

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012



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

Prepared by the Department of Budget & Finance

Isle of Wight, Virginia

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COUNTY of ISLE OF WIGHT

THE COURTHOUSE

November 29, 2012

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, 2012. 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, 2012, 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, 2012, are fairly presented in conformity with GAAP with noted emphasis in the independent auditors report as presented in the first component of the financial section of this report. The independent audit of the financial statements of the County is part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with additional emphasis on the administration of federal and state awards. This "Single Audit" information will be available in a separately issued report and will be available upon request from the Department of Budget & Finance.

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

Profile of the Government

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

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

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

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

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

Parks and Recreation programs are essential to the quality of life of County residents. The Isle of Wight County Fair has become one of the community's signature events. Held at Heritage Park, it provides great family entertainment and highlights the County's rural roots, attracting 15,000 - 33,000 visitors annually from all over the Commonwealth of Virginia.

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

Community Development continues to be an extremely important focus of the Board of Supervisors in that it provides an opportunity for the County to preserve its natural beauty while simultaneously promoting smart growth. The County's Comprehensive Land Use Plan is designed to encourage manageable residential and commercial growth in specific areas of the County while preserving farm land and forestry in an effort to maintain the County's rural character and natural beauty.

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

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

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

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

All nine schools earned full accreditation from the Virginia Department of Education. Isle of Wight County Schools met or exceeded the state pass rates in all core subjects. Division-wide, students increased overall pass rates in Science in every student subgroup. Isle of Wight County Schools earned an on-time graduation rate of nearly 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.

On October 2011, Virginia Governor Bob McDonnell announced that Vermont-based Green Mountain Coffee Roasters, Inc. (GMCR), a leader in specialty coffee and coffeemakers, will establish a production and distribution facility in Isle of Wight County. The company will invest \$180 million over the initial five years of operations. GMCR has agreed to purchase the Johnson Development Building, a 330,000 square-foot spec building on a 64-acre parcel of land in Phase II of Shirley T. Holland Intermodal Park, where it expects to house coffee roasting, grinding, flavoring, and packaging of its single-serve portion packs for its Keurig® Single-Cup Brewing System. Within five years, it is estimated the new facility will have as many as 800 employees.

Tractor Supply Company (TSC) officially opened its new Smithfield store in October 2011. TSC is the leading retail farm and ranch store brand in America. Founded in 1938 as a mail order tractor parts business, TSC owns and operates more than 1,043 stores in 44 states supplying daily farm and ranch maintenance supplies to a targeted customer base. The store's products include: clothing, equine and pet supplies, tractor/trailer parts and accessories, lawn and garden supplies, sprinkler/irrigation parts, power tools, fencing, welding and pump supplies, riding mowers and more. At TSC, customers find everything they need to maintain their farms, ranches, homes and animals.

Following an 18-month renovation, what was a vacant convenience store has been transformed into the family-owned and operated Bridges bar and restaurant. Bridges quietly opened its doors in September 2011 and has been getting rave reviews. The classy but casual restaurant serves American fare including steak, seafood and pasta. The venue also offers live music, a dance floor and billiards.

The southern part of the County saw an increase in activity following the announcement of the International Paper Fluff Plant project. RepairTech, an industrial contractor with 35 employees, purchased the 31,560 SF former Caraustar building at 1601 Carrsville Hwy. and will expand its operations and create 15 new jobs. RepairTech previously leased space across the highway from its new location.

Air Mechanix, an HVAC contractor, relocated from a neighboring county to its current location in Isle of Wight County. Air Mechanix has 5 employees.

Drake's Food Service Inc. is a locally owned sausage manufacturer in Walters, Virginia that just opened in December of 2011. Drake's employs 7 people and its sausage is listed on Virginia's Finest Directory.

The County also remains 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.

Smithfield Packing's 37,000 square foot Innovation Center opened in October 2011. The facility includes areas for product development and small batch sample manufacturing. The front of the house contains two state-of-the-art foodservice kitchens, conference areas, training room, dedicated cutting room and customer presentation areas. The USDA-inspected pilot plant can replicate production of any of Smithfield's processing plants.

Smithfield Foods is a \$12 billion global food company and the world's largest pork processor and hog producer. In the United States, the company is also the leader in numerous packaged meats categories with popular brands including Farmland®, Smithfield®, Eckrich®, Armour®, and John Morrell®. In June 2012, Smithfield Foods opened its flagship restaurant/retail store in Smithfield to highlight its food products.

International Paper had been a mainstay in the County until its 2009 announcement to close its local plant; however, in 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 will utilize a portion of the former facility to start new operations.

Financial Guidelines

The County prepares annually an Operating Budget that balances revenues and expenditures within available resources. The Operating Budget guidelines for the FY2011-12 were as follows:

- Budget requests were to reflect a flat budget.
- No salary adjustments for FY2011-12.
- 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.
- The County's tax-supported debt per capita will not exceed \$2,300.

Major Initiatives and Accomplishments

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 affirmed the County's excellent credit ratings of AA, Aa2, and AA- respectively in June 2011. 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 organizations 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, allows Isle of Wight to expand the zone to include 6.37 square miles in southern Isle of Wight, which includes the closed International Paper mill site. The County has also designated portions of the Shirley T. Holland Intermodal Park in the Enterprise Zone.

Awards

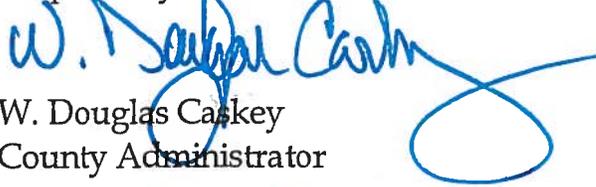
In recognition of its Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2011, a Certificate of Achievement for Excellence in Financial Reporting was awarded to Isle of Wight County by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and reporting, and its attainment represents a significant accomplishment by a government and its management.

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

Acknowledgement

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

Respectfully submitted,



W. Douglas Caskey
County Administrator



Michael W. Terry
Director of Budget & Finance

Isle of Wight County, Virginia
June 30, 2012

Primary Government Officials

BOARD OF SUPERVISORS

Al Casteen, Chairman.....Smithfield District
JoAnn W. Hall, Vice-Chairman.....Hardy District
Rex Alphin.....Carrsville District
Byron B. Bailey.....Newport District
Delores M. Darden.....Windsor District

CONSTITUTIONAL OFFICERS

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

ADMINISTRATIVE OFFICERS

W. Douglas Caskey.....County Administrator
Michael W. Terry.....Director, Budget & Finance
Mark C. Popovich..... County Attorney

School Board Officials

SCHOOL BOARD

Robert Eley, Chairman..... Carrsville District
Julia Perkins, Vice-Chairman.....Windsor District
Herbert DeGroft.....Hardy District
Kent Hildebrand..... Newport District
Denise TynesSmithfield District

ADMINISTRATIVE OFFICERS

A. Katrise PereraSuperintendent
Phillip A. Bradshaw.....Chief Financial Officer
A. Paul Burton.....County Attorney

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Isle of Wight
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Davison

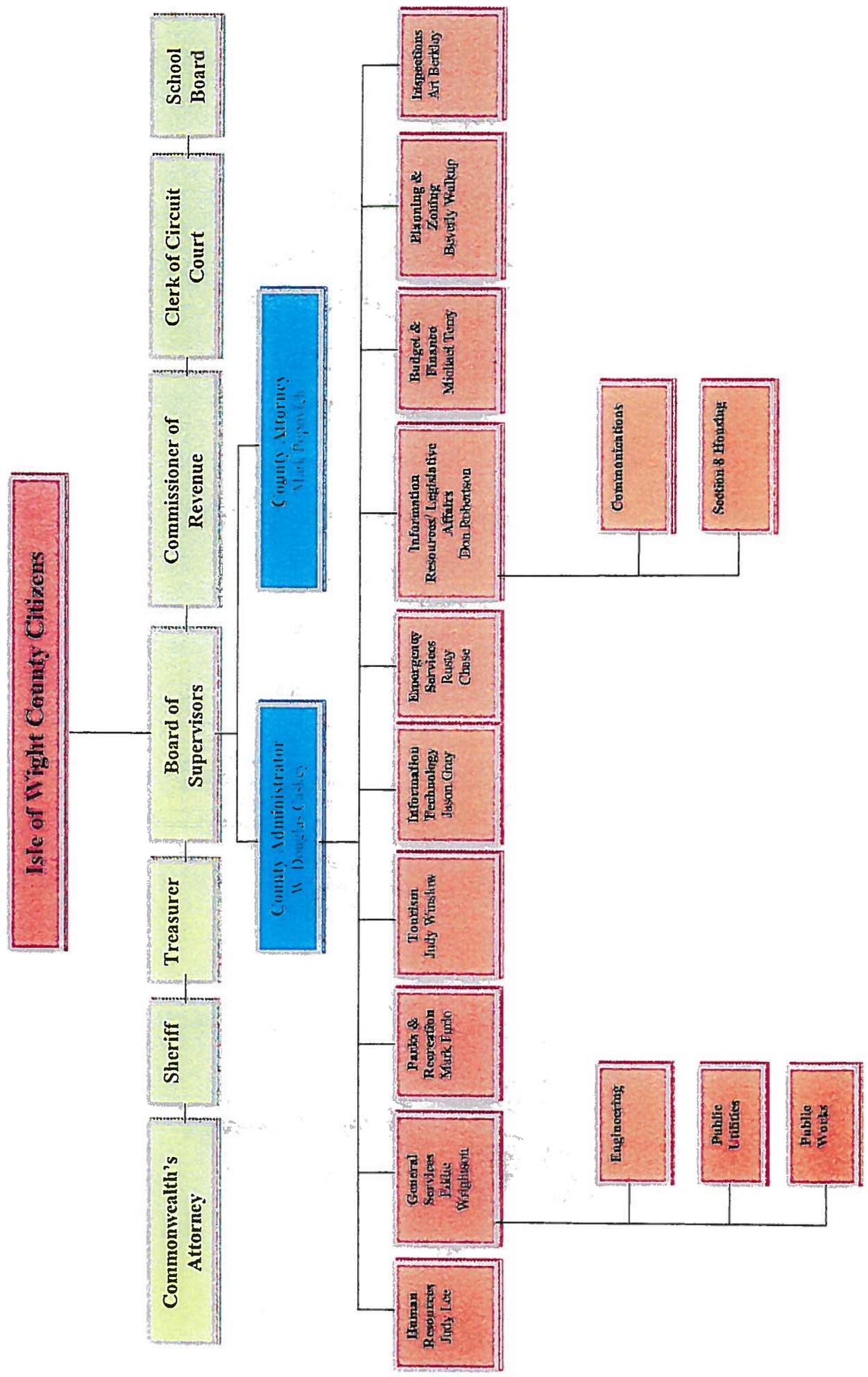
President

Jeffrey R. Emery

Executive Director

ORGANIZATIONAL CHART

FY2011-12





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, 2012, which collectively comprise the County's basic financial statements as listed in the 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* (the 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 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012 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.



U.S. generally accepted accounting principles require that Management's Discussion and Analysis on pages 3 through 12, the budgetary comparison information on pages 58 through 64, and the schedules of funding progress on pages 65 and 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 supplementary information listed as Other Supplemental Information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Other Supplemental Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

KPMG LLP

November 30, 2012

Financial Section

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

This section of the County of Isle of Wight, Virginia's (County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

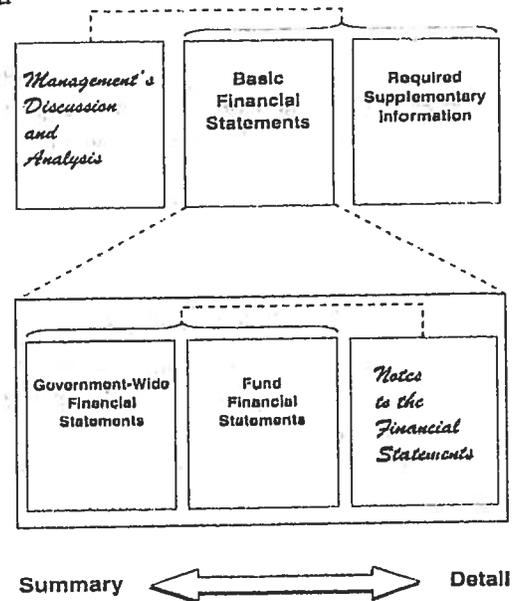
- The net assets of the County's governmental activities were \$31,755,151 at June 30, 2012, a 7% decrease from the previous fiscal year.
- In support of the County's primary governmental activities, revenues were generated in the amount of \$63,635,740 of which 70% consisted of local taxes, 21% from the Commonwealth of Virginia, 4% from Federal and other sources and 7% from charges for service. Of the total revenue, 21% is in operating grants. Expenses from County operations were \$66,041,570 or a 12% increase over the previous year.
- The County's General Fund reported revenues in excess of expenditures and other financing uses of \$ 953,655 resulting in an unassigned fund balance of \$20,646,260. The revenues in excess of expenditures and other financing uses of is \$4,538,262 less than the amounts budgeted for the year because of the County's management of expenses and implementation cost containment measures throughout the fiscal year.
- The County's tax rate on real estate remained unchanged at \$0.65 per \$100 of assessed value. This is currently the lowest tax rate in the Hampton Roads area.
- The County received an economic development grant in the amount of \$4,000,000 from the State of Virginia to bring new industry into the county.

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

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

Type of Statements	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, and short-term and long-term	All assets and liabilities, both short-term and long-term; the County's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The *government-wide financial statements* report information about the County using accounting methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the County's overall financial status. Government-wide financial reporting consists of two statements: the Statement of Net 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, general services, education, health and welfare, parks and recreation and economic and community development. Property taxes, other local taxes, and state and federal grants finance most of these activities.
- **Business-type activities** - The County's water 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. 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 2012.

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 \$25,623,741 a 18% decrease from the previous year as illustrated in Table A-1.

Table A-1

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$60,203,722	\$66,593,728	\$7,012,307	\$11,741,769	\$67,216,029	\$78,335,497
Capital assets	89,960,817	89,302,834	16,491,478	15,416,529	106,452,295	104,719,363
Total assets	150,164,539	155,896,562	23,503,785	27,158,298	173,668,324	183,054,860
Current liabilities	4,119,985	5,954,651	1,137,301	867,922	5,257,286	6,822,573
Long-term liabilities	114,289,403	115,780,930	28,498,173	29,285,115	142,787,576	145,066,045
Total liabilities	118,409,388	121,735,581	29,635,474	30,153,037	148,044,862	151,888,618
Net assets						
Invested in capital assets, net of related debt	9,453,645	15,653,535	(6,129,102)	(1,661,794)	3,324,543	13,991,741
Restricted	320,527	339,032	-	-	320,527	339,032
Unrestricted	21,980,979	18,168,414	(2,587)	(1,332,945)	21,978,392	16,835,469
Total net assets	\$31,755,151	\$34,160,981	\$ (6,131,689)	\$ (2,994,739)	\$25,623,462	\$31,166,242

Governmental Activities

- The County's total revenues for governmental activities were \$63,635,740 of which a significant portion, 70%, comes from local taxes.
- General Property taxes and other local taxes decreased 0.01% or \$64,420.
- 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 25% or \$2,654,753.

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		
	2012	2011	% Change	2012	2011	% Change
General government administration	\$ 5,571,463	\$ 5,585,577	-0.25%	\$ 32,172	\$ 211,561	-84.79%
Judicial administration	1,078,015	970,228	11.11%	(114,724)	(215,802)	-46.84%
Public safety	9,999,240	7,454,652	34.13%	(7,372,761)	(5,287,715)	39.43%
General services	7,072,833	6,604,193	7.10%	(6,388,779)	(6,501,258)	-1.73%
Health and welfare	4,444,284	4,884,843	-9.02%	(1,907,929)	(2,029,045)	-5.97%
Education	24,794,008	25,419,456	-2.46%	(24,794,008)	(25,419,456)	-2.46%
Parks, recreation and cultural	2,979,591	2,797,390	6.51%	(2,393,851)	(2,361,087)	1.39%
Community development	5,995,359	1,931,593	210.38%	(1,700,311)	(1,147,957)	48.12%
Nondepartmental	1,314,563	1,429,542	-8.04%	(1,314,563)	(1,429,542)	-8.04%
Interest on long-term debt	2,792,214	2,080,083	34.24%	(2,222,899)	(2,080,083)	6.87%
Total expenses	\$ 66,041,570	\$ 59,157,557	11.64%	\$ (48,177,653)	\$ (46,260,384)	4.14%

- The cost of all *governmental* activities this year was \$66,041,570 a 12% increase from the previous year. The increase in 2012 was primarily driven by the County's payment of economic incentives to attract new business and increases in public safety and education costs.
- Education continues to be one of the County's highest priorities and commitments representing 38% of total costs and 54% of total net costs.
- The cost of debt service increased \$712,131 (34%) from the prior fiscal year.

