



ISLE OF WIGHT
COUNTY, VIRGINIA

Comprehensive Annual Financial Report



For the Fiscal Year
Ended, June 30, 2016

Prepared by the Department
of Budget & Finance



LOCAL ROOTS,
GLOBAL REACH



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

Isle of Wight, Virginia

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ISLE OF WIGHT COUNTY, VIRGINIA



November 17, 2016

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, 2016. This report is intended to provide informative and relevant financial data for the residents of the County, Board of Supervisors, investors, creditors and any other interested readers.

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

Cherry Bekaert LLP, a certified public accounting firm, audited the County's basic financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the fiscal year ended June 30, 2016, 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 and assessing the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's basic financial statements for the fiscal year ended June 30, 2016, 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 formally 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 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 location for the Isle of Wight County Health Department. The property was offered to the County at half of its appraised value and after extensive renovations were completed, it serves the community well by allowing the Health Department to significantly expand its public health services.

Parks and Recreation programs are essential to the quality of life of County residents. The Isle of Wight County Fair has become one of the community's signature events. Held at Heritage Park, it provides great family entertainment and highlights the County's rural roots, attracting over 30,000 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 and the County provides a significant portion of the funding for a public school system recognized 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 93 percent (92.7%) for the Class of 2016, according to data released by the Virginia Department of Education.

The County's Schools rank 17th out of 130 school districts in Virginia according to SchoolDigger. The Isle of Wight County Schools continue to rise to the challenge of meeting increases in state and federal benchmarks, many of which are unfunded mandates. The division's success is attributed to the dedicated administrators, teachers, and staff. The division benefits from strong relationships between the community and the schools.

Economic Overview

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

Those strategies include significant investment in the infrastructure to serve the County's Shirley T. Holland Intermodal Industrial Park located just east of the Town of Windsor. The Park is currently home to warehouse distribution facilities

for Cost Plus World Market and Safco Products, Inc., a production and distribution facility for Keurig Green Mountain, a leader in specialty coffee and coffeemakers, and is poised to attract significant new investments in distribution and manufacturing facilities that will create new jobs and further diversify the County's tax base.

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

In 2015, Cost Plus World Market completed substantial upgrades to its 1.1 million-square-foot facility in Shirley T. Holland Intermodal Park including expansion of its climate-controlled chocolate room and the installation of a new sorting and racking system to improve operational efficiencies.

The County initiated the design of a "permit-ready" site in 2015 to accommodate up to a 350,000-square-foot building in Shirley T. Holland Intermodal Park Phase II. The permit-ready site will allow clients to begin construction immediately, which makes the site more attractive to buyers because it reduces risks and project completion time.

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

East Coast Emergency Vehicles LLC, an emergency lighting and equipment products distributor and installer for police, fire and emergency vehicles, leased 5,000 square feet in Isle of Wight Industrial Park. The company, which has been in business since 2005, has six local and three out-of-state employees. It will invest \$400,000 in the first year of operation.

In September 2013, Smithfield Foods merged with Shuanghui International Holdings Limited (now WH Group Limited). It is now a \$15 billion global food company and the world's largest pork processor and hog producer. In the United States, the company is also the leader in numerous packaged meats categories with popular brands including Smithfield®, Eckrich®, Farmland®, Armour®, Cook's®, Nathan's®, Gwaltney®, Kretschmar®, Curly's®, Carando®, Margherita®, Healthy Ones®, and John Morrell®. In addition to maintaining its United States headquarters and significant operations in Isle of Wight County,

Smithfield Foods also opened its flagship restaurant/retail store aptly named Taste of Smithfield in Smithfield to highlight its food products.

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

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

ST Tissue has previously initiated plans to invest \$60 million and create 85 jobs to establish a recycled tissue plant. The company recycles waste paper into tissue for napkins and towels using a part of the International Paper mill property. Initial discussions have begun relative to a significant expansion of its facilities and operations in the County.

Franklin Lumber, LLC, a company started by former employees of the International Paper mill, Franklin Lumber has created 72 jobs with the reopening of the facility, with the potential to create additional jobs as market conditions allow.

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

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

Montague Farms, Inc. recently expanded its facility in Isle of Wight County and added three new jobs to expand exports of soybeans into the highly regulated, but lucrative market of South Korea.

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

Financial Guidelines

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

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

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

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

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

Major Initiatives and Accomplishments

In April 2016, Moody's Investor Service affirmed the County's excellent Aa2 credit rating. In 2014, the other international credit rating agencies, Fitch Ratings and Standard & Poor's, affirmed the County's excellent credit ratings of AA with a stable outlook.

It should be noted that each of the rating agencies pointed to the County's strong financial management as one of the reasons they issued positive ratings.

Awards

In recognition of its Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2015, 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,



Randy R. Keaton
County Administrator



Michael W. Terry
Director of Budget & Finance

Isle of Wight County, Virginia
Officials
June 30, 2016

Primary Government Officials

BOARD OF SUPERVISORS

Rex W. Alphin, Chairman.....Carrsville District
Rudolph Jefferson, Vice-Chairman.....Hardy District
Joel C. Acree.....Windsor District
Richard L. “Dick” Grice.....Smithfield District
William M. McCarty.....Newport District

CONSTITUTIONAL OFFICERS

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

ADMINISTRATIVE OFFICERS

Anne F. Seward.....County Administrator (July 1-December 30, 2015)
Sanford B. “Sandy” Wanner....Interim County Administrator (February 1 – June 30, 2016)
Michael W. Terry.....Director, Budget & Finance
Mark C. Popovich.....County Attorney

School Board Officials

SCHOOL BOARD

Julia W. Perkins, Chairperson.....Windsor District
Robert Eley, Vice-Chairperson.....Carrsville District
Kirstin Cook.....Smithfield District
Victoria “Vicky” Hulick.....Newport District
Alvin W. Wilson.....Hardy District

ADMINISTRATIVE OFFICERS

Dr. James “Jim” Thornton.....Superintendent
Rachel Yates.....Director of Budget & Finance
Stacy Haney, Reed Smith LLP.....School Attorney



Government Finance Officers Association

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

Presented to

**County of Isle of Wight
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

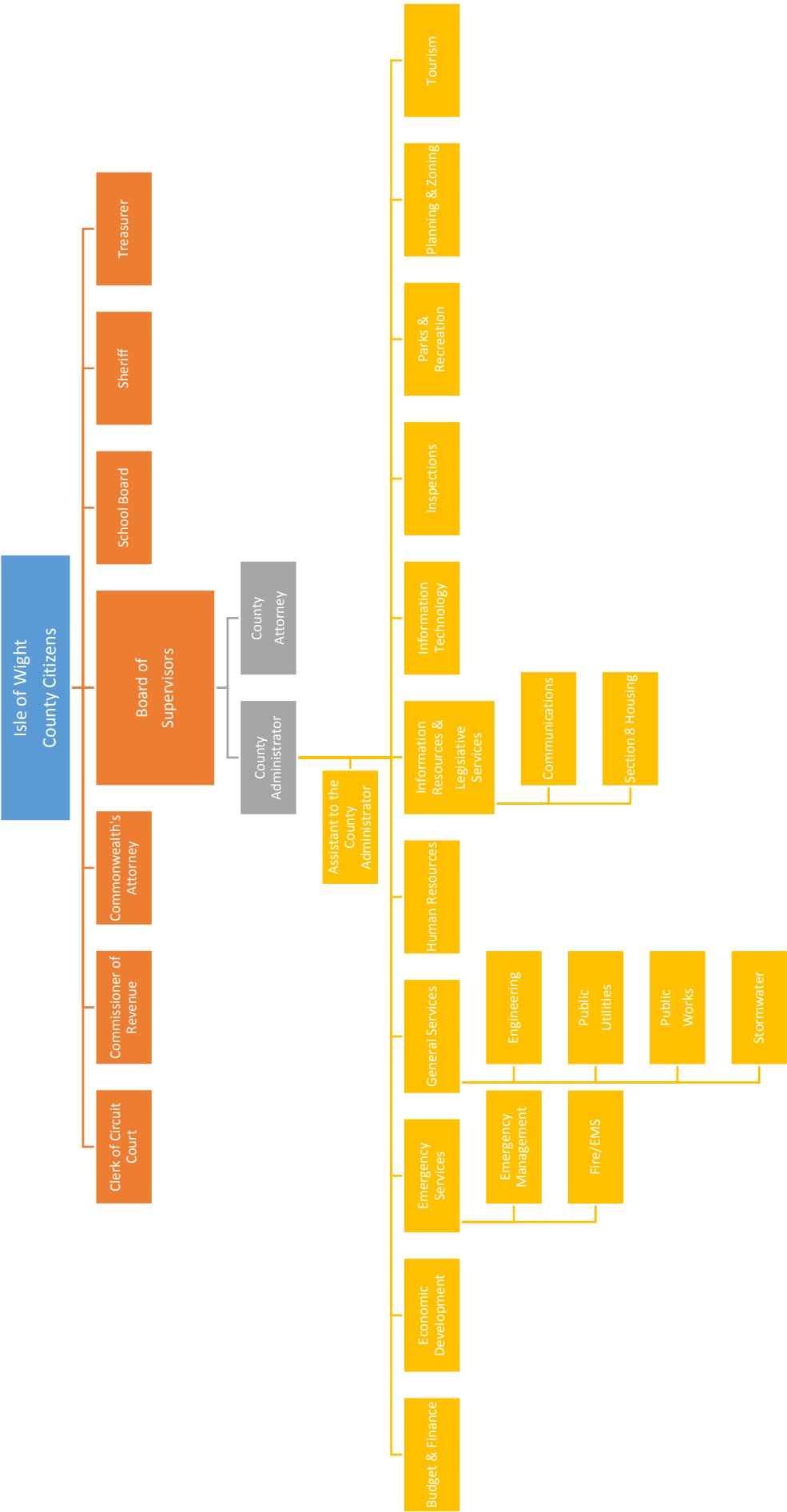
June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is written in a cursive, flowing style.

Executive Director/CEO

ORGANIZATION CHART

FY2015-16





Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The other supplementary information in Exhibits B-7 through B-27, as listed in the table of contents, are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information in Exhibits B-7 through B-27, as listed in the table of contents, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Virginia Beach, Virginia
November 17, 2016

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, 2016. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The net position of the County's governmental activities was \$17.5 million at June 30, 2016, a 5.6% increase from the previous fiscal year.
- In support of the County's primary governmental activities, revenues were generated in the amount of \$77.0 million, of which 83.1% consisted of local taxes, 11.3% from the Commonwealth of Virginia, 2.0% from Federal, and 3.6% from charges for service. Of the total revenue, 6.8% is in operating grants. Expenses from County operations were \$74.6 million or a 7.3% increase over the previous year.
- The County's General Fund reported revenues and other financing sources and uses in excess of expenditures in the amount of \$3.8 million, resulting in an unassigned fund balance of \$14.3 million. The revenues and other financing sources and uses in excess expenditures is \$3.8 million more than the amounts budgeted for the year because the County's management of expenses and implementation cost containment measures throughout the fiscal year, which resulted in \$7.9 million saving in expenditures compared to the final budget.
- The County's tax rate on real estate did not increase from the prior year rate of \$0.85 per \$100 of assessed value. This is currently the lowest tax rate in the Hampton Roads area.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

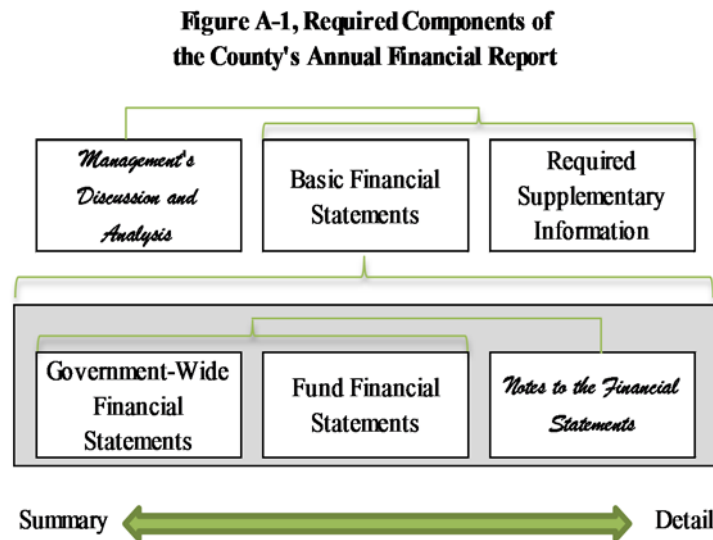


Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

- **Fiduciary Funds** - The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's services. The accounting used for fiduciary funds is similar to that of the proprietary funds. The County maintained Special Welfare and School Activity Agency Funds in fiscal year 2016.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Table A-1 summarizes the Statement of Net Position at June 30, 2016 and 2015.

Table A-1

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 48,896,998	\$ 49,339,493	\$ 12,250,672	\$ 12,646,990	\$ 61,147,670	\$ 61,986,483
Capital assets	106,494,210	109,240,160	14,221,413	14,118,207	120,715,623	123,358,367
Total assets	155,391,208	158,579,653	26,472,085	26,765,197	181,863,293	185,344,850
Deferred outflows of resources	4,575,420	4,763,978	2,688,968	3,006,551	7,264,388	7,770,529
Current liabilities	\$ 8,011,063	\$ 8,417,037	\$ 1,848,832	\$ 2,095,542	\$ 9,859,895	\$ 10,512,579
Long-term liabilities	119,231,631	121,554,250	38,902,356	39,422,092	158,133,987	160,976,342
Total liabilities	127,242,694	129,971,287	40,751,188	41,517,634	167,993,882	171,488,921
Deferred inflows of resources	15,218,629	16,802,841	50,348	121,007	15,268,977	16,923,848
Net Investment in capital assets	4,931	2,045,769	(16,265,290)	(16,186,173)	(16,260,359)	(14,140,404)
Restricted	5,440,119	7,174,341	5,522,985	5,927,757	10,963,104	13,102,098
Unrestricted	12,060,255	7,349,393	(898,178)	(1,608,477)	11,162,077	5,740,916
Total net position	\$17,505,305	\$16,569,503	\$(11,640,483)	\$(11,866,893)	\$ 5,864,822	\$ 4,702,610

As described earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the fiscal year, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$5.9 million, a 24.7% increase from the previous year. Total assets decreased by \$3.5 million, a 1.9% decrease, deferred outflows of resources decreased by \$.5 million or 6.5%, total liabilities decreased by \$3.4 million, a 2% decrease when compared to June 30, 2015. The decrease to the County assets and liabilities is mainly due to depreciation of capital assets and payments on long-term debt during the year ended June 30, 2016. Deferred inflows of resources decreased by \$1.7 million, a 9.8% decrease. The main reason for the decrease is a \$2.1 million decrease in deferred inflows related to pension as result of actual earnings of pension plan investment higher than the projected earnings.

The largest portion of the County's net position at June 30, 2016 is net investment in capital assets which decreased by \$(2.1) million, or negative (277.3%) of total net position. The \$2.5 million or 17% decrease from June 30, 2015 is mainly due to \$1.7 million of capital assets transferred to the School Board and depreciation in excess of the additions of \$.8 million.

The unrestricted net position in the amount of \$11.2 million, is 190.3% of net position. It increased by \$5.4 million mainly from the prior year due to an increase in assessed values of real property, \$1.4 million in real property taxes and a decrease of transfers to public utilities of \$4.1 million.

The third largest component of the net position at June 30, 2016 (\$11.0 million, or 186.9% of total net position) is restricted net position, specifically restricted for capital project in the amount of \$10.7 million. This is County resources restricted for capital projects purposes only.

