obligations:					
Due within one year	2,156,240	803,712	2,959,952	54,126	26,897
Due in more than one year	113,624,690	28,481,403	142,106,093	2,410,892	148,900
Total liabilities	121,735,581	30,153,037	151,888,618	8,517,143	200,094
Net Assets					
Invested in capital assets, net of related debt	15,653,535	(1,661,794)	13,991,741	28,442,180	10,887,044
Restricted:					
Other	339,032	-	339,032	-	-
Unrestricted	18,168,414	(1,332,945)	16,835,469	(315,059)	1,587,403
Total net assets	\$ 34,160,981	\$ (2,994,739)	\$ 31,166,242	\$ 28,127,121	\$ 12,474,447

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

County of Isle of Wight, Virginia
Statement of Activities

Year Ended June 30, 2011	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets					
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-Type Activities	Total	School Board	Industrial Development Authority	
Primary Government										
Government activities:										
General government administration	\$ 5,585,577	\$ 198,737	\$ 5,598,401	\$ -	\$ 211,561	\$ -	\$ 211,561	\$ -	\$ -	\$ -
Judicial administration	970,228	149,251	605,175	-	(215,802)	-	(215,802)	-	-	-
Public safety	7,454,652	625,612	1,541,325	102,935	(5,287,715)	-	(5,287,715)	-	-	-
General services	6,604,193	-	-	-	(6,501,258)	-	(6,501,258)	-	-	-
Health and welfare	4,884,843	35,446	2,820,352	-	(2,029,045)	-	(2,029,045)	-	-	-
Education	25,419,456	-	-	-	(25,419,456)	-	(25,419,456)	-	-	-
Parks, recreation and cultural	2,797,390	436,303	-	-	(2,361,087)	-	(2,361,087)	-	-	-
Community development	1,931,593	672,840	110,796	-	(1,147,957)	-	(1,147,957)	-	-	-
Nondepartmental	1,429,542	-	-	-	(1,429,542)	-	(1,429,542)	-	-	-
Interest on long-term debt	2,080,083	-	-	-	(2,080,083)	-	(2,080,083)	-	-	-
Total governmental activities	59,157,557	2,118,189	10,676,049	102,935	(46,260,384)	-	(46,260,384)	-	-	-
Business-type activities:										
Public utility	6,999,024	2,902,184	-	360,504	-	(3,736,336)	(3,736,336)	-	-	-
Total Business-type activities	6,999,024	2,902,184	-	360,504	-	(3,736,336)	(3,736,336)	-	-	-
Total Primary Government	\$ 66,156,581	\$ 5,020,373	\$10,676,049	\$ 463,439	(46,260,384)	(3,736,336)	(49,996,720)	-	-	-
Component Units										
School Board	\$ 58,199,764	\$ 1,061,201	\$31,264,243	\$ -	-	-	(25,874,320)	-	102,554	-
Industrial Development Authority	33,723	156,277	-	-	-	-	(25,874,320)	-	102,554	-
Total component units	\$ 58,233,487	\$ 1,197,478	\$31,264,243	\$ -	-	-	(25,874,320)	-	102,554	-
General property taxes					38,254,048	-	38,254,048	-	-	-
Other local taxes					6,396,337	-	6,396,337	-	-	-
Investment earnings					196,774	21,903	218,677	123,536	13,955	-
Miscellaneous					314,533	-	314,533	427,799	7,040	-
Payment from the Primary Government					-	-	-	25,004,955	-	-
Total general revenues and miscellaneous					45,161,692	21,903	45,183,595	25,556,290	20,995	-
Change in net assets					(1,098,692)	(3,714,433)	(4,813,125)	(318,030)	123,549	-
Net assets - beginning of year					35,259,673	719,694	35,979,367	28,445,150	12,350,898	-
Net assets - end of year					\$ 34,160,981	\$ (2,994,739)	\$ 31,166,242	\$ 28,127,120	\$ 12,474,447	\$ -

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

County of Isle of Wight, Virginia

Balance Sheet - Governmental Funds

June 30, 2011

Assets	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 20,438,766	\$ 1,470,485	\$ 272,470	\$ 22,181,721
Restricted cash and cash equivalents	-	38,515,673	91,017	38,606,690
Investments	1,120,563	-	-	1,120,563
Receivables - net of allowance for uncollectibles:				
Taxes	549,052	-	-	549,052
Accounts	44,032	-	1,051	45,083
Notes	814,705	-	83,487	898,192
Due from other funds	955,809	-	2,631	958,440
Due from other governments	793,439	-	293,514	1,086,953
Inventory	-	-	40,430	40,430
Total assets	\$ 24,716,366	\$ 39,986,158	\$ 784,600	\$ 65,487,124
Liabilities				
Accounts payable	\$ 1,024,169	\$ 784,538	\$ 205,541	\$ 2,014,248
Accrued expenses	245,418	-	6,716	252,134
Due to other funds	2,631	-	140,967	143,598
Due to component unit	1,612,994	-	-	1,612,994
Due to other governments	28,465	-	-	28,465
Deferred revenues	783,934	-	-	783,934
Unearned revenues	543,754	-	7,765	551,519
Total liabilities	4,241,365	784,538	360,989	5,386,892
Fund Balances				
Fund balances				
Nonspendable	148,990	-	40,430	189,420
Restricted	29,650	37,731,135	309,382	38,070,167
Assigned	489,228	1,470,485	73,799	2,033,512
Unassigned	19,807,133	-	-	19,807,133
Total fund balances	20,475,001	39,201,620	423,611	60,100,232
Total liabilities and fund balances	\$ 24,716,366	\$ 39,986,158	\$ 784,600	\$ 65,487,124

(Continued)

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

*County of Isle of Wight, Virginia**Reconciliation of the Governmental Funds' Balance Sheet
to the Statement of Net Assets*

June 30, 2011

Total fund balances - governmental funds	<u>\$ 60,100,232</u>
Amount reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Nondepreciable capital assets	19,054,507
Depreciable capital assets	88,889,205
Accumulated depreciation	<u>(18,640,878)</u>
Depreciable capital assets, net	<u>70,248,327</u>
Revenues on notes receivable have not been recorded in the governmental funds since they do not meet the revenue recognition criteria based on the modified accrual basis of accounting.	638,908
Revenues not collected soon enough to pay for current-period expenditures.	152,792
Long-term obligations, including bonds payable, are not due and payable in the current period and are not reported in the funds.	
Bonds, notes, loans and PACE obligations	(112,639,214)
Net OPEB obligation	(385,736)
Compensated absences	(1,159,903)
Landfill	(1,596,077)
Accrued interest payable	(1,503,057)
Deferred bond issuance costs is an asset reported in the governmental activities and is not a financial resource and therefore not reported in the funds	<u>1,250,202</u>
Total net assets - governmental activities	<u>\$ 34,160,981</u>

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

County of Isle of Wight, Virginia

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

Year Ended June 30, 2011				
	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
General property taxes	\$ 37,864,858	\$ -	\$ -	\$ 37,864,858
Other local taxes	6,322,650	-	73,687	6,396,337
Permits, privilege fees and regulatory licenses	443,308	-	-	443,308
Fines and forfeitures	75,813	-	-	75,813
Revenues from use of money and property	162,050	34,724	-	196,774
Charges for services	1,341,528	-	257,540	1,599,068
Miscellaneous	146,048	101,853	61,503	309,404
Intergovernmental:				
Commonwealth of Virginia	7,533,276	-	1,363,507	8,896,783
Federal	61,125	102,935	1,718,141	1,882,201
Total revenues	53,950,656	239,512	3,474,378	57,664,546
Expenditures				
General government administration	4,292,762	-	-	4,292,762
Judicial administration	970,228	-	-	970,228
Public safety	5,736,682	-	1,033,812	6,770,494
General services	6,155,695	-	-	6,155,695
Health and welfare	902,441	-	3,883,392	4,785,833
Education	25,004,954	-	-	25,004,954
Parks, recreation and cultural	2,194,726	-	248,780	2,443,506
Community development	1,893,439	-	3,807	1,897,246
Nondepartmental	1,429,542	-	-	1,429,542
Capital outlay	-	12,947,475	-	12,947,475
Debt service:				
Principal retirement	380,000	-	-	380,000
Interest and other charges	2,312,636	-	-	2,312,636
Bond issuance costs	126,961	162,492	-	289,453
Total expenditures	51,400,066	13,109,967	5,169,791	69,679,824
Excess (deficiency) of revenues over (under) expenditures	2,550,590	(12,870,455)	(1,695,413)	(12,015,278)
Other financing sources (uses)				
Operating transfers in	-	-	1,789,120	1,789,120
Operating transfers out	(1,789,120)	-	-	(1,789,120)
Proceeds from bond issuance	-	29,368,088	-	29,368,088
Proceeds from refunding bond issuance	14,286,070	-	-	14,286,070
Payments to refunded debt escrow agent	(14,137,039)	-	-	(14,137,039)
Total other financing sources (uses), net	(1,640,089)	29,368,088	1,789,120	29,517,119
Net change in fund balance	910,501	16,497,633	93,707	17,501,841
Fund balances - beginning of year	19,564,500	22,703,987	329,904	42,598,391
Fund balances - end of year	\$ 20,475,001	\$ 39,201,620	\$ 423,611	\$ 60,100,232

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, 2011

Net change in fund balances - governmental funds	\$ 17,501,841
Amount reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of 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	12,523,107
Joint activity - transfer of capital assets, net	(2,426,212)
Depreciation expense	(2,246,595)
Sale of property	(633,775)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	
Bond proceeds	(41,939,021)
Repayment of debt principal	17,161,205
Bond premiums	(1,715,137)
Deferred loss on refunding	283,838
Amortization of bond premiums	73,609
Amortization of deferred loss on refunding	(4,608)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	394,319
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.	
Increase in bond issuance costs	219,826
Increase in landfill closure costs	(301,976)
Increase in compensated absences	(60,709)
Decrease in accrued interest	233,178
Increase in net OPEB obligation	(161,582)
Change in net assets of governmental activities	\$ (1,098,692)

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

*County of Isle of Wight, Virginia**Statements of Net Assets - Proprietary Fund*

June 30, 2011

		Public Utilities
Assets		
Current assets		
Cash and cash equivalents		\$ 250
Receivables - net of allowance of \$67,261		371,748
Inventories		48,851
Total current assets		<u>420,849</u>
Noncurrent assets		
Restricted cash and cash equivalents		11,858,411
Deferred bond issuance costs		277,351
Capital assets:		
Nondepreciable		1,146,063
Depreciable - net		14,270,466
Total noncurrent assets		<u>27,552,291</u>
Total assets		<u>27,973,140</u>
Liabilities		
Current liabilities		
Accounts payable		449,580
Accrued interest payable		265,326
Customer deposits payable		153,015
Due to other funds		814,842
General obligation bonds payable		798,232
Compensated absences		5,480
Total current liabilities		<u>2,486,475</u>
Noncurrent liabilities		
General obligation bonds payable		28,417,415
Compensated absences		49,318
Net OPEB obligation		14,671
Total noncurrent liabilities		<u>28,481,404</u>
Total liabilities		<u>30,967,879</u>
Net Assets		
Invested in capital assets - net of related debt		(1,663,106)
Restricted for capital projects		(1,331,633)
Total net assets		<u>\$ (2,994,739)</u>

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

*County of Isle of Wight, Virginia**Statements of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund*

Year Ended June 30, 2011	<u>Public Utilities</u>
Operating revenues	
Charges for services	\$ 2,902,184
Operating expenses	
Current	
Personnel services	533,589
Fringe benefits	222,392
Contractual services	165,593
Purchases	3,948,854
Other charges	274,906
Depreciation	878,299
Total operating expenses	<u>6,023,633</u>
Operating loss	<u>(3,121,449)</u>
Nonoperating revenues (expenses)	
Interest income	21,903
Interest and fiscal charges	(971,885)
Amortization of deferred charges	(3,506)
Total nonoperating expenses, net	<u>(953,488)</u>
Losses before contributions	<u>(4,074,937)</u>
Capital contributions	24,150
Capital contributions - connection fees	336,354
Total contributions	<u>360,504</u>
Change in net assets	(3,714,433)
Net assets - beginning of year	<u>719,694</u>
Net assets - end of year	<u>\$ (2,994,739)</u>

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

*County of Isle of Wight, Virginia**Statements of Cash Flows - Proprietary Fund***Year Ended June 30, 2011**

	<u>Public Utilities</u>
Cash flows from operating activities	
Received from customers and users	\$ 2,825,289
Payments to suppliers for goods and services	(4,539,383)
Payments to employees	(743,612)
Net cash used in operating activities	<u>(2,457,706)</u>
Cash flows from non-capital and related financing activities	
Due to other funds	814,842
Customer deposits	21,273
Net cash provided by non-capital and related financing activities	<u>836,115</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(521,440)
Capital contributions	360,504
Proceeds from debt issued	6,460,000
Principal payments on bonds	(635,225)
Proceeds from refunded debt issued	2,835,979
Payments to refunding debt escrow agent	(2,966,399)
Deferred charges on notes and bonds payable	333,010
Interest paid on notes and bonds payable	(856,521)
Net cash provided by capital and related financing activities	<u>5,009,908</u>
Cash flows from investing activities	
Interest received	21,903
Net cash provided by investing activities	<u>21,903</u>
Change in cash and cash equivalents	3,410,220
Cash and cash equivalents - beginning of year	<u>8,448,441</u>
Cash and cash equivalents - end of year	<u>\$ 11,858,661</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	(3,121,449)
Adjustments to reconcile to net cash provided by operating activities:	
Allowance for doubtful accounts	
Depreciation	878,299
Change in:	
Accounts receivable	(76,895)
Inventories	(598)
Accounts payable	(149,432)
Compensated absences	5,707
Other post-employment benefits payable	6,662
Net cash used in operating activities	<u>\$ (2,457,706)</u>

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

*County of Isle of Wight, Virginia**Statement of Assets and Liabilities - Fiduciary Funds***June 30, 2011**

		<u>Agency Funds</u>
	Assets	
Cash and cash equivalents		<u>\$ 382,871</u>
	Liabilities	
Amounts held for social services clients		\$ 36,586
Amounts held for others		<u>346,285</u>
	Total liabilities	<u>\$ 382,871</u>

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

Notes to Financial Statements

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County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

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

June 30, 2011

B. Financial Reporting Model and Basis of Presentation

Government-wide Financial Statements. The government-wide Statement of Net Assets 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.

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 Public Works.

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

The County reports one major proprietary fund, the Enterprise **Public Utilities Fund**, which provides water and sewer services for the County.

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

June 30, 2011

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, except for property taxes, to be available if they are collected within 45 days of the end of the current fiscal period. Revenues for property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal year. 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The County also has the option of following subsequent private-sector guidance for its business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

D. 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.

E. Investments

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

F. Property Taxes

All property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data, specific account analysis and management's judgment. An allowance is also provided for accounts receivable of the Public Utilities Fund based on historical data. At June 30, 2011, the allowance for the General Fund was \$1,366,827.

The County bills and collects taxes and recognizes such taxes as revenues, when measurable and available in the General Fund and for the period in which they are levied for, in the Governmental and Business-Type activities. Property taxes, net of allowance for uncollectible amounts, not collected within 60 days after year end, are reflected as deferred revenues in the governmental fund financial statements. Taxes are budgeted and billed to fund operations occurring within the year they are required to be paid. Accordingly, 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 deferred revenues at June 30. The County bills and collects its own property taxes.

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

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

While the assessed value of real estate for the County's ten largest taxpayers comprises 6.85% 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, 2011. The Commonwealth requires localities to record the revenue from PPTRA as received from other governments, not as property taxes.