Business-type Activities

Revenues of the County's business-type activities for the operation of water and sewer systems increased by 30% due to an acquisition of a private water company related connection charges. Current year expenses increased by 7%. A significant portion of the operating expenses, 50%, 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		
	2012	2011	% Change	2012	2011	% Change
Public Utilities	\$7,439,824	\$6,999,024	6.30%	\$3,168,041	\$3,736,336	-15.21%

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 \$55,887,311, of which 37% or \$20,646,260 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 \$20,646,260. 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, 2012, the unassigned fund balance represented approximately 36% 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 \$34,072,317, a decrease of \$5,129,303 or 13%. The decrease represents the amount of current year capital 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 \$(6,131,689), of which \$(6,129,102) is representative of capital assets net of related debt and \$(2,587) is unrestricted (Exhibit A-5) at June 30, 2012.
- **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, 2012, the combined fund balances were \$386,338.

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 \$3,024,420 below final budget amounts.

On the other hand, resources available, excluding bond proceeds, were \$870,318 below the final budgeted amount. The decrease in the available resources was the result of a \$3,700,000 decrease in the collection of personal property taxes compared to the final budgeted amount, a 9% decrease. Total taxes were 78% of the General Fund budget. Revenue from property taxes increased by .5% over the prior fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2012, the County had invested \$106,452,295, 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. More detailed information on the county's capital assets are presented in Note 7 to the financial statements.

	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2012	2011	2012	2011	2012	2011	
Nondepreciable assets							
Land	\$ 13,139,504	\$ 12,743,908	\$ 216,840	\$ 181,240	\$ 13,356,344	\$ 12,925,148	3.34%
Intangibles	4,326,512	4,326,512	-	-	4,326,512	4,326,512	0.00%
Construction in progress	4,359,674	1,984,087	1,177,737	964,823	5,537,411	2,948,910	87.78%
Total nondepreciable assets	21,825,690	19,054,507	1,394,577	1,146,063	23,220,267	20,200,570	14.95%
Depreciable assets							
Land improvements	7,971,776	7,905,296	13,911,547	12,324,903	21,883,323	20,230,199	8.17%
Buildings	73,307,998	73,294,607	11,478,835	11,337,334	84,786,833	84,631,941	0.18%
Equipment	4,427,987	4,368,954	512,287	512,287	4,940,274	4,881,241	1.21%
Vehicles	2,984,236	3,320,348	304,912	289,129	3,289,148	3,609,477	-8.87%
Total depreciable assets	88,691,997	88,889,205	26,207,581	24,463,653	114,899,578	113,352,858	1.36%
Total accumulated depreciation	(20,556,870)	(18,640,878)	(11,110,680)	(10,193,187)	(31,667,550)	(28,834,065)	9.83%
Net capital assets	\$ 89,960,817	\$ 89,302,834	\$ 16,491,478	\$ 15,416,529	\$ 106,452,295	\$ 104,719,363	1.65%

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.
- Construction of the Isle of Wight County Rescue Building
- A new County Animal Shelter – completed
- Acquisition of a private of water system
- Construction of a new middle school

Long-Term Liabilities

At year-end the County had \$141,492,035 in bonds, loans, notes, and other long-term debt outstanding and \$1,295,541 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, 2012, the County's debt ratio to assessed value was approximately 2% 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
	2012	2011	2012	2011	2012	2011	
General Obligation Bonds							
Series of 2003	\$ 5,625,000	\$ 5,625,000	\$ -	\$ -	\$ 5,625,000	\$ 5,625,000	0%
Series of 2005	-	-	8,519,281	9,173,777	8,519,281	9,173,777	-7%
Series B of 2008	21,780,057	21,780,000	3,219,943	3,220,000	25,000,000	25,000,000	0%
Series A of 2010	283,453	283,453	-	-	283,453	283,453	0%
Series B of 2010	-	-	7,685,000	7,685,000	7,685,000	7,685,000	0%
Series C of 2010	13,530,000	13,530,000	-	-	13,530,000	13,530,000	0%
Series D of 2010	5,071,935	5,103,477	2,818,466	2,835,979	7,890,400	7,939,456	0%
Series A of 2011	4,824,978	4,825,000	-	-	4,824,978	4,825,000	0%
Series B of 2011	-	-	6,460,000	6,460,000	6,460,000	6,460,000	0%
Bonds for Schools							
Series of 2003	-	695,000	-	-	-	695,000	-100%
Series of 2004	17,330,000	17,330,000	-	-	17,330,000	17,330,000	0%
Series of 2005	1,940,719	2,229,996	-	-	1,940,719	2,229,996	-13%
Series A of 2010	701,547	701,547	-	-	701,547	701,547	0%
Series D of 2010	4,179,600	4,205,544	-	-	4,179,600	4,205,544	0%
Series A of 2011	12,805,022	12,805,000	-	-	12,805,022	12,805,000	0%
Series C of 2011	7,500,000	7,500,000	-	-	7,500,000	7,500,000	0%
VPSA 2011	7,500,000	7,500,000	-	-	7,500,000	7,500,000	0%
Literary Loans							
Series of 1999	2,000,000	2,250,000	-	-	2,000,000	2,250,000	-11%
Notes Payable							
Pruden VPSA Note	-	8,578	-	-	-	8,578	-100%
Total outstanding bonds	105,072,310	106,372,595	28,702,690	29,374,756	133,775,000	135,747,351	-1.45%
Installment purchase agreements -							
PACE	4,326,512	4,326,512	-	-	4,326,512	4,326,512	0.00%
Note payable			60,000	-	60,000		
Compensated absences	1,234,023	1,159,903	61,518	54,797	1,295,541	1,214,700	6.66%
Landfill closure costs	1,893,367	1,596,077	-	-	1,893,367	1,596,077	18.63%
Net OPEB obligations	548,766	385,736	22,632	14,671	571,398	400,407	42.70%
Deferred gains(losses) on refundings	(327,946)	(340,965)	(853,936)	(932,258)	(1,181,882)	(1,273,223)	-
Deferred charges obligations - bond discounts	(149,019)	(161,417)	(19,235)	(25,521)	(168,254)	(186,938)	-
Deferred charges obligations - bond premiums	1,691,390	1,932,310	524,504	705,844	2,215,894	2,638,154	-16.01%
Total long-term debt	\$ 114,289,403	\$ 115,270,751	\$ 28,498,173	\$ 29,192,289	\$ 142,787,576	\$ 144,463,040	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 \$0.65 per \$100 of assessed value.
- Revenues generated from all local sources decreased by approximately 21% primarily from the decreased in bond proceeds of \$14,000,000 .
- Increased funding for schools of approximately 5%.
- Decrease in costs for Virginia Retirement System of approximately 2%.

These indicators were taken into account when adopting the general operating and capital budget for fiscal year 2012-13. Amounts available for appropriation in the general operating budget are \$94,460,625. The operating budget decreased approximately 7%, 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.

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

Isle of Wight Values Statement

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

Isle of Wight County Mission Statement

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

Isle of Wight County Slogan

A COMMUNITY OF CHOICE committed to excellence.

Isle of Wight County's Strategic Direction/Agenda 2011-2012

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

Isle of Wight County Schools is committed to preparing our students for excellence in the 21st century by ensuring that they are provided with the knowledge and skills needed to be successful in pursuit of college, careers and citizenship in the global world community. Annually, IWCS educates more than 5,500 students in a comprehensive Pre-Kindergarten through twelfth grade instructional program; consisting of five elementary, two middle and two high schools. All IWC schools are fully accredited by the Virginia Department of Education and by the Southern Association of Colleges and Schools. Over 87% of IWCS' Class of 2012 graduated "on-time" with their four-year cohort group and 52% of these students met stringent state requirements to earn an Advanced Studies Diploma.

With the opening of the 2012-2013 school year, Isle of Wight County Schools launched the i-SLE 21 initiative (Initiative for Student Learning and Engagement in the 21st Century). The primary goals of this initiative include:

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

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

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County of Isle of Wight, Virginia

Statement of Net Assets

June 30, 2012

Assets	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Industrial Development Authority
Cash and cash equivalents	\$ 24,049,081	\$ 516,864	\$ 24,565,945	\$ 7,858,502	\$ 991,128
Restricted cash and cash equivalents	28,877,541	5,733,443	34,610,984	-	-
Investments	1,933,996	-	1,933,996	-	-
Receivables - net	1,005,146	595,938	1,601,084	82,614	317,340
Internal balances	71,142	(71,142)	-	-	-
Due from component unit	2,112,389	-	2,112,389	-	-
Due from other governments	1,163,263	-	1,163,263	1,278,018	-
Inventory	40,215	74,383	114,598	50,114	-
Deposits	-	-	-	-	100,000
Capital lease receivable	-	-	-	-	167,348
Deferred bond issuance costs	950,949	162,821	1,113,770	-	-
Capital assets:					
Nondepreciable	21,825,690	1,394,577	23,220,267	1,619,726	11,040,453
Depreciable - net	68,135,127	15,096,901	83,232,028	25,144,181	51,150
Total assets	130,164,539	23,503,785	173,668,324	36,033,155	12,667,419
Liabilities					
Accounts payable	1,585,303	681,813	2,267,116	1,197,293	171
Accrued liabilities	315,181	-	315,181	4,683,327	-
Due to primary government	-	-	-	2,112,389	-
Due to other governments	191	-	-	-	-
Customer deposits payable	-	168,551	168,551	-	1,000
Accrued interest payable	1,652,636	286,937	1,939,573	-	-
Unearned revenues	566,674	-	566,674	94,088	-
Long-term obligations:					
Due within one year	3,297,359	8,664,195	11,961,554	58,354	28,742
Due in more than one year	110,992,044	19,833,978	130,826,022	3,022,048	120,158
Total liabilities	118,409,388	29,635,474	148,044,862	11,167,499	150,071
Net Assets					
Invested in capital assets, net of related debt	9,453,645	(6,129,102)	3,324,543	26,763,907	11,091,603
Restricted:					
Other	320,527	-	320,527	-	-
Unrestricted	21,980,979	(2,587)	21,978,392	(1,898,251)	1,425,745
Total net assets	\$ 31,755,151	\$ (6,131,689)	\$ 25,623,462	\$ 24,865,656	\$ 12,517,348

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

County of Isle of Wight, Virginia
Statement of Activities

Year Ended June 30, 2012	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	School Board	Industrial Development Authority
Primary Government							
Government activities							
General government administration	\$ 5,571,463	\$ 123,391	\$ 5,480,244	\$ -	\$ 32,172	\$ -	\$ -
Judicial administration	1,078,015	369,278	594,013	-	(114,724)	-	-
Public safety	9,959,240	2,155,302	471,177	109,489	(7,372,761)	-	-
General services	7,072,833	498,330	166,245	-	(6,388,779)	-	-
Health and welfare	4,444,284	71,523	2,458,830	-	(1,907,929)	-	-
Education	24,794,008	-	-	-	(24,794,008)	-	-
Parks, recreation and cultural	2,979,591	585,740	-	-	(2,393,851)	-	-
Community development	5,995,359	134,755	4,160,293	-	(1,700,311)	-	-
Nondepartmental	1,314,563	-	-	-	(1,314,563)	-	-
Interest on long-term debt	2,792,214	569,315	-	-	(2,222,899)	-	-
Total governmental activities	66,041,570	4,523,626	13,330,802	109,489	(48,177,653)	-	-
Business-type activities							
Public utility	7,439,824	2,856,747	-	1,415,036	(3,168,041)	-	-
Total Business-type activities	7,439,824	2,856,747	-	1,415,036	(3,168,041)	-	-
Total Primary Government	\$ 73,481,394	\$ 7,280,373	\$ 13,330,802	\$ 1,524,525	(48,177,653)	(3,168,041)	(3,168,041)
Component Units							
School Board	\$ 65,916,301	\$ 5,271,534	\$ 31,125,247	\$ -	-	(29,339,520)	-
Industrial Development Authority	32,606	45,541	-	-	-	-	12,935
Total component units	\$ 65,968,907	\$ 5,317,075	\$ 31,125,247	\$ -	(29,339,520)	12,935	12,935
General property taxes							
General property taxes					38,130,254	-	-
Other local taxes					6,200,597	-	-
Investment earnings					1,066,841	53,616	12,274
Miscellaneous					397,920	491,636	17,692
Payment from the Primary Government					-	-	25,532,804
Loss on sale of assets					(23,789)	-	-
Total general revenues and miscellaneous					45,771,823	45,802,914	26,078,056
Changes in net assets					(2,405,830)	(3,136,950)	(3,261,464)
Net assets - beginning of year					34,160,981	(2,994,339)	28,127,120
Net assets - end of year					\$ 31,755,151	\$ (6,131,689)	\$ 24,865,656

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

County of Isle of Wight, Virginia

Balance Sheet - Governmental Funds

June 30, 2012

Assets	General	Capital Projects	Nonmajor	Total
			Governmental Funds	Governmental Funds
Cash and cash equivalents	\$ 18,544,387	\$ 5,323,349	\$ 181,345	\$ 24,049,081
Restricted cash and cash equivalents	-	28,780,367	97,174	28,877,541
Investments	1,933,996	-	-	1,933,996
Receivables - net of allowance for uncollectibles:				
Taxes	639,362	-	-	639,362
Accounts	51,704	-	87,900	139,604
Notes	148,900	-	77,280	226,180
Due from other funds	201,594	71,142	-	272,736
Due from component unit	2,112,389	-	-	2,112,389
Due from other governments	951,756	-	211,507	1,163,263
Inventory	-	-	40,215	40,215
Total assets	\$ 24,584,088	\$ 34,174,858	\$ 695,421	\$ 59,454,367
Liabilities				
Accounts payable	\$ 1,391,899	\$ 102,541	\$ 90,862	\$ 1,585,302
Accrued expenses	309,604	-	5,577	315,181
Due to other funds	-	-	201,594	201,594
Due to other governments	191	-	-	191
Deferred revenues	887,064	-	11,050	898,114
Unearned revenues	566,674	-	-	566,674
Total liabilities	3,155,432	102,541	309,083	3,567,056
Fund Balances				
Fund balances				
Nonspendable	120,158	-	40,215	160,373
Restricted	29,650	28,750,458	290,877	29,070,985
Assigned	632,588	5,321,859	55,246	6,009,693
Unassigned	20,646,260	-	-	20,646,260
Total fund balances	21,428,656	34,072,317	386,338	55,887,311
Total liabilities and fund balances	\$ 24,584,088	\$ 34,174,858	\$ 695,421	\$ 59,454,367

(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, 2012

Total fund balances - governmental funds	<u>\$ 55,887,311</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	21,825,690
Depreciable capital assets	88,691,997
Accumulated depreciation	<u>(20,556,870)</u>
Depreciable capital assets, net	<u>68,135,127</u>
Revenues not collected soon enough to pay for current-period expenditures.	898,113
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	(110,613,247)
Net OPEB obligation	(548,766)
Compensated absences	(1,234,023)
Landfill closure costs	(1,893,367)
Accrued interest payable	(1,652,636)
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>950,949</u>
Total net assets - governmental activities	<u>\$ 31,755,151</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, 2012

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
General property taxes	\$ 38,024,532	\$ -	\$ -	\$ 38,024,532
Other local taxes	6,200,597	-	100,486	6,301,083
Permits, privilege fees and regulatory licenses	380,302	-	-	380,302
Fines and forfeitures	85,598	-	-	85,598
Revenues from use of money and property	985,342	81,499	-	1,066,841
Charges for services	1,466,974	-	153,922	1,620,896
Miscellaneous	466,211	-	57,910	524,121
Intergovernmental:				
Commonwealth of Virginia	12,015,579	-	1,161,083	13,176,662
Federal	804,391	109,489	1,501,437	2,415,317
Total revenues	60,429,526	190,988	2,974,838	63,595,352
Expenditures				
General government administration	4,814,890	-	-	4,814,890
Judicial administration	1,058,580	-	-	1,058,580
Public safety	7,672,354	-	983,585	8,655,939
General services	6,541,709	-	-	6,541,709
Health and welfare	951,649	-	3,569,080	4,520,729
Education	24,136,237	-	-	24,136,237
Parks, recreation and cultural	2,347,963	-	285,643	2,633,606
Community development	5,995,165	-	551	5,995,716
Nondepartmental	1,314,563	-	-	1,314,563
Capital outlay	-	5,035,723	-	5,035,723
Debt service:				
Principal retirement	31,516	-	-	31,516
Interest and other charges	2,784,497	-	-	2,784,497
Bond issuance costs	-	284,568	-	284,568
Total expenditures	57,649,123	5,320,291	4,838,859	67,808,273
Excess (deficiency) of revenues over (under) expenditures	2,780,403	(5,129,303)	(1,864,021)	(4,212,921)
Other financing sources (uses)				
Transfers in	-	-	1,826,748	1,826,748
Transfers out	(1,826,748)	-	-	(1,826,748)
Total other financing sources (uses), net	(1,826,748)	-	1,826,748	-
Net change in fund balance	953,655	(5,129,303)	(37,273)	(4,212,921)
Fund balances - beginning of year	20,475,001	39,201,620	423,611	60,100,232
Fund balances - end of year	\$ 21,428,656	\$ 34,072,317	\$ 386,338	\$ 55,887,311