The following summarizes the County's changes in net position for the years ended June 30, 2016 and 2015:

Table A-2

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 2,786,734	\$ 2,460,273	\$ 6,009,332	\$ 5,779,255	\$ 8,796,066	\$ 8,239,528
Operating grants and contribution	5,357,743	5,282,485	-	-	5,357,743	5,282,485
Capital grants and contribution	3,059,806	3,133,139	2,469,514	480,741	5,529,320	3,613,880
General Revenue:						
Taxes	64,073,472	61,545,222	-	-	64,073,472	61,545,222
Investment income	1,434,262	956,397	18,397	17,873	1,452,659	974,270
Others	418,429	597,304	-	-	418,429	597,304
Total revenues	77,130,446	73,974,820	8,497,243	6,277,869	85,627,689	80,252,689
Expenses						
General government administration	\$ 6,596,750	\$ 4,954,948	-	-	6,596,750	4,954,948
Judicial administration	1,358,364	1,345,313	-	-	1,358,364	1,345,313
Public safety	13,206,973	11,227,838	-	-	13,206,973	11,227,838
General services	9,279,614	6,059,730	-	-	9,279,614	6,059,730
Health and welfare	3,832,773	3,654,546	-	-	3,832,773	3,654,546
Education	28,279,608	31,627,526	-	-	28,279,608	31,627,526
Parks, recreation and cultural	4,118,975	3,051,601	-	-	4,118,975	3,051,601
Community development	3,457,268	3,066,139	-	-	3,457,268	3,066,139
Interest on long-term debt	4,498,640	4,568,504	-	-	4,498,640	4,568,504
Public utility	-	-	9,016,192	11,146,341	9,016,192	11,146,341
Stormwater	-	-	820,320	829,480	820,320	829,480
Total expenses	74,628,965	69,556,145	9,836,512	11,975,821	84,465,477	81,531,966
Change in net position before transfers	2,501,481	4,418,675	(1,339,269)	(5,697,952)	1,162,212	(1,279,277)
Transfers	(1,565,679)	(5,954,960)	1,565,679	5,954,960	-	-
Change in net position	935,802	(1,536,285)	226,410	257,008	1,162,212	(1,279,277)
Net position - beginning of year	16,569,503	18,105,788	(11,866,893)	(12,123,901)	4,702,610	5,981,887
Net position - end of year	\$17,505,305	\$16,569,503	\$(11,640,483)	\$(11,866,893)	\$ 5,864,822	\$ 4,702,610

The County's total revenue was \$85.6 million in the year ended June 30, 2016, while the total cost of all programs and services was \$84.5 million.

Revenue increased by \$5.4 million, or 6.7% from the year ended June 30, 2015 due to an increase in property tax revenues and Public Utilities connection fees. Tax revenues increased from the year ended June 30, 2015 in the amount of \$2.5 million mainly from general property taxes. Connection fees increased by \$2 million.

Expenses increased \$2.9 million, or an increase of 3.6 % from the year ended June 30 2015. The increase is primarily from increases in General Governmental expenses by \$1.7 million due to increase litigation and Public Safety expenses of \$2 million due to increase in staffing and equipment costs.

Governmental Activities

- The County's total revenues for governmental activities were \$77.1 million, of which a significant portion, 83.1%, comes from local taxes.
- General Property taxes and other local taxes increased by \$2.5 million or 4.1% due to continued increase in real property value and increase in personal property, machinery and tools owned by the local businesses in the County.
- Operating grants and contributions consist of state, federal and local revenues received to offset the cost of various programs. However, the reimbursements do not necessarily represent 100% of expenditures as illustrated in Table A-3a.
- Grants and contribution increased \$1.9 million or 53.0%, mainly due to Benns Grant Intersection.

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

Table A-3a

	Total Cost of Services			Net Cost of Services		
	2016	2015	% Change	2016	2015	% Change
Governmental Activities:						
General government						
administration	\$ 6,596,750	\$ 4,954,948	33.1%	\$ 5,626,838	\$ 3,996,085	40.8%
Judicial administration	1,358,364	1,345,313	1.0%	780,718	754,100	3.5%
Public safety	13,206,973	11,227,838	17.6%	9,594,498	7,558,002	26.9%
General services	9,279,614	6,059,730	53.1%	6,679,833	4,194,432	59.3%
Health and welfare	3,832,773	3,654,546	4.9%	1,535,502	1,345,468	14.1%
Education	28,279,608	31,627,526	-10.6%	28,279,608	31,627,526	-10.6%
Parks, recreation and cultural	4,118,975	3,051,601	35.0%	3,456,572	2,298,744	50.4%
Community development	3,457,268	3,066,139	12.8%	2,972,473	2,337,387	27.2%
Interest on long-term debt	4,498,640	4,568,504	-1.5%	4,498,640	4,568,504	-1.5%
Total expenses	\$74,628,965	\$69,556,145	7.3%	\$63,424,682	\$58,680,248	8.1%

- The cost of all *governmental* activities this year was \$74.6 million, a 7.3% increase from the previous year. The increase in 2016 was primarily driven by increases in litigation costs and public safety.
- Education continues to be one of the County's highest priorities and commitments representing 37.9% of total costs and 44.6% of total net costs.

Business-type Activities

Table A-3b

	Total Cost of Services			Net Cost of Services		
	2016	2015	% Change	2016	2015	% Change
Business-type Activities:						
Public Utilities	9,016,192	11,146,341	-19.1%	\$2,518,512	\$6,777,940	-62.8%
Stormwater	820,320	829,480	-1.1%	(1,160,846)	(1,062,115)	9.3%
Total expense	\$9,836,512	\$11,975,821	-17.9%	\$1,357,666	\$5,715,825	-76.2%

Revenues of the County's business-type activities for the operation of water and sewer systems increased by \$2.2 million or 35% while the expenses decreased by \$2.1 million or 17.9% from the year ended June 30, 2015. Increase in water and sewer revenue resulted from increase in demand for water from the customers and connections fees. A significant portion of the operating expenses, 58.9%, were attributable to the purchase of an annual fixed rate charge for water availability from a neighboring local government and capital contributions to the Western Tidewater Authority.

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

The County made \$1.6 million transfers from its General Fund to support the operations of the Public Utilities fund which has been the practice in prior fiscal years. However, the operation of the water and sewer systems is expected to continue to grow and it is the intent of the County to establish a repayment schedule to the Governmental Funds for previous operating transfers.

Revenues of the County's business-type activities for the operation of stormwater systems increased by \$0.06 million or 3.3% while the expenses increased by \$9,000 or 1.1% from the year ended June 30, 2015.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds – The primary purpose of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information assists in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$27.5 million, of which \$14.3 million or 52% 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 \$14.3 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total current expenditures. At June 30, 2016, the unassigned fund balance represented approximately 25.5% 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 \$8.6 million, a decrease of \$3.2 million or 27.5%. The decrease represents current year capital expenditures in the amount of \$6.7 million.
- **Non-Major Governmental Funds.** The County accounts for other programs and services in different funds. These funds include the Department of Social Services, Comprehensive Services, E-911 Funds, Community Development Block Grant Funds, Section 8, Asset Forfeiture, the County Fair, the Museum Fund and the newly formed Grants Fund. At June 30, 2016, the combined fund balances were \$0.2 million.

Proprietary funds – The County's proprietary funds consist of the County's water and sewer operations and stormwater operation. More detail information can be found in the government-wide financial statements. The net position of the proprietary Public Utility Fund at the end of the current fiscal year was a deficit of \$(15.1) million, of which deficit of \$(16.8) million is representative of net investment in capital assets and deficit of \$(3.8) million is unrestricted at June 30, 2016. The decrease in net investment in capital assets in the amount of \$.6 million or 3.8% is a combination of increase in depreciation and principal payments on bonds. The net position of the proprietary Stormwater Fund at the end of the current fiscal year was \$2.9 million in unrestricted net position

General Fund Budgetary Highlights

The County's annual budget is prepared on an operating basis and includes estimated revenues and annual appropriations for operations. Excluding transfers between funds and debt service costs, actual expenditures were \$3.7 million below final budget amounts.

Resources available, excluding transfers between funds, were \$2.2 million above the final budgeted amount. The variance in the available resources was the result of a \$1.4million variance in revenues from real property taxes. Total taxes were 91.2% of the General Fund budget, excluding transfers between funds. The increase in property tax attribute to the increase in property value and new facilities and machinery in the County's Shirley T. Holland Intermodal Industrial Park for ST Tissue LLC and Franklin Lumber LLC.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2016, the County had invested \$120.7 million, net of accumulated depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

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

Table A-4

	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2016	2015	2016	2015	2016	2015	
Nondepreciable assets							
Land	\$ 13,303,370	\$ 13,128,024	\$ 228,840	\$ 228,840	\$ 13,532,210	\$ 13,356,864	1%
Intangibles	4,338,512	4,338,512	-	-	4,338,512	4,338,512	0%
Construction in progress	3,088,979	3,272,022	1,545,982	1,032,824	4,634,961	4,304,846	8%
Total nondepreciable assets	20,730,861	20,738,558	1,774,822	1,261,664	22,505,683	22,000,222	2%
Depreciable assets							
Land improvements	12,471,845	12,518,681	11,760,322	11,760,322	24,232,167	24,279,003	0%
Buildings	93,037,399	92,786,927	14,279,506	13,921,517	107,316,905	106,708,444	1%
Equipment	5,716,022	5,567,209	930,987	804,797	6,647,009	6,372,006	4%
Vehicles	4,113,271	4,260,819	396,131	371,516	4,509,402	4,632,335	-3%
Total depreciable assets	115,338,537	115,133,636	27,366,946	26,858,152	142,705,483	141,991,788	1%
Total accumulated depreciation	(29,575,188)	(26,632,034)	(14,920,355)	(14,001,609)	(44,495,543)	(40,633,643)	10%
Net capital assets	\$ 106,494,210	\$ 109,240,160	\$ 14,221,413	\$ 14,118,207	\$ 120,715,623	\$ 123,358,367	-2%

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
- Improvements to county structures
- Acquisition of vehicles and equipment

Long-Term Debt

At year-end the County had \$151.0 million in bonds, loans, and capital leases as shown in Table A-5. The Commonwealth of Virginia limits the amount of debt outstanding to 10% of the localities assessed value of real property. At June 30, 2016, the County's debt ratio to assessed value was approximately 2.0% demonstrating the County's conservative debt borrowing policy and management approach. More detailed information about the County's debt is presented in the notes to the financial statements. More detailed information on the county's long-term debt are presented in Note 8 to the basic financial statements

Table A-5

	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2016	2015	2016	2015	2016	2015	
General Obligation Bonds	\$103,060,728	\$106,161,673	\$35,229,267	\$35,413,327	\$138,289,995	\$141,575,000	-2%
Bond premium	4,303,607	4,712,124	3,305,090	3,695,061	7,608,697	8,407,185	-9%
Subtotal	107,364,335	110,873,797	38,534,357	39,108,388	145,898,692	149,982,185	-3%
Installment purchase agreements - PACE	4,326,512	4,326,512	-	-	4,326,512	4,326,512	0%
Note payable	-	-	12,000	24,000	12,000	24,000	-50%
Capital leases	766,113	722,822	39,916	50,903	806,029	773,725	100%
Total long-term debt	\$ 112,456,960	\$ 115,002,295	\$ 38,586,273	\$ 39,183,291	\$ 151,043,233	\$ 155,106,422	-3%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The County's per capita personal income, as of the latest data available, was \$31,247.
- Real Estate Tax Rate did not increase from \$.85
- Increased funding for schools of approximately 2%.
- Decrease in costs for Virginia Retirement System of approximately 3.5%.

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

OTHER FACTORS TO CONSIDER

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

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

Isle of Wight Values Statement

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

Isle of Wight County Mission Statement

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

Isle of Wight County Slogan

A COMMUNITY OF CHOICE committed to excellence.

Isle of Wight County's Strategic Direction/Agenda 2012-2016

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

Isle of Wight County Schools

Isle of Wight County Schools (IWCS) 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 92.7% of IWCS' Class of 2016 graduated "on-time" with their four-year cohort group compared to the State average of 91.3%.

With a vision to create a learning environment that will enable every child to discover his or her unique gifts and talents, Isle of Wight County School Division continues to excel and is currently ranked 17th out of more than 100 school districts in the Commonwealth of Virginia.

As part of a technology initiative, 1700 iPads and laptops have been issued to all IWCS high school students 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 initiative to middle and elementary students in the coming years. Wise use of financial resources coupled with extensive professional development for teachers will prove the keys to achieving Isle of Wight County School's to prepare our students for excellence in the 21st century.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

County of Isle of Wight, Virginia

Statement of Net Position

June 30, 2016

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority
Assets					
Cash and cash equivalents	\$ 28,359,299	\$ 5,703,740	\$ 34,063,039	\$ 3,843,795	\$ 296,984
Restricted cash and cash equivalents	3,150,372	5,509,730	8,660,102	1,159,740	-
Investments	2,516,393	-	2,516,393	-	-
Receivables - net	12,093,930	844,958	12,938,888	368,170	2,700
Due from other governments	2,106,818	149,812	2,256,630	1,430,800	-
Due from component units - School	243,208	-	243,208	-	-
Inventories and prepaid items	3,246	29,177	32,423	49,729	-
Deposits	27,172	13,255	40,427	-	-
Capital lease receivable	-	-	-	-	30,054
Notes receivable from component unit	21,560	-	21,560	-	-
Advance to component unit	375,000	-	375,000	-	-
Land held for resale	-	-	-	-	1,433,285
Capital assets:					
Nondepreciable	20,730,861	1,774,822	22,505,683	1,619,726	10,859,198
Depreciable - net	85,763,349	12,446,591	98,209,940	35,490,434	237,222
Total assets	155,391,208	26,472,085	181,863,293	43,962,394	12,859,443
Deferred Outflows of Resources					
Deferred losses on refundings	3,124,793	2,576,585	5,701,378	-	-
Deferred outflows related to pension	1,450,627	112,383	1,563,010	4,908,433	-
Total deferred outflows of resources	4,575,420	2,688,968	7,264,388	4,908,433	-

County of Isle of Wight, Virginia

Statement of Net Position (Continued)

June 30, 2016

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority
Liabilities					
Accounts payable	2,509,238	825,639	3,334,877	370,288	1,944
Accrued liabilities	108,236	757	108,993	4,485,094	-
Advance from primary government	-	-	-	-	375,000
Amounts held in escrow	3,095,895	17,590	3,113,485	-	-
Due to primary government	-	-	-	243,208	-
Customer deposits payable	-	228,108	228,108	-	-
Accrued interest payable	1,700,605	775,858	2,476,463	91,863	-
Unearned revenues	597,089	880	597,969	113,486	-
Long-term obligations:					
Due within one year	3,310,695	189,654	3,500,349	814,546	21,560
Due in more than one year	112,909,554	38,527,013	151,436,567	13,244,832	-
Net pension liabilities	3,011,382	185,689	3,197,071	47,706,184	-
Total liabilities	127,242,694	40,751,188	167,993,882	67,069,501	398,504
Deferred Inflows of Resources					
Unearned property taxes	13,950,112	-	13,950,112	-	-
Prepaid property taxes	81,049	-	81,049	-	-
Deferred gains on refundings	312,486	-	312,486	-	-
Deferred inflows related to pension	874,982	50,348	925,330	7,671,157	-
Total deferred inflows of resources	15,218,629	50,348	15,268,977	7,671,157	-
Net Position					
Net investment in capital assets	4,931	(16,265,290)	(16,260,359)	30,215,160	11,074,860
Restricted:					
Capital projects	5,234,037	5,522,985	10,757,022	292,634	-
Other	233,254	-	233,254	17,046	-
Unrestricted (deficit)	12,033,083	(898,178)	11,134,905	(56,394,671)	1,386,079
Total net position	\$ 17,505,305	\$(11,640,483)	\$ 5,864,822	\$(25,869,831)	\$ 12,460,939