G. 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 assets.

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.

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.

H. 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.

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

I. 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, 2011, 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, 2011.

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

June 30, 2011

J. 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, Public Utilities Fund for business-type activities and the Operating Fund for the School Board.

K. Bond Premiums, Discounts, Issuance Costs and Deferred Loss on Refunding

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs 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 and deferred loss on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. 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.

L. Net Assets

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

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

Restricted – This consists of net assets 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 assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

June 30, 2011

M. Fund Balances

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.

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.

N. 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.

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

O. 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.

P. 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.

Q. New Accounting Principles

The County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during 2011. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The adoption of GASB Statement No. 54 has changed the classifications of fund balance as presented in the County's fund financial statements for fiscal year 2011. GASB Statement No. 54 also changed fund definitions, which did not impact the County for fiscal year 2011.

The County adopted GASB Statement No. 59, *Financial Instruments Omnibus*, during 2011. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The adoption of GASB Statement No. 59 had no effect on the County's financial statements for fiscal year 2011.

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.

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

A summary of deposits and investments held by the Primary Government at June 30, 2011 is as follows:

Deposits	
Demand deposits	\$ 12,207,997
Cash on hand	2,684
Investments	
LGIP	9,971,290
Zero coupon bond	1,120,563
Money market funds	50,465,101
Total deposits and investments	\$ 73,767,635
Reconciliation to Statement of Net Assets	
Cash and cash equivalents	\$ 22,181,971
Restricted cash	50,465,101
Investments	1,120,563
	\$ 73,767,635

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 Financial Statements

June 30, 2011

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.

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	\$ 9,971,290	\$ -	\$ 9,971,290
Zero coupon bond	-	1,120,563	1,120,563
Money market funds	50,465,101	-	50,465,101
	<u>\$ 60,436,391</u>	<u>\$ 1,120,563</u>	<u>\$ 61,556,954</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 Financial Statements

June 30, 2011

The Primary Government had the following investments and maturities:

	Investment maturity (in years)		
	Fair Value	Less than 1	FY 2039
LGIP	\$ 9,971,290	\$ 9,971,290	\$ -
Zero coupon bond	1,120,563	-	1,120,563
Money market funds	50,465,101	50,465,101	-
	<u>\$ 61,556,954</u>	<u>\$ 60,436,391</u>	<u>\$ 1,120,563</u>

3. Due From Other Governments

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

	Primary Government			Component Unit - School Board
	General Fund	Nonmajor Governmental Funds	Totals	
<u>Amounts Due From:</u>				
Commonwealth of Virginia:				
Operating grants	\$ 111,667	\$ -	\$ 111,667	\$ -
Social Services department	-	121,417	121,417	-
Comprehensive Services	1,385	110,689	112,074	-
Sales and Use tax	617,504	-	617,504	447,246
Federal government operating grants	36,656	9,080	45,736	860,305
Town of Windsor	-	18,174	18,174	-
Town of Smithfield	35,444	34,154	69,598	-
Other	210,554	-	210,554	-
Totals	<u>\$ 1,013,210</u>	<u>\$ 293,514</u>	<u>\$ 1,306,724</u>	<u>\$ 1,307,551</u>

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

4. Interfund Balances and Activity

The following balances at June 30, 2011 represent amounts due to/from other funds:

Receivable fund	Payable Fund	Amount
Nonmajor governmental fund	General Fund	\$ 2,631
General Fund	Nonmajor governmental fund	140,967
General Fund	Public Utilities fund	814,842
		<u>\$ 958,440</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, 2011 were as follows:

Transfer Out	Transfer in	Purpose	Amount
General Fund	Nonmajor governmental fund	Transfer for Social Services operations	\$ 921,999
General Fund	Nonmajor governmental fund	Transfer for Comprehensive Services operations	242,044
General Fund	Nonmajor governmental fund	Transfer for Section 8 operations	32,771
General Fund	Nonmajor governmental fund	Transfer for County Fair operations	119,550
General Fund	Nonmajor governmental fund	Transfer for E-911 operations	472,756
Total			<u>\$ 1,789,120</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 and (3) to provide funding for capital expenditures or budgeted subsidies for operations.

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

5. Notes Receivable

A. Acquisition Notes

The County agreed to loan the IDA \$358,000 to finance the acquisition of an office building by the IDA. 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, 2011 is \$175,797 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 during the year ended June 30, 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.

C. Rehabilitation Notes

The Community Development Block Grant Program has made rehabilitation loans to individuals, which are repayable in monthly installments with interest at 6%. The following is a summary of rehabilitation loan transactions, which are included in the Special Revenue Funds:

Rehabilitation notes receivable at July 1, 2010	\$ 90,519
Principal repayments	<u>(7,032)</u>
Rehabilitation notes receivable at June 30, 2011	<u>\$ 83,487</u>

6. Lease Receivable

The IDA 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:

2012	\$ 41,184
2013	41,184
2014	41,184
2015	41,184
2016-2017	<u>72,075</u>
Total minimum lease payments	236,811
Less - amount representing interest	<u>(40,553)</u>
Present value of future payments	<u>\$ 196,258</u>

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

Although International Paper closed its Franklin facility, the Company has been actively engaged in marketing the facility. Nothing in its public statements or actions since the closure announcement would lead the County to conclude that International Paper will default on this lease.

7. Capital Assets

The following is a summary of changes in capital assets:

<u>Primary Government</u>	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 11,900,856	\$ 1,052,552	\$ 209,500	\$ 12,743,908
Intangibles	4,326,512	-	-	4,326,512
Construction in progress	13,956,898	525,575	12,498,386	1,984,087
Total capital assets not being depreciated	30,184,266	1,578,127	12,707,886	19,054,507
Capital assets being depreciated:				
Buildings - County	12,043,843	22,277,207	421,284	33,899,766
Buildings - jointly owned assets	42,152,216	-	2,757,375	39,394,841
Land improvements	6,978,000	930,287	2,991	7,905,296
Equipment	4,153,137	215,817	-	4,368,954
Vehicles	3,300,294	20,054	-	3,320,348
Total capital assets being depreciated	68,627,490	23,443,365	3,181,650	88,889,205
Less - accumulated depreciation:				
Buildings - County	3,316,365	387,950	-	3,704,315
Buildings - jointly owned assets	8,582,853	916,294	331,163	9,167,984
Land improvements	981,155	331,612	-	1,312,767
Equipment	1,421,349	324,803	-	1,746,152
Vehicles	2,423,724	285,936	-	2,709,660
Total accumulated depreciation	16,725,446	2,246,595	331,163	18,640,878
Total capital assets being depreciated - net	51,902,044	21,196,770	2,850,487	70,248,327
Governmental activities capital assets - net	\$ 82,086,310	\$ 22,774,897	\$ 15,558,373	\$ 89,302,834

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

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

Governmental activities		
General government administration	\$	406,614
Public safety		364,158
Public works		122,288
Health and welfare		49,010
Parks, recreation and culture		353,884
Community development		34,347
Education		916,294
Total depreciation expense - governmental activities	\$	2,246,595

<u>Proprietary Funds</u>	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
Business -Type activities				
Capital assets not being depreciated:				
Land	\$ 181,240	\$ -	\$ -	\$ 181,240
Construction in progress	1,040,459	349,546	425,182	964,823
Total capital assets not being depreciated	1,221,699	349,546	425,182	1,146,063
Capital assets being depreciated:				
Buildings	10,749,567	587,767	-	11,337,334
Land improvements	12,324,903	-	-	12,324,903
Equipment	502,978	9,309	-	512,287
Vehicles	289,129	-	-	289,129
Total capital assets being depreciated	23,866,577	597,076	-	24,463,653
Less - accumulated depreciation:				
Buildings	2,323,156	226,094	-	2,549,250
Land improvements	6,503,453	606,447	-	7,109,900
Equipment	303,065	25,678	-	328,743
Vehicles	185,214	20,080	-	205,294
Total accumulated depreciation	9,314,888	878,299	-	10,193,187
Total capital assets being depreciated - net	14,551,689	(281,223)	-	14,270,466
Business-Type activities capital assets - net	\$ 15,773,388	\$ 68,323	\$ 425,182	\$ 15,416,529

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

<u>Discretely Presented Component</u>	<u>Balance</u>			<u>Balance</u>
<u>Unit - School Board</u>	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ 1,619,726	\$ -	\$ -	\$ 1,619,726
Construction in progress	6,170	-	-	6,170
Total capital assets not being depreciated	1,625,896	-	-	1,625,896
Capital assets being depreciated:				
Buildings and improvements	37,154,396	2,906,907	-	40,061,303
Land improvements	1,600,438	100,234	-	1,700,672
Equipment	10,831,543	731,455	527,108	11,035,890
Vehicles	5,000,778	247,870	37,042	5,211,606
Total capital assets being depreciated	54,587,155	3,986,466	564,150	58,009,471
Less - accumulated depreciation:				
Buildings and improvements	17,217,084	2,144,779	-	19,361,863
Land improvements	1,094,712	57,247	-	1,151,959
Equipment	6,289,315	1,096,835	527,108	6,859,042
Vehicles	3,584,615	272,750	37,042	3,820,323
Total accumulated depreciation	28,185,726	3,571,611	564,150	31,193,187
Total capital assets being depreciated - net	26,401,429	414,855	-	26,816,284
School Board capital assets - net	\$ 28,027,325	\$ 414,855	\$ -	\$ 28,442,180

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, 2011, is that school financed assets, net of accumulated depreciation, in the amount of \$32,653,069 are reported in the primary government as “jointly owned assets” for financial reporting purposes.

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

<u>Discretely Presented Component Unit Industrial Development Authority</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ 10,485,662	\$ 373,536	\$ -	\$ 10,859,198
Construction in progress	118,863	32,530	-	151,393
Total capital assets not being depreciated	10,604,525	406,066	-	11,010,591
Capital assets being depreciated:				
Buildings	55,000	-	-	55,000
Less - accumulated depreciation	1,650	1,100	-	2,750
Total capital assets being depreciated - net	53,350	1,100	-	52,250
IDA capital assets - net	\$ 10,657,875	\$ 404,966	\$ -	\$ 11,062,841

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 Commitment</u>
Industrial Park	\$ 6,585,320	\$ 857,479
STH Intermodal Park	11,227,127	2,245,636
New Courts/Clerk Bldg	16,164,945	436,146
ECC Communications Tower-Rushmere	9,596	13,884
Smithfield Volunteer Fire Dept-New	3,941,516	286,776
Animal Shelter-New Expansion	1,286,617	138,744
Nike Park-Softball Fields	101,043	30,805
Nike Park-Restrooms	5186	8,314
Hardy Park	143,900	3,339
Middle Schools Sidewalks	20,303	49,638
Regional Consent Order	760,014	110,298
Bethel Heights Upgrade	2,773	15,700
Zuni Pump Station	11,787	262,407
Camptown/Carrsville Public Utilities Improvements	407,044	120,760
Carrisbrooke Water Systems	274,808	116,278
Route 58 Water/Sewer Extension	301,916	48,109
CSX/Sewer Force Main	86,645	25,516
Woodbridge Sewer Maintenance	200,186	557
	\$ 41,530,726	\$ 4,770,386

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

8. Long-Term Obligations

The following is a summary of changes in long-term obligations during the year ended June 30, 2011:

Governmental Activities	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Due Within One Year
General obligation bonds	\$ 79,077,971	\$ 41,939,022	\$ 16,902,976	\$ 104,114,017	\$ 1,041,762
Bond premiums	383,032	1,715,137	73,609	2,024,560	238,512
Deferred gains(losses) on refundings	194,776	(283,837)	(4,608)	(84,453)	55,056
	<u>79,655,779</u>	<u>43,370,322</u>	<u>16,971,977</u>	<u>106,054,124</u>	<u>1,335,330</u>
PACE program	4,326,512	-	-	4,326,512	-
Literary loans	2,500,000	-	250,000	2,250,000	250,000
Note payable	16,807	-	8,229	8,578	8,578
Net OPEB obligation	224,246	185,273	23,783	385,736	-
Compensated absences	1,099,346	528,391	467,834	1,159,903	115,990
Landfill closure costs	1,294,101	508,454	206,478	1,596,077	446,342
Total Governmental Activities	\$ 89,116,791	\$ 44,592,440	\$ 17,928,301	\$ 115,780,930	\$ 2,156,240
Business-Type Activities					
General obligation bonds	\$ 23,681,629	\$ 9,295,979	\$ 3,602,852	\$ 29,374,756	\$ 673,238
Bond premiums	462,299	385,225	139,233	708,291	202,672
Deferred gains(losses) on refundings	(945,078)	-	(77,678)	(867,400)	(77,678)
	<u>23,198,850</u>	<u>9,681,204</u>	<u>3,664,407</u>	<u>29,215,647</u>	<u>798,232</u>
Net OPEB obligation	8,009	7,762	1,100	14,671	-
Compensated absences	49,091	29,625	23,919	54,797	5,480
Total Business-Type Activities	\$ 23,255,950	\$ 9,718,591	\$ 3,689,426	\$ 29,285,115	\$ 803,712
Discretely Presented Component Units					
School Board					
Net OPEB obligation	\$ 1,319,394	\$ 872,172	\$ 267,803	\$ 1,923,763	-
Compensated absences	565,573	30,500	54,818	541,255	54,126
	<u>\$ 1,884,967</u>	<u>\$ 902,672</u>	<u>\$ 322,621</u>	<u>\$ 2,465,018</u>	<u>\$ 54,126</u>
Industrial Development Authority					
Note payable	\$ 200,968	-	\$ 25,171	\$ 175,797	\$ 26,897

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

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
<i>General Obligation Bonds of 2011A (tax exempt bonds)</i> - \$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.	17,630,000
<i>General Obligation Bonds of 2011B (tax exempt bonds)</i> - \$6,460,000 dated June 2011 with principal payable in one payment due April 2014. Interest is payable semi-annually at a fixed rate of 3% over the life of the bond. The bonds are being used to finance various public utility improvements. The bonds were issued at a premium of \$234,498, which is being amortized over the life of the bonds.	6,460,000
<i>General Obligation Bonds of 2011C (tax exempt bonds)</i> - \$7,500,000 dated June 2011 with principal payable in one payment due April 2016. Interest is payable semi-annually at a fixed rate of 4% over the life of the bond. The bonds are being used to finance the literary programs. The bonds were issued at a premium of \$702,150, which is being amortized over the life of the bonds.	7,500,000
<i>General Obligation Bonds of 2011VPSA (tax exempt bonds)</i> - \$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.	7,500,000

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

<p><i>General Obligation Bonds of 2010D (tax exempt bonds)</i> - \$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.</p>	12,145,000
<p><i>General Obligation Bonds of 2010A (tax exempt bonds)</i> - \$985,000 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.</p>	985,000
<p><i>General Obligation Bonds of 2010B (tax exempt bonds)</i> - \$7,685,000 dated April 2010 with principal payable in one payment due March 2013. Interest is payable semi-annually at a fixed rate of 4% over the life of the bond. The notes were used to finance various public utility improvements. The bonds were issued at a premium of \$316,084, which is being amortized over the life of the bonds.</p>	7,685,000
<p><i>General Obligation Bonds of 2010C (taxable Build America Bonds)</i> - \$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.</p>	13,530,000
<p><i>General Obligation Bonds of 2008B</i> - \$25,000,000 dated December 2008, principal is payable in various annual installments through 2032. Interest payable semi-annually at a rate that varies from 4% to 6% over the life of the bond. The bonds were used to finance continuation of public utility improvements begun under the Series 2008A bond, various economic development projects, a new County courts building, and other public safety and fire/rescue construction and renovation projects.</p>	25,000,000