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, 2012

Net change in fund balances - governmental funds	\$ (4,212,921)
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	4,214,223
Joint activity - transfer of capital assets, net	(1,010,246)
Depreciation expense	(2,479,970)
Sale of property	(66,024)
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.	
Repayment of debt principal	1,300,285
Amortization of bond premiums	240,920
Amortization of bond discounts	(12,398)
Amortization of deferred loss on refunding	(13,019)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	106,412
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	210,927
Increase in landfill closure costs	(297,290)
Increase in compensated absences	(74,120)
Increase in accrued interest	(149,579)
Increase in net OPEB obligation	(163,030)
Change in net assets of governmental activities	<u>\$ (2,405,830)</u>

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, 2012

		Public Utilities
Assets		
Current assets		
Cash and cash equivalents		\$ 516,864
Receivables - net of allowance of \$70,762		595,938
Inventories		74,383
Total current assets		<u>1,187,185</u>
Noncurrent assets		
Restricted cash and cash equivalents		5,733,443
Deferred bond issuance costs		162,821
Capital assets:		
Nondepreciable		1,394,577
Depreciable - net		15,096,901
Total noncurrent assets		<u>22,387,742</u>
Total assets		<u>23,574,927</u>
Liabilities		
Current liabilities		
Accounts payable		681,813
Accrued interest payable		286,937
Customer deposits payable		168,551
Due to other funds		71,142
General obligation bonds payable		8,646,043
Notes payable		12,000
Compensated absences		6,152
Total current liabilities		<u>9,872,638</u>
Noncurrent liabilities		
General obligation bonds payable		19,707,980
Notes payable		48,000
Compensated absences		55,366
Net OPEB obligation		22,632
Total noncurrent liabilities		<u>19,833,978</u>
Total liabilities		<u>29,706,616</u>
Net Assets		
Invested in capital assets - net of related debt		(6,129,102)
Unrestricted		(2,587)
Total net assets		<u>\$ (6,131,689)</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, 2012

	<u>Public Utilities</u>
Operating revenues	
Charges for services	<u>\$ 2,856,747</u>
Operating expenses	
Current:	
Personnel services	611,098
Fringe benefits	161,656
Contractual services	268,869
Purchases	4,055,512
Other charges	349,845
Depreciation	934,495
Total operating expenses	<u>6,381,475</u>
Operating loss	<u>(3,524,728)</u>
Nonoperating revenues (expenses)	
Interest income	27,205
Interest and fiscal charges	(1,058,349)
Amortization of deferred charges	3,886
Total nonoperating expenses, net	<u>(1,027,258)</u>
Losses before contributions	<u>(4,551,986)</u>
Capital contributions - connection fees	<u>1,415,036</u>
Total contributions	<u>1,415,036</u>
Change in net assets	(3,136,950)
Net assets - beginning of year	<u>(2,994,739)</u>
Net assets - end of year	<u>\$ (6,131,689)</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, 2012

	<u>Public Utilities</u>
Cash flows from operating activities	
Received from customers and users	\$ 2,632,557
Payments to suppliers for goods and services	(4,467,525)
Payments to employees	(758,072)
Net cash used in operating activities	<u>(2,593,040)</u>
Cash flows from non-capital and related financing activities	
Due to other funds	(743,700)
Customer deposits	15,536
Net cash used in non-capital and related financing activities	<u>(728,164)</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(2,009,442)
Capital contributions	1,415,036
Proceeds from debt issued	60,000
Principal payments on bonds	(672,066)
Bond issuance costs	(71,142)
Interest paid on notes and bonds payable	(1,036,741)
Net cash used in capital and related financing activities	<u>(2,314,355)</u>
Cash flows from investing activities	
Interest received	27,205
Net cash provided by investing activities	<u>27,205</u>
Change in cash and cash equivalents	(3,608,354)
Cash and cash equivalents - beginning of year	<u>11,858,661</u>
Cash and cash equivalents - end of year	<u>\$ 6,250,307</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	(3,524,728)
Adjustments to reconcile to net cash provided by operating activities:	
Allowance for doubtful accounts	934,495
Depreciation	
Change in:	
Accounts receivable	(224,190)
Inventories	(25,532)
Accounts payable	232,233
Compensated absences	6,721
Other post-employment benefits payable	7,961
Net cash used in operating activities	<u>\$ (2,593,040)</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, 2012

		<u>Agency Funds</u>
	Assets	
Cash and cash equivalents		<u>\$ 320,534</u>
	Liabilities	
Amounts held for social services clients		\$ 7,842
Amounts held for others		<u>312,692</u>
Total liabilities		<u>\$ 320,534</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, 2012

1. Summary of Significant Accounting Policies

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

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in the Primary Government's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the Primary Government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the Primary Government should be included in its reporting entity. These financial statements present the County (the Primary Government) and its component units. Each discretely presented component unit is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units

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

The *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, 2012

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.

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2012

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, 2012

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, 2012, the allowance for the General Fund was \$1,157,684.

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

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.

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2012

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, 2012. 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.

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

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2012

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, 2012, 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, 2012.

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

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

County of Isle of Wight, Virginia

Notes to Financial Statements

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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 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."

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.

County of Isle of Wight, Virginia

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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.

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.

County of Isle of Wight, Virginia

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2. Deposits and Investments

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

A summary of deposits and investments held by the Primary Government at June 30, 2012 is as follows:

Deposits	
Demand deposits	\$ 16,015,673
Cash on hand	2,715
Investments	
LGIP	8,547,557
Zero coupon bond	1,933,996
Money market funds	34,610,984
Total deposits and investments	<u>\$ 61,110,925</u>
Reconciliation to Statement of Net Assets	
Cash and cash equivalents	\$ 24,565,945
Restricted cash	34,610,984
Investments	1,933,996
Total deposits and investments	<u>\$ 61,110,925</u>

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.

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

County of Isle of Wight, Virginia

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June 30, 2012

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

C. Credit Risk

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

The Primary Government's investments are rated as follows:

	AAA	AA	Total
LGIP	\$ 8,547,557	\$ -	\$ 8,547,557
Zero coupon bond	-	1,933,996	1,933,996
Money market funds	34,610,983	-	34,610,983
	<u>\$ 43,158,540</u>	<u>\$ 1,933,996</u>	<u>\$ 45,092,536</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, 2012

The Primary Government had the following investments and maturities:

	Original investment maturity (in years)		
	Fair Value	Less than 1	FY 2039
LGIP	\$ 8,547,557	\$ 8,547,557	\$ -
Zero coupon bond	1,933,996	-	1,933,996
Money market funds	34,610,983	34,610,983	-
	<u>\$ 45,092,536</u>	<u>\$ 43,158,540</u>	<u>\$ 1,933,996</u>

3. Due From Other Governments

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

	Primary Government			Component Unit -
	General Fund	Nonmajor	Totals	School Board
		Governmental Funds		
<u>Amounts Due From:</u>				
Commonwealth of Virginia:				
Operating grants	\$ 7,779	\$ -	\$ 7,779	\$ -
Comprehensive Services	-	99,038	99,038	-
Mobile Home Titling tax	7,481	-	7,481	-
Communication tax	119,220	-	119,220	-
State and Use Sales Tax	-	-	-	933,385
Federal government operating grants	184,608	8,583	193,191	287,148
Town of Windsor	-	24,818	24,818	-
Town of Smithfield	627,253	79,068	706,321	-
Other	5,415	-	5,415	57,485
Totals	\$ 951,756	\$ 211,507	\$ 1,163,263	\$ 1,278,018

4. Interfund Balances and Activity

The following balances at June 30, 2012 represent amounts due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Fund	\$ 201,594
Capital Projects Fund	Public Utilities Fund	71,142
		<u>\$ 272,736</u>

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

County of Isle of Wight, Virginia

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June 30, 2012

Interfund transfers for the year ended June 30, 2012 were as follows:

Transfer Out	Transfer in	Purpose	Amount
General Fund	Nonmajor Governmental Fund	Transfer for Social Services operations	\$ 727,165
General Fund	Nonmajor Governmental Fund	Transfer for Comprehensive Services operations	221,344
General Fund	Nonmajor Governmental Fund	Transfer for Section 8 operations	52,319
General Fund	Nonmajor Governmental Fund	Transfer for County Fair operations	77,383
General Fund	Nonmajor Governmental Fund	Transfer for E-911 operations	748,537
	Total		<u>\$ 1,826,748</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.

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, 2012 is \$148,900 and matures in March 2017.

B. Town of Smithfield

As recorded in the General Fund, the County sold a building and land to the Town of Smithfield in 2011 for \$677,215. The County financed \$638,908 of the selling price at variable rates of interest from 4.0% to 5.5% and maturing on January 1, 2019. The outstanding principle balance of the note receivable at June 30, 2012 is \$620,624.

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, 2011	\$ 83,487
Principal repayments	<u>(6,207)</u>
Rehabilitation notes receivable at June 30, 2012	<u>\$ 77,280</u>

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2012

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:

2013	\$ 41,184
2014	41,184
2015	41,184
2016	41,184
2017	<u>30,891</u>
Total minimum lease payments	195,627
Less - amount representing interest	<u>(28,279)</u>
Present value of future payments	<u>\$ 167,348</u>

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

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2012

7. Capital Assets

The following is a summary of changes in capital assets:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Primary Government				
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 12,743,908	\$ 395,596	\$ -	\$ 13,139,504
Intangibles	4,326,512	-	-	4,326,512
Construction in progress	1,984,087	979,019	-	2,963,106
Construction in progress - jointly owned assets	-	1,396,568	-	1,396,568
Total capital assets not being depreciated	19,054,507	2,771,183	-	21,825,690
Capital assets being depreciated:				
Buildings - County	33,899,766	1,183,560	-	35,083,326
Buildings - jointly owned assets	39,394,841	-	1,170,169	38,224,672
Land improvements	7,905,296	66,480	-	7,971,776
Equipment	4,368,954	146,413	87,380	4,427,987
Vehicles	3,320,348	46,587	382,699	2,984,236
Total capital assets being depreciated	88,889,205	1,443,040	1,640,248	88,691,997
Less - accumulated depreciation:				
Buildings - County	3,704,315	655,095	-	4,359,410
Buildings - jointly owned assets	9,167,984	916,294	159,923	9,924,355
Land improvements	1,312,767	353,440	-	1,666,207
Equipment	1,746,152	337,812	25,850	2,058,114
Vehicles	2,709,660	217,329	378,205	2,548,784
Total accumulated depreciation	18,640,878	2,479,970	563,978	20,556,870
Total capital assets being depreciated - net	70,248,327	(1,036,930)	1,076,270	68,135,127
Governmental activities capital assets - net	\$ 89,302,834	\$ 1,734,253	\$ 1,076,270	\$ 89,960,817

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

Governmental activities	
General government administration	\$ 562,855
Public safety	437,645
General services	108,145
Health and welfare	54,977
Parks, recreation and culture	366,569
Community development	33,485
Education	916,294
Total depreciation expense - governmental activities	\$ 2,479,970

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2012

Proprietary Funds	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Business -Type activities				
Capital assets not being depreciated:				
Land	\$ 181,240	\$ 35,600	\$ -	\$ 216,840
Construction in progress	964,823	212,914	-	1,177,737
Total capital assets not being depreciated	1,146,063	248,514	-	1,394,577
Capital assets being depreciated:				
Buildings	11,337,334	141,501	-	11,478,835
Land improvements	12,324,903	1,586,644	-	13,911,547
Equipment	512,287	-	-	512,287
Vehicles	289,129	32,783	17,000	304,912
Total capital assets being depreciated	24,463,653	1,760,928	17,000	26,207,581
Less - accumulated depreciation:				
Buildings	2,549,250	233,979	-	2,783,229
Land improvements	7,109,900	648,489	-	7,758,389
Equipment	328,743	23,439	-	352,182
Vehicles	205,294	28,586	17,000	216,880
Total accumulated depreciation	10,193,187	934,493	17,000	11,110,680
Total capital assets being depreciated - net	14,270,466	826,435	-	15,096,901
Business-Type activities capital assets - net	\$ 15,416,529	\$ 1,074,949	\$ -	\$ 16,491,478

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2012

<u>Discretely Presented Component</u>	Balance			Balance
<u>Unit - School Board</u>	July 1, 2011	Additions	Deletions	June 30, 2012
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	-	6,170	1,619,726
Capital assets being depreciated:				
Buildings and improvements	40,061,303	1,256,376	-	41,317,679
Land improvements	1,700,672	81,500	-	1,782,172
Equipment	11,035,890	193,009	287,800	10,941,099
Vehicles	5,211,606	71,976	-	5,283,582
Total capital assets being depreciated	58,009,471	1,602,861	287,800	59,324,532
Less - accumulated depreciation:				
Buildings and improvements	19,361,863	1,973,163	-	21,335,026
Land improvements	1,151,959	62,967	-	1,214,926
Equipment	6,859,042	1,002,227	287,800	7,573,469
Vehicles	3,820,323	236,607	-	4,056,930
Total accumulated depreciation	31,193,187	3,274,964	287,800	34,180,351
Total capital assets being depreciated - net	26,816,284	(1,672,103)	-	25,144,181
School Board capital assets - net	\$ 28,442,180	\$ (1,672,103)	\$ 6,170	\$ 26,763,907

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, 2012, is that school financed assets, net of accumulated depreciation, in the amount of \$29,696,885 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, 2012

<u>Discretely Presented</u> <u>Component Unit Industrial Development</u> <u>Authority</u>	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 10,859,198	\$ -	-	\$ 10,859,198
Construction in progress	151,393	29,862	-	181,255
Total capital assets not being depreciated	11,010,591	29,862	-	11,040,453
Capital assets being depreciated:				
Buildings	55,000	-	-	55,000
Less - accumulated depreciation	2,750	1,100	-	3,850
Total capital assets being depreciated - net	52,250	1,100	-	51,150
IDA capital assets - net	\$ 11,062,841	\$ 28,762	\$ -	\$ 11,091,603

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:

	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Construction Commitments:		
Industrial Park	\$ 6,685,061	\$ 1,363,329
STH Intermodal Park	12,689,812	693,149
ECC Communications Tower-Rushmere	46,380	20,084
IOW Rescue Squad Building	689,118	46,179
Heritage Park Upgrades	-	66,000
Regional Consent Order	939,284	48,925
Bethel Heights Upgrade	18,473	12,477
Camptown/Carrsville Public Utilities Improvement	429,527	17,817
CSX/Sewer Force Main	112,160	25,516
Georgie D. Tyler Middle School	1,396,568	22,249,993
Route 460 Pump Station	98,300	21,017
	\$ 23,104,683	\$ 24,564,486

County of Isle of Wight, Virginia

Notes to Financial Statements

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8. Long-Term Obligations

The following is a summary of changes in long-term obligations during the year ended June 30, 2012:

Governmental Activities	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
General obligation bonds	\$ 104,114,017	\$	\$ 1,041,707	\$ 103,072,310	\$ 2,923,957
Bond premiums	1,932,310	-	240,920	1,691,390	-
Bond discounts	(161,417)	-	(12,398)	(149,019)	-
Deferred gains(losses) on refundings	(340,965)	-	(13,019)	(327,946)	-
	<u>105,543,945</u>	<u>-</u>	<u>1,257,210</u>	<u>104,286,735</u>	<u>2,923,957</u>
PACE program	4,326,512	-	-	4,326,512	-
Literary loans	2,250,000	-	250,000	2,000,000	250,000
Note payable	8,578	-	8,578	-	-
Net OPEB obligation	385,736	197,972	34,942	548,766	-
Compensated absences	1,159,903	529,786	455,666	1,234,023	123,402
Landfill closure costs	1,596,077	297,290	-	1,893,367	-
Total Governmental Activities	\$ 115,270,751	\$ 1,025,048	\$ 2,006,396	\$ 114,289,403	\$ 3,297,359
Business-Type Activities					
General obligation bonds	\$ 29,374,756	\$ -	\$ 672,066	\$ 28,702,690	\$ 8,646,043
Bond premiums	705,844	-	181,340	524,504	-
Bond discounts	(25,521)	-	(6,286)	(19,235)	-
Deferred (losses) on refundings	(932,258)	-	(78,322)	(853,936)	-
	<u>29,122,821</u>	<u>-</u>	<u>768,798</u>	<u>28,354,023</u>	<u>8,646,043</u>
Notes payable	-	60,000	-	60,000	12,000
Compensated absences	54,797	33,555	26,834	61,518	6,152
Net OPEB obligation	14,671	8,692	731	22,632	-
Total Business-Type Activities	\$ 29,192,289	\$ 102,247	\$ 796,363	\$ 28,498,173	\$ 8,664,195
Discretely Presented Component Units					
School Board					
Net OPEB obligation	\$ 1,923,763	\$ 945,624	\$ 372,528	\$ 2,496,859	\$ -
Compensated absences	541,255	98,754	56,466	583,543	58,354
	<u>\$ 2,465,018</u>	<u>\$ 1,044,378</u>	<u>\$ 428,994</u>	<u>\$ 3,080,402</u>	<u>58,354</u>
Industrial Development Authority					
Note payable	\$ 175,797	\$ -	\$ 26,897	\$ 148,900	\$ 28,742

County of Isle of Wight, Virginia

Notes to Financial Statements

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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

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General Obligation Bonds of 2011VPSA (tax exempt bonds) - 7,500,000
\$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.