County of Isle of Wight, Virginia**Statement of Activities****Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government activities:				
General government administration	\$ 6,596,750	\$ 373,066	\$ 596,846	\$ -
Judicial administration	1,358,364	203,810	373,836	-
Public safety	13,206,973	1,584,774	1,999,400	28,301
General services	9,279,614	-	28,363	2,571,418
Health and welfare	3,832,773	-	2,297,271	-
Education	28,279,608	-	-	-
Parks, recreation and cultural	4,118,975	560,673	62,027	39,703
Community development	3,457,268	64,411	-	420,384
Interest on long-term debt	4,498,640	-	-	-
Total governmental activities	74,628,965	2,786,734	5,357,743	3,059,806
Business-type activities:				
Public utility	9,016,192	4,177,978	-	2,319,702
Stormwater	820,320	1,831,354	-	149,812
Total Business-type activities	9,836,512	6,009,332	-	2,469,514
Total Primary Government	\$ 84,465,477	\$ 8,796,066	\$ 5,357,743	\$ 5,529,320
Component Units				
School Board	\$ 64,961,315	\$ 5,650,424	\$ 30,935,568	\$ 28,900
Economic Development Authority	48,724	41,303	-	48,309
Total component units	\$ 65,010,039	\$ 5,691,727	\$ 30,935,568	\$ 77,209

County of Isle of Wight, Virginia

Statement of Activities (Continued)

Year Ended June 30, 2016

	Net (Expenses) Revenues and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority
Primary Government					
Government activities:					
General government administration	\$ (5,626,838)	\$ -	\$ (5,626,838)	\$ -	\$ -
Judicial administration	(780,718)	-	(780,718)	-	-
Public safety	(9,594,498)	-	(9,594,498)	-	-
General services	(6,679,833)	-	(6,679,833)	-	-
Health and welfare	(1,535,502)	-	(1,535,502)	-	-
Education	(28,279,608)	-	(28,279,608)	-	-
Parks, recreation and cultural	(3,456,572)	-	(3,456,572)	-	-
Community development	(2,972,473)	-	(2,972,473)	-	-
Interest on long-term debt	(4,498,640)	-	(4,498,640)	-	-
Total governmental activities	(63,424,682)	-	(63,424,682)	-	-
Business-type activities:					
Public utility	-	(2,518,512)	(2,518,512)	-	-
Stormwater	-	1,160,846	1,160,846	-	-
Total Business-type activities	-	(1,357,666)	(1,357,666)	-	-
Total Primary Government	(63,424,682)	(1,357,666)	(64,782,348)	-	-
Component Units					
School Board	-	-	-	(28,346,423)	-
Economic Development Authority	-	-	-	-	40,888
Total component units	-	-	-	(28,346,423)	40,888
General revenue:					
General property taxes	56,575,681	-	56,575,681	-	-
Other local taxes	7,497,791	-	7,497,791	-	-
Investment earnings	1,434,262	18,397	1,452,659	41,923	3,374
Miscellaneous	356,417	-	356,417	159,513	39,485
Payment from the Primary Government	-	-	-	27,479,302	-
Gain on sale of assets	62,012	-	62,012	-	-
Transfers	(1,565,679)	1,565,679	-	-	-
Total general revenues and transfers	64,360,484	1,584,076	65,944,560	27,680,738	42,859
Change in net position	935,802	226,410	1,162,212	(665,685)	83,747
Net position - beginning of year	16,569,503	(11,866,893)	4,702,610	(25,204,146)	12,377,192
Net position - end of year	\$ 17,505,305	\$(11,640,483)	\$ 5,864,822	\$(25,869,831)	\$ 12,460,939



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

County of Isle of Wight, Virginia

Balance Sheet - Governmental Funds

June 30, 2016

Assets	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$22,380,021	\$ 5,482,992	\$ -	\$ 215,202	\$28,078,215
Restricted cash and cash equivalents	22,170	3,128,202	-	-	3,150,372
Investments	2,516,393	-	-	-	2,516,393
Receivables - net of allowance for uncollectibles:					
Taxes	10,992,422	-	-	-	10,992,422
Accounts	530,113	-	-	32,062	562,175
Notes	560,898	-	-	-	560,898
Deposit	-	27,172	-	-	27,172
Due from other funds	269,973	-	-	-	269,973
Due from component unit	243,208	-	-	-	243,208
Due from other governments	436,895	1,273,319	-	396,604	2,106,818
Prepaid items	-	-	-	3,246	3,246
Advance to component unit	375,000	-	-	-	375,000
Total assets	\$38,327,093	\$ 9,911,685	\$ -	\$ 647,114	\$48,885,892
Liabilities					
Accounts payable	\$ 1,033,188	\$ 1,289,366	\$ -	\$ 148,449	\$ 2,471,003
Accrued expenses	105,701	-	-	2,535	108,236
Amounts held in escrow	3,088,997	-	-	6,898	3,095,895
Due to other funds	-	-	-	269,973	269,973
Unearned revenues	588,914	-	-	8,175	597,089
Total liabilities	4,816,800	1,289,366	-	436,030	6,542,196
Deferred Inflows of Resources					
Unavailable revenue-property taxes	14,771,845	-	-	-	14,771,845
Prepaid property taxes	81,049	-	-	-	81,049
Total deferred inflows of resources	14,852,894	-	-	-	14,852,894
Fund Balances					
Fund balances					
Nonspendable	935,898	-	-	3,246	939,144
Restricted	22,170	5,234,037	-	211,084	5,467,291
Assigned	3,372,391	3,388,282	-	-	6,760,673
Unassigned	14,326,940	-	-	(3,246)	14,323,694
Total fund balances	18,657,399	8,622,319	-	211,084	27,490,802
Total liabilities, deferred inflow of resources and fund balances	\$38,327,093	\$ 9,911,685	\$ -	\$ 647,114	\$48,885,892

County of Isle of Wight, Virginia**Reconciliation of the Governmental Funds' Balance Sheet
to the Statement of Net Position****June 30, 2016**

Total fund balances - governmental funds	\$ 27,490,802
Amount reported for governmental activities in the Statement of Net Position are different because:	
Internal service funds are used to charge the costs of equipment and risk management to individual funds. The assets and liabilities of internal service funds are reported with governmental activities in the statement of net position.	195,276
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Nondepreciable capital assets	20,730,861
Depreciable capital assets, net of \$884,385 reported in internal service fund	114,454,152
Accumulated depreciation, net of (\$761,719) reported in internal service fund	(28,813,469)
Depreciable capital assets, net	<u>85,640,683</u>
Revenues not collected soon enough to pay for current-period expenditures.	821,733
Deferred outflows of resources:	
Losses on refundings	3,124,793
Pension	1,395,162
Deferred inflows:	
Gains on refundings	(312,491)
Pension	(847,676)
Long-term obligations, including bonds payable, are not due and payable in the current period and are not reported in the funds.	
Bonds and PACE obligations	(111,690,847)
Capital leases	(766,113)
Compensated absences	(962,782)
Net pension liabilities	(2,911,084)
Net OPEB obligation	(1,152,143)
Landfill closure costs	(1,550,264)
Accrued interest payable	<u>(1,700,605)</u>
Total net position - governmental activities	\$ 17,505,305

County of Isle of Wight, Virginia

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

Year Ended June 30, 2016

	General	Capital Projects	Debt service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
General property taxes	\$ 51,334,720	\$ -	\$ -	\$ -	\$ 51,334,720
Other local taxes	7,264,997	-	-	19,846	7,284,843
Permits, privilege fees and regulatory licenses	583,987	344,647	-	-	928,634
Fines and forfeitures	139,822	-	-	-	139,822
Revenues from use of money and property	856,136	24,581	-	39,422	920,139
Charges for services	1,386,430	-	-	265,316	1,651,746
Miscellaneous	974,896	24,491	553,550	36,516	1,589,453
Intergovernmental:					
Commonwealth of Virginia	7,512,998	2,598,797	-	1,247,113	11,358,908
Federal	-	12,324	-	1,554,786	1,567,110
Local	-	-	-	218,736	218,736
Total revenues	70,053,986	3,004,840	553,550	3,381,735	76,994,111
Expenditures					
General government administration	6,196,320	-	-	-	6,196,320
Judicial administration	1,373,968	-	-	-	1,373,968
Public safety	10,996,157	-	-	1,691,457	12,687,614
General services	5,306,023	-	-	28,363	5,334,386
Health and welfare	794,798	-	-	2,989,049	3,783,847
Education	25,672,090	-	-	-	25,672,090
Parks, recreation and cultural	2,350,082	-	-	401,961	2,752,043
Community development	3,400,396	-	-	56,366	3,456,762
Capital outlay	-	6,750,976	-	-	6,750,976
Debt service:					
Principal retirement	-	-	3,100,940	-	3,100,940
Interest and other charges	-	-	4,329,537	-	4,329,537
Total expenditures	56,089,834	6,750,976	7,430,477	5,167,196	75,438,483
Excess (deficiency) of revenues over (under) expenditures	13,964,152	(3,746,136)	(6,876,927)	(1,785,461)	1,555,628
Other financing sources (uses)					
Transfers in	-	250,000	6,876,927	1,499,382	8,626,309
Transfers out	(10,191,988)	-	-	-	(10,191,988)
Proceed from bond issuance and capital lease	-	220,514	-	-	220,514
Proceeds from sale of property	51,701	-	-	-	51,701
Total other financing sources (uses)	(10,140,287)	470,514	6,876,927	1,499,382	(1,293,464)
Net change in fund balance	3,823,865	(3,275,622)	-	(286,079)	262,164
Fund balances - beginning of year	14,833,534	11,897,941	-	497,163	27,228,638
Fund balances - end of year	\$ 18,657,399	\$ 8,622,319	\$ -	\$ 211,084	\$ 27,490,802

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, 2016**

Net change in fund balances - governmental funds	\$ 262,164
Amount reported for governmental activities in the Statement of Activities are different because:	
Internal service funds are used to charge the costs of technology and risk management to individual funds. The net expense of certain activities of internal service fund of is reported with governmental activities, net of capital contributions from governmental activities	74,938
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	2,044,746
Joint activity - transfer of capital assets, net	(1,352,425)
Depreciation expense, net of \$32,572 reported in internal service fund	(3,381,362)
Net effect on sale of property	(40,428)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of net position.	
Bond and capital lease proceeds	(220,514)
Repayment of debt principal	3,100,940
Amortization of bond premiums	408,517
Amortization of deferred gain on refunding	67,286
Amortization of deferred loss on refunding	(410,764)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	302,285
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Decrease in accrued interest	(234,142)
Decrease in compensated absences	(15,160)
Decrease in net pension liability	468,407
Increase in net OPEB obligation	(124,047)
Decrease in landfill closure costs	(14,639)
Change in net position of governmental activities	\$ 935,802

County of Isle of Wight, Virginia**Statements of Net Position - Proprietary Funds****June 30, 2016**

	Enterprise Funds			Governmental
	Public Utilities	Stormwater	Total	Activities- Internal Service Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 2,899,304	\$ 2,804,436	\$ 5,703,740	\$ 281,084
Restricted cash and cash equivalents	5,509,730	-	5,509,730	-
Receivables - net of allowance of \$118,385 for Public Utilities	757,389	87,569	844,958	-
Inventories	29,177	-	29,177	-
Deposits	5,100	8,155	13,255	-
Due from other governments	-	149,812	149,812	-
Total current assets	9,200,700	3,049,972	12,250,672	281,084
Noncurrent assets				
Capital assets:				
Nondepreciable	1,605,522	169,300	1,774,822	-
Depreciable - net	12,057,204	389,387	12,446,591	122,666
Total noncurrent assets	13,662,726	558,687	14,221,413	122,666
Total assets	22,863,426	3,608,659	26,472,085	403,750
Deferred outflows of resources				
Deferred losses on bond refundings	2,576,585	-	2,576,585	-
Pension related deferred outflows of resources	62,965	49,418	112,383	55,465
Total deferred outflows of resources	2,639,550	49,418	2,688,968	55,465

County of Isle of Wight, Virginia

Statements of Net Position - Proprietary Funds

June 30, 2016

	Enterprise Funds			Governmental Activities- Internal Service Funds
	Public Utilities	Stormwater	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 761,575	\$ 64,064	\$ 825,639	\$ 38,235
Accrued liabilities	757	-	757	-
Amount held in escrow	-	17,590	17,590	-
Accrued interest payable	775,775	83	775,858	-
Customer deposits payable	228,108	-	228,108	-
Unearned revenue	250	630	880	-
General obligation bonds payable	158,300	-	158,300	-
Notes payable	12,000	-	12,000	-
Capital leases	5,585	5,585	11,170	-
Compensated absences	5,853	2,331	8,184	6,390
Total current liabilities	1,948,203	90,283	2,038,486	44,625
Noncurrent liabilities				
General obligation bonds payable	38,376,057	-	38,376,057	-
Capital leases	14,373	14,373	28,746	-
Compensated absences	52,674	20,977	73,651	57,509
Net OPEB obligation	44,328	4,231	48,559	34,201
Net pension liability	120,387	65,302	185,689	100,298
Total noncurrent liabilities	38,607,819	104,883	38,712,702	192,008
Total liabilities	40,556,022	195,166	40,751,188	236,633
Deferred inflows of resources				
Pension related deferred inflows of resources	35,055	15,293	50,348	27,306
Total deferred inflows of resources	35,055	15,293	50,348	27,306
Net Position				
Net investment in capital assets	(16,812,174)	546,884	(16,265,290)	122,666
Restricted	5,514,830	8,155	5,522,985	-
Unrestricted (deficit)	(3,790,757)	2,892,579	(898,178)	72,610
Total net position	\$ (15,088,101)	\$ 3,447,618	\$ (11,640,483)	\$ 195,276

County of Isle of Wight, Virginia

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

Year Ended June 30, 2016

	Enterprise Funds			Governmental Activities- Internal Service Funds
	Public Utilities	Stormwater	Total	
Operating revenues				
Charges for services	\$ 4,177,978	\$ 1,831,354	\$ 6,009,332	\$ 1,539,051
Other revenue	-	149,812	149,812	55,950
Total operating revenues	<u>4,177,978</u>	<u>1,981,166</u>	<u>6,159,144</u>	<u>1,595,001</u>
Operating expenses				
Current:				
Personnel services	545,388	423,483	968,871	488,023
Fringe benefits	233,922	149,922	383,844	144,494
Contractual services	310,774	100,729	411,503	474,589
Purchases	4,821,199	-	4,821,199	-
Other charges	616,736	138,072	754,808	380,385
Depreciation	956,924	7,757	964,681	32,572
Total operating expenses	<u>7,484,943</u>	<u>819,963</u>	<u>8,304,906</u>	<u>1,520,063</u>
Operating Income (loss)	<u>(3,306,965)</u>	<u>1,161,203</u>	<u>(2,145,762)</u>	<u>74,938</u>
Nonoperating revenues (expenses)				
Interest income	11,757	6,640	18,397	-
Interest and fiscal charges	(1,531,249)	(357)	(1,531,606)	-
Total nonoperating expenses, net	<u>(1,519,492)</u>	<u>6,283</u>	<u>(1,513,209)</u>	<u>-</u>
Transfers				
Transfers in	1,565,679	-	1,565,679	-
Total transfers	<u>1,565,679</u>	<u>-</u>	<u>1,565,679</u>	<u>-</u>
Income (Losses) before contributions	<u>(3,260,778)</u>	<u>1,167,486</u>	<u>(2,093,292)</u>	<u>74,938</u>
Contributions				
Connection fees	2,319,702	-	2,319,702	-
Total contributions	<u>2,319,702</u>	<u>-</u>	<u>2,319,702</u>	<u>-</u>
Changes in net position	<u>(941,076)</u>	<u>1,167,486</u>	<u>226,410</u>	<u>74,938</u>
Net position - beginning of year,	<u>(14,147,025)</u>	<u>2,280,132</u>	<u>(11,866,893)</u>	<u>120,338</u>
Net position- end of year	<u>\$ (15,088,101)</u>	<u>\$ 3,447,618</u>	<u>\$ (11,640,483)</u>	<u>\$ 195,276</u>