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<p><i>General Obligation Bonds of 2005</i> - \$13,880,000 dated August 2005, principal payable in various annual installments through 2022, interest payable semi-annually at coupon rates from 3% to 5%. The proceeds were used to advance refund a portion of the outstanding balance of the 1995 and 1997 Series Bonds. The bonds were issued at a \$316,290 premium, which is being amortized over the life of the bonds. The repayment of the bonds is allocated between governmental and business-type activities.</p>	11,403,773
<p><i>General Obligation Bonds of 2004</i> - \$27,870,000 dated May 2004, principal payable in various annual installments through 2024, interest payable semi-annually at coupon rates from 3% to 5% per annum. Of this bond issue, \$23,700,000 was used to finance construction of a school building. The remaining portion was used to advance refund the outstanding balance of a 1995 Series Bonds. The bonds were issued at a \$332,520 premium, which is being amortized over the life of the bonds.</p>	17,330,000
<p><i>General Obligations Bonds of 2003</i> - \$18,140,000 dated February 2003, principal payable in various annual installments through 2023, interest payable semi-annually at coupon rates from 2% to 5%. Of this bond issue, \$8,815,000 was used to finance various capital improvements. The remaining \$9,325,000 was used to advance refund \$9,050,000 of outstanding 1991, 1993, and 1994 Series Bonds. The bonds were issued at a \$136,420 premium, which is being amortized over the life of the bonds.</p>	6,320,000
Total General Obligation Bonds Outstanding	<u>\$ 133,488,773</u>

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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
2012	\$ 1,041,763	\$ 3,435,132	\$ 673,238	\$ 1,035,566	\$ 1,715,001	\$ 4,470,698
2013	2,923,953	3,892,032	8,644,819	1,056,403	11,568,772	4,948,435
2014	3,270,201	3,934,031	7,454,799	715,296	10,725,000	4,649,327
2015	4,843,405	3,812,019	1,031,595	486,001	5,875,000	4,298,020
2016	12,487,803	3,658,372	1,062,197	447,312	13,550,000	4,105,684
2017-2021	30,281,412	13,718,748	5,573,588	1,687,937	35,855,000	15,406,685
2022-2026	27,591,260	7,933,454	3,263,740	727,326	30,855,000	8,660,780
2027-2031	18,026,820	3,331,737	1,413,180	258,470	19,440,000	3,590,207
2032-2034	3,647,400	205,847	257,600	7,406	3,905,000	213,253
Total	\$ 104,114,017	\$ 43,921,372	\$ 29,374,756	\$ 6,421,717	\$ 133,488,773	\$ 50,343,089

B. Refunded Debt

Series 2010D (Advance Refunding)

On September 20, 2010, the County issued \$12,145,000 of General Obligation Refunding Bonds, Series 2010D, with an average interest rate of 3.533%. The bonds consist of serial bonds bearing various fixed rates ranging from 2.0% to 4.0% with annual maturities from April 2012 through April 2028. The net proceeds of \$12,846,460 were used to refund two series of bonds: 1) Series 2008A, with a total principal amount of \$9,315,000 and an interest rate of 3.99%, and 2) Series 2009, with a total principal amount of \$3,304,600 and an interest rate of 3.50%. The net proceeds, in addition to the prior series' accrued interest in the amount of \$185,834, were used as a cash deposit to refund the Series 2008A and Series 2009 bonds. The County incurred a loss on the refunding in the amount of \$79,144.

The refunding was done to produce debt service savings to the County. The transaction reduced the County's debt service in Fiscal Year 2011 by \$403,852, in Fiscal Year 2012 by \$370,404, and through final maturity by \$818,920. Present value savings were \$841,033 or 6.66%.

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Series 2011A (Partial Current Refunding, Partial Advance Refunding)

On June 29, 2011, the County issued \$4,200,000 of General Obligation Refunding Bonds, Series 2011A, with an average interest rate of 3.34%. The bonds consist of serial bonds bearing various fixed rates ranging from 2.0% to 3.25% with annual maturities from April 2017 through April 2023. The net proceeds of \$4,348,717 were deposited to an irrevocable trust used to a) refund a portion of the County's Series 2004 bonds, with principal amount \$1,805,000 and an interest rate of 4.00%, and b) advance refund the 2012 and 2013 maturities of the County's 2004 bonds, with a total principal amount of \$2,000,000 and an interest rate of 4.00%, and the 2012 maturity of the County's Series 2003 Bonds with a principal amount of \$395,000 and an interest rate of 5.00%. The County incurred a loss on the refunding in the amount of \$204,693.

A portion of the net proceeds were used as a cash deposit to refund the 2011 maturity of the Series 2004 bonds. The remainder of the net proceeds was used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased and the related liability for the bonds has been removed from the County's liabilities. The refunding was done in order to more closely match the term of the debt with the life of the asset financed. The transaction resulted in the difference between the present value of the debt service on the old and the new bonds of approximately \$60,000.

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, 2011, other than the current year refunded disclosed above, the County has no outstanding prior year bonds which 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 these 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, 2011.

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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, 2011, two installment purchase agreements totaling 619.08 acres at a total purchase price of \$4,326,512 have been executed.

The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2012	\$ -	\$ 209,836
2013	-	209,836
2014	-	209,836
2015	-	209,836
2016	-	209,836
2017-2021	-	1,049,180
2022-2026	-	1,049,180
2027-2031	-	1,049,180
2031-2036	-	1,049,180
2037-2039	4,326,512	734,425
	<u>\$ 4,326,512</u>	<u>\$ 5,980,325</u>

D. Literary Loans

Literary loans consist of loans from the State Literary Loan Fund for the construction and improvement of various schools. Payment will be made in annual installments plus interest of 3%.

The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2012	\$ 250,000	\$ 67,500
2013	250,000	60,000
2014	250,000	52,500
2015	250,000	45,000
2016	250,000	37,500
2017-2020	1,000,000	75,000
	<u>\$ 2,250,000</u>	<u>\$ 337,500</u>

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E. Notes Payable

The governmental activities note payable is a taxable-refunding note used to refinance the Virginia Retirement System (VRS) obligation incurred by the School Board in a one-time early retirement incentive program offered by VRS during fiscal year 1992. Payments are being made in semi-annual installments plus interest at 6.27% per annum. The last payment required will be made in 2012 with the County's payment of \$8,578 principal at \$281 of interest.

The note payable of the IDA is the note to the General Fund used to finance the construction of the office building leased by the IDA 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
2012	\$ 26,897	\$ 10,881
2013	28,742	9,036
2014	30,712	7,066
2015	32,818	4,960
2016	35,068	2,710
2017	21,560	480
	<u>\$ 175,797</u>	<u>\$ 35,133</u>

9. Defined Pension Benefit Obligation

A. Plan Description

The County and School Board contribute to the Virginia Retirement System (VRS), an agent multiple-employer defined benefit pension plan administered by the VRS. School Board nonprofessional employees participate as a separate group in the agent multiple-employer defined benefit pension plan. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

June 30, 2011

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. This 5% member contribution has been assumed by both the County and School Board. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by *Code of Virginia* and approved by the VRS Board of Trustees. The County and School Board's annual contribution rate for the fiscal year ended June 30, 2011, was 12.15% and 11.12%, respectively, of the annual covered payroll, with a funding period of 20 years and amortization factor of 14.2649.

C. Annual Pension Cost

For the fiscal year ended June 30, 2011, the County and School Board's annual pension costs of \$1,494,839 and \$276,687 respectively, were equal to the County and School Board's required and actual contributions. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.00% investment rate of return, (b) projected salary increases of 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement, firefighters, and sheriffs, and (c) 2.50% per year cost-of-living adjustment. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on an open basis within a period of 20 years or less.

D. Schedules of Employer Contributions

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
County Employees			
2011	\$ 1,494,839	100%	-
2010	\$ 1,320,125	100%	-
2009	\$ 1,350,248	100%	-
School Board Nonprofessional Employees			
2011	\$ 276,687	100%	-
2010	\$ 262,629	100%	-
2009	\$ 410,546	100%	-

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E. Schedule of Funding Progress

Actuarial value date July 1, 2010	Actuarial value of assets	Actuarial accrued liability (AAL) project unit credit	Unfunded actuarial accrued liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a percentage of covered payroll
Governmental activities	\$ -	\$1,278,116	\$1,278,116	-	\$9,803,847	13.04%
Business-type activities	\$ -	\$40,559	\$40,559	-	\$498,325	8.14%
Component Unit - School Board	\$ -	\$6,947,423	\$6,947,423	-	\$33,090,320	21.00%

Immediately following the notes to the financial statements in the Required Supplementary Information is a multi-year schedule of funding progress for the County and the School Board, which presents trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

F. School Board Cost Sharing Defined Benefit Plan

School Board professional employees participate in a multiple-employer defined benefit pension plan administered by the VRS cost-sharing pool.

School Board's contributions to VRS for the year ended June 30, 2011, 2010 and 2009 were \$276,000, \$260,923, \$409,002, respectively, and were equal to the required contribution for each year. The School Board's contribution rate applicable to professional employees for the fiscal year ended June 30, 2011 was 11.33 percent of the annual covered payroll.

10. Other Post Employment Benefit (OPEB) Plans

A. Plan Provisions

In addition to providing the pension benefits described in Note 10, 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

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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 5 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 23. 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 County and School Board do not intend to establish a trust to pre-fund this liability. The anticipated growth in the net OPEB obligation is based on contributions to the benefit plan on a pay-as-you-go cost basis. The 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.

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.

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Governmental Activities

Annual required contribution (ARC)	\$	185,458
Interest on net OPEB obligations		8,970
Adjustment to annual required contribution		(9,155)
Annual OPEB Cost		<u>185,273</u>
Pay-As-You-Go Annual Employer Contributions		<u>(23,783)</u>
Increase in net OPEB obligations		161,490
Net OPEB Obligations - beginning of year		<u>224,246</u>
Net OPEB Obligations - end of year	\$	<u>385,736</u>

Business-Type Activities

Annual required contribution	\$	7,769
Interest on net OPEB obligations		320
Adjustment to annual required contributions		(327)
Annual OPEB Cost		<u>7,762</u>
Pay-As-You-Go Annual Employer Contributions		<u>(1,100)</u>
Increase in net OPEB obligations		6,662
Net OPEB Obligations - beginning of year		<u>8,009</u>
Net OPEB Obligations - end of year	\$	<u>14,671</u>

Component Unit - School Board

Annual required contribution	\$	873,262
Interest on net OPEB obligation		52,776
Adjustment to annual required contribution		(53,866)
Annual OPEB Cost		<u>872,172</u>
Pay-As-You-Go Annual Employer Contribution		<u>(267,803)</u>
Increase in net OPEB obligations		604,369
Net OPEB Obligation - beginning of year		<u>1,319,394</u>
Net OPEB Obligations - end of year	\$	<u>1,923,763</u>

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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			
2011	\$ 185,273	12.8%	\$ 385,736
2010	150,722	26.8%	224,246
2009	139,490	18.3%	113,904
Business-Type Activities			
2011	\$ 7,762	14.2%	\$ 14,671
2010	5,382	26.8%	8,009
2009	4,984	18.3%	4,070
Component Unit - School Board			
2011	\$ 872,172	30.7%	\$ 1,923,763
2010	895,188	26.8%	1,319,394
2009	828,983	19.9%	664,183

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.

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Actuarial Assumptions

In the July 1, 2010 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 and amortization of the initial unfunded actuarial liability over 30 years based on a level percent of payroll method. The actuarial accrued liability was 1,318,675 and 6,947,423 for the County and the School Board, respectively. Future increases for the cost of medical benefits were assumed to range from 5.0% to 9.0% with the larger increases in the early years and gradually decreasing to 5.0% in 2016 and beyond.

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. Schedule of Funding Progress

Actuarial value date July 1, 2010	Actuarial value of assets	Actuarial accrued liability (AAL) project unit credit	Unfunded actuarial accrued liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a percentage of covered payroll
Governmental activities	\$ -	\$1,278,116	\$1,278,116	-	N/A	N/A
Business-type activities	\$ -	\$40,559	\$40,559	-	N/A	N/A
Component Unit - School Board	\$ -	\$6,947,423	\$6,947,423	-	N/A	N/A

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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 estimated future total cost of the post-closure monitoring and maintenance is \$1,596,077 based on the expected cost for all equipment, facilities and services required to monitor and maintain the landfill post-closure. This represents an increase over the 2010 estimated liability due to increased costs of state permits, increased laboratory fees, the addition of a Post-Closure consulting contract and the need to contract for repairs to the landfill cap. During the fiscal year ended June 30, 2011, the County expended \$206,478 in post-closure costs.

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. For fiscal year 2011, the County expended \$26,400 for the continuing monitoring in accordance with the CAP. The County is reimbursed by the DEQ. 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

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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 is included in the workers' compensation coverage of the County and also has additional Excess Liability coverage and Boiler and Machinery Coverage with limits of \$9,000,000 and \$10,000,000, respectively.

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 fiscal years 2010 and 2011 were:

	<u>2011</u>	<u>2010</u>
Claims liabilities, beginning of year	\$ 919,514	\$ 926,049
Current year claims	4,948,161	4,063,085
Change in prior year claims	(359,876)	217,150
Claim payments	(3,980,487)	(3,617,553)
Legal, Administrative and other expenses	<u>(665,729)</u>	<u>(669,218)</u>
Claims liabilities, end of year	<u>\$ 861,583</u>	<u>\$ 919,514</u>
Claims liabilities, due in one year	<u>\$ 529,362</u>	<u>\$ 262,901</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.

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

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 fiscal year ended June 30, 2011, the County contributed \$160,272 to the operations of the WTCSB \$584,661 to the Library and \$421,250 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 \$2,569,936 to the County for the fixed charges during fiscal year 2011. Additionally, in fiscal year 2011, the County contributed approximately \$178,547 to the Authority for its share of capital costs incurred by the Authority.

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, 2011, the payments made to the City were \$1,309,232.