General Obligation Bonds of 2010D (tax exempt bonds) - \$12,145,000 12,070,000
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.

General Obligation Bonds of 2010A (tax exempt bonds) - \$985,000 985,000
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.

General Obligation Bonds of 2010B (tax exempt bonds) - \$7,685,000 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.

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

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<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
<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>	10,460,000
<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>	5,625,000
<p>Total General Obligation Bonds Outstanding</p>	<hr/> <u>\$ 131,775,000</u>

County of Isle of Wight, Virginia

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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
2013	\$ 2,923,957	\$ 4,041,497	\$ 8,646,043	\$ 1,056,402	\$ 11,570,000	\$ 5,097,899
2014	3,270,205	3,934,032	7,454,795	715,294	10,725,000	4,649,326
2015	4,843,409	3,812,022	1,031,591	485,999	5,875,000	4,298,021
2016	12,487,807	3,646,274	1,062,193	447,310	13,550,000	4,093,584
2017	6,081,562	3,168,209	1,108,439	401,814	7,190,001	3,570,023
2018-2022	30,428,130	12,382,522	5,591,871	1,496,742	36,020,001	13,879,264
2023-2027	25,475,387	6,687,805	2,489,612	602,312	27,964,999	7,290,117
2028-2032	16,591,853	2,313,771	1,318,146	180,262	17,909,999	2,494,033
2032-2033	970,000	38,145	-	-	970,000	38,145
Total	\$ 103,072,310	\$ 40,024,277	\$ 28,702,690	\$ 5,386,135	\$ 131,775,000	\$ 45,410,412

B. Refunded Debt

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, 2012, the County had \$1,000,000 in outstanding prior year bonds that are considered defeased.

C. Purchase Agricultural Conservation Easement Program

On May 19, 2005, Board of Supervisors adopted an ordinance establishing the Purchase Agricultural Conservation Easement Program (PACE). The primary purpose of the ordinance is to promote and encourage the preservation of farmland in Isle of Wight County. Through PACE, the County acquires development rights in designated areas within the County through the purchase of agricultural land preservation easements. Landowners who meet certain eligibility criteria may sell an easement to the County while holding fee simple title to the land and continuing to farm. The County acquires 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, 2012.

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

County of Isle of Wight, Virginia

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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, 2012, two installment purchase agreements totaling 619.08 acres at a total purchase price of \$4,326,512 are outstanding.

The following is a summary of the repayment schedules:

Fiscal Year Ending June 30.	Governmental Activities	
	Principal	Interest
2013	\$ -	\$ 209,836
2014	-	209,836
2015	-	209,836
2016	-	209,836
2017	-	209,836
2018-2022	-	1,049,180
2023-2027	-	1,049,180
2028-2032	-	1,049,180
2032-2038	-	1,049,180
2038-2039	4,326,512	524,589
	<u>\$ 4,326,512</u>	<u>\$ 5,770,489</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
2013	\$ 250,000	\$ 60,000
2014	250,000	52,500
2015	250,000	45,000
2016	250,000	37,500
2017	250,000	30,000
2018-2020	750,000	45,000
	<u>\$ 2,000,000</u>	<u>\$ 270,000</u>

E. Notes Payable

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.

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The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Principal	Interest
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>\$ 148,900</u>	<u>\$ 24,252</u>

F. Notes Payable-- Public Utilities

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

The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Principal	Interest
2013	\$ 12,000	\$ -
2014	12,000	-
2015	12,000	-
2016	12,000	-
2017	12,000	-
	<u>\$ 60,000</u>	<u>\$ -</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.

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

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- 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, 2012, was 11.28% and 11.43%, respectively, of the annual covered payroll, with a funding period of 30 years and amortization factor of 18.2276.

C. Annual Pension Cost

For the fiscal year ended June 30, 2012, the County and School Board's annual pension costs of \$1,470,448 and \$289,096 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, 2011, 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 30 years or less.

D. Schedules of Employer Contributions

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
County Employees			
2012	\$ 1,470,448	100%	-
2011	\$ 1,494,839	100%	-
2010	\$ 1,320,125	100%	-
School Board Nonprofessional Employees			
2012	\$ 289,096	100%	-
2011	\$ 276,687	100%	-
2010	\$ 262,629	100%	-

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E. Schedule of Funding Progress

Actuarial value date June 30, 2011	Actuarial value of assets	Actuarial liability (AAL) project unit credit	Unfunded actuarial liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a percentage of covered payroll
County	\$ 26,264,070	\$ 33,274,845	\$ 7,010,775	78.93%	\$ 10,509,123	66.71%
Component Unit - School Board	\$ 4,353,323	\$ 5,276,266	\$ 922,943	82.51%	\$ 2,050,158	45.02%

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, 2012, 2011 and 2010 were \$3,505,082, \$2,791,144, \$3,602,256, 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, 2012 was 12.24% 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 choice of two plans: Key Care and Health Keepers Plans. Post-Medicare retirees and spouses of

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

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D. Annual OPEB Costs and Net OPEB Obligations

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

Governmental Activities

Annual required contribution (ARC)	\$	198,291
Interest on net OPEB obligations		15,429
Adjustment to annual required contribution		(15,748)
Annual OPEB Cost		<u>197,972</u>
Pay-As-You-Go Annual Employer Contributions		(34,942)
Increase in Net OPEB Obligations		<u>163,030</u>
Net OPEB Obligations - beginning of year		<u>385,736</u>
Net OPEB Obligations - end of year	\$	<u>548,766</u>

Business-Type Activities

Annual required contribution	\$	8,704
Interest on net OPEB obligations		587
Adjustment to annual required contributions		(599)
Annual OPEB Cost		<u>8,692</u>
Pay-As-You-Go Annual Employer Contributions		(731)
Increase in Net OPEB Obligations		<u>7,961</u>
Net OPEB Obligations - beginning of year		<u>14,671</u>
Net OPEB Obligations - end of year	\$	<u>22,632</u>

Component Unit - School Board

Annual required contribution	\$	947,213
Interest on net OPEB obligation		76,951
Adjustment to annual required contribution		(78,540)
Annual OPEB Cost		<u>945,624</u>
Pay-As-You-Go Annual Employer Contribution		(372,528)
Increase in Net OPEB Obligations		<u>573,096</u>
Net OPEB Obligation - beginning of year		<u>1,923,763</u>
Net OPEB Obligations - end of year	\$	<u>2,496,859</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			
2012	\$ 197,972	17.6%	\$ 548,766
2011	185,273	12.8%	385,736
2010	150,722	26.8%	224,246
Business-Type Activities			
2012	\$ 8,692	8.4%	\$ 22,632
2011	7,762	14.2%	14,671
2010	5,382	26.8%	8,009
Component Unit - School Board			
2012	\$ 945,624	39.4%	\$ 2,496,859
2011	872,172	30.7%	1,923,763
2010	895,188	26.8%	1,319,394

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.

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 1,487,111 and 7,546,916 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.

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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 valuation 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	\$ -	1,439,851	1,439,851	-	N/A	N/A
Business-type activities	\$ -	47,260	47,260	-	N/A	N/A
Component Unit - School Board	\$ -	7,546,916	7,546,916	-	N/A	N/A

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 \$1,893,367 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

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consulting contract and the need to contract for repairs to the landfill cap. During the fiscal year ended June 30, 2012, the County expended \$343,891 in post-closure costs. The current costs of landfill closure and post-closure cure is an estimate subject to changes resulting from inflation, technology or change in applicable laws or regulations.

B. Underground Storage Tank

In January 2001, petroleum contamination was encountered on the western edge of the County's complex, which was traced to a leaking 1,000 gallon underground storage tank containing heating oil. The tank was subsequently closed and an investigation was conducted to determine the extent of contamination. Although contamination appeared to be confined to the immediate vicinity, two 4-inch recovery wells and ten 2-inch monitoring wells were installed on the site. On July 2, 2003, the Department of Environmental Quality (DEQ) approved a Corrective Action Plan (CAP) calling for removal of free product by Fluid Vapor Recovery and passive skimmers and periodic sampling of groundwater and tap water. The endpoint for this CAP is a free product thickness of less than 0.01 feet in all wells maintained for six consecutive months. The County must continue to recover free product on a monthly basis and submit CAP Implementation reports on a quarterly basis until this endpoint is met. For fiscal year 2012, the County expended \$16,967 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 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

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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 2012 and 2011 were:

	2012	2011
Claims liabilities, beginning of year	\$ 861,583	\$ 919,514
Current year claims	4,294,622	4,948,161
Change in prior year claims	891,143	(359,876)
Claim payments	(4,963,514)	(3,980,487)
Legal, Administrative and other expenses	(373,773)	(665,729)
Claims liabilities, end of year	<u>\$ 710,061</u>	<u>\$ 861,583</u>
Claims liabilities, due in one year	<u>\$ 615,841</u>	<u>\$ 529,362</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.

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, 2012, the County contributed \$160,272 to the operations of the WTCSB \$577,463 to the Library and \$634,569 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

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Notes to Financial Statements

June 30, 2012

fixed charge to the City of Norfolk for access to its water supply reservoir. The Authority passed through billings of \$2,408,016 to the County for the fixed charges during fiscal year 2012. Additionally, in fiscal year 2012, the County contributed approximately \$273,984 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, 2012, the payments made to the City were \$1,193,025.

14. Fund Balances

The County has the following fund balance classifications at June 30, 2012:

	General	Capital Projects	Other Governmental	Total
Nonspendable				
Inventory	\$ -	\$ -	\$ 40,215	\$ 40,215
Notes receivable	120,158	-	-	120,158
Restricted for:				
Environmental protection	29,650	-	-	29,650
Capital projects	-	28,679,316	-	28,679,316
Community development	-	-	287,036	287,036
Public safety	-	-	3,841	3,841
Assigned to:				
Capital projects	-	5,393,001	-	5,393,001
Parks and recreation	-	-	55,246	55,246
Subsequent year's expenditures	632,588	-	-	632,588
Unassigned	20,646,260	-	-	20,646,260
	<u>\$ 21,428,656</u>	<u>\$ 34,072,317</u>	<u>\$ 386,338</u>	<u>\$ 55,887,311</u>

County of Isle of Wight, Virginia

Notes to Financial Statements

June 30, 2012

15. Subsequent Events

Series 2012 (Partial Current Refunding, Partial Advance Refunding)

On September 27, 2012, the County issued \$48,465,000 of General Obligation Public Improvement and Refunding Bonds, Series 2012, with a true interest cost of 3.23%. The bonds consisted of serial bonds bearing various fixed rates ranging from 2.0% to 5.00% with annual maturities from July 1, 2014 through July 1, 2043.

A portion of the net proceeds were used to a) currently refund the County's Series 2010B Bond Anticipation Note, with principal amount outstanding of \$7,685,000 and an interest rate of 4.00%, and b) advance refund (i) the County's Series 2011B Bond Anticipation Note, with principal amount outstanding of \$6,460,000 and an interest rate of 3.00%, (ii) the County's Series 2003 Bonds maturing in 2014 through 2023 with principal amount outstanding of \$5,210,000 and interest rates of 4.00% to 4.50%, and (iii) the County's Series 2004 Bonds maturing in 2015 through 2024 with principal amount outstanding of \$14,325,000 and interest rates of 4.00% to 5.00%.

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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, 2012				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Primary Government				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property	\$ 28,077,000	\$ 28,077,000	\$ 27,295,201	\$ (781,799)
Real and personal public service corporation property	600,000	600,000	842,810	242,810
Personal property	9,805,000	8,162,432	6,176,745	(1,985,687)
Boat	245,000	314,193	337,688	23,495
Mobile home	122,000	122,000	132,266	10,266
Machinery and tools	2,200,000	2,202,003	1,179,748	(1,022,255)
Equipment	-	1,921,817	1,537,613	(384,204)
Penalties	225,000	225,000	346,864	121,864
Interest and other costs	130,000	130,000	175,597	45,597
Total general property taxes	41,404,000	41,754,445	38,024,532	(3,729,913)
Other local taxes:				
Local sales and use	1,800,000	1,800,000	1,964,389	164,389
Consumer's utility	850,000	850,000	787,381	(62,619)
Consumption	90,000	90,000	81,917	(8,083)
Business license	360,000	360,000	382,134	22,134
Motor vehicle licenses	535,000	535,000	653,776	118,776
Penalties	-	-	4,694	4,694
Interest	-	-	2,181	2,181
Recordation and wills	150,000	150,000	598,186	448,186
Lodging	23,000	23,000	25,477	2,477
Meals tax	302,000	302,000	330,201	28,201
Communications sales and use	1,430,000	1,430,000	1,359,835	(70,165)
Bank franchise tax	5,000	5,000	4,617	(383)
Charter Franchise	-	-	5,809	5,809
Total other local taxes	5,545,000	5,545,000	6,200,597	655,597
Permits, fees and licenses:				
Animal licenses	20,000	20,000	18,994	(1,006)
Transfer fees	900	900	997	97
Inspection Technology fees	-	-	6,675	6,675
Zoning and subdivision fees	45,000	45,000	43,820	(1,180)
Building permits	215,000	215,000	226,749	11,749
Inspection fees	10,000	10,000	10,523	523
Concealed weapon permits	4,800	4,800	8,355	3,555
Cash proffers	85,000	85,000	64,189	(20,811)
Total permits, fees and licenses	380,700	380,700	380,302	(398)
Fines and forfeitures				
	61,000	61,000	85,598	24,598
Total fines and forfeitures	61,000	61,000	85,598	24,598
Revenues from use of money and property:				
Revenues from use of money	28,500	28,500	913,805	885,305
Revenues from use of property	54,000	54,000	71,537	17,537
Total revenues from use of money and property	82,500	82,500	985,342	902,842
Miscellaneous:				
Miscellaneous	50,000	50,000	377,242	327,242
Gifts and donations	-	61,032	62,223	1,191
Farmers market	-	7,049	26,746	19,697
Total miscellaneous	50,000	118,081	466,211	348,130

Continued

County of Isle of Wight, Virginia

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

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Charges for services:				
Charges for Commonwealth's Attorney	2,000	2,000	14,410	12,410
Charges for parks and recreation	257,815	257,815	240,615	(17,200)
Charges for building construction court fee	20,000	20,000	40,883	20,883
Charges for law enforcement and other protection	53,225	53,225	70,096	16,871
Charges for emergency medical services	475,000	475,000	672,664	197,664
Charges for maps	500	500	1,131	631
Recovered costs:				
Indirect cost allocation	70,000	70,000	77,525	7,525
Court costs	35,000	35,000	227,390	192,390
Other	225,000	225,000	122,260	(102,740)
Total charges for services	1,138,540	1,138,540	1,466,974	328,434
Total revenues from local sources	48,661,740	49,080,266	47,609,556	(1,470,710)
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	16,715	16,715	57,305	40,590
Total noncategorical aid	5,132,605	5,132,605	5,173,195	40,590
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	348,704	348,704	348,138	(566)
Sheriff	1,145,838	1,145,838	1,141,246	(4,592)
Commissioner of the Revenue	121,902	121,902	122,137	235
Treasurer	109,095	109,095	109,372	277
Registrar/electoral board	47,647	47,647	56,834	9,187
Clerk of the Circuit Court	261,229	261,229	245,875	(15,354)
Total shared expenses	2,034,415	2,034,415	2,023,602	(10,813)
Other categorical aid:				
Bicycle/ pedestrian trail	-	258,576	155,633	(102,943)
DMV Selective Enforcement	-	41,151	29,401	(11,750)
Fire program funds	59,850	59,850	65,640	5,790
Four for life	38,389	38,389	36,858	(1,531)
Litter control	-	7,717	7,717	-
OEMS Consolidated grants program	-	4,327	-	(4,327)
Port security grant	-	199,751	31,952	(167,799)
Purchase of agriculture development rights	-	110,952	-	(110,952)
SRO	-	26,775	16,263	(10,512)
Victim witness	-	48,292	48,292	-
V-DOT Road Refund	-	-	408,320	408,320
Governor's Develop. Opportunity Fund	-	4,000,000	4,000,000	-
Other	-	67,551	18,706	(48,845)
Total other categorical aid	98,239	4,863,331	4,818,782	(44,549)
Total categorical aid	2,132,654	6,897,746	6,842,384	(55,362)
Total revenues from the Commonwealth	7,265,259	12,030,351	12,015,579	(14,772)