County of Isle of Wight, Virginia

Statements of Cash Flows - Proprietary Funds

Year Ended June 30, 2016

	Public Utilities	Stormwater	Total	Governmental Activities- Internal Service Funds
Cash flows from operating activities				
Received from customers and users	\$ 4,084,868	\$ 1,876,145	\$ 5,961,013	\$ 1,597,071
Payments to suppliers for goods and services	(6,049,076)	(253,548)	(6,302,624)	(858,490)
Payments to employees	(788,363)	(590,742)	(1,379,105)	(617,805)
Net cash provided by (used in) operating activities	(2,752,571)	1,031,855	(1,720,716)	120,776
Cash flows from non-capital financing activities				
Due from other funds	6,212,073	-	6,212,073	-
Transfers in	1,565,679	-	1,565,679	-
Return of customer deposits	45,060	-	45,060	-
Net cash provided by non-capital financing activities	7,822,812	-	7,822,812	-
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(520,670)	(547,219)	(1,067,889)	(16,091)
Connection fees	2,319,702	-	2,319,702	-
Principal payments on bonds	(184,060)	-	(184,060)	-
Principal payments on notes	(12,000)	-	(12,000)	-
Principal payments on capital leases	(5,494)	(5,493)	(10,987)	-
Interest paid on notes, bonds, and capital leases	(1,546,326)	(382)	(1,546,708)	-
Net cash provided by(used in) capital and related financing activities	51,152	(553,094)	(501,942)	(16,091)
Cash flows from investing activities				
Interest received	11,757	6,640	18,397	-
Net cash provided by(used in) investing activities	11,757	6,640	18,397	-
Change in cash and cash equivalents	5,133,150	485,401	5,618,551	104,685
Cash and cash equivalents - beginning of year	3,275,884	2,319,035	5,594,919	176,399
Cash and cash equivalents - end of year	\$ 8,409,034	\$ 2,804,436	\$ 11,213,470	\$ 281,084

*County of Isle of Wight, Virginia**Statements of Cash Flows - Proprietary Funds (Continued)***Year Ended June 30, 2016**

	Public Utilities	Stormwater	Total	Governmental Activities- Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (3,306,965)	\$ 1,161,203	\$ (2,145,762)	\$ 74,938
Adjustments to reconcile to net cash provided by (used in) operating activities:				
Depreciation	956,924	7,757	964,681	32,572
Change in:				
Accounts receivable	(93,048)	45,491	(47,557)	2,070
Due from other Governments	-	(149,812)	(149,812)	-
Deferred outflows of resources related to pension	(13,627)	(19,359)	(32,986)	(12,738)
Accounts payable	(300,367)	(12,755)	(313,122)	(3,517)
Accrued expenses	(364)	-	(364)	(1,343)
Amount held in escrow	165	(1,992)	(1,827)	-
Unearned revenue	110	(700)	(590)	-
Compensated absences	8,804	2,251	11,055	29,278
Net pension liability	38,100	23,348	61,448	33,110
Other post-employment benefits payable	2,787	1,992	4,779	4,539
Deferred inflows of resources related to pension	(45,090)	(25,569)	(70,659)	(38,133)
Net cash provided by (used in) operating activities	\$ (2,752,571)	\$ 1,031,855	\$ (1,720,716)	\$ 120,776

County of Isle of Wight, Virginia**Statement of Assets and Liabilities - Fiduciary Funds****June 30, 2016**

		<u>Agency Funds</u>
	Assets	
Cash and cash equivalents		\$ 488,203
		<u> </u>
	Liabilities	
Amounts held for social services clients		48,580
Amounts held for others		439,623
		<u> </u>
Total liabilities		<u>\$ 488,203</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 1 – Summary of Significant Accounting Policies

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

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

A. Financial Reporting Entity

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

Discretely Presented Component Units

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

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

B. Financial Reporting Model and basis of Presentation

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

The County reports the following major governmental funds:

General – This is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. The services which are administered by the County and accounted for in the General Fund include, among others, County Board, Finance, Administration, Public Safety, and General Services.

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

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

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

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

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

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

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

D. Accounting Changes

GASB has issued Statement No.72. *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB has issued Statement No 79 - Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents

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

F. Investments

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

G. Property Taxes

All property tax receivables are shown net of an allowance for uncollectible accounts. The County calculates its allowance for uncollectible accounts using historical collection data, specific account analysis and management's judgment. An allowance for uncollectible accounts is also provided for accounts receivable of the Public Utilities Fund based on historical data. At June 30, 2016, the allowance for the General Fund was \$1,534,452.

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

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Property Taxes(Continued)

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

The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first \$20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passes Senate Bill 5005. The bill provides for the Commonwealth to reimburse a portion of the tangible personal property tax levied bases on a fixed relief amount. The fixed relief amount was capped at \$950,000,000 in total for all localities with the County's share capped at \$5,115,890, which the County received during the year ended June 30, 2016. The Commonwealth requires localities to record the revenue from PPTRA as received from other governments, not as property taxes.

H. Connection Fees

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

I. Unbilled Utility Receivables

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

J. Internal and Intra-entity Activity

The County has the following types of interfund transactions:

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

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

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

K. Internal and Intra-entity Activity (Continued)

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

L. 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.

M. 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 acquisition 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, 2016, 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, 2016.

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

N. 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.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

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

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as gains and losses on refunding, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Deferred Outflows of Resources and Inflows of Resources

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

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

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

Q. Pension

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Net Position

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

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

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

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

S. Fund Balance

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

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

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

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

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Fund Balance (Continued)

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

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

T. 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.

Note 2 – Deposits and Investments

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

A summary of deposits and investments held by the Primary Government at June 30, 2016 is as follows:

Deposits	
Demand deposits	\$ 31,964,604
Cash on hand	2,310
Investments	
LGIP	2,584,328
Zero coupon bond	2,516,393
Money market funds	8,660,102
Total deposits and investments	\$ 45,727,737
Reconciliation to Statements of Net Position	
<u>Government-wide:</u>	
Cash and cash equivalents	\$ 34,063,039
Restricted cash and cash equivalents	8,660,102
Investments	2,516,393
<u>Fiduciary Funds:</u>	
Cash and cash equivalents	488,203
Total deposits and investments	\$ 45,727,737

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 2 - Deposits and Investments (Continued)

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 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 Local Government Investment Pool (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 LGIP is in compliance with the requirements of GASB Statement 79 and elects to measure its investments at amortized cost for financial reporting. Therefore, participants (the County) in the LGIP should also measure their investments in the LGIP at amortized cost for financial reporting.

According to GASB 72 investments in the LGIP should be excluded from measurement at Fair Value and thus exempt from the Fair Value Hierarchy Classifications.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 2 - Deposits and Investments (Continued)

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
Zero coupon bond	\$ -	\$ 2,516,393	\$ 2,516,393
Money market funds (*)	8,660,102	-	8,660,102
	<u>\$ 8,660,102</u>	<u>\$ 2,516,393</u>	<u>\$ 11,176,495</u>

* Restricted cash and cash equivalents

D. Interest Rate Risk

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 2 - Deposits and Investments (Continued)

D. Interest Rate Risk (Continued)

The Primary Government had the following investments and maturities:

	Fair Value	Less than 1	FY 2039
Zero coupon bond	2,516,393	-	2,516,393
Money market funds (*)	8,660,102	8,660,102	-
	<u>\$ 11,176,495</u>	<u>\$ 8,660,102</u>	<u>\$ 2,516,393</u>

* Restricted cash and cash equivalents

E. Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of June 30, 2016:

- U.S. Treasury securities of \$8.6 million are valued using quoted market prices (Level 1 inputs)
- U.S. Treasury Zero Coupon bond of \$2.5 million are valued using a matrix pricing model (Level 2 inputs).

Note 3 – Due From Other Governments

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

	Primary Government					Component Unit -
	General	Capital	Nonmajor			School Board
	Fund	Projects	Governmental	Stormwater	Total	
	Fund	Fund	Funds	Funds		
<u>Amounts Due From:</u>						
Commonwealth of Virginia:						
Operating grants	\$ -	\$ -	\$ 56,869	\$ -	\$ 56,869	\$ -
Capital grants	-	1,068,602	-	-	1,068,602	-
Social Services	-	-	19,524	-	19,524	-
Comprehensive Services	-	-	48,530	-	48,530	-
Communication tax	104,089	-	-	-	104,089	-
State and Use Sales Tax	210,937	-	-	-	210,937	1,059,956
Stormwater	-	-	-	149,812	149,812	-
Federal government operating grants	-	204,717	92,942	-	297,659	370,844
Town of Windsor	-	-	51,707	-	51,707	-
Town of Smithfield	109,866	-	127,032	-	236,898	-
Other	12,003	-	-	-	12,003	-
Totals	<u>\$ 436,895</u>	<u>\$ 1,273,319</u>	<u>\$ 396,604</u>	<u>\$ 149,812</u>	<u>\$ 2,256,630</u>	<u>\$ 1,430,800</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 4 – Interfund Balances and Activity

The following balances at June 30, 2016 represent amounts due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other nonmajor Governmental Funds	\$ 269,973
		<u>\$ 269,973</u>

Note: Represents the reclass of cash deficits in the nonmajor governmental funds to Due To the the General Fund and a reduction of cash in the General Fund

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

Interfund transfers for the year ended June 30, 2016 were as follows:

Transfer Out	Transfer in	Purpose	Amount
General Fund	Capital Projects Fund	Capital projects	\$ 250,000
General Fund	Debt Services Fund	Debt services	6,876,927
General Fund	Public Utilities Fund	General operations	1,565,679
General Fund	Nonmajor Governmental Fund	Social Services operations	423,401
General Fund	Nonmajor Governmental Fund	Comprehensive Services operations	118,048
General Fund	Nonmajor Governmental Fund	E-911 operations	888,123
General Fund	Nonmajor Governmental Fund	County Fair operations	40,345
General Fund	Nonmajor Governmental Fund	Grants Fund	29,465
Total			<u>\$ 10,191,988</u>

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 5 – Notes Receivable

A. Acquisition Notes

The County agreed to loan the EDA \$358,000 to finance the acquisition of an office building by the EDA. Interest on the outstanding principal balance of the note is due at a rate of 7% per annum. The outstanding principal balance of the note receivable at June 30, 2016 is \$21,560 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, 2016 is \$539,338.

Note 6 – Lease Receivable

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

The following schedule summarizes the total future minimum lease payments:

2017	\$ 30,891
Total minimum lease payments	30,891
Less - amount representing interest	(837)
Present value of future payments	<u>\$ 30,054</u>

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 7 – Capital Assets

The following is a summary of changes in capital assets:

Primary Government	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 13,128,024	\$ 178,516	\$ 3,170	\$ 13,303,370
Intangibles	4,338,512	-	-	4,338,512
Construction in progress	2,986,882	102,097	-	3,088,979
Construction in progress - jointly owned assets	285,140	-	285,140	-
Total capital assets not being depreciated	20,738,558	280,613	288,310	20,730,861
Capital assets being depreciated:				
Buildings - County	40,391,181	1,049,682	-	41,440,863
Buildings - jointly owned assets	52,395,746	559,922	1,359,132	51,596,536
Land improvements	9,886,665	156,253	-	10,042,918
Land improvements - jointly owned assets	2,632,016	-	203,089	2,428,927
Equipment	5,567,209	156,998	8,185	5,716,022
Vehicles	4,260,819	325,679	473,227	4,113,271
Total capital assets being depreciated	115,133,636	2,248,534	2,043,633	115,338,537
Less - accumulated depreciation:				
Buildings - County	6,397,626	912,231	-	7,309,857
Buildings - jointly owned assets	11,863,970	1,273,628	21,927	13,115,671
Land improvements	2,709,403	460,940	-	3,170,343
Land improvements - jointly owned assets	109,667	124,560	7,869	226,358
Equipment	2,809,175	208,122	6,531	3,010,766
Vehicles	2,742,193	434,453	434,453	2,742,193
Total accumulated depreciation	26,632,034	3,413,934	470,780	29,575,188
Total capital assets being depreciated - net	88,501,602	(1,165,400)	1,572,853	85,763,349
Governmental activities capital assets - net	\$ 109,240,160	\$ (884,787)	\$ 1,861,163	\$ 106,494,210

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

Governmental activities	
General Government	\$ 470,801
Public safety	684,656
General services	195,522
Health and welfare	77,260
Parks, recreation and culture	515,171
Community development	39,764
Education	1,398,188
Internal Service Fund	32,572
Total depreciation expense - governmental activities	\$ 3,413,934

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 7 – Capital Assets (Continued)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 228,840	\$ -	\$ -	\$ 228,840
Construction in progress	1,032,824	513,158	-	1,545,982
Total capital assets not being depreciated	<u>1,261,664</u>	<u>513,158</u>	<u>-</u>	<u>1,774,822</u>
Capital assets being depreciated:				
Buildings	11,760,322	-	-	11,760,322
Land improvements	13,921,517	357,989	-	14,279,506
Equipment	804,797	126,190	-	930,987
Vehicles	371,516	70,550	45,935	396,131
Total capital assets being depreciated	<u>26,858,152</u>	<u>554,729</u>	<u>45,935</u>	<u>27,366,946</u>
Less - accumulated depreciation:				
Buildings	3,458,617	206,528	-	3,665,145
Land improvements	8,501,580	674,563	-	9,176,143
Equipment	1,113,829	49,428	-	1,163,257
Vehicles	927,583	34,162	45,935	915,810
Total accumulated depreciation	<u>14,001,609</u>	<u>964,681</u>	<u>45,935</u>	<u>14,920,355</u>
Total capital assets being depreciated - net	<u>12,856,543</u>	<u>(409,952)</u>	<u>-</u>	<u>12,446,591</u>
Business-type activities capital assets - net	<u>\$ 14,118,207</u>	<u>\$ 103,206</u>	<u>\$ -</u>	<u>\$ 14,221,413</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 7 – Capital Assets (Continued)

<u>Discretely Presented Component</u> <u>Unit - School Board</u>	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital assets not being depreciated:				
Land	\$ 1,619,726	\$ -	\$ -	\$ 1,619,726
Total capital assets not being depreciated	1,619,726	-	-	1,619,726
Capital assets being depreciated:				
Buildings and improvements	50,954,134	1,699,775	-	52,653,909
Land improvements	2,060,278	203,089	-	2,263,367
Equipment	19,649,126	812,256	-	20,461,382
Vehicles	5,738,118	1,068,708	-	6,806,826
Total capital assets being depreciated	78,401,656	3,783,828	-	82,185,484
Less - accumulated depreciation:				
Buildings and improvements	26,591,144	2,334,718	-	28,925,862
Land improvements	1,392,702	185,381	-	1,578,083
Equipment	10,355,094	868,438	-	11,223,532
Vehicles	4,755,465	212,108	-	4,967,573
Total accumulated depreciation	43,094,405	3,600,645	-	46,695,050
Total capital assets being depreciated - net	35,307,251	183,183	-	35,490,434
School Board capital assets - net	\$ 36,926,977	\$ 183,183	\$ -	\$ 37,110,160

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

Discretely Presented Component Unit - School Board	
Instructional services	\$ 3,388,537
Pupil Transportation	212,108
Total depreciation expense - school board	\$ 3,600,645

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, 2016, is that school financed assets, net of accumulated depreciation, in the amount of \$40,683,434 are reported in the primary government as “jointly owned assets” for financial reporting purposes.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 7 – Capital Assets (Continued)