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2011

14. Fund Balances

The County has the following fund balance classifications at June 30, 2011:

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
Nonspendable				
Inventory	\$ -	\$ -	\$ 40,430	\$ 40,430
Notes receivable	148,990	-	-	148,990
Restricted for:				
Environmental protection	29,650	-	-	29,650
Capital projects	-	37,731,135	-	37,731,135
Community development	-	-	287,587	287,587
Public safety	-	-	21,795	21,795
Assigned to:				
Parks and recreation	-	-	73,799	73,799
Subsequent year's expenditures	489,228	1,470,485	-	1,959,713
Unassigned	19,807,133	-	-	19,807,133
	<u>\$20,475,001</u>	<u>\$39,201,620</u>	<u>\$ 423,611</u>	<u>\$60,100,232</u>

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Required Supplementary Information

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County of Isle of Wight, Virginia

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

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Primary Government				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property	\$ 21,867,000	\$ 21,867,000	\$ 21,727,813	\$ (139,187)
Real and personal public service corporation property	1,250,000	1,250,000	1,268,886	18,886
Personal property	8,300,000	8,300,000	5,673,602	(2,626,398)
Boat	269,000	269,000	250,141	(18,859)
Mobile home	119,500	119,500	108,358	(11,142)
Machinery and tools	5,800,000	5,800,000	6,816,773	1,016,773
Equipment	1,500,000	1,500,000	1,551,506	51,506
Penalties	225,000	225,000	301,363	76,363
Interest and other costs	130,000	130,000	166,417	36,417
Total general property taxes	39,460,500	39,460,500	37,864,858	(1,595,642)
Other local taxes:				
Local sales and use	2,062,000	2,062,000	2,016,088	(45,912)
Consumer's utility	840,000	840,000	908,891	68,891
Communications sales and use	1,350,000	1,350,000	1,388,045	38,045
Lodging	20,000	20,000	27,474	7,474
Business license	355,000	355,000	387,046	32,046
Motor vehicle licenses	539,000	539,000	624,032	85,032
Recordation and wills	500,000	500,000	525,534	25,534
Consumption	100,000	100,000	156,548	56,548
Bank franchise tax	7,000	7,000	4,191	(2,809)
Meals tax	280,000	280,000	273,548	(6,452)
Penalties	-	-	5,895	5,895
Interest	-	-	5,357	5,357
Total other local taxes	6,053,000	6,053,000	6,322,650	269,650
Permits, fees and licenses:				
Animal licenses	20,000	20,000	24,649	4,649
Transfer fees	900	900	929	29
Zoning and subdivision fees	45,000	45,000	43,461	(1,540)
Building permits	293,587	293,587	272,001	(21,586)
Concealed weapon permits	4,800	4,800	5,150	350
Inspection fees	15,800	15,800	7,187	(8,613)
Permit surcharge	-	-	(14)	(14)
Cash proffers	100,000	100,000	89,945	(10,055)
Total permits, fees and licenses	480,087	480,087	443,308	(36,779)
Fines and forfeitures	66,000	66,000	75,813	9,813
Total fines and forfeitures	66,000	66,000	75,813	9,813
Revenues from use of money and property:				
Revenues from use of money	57,000	57,000	110,361	53,361
Revenues from use of property	90,000	90,000	51,689	(38,311)
Total revenues from use of money and property	147,000	147,000	162,050	15,050
Miscellaneous:				
Miscellaneous	50,000	53,200	115,003	61,803
Gifts and donations	-	6,000	6,000	-
Farmers market	-	-	25,045	25,045
Total miscellaneous	50,000	59,200	146,048	86,848

Continued

County of Isle of Wight, Virginia

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

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Charges for services:				
Court costs	50,000	50,000	63,081	13,081
Charges for Commonwealth's Attorney	2,000	2,000	1,301	(699)
Charges for sanitation and waste removal	4,000	4,000	1,275	(2,725)
Charges for parks and recreation	278,726	278,726	242,758	(35,968)
Charges for building construction court fee	-	-	21,731	21,731
Charges for law enforcement and other protection	2,200	2,200	2,763	563
Charges for emergency medical services	550,900	550,900	526,701	(24,199)
Charges for maps	500	500	636	136
Recovered costs:				
Indirect cost allocation	70,000	70,000	59,083	(10,917)
Court costs	35,000	35,000	137,219	102,219
Other	328,000	328,000	284,980	(43,020)
Total charges for services	1,321,326	1,321,326	1,341,528	20,202
Other financing sources:				
Proceeds from bond issuance	-	-	14,286,070	14,286,070
Total other financing sources	-	-	14,286,070	14,286,070
Total revenues from local sources	47,577,913	47,587,113	60,642,324	13,055,212
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	26,200	16,715	65,486	48,771
Total noncategorical aid	5,142,090	5,132,605	5,181,376	48,771
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	334,600	334,600	349,049	14,449
Sheriff	1,138,690	1,138,690	1,157,298	18,608
Commissioner of the Revenue	120,149	120,149	122,520	2,371
Treasurer	108,777	108,777	104,615	(4,162)
Registrar/electoral board	41,250	41,250	43,128	1,878
Clerk of the Circuit Court	241,973	241,973	256,125	14,152
Total shared expenses	1,985,439	1,985,439	2,032,736	47,297
Other categorical aid:				
Bicycle/ pedestrian trail	-	642,882	65,739	(577,143)
DEQ litter recycling	-	1,308	-	(1,308)
DMV- mini grant	-	10,581	702	(9,879)
Fire program funds	47,000	60,800	60,800	-
Fire program training	-	1,949	-	(1,949)
Four for life	28,500	38,389	38,389	-
Litter control	-	9,020	9,020	-
OEMS Consolidated grants program	-	33,000	28,673	(4,327)
Port security grant	-	5,160	-	(5,160)
Purchase of agriculture development rights	210,836	816,955	-	(816,955)
SRO - Smithfield	26,775	26,775	16,263	(10,512)
Virginia Port Authority	-	44,000	-	(44,000)
Victim witness	-	47,345	47,258	(87)
Other	12,000	59,720	52,319	(7,401)
Total other categorical aid	325,111	1,797,884	319,164	(1,478,720)
Total categorical aid	2,310,550	3,783,323	2,351,900	(1,431,423)
Total revenues from the Commonwealth	7,452,640	8,915,928	7,533,276	(1,382,652)

Continued

County of Isle of Wight, Virginia

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

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue from the federal government				
Home Program	-	-	17,862	17,862
COPS Technology	-	4,904	3,090	(1,814)
DMV	-	20,600	12,634	(7,966)
V-STOP	-	23,096	18,511	(4,585)
Local Law Enforcement Block Grant	-	2,001	6,605	4,604
COPS/Schools	-	5,483	-	(5,483)
Care & Confinement of Prisoners	-	-	219	219
JAG	-	2,598	2,204	(394)
Total revenues from the federal government	-	58,682	61,125	2,443
Total General Fund revenues and other financing sources	55,030,553	56,561,723	68,236,726	11,675,003
General government administration				
Legislative:				
Board of Supervisors	270,680	279,080	300,357	(21,277)
General and financial administration:				
Budget and finance	459,350	660,429	539,890	120,539
Commissioner of the Revenue	557,469	556,869	551,301	5,568
Communications	86,764	86,764	94,199	(7,435)
County Administrator	495,643	498,643	486,106	12,537
County Attorney	444,489	559,489	641,392	(81,903)
Human resources	142,430	141,813	135,682	6,131
Information technology/GIS	677,987	718,794	612,603	106,191
Insurance	336,962	235,883	229,883	6,000
Real estate assessment	26,824	26,824	11,751	15,073
Treasurer	544,972	545,372	517,768	27,604
Total general and financial administration	3,772,890	4,030,880	3,820,576	210,304
Board of Elections:				
Registrar/electoral board and officials	203,336	203,336	171,829	31,507
Total Board of Elections	203,336	203,336	171,829	31,507
Total general government administration	4,246,906	4,513,296	4,292,761	220,535
Judicial administration:				
Courts:				
Circuit Court	34,445	33,645	18,101	15,544
General District Court	7,050	7,050	3,371	3,679
Fifth District Court services unit	155,560	155,560	73,349	82,211
Juvenile and Domestic Relations District Court	10,790	10,790	8,542	2,248
Clerk of the Circuit Court	406,496	407,296	386,477	20,819
Total courts	614,341	614,341	489,840	124,501
Commonwealth's Attorney	471,952	471,952	480,388	(8,436)
Total Commonwealth's Attorney	471,952	471,952	480,388	(8,436)
Total judicial administration	1,086,293	1,086,293	970,228	116,065

Continued

County of Isle of Wight, Virginia

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

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety:				
Law enforcement and traffic control:				
Sheriff	3,073,924	3,048,861	2,810,408	238,453
Sheriff auxiliary	3,000	2,000	1,898	102
Total law enforcement and traffic control	3,076,924	3,050,861	2,812,305	238,556
Fire and rescue services:				
Emergency services	881,272	881,272	898,564	(17,292)
Volunteer fire department	299,017	299,017	299,017	-
Ambulance and rescue service	317,932	336,920	305,853	31,067
Total fire and rescue services	1,498,221	1,517,209	1,503,434	13,775
Inspections - building	519,548	519,548	510,412	9,136
Total inspections - building	519,548	519,548	510,412	9,136
Other protection:				
Animal control	245,616	255,616	280,042	(24,426)
COPS technology grant	-	4,904	3,090	1,814
DMV selective enforcement	-	30,479	12,634	17,845
Emergency management (civil defense)	7,502	7,502	2,415	5,087
Fifth district community corrections program	8,579	8,579	8,579	-
Fire prevention	47,000	60,800	60,800	-
Fire program training mini-grant	-	1,949	2,320	(371)
Four for life	28,500	38,389	38,389	-
Byrne JAG	-	4,599	4,414	185
OEMS consolidated grants program	-	33,000	28,673	4,327
Port security grant	-	5,160	-	5,160
SRO - Smithfield Middle School	-	26,775	44,899	(18,124)
Western Tidewater Regional Jail	421,250	421,250	421,250	-
Other	-	5,500	3,026	2,474
Total other protection	758,447	904,502	910,531	(6,029)
Total public safety	5,853,140	5,992,120	5,736,682	255,438
General services:				
General administration	183,242	183,242	188,407	(5,165)
Engineering division	437,820	467,820	453,724	14,096
Total administration	621,062	651,062	642,131	8,931
General services:				
Maintenance of highways, streets, bridges and sidewalks:				
Roadway beautification	-	55,104	55,104	-
Roadway beautification	3,100	4,913	2,418	2,495
Total maintenance of highways, streets, bridges and sidewalks	3,100	60,017	57,522	2,495
Sanitation and waste removal:				
Refuse collection	760,137	839,137	851,852	(12,715)
Refuse disposal	3,176,000	2,937,000	2,736,016	200,984
Total sanitation and waste removal	3,936,137	3,776,137	3,587,868	188,269
Maintenance of general buildings and grounds:				
General properties	1,728,900	1,957,282	1,807,075	150,207
Transportation/maintenance	41,000	41,000	27,480	13,520
Litter control	-	9,020	9,020	-
DEQ oil tank clean up	20,000	24,601	24,600	1
Total maintenance of general buildings and grounds	1,789,900	2,031,903	1,868,175	163,728
Total general services	6,350,199	6,519,119	6,155,695	363,424

Continued

County of Isle of Wight, Virginia

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

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Health and welfare:				
Commission on Aging	1,700	1,700	1,700	-
Court Appointed Special Advocate	34,723	34,723	34,723	-
DMV Animal Plates	-	702	702	-
Early Childhood Council	31,250	31,250	31,250	-
Genieve Shelter	8,000	8,000	8,000	-
Independence Center of Tidewater	5,000	5,000	5,000	-
IOW Christian Outreach	3,000	3,000	3,000	-
Isle of Wight Triad	2,780	2,780	2,780	-
Isle of Wight Health Department	-	-	24,000	(24,000)
Obici/Luter Obesity Reduction Program	-	26,323	2,040	24,283
Senior Services of Southeastern Hampton Roads	30,000	30,000	30,000	-
STOP organization	7,051	7,051	7,051	-
Suffolk Homeless Shelter	8,000	8,000	8,000	-
Juvenile Accountability	49,785.00	49,785	48,772	1,013
Supplement to local health department	4,200	4,200	4,200	-
Western Tidewater Health District	440,665	440,665	440,665	-
Victim witness	15,540	62,885	59,697	3,188
V-STOP	6,763	43,524	25,589	17,935
Western Tidewater Community Service Board	160,272	160,272	160,272	-
Western Tidewater Free Clinic	5,000	5,000	5,000	-
Total health and welfare	813,729	924,860	902,441	22,419
Education:				
Local contribution	25,506,000	26,081,000	25,004,954	1,076,046
Total education	25,506,000	26,081,000	25,004,954	1,076,046
Parks, recreation and cultural:				
Parks and recreation	1,097,797	1,111,425	1,103,851	7,574
Skating rink	72,750	72,750	44,473	28,277
Virginia Port Authority	-	44,000	-	44,000
Bicycle/ pedestrian trail	-	642,882	82,820	560,062
Parks and recreation programs	187,292	187,926	146,575	41,351
COPS schools	-	5,483	-	5,483
Total parks and recreation	1,357,839	2,064,466	1,377,719	686,747
Historic Resources Division	219,759	221,622	216,171	5,451
Cultural Arts Organizations	5,000	10,000	10,000	-
Total cultural enrichment	224,759	231,622	226,171	5,451
Library:				
Community College	6,175	6,175	6,175	-
Library administration	584,661	584,661	584,661	-
Total library	590,836	590,836	590,836	-
Total parks, recreation and cultural	2,173,434	2,886,924	2,194,726	692,198
Community development:				
Planning:				
Planning	842,210	792,862	778,817	14,045
Economic development	357,680	410,573	409,700	873
Tourism	366,895	368,802	365,476	3,326
Chamber of Commerce	16,000	16,000	16,000	-
Purchase of agriculture development rights	210,836	816,955	223,147	593,808
Other	32,620	43,638	78,139	(34,501)
Total planning	1,826,241	2,448,830	1,871,279	577,551

Continued

County of Isle of Wight, Virginia

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

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Environmental management:	-	1,875	630	1,245
Total environmental management	-	1,875	630	1,245
Cooperative extension program	57,630	57,630	21,529	36,101
Total cooperative extension program	57,630	57,630	21,529	36,101
Total community development	1,883,871	2,508,335	1,893,439	614,896
Nondepartmental:				
Annexation settlement payment	1,120,096	1,309,232	1,309,232	-
Other	176,991	176,991	120,310	56,681
Total nondepartmental	1,297,087	1,486,223	1,429,542	56,681
Debt service:				
Principal retirement	562,500	562,500	380,000	182,500
Interest and other charges	2,085,138	2,085,138	2,312,636	(227,498)
Bond issuance costs	-	-	126,960	(126,960)
Total debt service	2,647,638	2,647,638	2,819,596	(171,958)
Other financing uses:				
Transfers to Capital Projects Fund	264,000	1,168,607	-	1,168,607
Transfers to Special Revenue Funds	1,848,640	2,057,098	1,789,120	267,978
Transfers to Public Utilities Fund	1,059,616	1,226,188	-	1,226,188
Payments to refunded debt escrow agent	-	-	14,137,039	(14,137,039)
Transfers to reserves	-	758,000	-	758,000
Total other financing uses	3,172,256	5,209,893	15,926,159	(10,716,266)
Total General Fund expenditures and other financing uses	\$ 55,030,553	\$ 59,855,701	\$ 67,326,224	\$ (7,470,523)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(3,293,978)	910,501	4,204,480
Fund balance- beginning of year	15,777,051	10,608,742	19,564,500	8,955,758
Fund balance- end of year	\$ 15,777,051	\$ 7,314,764	\$ 20,475,001	\$ 13,160,238

See accompanying independent auditors' report

County of Isle of Wight, Virginia

Notes to Required Supplementary Information

June 30, 2011

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 includes 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, 2011 for all County units.
8. The Primary Government and the School Board (a component unit) have assigned fund balances for board designations, including encumbrances, and contractual obligations.