Continued

County of Isle of Wight, Virginia

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

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue from the federal government				
Home Program	-	-	50,871	50,871
BPV	-	3,120	2,520	(600)
V-STOP	-	31,721	21,594	(10,127)
Local Law Enforcement Block Grant	-	3,557	1,372	(2,185)
Care & Confinement of Prisoners	-	-	191	191
FEMA	-	150,829	158,528	7,699
Interest Subsidy	-	-	569,315	569,315
Total revenues from the federal government	-	189,227	804,391	615,164
Total General Fund revenues and other financing sources	55,926,999	61,299,844	60,429,526	(870,318)
General government administration				
Legislative:				
Board of Supervisors	305,878	327,878	357,832	(29,954)
General and financial administration:				
Budget and finance	599,432	727,405	704,451	22,954
Commissioner of the Revenue	581,088	589,998	578,894	11,104
Communications	94,783	95,569	91,811	3,758
County Administrator	501,485	512,545	502,819	9,726
County Attorney	573,735	608,759	356,418	252,341
Human resources	206,611	208,960	168,869	40,091
Information technology/GIS	709,371	756,753	669,247	87,506
Insurance	338,075	299,075	281,501	17,574
Real estate assessment	16,600	366,600	318,204	48,396
Treasurer	567,451	575,155	540,265	34,890
Total general and financial administration	4,188,631	4,740,819	4,212,479	528,340
Board of Elections:				
Registrar/electoral board and officials	245,804	246,723	244,579	2,144
Total Board of Elections	245,804	246,723	244,579	2,144
Total general government administration	4,740,313	5,315,420	4,814,890	500,530
Judicial administration:				
Courts:				
Circuit Court	77,041	77,041	40,464	36,577
General District Court	6,325	6,325	4,950	1,375
Fifth District Court services unit	155,560	155,560	110,309	45,251
Juvenile and Domestic Relations District Court	10,790	10,790	8,522	2,268
Clerk of the Circuit Court	408,526	413,431	401,400	12,031
Total courts	658,242	663,147	565,645	97,502
Commonwealth's Attorney	488,465	495,891	492,935	2,956
Total Commonwealth's Attorney	488,465	495,891	492,935	2,956
Total judicial administration	1,146,707	1,159,038	1,058,580	100,458

Continued

County of Isle of Wight, Virginia

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

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety:				
Law enforcement and traffic control:				
Sheriff	3,189,447	3,273,738	3,217,771	55,967
Total law enforcement and traffic control	3,189,447	3,273,738	3,217,771	55,967
Fire and rescue services:				
Emergency services	1,119,250	1,176,870	1,492,103	(315,233)
Volunteer fire department	299,017	654,207	654,205	2
Ambulance and rescue service	335,258	552,958	539,467	13,491
Total fire and rescue services	1,753,525	2,384,035	2,685,775	(301,740)
Inspections - building	466,201	475,426	469,261	6,165
Total inspections - building	466,201	475,426	469,261	6,165
Other protection:				
Animal control	249,722	254,066	256,899	(2,833)
DMV selective enforcement	-	41,151	32,646	8,505
Emergency management (civil defense)	8,302	-	-	-
Fifth district community corrections program	8,579	8,579	8,579	-
Fire prevention	47,000	47,000	65,640	(18,640)
Four for life	28,500	28,500	36,858	(8,358)
Byrne JAG	-	2,481	-	2,481
OEMS consolidated grants program	-	4,327	-	4,327
Port security grant	-	199,751	31,952	167,799
SRO	-	26,775	26,775	-
Western Tidewater Regional Jail	637,988	637,988	634,569	3,419
Other	-	195,025	205,629	(10,604)
Total other protection	980,091	1,445,643	1,299,547	146,096
Total public safety	6,389,264	7,578,842	7,672,354	(93,512)
General services:				
General administration (Pub Wks)	191,221	200,865	197,887	2,978
Engineering division	532,727	575,487	466,568	108,919
Other	-	89,000	89,000	-
Total administration	723,948	865,352	753,455	111,897
General services:				
Maintenance of highways, streets, bridges and sidewalks:				
Roadway beautification	3,100	4,933	1,059	3,874
Total maintenance of highways, streets, bridges and sidewalks	3,100	4,933	1,059	3,874
Sanitation and waste removal:				
Refuse collection	811,802	871,807	897,321	(25,514)
Refuse disposal	2,850,000	2,634,500	2,675,751	(41,251)
Total sanitation and waste removal	3,661,802	3,506,307	3,573,072	(66,765)
Maintenance of general buildings and grounds:				
General properties (Bldg&Grds)	1,938,580	2,148,090	2,124,969	23,121
Transportation/maintenance	41,000	41,000	77,692	(36,692)
Litter control	-	7,717	7,717	-
DEQ oil tank clean up	5,000	5,000	3,745	1,255
Total maintenance of general buildings and grounds	1,984,580	2,201,807	2,214,123	(12,316)
Total general services	6,373,430	6,578,399	6,541,709	36,690

Continued

County of Isle of Wight, Virginia

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

Year Ended June 30, 2012

	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	-	810	831	(21)
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	6,000	6,000	6,000	-
Isle of Wight Trlad	2,780	2,780	2,780	-
Isle of Wight Health Department	-	-	10,000	(10,000)
Obici/Luter Obesity Reduction Program	-	24,283	-	24,283
Senior Services of Southeastern Hampton Roads	33,413	33,413	33,413	-
Suffolk Homeless Shelter	8,000	8,000	8,000	-
Juvenile Accountability	51,216	52,136	32,262	19,874
Western Tidewater Health District	522,464	522,464	522,464	-
Victim witness	15,540	65,121	60,957	4,164
V-STOP	7,699	39,627	28,997	10,630
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	893,057	1,000,579	951,649	48,930
Education:				
Local contribution	25,764,167	26,050,884	24,136,237	1,914,647
Total education	25,764,167	26,050,884	24,136,237	1,914,647
Parks, recreation and cultural:				
Parks and recreation	1,149,077	1,169,369	1,146,692	22,677
Skating rink	41,020	41,800	37,244	4,556
Virginia Port Authority	-	44,000	-	44,000
Bicycle/ pedestrian trail	-	560,062	195,224	364,838
Parks and recreation programs	219,672	222,407	147,298	75,109
Total parks and recreation	1,409,769	2,037,638	1,526,458	511,180
Historic Resources Division	213,680	217,855	226,867	(9,012)
Cultural Arts Organizations	5,000	10,000	10,000	-
Total cultural enrichment	218,680	227,855	236,867	(9,012)
Library:				
Community College	6,175	6,175	6,175	-
Library administration	572,713	578,463	578,463	-
Total library	578,888	584,638	584,638	-
Total parks, recreation and cultural	2,207,337	2,850,131	2,347,963	502,168
Community development:				
Planning:				
Planning & Zoning	781,247	844,573	762,051	82,522
Economic development	494,278	505,333	482,921	22,412
Tourism	372,326	377,867	388,427	(10,560)
Chamber of Commerce	16,000	16,000	16,000	-
Purchase of agriculture development rights	209,836	320,788	210,836	109,952
Other	-	4,018,665	4,084,921	(66,256)
Total planning	1,873,687	6,083,226	5,945,156	138,070

Continued

County of Isle of Wight, Virginia

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

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Environmental management:	32,620	34,495	32,899	1,596
Total environmental management	32,620	34,495	32,899	1,596
Cooperative extension program	74,823	74,823	17,110	57,713
Total cooperative extension program	74,823	74,823	17,110	57,713
Total community development	1,981,130	6,192,544	5,995,165	197,379
Nondepartmental:				
Annexation settlement payment	1,084,000	1,193,025	1,193,025	-
Other	230,361	185,245	121,538	63,707
Total nondepartmental	1,314,361	1,378,270	1,314,563	63,707
Debt service:				
Principal retirement	426,516	426,516	31,516	395,000
Interest and other charges	2,142,911	2,142,911	2,784,497	(641,586)
Total debt service	2,569,427	2,569,427	2,816,013	(246,586)
Other financing uses:				
Transfers to Capital Projects Fund	75,000	1,163,111	-	1,163,111
Transfers to Special Revenue Funds	1,976,536	1,976,536	1,826,748	149,788
Transfers to Public Utilities Fund	571,270	1,071,270	-	1,071,270
Total other financing uses	2,622,806	4,210,917	1,826,748	2,384,169
Total General Fund expenditures and other financing uses	56,001,999	64,884,451	59,475,871	5,408,580
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(75,000)	(3,584,607)	953,655	4,538,262
Fund balance- beginning of year	20,475,001	20,475,001	20,475,001	-
Fund balance- end of year	\$ 20,400,001	\$ 16,890,394	\$ 21,428,656	\$ 4,538,262

See accompanying independent auditors' report

County of Isle of Wight, Virginia

Notes to Required Supplementary Information

June 30, 2012

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The General and Capital Projects Fund budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General, Special Revenue, Capital Projects, and Proprietary funds of the Primary Government and Component Unit - School Board.
6. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.
7. Appropriations lapsed on June 30, 2012 for all County units. All unexpended appropriations of the School Board revert back to the County at the end of each fiscal year.
8. The Primary Government have assigned fund balances for subsequent year's years expenditures unless the subsequent year's years expenditures relate to restricted or committed resources

County of Isle of Wight, Virginia

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

Year Ended June 30, 2012

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						
6/30/2011	\$ 26,264,070	\$ 33,274,845	\$ 7,010,775	78.93%	\$ 10,509,123	66.71%
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	\$ 3,593,944	87.24%	\$ 10,337,966	34.77%
School Board - Nonprofessional Employees						
6/30/2011	\$ 4,353,323	\$ 5,276,266	\$ 922,943	82.51%	\$ 2,050,158	45.02%
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%

(continued)

See accompanying independent auditors' report

County of Isle of Wight, Virginia

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

Year Ended June 30, 2012									
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									
7/1/2011	\$ -	\$ 1,487,111	\$ 1,487,111	-	N/A	N/A			
7/1/2010	\$ -	\$ 1,318,675	\$ 1,318,675	-	N/A	N/A			
7/1/2009	\$ -	\$ 881,822	\$ 881,822	-	N/A	N/A			
School Board									
7/1/2011	\$ -	\$ 7,546,916	\$ 7,546,916	-	N/A	N/A			
7/1/2010	\$ -	\$ 6,947,423	\$ 6,947,423	-	N/A	N/A			
7/1/2009	\$ -	\$ 6,503,857	\$ 6,503,857	-	N/A	N/A			

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, 2012

	Capital Projects			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenue from use of property	\$ -	\$ -	\$ 81,499	\$ 81,499
Miscellaneous	-	559,100	-	(559,100)
Intergovernmental:				
Commonwealth of Virginia	-	-	109,489	109,489
Total revenues	-	559,100	190,988	190,988
Expenditures				
Capital outlay	4,175,000	21,940,857	5,035,723	16,905,134
Bond issuance costs	-	-	284,568	284,568
Total expenditures	4,175,000	21,940,857	5,320,291	17,189,702
Deficiency of revenues under expenditures	(4,175,000)	(21,940,857)	(5,129,303)	(17,108,203)
Other financing sources (uses)				
Operating transfers in	75,000	354,011	-	(354,011)
Operating transfers out	-	-	-	-
Bond proceeds	4,100,000	4,100,000	-	(4,100,000)
Total other financing sources (uses), net	4,175,000	4,454,011	-	(4,454,011)
Net change in fund balance	-	(16,927,746)	(5,129,303)	11,798,443
Fund balances - beginning of year	39,201,620	39,201,620	39,201,620	-
Fund balances - end of year	\$ 39,201,620	\$ 22,273,874	\$ 34,072,317	\$ 11,798,443

See accompanying independent auditors' report

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County of Isle of Wight, Virginia

June 30, 2012

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, 2012

	DSS	Comprehensive Services		E-911 Fund		Community Development Block Grant		Section 8		Asset Forfeiture Fund		County Fair Fund		Museum Fund		Totals
		Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund			
Assets																
Cash and investments	\$ -	\$ -	\$ -	\$ 113,083	\$ -	\$ 5,010	\$ 3,059	\$ 60,193	\$ 181,345							
Restricted cash	-	-	-	97,174	-	-	-	-	97,174							
Accounts receivable, net	79,280	-	-	-	-	-	8,620	-	87,900							
Due from other governments	-	99,038	103,886	-	8,583	-	-	-	211,507							
Notes receivable, net	-	-	-	77,280	-	-	-	-	77,280							
Inventory	-	-	-	-	-	-	-	40,215	40,215							
Total assets	79,280	99,038	103,886	287,537	8,583	5,010	11,679	100,408	695,421							
Liabilities and Fund Balances																
Accounts payable	29,779	41,693	12,123	501	21	1,169	629	4,947	90,862							
Accrued expenses	-	-	5,577	-	-	-	-	-	5,577							
Due to other funds	49,501	57,345	86,186	-	8,562	-	-	-	201,594							
Deferred revenues	-	-	-	-	-	-	11,050	-	11,050							
Total liabilities	79,280	99,038	103,886	501	8,583	1,169	11,679	4,947	309,083							
Fund balances																
Nonspendable - inventory	-	-	-	-	-	-	-	40,215	40,215							
Restricted	-	-	-	287,036	-	3,841	-	-	290,877							
Assigned	-	-	-	-	-	-	-	55,246	55,246							
Total fund balances	-	-	-	287,036	-	3,841	-	95,461	386,338							
Total liabilities and fund balances	\$ 79,280	\$ 99,038	\$ 103,886	\$ 287,537	\$ 8,583	\$ 5,010	\$ 11,679	\$ 100,408	\$ 695,421							

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, 2012	Comprehensive Services Fund		E-911 Fund	Community Development Block Grant		Section 8	Asset Forfeitures Fund		County Fair Fund		Museum Fund	Totals
	DSS											
Revenues												
Other local taxes	\$ -	\$ -	\$ 100,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,486
Charges for services	-	-	-	-	-	-	-	-	140,556	-	13,366	153,922
Miscellaneous	-	-	22,340	-	-	-	-	-	35,570	-	-	57,910
Intergovernmental:												
Commonwealth	742,526	324,289	94,033	-	-	-	235	-	-	-	-	1,161,083
Federal	1,392,015	-	-	-	109,422	-	-	-	-	-	-	1,501,437
Total revenues	2,134,541	324,289	216,859	-	109,422	-	235	176,126	-	13,366	-	2,974,838
Expenditures												
Public safety	-	-	965,396	-	-	-	18,189	-	-	-	-	983,585
Health and welfare	2,861,706	545,633	-	-	161,741	-	-	-	-	-	-	3,569,080
Parks, recreation and cultural	-	-	-	-	-	-	-	276,654	-	8,989	-	285,643
Community development	-	-	-	551	-	-	-	-	-	-	-	551
Total expenditures	2,861,706	545,633	965,396	551	161,741	18,189	276,654	8,989	4,377	-	-	4,838,859
Excess (deficiency) of revenues over (under) expenditures	(727,165)	(221,344)	(748,537)	(551)	(52,319)	(17,954)	(100,528)	4,377	-	-	-	(1,864,021)
Other financing sources												
Operating transfers in	727,165	221,344	748,537	-	52,319	-	-	77,383	-	-	-	1,826,748
Total other financing sources	727,165	221,344	748,537	-	52,319	-	77,383	-	-	-	-	1,826,748
Net change in fund balance	-	-	-	(551)	-	(17,954)	(23,145)	4,377	-	-	-	(37,273)
Fund balances - beginning of year	-	-	-	287,587	-	21,795	23,145	91,084	-	-	-	423,611
Fund balances - end of year	\$ -	\$ -	\$ 287,036	\$ -	\$ 3,841	\$ -	\$ 95,461	\$ -	\$ -	\$ -	\$ -	\$ 386,338

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

	DSS				Comprehensive Services Fund			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	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental:	984,737	984,737	742,526	(242,211)	237,741	432,232	324,289	(107,943)
Commonwealth	1,821,222	1,821,222	1,392,015	(429,207)	-	-	-	-
Federal	2,805,959	2,805,959	2,134,541	(671,418)	237,741	432,232	324,289	(107,943)
Total revenues	3,575,520	3,575,520	2,861,706	713,814	676,737	676,737	545,633	131,104
Expenditures	-	-	-	-	-	-	-	-
Public safety	3,575,520	3,575,520	2,861,706	713,814	676,737	676,737	545,633	131,104
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	3,575,520	3,575,520	2,861,706	713,814	676,737	676,737	545,633	131,104
Excess (deficiency) of revenues over (under) expenditures	(769,561)	(769,561)	(727,165)	42,396	(438,996)	(244,505)	(221,344)	23,161
Other financing sources	-	-	-	-	-	-	-	-
Operating transfers in	769,561	769,561	727,165	(42,396)	438,996	244,505	221,344	(23,161)
Total other financing sources	769,561	769,561	727,165	(42,396)	438,996	244,505	221,344	(23,161)
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balances - beginning of year	-	-	-	-	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Continued

County of Isle of Wight, Virginia

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

Year Ended June 30, 2012

	Section 8				Asset Forfeitures Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual		Original Budget	Final Budget	Actual	
Revenues								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	111,720	113,033	109,422	(3,611)	-	-	235	235
Federal	111,720	113,033	109,422	(3,611)	-	-	235	235
Total revenues								
Expenditures								
Public safety	-	-	-	-	-	21,795	18,189	3,606
Health and welfare	160,904	165,856	161,741	4,115	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	160,904	165,856	161,741	4,115	-	21,795	18,189	3,606
Excess (deficiency) of revenues over (under) expenditures	(49,184)	(52,823)	(52,319)	504	-	(21,795)	(17,954)	3,841
Other financing sources								
Operating transfers in	49,184	52,823	52,319	(504)	-	-	-	-
Total other financing sources	49,184	52,823	52,319	(504)	-	-	-	-
Net change in fund balance	-	-	-	-	-	(21,795)	(17,954)	3,841
Fund balances - beginning of year	-	-	-	-	21,795	21,795	21,795	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -	\$ 21,795	\$ -	\$ 3,841	\$ 3,841