Discretely Presented Component Unit - Economic Development Authority	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 10,859,198	\$ -	\$ -	\$ 10,859,198
Total capital assets not being depreciated	10,859,198	-	-	10,859,198
Capital assets being depreciated:				
Buildings	55,000	-	-	55,000
Land improvements	181,255	48,311	-	229,566
Total capital assets being depreciated	236,255	48,311	-	284,566
Less - accumulated depreciation				
Buildings	7,150	1,100	-	8,250
Land improvements	27,189	11,905	-	39,094
Total accumulated depreciation	34,339	13,005	-	47,344
Total capital assets being depreciated - net	201,916	35,306	-	237,222
EDA capital assets - net	\$ 11,061,114	\$ 35,306	\$ -	\$ 11,096,420

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

Construction Commitments:	Spent-to-date	Remaining
Industrial Park	\$ 8,033,107	\$ 9,379
STH Intermodal Park	12,678,816	527,669
Building Capital Maintenance	612,946	149,857
Rushmere VFD Floor/HVAC/Paving	80,286	47
IOW Rescue Squad Bldg	5,399,647	383,247
Isle of Wight Health Department	2,286,764	-
Nike Skate Park	396,700	8,000
Parks & Recreation Maintenance	311,228	31,000
Regional Consent Order	984,116	-
Schools Capital Maintenance Projects	-	250,000
Water Capital Maintenance	-	150,000
Route 10 Water Infrastructure Project	-	2,350,000
Nike Park Rd-Gatling Pt Water Main	47,858	-
Master Sewer Plan	57,115	71,443
TMDL	308,528	503
Stormwater Management Program	20,418	-
Stormwater Master Plan	-	50,000
Stormwater Retrofit Projects	-	83,145
Stormwater Capital Maintenance	-	50,000
Heritage Park SLAF	-	206,855
Sewer Capital Maintenance	22,900	50,000
Route 460 Pump Station	411,709	17,817
Camptown/Carrsville Public Utilities Improvements	170,800	28,800
	\$ 31,822,938	\$ 4,417,762

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 8 – Long-Term Obligations

The following is a summary of changes in long-term obligations during the year ended June 30, 2016:

Governmental Activities	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Due Within One Year
General obligation bonds	\$ 106,161,673	\$ -	\$ (3,100,945)	\$ 103,060,728	\$ 3,006,700
Bond premiums	4,712,124	-	(408,517)	4,303,607	-
Subtotal	110,873,797	-	(3,509,462)	107,364,335	3,006,700
PACE program	4,326,512	-	-	4,326,512	-
Capital leases	722,822	220,514	(177,223)	766,113	201,307
Compensated absences	977,284	692,853	(643,455)	1,026,681	102,688
Net OPEB obligation	1,061,221	153,199	(28,076)	1,186,344	-
Landfill closure costs	1,535,628	281,038	(266,402)	1,550,264	-
Net pension liability	2,056,986	954,396	-	3,011,382	-
Total Governmental Activities	\$ 121,554,250	\$ 2,302,000	\$ (4,624,618)	\$ 119,231,631	\$ 3,310,695
Business-Type Activities					
General obligation bonds	\$ 35,413,327	\$ -	\$ (184,060)	\$ 35,229,267	\$ 158,300
Bond premiums	3,695,061	-	(389,971)	3,305,090	-
Subtotal	39,108,388	-	(574,031)	38,534,357	158,300
Notes payable	24,000	-	(12,000)	12,000	12,000
Capital leases	50,903	-	(10,987)	39,916	11,170
Compensated absences	70,780	65,170	(54,115)	81,835	8,184
Net OPEB obligation	43,780	6,235	(1,456)	48,559	-
Net pension liability	124,241	61,448	-	185,689	-
Total Business-Type Activities	\$ 39,422,092	\$ 132,853	\$ (652,589)	\$ 38,902,356	\$ 189,654
Discretely Presented Component Units					
School Board					
Capital leases	\$ 6,895,000	\$ 2,720,000	\$ (752,726)	\$ 8,862,274	\$ 746,110
Compensated absences	435,938	78,583	(107,566)	406,955	40,696
Net OPEB obligation	4,119,374	858,588	(220,448)	4,757,514	-
Claims payable	162,148	-	(129,513)	32,635	27,740
Net pension liability	45,876,698	1,829,486	-	47,706,184	-
Total School Board	\$ 57,489,158	\$ 5,486,657	\$ (1,210,253)	\$ 61,765,562	\$ 814,546
Economic Development Authority					
Note payable	\$ 56,628	\$ -	\$ (35,068)	\$ 21,560	\$ 21,560

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 8 – Long-Term Obligations (Continued)

A. General Obligation Bonds

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

	Amount Outstanding
General Obligation Refunding Bonds of 2015 (tax exempt bonds) - \$17,395,000 dated June 2015 with principal payable in various annual installments through 2031. Interest is payable semi-annually at a rate of 2.90% over the life of the bond. The bonds were used to advance refund prior issues.	\$ 16,820,000
General Obligation Refunding Bonds of 2014B (taxable bonds) - \$12,290,000 dated July 2014 with principal payable in various annual installments through 2040. Interest is payable semi-annually at a rate of 4.40% over the life of the bond. The bonds were used to advance refund prior issues.	12,290,000
General Obligation Refunding Bonds of 2014A (tax exempt bonds) - \$24,730,000 dated July 2014 with principal payable in various annual installments through 2037. Interest is payable semi-annually at a rate that varies from 3.00% to 5.00% over the life of the bond. The bonds were used to advance refund prior issues. The bonds were issued at a premium of \$2,752,653, which is being amortized over the life of the bonds.	24,730,000
General Obligations Bonds of 2013 - \$2,145,000 dated June 2013, principal payable in various annual installments through 2020, interest payable semi-annually at a coupon rate of 2.7%. The principal was used to refund \$790,000 and \$1,105,000 of outstanding 2004 and 2008B Series Bonds respectively.	2,145,000

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 8 – Long-Term Obligations (Continued)

A. General Obligation Bonds (Continued)

General Obligations Bonds of 2012 - \$48,465,000 dated September 2012, principal payable in various annual installments through 2043, interest payable semi-annually at coupon rates from 2% to 5%. Of this bond issue, \$3,494,846 was borrowed to finance various capital improvements. The remaining \$33,680,000 was used to current refund \$7,685,000 of outstanding 2010 Series Bonds and advance refund \$6,460,000 of the outstanding 2011 Bond Anticipation Note, and \$19,535,000 of the outstanding 2003 and 2004 bonds. The bonds were issued at a \$6,774,843 premium, which is being amortized over the life of the bonds. 44,110,000

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

General Obligation Bonds of 2011VPSA (tax exempt bonds) - \$7,500,000 dated June 2011 with principal payable in various annual installments beginning June 2014 through to June 2027. These bonds were obtained through the Virginia Public School Authority pooled Qualified School Construction Bonds (QSCB). The QSCBs are tax credit bonds such that the interest component of the bond is subject entirely to the federal subsidy reimbursement which offsets completely the interest on these bonds. The bonds are being used for the school construction and renovation projects. 6,750,000

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 8 – Long-Term Obligations (Continued)

A. General Obligation Bonds (Continued)

General Obligation Bonds of 2010C (taxable Build America Bonds) - \$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.	12,994,995
Total General Obligation Bonds Outstanding	<u>\$ 138,289,995</u>

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
2017	\$ 3,006,700	\$ 3,615,293	\$ 158,300	\$ 1,567,303	\$ 3,165,000	\$ 5,182,596
2018	3,384,768	3,526,509	165,232	1,561,428	3,550,000	5,087,938
2019	5,540,940	3,411,475	344,060	1,552,164	5,885,000	4,963,638
2020	5,718,364	3,248,598	356,636	1,539,407	6,075,000	4,788,005
2021	5,809,110	3,064,037	340,890	1,526,423	6,150,000	4,590,460
2022-2026	29,842,737	12,489,596	3,467,263	7,341,937	33,310,000	19,831,533
2027-2031	29,596,931	7,386,714	5,388,069	6,489,567	34,985,000	13,876,281
2032-2036	15,606,132	2,586,023	6,588,868	5,282,230	22,195,000	7,868,253
2037-2041	4,555,046	414,250	14,784,949	2,540,625	19,339,995	2,954,875
2042-2045	-	-	3,635,000	211,125	3,635,000	211,125
Total	\$ 103,060,728	\$ 39,742,495	\$ 35,229,267	\$ 29,612,209	\$ 138,289,995	\$ 69,354,704

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, 2016, the County had \$32,030,000 in outstanding prior year bonds that are considered defeased.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 8 – Long-Term Obligations (Continued)

C. Purchase Agricultural Conservation Easement Program

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

These agreements provide for the payment of the principal balance to be paid in a single installment due approximately thirty years after execution of the agreement. Interest on the unpaid principal balance is payable semi-annually and interest expense was \$209,836 for June 30, 2016.

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

At June 30, 2016, 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
2017	\$ -	\$ 209,836
2018	-	209,836
2019	-	209,836
2020	-	209,836
2021	-	209,836
2022-2026	-	1,049,180
2027-2031	-	1,049,180
2032-2036	-	1,049,180
2037-2039	4,326,512	734,425
	<u>\$ 4,326,512</u>	<u>\$ 4,931,145</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 8 – Long-Term Obligations (Continued)

C. Notes Payable – Public Utilities

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

The following is a summary of the repayment schedules:

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

D. Notes Payable - EDA

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

The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Principal	Interest
2017	\$ 21,560	\$ 480
	<u>\$ 21,560</u>	<u>\$ 480</u>

E. Primary Government Capital Leases

During the fiscal year 2015, the County entered into a noncancellable master tax exempt lease purchase agreement for equipment. The cost of equipment put in service during the year was \$1,008,587. At June 30, 2016, the accumulated depreciation was in the amount of \$27,985.

Fiscal Year Ending June 30,	Governmental Activities	Business-type Activities
2017	\$ 213,592	\$ 11,786
2018	213,592	11,786
2019	213,592	11,786
2020	129,913	5,893
2021	<u>23,118</u>	<u>-</u>
Total minimum lease payments	\$ 793,807	\$ 41,251
less amounts representing interest	<u>(27,694)</u>	<u>(1,335)</u>
Present value of minimum lease payments	<u>\$ 766,113</u>	<u>\$ 39,916</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 8 – Long-Term Obligations (Continued)

F. School Board Capital Leases

During fiscal year 2014, the School Board has entered into a non-cancelable equipment lease purchase agreement to finance the costs to acquire, construct and install certain energy savings. The cost of the asset placed in service was in the amount of \$6,599,173. At June 30, 2016, the accumulated depreciation was in the amount of \$339,824.

Future lease minimum lease payments are as follows:

Fiscal Year Ending June 30,	
2017	\$ 420,393
2018	435,944
2019	450,648
2020	466,486
2021	483,381
Thereafter	<u>7,301,779</u>
Total minimum lease payments	\$ 9,558,631
less amounts representing interest	<u>(2,806,631)</u>
Present value of minimum lease payments	<u>\$ 6,752,000</u>

During the fiscal year 2016, the School Board has entered into a master equipment lease purchase agreement to finance the purchase technology equipment, school buses, and food service equipment in the amount of \$1,240,000, \$860,000, and \$620,000, respectively. The cost of the assets placed in service was in the amount of \$2,720,000.

At June 30, 2016, the accumulated depreciation was in the amount of \$66,176.

Future lease minimum lease payments are as follows:

Fiscal Year Ending June 30,	
2017	\$ 614,626
2018	614,625
2019	196,175
2020	196,175
2021	196,175
Thereafter	<u>397,738</u>
Total minimum lease payments	\$ 2,215,514
less amounts representing interest	<u>(105,240)</u>
Present value of minimum lease payments	<u>\$ 2,110,274</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation

A. Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (Continued)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		About the Hybrid Retirement Plan (Continued) • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • County and School Board employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • County employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (Continued)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Vesting Same as Plan 1.	Vesting Defined Benefit Component: Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Defined Contributions Component: Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. • Distribution is not required by law until age 70½.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (Continued)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	<u>Exceptions to COLA Effective Dates:</u> Same as Plan 1	<u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (Continued)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits. N/A for School Board Professional employees	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. N/A for School Board Professional employees	Disability Coverage Employees of County and School Boards (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one- year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost./ After that on- year period, the rate for most categories of service will change to actuarial cost. <u>Defined Contribution Component:</u> Not applicable.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

A. Plan Description (Continued)

Detailed information about the VRS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Plans	
	County	School Board Non- Professional
Inactive members or their beneficiaries currently receiving benefits	137	53
Inactive members		
Vested	49	12
Non-vested	74	45
Active elsewhere in VRS	110	25
Total inactive	233	82
Active	259	92
Total	629	227

C. Contributions

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

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,343,844 and \$1,307,815 for the years ended June 30, 2016 and June 30, 2015, respectively. Contributions to the pension plan from the School Board for the nonprofessional employees were \$156,704 and \$235,605 for the years ended June 30, 2016 and June 30, 2015, respectively.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

C. Contributions (Continued)

The contribution requirement for active school professional employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the school division were \$4,622,729 and \$6,114,064 for the years ended June 30, 2016 and June 30, 2015, respectively.

D. Net Pension Liability

The County and School Board net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

E. Actuarial Assumptions

The total pension liability for General Employees in the County's and School Board's Retirement Plan and for Public Safety Employees in the County's Retirement Plan were based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

E. Actuarial Assumptions(Continued)

Mortality Rate

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Teacher Retirement Plan

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

E. Actuarial Assumptions (Continued)

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

Largest 10 - Non-LEOS:	Update mortality table Decrease in rate of service retirement Decrease in rates of disability retirement Reduce rates of salary increase by 0.25% per year
All Other (Non 10 Largest) - Non-LEOS:	Update mortality table Decrease in rate of service retirement Decrease in rates of disability retirement Reduce rates of salary increase by 0.25% per year
Public Safety Employees	
Largest 10 - LEOS:	Update mortality table Decrease in male rates of disability
All Others (Non 10 Largest) -LEOS:	Update mortality table Adjustments to rates of service retirement for females. Increase in rates of withdrawal Decrease in male and female rates of disability
Teachers Retirement Plan	Update mortality table Adjustments to the rates of service retirement Decrease in rates of withdrawals for 3 through 9 years of service Reduce rates of salary increase by 0.25% per year

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

F. Long-Term Expected Rate of Return

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

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

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

G. Discount Rate

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

H. Changes in Net Pension Liability

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

	County		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2014 (Valuation Date)	\$ 37,064,243	\$ 34,883,016	\$ 2,181,227
Changes Recognized for the Measurement Period:			
Service Cost	1,458,672	-	1,458,672
Interest on the total pension liability	2,533,894	-	2,533,894
Difference between expected and actual experience	306,482	-	306,482
Contributions from the employer	-	1,131,871	(1,131,871)
Contributions from employees	-	568,417	(568,417)
Net investment income	-	1,604,942	(1,604,942)
Benefit payments, including refunds of employee contributions	(1,731,525)	(1,731,525)	-
Administrative expense	-	(21,686)	21,686
Other changes	-	(340)	340
Net Changes during July 1, 2014 to June 30, 2015	\$ 2,567,523	\$ 1,551,679	\$ 1,015,844
Balance at June 30, 2015 (Measurement Date)	\$ 39,631,766	\$ 36,434,695	\$ 3,197,071

	School Board Non-Professional		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2014 (Valuation Date)	\$ 5,640,895	\$ 5,265,197	\$ 375,698
Changes Recognized for the Measurement Period:			
Service Cost	191,347	-	191,347
Interest on the total pension liability	382,158	-	382,158
Difference between expected and actual experience	(328,165)	-	(328,165)
Contributions from the employer	-	136,787	(136,787)
Contributions from employees	-	78,445	(78,445)
Net investment income, net of administrative expense	-	237,020	(237,020)
Benefit payments, including refunds of employee contributions	(362,980)	(362,980)	-
Administrative expense	-	(3,349)	3,349
Other changes	-	(49)	49
Net Changes during July 1, 2014 to June 30, 2015	\$ (117,640)	\$ 85,874	\$ (203,514)
Balance at June 30, 2015 (Measurement Date)	\$ 5,523,255	\$ 5,351,071	\$ 172,184

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

H. Changes in Net Pension Liability (Continued)

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

County		
	Actual	Expected
(a) TPL as of June 30, 2014	\$ 37,350,675	\$ 37,064,243
(b) Entry Age Normal Cost for the period June 30, 2013 - June 30, 2014	1,363,245	1,363,245
(c) Actual benefits and refunds for the period June 30, 2014 - June 30, 2015	1,731,525	1,731,525
(d) TPL as of June 30, 2015 = [(a) + (b)] x (1.07) - [(c) x (1.035)]	\$ 39,631,766	39,325,284
(f) Difference between expected and actual Experience		\$ 306,482

School Board Non-Professional		
(a) TPL as of June 30, 2014	\$ 5,334,199	\$ 5,640,895
(b) Entry Age Normal Cost for the period June 30, 2014 - June 30, 2015	178,829	178,829
(c) Actual benefits and refunds for the period June 30, 2014 - June 30, 2015	362,980	362,980
(d) TPL as of June 30, 2015 = [(a) + (b)] x (1.07) - [(c) x (1.035)]	\$ 5,523,256	5,851,420
(f) Difference between expected and actual Experience		\$ (328,165)

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

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

	Net Pension Liability (Asset)		
	Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
County	\$ 8,440,169	\$ 3,197,071	\$ (1,156,180)
School Board Non-Professional	\$ 805,763	\$ 172,184	\$ (358,815)
School Board Professional	\$ 69,561,000	\$ 47,534,000	\$ 29,400,000

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

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

At June 30, 2016, the school board reported a liability of \$47,534,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school board's proportion of the Net Pension Liability was based on the school board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school board's proportion was .37766% as compared to .37652 % at June 30, 2014.