County of Isle of Wight, Virginia

***Required Supplementary Information
Schedule of Funding Progress for Defined Benefit Pension Plans - VRS***

Year Ended June 30, 2011

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						
6/30/2010	\$ 25,157,264	\$ 31,562,332	\$ 6,405,068	79.71%	\$ 10,302,172	62.17%
6/30/2009	\$ 24,577,750	\$ 28,171,694	\$ 3,596,944	87.24%	\$ 10,337,966	34.77%
6/30/2008	\$ 23,701,941	\$ 25,763,980	\$ 2,062,039	92.00%	\$ 10,022,091	20.57%
School Board - Nonprofessional Employees						
6/30/2010	\$ 4,289,940	\$ 4,875,717	\$ 585,777	87.99%	\$ 2,055,678	28.50%
6/30/2009	\$ 4,398,059	\$ 5,239,526	\$ 841,467	83.94%	\$ 3,154,799	26.67%
6/30/2008	\$ 4,082,487	\$ 4,844,914	\$ 762,427	84.26%	\$ 3,142,899	24.26%

See accompanying independent auditors' report

(continued)

County of Isle of Wight, Virginia

**Required Supplementary Information
Schedule of Funding Progress for Other Post Employment Benefit Plans - OPEB**

Year Ended June 30, 2011									
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									
7/1/2010	\$ -	\$ 1,318,675	\$ 1,318,675	0.00%	\$ 10,302,172	12.80%			
7/1/2009	\$ -	\$ 881,822	\$ 881,822	0.00%	\$ 10,647,820	8.28%			
7/1/2008	\$ -	\$ 881,822	\$ 881,822	0.00%	\$ 10,647,820	8.28%			
School Board									
7/1/2010	\$ -	\$ 6,947,423	\$ 6,947,423	0.00%	\$ 33,090,320	21.00%			
7/1/2009	\$ -	\$ 6,503,857	\$ 6,503,857	0.00%	\$ 32,689,896	19.90%			
7/1/2008	\$ -	\$ 6,503,857	\$ 6,503,857	0.00%	\$ 32,689,896	19.90%			

See accompanying independent auditors' report

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Other Supplementary Information

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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, 2011

	Capital Projects			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenue from use of property	\$ -	\$ -	\$ 34,724	\$ 34,724
Miscellaneous	-	-	101,853	101,853
Intergovernmental:				
Federal	-	-	102,935	102,935
Total revenues	-	-	239,512	239,512
Expenditures				
Capital outlay	40,000	18,670,618	12,947,475	5,723,143
Bond issuance costs	-	-	162,492	162,492
Total expenditures	40,000	18,670,618	13,109,967	5,885,635
Deficiency of revenues under expenditures	(40,000)	(18,670,618)	(12,870,455)	(5,850,911)
Other financing sources (uses)				
Operating transfers in	6,454,520	41,332,557	-	(41,332,557)
Operating transfers out	(500,000)	(500,000)	-	500,000
Bond proceeds	-	-	29,368,088	29,368,088
Total other financing sources (uses), net	5,954,520	40,832,557	29,368,088	(11,464,469)
Net change in fund balance	5,914,520	22,161,939	16,497,633	(17,315,380)
Fund balances - beginning of year	22,703,987	22,703,987	22,703,987	-
Fund balances - end of year	\$ 28,618,507	\$ 44,865,926	\$ 39,201,620	\$ (5,664,306)

See accompanying independent auditors' report

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County of Isle of Wight, Virginia

June 30, 2011

Nonmajor Governmental Funds

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 *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.
- 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.
- 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 *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.
- The *Community Development Block Grant Fund* accounts for revenues and expenditures related to management of the Federal rehabilitation loan program for individuals.

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County of Isle of Wight, Virginia
Combining Balance Sheets -
Nonmajor Governmental Funds

June 30, 2011

	DSS	Comprehensive Services		E-911 Fund	Community Development		Section 8	Asset Forfeiture		County Fair Fund	Museum Fund	Totals
		Fund	Fund		Block Grant	Fund		Fund				
Assets												
Cash and investments	\$ 299	\$ -	\$ 54,356	\$ 113,598	\$ -	\$ 21,795	\$ 31,196	\$ 51,226	\$ 272,470			
Restricted cash	-	-	-	91,017	-	-	-	-	91,017			
Accounts receivable, net	-	-	-	-	51	-	1,000	-	1,051			
Due from other governments	121,417	110,689	52,328	-	9,080	-	-	-	293,514			
Due from other funds	2,631	-	-	-	-	-	-	-	2,631			
Notes receivable, net	-	-	-	83,487	-	-	-	-	83,487			
Inventory	-	-	-	-	-	-	-	40,430	40,430			
Total assets	\$ 124,347	\$ 110,689	\$ 106,684	\$ 288,102	\$ 9,131	\$ 21,795	\$ 32,196	\$ 91,656	\$ 784,600			
Liabilities and Fund Balances												
Accounts payable	\$ 54,718	\$ 48,061	\$ 99,968	\$ 515	\$ 421	\$ -	\$ 1,286	\$ 572	\$ 205,541			
Accrued expenses	-	-	6,716	-	-	-	-	-	6,716			
Due to other funds	69,629	62,628	-	-	8,710	-	-	-	140,967			
Deferred revenues	-	-	-	-	-	-	7,765	-	7,765			
Total liabilities	124,347	110,689	106,684	515	9,131	-	9,051	572	360,989			
Fund balances												
Nonspendable - inventory	-	-	-	-	-	-	-	40,430	40,430			
Restricted	-	-	-	287,587	-	21,795	-	-	309,382			
Assigned	-	-	-	-	-	-	23,145	50,654	73,799			
Total fund balances	-	-	-	287,587	-	21,795	23,145	91,084	423,611			
Total liabilities and fund balances	\$ 124,347	\$ 110,689	\$ 106,684	\$ 288,102	\$ 9,131	\$ 21,795	\$ 32,196	\$ 91,656	\$ 784,600			

See accompanying independent auditors' report

County of Isle of Wight, Virginia

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

Year Ended June 30, 2011		Comprehensive Services Fund		E-911 Fund	Community Development Block Grant	Section 8	Asset Forfeitures Fund	County Fair Fund	Museum Fund	Totals
Revenues										
DSS	\$ -	\$ -	\$ 73,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,687
Other local taxes	-	-	-	-	-	-	-	219,401	18,202	237,603
Charges for services	-	-	-	13,157	-	-	-	45,434	2,912	61,503
Miscellaneous	-	-	-	19,937	-	-	-	-	-	19,937
Recovered costs	-	-	-	-	-	-	-	-	-	-
Intergovernmental:										
Commonwealth	761,314	368,092	234,101	-	-	-	-	-	-	1,363,507
Federal	1,564,165	-	-	27,195	126,781	-	-	-	-	1,718,141
Total revenues	2,325,479	368,092	327,725	40,352	126,781	-	264,835	21,114	3,474,378	
Expenditures										
Public safety	-	-	1,033,537	-	-	-	275	-	-	1,033,812
Health and welfare	3,113,704	610,136	-	-	159,552	-	-	-	-	3,883,392
Parks, recreation and cultural	-	-	-	-	-	-	-	241,690	7,090	248,780
Community development	-	-	-	3,807	-	-	-	-	-	3,807
Total expenditures	3,113,704	610,136	1,033,537	3,807	159,552	275	241,690	7,090	5,169,791	
Excess (deficiency) of revenues over (under) expenditures	(788,225)	(242,044)	(705,812)	36,545	(32,771)	(275)	23,145	14,024	(1,695,413)	
Other financing sources										
Operating transfers in	921,999	242,044	472,756	-	32,771	-	-	119,550	-	1,789,120
Total other financing sources	921,999	242,044	472,756	-	32,771	-	119,550	-	1,789,120	
Net change in fund balance	133,774	-	(233,056)	36,545	-	(275)	142,695	14,024	93,707	
Fund balances (accumulated deficit) - beginning of year	(133,774)	-	233,056	251,042	-	22,070	(119,550)	77,060	329,904	
Fund balances - end of year	\$ -	\$ -	\$ -	\$ 287,587	\$ -	\$ 21,795	\$ 23,145	\$ 91,084	\$ 423,611	

See accompanying independent auditors' report

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, 2011

	DSS				Comprehensive Services Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Revenue from use of property	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	1,461,724	1,461,724	761,314	(700,410)	444,769	444,769	368,092	(76,677)
Federal	1,985,562	1,985,562	1,564,165	(421,397)	-	-	-	-
Total revenues	3,447,286	3,447,286	2,325,479	(1,121,807)	444,769	444,769	368,092	(76,677)
Expenditures								
Public safety	-	-	-	-	-	-	-	-
Health and welfare	4,222,112	4,222,112	3,113,704	1,108,408	746,613	835,521	610,136	225,385
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	4,222,112	4,222,112	3,113,704	1,108,408	746,613	835,521	610,136	225,385
Excess (deficiency) of revenues over (under) expenditures	(774,826)	(774,826)	(788,225)	(13,399)	(301,844)	(390,752)	(242,044)	148,708
Other financing sources								
Operating transfers in	774,826	774,826	921,999	147,173	301,844	390,752	242,044	(148,708)
Total other financing sources	774,826	774,826	921,999	147,173	301,844	390,752	242,044	(148,708)
Net change in fund balance	-	-	133,774	133,774	-	-	-	-
Fund balances (accumulated deficit) - beginning of year	-	-	(133,774)	(133,774)	-	-	-	-
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, 2011

	Section 8				Asset Forfeitures Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Revenue from use of property	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	101,421	104,421	126,781	22,360	-	5,187	-	(5,187)
Federal	101,421	104,421	126,781	22,360	-	5,187	-	(5,187)
Total revenues								
Expenditures								
Public safety	-	-	-	-	-	-	275	(275)
Health and welfare	159,156	162,156	159,552	2,604	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	159,156	162,156	159,552	2,604	-	-	275	(275)
Excess (deficiency) of revenues over (under) expenditures	(57,735)	(57,735)	(32,771)	24,964	-	5,187	(275)	(5,462)
Other financing sources								
Operating transfers in	57,735	57,735	32,771	(24,964)	-	-	-	-
Total other financing sources	57,735	57,735	32,771	(24,964)	-	-	-	-
Net change in fund balance	-	-	-	-	-	5,187	(275)	(5,462)
Fund balances - beginning of year	-	-	-	-	-	-	22,070	22,070
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,187	\$ 21,795	\$ 16,608

Continued

County of Isle of Wight, Virginia

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

	E911 Fund				Community Development Block Grant			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	
Revenues								
Other local taxes	\$ -	\$ -	\$ 73,687	\$ 73,687	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	13,157	13,157
Recovered costs	81,137	81,137	19,937	(61,200)	-	-	-	-
Intergovernmental:								
Commonwealth	84,000	84,000	234,101	150,101	-	-	-	-
Federal	-	-	-	-	-	-	27,195	27,195
Total revenues	165,137	165,137	327,725	162,588	-	-	40,352	40,352
Expenditures								
Public safety	869,872	898,858	1,033,537	(134,679)	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	3,807	(3,807)
Total expenditures	869,872	898,858	1,033,537	(134,679)	-	-	3,807	(3,807)
Excess (deficiency) of revenues over (under) expenditures	(704,735)	(733,721)	(705,812)	27,909	-	-	36,545	36,545
Other financing sources								
Operating transfers in	704,735	704,735	472,756	(231,979)	-	-	-	-
Total other financing sources	704,735	704,735	472,756	(231,979)	-	-	-	-
Net change in fund balance	-	(28,986)	(233,056)	(204,070)	-	-	36,545	36,545
Fund balances (accumulated deficit) - beginning of year	233,056	233,056	233,056	-	251,042	251,042	251,042	-
Fund balances (accumulated deficit) - end of year	\$ 233,056	\$ 204,070	\$ -	\$ (204,070)	\$ 251,042	\$ 251,042	\$ 287,587	\$ 36,545

Continued

County of Isle of Wight, Virginia

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

	County Fair Fund				Museum Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	178,150	178,150	219,401	41,251	8,350	18,202	18,202	-
Miscellaneous	30,000	30,000	45,434	15,434	1,650	1,650	2,912	1,262
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	208,150	208,150	264,835	56,685	10,000	19,852	21,114	1,262
Expenditures								
Public safety	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation and cultural	215,730	383,276	241,690	141,586	-	-	7,090	(7,090)
Community development	-	-	-	-	-	-	-	-
Total expenditures	215,730	383,276	241,690	141,586	-	-	7,090	(7,090)
Excess (deficiency) of revenues over (under) expenditures	(7,580)	(175,126)	23,145	198,271	10,000	19,852	14,024	(5,828)
Other financing sources								
Operating transfers in	7,580	175,126	119,550	(55,576)	-	7,950	-	(7,950)
Total other financing sources	7,580	175,126	119,550	(55,576)	-	7,950	-	(7,950)
Net change in fund balance	-	-	142,695	142,695	10,000.00	27,802	14,024	(13,778)
Fund balances (accumulated deficit) - beginning of year	(119,550)	(119,550)	(119,550)	-	77,060	77,060	77,060	-
Fund balances (accumulated deficit) - end of year	\$ (119,550)	\$ (119,550)	\$ 23,145	\$ 142,695	\$ 87,060	\$ 104,862	\$ 91,084	\$ (13,778)

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, 2011

	Totals			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Other local taxes	\$ -	\$ -	\$ 73,687	\$ 73,687
Charges for services	186,500	196,352	237,603	41,251
Miscellaneous	31,650	31,650	61,503	29,853
Recovered costs	81,137	81,137	19,937	(61,200)
Intergovernmental:				
Commonwealth	1,990,493	1,995,680	1,363,507	(632,173)
Federal	2,086,983	2,089,983	1,718,141	(371,842)
Total revenues	<u>4,376,763</u>	<u>4,394,802</u>	<u>3,474,378</u>	<u>(920,424)</u>
Expenditures				
Public safety	869,872	898,858	1,033,812	(134,954)
Health and welfare	5,127,881	5,219,789	3,883,392	1,336,397
Parks, recreation and cultural	215,730	383,276	248,780	134,496
Community development	-	-	3,807	(3,807)
Total expenditures	<u>6,213,483</u>	<u>6,501,923</u>	<u>5,169,791</u>	<u>1,332,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,836,720)</u>	<u>(2,107,121)</u>	<u>(1,695,413)</u>	<u>411,708</u>
Other financing sources				
Operating transfers in	1,846,720	2,111,124	1,789,120	(322,004)
Total other financing sources	<u>1,846,720</u>	<u>2,111,124</u>	<u>1,789,120</u>	<u>(322,004)</u>
Net change in fund balance	10,000	4,003	93,707	89,704
Fund balances - beginning of year	531,861	531,861	329,904	(201,957)
Fund balances - end of year	<u>\$ 541,861</u>	<u>\$ 535,864</u>	<u>\$ 423,611</u>	<u>\$ (112,253)</u>

See accompanying independent auditors' report

County of Isle of Wight, Virginia

Combining Balance Sheets - Governmental Funds - Component Unit - School Board

June 30, 2011

	Governmental Funds		
	School Operating Fund	School Cafeteria Fund	Totals
Assets			
Cash and investments	\$ 2,205,285	\$ 505,209	\$ 2,710,494
Accounts receivable - net of allowances for uncollectibles	60,927	10,723	71,650
Inventory	-	43,591	43,591
Due from Primary Government	1,612,994	-	1,612,994
Due from other funds	-	17,082	17,082
Due from other governmental units	1,307,551	-	1,307,551
Total assets	\$ 5,186,757	\$ 576,605	\$ 5,763,362
Liabilities			
Accounts payable	\$ 597,878	\$ 20,868	\$ 618,746
Accrued liabilities	4,571,797	-	4,571,797
Due to other funds	17,082	-	17,082
Total liabilities	5,186,757	20,868	5,207,625
Fund Balance			
Fund balances:			
Nonspendable: Inventory	-	43,591	43,591
Assigned to: Food Service	-	512,146	512,146
Total fund balances	-	555,737	555,737
Total liabilities and fund balance	\$ 5,186,757	\$ 576,605	\$ 5,763,362

See accompanying independent auditors' report

*County of Isle of Wight, Virginia****Reconciliation of Balance Sheets - Component Unit - School Board
to the Statement of Net Assets*****June 30, 2011****Reconciliation of Balance Sheets - Component Unit - School Board
to the Statement of Net Assets**

Total fund balances - School Board - governmental funds	\$ 555,737
Amounts reported for government activities in the Statement of Net Assets 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.	1,625,896
Non depreciable capital assets	
Depreciable capital assets	58,009,471
Accumulated depreciation	<u>(31,193,187)</u>
Depreciable assets, net	<u>28,442,180</u>
Long-term obligations are not due and payable in the current period and are not reported in in funds	
Compensated absences	(541,255)
Net OPEB obligation	(1,923,763)
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 Assets.	<u>1,594,222</u>
Total net assets - School Board - governmental activities	<u>\$ 28,127,121</u>

See accompanying independent auditors' report

*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, 2011**

	Governmental Funds		
	School Operating Fund	School Cafeteria Fund	Total
Revenues			
Revenues from use of money and property	\$ 69,950	\$ 1,142	\$ 71,092
Charges for services	137,647	923,554	1,061,201
Miscellaneous	427,799	-	427,799
Recovered costs	52,444	-	52,444
Payment from the Primary Government	25,004,955	-	25,004,955
Intergovernmental:			
Commonwealth	25,152,750	29,440	25,182,190
Federal	5,083,455	998,601	6,082,056
Total revenues	55,929,000	1,952,737	57,881,737
Expenditures			
Current:			
Administration	2,089,763	-	2,089,763
Instructional services	40,221,138	-	40,221,138
Operations and maintenance	4,673,312	-	4,673,312
Pupil transportation	3,162,726	-	3,162,726
School food services	-	2,011,305	2,011,305
Technology	1,594,735	-	1,594,735
Capital outlay	230,632	-	230,632
Debt service:			
Principal	2,919,775	-	2,919,775
Interest	1,433,126	-	1,433,126
Total expenditures	56,325,207	2,011,305	58,336,512
Deficiency of revenues under expenditures	(396,207)	(58,568)	(454,775)
Fund equity - beginning of year	396,207	614,305	1,010,512
Fund equity - end of year	\$ -	\$ 555,737	\$ 555,737

See accompanying independent auditors' report

*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, 2011

Net change in fund balances - School Board - governmental funds \$ (454,775)

Amounts reported for governmental activities in the statement of net assets 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	2,669,775
Capital outlay	1,316,691
Depreciation expense	(3,571,610)

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.