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, 2012				Community Development Block Grant			Variance with Final Budget Positive (Negative)
	E911 Fund				Original Budget	Final Budget	Actual	
	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)				
Revenues								
Other local taxes	\$ 138,000	\$ 138,000	\$ 100,486	\$ (37,514)	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	78,105	78,105	22,340	(55,765)	-	-	-	-
Intergovernmental:								
Commonwealth	69,000	71,000	94,033	23,033	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	285,105	287,105	216,859	(70,246)				
Expenditures								
Public safety	950,712	971,178	965,396	5,782	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	551	(551)
Total expenditures	950,712	971,178	965,396	5,782			551	(551)
Excess (deficiency) of revenues over (under) expenditures	(665,607)	(684,073)	(748,537)	(64,464)			(551)	(551)
Other financing sources								
Operating transfers in	665,607	684,073	748,537	64,464	-	-	-	-
Total other financing sources	665,607	684,073	748,537	64,464				
Net change in fund balance							(551)	(551)
Fund balances - beginning of year					287,587	287,587	287,587	
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -	\$ 287,587	\$ 287,587	\$ 287,036	\$ (551)

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, 2012

	County Fair Fund			Museum Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
Revenues							
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	222,128	222,128	140,556	8,500	8,500	13,366	4,866
Miscellaneous	25,000	25,000	35,570	-	6,427	-	(6,427)
Intergovernmental:							
Commonwealth	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-
Total revenues	247,128	247,128	176,126	8,500	14,927	13,366	(1,561)
Expenditures							
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Parks, recreation and cultural	254,211	261,976	276,654	8,500	14,927	8,989	5,938
Community development	-	-	-	-	-	-	-
Total expenditures	254,211	261,976	276,654	8,500	14,927	8,989	5,938
Excess (deficiency) of revenues over expenditures	(7,083)	(14,848)	(100,528)	-	-	4,377	4,377
Other financing sources							
Operating transfers in	7,083	14,848	77,383	-	7,950	-	(7,950)
Total other financing sources	7,083	14,848	77,383	-	7,950	-	(7,950)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	-	-	(23,145)	-	7,950	4,377	(3,573)
Fund balances - beginning of year	23,145	23,145	23,145	91,084	91,084	91,084	-
Fund balances - end of year	\$ 23,145	\$ 23,145	\$ -	\$ 91,084	\$ 99,034	\$ 95,461	\$ (3,573)

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, 2012	Totals			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Other local taxes	\$ 138,000	\$ 138,000	\$ 100,486	\$ (37,514)
Charges for services	230,628	230,628	153,922	(76,706)
Miscellaneous	103,105	109,532	57,910	(51,622)
Intergovernmental:				
Commonwealth	1,291,478	1,487,969	1,161,083	(326,886)
Federal	1,932,942	1,934,255	1,501,437	(432,818)
Total revenues	3,696,153	3,900,384	2,974,838	(925,546)
Expenditures				
Public safety	950,712	992,973	983,585	9,388
Health and welfare	4,413,161	4,418,113	3,569,080	849,033
Parks, recreation and cultural	262,711	276,903	285,643	(8,740)
Community development	-	-	551	(551)
Total expenditures	5,626,584	5,687,989	4,838,859	849,130
Excess (deficiency) of revenues over expenditures	(1,930,431)	(1,787,605)	(1,864,021)	(76,416)
Other financing sources				
Operating transfers in	1,930,431	1,773,760	1,826,748	52,988
Total other financing sources	1,930,431	1,773,760	1,826,748	52,988
Excess (deficiency) of revenues and other financing sources over expenditures	-	(13,845)	(37,273)	(23,428)
Fund balances - beginning of year	423,611	423,611	423,611	-
Fund balances - end of year	\$ 423,611	\$ 409,766	\$ 386,338	\$ (23,428)

See accompanying independent auditors' report

County of Isle of Wight, Virginia

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

June 30, 2012

	Governmental Funds		
	School Operating Fund	School Cafeteria Fund	Totals
Assets			
Cash and investments	\$ 6,010,639	\$ 434,591	\$ 6,445,230
Accounts receivable - net of allowances for uncollectibles	70,641	11,973	82,614
Inventory	-	50,114	50,114
Due from other funds	54,894	-	54,894
Due from other governmental units	1,220,533	57,485	1,278,018
Total assets	\$ 7,356,707	\$ 554,163	\$ 7,910,870
Liabilities			
Accounts payable	\$ 560,991	\$ 20,461	\$ 581,452
Accrued liabilities	4,683,327	-	4,683,327
Due to primary government	2,112,389	-	-
Due to other funds	-	54,762	54,762
Total liabilities	7,356,707	75,223	5,319,541
Fund Balance			
Fund balances:			
Nonspendable: Inventory	-	50,114	50,114
Assigned to: Food Service	-	428,826	428,826
Total fund balances	-	478,940	478,940
Total liabilities and fund balance	\$ 7,356,707	\$ 554,163	\$ 5,798,481

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, 2012****Reconciliation of Balance Sheets - Component Unit - School Board
to the Statement of Net Assets**

Total fund balances - School Board - governmental funds	\$ 478,940
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.	
Non depreciable capital assets	1,619,726
Depreciable capital assets	59,324,532
Accumulated depreciation	<u>(34,180,351)</u>
Depreciable assets, net	<u>25,144,181</u>
Long-term obligations are not due and payable in the current period and are not reported in in funds	
Compensated absences	(583,543)
Net OPEB obligation	(2,496,859)
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>703,211</u>
Total net assets - School Board - governmental activities	<u>\$ 24,865,656</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, 2012

	Governmental Funds		
	School Operating Fund	School Cafeteria Fund	Total
Revenues			
Revenues from use of money and property	\$ 50,592	\$ 1,145	\$ 51,737
Charges for services	135,161	580,585	715,746
Miscellaneous	145,598	346,036	491,634
Recovered costs	24,912	-	24,912
Payment from the Primary Government	25,532,805	-	25,532,805
Intergovernmental:			
Commonwealth	26,266,522	30,451	26,296,973
Federal	4,003,232	1,025,043	5,028,275
Total revenues	\$ 56,158,822	\$ 1,983,260	\$ 58,142,082
Expenditures			
Current:			
Administration, attendance and health	2,064,870	-	2,064,870
Instructional services	40,152,491	-	40,152,491
Operations and maintenance	4,753,358	-	4,753,358
Pupil transportation	3,204,551	-	3,204,551
School food services	-	2,060,057	2,060,057
Facilities	1,442,309	-	1,442,309
Technology	1,520,417	-	1,520,417
Capital outlay	-	-	-
Debt service:			
Principal	1,260,246	-	1,260,246
Interest	1,760,580	-	1,760,580
Total expenditures	56,158,822	2,060,057	58,218,879
Deficiency of revenues under expenditures	-	(76,797)	(76,797)
Fund equity - beginning of year	-	555,737	555,737
Fund equity - end of year	-	478,940	478,940

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, 2012

Net change in fund balances - School Board - governmental funds \$ (76,797)

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	1,170,169
Capital outlay	432,692
Depreciation expense	(3,274,964)

Capital asset disposal (6,170)

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	(42,288)
Increase in net OPEB obligation	(573,096)

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.

(891,011)

Change in net assets of School Board - governmental activities \$ (3,261,465)

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, 2012	School Operating Fund				School Cafeteria Fund				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Revenues									
Revenues from use of money and property	\$ -	\$ -	\$ 50,592	\$ 50,592	\$ 3,600	\$ 3,600	\$ 1,145	\$ (2,455)	
Charges for services	174,800	174,800	135,161	(39,639)	675,711	675,711	580,585	(95,126)	
Miscellaneous	239,800	225,308	145,598	(79,710)	419,574	419,574	346,036	(73,538)	
Recovered costs	39,048	39,048	24,912	(14,136)	-	-	-	-	
Revenue from the Primary Government	25,731,000	26,017,717	25,532,805	(484,912)	-	-	-	-	
Intergovernmental:									
Commonwealth	25,785,861	25,668,796	26,266,522	597,726	29,743	29,743	30,451	708	
Federal	3,877,694	4,967,706	4,003,232	(964,474)	1,114,885	1,114,885	1,025,043	(89,842)	
Total revenues	55,848,203	57,093,374	56,158,822	(934,552)	2,243,513	2,243,513	1,983,260	(260,253)	
Expenditures									
Current									
Administration, attendance and health	2,138,803	2,117,718	2,064,870	52,848	-	-	-	-	
Instructional services	40,685,072	41,061,665	40,152,491	909,174	-	-	-	-	
Operations and maintenance	4,311,997	5,350,613	4,753,358	597,255	-	-	-	-	
Pupil transportation	2,745,836	3,509,768	3,204,551	305,217	-	-	-	-	
School food services	-	-	-	-	2,243,513	2,325,709	2,060,057	265,652	
Facilities	-	-	1,442,309	(1,442,309)	-	-	-	-	
Technology	1,574,949	1,079,386	1,520,417	(441,031)	-	-	-	-	
Capital projects	4,391,546	3,345,546	3,020,826	324,720	-	-	-	-	
Debt service	55,848,203	56,464,697	56,158,822	305,875	2,243,513	2,325,709	2,060,057	265,652	
Total expenditures	55,848,203	56,464,697	56,158,822	305,875	2,243,513	2,325,709	2,060,057	265,652	
Net change in fund balance	-	628,678	-	(628,678)	-	(82,196)	(76,797)	5,399	
Fund balances (accumulated deficit) - beginning of year	-	-	-	-	555,737	555,737	555,737	-	
Fund balances - end of year	\$ -	\$ 628,678	\$ -	\$ (628,678)	\$ 555,737	\$ 473,541	\$ 478,940	\$ 5,399	

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, 2012

	Totals			Variance with Final Budget
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Revenues from use of money and property	\$ 3,600	\$ 3,600	\$ 51,737	\$ 48,137
Charges for services	850,511	850,511	715,746	(134,765)
Miscellaneous	659,374	644,882	491,634	(153,248)
Recovered costs	39,048	39,048	24,912	(14,136)
Revenue from the Primary Government	25,731,000	26,017,717	25,532,805	(484,912)
Intergovernmental:				
Commonwealth	25,815,604	25,698,539	26,296,973	598,434
Federal	4,992,579	6,082,591	5,028,275	(1,054,316)
Total revenues	58,091,716	59,336,887	58,142,082	(1,194,805)
Expenditures				
Current				
Administration, attendance and health	2,138,803	2,117,718	2,064,870	52,848
Instructional services	40,685,072	41,061,665	40,152,491	909,174
Operations and maintenance	4,311,997	5,350,613	4,753,358	597,255
Pupil transportation	2,745,836	3,509,768	3,204,551	265,652
School food services	2,243,513	2,325,709	2,060,057	1,442,309
Facilities	-	-	1,520,417	558,969
Technology	1,574,949	2,079,386	-	-
Capital projects	4,391,546	3,345,546	3,020,826	324,720
Debt service	58,091,716	59,790,406	58,218,879	1,571,527
Total expenditures				
Net change in fund balance		(453,518)	(76,797)	376,721
Fund balances - beginning of year	555,737	555,737	555,737	-
Fund balances - end of year	\$ 555,737	\$ 102,219	\$ 478,940	\$ 376,721

See accompanying independent auditors' report

County of Isle of Wight, Virginia

Statement of Net Assets - Proprietary Fund - Component Unit - School Board

June 30, 2012

Assets	<u>School Health Benefits Fund</u>
Current assets	
Cash and cash equivalents - restricted	<u>\$ 1,413,272</u>
Liabilities	
Current liabilities	
Accounts payable	615,841
Unearned revenues	94,088
Due to other funds	<u>132</u>
Total current liabilities	<u>710,061</u>
Net Assets	
Net assets - unrestricted	<u>\$ 703,211</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, 2012**

	<u>School Health Benefits Fund</u>
Operating revenues	
Recovered costs	<u>\$ 4,530,876</u>
Operating expenses	
Healthcare benefits	<u>5,423,765</u>
Operating income	(892,889)
Nonoperating revenue	
Revenue from use of money and property	<u>1,878</u>
Net income	(891,011)
Net assets - beginning of year	<u>1,594,222</u>
Net assets - end of year	<u>\$ 703,211</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, 2012

	<u>School Health Benefits Fund</u>
Cash flows from operating activities	
Received from customers and users	\$ 4,292,744
Payments to suppliers for goods and services	<u>(5,337,286)</u>
Net cash used in operating activities	<u>(1,044,542)</u>
Cash flows from non-capital and related financing activities	
Due to other Funds	132
Net cash provided by non-capital and related financing activities	<u>132</u>
Cash flows from investing activities	
Interest income	<u>1,878</u>
Net cash provided by from investing activities	
Change in cash and cash equivalents	(1,042,532)
Cash and cash equivalents - beginning of year	<u>2,455,804</u>
Cash and cash equivalents - end of year	<u>\$ 1,413,272</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ (892,889)
Adjustments to reconcile operating income to net cash provided by operating activities	
Change in:	
Accounts payable and accrued liabilities	86,479
Deferred revenues	<u>(238,132)</u>
Net cash used in operating activities	<u>\$ (1,044,542)</u>

See accompanying independent auditors' report

County of Isle of Wight, Virginia

Combining Statements of Assets and Liabilities - Fiduciary Funds

Year Ended June 30, 2012

	Special Welfare Funds	Student Activity Funds	Totals Agency Funds
Assets			
Cash and cash equivalents	\$ 7,842	\$ 312,692	\$ 320,534
Liabilities			
Amounts held for social services clients	7,842	-	7,842
Amounts held for others	-	312,692	312,692
Total liabilities	\$ 7,842	\$ 312,692	\$ 320,534

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, 2012**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare				
Assets				
Cash and cash equivalents	\$ 36,586	\$ 103,046	\$ 131,790	\$ 7,842
Liabilities				
Amounts held for social services clients	\$ 36,586	\$ 103,046	\$ 131,790	\$ 7,842
Student Activities				
Assets				
Cash and cash equivalents	\$ 346,285	\$ 1,685,313	\$ 1,718,906	\$ 312,692
Liabilities				
Amounts held for others	\$ 346,285	\$ 1,685,313	\$ 1,718,906	\$ 312,692

See accompanying independent auditors' report

*County of Isle of Wight, Virginia**Statements of Net Assets - Component Unit - Industrial Development Authority***June 30, 2012**

Assets		
Current assets		
Cash and cash equivalents	\$	991,128
Receivables		317,340
Total current assets		<u>1,308,468</u>
Noncurrent assets		
Deposits		100,000
Capital lease receivable		167,348
Capital assets:		
Nondepreciable		11,040,453
Depreciable		51,150
Total noncurrent assets		<u>11,358,951</u>
Total assets		<u>12,667,419</u>
Liabilities		
Current liabilities		
Accounts payable		171
Escrow payable		1,000
Note payable - current portion		28,742
Total current liabilities		29,913
Noncurrent liabilities		
Note payable - less current portion		120,158
Total liabilities		<u>150,071</u>
Net Assets		
Invested in capital assets, net of related debt		11,091,603
Unrestricted		1,425,745
Total net assets	\$	<u>12,517,348</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, 2012**

Operating revenues	
Charges for services	<u>\$ 45,541</u>
Operating expenses	
Operations	16,650
Compensation	3,975
Depreciation	1,100
Total operating expenses	<u>21,725</u>
Operating income	<u>23,816</u>
Nonoperating revenues (expenses)	
Property rental	17,692
Interest income	12,274
Interest expense	(10,881)
Total nonoperating revenues, net	<u>19,085</u>
Change in net assets	42,901
Net assets - beginning of year	<u>12,474,447</u>
Net assets - end of year	<u>\$ 12,517,348</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, 2012**

Cash flows from operating activities	
Received from customers and users	\$ 45,541
Payments to suppliers for goods and services	(20,625)
Net cash provided by operating activities	<u>24,916</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(52,988)
Deposits	(50,000)
Principal payments on notes payable	(26,897)
Interest paid on notes	(10,881)
Net cash used in capital and related financing activities	<u>(140,766)</u>
Cash flows from investing activities	
Interest income	12,274
Principal collections on capital lease receivable	28,910
Rental of property	17,692
Net cash provided by investing activities	<u>58,876</u>
Change in cash and cash equivalents	(56,974)
Cash and cash equivalents - beginning of year	<u>1,048,102</u>
Cash and cash equivalents - end of year	<u>\$ 991,128</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 23,816
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	<u>1,100</u>
Net cash provided by operating activities	<u>\$ 24,916</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, 2012