For the year ended June 30, 2016, the school board recognized pension expense of \$ \$2,380,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

For the year ended June 30, 2016, the County and the School Board recognized pension expense of \$729,000 and \$(52,000) for non-professional employees, respectively. At June 30, 2016, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

School Board Non-Professional	\$ 805,763	\$ 172,184
School Board Professional	\$ 69,561,000	\$ 47,534,000

Deferred outflows of resources and deferred inflows of resources

<u>County</u>		
	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Contribution made after the measurement date	\$ 1,343,844	\$ -
Difference between expected and actual experience	219,166	-
Changes of assumptions	-	-
Net difference between projected and actual earning on and proportionate share of contribution	-	(925,330)
Total	<u>\$ 1,563,010</u>	<u>\$ (925,330)</u>

<u>School Board Non-Professional</u>		
	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Contribution made after the measurement date	\$ 156,704	\$ -

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 9 – Defined Pension Benefit Obligation (Continued)

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

	School Board Professional	
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 4,622,729	\$ -
Difference between expected and actual experience	-	(655,000)
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	-	(2,910,000)
Changes in proportion between employer contribution and proportionate share of contribution	129,000	(3,774,000)
Total	<u>\$ 4,751,729</u>	<u>\$ (7,339,000)</u>

\$1,343,844, \$156,704 and \$4,622,729 reported as deferred outflows of resources related to pensions resulting from the County, the School Board's non-professional, and the School Board's professional contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Total	<u>\$ 4,751,729</u>	<u>\$ (7,339,000)</u>
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Amortization of deferred outflows/(inflows) of resources

Year Ended June 30	Deferred Outflows/(Inflows) of Resources		
	County	School Board Non-Professional	Professional
2017	\$ (276,794)	\$ (186,894)	\$ (2,338,000)
2018	(276,794)	(116,479)	(2,338,000)
2019	(319,577)	(54,034)	(2,338,000)

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 10 – Other Post Employment Benefit (OPEB) Plans

A. Plan Provisions

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

B. Plan Description

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

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

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

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

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

C. Funding Policy

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

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

D. Annual OPEB Costs and Net OPEB Obligations

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

Governmental Activities

Annual required contribution (ARC)	\$	155,810
Interest on net OPEB obligations		42,449
Adjustment to annual required contribution		(45,060)
Annual OPEB Cost		<u>153,199</u>
Pay-As-You-Go Annual Employer Contributions		<u>(28,076)</u>
Increase in Net OPEB Obligations		125,123
Net OPEB Obligations - beginning of year		<u>1,061,221</u>
Net OPEB Obligations - end of year	\$	<u><u>1,186,344</u></u>

Business-Type Activities

Annual required contribution	\$	6,342
Interest on net OPEB obligations		1,751
Adjustment to annual required contributions		(1,858)
Annual OPEB Cost		<u>6,235</u>
Pay-As-You-Go Annual Employer Contributions		<u>(1,456)</u>
Increase in Net OPEB Obligations		4,779
Net OPEB Obligations - beginning of year		<u>43,780</u>
Net OPEB Obligations - end of year	\$	<u><u>48,559</u></u>

Component Unit - School Board

Annual required contribution	\$	868,718
Interest on net OPEB obligation		164,775
Adjustment to annual required contribution		(174,905)
Annual OPEB Cost		<u>858,588</u>
Pay-As-You-Go Annual Employer Contribution		<u>(220,448)</u>
Increase in Net OPEB Obligations		638,140
Net OPEB Obligation - beginning of year		<u>4,119,374</u>
Net OPEB Obligations - end of year	\$	<u><u>4,757,514</u></u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

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

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

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

Fiscal Year Ended June 30,	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation
Governmental Activities			
2016	\$ 153,199	18.3%	\$ 1,186,344
2015	154,963	12.2%	1,061,221
2014	232,400	20.4%	925,362
Business-Type Activities			
2016	\$ 6,235	23.4%	\$ 48,559
2015	6,256	12.1%	43,780
2014	9,529	16.8%	38,280
Component Unit - School Board			
2016	\$ 858,588	25.7%	\$ 4,757,514
2015	789,871	20.0%	4,119,374
2014	845,164	44.1%	3,487,631

E. Actuarial Methods and Assumptions

Valuation Methods

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

Employees Included in the Calculations

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

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

E. Actuarial Methods and Assumptions (Continued)

Actuarial Assumptions

In the July 1, 2014 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included calculations based on a discount rate of 4.0% for the unfunded liability, expected payroll growth rate of 2.5%, 0% expected rate of return on assets since the plan is not funded, healthcare cost trend rate of 8.25% for 2014 and reduced by 0.5% per year to 4.75% thereafter in 2020, inflation rate of 2.5%, and amortization of the initial unfunded actuarial liability over 30 years based on a level percent of payroll method. The actuarial accrued liability was \$1,154,595 and \$5,884,606 for the County and the School Board, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

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

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

F. Funded Status and Funding Progress

Actuarial Valuation Date July 1, 2015	Actuarial value of assets	Actuarial accrued liability (AAL) project unit	Unfunded actuarial accrued liability	Funding Ratio	Covered Payroll	UAAL as a percentage of covered payroll
Governmental activities	\$ -	\$ 1,111,922	\$ 1,111,922	0.00%	\$ 10,683,995	10.41%
Business-type activities	-	42,673	42,673	0.00%	390,215	10.94%
Total Primary Government	\$ -	\$ 1,154,595	\$ 1,154,595	0.00%	\$ 11,074,210	10.43%
Component Unit - School Board	\$ -	\$ 5,884,606	\$ 5,884,606	0.00%	\$ 30,343,758	19.39%

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 11 – Commitments and Contingent Liabilities

A. Post Closure Landfill Costs

State and federal laws and regulations require the County to perform certain continuing maintenance and monitoring functions subsequent to the closure of a landfill site. The County ceased accepting solid waste at its landfill in 1987 and completed initial closure measures in that same year. The County closed its landfill prior to the date mandated by state and federal law and regulation and, therefore, the County is only liable for post-closure monitoring. During fiscal year 2006, the County was deemed to be in violation of the Virginia Solid Waste Management Regulations and the approved Closure Plan. The County submitted a corrective action plan to the Commonwealth's Department of Environmental Quality. During 2008, the County provided for additional financial assurance in the amount of \$1,000,000. The currently estimated future total cost of the post-closure monitoring and maintenance is \$1,550,264 based on the expected cost for all equipment, facilities and services required to monitor and maintain the landfill post-closure. This represents a decrease over the 2014 estimated liability as a result of the completed repairs to the landfill cap. These repairs allowed the County to terminate a stormwater discharge (VPDES) permit which carried costs associated with demonstrating permit compliance such as lab testing, outfall sampling, coordination visits with Consultant and State, permit renewal fees etc. During the fiscal year ended June 30, 2016, the County expended \$266,402 in post-closure costs. The current costs of landfill closure and post closure cure is an estimate subject to changes resulting from inflation, technology or change in applicable laws or regulations.

B. Underground Storage Tank

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

C. Risk Management

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 11 – Commitments and Contingent Liabilities (Continued)

C. Risk Management (Continued)

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

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

The changes in medical claims liability for the three years ended June 30, 2016 are as follow:

	2016	2015	2014
Claims liabilities, beginning of year	\$ 162,148	\$ 755,310	\$ 789,679
Current year claims	4,739,015	4,069,179	5,012,010
Change in prior year claims	(829,534)	352,470	456,647
Claim payments	(3,436,792)	(3,904,542)	(4,718,885)
Legal, Administrative and other expenses	(602,202)	(1,110,269)	(784,141)
Claims liabilities, end of year	<u>\$ 32,635</u>	<u>\$ 162,148</u>	<u>\$ 755,310</u>
Claims liabilities, due in one year	<u>\$ 27,740</u>	<u>\$ 137,826</u>	<u>\$ 634,964</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. The County is also involved in legal matters with certain taxpayers requests for refund of prior year tax assessments and these have been accrued.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 11 – Commitments and Contingent Liabilities

E. Bond Issuance/Capital Leases

County Bond Issuance

The County on July 29, 2016 issued a \$8,000,000 General Obligation Public Improvement Bond, Series 2016 to finance the acquisition, construction and equipping of facilities and equipment related to public safety purposes. The bond matures on July 1, 2026

School Leases

The School Board approved a master equipment lease purchase agreement on September 1, 2016 to finance the purchase of school buses in the amount of \$584,442.

Note 12 – Jointly Governed Organizations

The County, in conjunction with other localities, created the Western Tidewater Water Authority (Authority), the Western Tidewater Regional Jail Authority (Jail), the Blackwater Regional Library (Library) and the Western Tidewater Community Services Board (WTCSB). The governing bodies of these organizations are appointed by the governing bodies of the participating jurisdictions. During the year ended June 30, 2016, the County contributed \$165,000 to the operations of the WTCSB \$675,559 to the Library and \$922,091 to the Jail.

In September 2009, the County amended its agreement with the Authority which provides for construction of the Western Branch Pipeline used to convey purchased raw water. The amendment to the contract contains provisions for the Authority to negotiate a water supply agreement between the Cities of Suffolk and Norfolk and the County. Annually, the County pays a fixed charge as an outside customer to the City of Suffolk to reserve the capacity for County's annual water resource requirements. The County also pays a fixed charge to the City of Norfolk for access to its water supply reservoir. The Authority passed through billings of \$3,252,213 to the County for the fixed charges during fiscal year 2016. Additionally, in fiscal year 2016, the County contributed approximately \$782,241 to the Authority for its share of capital costs incurred by the Authority.

Note 13 – Annexation Agreement

The County has entered into an agreement with the City of Franklin (City) whereby the City waived any and all of its rights and power to seek the annexation of the County's territory within a designated area adjacent to the City. In return, the County agreed to share with the City all local tax revenues collected by the County within the designated area using a predetermined formula. For the year ended June 30, 2016, the payments made to the City were \$709,171.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2016

Note 14 – Fund Balances

The County has the following fund balance classifications at June 30, 2016:

	General	Capital Projects	Other Governmental	Total
Nonspendable				
Notes receivable	\$ 560,898	\$ -	\$ -	\$ 560,898
Advance to component unit	375,000	-	-	375,000
Prepaid expenses	-	-	3,246	3,246
Restricted for:				
Capital projects	-	5,234,037	-	5,234,037
Community development	22,170	-	151,284	173,454
Public safety	-	-	59,800	59,800
Assigned to:				
Capital projects	-	3,388,282	-	3,388,282
Economic development	1,272,785	-	-	1,272,785
Subsequent year's expenditures	2,099,606	-	-	2,099,606
Unassigned	14,326,940	-	(3,246)	14,323,694
	<u>\$ 18,657,399</u>	<u>\$ 8,622,319</u>	<u>\$ 211,084</u>	<u>\$ 27,490,802</u>

Note 15 – Individual Fund Disclosures

The following fund and function had excess of expenditures over appropriation during the year ended June 30, 2016:

	Appropriations	Expenditures	Excess Expenditures over Appropriation
Grant Fund			
General Services	\$ 25,603	\$ 28,363	\$ (2,760)
Debt Service Fund			
Principal retirement	\$ 2,656,744	\$ 3,100,940	\$ (444,196)
Interest and other charges	\$ 4,325,967	\$ 4,329,537	\$ (3,570)

General Services exceeded budget in the Grant Fund because of additional expenditures were required to complete the program.

The 2016 budget did not include a debt service requirement change resulting from the previous year's refunding of bonds.