Increase in compensated absences	(604,369)
Decrease in net OPEB obligation	24,318

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>301,945</u>
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Change in net assets of School Board - governmental activities	\$ (318,030)
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See accompanying independent auditors' report

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, 2011	School Operating Fund			School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
Revenues							
Revenues from use of money and property	\$ 90,000	\$ 90,000	\$ 69,950	\$ 2,400	\$ 2,400	\$ 1,142	\$ (1,258)
Charges for services	119,800	119,800	137,647	652,315	652,318	923,554	271,236
Miscellaneous	225,000	221,524	427,799	408,495	497,528	-	(497,528)
Recovered costs	153,865	153,865	52,444	-	-	-	-
Revenue from the Primary Government	25,506,000	25,731,000	25,004,955	-	-	-	-
Intergovernmental:							
Commonwealth	25,052,579	25,052,579	25,152,750	27,387	27,387	29,440	2,053
Federal	5,593,346	7,538,315	5,083,455	926,342	926,342	998,601	72,259
Total revenues	56,740,590	58,907,083	55,929,000	2,016,939	2,105,975	1,952,737	(153,238)
Expenditures							
Current							
Administration, attendance and health	\$ 2,119,109	\$ 2,279,124	2,089,763	-	-	-	-
Instructional services	40,766,594	42,409,622	40,221,138	-	-	-	-
Operations and maintenance	4,757,197	5,158,864	4,673,312	-	-	-	-
School food services	-	-	-	2,016,939	2,105,975	2,011,305	94,670
Pupil transportation	2,974,418	3,199,746	3,162,726	-	-	-	-
Technology	1,643,538	1,629,396	1,594,735	-	-	-	-
Capital projects	-	230,632	230,632	-	-	-	-
Debt service	4,479,734	4,379,734	4,352,901	-	-	-	-
Total expenditures	56,740,590	59,287,118	56,325,207	2,016,939	2,105,975	2,011,305	94,670
Net change in fund balance	-	(380,035)	(396,207)	-	-	(58,568)	(58,568)
Fund balances (accumulated deficit) - beginning of year	396,207	396,207	396,206	614,305	614,305	614,305	-
Fund balances - end of year	\$ 396,207	\$ 16,172	\$ (1)	\$ 614,305	\$ 614,305	\$ 555,737	\$ (58,568)

See accompanying independent auditors' report

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, 2011

	Totals			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenues from use of money and property	\$ 92,400	\$ 92,400	\$ 71,092	\$ (21,308)
Charges for services	772,115	772,118	1,061,201	289,083
Miscellaneous	633,495	719,052	427,799	(291,253)
Recovered costs	153,865	153,865	52,444	(101,421)
Revenue from the Primary Government	25,506,000	25,731,000	25,004,955	(726,045)
Intergovernmental:				
Commonwealth	25,079,966	25,079,966	25,182,190	102,224
Federal	6,519,688	8,464,657	6,082,056	(2,382,601)
Total revenues	58,757,529	61,013,058	57,881,737	(3,131,321)
Expenditures				
Current				
Administration, attendance and health	2,119,109	2,279,124	2,089,763	189,361
Instructional services	40,766,594	42,409,622	40,221,138	2,188,484
Operations and maintenance	4,757,197	5,158,864	4,673,312	485,552
School food services	2,016,939	2,105,975	2,011,305	94,670
Pupil transportation	2,974,418	3,199,746	3,162,726	37,020
Technology	1,643,538	1,629,396	1,594,735	34,661
Capital projects	-	230,632	230,632	-
Debt service	4,479,734	4,379,734	4,352,901	26,833
Total expenditures	58,757,529	61,393,093	58,336,512	3,056,581
Net change in fund balance	-	(380,035)	(454,775)	(74,740)
Fund balances - beginning of year	1,010,512	1,010,512	1,010,512	-
Fund balances - end of year	\$ 1,010,512	\$ 630,477	\$ 555,737	\$ (74,740)

See accompanying independent auditors' report

*County of Isle of Wight, Virginia**Statement of Net Assets - Proprietary Fund - Component Unit - School Board***June 30, 2011**

	Assets	<u>School Health Benefits Fund</u>
Current assets		
Cash and cash equivalents - restricted		<u>\$ 2,455,804</u>
	Liabilities	
Current liabilities		
Accounts payable		529,362
Unearned revenues		<u>332,220</u>
	Total current liabilities	<u>861,582</u>
	Net Assets	
Net assets - unrestricted		<u>\$ 1,594,222</u>

See accompanying independent auditors' report

*County of Isle of Wight, Virginia**Statement of Revenues, Expenses, and Changes in Net Assets -
Proprietary Fund - Component Unit - School Board***Year Ended June 30, 2011**

	<u>School Health Benefits Fund</u>
Operating revenues	
Recovered costs	<u>\$ 4,945,271</u>
Operating expenses	
Healthcare benefits	<u>4,646,216</u>
Operating income	299,055
Nonoperating revenue	
Revenue from use of money and property	<u>2,890</u>
Net income	301,945
Net assets - beginning of year	<u>1,292,277</u>
Net assets - end of year	<u>\$ 1,594,222</u>

See accompanying independent auditors' report

*County of Isle of Wight, Virginia****Statement of Cash Flows - Proprietary Fund - Component Unit - School Board*****Year Ended June 30, 2011**

	<u>School Health Benefits Fund</u>
Cash flows from operating activities	
Received from customers and users	\$ 5,211,732
Payments to suppliers for goods and services	<u>(4,970,608)</u>
Net cash provided by operating activities	<u>241,124</u>
Cash flows from investing activities	
Interest income	<u>2,890</u>
Change in cash and cash equivalents	244,014
Cash and cash equivalents - beginning of year	<u>2,211,790</u>
Cash and cash equivalents - end of year	<u>\$ 2,455,804</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 299,055
Adjustments to reconcile operating income to net cash provided by operating activities	
Change in:	
Accounts payable and accrued liabilities	(324,392)
Deferred revenues	<u>266,461</u>
Net cash provided by operating activities	<u>\$ 241,124</u>

See accompanying independent auditors' report

County of Isle of Wight, Virginia

Combining Statements of Assets and Liabilities - Fiduciary Funds

Year Ended June 30, 2011

	Special Welfare Funds	Student Activity Funds	Totals Agency Funds
Assets			
Cash and cash equivalents	\$ 36,586	\$ 346,285	\$ 382,871
Liabilities			
Amounts held for social services clients	\$ 36,586	\$ -	\$ 36,586
Amounts held for others	-	346,285	346,285
Total liabilities	\$ 36,586	\$ 346,285	\$ 382,871

See accompanying independent auditors' report

*County of Isle of Wight, Virginia**Combining Statements of Changes in Assets and Liabilities - Fiduciary Funds***Year Ended June 30, 2011**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare				
Assets				
Cash and cash equivalents	\$ 41,343	\$ 204,167	\$ 208,924	\$ 36,586
Liabilities				
Amounts held for social services clients	\$ 41,343	\$ 204,167	\$ 208,924	\$ 36,586
Student Activities				
Assets				
Cash and cash equivalents	\$ 332,245	\$ 1,834,836	\$ 1,820,796	\$ 346,285
Liabilities				
Amounts held for others	\$ 332,245	\$ 1,834,836	\$ 1,820,796	\$ 346,285

See accompanying independent auditors' report

*County of Isle of Wight, Virginia**Statements of Net Assets - Component Unit - Industrial Development Authority***June 30, 2011**

Assets	
Current assets	
Cash and cash equivalents	\$ 1,048,102
Receivables	317,340
Total current assets	<u>1,365,442</u>
Noncurrent assets	
Deposits	50,000
Capital lease receivable	196,258
Capital assets:	
Nondepreciable	11,010,591
Depreciable	52,250
Total noncurrent assets	<u>11,309,099</u>
Total assets	<u>12,674,541</u>
Liabilities	
Current liabilities	
Accounts payable	23,297
Escrow payable	1,000
Note payable - current portion	26,897
Total current liabilities	<u>51,194</u>
Noncurrent liabilities	
Note payable - less current portion	148,900
Total liabilities	<u>200,094</u>
Net Assets	
Invested in capital assets, net of related debt	11,062,841
Unrestricted	1,411,606
Total net assets	<u>\$ 12,474,447</u>

See accompanying independent auditors' report

*County of Isle of Wight, Virginia**Statements of Revenues, Expenses, and Changes in Fund Net Assets -
Component Unit - Industrial Development Authority***Year Ended June 30, 2011**

Operating revenues	
Charges for services	\$ 136,277
Operating expenses	
Operations	14,692
Compensation	5,325
Depreciation	1,100
Total operating expenses	<u>21,117</u>
Operating income	<u>115,160</u>
Nonoperating revenues (expenses)	
Property rental	7,040
Interest revenue	13,955
Interest and fiscal charges	(12,606)
Total nonoperating revenues, net	<u>8,389</u>
Change in net assets	123,549
Net assets - beginning of year	<u>12,350,898</u>
Net assets - end of year	<u>\$ 12,474,447</u>

See accompanying independent auditors' report

*County of Isle of Wight, Virginia**Statements of Cash Flows - Component Unit - Industrial Development Authority***Year Ended June 30, 2011**

Cash flows from operating activities	
Received from customers and users	\$ 120,462
Payments to suppliers for goods and services	(20,017)
Net cash provided by operating activities	<u>100,445</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(382,768)
Deposits	(50,000)
Principal payments on notes payable	(25,171)
Interest paid on notes and bonds payable	(12,606)
Net cash used in capital and related financing activities	<u>(470,545)</u>
Cash flows from investing activities	
Interest income	13,955
Principal collections on capital lease receivable	27,230
Rental of property	7,040
Net cash provided by investing activities	<u>48,225</u>
Change in cash and cash equivalents	(321,875)
Cash and cash equivalents - beginning of year	<u>1,369,977</u>
Cash and cash equivalents - end of year	<u>\$ 1,048,102</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 115,160
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,100
Change in:	
Receivables	(15,815)
Net cash provided by operating activities	<u>\$ 100,445</u>

See accompanying independent auditors' report

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Statistical Section

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County of Isle of Wight, Virginia

Statistical Section Overview

Year Ended June 30, 2011

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. The County implemented GASB 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

County of Isle of Wight, Virginia
Net Assets by Component

Last Eight Fiscal Years	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities								
Invested in capital assets - net of related debt	\$ 15,381,413	\$ (5,119,903)	\$ 7,629,388	\$ 9,382,768	\$ 12,936,538	\$ 10,905,026	\$ 11,362,753	\$ 5,461,013
Restricted	349,812	22,703,988	27,436,029	14,816,245	11,393,907	6,685,306	13,409,255	31,068,805
Unrestricted	18,615,968	17,675,588	4,259,513	19,329,621	22,294,446	24,355,641	12,294,399	(6,722,608)
Total governmental activities net assets	\$ 34,347,193	\$ 35,259,673	\$ 39,324,930	\$ 43,528,634	\$ 46,624,891	\$ 41,945,973	\$ 37,066,407	\$ 29,807,210
Business-type activities								
Invested in capital assets - net of related debt	\$ (1,661,794)	\$ 88,152	\$ 864,915	\$ 6,425,436	\$ 4,030,507	\$ 3,321,270	\$ 3,447,385	\$ 4,867,521
Restricted	-	631,542	1,619,337	918,159	859,724	911,938	1,093,386	372,373
Unrestricted	(1,332,945)	-	-	-	380,734	3,152,360	1,615,721	999,282
Total business-type activities net assets	\$ (2,994,739)	\$ 719,694	\$ 2,484,252	\$ 7,343,595	\$ 5,270,965	\$ 7,385,568	\$ 6,156,492	\$ 6,239,176
Primary government								
Invested in capital assets - net of related debt	\$ 13,719,619	\$ (5,031,751)	\$ 8,494,303	\$ 15,808,204	\$ 16,967,045	\$ 14,226,296	\$ 14,810,138	\$ 10,328,534
Restricted	349,812	23,335,530	29,055,366	15,734,404	12,253,631	7,597,244	14,502,641	31,441,178
Unrestricted	17,283,023	17,675,588	4,259,513	19,329,621	22,675,180	27,508,001	13,910,120	(5,723,326)
Total primary government net assets	\$ 31,352,454	\$ 35,979,367	\$ 41,809,182	\$ 50,872,229	\$ 51,895,856	\$ 49,331,541	\$ 43,222,899	\$ 36,046,386