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

Contents

Exhibits

Financial Trends

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

C-1 through C-4

Revenue Capacity

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

C-5 through C-10

Debt Capacity

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

C-11 through C-12

Demographic and Economic Information

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

C13

Operating Information

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

C-14 through C-16

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

County of Isle of Wight, Virginia

Net Assets by Component

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Last Ten Fiscal Years										
Governmental activities										
Invested in capital assets - net of related debt	\$ 9,453,645	\$ 15,381,413	\$ (5,119,903)	\$ 7,629,388	\$ 9,382,768	\$ 12,936,538	\$ 10,905,026	\$ 11,362,753	\$ 5,461,013	\$ 11,412,982
Restricted	320,527	349,812	22,703,988	27,436,029	14,816,245	11,393,907	6,685,306	13,409,255	31,068,805	16,300,124
Unrestricted	21,960,979	18,615,968	17,675,588	4,259,513	19,329,621	22,294,446	24,355,641	12,294,399	(6,722,608)	(425,458)
Total governmental activities net assets	\$ 31,735,151	\$ 34,347,193	\$ 35,259,673	\$ 39,324,930	\$ 43,528,634	\$ 46,624,891	\$ 41,945,973	\$ 37,066,407	\$ 29,807,210	\$ 27,287,648
Business-type activities										
Invested in capital assets - net of related debt	\$ (6,129,102)	\$ (1,661,794)	\$ 88,152	\$ 864,915	\$ 6,425,436	\$ 4,030,507	\$ 3,321,270	\$ 3,447,385	\$ 4,867,521	\$ 4,738,611
Restricted	-	-	631,542	1,619,337	918,159	859,724	911,938	1,093,386	372,373	706,407
Unrestricted	(2,587)	(1,332,945)	-	-	-	380,734	3,152,360	1,615,721	999,282	100,487
Total business-type activities net assets	\$ (6,131,689)	\$ (2,994,739)	\$ 719,694	\$ 2,484,252	\$ 7,343,595	\$ 5,270,965	\$ 7,385,568	\$ 6,156,492	\$ 6,239,176	\$ 5,545,505
Primary government										
Invested in capital assets - net of related debt	\$ 3,324,543	\$ 13,719,619	\$ (5,031,751)	\$ 8,494,303	\$ 15,808,204	\$ 16,967,045	\$ 14,226,296	\$ 14,810,138	\$ 10,328,534	\$ 16,151,593
Restricted	320,527	349,812	23,335,530	29,055,366	15,734,404	12,253,631	7,597,244	14,502,641	31,441,178	17,006,531
Unrestricted	21,958,392	17,283,023	17,675,588	4,259,513	19,329,621	22,675,180	27,508,001	13,910,120	(5,723,326)	(324,971)
Total primary government net assets	\$ 25,603,462	\$ 31,352,454	\$ 35,979,367	\$ 41,809,182	\$ 50,872,229	\$ 51,895,856	\$ 49,331,541	\$ 43,222,899	\$ 36,046,386	\$ 32,833,153

County of Isle of Wight, Virginia

Change in Net Assets

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental activities	\$ 5,571,463	\$ 5,585,577	\$ 4,721,064	\$ 3,410,733	\$ 6,182,728	\$ 4,794,578	\$ 5,800,635	\$ 4,897,964	\$ 5,339,611	\$ 6,318,976
General government	1,078,015	970,228	1,017,192	1,034,595	857,697	878,317	866,371	794,478	705,828	619,458
Judicial administration	9,999,240	7,454,652	8,228,634	8,966,721	6,053,668	6,166,925	5,632,965	5,135,185	4,616,949	3,211,937
Public safety	7,072,833	6,604,193	6,479,386	6,810,610	5,145,769	4,400,738	3,903,265	3,711,511	7,534,024	2,801,151
General services	4,444,284	4,884,843	5,062,126	5,143,058	5,025,666	4,894,622	4,340,638	3,824,681	3,456,212	3,507,654
Health and welfare	24,794,008	25,419,456	25,724,901	24,360,654	26,964,798	21,036,346	19,336,608	18,249,151	19,294,869	15,707,407
Education	2,979,591	2,797,390	2,724,759	3,526,076	1,279,128	1,856,803	1,494,482	1,339,854	1,363,077	1,249,694
Parks, recreation and cultural	5,995,359	1,931,593	2,898,788	3,902,800	2,332,420	3,083,356	1,548,527	1,210,072	2,106,361	1,971,116
Community development	1,314,563	1,429,542	1,351,357	-	-	-	-	-	-	315
Nondepartmental	2,792,214	2,080,083	2,619,271	2,292,872	2,186,412	2,144,123	2,243,574	2,170,135	-	315
Interest on long-term debt	66,041,570	59,157,557	60,827,478	59,448,119	56,028,286	49,255,808	45,167,065	41,333,031	44,416,931	35,388,023
Total governmental activities expenses	7,439,824	6,999,024	6,986,865	6,273,275	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441	2,795,248
Business-type activities	7,439,824	6,999,024	6,986,865	6,273,275	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441	2,795,248
Public utilities	7,439,824	6,999,024	6,986,865	6,273,275	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441	2,795,248
Total business-type activities expenses	7,439,824	6,999,024	6,986,865	6,273,275	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441	2,795,248
Total primary government expenses	\$ 73,481,394	\$ 66,156,581	\$ 67,814,343	\$ 65,721,394	\$ 61,609,571	\$ 54,393,794	\$ 48,414,125	\$ 44,829,902	\$ 47,561,372	\$ 38,183,271
Program revenue										
Governmental activities	\$ 123,391	\$ 198,737	\$ 25,863	\$ 11,162	\$ 1,693	\$ 242,086	\$ 66,864	\$ 342,958	\$ 652,345	\$ 64,463
Charges for services:	369,278	149,251	147,275	91,288	201,653	148,848	180,914	151,949	101,155	54,845
General government	2,155,302	625,612	637,668	833,366	721,630	704,337	520,015	563	501	539,029
Judicial administration	408,320	-	4,744	4,080	2,520	3,480	4,320	4,620	3,999	3,660
Public safety	77,525	35,446	-	-	-	75,030	77,925	-	314,248	58,407
General services	585,740	436,303	394,328	357,218	263,158	260,831	258,788	404,313	744	371,934
Health and welfare	134,755	672,840	387,414	281,552	76,791	140,302	2,314	1,543	40,374	613
Parks, recreation and cultural	13,330,802	10,676,049	5,655,377	6,617,823	7,292,110	5,581,783	3,199,313	7,716,360	10,018,189	1,496
Community development	109,489	102,935	1,618,901	161,236	183,662	-	-	-	-	4,164,547
Operating grants and contributions	569,315	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Interest rate subsidy	17,863,917	12,897,173	8,871,570	8,357,725	8,743,217	7,156,697	4,310,453	8,622,306	11,131,555	5,258,994
Total governmental activities program revenues	17,863,917	12,897,173	8,871,570	8,357,725	8,743,217	7,156,697	4,310,453	8,622,306	11,131,555	5,258,994

County of Isle of Wight, Virginia
Change in Net Assets

Last Ten Fiscal Years	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Business-type activities										
Charges for services	\$ 2,856,747	\$ 2,902,184	\$ 2,708,017	\$ 2,014,246	\$ 1,750,406	\$ 1,755,893	\$ 1,661,105	\$ 1,461,352	\$ 1,332,726	\$ 1,196,163
Operating grants and contributions	1,415,036	360,504	585,994	609,989	642,005	96,200	-	-	-	-
Capital grants and contributions	4,271,783	3,262,688	3,294,011	2,624,235	2,392,411	1,852,093	1,661,105	1,461,352	1,332,726	1,196,163
Total business-type activities program revenues	\$ 22,135,700	\$ 16,159,861	\$ 12,165,581	\$ 10,981,960	\$ 11,153,628	\$ 9,008,790	\$ 5,971,558	\$ 10,083,658	\$ 12,464,281	\$ 6,455,157
Total primary government program revenues	\$ 48,177,653	\$ 46,260,384	\$ 51,955,908	\$ 51,090,394	\$ 47,285,069	\$ 42,099,111	\$ 40,856,612	\$ 32,710,725	\$ 33,285,376	\$ 30,129,029
Net expense - governmental activities	3,168,041	3,736,336	3,692,854	3,649,040	3,188,874	3,285,893	1,585,955	2,035,519	1,811,715	1,599,085
Net expense - business-type activities	51,345,694	49,996,720	55,648,762	54,739,434	50,473,943	45,385,004	42,442,567	34,746,244	35,097,091	31,728,114
Total primary government net expense	\$ 38,130,254	\$ 38,254,048	\$ 38,081,388	\$ 38,665,135	\$ 36,374,761	\$ 35,199,045	\$ 31,333,628	\$ 30,088,119	\$ 27,504,428	\$ 25,523,450
General revenues and other changes in net assets	\$ 6,200,597	\$ 6,582,549	\$ 5,898,162	\$ 6,248,462	\$ 6,393,256	\$ 6,080,588	\$ 6,411,933	\$ 5,706,731	\$ 4,746,873	\$ 3,407,260
Governmental activities	-	-	-	426,074	-	705,195	1,567,278	1,222,849	697,762	690,848
Taxes	-	-	-	86,997	-	-	411	703	1,212	37,389
Property taxes	-	-	-	-	-	-	-	-	-	-
Permits, fees and licenses	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Recovered costs	1,066,841	196,774	627,179	562,017	1,161,393	1,758,751	1,222,794	885,272	504,441	345,240
Investment earnings	397,920	314,533	74,328	45,572	133,040	58,555	33,403	10,144	58,666	209,094
Miscellaneous	(23,789)	-	-	-	5,882	-	-	-	-	-
Gain on sale of assets	-	-	(1,906,296)	(4,366,474)	(5,251,765)	(3,012,200)	(2,928,799)	(283,197)	(391,645)	(594,747)
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	45,771,823	45,347,904	47,890,651	46,886,690	44,188,812	46,778,029	45,736,178	39,969,922	35,807,938	34,769,780
Business-type activities	27,205	21,903	-	-	-	1,164,379	21,383	21,000	21,000	123,521
Investment earnings	-	-	-	-	-	-	2,790,662	3,188,875	1,542,337	962,689
Connection fees	-	-	-	-	2,025	-	-	-	-	-
Gain on sale of assets	3,886	-	-	-	-	32,000	2,986	9,448	551,004	462,444
Miscellaneous	-	-	-	-	-	(25,089)	-	283,197	391,045	1,711,866
Transfers	31,091	21,903	1,928,296	(1,210,303)	4,282,478	(25,089)	2,815,031	3,502,520	2,505,386	3,260,520
Total business-type activities	\$ 45,802,914	\$ 45,369,807	\$ 49,818,947	\$ 45,676,387	\$ 48,473,315	\$ 47,949,319	\$ 48,551,209	\$ 43,472,442	\$ 38,313,324	\$ 38,030,300
Change in net assets	\$ (2,405,830)	\$ (912,480)	\$ (4,065,257)	\$ (4,203,704)	\$ (3,096,257)	\$ 4,678,918	\$ 4,879,566	\$ 7,259,197	\$ 2,522,562	\$ 4,640,751
Governmental activities	(3,136,950)	(3,714,433)	(1,764,558)	(4,859,343)	1,095,629	(2,114,603)	1,229,076	1,467,001	693,671	1,661,435
Business-type activities	(5,542,780)	(4,626,913)	(5,829,815)	(9,063,047)	(2,000,628)	2,564,315	6,108,642	8,726,198	3,216,233	6,302,186
Total primary government										

County of Isle of Wight, Virginia
Fund Balances - Governmental Funds

Last Ten Fiscal Years	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
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	
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	
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
All other governmental funds										
Reserved		\$ 31,574	\$ 29,441	\$ 9,181	\$ 21,677	\$ 28,940	\$ 18,672	\$ 26,514	\$ 28,934	
Unreserved, reported in										
Special revenue funds		298,329	502,420	642,624	395,315	710,402	711,619	880,482	1,072,580	
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	
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
Post-GASB 54										
General Fund										
Non Spendable:										
Non Spendable	\$ 120,158	\$ 148,990								
Spendable:										
Restricted	29,650	29,650								
Assigned	632,588	489,228								
Unassigned	18,513,870	19,807,133								
Total General Fund	\$19,296,266	\$ 20,475,001								
All other Government funds										
Non Spendable:										
Non Spendable	\$ 40,215	\$ 40,430								
Spendable:										
Restricted	29,041,335	38,040,517								
Assigned	5,377,105	1,544,284								
Total all other government funds	\$34,458,655	\$ 39,625,231								

County of Isle of Wight, Virginia

Changes in Fund Balances - Governmental Funds

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
General property taxes	\$ 38,024,532	\$ 37,864,858	\$ 38,385,088	\$ 39,132,235	\$ 36,455,016	\$ 34,738,809	\$ 31,455,053	\$ 30,080,861	\$ 27,992,589	\$ 25,763,345
Other local taxes	6,301,083	6,582,549	5,898,162	6,248,402	6,393,256	6,080,588	5,925,247	5,238,825	4,346,875	3,939,946
Permits, fees and licenses	380,302	443,808	407,410	426,074	422,715	705,195	1,567,278	1,222,889	714,128	690,885
Fines and forfeitures	85,598	75,813	60,345	86,997	102,098	47,800	64,880	46,754	41,586	38,805
Revenue from use of property	1,066,841	196,774	627,179	562,017	1,209,977	1,764,813	1,222,794	885,272	504,441	345,241
Charges for services	1,620,896	1,599,068	1,091,590	1,043,664	826,949	925,316	646,836	272,298	315,932	317,589
Miscellaneous	524,121	309,404	122,347	136,831	422,807	240,246	112,016	244,824	251,808	402,453
Recovered costs	-	-	595,391	755,480	580,925	683,004	507,199	538,130	680,807	244,353
Intergovernmental	15,591,979	10,778,984	12,382,619	11,173,159	11,893,008	11,308,981	11,590,021	10,367,083	12,591,478	9,194,725
Total revenues	63,595,352	57,850,758	59,570,131	59,564,919	58,492,752	53,091,324	53,091,324	48,287,485	47,518,682	40,872,273
Expenditures										
General governmental administration	4,814,890	4,292,762	4,822,494	5,841,246	4,776,697	4,240,227	4,653,439	3,664,790	3,391,721	2,636,208
Judicial administration	1,058,580	970,278	1,017,192	1,034,595	837,697	878,317	866,371	792,497	901,547	816,124
Public safety	8,655,939	6,770,494	6,844,989	8,341,561	6,580,696	5,676,894	4,748,296	4,593,177	3,652,814	3,055,488
General Services	10,110,789	4,785,833	5,938,395	6,359,832	5,131,709	4,064,393	3,780,746	3,736,631	7,180,667	2,765,997
Health and welfare	951,649	4,785,833	5,019,248	5,105,498	4,969,514	4,831,783	4,198,322	3,689,441	3,436,315	3,470,781
Education	26,268,626	25,004,954	25,038,724	23,508,520	21,788,354	18,701,537	16,654,576	14,870,061	14,735,380	14,746,030
Parks, recreation and cultural	2,633,606	2,443,506	2,482,008	4,297,093	2,026,518	1,871,428	1,453,286	1,491,348	1,201,234	1,257,696
Community development	5,995,716	1,897,246	1,797,791	3,828,750	3,568,838	1,777,156	1,501,480	1,038,565	867,045	1,264,335
Nondepartmental	1,314,563	1,429,542	1,351,357	1,338,618	1,249,397	1,133,400	1,534,907	1,051,503	1,019,465	2,116,867
Capital projects	5,035,723	12,947,475	20,491,939	-	7,708,392	4,185,235	5,765,123	22,304,972	8,300,688	2,674,792
Debt service	31,516	380,000	1,534,551	4,316,323	3,947,613	4,727,013	4,529,512	3,740,228	3,710,835	3,023,942
Principal	2,784,497	2,312,636	1,750,465	2,407,157	2,229,008	2,236,230	2,373,585	2,170,134	1,746,257	1,765,239
Interest	284,568	289,455	253,168	352,213	47,400	-	42,970	2,825	317,058	85,263
Issuance costs	69,940,662	69,679,824	78,362,321	66,731,406	64,881,833	54,323,603	52,102,613	63,225,778	50,147,152	39,490,003
Total expenditures	(6,345,310)	(11,829,066)	(18,792,190)	(7,166,487)	(6,575,082)	2,169,149	988,711	(14,438,255)	(2,626,890)	1,581,567
Excess of revenues over (under) expenditures										
Other financing sources (uses)	1,826,748	1,789,120	1,607,891	30,884,999	14,495,362	10,536,626	6,810,406	4,686,343	11,372,630	14,680,095
Transfers in	(1,826,748)	(1,789,120)	(3,514,187)	(39,709,180)	(17,576,578)	(10,566,626)	(7,181,826)	(4,919,477)	(11,763,675)	(15,194,865)
Proceeds from borrowing	-	43,654,158	18,878,035	25,102,717	10,000,000	-	58,675	255,681	28,253,580	18,433,963
Payments to escrow agent	-	(14,137,039)	-	-	-	-	-	-	(4,186,264)	(9,342,202)
Total other financing sources (uses)	29,517,119	16,971,739	16,278,536	16,278,536	6,918,784	(30,000)	(312,745)	22,587	(23,080,263)	6,997,422
Net change in fund balances	(6,345,310)	17,688,053	(1,820,451)	9,112,049	343,702	2,139,149	675,966	(14,415,736)	21,061,371	9,952,650
Prior period adjustment	-	-	-	-	-	-	-	-	-	23,683
Net change in fund balances	(6,345,310)	17,688,053	(1,820,451)	9,112,049	343,702	2,139,149	675,966	(14,415,736)	(21,061,371)	9,952,650
Debt service as a percentage of noncapital expenditures	5%	5%	6%	11%	11%	14%	15%	19%	14%	13%