County of Isle of Wight, Virginia
Change in Net Assets

	2011	2010	2009	2008	2007	2006	2005	2004
Last Eight Fiscal Years								
Expenses								
Governmental activities								
General government	\$ 5,585,577	\$ 4,721,064	\$ 3,410,733	\$ 6,182,728	\$ 4,794,578	\$ 5,800,635	\$ 4,897,964	\$ 5,339,611
Judicial administration	970,228	1,017,192	1,034,595	857,697	878,317	866,371	794,478	705,828
Public safety	7,454,652	8,228,634	8,966,721	6,053,668	6,166,925	5,632,965	5,135,185	4,619,949
General services	6,604,193	6,479,386	6,810,610	5,145,769	4,400,738	3,903,265	3,711,511	7,534,024
Health and welfare	4,884,843	5,062,126	5,143,058	5,025,666	4,894,622	4,340,638	3,824,681	3,456,212
Education	25,419,456	25,724,901	24,360,654	26,964,798	21,036,346	19,336,608	18,249,151	19,294,869
Parks, recreation and cultural	2,797,390	2,724,759	3,526,076	1,279,128	1,856,803	1,494,482	1,339,854	1,363,077
Community development	1,931,593	2,898,788	3,902,800	2,332,420	3,083,356	1,548,527	1,210,072	2,106,361
Nondepartmental	1,429,542	1,351,357	-	-	-	-	-	-
Interest on long-term debt	2,080,083	2,619,271	2,292,872	2,186,412	2,144,123	2,243,574	2,170,135	-
Total governmental activities expenses	59,157,557	60,827,478	59,448,119	56,028,286	49,255,808	45,167,065	41,333,031	44,419,931
Business-type activities	7,974,415	6,986,865	6,273,275	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441
Public utilities	7,974,415	6,986,865	6,273,275	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441
Total business-type activities expenses	7,974,415	6,986,865	6,273,275	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441
Total primary government expenses	\$ 67,131,972	\$ 67,814,343	\$ 65,721,394	\$ 61,609,571	\$ 54,393,794	\$ 48,414,125	\$ 44,829,902	\$ 47,564,372
Program revenue								
Governmental activities								
Charges for services:								
General government	\$ 198,737	\$ 25,863	\$ 11,162	\$ 1,693	\$ 242,086	\$ 66,864	\$ 342,958	\$ 652,345
Judicial administration	149,251	147,275	91,288	201,653	148,848	180,914	151,949	141,529
Public safety	625,612	637,668	833,366	721,630	704,337	520,015	563	501
General services	-	4,744	4,080	2,520	3,480	4,320	4,620	3,999
Health and welfare	35,446	-	-	-	75,030	77,925	-	-
Parks, recreation and cultural	436,303	394,328	357,218	263,158	260,831	258,788	404,313	314,248
Community development	672,840	387,414	281,552	76,791	140,302	2,314	1,543	744
Operating grants and contributions	10,676,049	5,655,377	6,617,823	7,292,110	5,581,783	3,199,313	7,716,360	10,018,189
Capital grants and contributions	102,935	1,618,901	161,236	183,662	-	-	-	-
Total governmental activities program revenues	12,897,173	8,871,570	8,357,725	8,743,217	7,156,697	4,310,453	8,622,306	11,131,555

County of Isle of Wight, Virginia
Change in Net Assets

	2011	2010	2009	2008	2007	2006	2005	2004
Last Eight Fiscal Years								
Business-type activities								
Charges for services	2,902,184	2,708,017	2,014,246	1,750,406	1,755,893	1,661,105	1,461,352	1,332,726
Operating grants and contributions	-	-	-	-	96,200	-	-	-
Capital grants and contributions	360,504	585,994	609,989	642,005	-	-	-	-
Total business-type activities program revenues	3,262,688	3,294,011	2,624,235	2,392,411	1,852,093	1,661,105	1,461,352	1,332,726
Total primary government program revenues	\$ 16,159,861	\$ 12,165,581	\$ 10,981,960	\$ 11,135,628	\$ 9,008,790	\$ 5,971,558	\$ 10,083,658	\$ 12,464,281
Net expense - governmental activities	\$ 46,260,384	\$ 51,955,908	\$ 51,090,394	\$ 47,285,069	\$ 42,099,111	\$ 40,856,612	\$ 32,710,725	\$ 33,288,376
Net expense - business-type activities	4,711,727	3,692,854	3,649,040	3,188,874	3,285,893	1,585,955	2,035,519	1,811,715
Total primary government net expense	\$ 50,972,111	\$ 55,648,762	\$ 54,739,434	\$ 50,473,943	\$ 45,385,004	\$ 42,442,567	\$ 34,746,244	\$ 35,100,091
General revenues and other changes in net assets								
Governmental activities								
Taxes								
Property taxes	\$ 38,254,048	\$ 38,081,388	\$ 38,665,135	\$ 36,374,761	\$ 35,199,045	\$ 31,333,628	\$ 30,088,119	\$ 27,504,428
Permits, fees and licenses	-	-	426,074	-	705,195	1,567,278	1,222,849	697,762
Fines and forfeitures	-	-	86,997	-	-	411	703	1,212
Other taxes	6,582,549	5,898,162	6,248,462	6,393,256	6,080,588	6,411,933	5,706,731	4,746,873
Unrestricted grants and contributions	-	5,115,890	5,218,907	5,372,245	5,763,882	7,968,456	2,194,434	2,572,949
Recovered costs	-	-	-	-	224,213	127,074	144,867	113,252
Investment earnings	196,774	627,179	562,017	1,161,393	1,758,751	1,222,794	885,272	504,441
Miscellaneous	314,533	74,328	45,572	133,040	58,555	33,403	10,144	58,066
Gain on sale of assets	-	-	-	5,882	-	-	-	-
Transfers	-	(1,906,296)	(4,366,474)	(5,251,765)	(3,012,200)	(2,928,799)	(283,197)	(391,045)
Total governmental activities	45,347,904	47,890,651	46,886,690	44,188,812	46,778,029	45,736,178	39,969,922	35,807,938
Business-type activities								
Investment earnings	21,903	-	-	-	-	21,383	21,000	21,000
Connection fees	-	-	-	-	1,164,379	2,790,662	3,188,875	1,542,337
Gain on sale of assets	-	-	-	2,025	-	-	-	-
Miscellaneous	-	-	-	-	32,000	2,986	9,448	551,004
Transfers	-	1,928,296	(1,210,303)	4,282,478	(25,089)	-	283,197	391,045
Total business-type activities	21,903	1,928,296	(1,210,303)	4,284,503	1,171,290	2,815,031	3,502,520	2,505,386
Total primary government	\$ 45,369,807	\$ 49,818,947	\$ 45,676,387	\$ 48,473,315	\$ 47,949,319	\$ 48,551,209	\$ 43,472,442	\$ 38,313,324
Change in net assets								
Governmental activities	\$ (912,480)	\$ (4,065,257)	\$ (4,203,704)	\$ (3,096,257)	\$ 4,678,918	\$ 4,879,566	\$ 7,259,197	\$ 2,519,562
Business-type activities	(4,689,824)	(1,764,558)	(4,859,343)	1,095,629	(2,114,603)	1,229,076	1,467,001	693,671
Total primary government	\$ (5,602,304)	\$ (5,829,815)	\$ (9,063,047)	\$ (2,000,628)	\$ 2,564,315	\$ 6,108,642	\$ 8,726,198	\$ 3,213,233

County of Isle of Wight, Virginia

Fund Balances - Governmental Funds

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Last Ten Fiscal Years									
General fund									
Designated	\$ 2,518,642	\$ 3,414,895	\$ 8,908,921	\$ 9,920,089	\$ 10,828,260	\$ 7,480,540	\$ 2,883,297	\$ 3,347,183	\$ 3,693,060
Undesignated	17,045,858	13,036,057	13,343,356	13,448,031	14,982,480	15,632,282	11,533,426	7,242,816	7,882,512
Total general fund	\$ 19,564,500	\$ 16,450,952	\$ 22,252,277	\$ 23,368,120	\$ 25,810,740	\$ 23,112,822	\$ 14,416,723	\$ 10,589,999	\$ 11,575,572
All other governmental funds									
Reserved	\$ 31,574	\$ 29,441	\$ 9,181	\$ 21,677	\$ 28,940	\$ 18,672	\$ 26,514	\$ 28,934	\$ 193,503
Unreserved, reported in									
Special revenue funds	298,329	502,420	642,624	395,315	710,402	711,619	880,482	1,072,580	762,115
Capital projects funds	22,703,988	27,436,029	12,402,711	11,177,979	6,273,860	8,304,865	31,239,994	13,810,429	3,091,715
Total all other governmental funds	\$ 23,033,891	\$ 27,967,890	\$ 13,054,516	\$ 11,594,971	\$ 7,013,202	\$ 9,035,156	\$ 32,146,990	\$ 14,911,943	\$ 4,047,333
Post-GASB 54	2011								
General Fund									
Non Spendable:									
Non Spendable	\$ 148,990								
Spendable:									
Restricted	29,650								
Assigned	489,228								
Unassigned	19,807,133								
Total General Fund	\$ 20,475,001								
All other Government funds									
Non Spendable:									
Non Spendable	\$ 40,430								
Spendable:									
Restricted	38,040,517								
Assigned	1,544,284								
Total all other government funds	\$ 39,625,231								

County of Isle of Wight, Virginia
Changes in Fund Balance - Governmental Funds

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
General property taxes	\$ 37,864,858	\$ 38,385,088	\$ 39,132,235	\$ 36,455,016	\$ 34,738,809	\$ 31,455,053	\$ 30,000,161	\$ 27,692,549	\$ 25,761,345	\$ 23,771,002
Other local taxes	6,582,549	5,898,162	6,248,462	6,393,256	6,080,588	5,925,247	5,228,825	4,746,873	3,939,916	3,920,875
Permits, fees and licenses	443,308	407,410	426,074	422,715	705,195	1,567,278	1,222,849	714,128	690,848	397,380
Fines and forfeitures	75,813	60,345	86,997	102,098	47,800	64,880	46,754	41,586	38,885	45,842
Revenue from use of property	196,774	627,179	562,017	1,209,977	1,764,813	1,222,794	885,272	504,441	345,241	791,984
Charges for services	1,599,068	1,091,590	1,043,664	826,949	925,316	646,836	272,278	315,932	317,509	418,941
Miscellaneous	309,404	122,347	136,831	422,807	240,246	112,016	244,104	251,608	402,453	247,782
Recovered costs	-	595,391	755,480	580,925	683,004	507,199	520,139	660,407	234,353	240,783
Intergovernmental	10,778,984	12,382,619	11,173,159	11,893,008	11,306,981	11,590,021	10,367,083	12,591,138	9,141,723	10,375,799
Total revenues	57,850,758	59,570,131	59,564,919	58,306,751	56,492,752	53,091,324	48,787,465	47,518,662	40,872,273	40,210,388
Expenditures										
General governmental administration	4,292,762	4,822,494	5,841,246	4,776,697	4,240,227	4,653,439	3,664,790	3,391,721	2,658,278	2,191,695
Judicial administration	970,228	1,017,192	1,034,595	857,697	878,317	866,371	790,197	701,547	616,124	662,414
Public safety	6,770,494	6,844,989	8,341,561	6,580,696	5,676,894	4,748,296	4,593,177	3,652,814	3,055,498	2,735,290
General Services	6,155,695	5,938,395	6,359,832	5,131,709	4,064,393	3,780,746	3,738,631	7,104,667	2,765,997	2,737,593
Health and welfare	4,785,833	5,019,248	5,105,498	4,969,514	4,831,783	4,198,322	3,689,141	3,428,313	3,470,791	3,216,992
Education	25,004,954	25,058,724	23,508,520	21,788,354	18,701,537	16,654,576	14,870,161	14,735,310	14,746,030	13,819,073
Parks, recreation and cultural	2,443,506	2,482,008	4,297,093	2,026,518	1,871,428	1,453,286	1,491,348	1,201,224	1,257,616	1,148,362
Community development	1,897,246	1,797,791	3,828,750	3,568,838	1,777,156	1,501,480	1,038,563	867,043	1,254,335	2,621,398
Nondepartmental	1,429,542	1,351,357	1,338,618	1,249,397	1,133,400	1,534,907	1,051,501	1,019,465	2,116,857	1,999,809
Capital projects	12,947,475	20,491,939	-	7,708,392	4,185,235	5,765,123	22,384,972	8,300,618	2,674,793	1,241,156
Debt service										
Principal	380,000	1,534,551	4,316,323	3,947,613	4,727,013	4,529,512	3,740,228	3,710,815	3,023,902	2,830,894
Interest	2,312,636	1,750,465	2,407,157	2,229,008	2,236,220	2,373,585	2,170,134	1,716,557	1,765,229	1,908,792
Issuance costs	289,453	253,168	352,213	47,400	-	42,970	2,875	317,058	85,258	-
Total expenditures	69,679,824	78,362,321	66,731,406	64,881,833	54,323,603	52,102,613	63,225,718	50,147,152	39,490,708	37,113,468
Excess of revenues over (under) expenditures	(11,829,066)	(18,792,190)	(7,166,487)	(6,575,082)	2,169,149	988,711	(14,438,253)	(2,628,490)	1,381,565	3,096,920
Other financing sources (uses)										
Transfers in	1,789,120	1,607,891	30,884,999	14,495,362	10,536,626	6,810,406	4,686,313	11,372,630	14,600,015	5,225,361
Transfers out	(1,789,120)	(3,514,187)	(39,709,180)	(17,576,578)	(10,566,626)	(7,181,826)	(4,919,477)	(11,763,675)	(15,194,165)	(8,023,857)
Proceeds from borrowing	43,654,158	18,878,035	25,102,717	10,000,000	-	58,675	255,681	28,257,590	18,433,904	-
Payments to escrow agent	(14,137,039)	-	-	-	-	-	-	(4,176,284)	(9,342,282)	-
Total other financing sources (uses)	29,517,119	16,971,739	16,278,536	6,918,784	(30,000)	(312,745)	22,517	23,690,261	8,497,472	(2,798,496)
Net change in fund balances	17,688,053	(1,820,451)	9,112,049	343,702	2,139,149	675,966	(14,415,736)	21,061,771	9,879,037	298,424
Prior period adjustment	-	-	-	-	-	-	-	-	-	73,613
Net change in fund balance	\$ 17,688,053	\$ (1,820,451)	\$ 9,112,049	\$ 343,702	\$ 2,139,149	\$ 675,966	\$ (14,415,736)	\$ 21,061,771	\$ 9,879,037	\$ 372,037
Debt service as a percentage of noncapital expenditures	5%	6%	11%	11%	14%	15%	14%	14%	13%	13%

County of Isle of Wight, Virginia

Assessed Value and Estimated Actual Value of Taxable Property

Fiscal Year	Commercial / Industrial Property			Agriculture Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial / Industrial Property	Property					
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%	
2005	\$ 1,924,066,025	\$ 358,005,900	\$ 403,887,900	\$ 2,685,959,825	0.68	\$ 2,685,959,825	100%	
2004	\$ 1,525,431,300	\$ 300,236,400	\$ 339,773,600	\$ 2,165,441,300	0.75	\$ 2,165,441,300	100%	
2003	\$ 1,456,424,700	\$ 288,136,400	\$ 343,635,000	\$ 2,088,196,100	0.75	\$ 2,088,196,100	100%	
2002	\$ 1,189,774,875	\$ 242,571,317	\$ 282,697,300	\$ 1,715,043,492	0.77	\$ 1,715,043,492	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
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 (5)	\$ 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
2005	\$ 2,480,667,825	\$ 236,549,885	\$ 27,337,298	\$ 641,083,966	\$ 190,291,597	\$ 3,575,930,571
2004	\$ 2,047,366,488	\$ 213,355,172	\$ 26,941,289	\$ 596,034,772	\$ 226,837,648	\$ 3,110,535,369
2003	\$ 1,918,017,998	\$ 181,323,406	\$ 26,669,054	\$ 580,524,899	\$ 210,416,633	\$ 2,916,951,990
2002	\$ 1,715,143,492	\$ 167,909,785	\$ 21,183,401	\$ 650,111,217	\$ 93,657,641	\$ 2,648,005,536

- (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.
- (5) 2007 value was restated due to error.