County of Isle of Wight, Virginia

Assessed Value and Estimated Actual Value of Taxable Property

Fiscal Year	Commercial /				Agriculture Property	(1)		Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Industrial Property	Property	Total Taxable Assessed Value		Total Taxable Value				
2012	\$ 3,380,104,000	\$ 642,766,300	\$ 252,515,900	\$ 4,275,386,200	\$	\$	0.65	\$ 4,275,386,200	100%	
2011	\$ 3,383,219,600	\$ 648,572,200	\$ 651,867,200	\$ 4,683,659,000	\$	\$	0.52	\$ 4,683,659,000	100%	
2010	\$ 3,505,342,600	\$ 671,872,400	\$ 666,436,200	\$ 4,843,651,200	\$	\$	0.52	\$ 4,843,651,200	100%	
2009	\$ 3,483,983,000	\$ 622,787,400	\$ 684,778,700	\$ 4,791,549,100	\$	\$	0.52	\$ 4,791,549,100	100%	
2008	\$ 3,305,409,700	\$ 565,071,500	\$ 465,626,600	\$ 4,336,107,800	\$	\$	0.52	\$ 4,336,107,800	100%	
2007	\$ 3,101,569,900	\$ 513,599,500	\$ 491,224,800	\$ 4,106,394,200	\$	\$	0.53	\$ 4,106,394,200	100%	
2006	\$ 2,013,888,400	\$ 387,838,300	\$ 394,450,700	\$ 2,796,177,400	\$	\$	0.68	\$ 2,796,177,400	100%	
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%	

(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)

Fiscal Year	Real Estate (1)	Personal Property	Mobile Homes	Machinery and Tools	Public Service (2)(3)	Total
2012	\$ 4,287,008,000	\$ 310,527,887	\$ 20,398,831	\$ 279,087,266	\$ 125,549,557	\$ 5,022,571,541
2011	\$ 4,245,268,423	\$ 304,164,506	\$ 19,902,737	\$ 704,140,467	\$ 238,256,420	\$ 5,511,732,553
2010	\$ 4,410,701,000	\$ 313,455,361	\$ 22,572,521	\$ 768,126,945	\$ 216,191,065	\$ 5,731,046,892
2009	\$ 4,359,684,973	\$ 319,490,754	\$ 21,850,013	\$ 768,109,446	\$ 199,316,241	\$ 5,668,451,427
2008	\$ 3,968,971,300	\$ 295,835,165	\$ 26,153,828	\$ 744,812,445	\$ 218,043,560	\$ 5,253,816,298
2007	\$ 3,879,182,779	\$ 283,389,074 (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

- (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*

Fiscal Year	Last Ten Fiscal Years									
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Farm Machinery	Aircraft/	Boats and			
2012	\$ 0.65	\$ 4.50	\$ 0.65	\$ 0.95	\$ 0.95	\$ 1.00/1.00	\$ 1.00/1.00			
2011	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 0.95	\$ 1.00/1.00	\$ 1.00/1.00			
2010	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 0.95	\$ 1.00/1.00	\$ 1.00/1.00			
2009	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 0.95	\$ 1.00/1.00	\$ 1.00/1.00			
2008	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 0.95	\$ 1.00/1.00	\$ 1.00/1.00			
2007	\$ 0.53	\$ 4.40	\$ 0.53	\$ 0.95	\$ 0.95	\$ 1.00/1.00	\$ 1.00/1.00			
2006	\$ 0.68	\$ 4.40	\$ 0.68	\$ 0.95	\$ 0.95	\$ 1.00/1.00	\$ 1.00/1.00			
2005	\$ 0.68	\$ 4.40	\$ 0.68	\$ 0.95	\$ 0.95	\$ 1.00/1.00	\$ 1.00/1.00			
2004	\$ 0.75	\$ 4.40	\$ 0.75	\$ 0.95	\$ 0.95	\$ 1.00/1.00	\$ 1.00/1.00			
2003	\$ 0.75	\$ 4.40	\$ 0.75	\$ 0.95	\$ 0.95	\$ 1.00/1.00	\$ 1.00/1.00			

County of Isle of Wight, Virginia

Principal Property Taxpayers

June 30, 2012						
Taxpayer	2012			2011		
	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	\$120,766,900	1	2.82%	\$120,790,900	1	2.85%
Smithfield Foods	40,480,400	2	0.94%	40,480,400	2	0.95%
Inland RI Holdings LLC etals	39,789,300	3	0.93%	39,789,300	3	0.94%
Gwaltney of Smithfield, Ltd.	28,626,800	4	0.67%	28,626,800	4	0.67%
Eagle Harbor Apartments, LP	26,774,000	5	0.62%	26,774,000	5	0.63%
LDI Virginia LLC	14,992,400	6	0.35%	14,992,400	6	0.35%
Sentara Healthcare	14,787,500	7	0.34%	14,787,500	7	0.35%
Eagle Harbor LLC	13,667,400	8	0.32%	13,667,400	8	0.32%
Carolina Cold Storage LTD	10,668,700	9	0.25%	10,430,300	9	0.25%
Eagle Harbor Shopping Center, LLC	10,397,000	10	0.24%	10,397,000	10	0.24%
	\$320,950,400		7.49%	\$320,736,000		7.56%

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.	92,421,822	1	12.56%	82,255,724	2	6.49%
Isle of Wight Forest Products	7,752,701	3	1.05%	48,602,147	3	3.84%
GE Capital	5,910,297	4	0.80%	11,520,594	4	0.91%
Specialty Minerals, Inc.	8,262,782	2	1.12%	8,262,782	5	0.65%
Cost Plus, Inc.	4,958,434	5	0.67%	4,918,322	6	0.39%
Bloom/Food Lion	2,426,953	8	0.33%	2,411,981	7	0.19%
Charter Communications	2,404,541	9	0.33%	2,360,786	8	0.19%
Smithfield Ham & Products Co.				1,805,645	9	0.14%
Montague Farms Inc.				1,687,886	10	0.13%
Southern Structural Steer	2,439,968	7	0.33%	-		0.00%
Bay Sand	2,339,806	10	0.32%	-		0.00%
	\$131,861,689		17.93%	\$705,884,343		55.74%

(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	Total Tax Collections (4)	Percent of		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Total Tax Collections		
2012	\$ 38,146,295	\$ 37,009,730	97.02%	\$ 1,136,565	\$ 38,155,848	100.03%	\$ 740,634	1.94%	
2011	\$ 37,800,619	\$ 36,741,218	97.20%	\$ 1,059,401	\$ 38,021,111	100.58%	\$ 1,088,242	2.88%	
2010	\$ 38,229,341	\$ 37,103,403	97.05%	\$ 1,125,938	\$ 38,463,274	100.61%	\$ 2,021,149	5.29%	
2009	\$ 39,119,371	\$ 37,700,668	96.37%	\$ 1,431,558	\$ 39,132,235	100.03%	\$ 2,236,992	5.72%	
2008	\$ 36,629,733	\$ 35,338,546	96.48%	\$ 1,116,470	\$ 36,455,016	99.52%	\$ 2,115,219	5.77%	
2007	\$ 34,875,852	\$ 33,657,328	96.51%	\$ 1,081,481	\$ 34,738,809	99.61%	\$ 1,931,984	5.54%	
2006	\$ 31,158,439	\$ 30,241,183	97.06%	\$ 1,213,870	\$ 31,455,053	100.95%	\$ 1,240,956	3.98%	
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%	

(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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Apparel stores	\$ 3,248,038	\$ -	\$ 2,556,980	\$ 3,758,328	\$ 3,184,117	\$ 2,150,512	\$ 3,410,503	\$ 2,463,372	\$ 2,343,395	\$ 131,294
General merchandise	11,841,685	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
Food stores	61,823,527	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
Eating and drinking establishments	26,704,871	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
Home furnishings and appliances	4,510,823	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
Building materials and farm tools	8,547,370	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
Auto dealers and supplies	4,091,794	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
Service stations	10,059,667	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
Other retail stores	16,683,719	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
All other outlets	45,568,767	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
	\$ 193,080,261	\$ 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

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					
2012	35,457	\$ 5,022,571,541	\$ 131,775,000	\$ 28,702,690	\$ 103,072,310	0.0205	9.8%	\$ 2,907	
2011	35,270	\$ 5,511,732,553	\$ 133,488,773	\$ 29,374,756	\$ 104,114,017	0.0189	10.0%	\$ 2,952	
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	

(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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total assessed valuation of real estate from land book	\$ 4,287,008,000	\$ 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
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Debt limitation	428,700,800	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
Total debt of the County	131,775,000	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
Total debt of the Town of Smithfield	5,303,476	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	2,168,307	1,629,976	763,140	773,226	782,871	792,091	800,079	810,489	817,310	-
Total	139,246,783	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
Amount by which legal debt margin exceeds total debt	\$ 289,454,017	\$ 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

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>
2012	35,457 (4)	\$ 40,710 (4)	26,534	6.3%
2011	35,270 (4)	\$ 29,594 (4)	26,023	7.1%
2010	36,729 (3)	\$ 37,754 (3)	25,675	7.7%
2009	35,659 (3)	\$ 36,654 (3)	25,732	6.7%
2008	34,620 (3)	\$ 35,586 (3)	24,131	3.7%
2007	33,612	\$ 34,549 (3)	23,356	3.0%
2006	33,090	\$ 33,543	22,501	3.1%
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%

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

Function/Program	Full-time Equivalent Employees as of June 30,						
	2012	2011	2010	2009	2008	2007	2006
General government							
County Administration	4.0	4.0	4.0	5.0	6.0	7.0	7.0
County Attorney	2.0	3.0	3.0	3.0	3.0	3.0	3.0
Commissioner of Revenue	10.5	11.5	11.5	11.5	10.5	9.5	9.5
Treasurer	9.0	9.5	9.5	10.5	8.5	7.5	7.5
Budget and Finance	7.0	7.0	7.0	7.0	7.0	6.5	6.0
Human Resources	2.0	2.0	2.0	3.0	3.0	3.0	2.0
Communications	1.0	1.0	1.0	2.0	1.0	1.0	1.0
Economic Development	5.0	5.0	3.0	3.0	3.0	3.0	3.0
Registrar	2.5	2.5	2.5	2.0	2.0	2.0	2.0
Inspections	7.0	7.0	9.0	9.0	9.0	9.0	10.0
Information Technology	7.0	7.0	7.0	8.0	6.5	6.5	6.0
Planning and Zoning	10.0	11.0	12.0	13.0	12.0	12.0	13.0
Health & Welfare	4.0	5.0	5.0	7.0	6.0	1.0	1.0
Tourism	6.5	6.5	3.5	3.5	6.5	5.5	5.5
Clerk of Court	7.0	6.0	6.0	6.5	6.5	6.0	6.0
Commonwealth Attorney	6.0	6.0	6.0	5.5	4.0	4.0	4.0
Total general government	90.5	94.0	92.0	99.5	94.5	86.5	86.5
Public Safety							
Sheriff Deputies (including Sheriff)	45.5	44.0	44.0	44.0	44.0	42.0	37.0
Administrative	4.5	2.0	2.0	2.0	2.0	2.0	2.0
Animal Control	4.5	5.0	5.0	5.5	5.0	5.0	5.0
Emergency Communications	19.0	19.0	19.0	18.0	17.0	17.0	17.0
Total Public Safety	73.5	70.0	70.0	69.5	68.0	66.0	61.0

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,						
	2012	2011	2010	2009	2008	2007	2006
Function/Program							
Fire and Rescue							
Administrative	4	2	2.0	3.0	2.5	1.0	1.0
Firefighters/Paramedics	46	23	23.0	20.5	18.5	18.5	15.5
Total Fire and Rescue	50.0	25.0	25.0	23.5	21.0	19.5	16.5
General Services							
Administrative	3	3	3.0	1.5	1.5	2.0	2.0
Engineering	7.5	8	6.0	5.0	7.0	5.0	-
Refuse collection	22	19	19.0	19.5	21.5	19.0	19.0
Building and Grounds	6	6	5.0	12.0	11.0	11.5	9.0
Custodians	7	7	6.5	6.5	6.5	5.0	5.0
Total Public Works	45.5	43.0	39.5	44.5	47.5	42.5	35.0
Parks, Recreation and Cultural							
Public Utilities	20	20	22.5	12.5	13.5	16.5	16.5
Public Schools	14.0	13.5	13.5	9.5	10.5	12.0	14.0
Instructional Positions							
Administrators	356.0	434.0	539.0	555.6	549.6	534.1	501.7
Support Personnel	44.0	40.0	23.0	23.0	23.0	24.0	25.0
Total Public Schools	133.0	277.0	207.0	245.1	247.5	247.3	242.0
Grand total	533.0	751.0	769.0	823.7	820.1	805.4	768.7
	826.5	1,016.5	1,031.5	1,082.7	1,075.1	1,048.4	998.2

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

Function/Program	Last Seven Fiscal Years						
	2012	2011	2010	2009	2008	2007	2006
Sheriff							
Physical arrests	419	412	533	661	890	989	323
Traffic violations	1,448	1,214	1,456	1,047	2,677	1,383	816
Fire							
Emergency responses - Fire	1,479	1,375	2,285	1,920	1,539	1,792	2,852
Emergency responses - Rescue	4,179.0	4,343.0	3,360	4,657	4,408	3,660	3,632
Building Permits							
Residential	85	92	169	118	167	310	512
Residential - Value	\$ 12,656,261	\$ 24,909,824	\$ 4,121,500	\$ 24,255,044	\$ 35,817,165	\$ 56,519,045	\$ 111,276,167
Commercial	5	14	11	14	14	31	17
Commercial - Value	\$ 2,734,000	\$ 8,748,932	\$ 16,306,000	\$ 31,604,670	\$ 10,537,686	\$ 13,266,100	\$ 13,244,130
Refuse collection							
Refuse collected (tons per day)	47.9	49.3	52.7	53.0	56.0	56.0	55.0
Public Schools							
Cost Per Student	\$ 9,827	\$ 9,827	\$ 10,861	\$ 11,136	\$ 10,767	\$ 10,232	\$ 9,721
Average Daily Membership	5,331	5,331	5,367	5,306	5,286	5,372	5,138
Student/Teacher Ratio	15.7	15.7	12.1	12.9	13.1	13.1	13.0
Park and recreation							
Athletic field permits issued	872		94	539	158	205	29
County Fair Admissions	14,997	15,000	21,000	12,000	2,400	2,979	12,250
Library							
Volumes in collection	202,633	223,249	253,402	265,491	268,863	258,620	214,903
Total volumes borrowed	945,071	215,767	221,725	249,144	229,489	193,082	191,040
Water							
New connections	50	93	57	54	71	109	360
Average daily consumption (thousands of gallons)	0.58	0.57	0.56	0.89	0.67	0.69	0.39

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

Last Seven Fiscal Years							
Function/Program	2012	2011	2010	2009	2008	2007	2006
Sheriff							
Stations	1	1	1	1	1	1	1
Patrol units	43	43	51	56	45	41	40
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	6	5	5	5
Public Schools							
School Facilities	9	9	9	9	9	9	9
Park and recreation							
Parks	7	7	7	7	7	7	7
Acreage	570	570	570	570	565	565	565
Playgrounds	4	4	4	4	8	8	8
Baseball/softball diamonds	4	4	4	4	4	4	4
Soccer/football fields	12	12	12	12	8	9	10
Community centers	2	2	2	2	2	2	2
Museums	2	2	2	2	2	2	2
Library Facilities	3						

County of Isle of Wight, Virginia

Capital Asset Statistics by Function/Program

Last Seven Fiscal Years

Function/Program	2012	2011	2010	2009	2008	2007	2006
Sheriff							
Stations	1	1	1	1	1	1	1
Patrol units	43	43	51	56	45	41	40
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	6	5	5	5
Public Schools							
School Facilities	9	9	9	9	9	9	9
Park and recreation							
Parks	7	7	7	7	7	7	7
Acreage	570	570	570	570	565	565	565
Playgrounds	4	4	4	4	8	8	8
Baseball/softball diamonds	4	4	4	4	4	4	4
Soccer/football fields	12	12	12	12	8	9	10
Community centers	2	2	2	2	2	2	2
Museums	2	2	2	2	2	2	2
Library Facilities	3	3	3	3	3	3	3

Acknowledgement

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- Isle of Wight County Departments
- Isle of Wight County Component Units
- Michael Terry, Budget and Finance Director
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- 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