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				
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				
2005	\$ 0.68	4.40	0.68	\$ 0.95	\$ 1.00/1.00				
2004	\$ 0.75	4.40	0.75	\$ 0.95	\$ 1.00/1.00				
2003	\$ 0.75	4.40	0.75	\$ 0.95	\$ 1.00/1.00				
2002	\$ 0.77	4.40	0.77	\$ 0.95	\$ 1.00/1.00				

County of Isle of Wight, Virginia

Principal Property Taxpayers

June 30, 2011

Taxpayer	2011			2010		
	Assessed Valuation Real Estate	Rank	Percent of Total Assessed Valuation Real Estate	Assessed Valuation Real Estate	Rank	Percent of Total Assessed Valuation Real Estate
International Paper	\$ 120,790,900	1	2.58%	\$ 117,845,700	1	2.52%
Smithfield Foods	40,480,400	2	0.86%	42,858,400	3	0.92%
Inland RI Holdings LLC etals	39,789,300	3	0.85%	49,490,800	2	1.06%
Gwaltney of Smithfield, Ltd.	28,626,800	4	0.61%	24,410,700	4	0.52%
Eagle Harbor Apartments, LP	26,774,000	5	0.57%	22,615,700	5	0.48%
LDI Virginia LLC	14,992,400	6	0.32%	15,456,500	9	0.33%
Sentara Healthcare	14,787,500	7	0.32%	17,067,000	8	0.36%
Eagle Harbor LLC	13,667,400	8	0.29%	18,002,800	6	0.38%
Carolina Cold Storage LTD	10,430,300	9	0.22%	-	-	-
Eagle Harbor Shopping Center, LLC	10,397,000	10	0.22%	-	-	-
Smithfield Packing	-	-	-	17,424,500	7	0.37%
Isle of Wight Industrial Properties	-	-	-	13,917,200	10	0.30%
	\$320,736,000		6.85%	\$339,089,300		7.24%

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.	82,255,724	2	7.80%	57,250,394	2	5.18%
Smithfield Packing	48,602,147	3	4.61%	53,503,272	3	4.85%
GE Capital	11,520,594	4	1.09%	-	-	-
Specialty Minerals, Inc.	8,262,782	5	0.78%	8,213,001	5	0.74%
Cost Plus, Inc.	4,918,322	6	0.47%	4,966,674	8	0.45%
Bloom/Food Lion	2,411,981	7	0.23%	2,410,364	9	0.22%
Charter Communications	2,360,786	8	0.22%	2,309,625	10	0.21%
Smithfield Ham & Products Co	1,805,645	9	0.17%	-	-	-
Montague Farms Inc	1,687,886	10	0.16%	-	-	-
ATC Panels	-	-	-	16,757,945	4	1.52%
Smithfield Foods	-	-	-	14,990,480	6	1.36%
Franklin Equipment Company	-	-	-	2,936,633	7	0.27%
	\$705,884,343		66.92%	\$738,168,649		66.85%

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

County of Isle of Wight, Virginia
Property Tax Levies and Collections

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) Tax Levy	
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%
2005	\$ 29,480,328	\$ 28,801,462	97.70%	\$ 1,198,654	\$ 30,000,116	101.76%	\$ 1,000,200	3.39%
2004	\$ 26,952,962	\$ 26,270,420	97.47%	\$ 1,014,471	\$ 27,284,891	101.23%	\$ 682,541	2.53%
2003	\$ 29,938,835	\$ 28,469,747	95.09%	\$ 1,187,196	\$ 29,656,943	99.06%	\$ 1,436,545	4.80%
2002	\$ 26,950,184	\$ 26,612,066	98.75%	\$ 814,475	\$ 27,426,541	101.77%	\$ 1,864,982	6.92%

(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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Apparel stores	\$ -	\$ 2,556,980	\$ 3,758,328	\$ 3,184,117	\$ 2,150,512	\$ 3,410,503	\$ 2,463,372	\$ 2,343,395	\$ 131,294	\$ 41,108
General merchandise	11,710,358	14,918,672	12,228,829	16,115,703	18,559,292	13,163,881	13,713,028	12,137,182	9,494,967	9,769,455
Food stores	63,183,444	74,800,531	60,905,257	61,204,656	54,501,587	48,032,908	55,664,066	61,960,182	53,597,062	53,979,892
Eating and drinking establishments	27,138,019	32,607,044	23,713,146	21,443,858	21,019,435	19,887,741	21,033,780	19,456,091	16,452,368	15,322,039
Home furnishings and appliances	2,058,879	2,481,550	2,306,325	2,672,545	3,379,379	3,635,937	3,994,726	4,128,173	3,924,363	3,229,165
Building materials and farm tools	8,051,507	11,615,775	11,676,999	10,693,285	9,891,751	7,049,986	10,007,550	9,288,298	9,415,654	11,032,567
Auto dealers and supplies	4,064,402	5,287,732	3,263,926	4,272,627	4,538,516	4,518,819	2,766,818	2,505,619	2,456,053	2,417,098
Service stations	8,206,374	15,614,464	14,041,823	10,221,368	8,343,933	6,723,241	9,839,101	9,667,969	8,950,551	8,030,734
Other retail stores	11,806,647	9,613,885	20,802,164	57,032,191	51,903,227	45,761,268	44,447,762	41,131,707	28,926,140	33,403,843
All other outlets	51,916,137	74,411,889	15,581,876	18,866,150	22,965,139	20,992,350	16,325,974	15,114,705	16,154,509	13,713,360
	\$ 188,135,767	\$ 243,908,522	\$ 168,278,673	\$ 205,706,500	\$ 197,252,771	\$ 173,176,634	\$ 180,256,177	\$ 177,733,321	\$ 149,502,961	\$ 150,939,261

County of Isle of Wight, Virginia

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

Fiscal Year	Population	Assessed Value	(1)		Payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	(2)	Net Bonded Debt per Capita
			Gross Bonded Debt	Less Debt					
2011	35,270	\$5,511,732,553	\$ 133,490,000	\$ 30,083,047	\$ 103,406,953	0.0188	9.9%	\$ 2,932	
2010	36,729	\$5,731,046,892	\$ 102,759,627	\$ 23,680,401	\$ 79,079,226	0.0138	5.7%	\$ 2,153	
2009	35,659	\$5,668,451,427	\$ 84,569,627	\$ 16,143,876	\$ 71,210,095	0.0126	5.4%	\$ 1,997	
2008	34,620	\$5,253,816,298	\$ 67,352,825	\$ 11,127,705	\$ 56,225,120	0.0107	4.6%	\$ 1,624	
2007	34,057	\$5,051,082,884	\$ 62,013,810	\$ 11,841,077	\$ 50,172,733	0.0099	4.3%	\$ 1,473	
2006	33,065	\$3,770,646,496	\$ 67,052,307	\$ 12,358,036	\$ 54,694,271	0.0145	4.9%	\$ 1,654	
2005	32,417	\$3,575,930,571	\$ 71,414,333	\$ 11,670,000	\$ 59,744,333	0.0167	5.7%	\$ 1,843	
2004	31,600	\$3,110,535,369	\$ 75,503,903	\$ 12,085,000	\$ 63,418,903	0.0204	6.5%	\$ 2,007	
2003	30,419	\$2,916,951,990	\$ 55,637,300	\$ 12,485,000	\$ 43,152,300	0.0148	4.7%	\$ 1,419	
2002	30,100	\$2,648,005,536	\$ 49,357,300	\$ 12,865,000	\$ 36,492,300	0.0138	4.2%	\$ 1,212	

(1) Includes all long-term general obligation debt.

(2) See Exhibit C-13 for per capita income.

County of Isle of Wight, Virginia

Legal Debt Margin

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Total assessed valuation of real estate from land book	\$ 4,245,268,423	\$ 4,680,728,500	\$ 4,359,684,973	\$ 3,968,971,300	\$ 3,879,182,779	\$ 2,626,671,100	\$ 2,480,667,825	\$ 2,047,366,488	\$ 1,918,017,998	\$ 1,715,143,492
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Debt limitation	424,526,842	468,072,850	435,968,497	396,897,130	387,918,278	262,667,110	248,066,783	204,736,649	191,801,800	171,514,349
Total debt of the County	133,488,773	102,759,627	84,569,627	64,255,029	58,600,029	67,052,307	71,414,333	75,503,903	55,569,279	49,357,300
Total debt of the Town of Smithfield	4,870,725	4,476,754	4,924,960	5,380,722	5,977,452	6,604,383	3,509,671	2,000,805	3,756,763	-
Total debt of the Town of Windsor	1,629,976	763,140	773,226	782,871	792,091	800,079	810,489	817,310	-	-
Total	139,989,474	107,999,521	90,267,813	70,418,622	65,369,572	74,456,769	75,734,493	78,322,018	59,326,042	49,357,300
Amount by which legal debt margin exceeds total debt	\$ 284,537,368	\$ 360,073,329	\$ 345,700,684	\$ 326,478,508	\$ 322,548,706	\$ 188,210,341	\$ 172,332,290	\$ 126,414,631	\$ 132,475,758	\$ 122,157,049

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**Demographic Statistics***Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(1) Per Capita Income</u>	<u>Registered Voters</u>	<u>(2) Unemployment Rate</u>
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%
2005	32,417	\$ 32,275	21,639	3.5%
2004	31,600	\$ 30,711	21,594	3.2%
2003	30,419	\$ 29,894	20,213	3.4%
2002	30,100	\$ 28,546	19,953	3.4%

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 Seven Fiscal Years	Full-time Equivalent Employees as of June 30,						
	2011	2010	2009	2008	2007	2006	2005
General government							
County Administration	4.0	4.0	5.0	6.0	7.0	7.0	6.0
County Attorney	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Commissioner of Revenue	11.5	11.5	11.5	10.5	9.5	9.5	9.5
Treasurer	9.5	9.5	10.5	8.5	7.5	7.5	7.5
Budget and Finance	7.0	7.0	7.0	7.0	6.5	6.0	6.0
Human Resources	2.0	2.0	3.0	3.0	3.0	2.0	2.0
Communications	1.0	1.0	2.0	1.0	1.0	1.0	1.0
Economic Development	5.0	3.0	3.0	3.0	3.0	3.0	3.0
Registrar	2.5	2.5	2.0	2.0	2.0	2.0	2.0
Inspections	7.0	9.0	9.0	9.0	9.0	10.0	8.0
Information Technology	7.0	7.0	8.0	6.5	6.5	6.0	5.0
Planning and Zoning	11.0	12.0	13.0	12.0	12.0	13.0	10.0
Health & Welfare	5.0	5.0	7.0	6.0	1.0	1.0	1.0
Tourism	6.5	3.5	3.5	6.5	5.5	5.5	5.5
Clerk of Court	6.0	6.0	6.5	6.5	6.0	6.0	6.0
Commonwealth Attorney	6.0	6.0	5.5	4.0	4.0	4.0	4.5
Total general government	94.0	92.0	99.5	94.5	86.5	86.5	80.0
Public Safety							
Sheriff Deputies (including Sheriff)	44.0	44.0	44.0	44.0	42.0	37.0	35.0
Administrative	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Animal Control	5.0	5.0	5.5	5.0	5.0	5.0	4.5
Emergency Communications	19.0	19.0	18.0	17.0	17.0	17.0	15.0
Total Public Safety	70.0	70.0	69.5	68.0	66.0	61.0	56.5

County of Isle of Wight, Virginia

Full-time Equivalent County Government Employees by Function/Program

Last Seven Fiscal Years Function/Program	Full-time Equivalent Employees as of June 30,						
	2011	2010	2009	2008	2007	2006	2005
Fire and Rescue							
Administrative	2	2.0	3.0	2.5	1.0	1.0	1.0
Firefighters/Paramedics	23	23.0	20.5	18.5	18.5	15.5	15.0
Total Fire and Rescue	25.0	25.0	23.5	21.0	19.5	16.5	16.0
General Services							
Administrative	3	3.0	1.5	1.5	2.0	2.0	2.0
Engineering	8	6.0	5.0	7.0	5.0	-	-
Refuse collection	19	19.0	19.5	21.5	19.0	19.0	19.0
Building and Grounds	6	5.0	12.0	11.0	11.5	9.0	8.5
Custodians	7	6.5	6.5	6.5	5.0	5.0	3.8
Total Public Works	43.0	39.5	44.5	47.5	42.5	35.0	33.3
Parks, Recreation and Cultural	20	22.5	12.5	13.5	16.5	16.5	15.5
Public Utilities	13.5	13.5	9.5	10.5	12.0	14.0	12.0
Public Schools							
Instructional Positions	434.0	539.0	555.6	549.6	534.1	501.7	457.7
Administrators	40.0	23.0	23.0	23.0	24.0	25.0	25.0
Support Personnel	277.0	207.0	245.1	247.5	247.3	242.0	236.2
Total Public Schools	751.0	769.0	823.7	820.1	805.4	768.7	718.9
Grand total	1,016.5	1,031.5	1,082.7	1,075.1	1,048.4	998.2	932.2

County of Isle of Wight, Virginia
Operating Indicators by Function/Program

Last Seven Fiscal Years		2011	2010	2009	2008	2007	2006	2005
Function/Program								
Sheriff								
Physical arrests	412	533	661	890	989	323	319	
Traffic violations	1,214	1,456	1,047	2,677	1,383	816	1,306	
Fire								
Emergency responses - Fire	1,375	2,285	1,920	1,539	1,792	2,852	2,601	
Emergency responses - Rescue	4,343.0	3,360	4,657	4,408	3,660	3,632	3,430	
Building Permits								
Residential	92	169	118	167	310	512	445	
Residential - Value	\$ 24,909,824	\$ 4,121,500	\$ 24,255,044	\$ 35,817,165	\$ 56,519,045	\$ 111,276,167	\$ 92,052,639	
Commercial	14	11	14	14	31	17	21	
Commercial - Value	\$ 8,748,932	\$ 16,306,000	\$ 31,604,670	\$ 10,537,686	\$ 13,266,100	\$ 13,244,130	\$ 3,699,895	
Refuse collection								
Refuse collected (tons per day)	49.3	52.7	53.0	56.0	56.0	55.0	55.8	
Public Schools								
Cost Per Student	9,827	10,861	11,136	10,767	10,232	9,721	9,022	
Average Daily Membership	5,331	5,367	5,306	5,286	5,372	5,138	5,032	
Student/Teacher Ratio	15.7	12.1	12.9	13.1	13.1	13.0	13.4	
Park and recreation								
Athletic field permits issued	15,000	94	539	158	205	29	24	
County Fair Admissions		21,000	12,000	2,400	2,979	12,250	12,927	
Library								
Volumes in collection	223,249	253,402	265,491	268,863	258,620	214,903	215,698	
Total volumes borrowed	215,767	221,725	249,144	229,489	193,082	191,040	181,733	
Water								
New connections	93	57	54	71	109	360	380	
Average daily consumption (thousands of gallons)	0.57	0.56	0.89	0.67	0.69	0.39	0.45	

*County of Isle of Wight, Virginia**Capital Asset Statistics by Function/Program*

Last Seven Fiscal Years							
Function/Program	2011	2010	2009	2008	2007	2006	2005
Sheriff							
Stations	1	1	1	1	1	1	1
Patrol units	43	51	56	45	41	40	31
Fire and Rescue							
Fire Units	5	5	5	5	5	5	5
Rescue Units	4	4	4	4	4	4	4
Refuse collection							
Collection trucks	6	6	6	5	5	5	5
Public Schools							
School Facilities	9	9	9	9	9	9	8
Park and recreation							
Parks	7	7	7	7	7	7	6
Acreage	570	570	570	565	565	565	511
Playgrounds	4	4	4	8	8	8	8
Baseball/softball diamonds	4	4	4	4	4	4	4
Soccer/football fields	12	12	12	8	9	10	10
Community centers	2	2	2	2	2	2	2
Museums	2	2	2	2	2	2	2
Library Facilities	3						

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- Isle of Wight County Departments
- Isle of Wight County Component Units
- Michael Terry, Budget and Finance Director
- Nancy Mayo, Budget and Finance, Accountant
- Donna Proffitt, Budget and Finance, Accountant
- Donald Robertson, Information Resources and Legislative Affairs
- Phillip Bradshaw, Isle of Wight County Schools, CFO
- Nancy Hopkins, Isle of Wight County Schools, Accounting Manager
- Christina Berta, Isle of Wight County Schools, Financial Services Administrator
- John Georger, Certified Public Accountant, Certified Internal Auditor
- Tanya Porche, Certified Public Accountant
- Davenport & Company LLC
- Other Related Organizations