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

Required Supplementary Information



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

County of Isle of Wight, Virginia**Required Supplementary Information****Schedule of Revenues and Expenditures - Budget and Actual -
General Fund****Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Primary Government				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property	\$ 34,900,000	\$ 34,900,002	\$ 36,321,421	\$ 1,421,419
Real and personal public service corporation property	1,330,000	1,330,000	1,325,822	(4,178)
Personal property	7,245,000	7,245,000	7,068,091	(176,909)
Boat/Airplane	125,000	125,000	100,367	(24,633)
Mobile home	165,000	165,000	144,729	(20,271)
Machinery and tools	4,032,000	4,032,000	4,121,487	89,487
Equipment	1,732,500	1,732,500	1,756,076	23,576
Penalties	335,000	335,000	388,105	53,105
Interest and other costs	165,000	165,000	108,622	(56,378)
Total general property taxes	50,029,500	50,029,502	51,334,720	1,305,218
Other local taxes:				
Local sales and use	2,150,000	2,150,000	2,227,616	77,616
Communications sales and use	1,350,000	1,350,000	1,289,203	(60,797)
Consumer's utility	912,000	912,000	902,286	(9,714)
Consumption	121,000	121,000	111,760	(9,240)
Business license	737,000	737,000	696,184	(40,816)
Motor vehicle licenses	1,082,000	1,082,000	1,007,269	(74,731)
Recordation and wills	520,000	520,000	568,887	48,887
Lodging	54,000	54,000	60,315	6,315
Meals tax	344,000	344,000	370,703	26,703
Bank franchise	8,800	8,800	8,379	(421)
Cable franchise	5,000	5,000	10,912	5,912
Penalties	4,000	4,000	7,270	3,270
Interest	1,000	1,000	4,213	3,213
Total other local taxes	7,288,800	7,288,800	7,264,997	(23,803)
Permits, fees and licenses:				
Animal licenses	25,000	25,000	40,829	15,829
Temporary certificate of occupancy	10,000	10,000	-	(10,000)
Land use application and transfer fees	2,000	2,000	1,321	(679)
Zoning and subdivision fees	56,000	56,000	82,870	26,870
Building permits	320,000	320,000	384,872	64,872
Inspection fees	20,000	20,000	-	(20,000)
Concealed weapon permits	16,000	16,000	26,567	10,567
Misc permits/fees	35,000	45,327	47,528	2,201
Total permits, fees and licenses	484,000	494,327	583,987	89,660
Fines and forfeitures	100,000	100,000	139,822	39,822
Total fines and forfeitures	100,000	100,000	139,822	39,822

(Continued)

County of Isle of Wight, Virginia

Required Supplementary Information

Schedule of Revenues and Expenditures - Budget and Actual - General Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues from use of money and property:				
Revenues from use of money	200,000	200,000	647,504	447,504
Revenues from use of property	185,619	185,619	208,632	23,013
Total revenues from use of money and property	385,619	385,619	856,136	470,517
Charges for services:				
Charges for Commonwealth's Attorney	5,000	5,000	12,831	7,831
Charges for parks and recreation	558,600	558,600	224,685	(333,915)
Charges for building construction court fee	45,000	45,000	51,158	6,158
Charges for law enforcement and other protections	115,000	115,000	137,824	22,824
Charges for emergency medical services	660,000	660,000	863,063	203,063
Charges for maps and others	131,000	131,000	96,869	(34,131)
Total charges for services	1,514,600	1,514,600	1,386,430	(128,170)
Miscellaneous:				
Miscellaneous	64,471	64,471	173,674	109,203
Gifts and donations	50,000	102,929	157,401	54,472
Farmers market	-	11,200	64,311	53,111
Recovered costs:				
Indirect cost allocation	70,000	70,000	94,588	24,588
Recovered costs	198,048	198,048	208,891	10,843
Other	150,000	150,000	276,031	126,031
Total miscellaneous	532,519	596,648	974,896	378,248
Other financing sources:				
Interfund transfers	2,169,225	5,913,999	-	(5,913,999)
Proceeds from sale of assets	-	-	51,701	51,701
Total other financing sources	2,169,225	5,913,999	51,701	(5,862,298)
Total revenues from local sources	62,504,263	66,323,495	62,592,689	(3,730,806)
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	192,000	192,000	232,795	40,795
Total noncategorical aid	5,307,890	5,307,890	5,348,685	40,795
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	378,587	378,587	373,837	(4,750)
Sheriff	1,209,370	1,209,370	1,076,436	(132,934)
Commissioner of the Revenue	138,111	138,111	132,530	(5,581)
Treasurer	118,280	118,280	118,277	(3)
Registrar/electoral board	40,770	40,770	56,622	15,852
Clerk of the Circuit Court	260,544	260,544	289,417	28,873
Technology Trust Fund	5,318	27,999	-	(27,999)
Total shared expenses	2,150,980	2,173,661	2,047,119	(126,542)
Other categorical aid:				
Fire program funds	73,746	85,168	77,824	(7,344)
Four for life	37,772	37,772	39,370	1,598
Total other categorical aid	111,518	122,940	117,194	(5,746)
Total categorical aid	2,262,498	2,296,601	2,164,313	(132,288)
Total revenues from the Commonwealth	7,570,388	7,604,491	7,512,998	(91,493)

(Continued)

County of Isle of Wight, Virginia**Required Supplementary Information****Schedule of Revenues and Expenditures - Budget and Actual -
General Fund****Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue from the federal government:				
2010C Build America	313,953	313,953	-	(313,953)
Total revenues from the federal government	313,953	313,953	-	(313,953)
Total General Fund revenues and other financing sources	70,388,604	74,241,939	70,105,687	(4,136,252)
General government administration				
Legislative:				
Board of Supervisors	326,046	347,657	276,380	71,277
Total legislative	326,046	347,657	276,380	71,277
General and financial administration:				
Budget and finance	653,599	772,827	696,211	76,616
Commissioner of the Revenue	612,738	625,964	610,004	15,960
County Administrator	598,006	536,577	466,364	70,213
County Attorney	753,399	1,754,872	1,610,251	144,621
Human resources	265,740	291,238	272,521	18,717
Technology	735,584	735,584	735,584	-
Insurance	-	483,261	483,261	-
Purchasing	91,381	92,102	92,016	86
Real estate assessment	16,998	16,998	12,622	4,376
Treasurer	628,659	685,402	672,607	12,795
Total general and financial administration	4,356,104	5,994,825	5,651,441	343,384
Board of Elections:				
Registrar/electoral board and officials	251,020	296,430	268,499	27,931
Total Board of Elections	251,020	296,430	268,499	27,931
Total general government administration	4,933,170	6,638,912	6,196,320	442,592
Judicial administration:				
Courts:				
Circuit Court	135,308	137,708	138,024	(316)
General District Court	9,481	10,067	7,542	2,525
Fifth District Court services unit	204,078	204,078	157,497	46,581
Juvenile and Domestic Relations District Court	23,987	25,359	17,885	7,474
Clerk of the Circuit Court	474,403	535,525	505,649	29,876
Total courts	847,257	912,737	826,597	86,140
Commonwealth's Attorney	547,154	550,576	547,371	3,205
Total Commonwealth's Attorney	547,154	550,576	547,371	3,205
Total judicial administration	1,394,411	1,463,313	1,373,968	89,345

(Continued)

County of Isle of Wight, Virginia

Required Supplementary Information

Schedule of Revenues and Expenditures - Budget and Actual - General Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety:				
Law enforcement and traffic control:				
Sheriff	3,936,207	4,190,140	4,167,673	22,467
Total law enforcement and traffic control	3,936,207	4,190,140	4,167,673	22,467
Fire and rescue services:				
Emergency services	722,688	807,633	797,345	10,288
Fire and rescue response	3,724,491	4,315,979	4,257,302	58,677
Total fire and rescue services	4,447,179	5,123,612	5,054,647	68,965
Inspections - building	484,218	530,348	448,125	82,223
Total inspections - building	484,218	530,348	448,125	82,223
Other protection:				
Animal control	380,742	419,838	403,621	16,217
Western Tidewater Regional Jail	948,191	948,191	922,091	26,100
Total other protection	1,328,933	1,368,029	1,325,712	42,317
Total public safety	10,196,537	11,212,129	10,996,157	215,972
General services:				
Administration:				
General administration (Pub Works)	330,055	297,050	271,114	25,936
Engineering division	228,794	283,784	249,238	34,546
Total administration	558,849	580,834	520,352	60,482
Sanitation and waste removal:				
Refuse collection	3,590,559	3,731,618	3,606,844	124,774
Total sanitation and waste removal	3,590,559	3,731,618	3,606,844	124,774
Maintenance of general buildings and grounds:				
General properties (Bldg&Grds)	1,196,760	1,328,003	1,178,827	149,176
Total maintenance of general buildings and grounds	1,196,760	1,328,003	1,178,827	149,176
Total general services	5,346,168	5,640,455	5,306,023	334,432
Health and welfare:				
Court Appointed Special Advocate	20,000	20,000	20,000	-
Genieve Shelter	8,000	8,000	8,000	-
Endependence Center of Tidewater	3,000	3,000	3,000	-
IOW Christian Outreach	6,000	6,000	6,000	-
Senior Services of Southeastern Hampton Roads	48,934	48,934	48,934	-
Western Tidewater Health District	522,464	522,464	522,464	-
Western Tidewater Community Service Board	165,000	165,400	165,400	-
Western Tidewater Free Clinic	21,000	21,000	21,000	-
Total health and welfare	794,398	794,798	794,798	-
Education:				
Local contribution	25,144,264	26,353,810	25,672,090	681,720
Total education	25,144,264	26,353,810	25,672,090	681,720

(Continued)

County of Isle of Wight, Virginia**Required Supplementary Information****Schedule of Revenues and Expenditures - Budget and Actual -
General Fund****Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Parks, recreation and cultural:				
Parks and recreation	253,983	317,186	259,623	57,563
Parks and recreation programs	856,917	874,700	609,872	264,828
Parks and gateways	770,474	907,256	801,328	105,928
Total parks and recreation	1,881,374	2,099,142	1,670,823	428,319
Cultural enrichment:				
Isle of Wight Arts	5,000	5,000	5,000	-
Total cultural enrichment	5,000	5,000	5,000	-
Library:				
Library administration	675,739	675,739	674,259	1,480
Total library	675,739	675,739	674,259	1,480
Total parks, recreation and cultural	2,562,113	2,779,881	2,350,082	429,799
Community development:				
Planning:				
Planning & Zoning	848,667	884,499	769,339	115,160
Economic development	1,533,064	2,558,705	1,182,240	1,376,465
Tourism	396,097	449,462	433,853	15,609
Farmer's market	-	11,200	57,143	(45,943)
Other - Planning	25,000	25,000	25,000	-
Annexation settlement payment	680,000	709,171	709,171	-
Communication	136,214	153,089	148,651	4,438
Other	990,911	82,429	39,516	42,913
Total planning	4,609,953	4,873,555	3,364,913	1,508,642
Cooperative extension program	63,283	63,888	35,483	28,405
Total cooperative extension program	63,283	63,888	35,483	28,405
Total community development	4,673,236	4,937,443	3,400,396	1,537,047
Other financing uses:				
Transfers out	15,344,307	14,421,198	10,191,988	4,229,210
Total other financing uses	15,344,307	14,421,198	10,191,988	4,229,210
Total General Fund expenditures and other financing uses	70,388,604	74,241,939	66,281,822	7,960,117
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	3,823,865	3,823,865
Fund balance- beginning of year	14,833,534	14,833,534	14,833,534	-
Fund balance- end of year	\$ 14,833,534	\$ 14,833,534	\$ 18,657,399	\$ 3,823,865

County of Isle of Wight, Virginia

Notes to Required Supplementary Information

Year Ended June 30, 2016

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

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

County of Isle of Wight, Virginia**Required Supplementary Information****Schedule of Funding Progress for Other Post Employment Benefit Plans - OPEB****Year Ended June 30, 2016**

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						
7/1/2015	\$ -	\$ 1,147,007	\$ 1,147,007	0.00%	11,074,210	10.36%
7/1/2014	\$ -	\$ 1,146,599	\$ 1,146,599	0.00%	10,804,106	10.61%
7/1/2013	\$ -	\$ 1,584,278	\$ 1,584,278	0.00%	11,326,971	13.99%
School Board						
7/1/2015	\$ -	\$ 5,884,606	\$ 5,884,606	0.00%	30,343,758	19.39%
7/1/2014	\$ -	\$ 5,192,126	\$ 5,192,126	0.00%	29,310,983	17.71%
7/1/2013	\$ -	\$ 7,051,556	\$ 7,051,556	0.00%	28,815,816	24.47%

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

	County Employees	
	2016	2015
Total pension liability		
Service cost	\$ 1,458,672	\$ 1,417,914
Interest	2,533,894	2,390,589
Changes of benefit terms	-	-
Differences between expected and actual experience	306,482	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(1,731,525)	(1,791,060)
Net change in total pension liability	2,567,523	2,017,443
Total pension liability - beginning	37,064,243	35,046,800
Total pension liability - ending (a)	\$ 39,631,766	\$ 37,064,243
Pension fiduciary net position		
Contributions - employer	\$ 1,131,871	\$ 1,354,797
Contributions - employee	568,417	663,795
Net investment income	1,604,942	4,757,268
Benefit payments, including refunds of employee contributions	(1,731,525)	(1,791,060)
Administrative expense	(21,686)	(25,127)
Other	(340)	251
Net change in plan fiduciary net position	1,551,679	4,959,924
Plan fiduciary net position - beginning	34,883,016	29,923,092
Plan fiduciary net position - ending (b)	\$ 36,434,695	\$ 34,883,016
County's net pension liability - ending (a) - (b)	\$ 3,197,071	\$ 2,181,227
Plan fiduciary net position as a percentage of the total pension liability	91.93%	94.12%
Covered-employee payroll	\$ 11,257,635	\$ 10,876,942
County's net pension liability as a percentage of covered-employee payroll	28.40%	20.05%

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

(Continued)

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

	2016	2015
Total pension liability		
Service cost	\$ 191,347	\$ 220,250
Interest	382,158	371,469
Changes of benefit terms	-	-
Differences between expected and actual experience	(328,165)	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(362,980)	(515,046)
Net change in total pension liability	(117,640)	76,673
Total pension liability - beginning	5,640,895	5,564,222
Total pension liability - ending (a)	\$ 5,523,255	\$ 5,640,895
Pension fiduciary net position		
Contributions - employer	\$ 136,787	\$ 183,059
Contributions - employee	78,445	80,042
Net investment income	237,020	723,316
Benefit payments, including refunds of employee contributions	(362,980)	(515,046)
Administrative expense	(3,349)	(4,085)
Other	(49)	38
Net change in plan fiduciary net position	85,874	467,324
Plan fiduciary net position - beginning	5,265,197	4,797,873
Plan fiduciary net position - ending (b)	\$ 5,351,071	\$ 5,265,197
School Board's net pension liability - ending (a) - (b)	\$ 172,184	\$ 375,698
Plan fiduciary net position as a percentage of the total pension liability	96.88%	93.34%
Covered-employee payroll	\$ 1,602,936	\$ 2,121,914
School Board's net pension liability as a percentage of covered-employee payroll	10.74%	17.71%

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

(Continued)

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

	County Employees		
	<u>2015-2016</u>	<u>2014-2015</u>	<u>2013-2014²</u>
Actuarially determined contribution	\$ 1,343,845	\$ 1,307,818	\$ 1,354,797
Contributions in relation to the actuarially determined contribution	<u>(1,343,845)</u>	<u>(1,307,818)</u>	<u>(1,354,797)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$11,803,972	\$11,257,635	\$10,876,942
Contributions as a percentage of covered-employee payroll	11.38%	11.62%	12.46%

Notes to Schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 and 20 years
Asset valuation method	5-year smoothed market
Investment rate of return*	7.00%
Projected salary increases*	3.5% - 5.35%
* Includes Inflation at	2.50%
Cost-of-living adjustments	2.25% - 2.5%

² Information prior to fiscal year 2014 is not readily available

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

	<u>2015-2016</u>	<u>2014-2015</u>	<u>2013-2014²</u>
Actuarially determined contribution	\$ 156,704	\$ 238,553	\$ 183,059
Contributions in relation to the actuarially determined contribution	<u>(156,704)</u>	<u>(238,553)</u>	<u>(183,059)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll ¹	\$ 1,602,936	\$ 1,595,356	\$ 2,121,914
Contributions as a percentage of covered-employee payroll	9.78%	14.95%	8.63%

Notes to Schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

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

² Information prior to fiscal year 2014 is not readily available

County of Isle of Wight, Virginia

Notes to Required Supplementary Information

Year Ended June 30, 2016

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits.

Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

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

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement year
- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

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

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement year
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:

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

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

	2016	2015
School Board's proportion of the net pension liability	0.38%	0.38%
School Board's proportionate share of the net pension liability	\$ 47,534,000	\$ 45,501,000
School Board's covered-employee payroll	\$ 26,990,565	\$ 25,481,507
School Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	176.11%	178.56%
Plan fiduciary net position as a percentage of the total pension liability	70.68%	70.88%

* Information prior to fiscal year 2015 is not readily available

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

	2016	2015	2014
Contractually required contribution	\$ 4,622,729	\$ 6,114,064	\$ 3,210,607
Contributions in relation to the Contractually required contribution	(4,622,729)	(6,114,064)	(3,210,607)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
School Board's covered-employee payroll	\$ 26,990,565	\$ 25,481,507	\$ 24,619,814
Contributions as a percentage of covered-employee payroll	17.13%	23.99%	13.04%

* Information prior to fiscal year 2014 is not readily available

County of Isle of Wight, Virginia

Notes to Required Supplementary Information

Year Ended June 30, 2016

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits.

Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

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

- Update mortality table

- Adjustments to rates of service retirement for females

- Decrease in rates of withdrawals for 3 through 9 years of service

- Decrease in rates of disability

- Reduce rate of salary increase by 0.25% per year



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

Other Supplementary Information



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

County of Isle of Wight, Virginia

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

Year Ended June 30, 2016

	Capital Projects			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Permits, privilege fees and regulatory licenses	\$ -	\$ 227,580	\$ 344,647	\$ 117,067
Revenue from use of property	-	-	24,581	24,581
Miscellaneous	-	-	24,491	24,491
Intergovernmental:				
Commonwealth of Virginia	450,000	5,066,247	2,598,797	(2,467,450)
Federal	-	5,273,572	12,324	(5,261,248)
Local	1,550,000	1,550,000	-	(1,550,000)
Total revenues	2,000,000	12,117,399	3,004,840	(9,112,559)
Expenditures				
Capital outlay	3,175,000	17,318,198	6,750,976	10,567,222
Total expenditures	3,175,000	17,318,198	6,750,976	10,567,222
Deficiency of revenues under expenditures	(1,175,000)	(5,200,799)	(3,746,136)	1,454,663
Other financing sources (uses)				
Operating transfers in	1,175,000	5,504,201	250,000	(5,254,201)
Capital lease proceeds	-	(553,402)	220,514	773,916
Total other financing sources (uses), net	1,175,000	4,950,799	470,514	(4,480,285)
Net change in fund balance	-	(250,000)	(3,275,622)	(3,025,622)
Fund balances - beginning of year	11,897,941	11,897,941	11,897,941	-
Fund balances - end of year	\$ 11,897,941	\$ 11,647,941	\$ 8,622,319	\$ (3,025,622)

County of Isle of Wight, Virginia**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Debt Service Fund****Year Ended June 30, 2016**

	Debt Service			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Miscellaneous	\$ -	\$ -	\$ 553,550	\$ 553,550
Total revenues	-	-	553,550	553,550
Expenditures				
Principal retirement	2,656,744	2,656,744	3,100,940	(444,196)
Interest and other charges	4,425,967	4,325,967	4,329,537	(3,570)
Total expenditures	7,082,711	6,982,711	7,430,477	(447,766)
Deficiency of revenues under expenditures	(7,082,711)	(6,982,711)	(6,876,927)	105,784
Other financing sources (uses)				
Operating transfers in	7,082,711	6,982,711	6,876,927	(105,784)
Proceeds from refunding bond issuances	-	-	-	-
Payments to refunded debt escrow agent	-	-	-	-
Total other financing sources (uses), net	7,082,711	6,982,711	6,876,927	(105,784)
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -

County of Isle of Wight, Virginia

Other Supplementary Information Nonmajor Governmental Funds

Year Ended June 30, 2016

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

- The ***Department of Social Services Fund*** accounts for revenues and expenditures related to services provided to citizens in the community. Revenues are derived from state and federal funding.
- The ***Comprehensive Services Fund*** accounts for revenues and expenditures related to services provided to the youth of the County. Revenues are derived from state and local funding.
- The ***E-911*** Fund accounts for revenues and expenditures related to operation of the Emergency Communications Center, which supports all Public Safety Response Agencies of the county. Revenues are derived from local and state collected E911 wireless taxes and recovered costs from the County and the towns of Smithfield and Windsor.
- The ***Community Development Block Grant Fund*** accounts for revenues and expenditures related to management of the Federal rehabilitation loan program for individuals.
- The ***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 ***Grants Fund*** accounts for special revenues that are legally restricted to expenditures for specified purposes. The Grants Fund provides accounting for certain federal and state grants awarded to the County.

County of Isle of Wight, Virginia**Combining Balance Sheets -
Nonmajor Governmental Funds****June 30, 2016**

	DSS	Comprehensive Services Fund	E-911 Fund	Community Development Block Grant
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ 140,871
Accounts receivable, net	-	-	1,270	-
Due from other governments	99,245	48,530	218,062	-
Prepaid items	3,246	-	-	-
Total assets	\$ 102,491	\$ 48,530	\$ 219,332	\$ 140,871
Liabilities and Fund Balances				
Accounts payable	\$ -	\$ 27,750	\$ 70,945	\$ -
Accrued expenses	-	-	1,685	-
Court escrow	-	-	-	-
Due to other funds	102,491	20,780	146,702	-
Unearned revenues	-	-	-	-
Total liabilities	102,491	48,530	219,332	-
Fund balances				
Nonspendable	3,246	-	-	-
Restricted	-	-	-	140,871
Unassigned	(3,246)	-	-	-
Total fund balances	-	-	-	140,871
Total liabilities and fund balances	\$ 102,491	\$ 48,530	\$ 219,332	\$ 140,871

County of Isle of Wight, Virginia**Combining Balance Sheets -
Nonmajor Governmental Funds (Continued)****June 30, 2016**

	County Fair Fund	Grants Fund	Totals
Assets			
Cash and investments	\$ 15,691	\$ 58,640	\$ 215,202
Accounts receivable, net	-	30,792	32,062
Due from other governments	-	30,767	396,604
Prepaid items	-	-	3,246
Total assets	\$ 15,691	\$ 120,199	\$ 647,114
Liabilities and Fund Balances			
Accounts payable	\$ 7,516	\$ 42,238	\$ 148,449
Accrued expenses	-	850	2,535
Court escrow	-	6,898	6,898
Due to other funds	-	-	269,973
Unearned revenues	8,175	-	8,175
Total liabilities	15,691	49,986	436,030
Fund balances			
Nonspendable	-	-	3,246
Restricted	-	70,213	211,084
Unassigned	-	-	(3,246)
Total fund balances	-	70,213	211,084
Total liabilities and fund balances	\$ 15,691	\$ 120,199	\$ 647,114

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

Year Ended June 30, 2016

	DSS	Comprehensive Services Fund	E-911 Fund	Community Development Block Grant
Revenues				
Other local taxes	\$ -	\$ -	\$ 19,846	\$ -
Uses of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	267	-	5,000	-
Intergovernmental:				
Commonwealth	653,845	91,476	400,438	-
Federal	1,430,733	-	-	-
Local	-	-	218,736	-
Total revenues	2,084,845	91,476	644,020	-
Expenditures				
Public safety	-	-	1,532,143	-
General services	-	-	-	-
Health and welfare	2,779,525	209,524	-	-
Parks, recreation and cultural	-	-	-	-
Community development	-	-	-	-
Total expenditures	2,779,525	209,524	1,532,143	-
Excess (deficiency) of revenues over (under) expenditures	(694,680)	(118,048)	(888,123)	-
Other financing sources				
Operating transfers in	423,401	118,048	888,123	-
Total other financing sources	423,401	118,048	888,123	-
Net change in fund balance	(271,279)	-	-	-
Fund balances - beginning of year	271,279	-	-	140,871
Fund balances - end of year	\$ -	\$ -	\$ -	\$ 140,871

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

Year Ended June 30, 2016

	County Fair Fund	Grants Fund	Totals
Revenues			
Other local taxes	\$ -	\$ -	\$ 19,846
Uses of money and property	39,422	-	39,422
Charges for services	265,316	-	265,316
Miscellaneous	31,249	-	36,516
Intergovernmental:			
Commonwealth	-	101,354	1,247,113
Federal	-	124,053	1,554,786
Local	-	-	218,736
Total revenues	335,987	225,407	3,381,735
Expenditures			
Public safety	-	159,314	1,691,457
General services	-	28,363	28,363
Health and welfare	-	-	2,989,049
Parks, recreation and cultural	376,332	25,629	401,961
Community development	-	56,366	56,366
Total expenditures	376,332	269,672	5,167,196
Excess (deficiency) of revenues over (under) expenditures	(40,345)	(44,265)	(1,785,461)
Other financing sources			
Operating transfers in	40,345	29,465	1,499,382
Total other financing sources	40,345	29,465	1,499,382
Net change in fund balance	-	(14,800)	(286,079)
Fund balances - beginning of year	-	85,013	497,163
Fund balances - end of year	\$ -	\$ 70,213	\$ 211,084

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, 2016**

	DSS			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Miscellaneous	\$ -	\$ -	\$ 267	\$ 267
Intergovernmental:				
Commonwealth	879,964	879,964	653,845	(226,119)
Federal	1,576,954	1,576,954	1,430,733	(146,221)
Total revenues	2,456,918	2,456,918	2,084,845	(372,073)
Expenditures				
	3,294,316	3,294,316	2,779,525	514,791
Total expenditures	3,294,316	3,294,316	2,779,525	514,791
Excess (deficiency) of revenues over (under) expenditures	(837,398)	(837,398)	(694,680)	142,718
Other financing sources				
Operating transfers in	837,398	837,398	423,401	(413,997)
Net change in fund balance	-	-	(271,279)	(271,279)
Fund balances - beginning of year	271,279	271,279	271,279	-
Fund balances - end of year	\$ 271,279	\$ 271,279	\$ -	\$ (271,279)

(Continued)

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds****Year Ended June 30, 2016**

	Comprehensive Services Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Commonwealth	\$ 226,565	\$ 226,565	\$ 91,476	\$ (135,089)
Total revenues	226,565	226,565	91,476	(135,089)
Expenditures				
Health and welfare	495,535	495,535	209,524	286,011
Total expenditures	495,535	495,535	209,524	286,011
Excess (deficiency) of revenues over (under) expenditures	(268,970)	(268,970)	(118,048)	150,922
Other financing sources				
Operating transfers in	268,970	268,970	118,048	(150,922)
Total other financing sources	268,970	268,970	118,048	(150,922)
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, 2016**

	E911 Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Other local taxes	\$ 20,400	\$ 20,400	\$ 19,846	\$ (554)
Miscellaneous	-	5,000	5,000	-
Intergovernmental:				
Commonwealth	93,000	272,753	400,438	127,685
Local	207,406	207,406	218,736	11,330
Total revenues	320,806	505,559	644,020	138,461
Expenditures				
Public safety	1,344,507	1,679,261	1,532,143	147,118
Total expenditures	1,344,507	1,679,261	1,532,143	147,118
Excess (deficiency) of revenues over (under) expenditures	(1,023,701)	(1,173,702)	(888,123)	285,579
Other financing sources				
Operating transfers in	1,023,701	1,173,702	888,123	(285,579)
Operating transfers out	-	-	-	-
Total other financing sources	1,023,701	1,173,702	888,123	(285,579)
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, 2016**

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

(Continued)

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds****Year Ended June 30, 2016**

	County Fair Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Use of money and property	\$ 30,650	\$ 30,650	\$ 39,422	\$ 8,772
Charges for services	333,050	333,050	265,316	(67,734)
Miscellaneous	35,637	35,637	31,249	(4,388)
Total revenues	399,337	399,337	335,987	(63,350)
Expenditures				
Parks, recreation and cultural	399,337	399,337	376,332	23,005
Total expenditures	399,337	399,337	376,332	23,005
Excess (deficiency) of revenues over (under) expenditures	-	-	(40,345)	(40,345)
Other financing sources				
Operating transfers in	-	-	40,345	40,345
Total other financing sources	-	-	40,345	40,345
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, 2016**

	Grants Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Commonwealth	\$ -	\$ 216,007	\$ 101,354	\$ (114,653)
Federal	57,314	153,513	124,053	(29,460)
Local	-	25,776	-	(25,776)
Total revenues	57,314	395,296	225,407	(169,889)
Expenditures				
Public safety	-	240,563	159,314	81,249
General services	-	25,603	28,363	(2,760)
Parks, recreation and cultural	142,000	188,220	25,629	162,591
Community development	57,314	108,355	56,366	51,989
Total expenditures	199,314	562,741	269,672	293,069
Excess (deficiency) of revenues over (under) expenditures	(142,000)	(167,445)	(44,265)	123,180
Other financing sources				
Operating transfers in	142,000	167,445	29,465	(137,980)
Total other financing sources	142,000	167,445	29,465	(137,980)
Net change in fund balance	-	-	(14,800)	(14,800)
Fund balances - beginning of year	85,013	85,013	85,013	-
Fund balances - end of year	\$ 85,013	\$ 85,013	\$ 70,213	\$ (14,800)

(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, 2016**

	Totals			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Other local taxes	\$ 20,400	\$ 20,400	\$ 19,846	\$ (554)
Use of money and property	30,650	30,650	39,422	8,772
Charges for services	333,050	333,050	265,316	(67,734)
Miscellaneous	35,637	40,637	36,516	(4,121)
Intergovernmental:				
Commonwealth	1,199,529	1,595,290	1,247,113	(348,177)
Federal	1,634,268	1,730,467	1,554,786	(175,681)
Local	207,406	233,182	218,736	(14,446)
Total revenues	3,460,940	3,983,676	3,381,735	(601,941)
Expenditures				
Public safety	1,344,507	1,919,826	1,691,457	228,369
General services	-	25,603	28,363	(2,760)
Health and welfare	3,789,851	3,789,850	2,989,049	800,801
Parks, recreation and cultural	541,337	587,558	401,961	185,597
Community development	57,314	108,355	56,366	51,989
Total expenditures	5,733,009	6,431,192	5,167,196	1,263,996
Excess (deficiency) of revenues over (under) expenditures	(2,272,069)	(2,447,516)	(1,785,461)	662,055
Other financing sources				
Operating transfers in	2,272,069	2,447,516	1,499,382	(948,134)
Total other financing sources	2,272,069	2,447,516	1,499,382	(948,134)
Net change in fund balance	-	-	(286,079)	(286,079)
Fund balances - beginning of year	497,163	497,163	497,163	-
Fund balances - end of year	\$ 497,163	\$ 497,163	\$ 211,084	\$ (286,079)

County of Isle of Wight, Virginia

***Other Supplementary Information
Internal Services Funds***

Year Ended June 30, 2016

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

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



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

County of Isle of Wight, Virginia**Combining Statements of Net Position - Internal Service Funds****June 30, 2016**

	Information Technology	Risk Management	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 147,631	\$ 133,453	\$ 281,084
Total current assets	147,631	133,453	281,084
Noncurrent assets			
Capital assets:			
Depreciable - net	122,666	-	122,666
Total noncurrent assets	122,666	-	122,666
Total assets	270,297	133,453	403,750
Deferred Outflows of Resources			
Deferred outflows of resources related to pension	49,478	5,987	55,465
Total deferred outflows of resources	49,478	5,987	55,465
Liabilities			
Current liabilities			
Accounts payable	37,212	1,023	38,235
Compensated absences	6,070	320	6,390
Total current liabilities	43,282	1,343	44,625
Noncurrent liabilities			
Compensated absences	54,629	2,880	57,509
Net pension liability	92,250	8,048	100,298
Net OPEB obligation	29,589	4,612	34,201
Total noncurrent liabilities	176,468	15,540	192,008
Total liabilities	219,750	16,883	236,633
Deferred Inflows of Resources			
Deferred inflows of resources related to pension	26,143	1,163	27,306
Total deferred inflows of resources	26,143	1,163	27,306
Net Position			
Net investment in capital assets	122,666	-	122,666
Unrestricted (deficit)	(48,784)	121,394	72,610
Total net position	\$ 73,882	\$ 121,394	\$ 195,276

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenses,
and Changes in Net Position- Internal Service Funds****Year Ended June 30, 2016**

	Information Technology	Risk Management	Total
Operating revenues			
Charges for services	\$ 999,120	\$ 539,931	\$ 1,539,051
Other revenue	-	55,950	55,950
	<u>999,120</u>	<u>595,881</u>	<u>1,595,001</u>
Operating expenses			
Current:			
Personnel services	434,338	53,685	488,023
Fringe benefits	134,740	9,754	144,494
Contractual services	11,680	462,909	474,589
Other charges	371,827	8,558	380,385
Depreciation	32,572	-	32,572
Total operating expenses	<u>985,157</u>	<u>534,906</u>	<u>1,520,063</u>
Changes in net position	13,963	60,975	74,938
Net position - beginning of year	<u>59,919</u>	<u>60,419</u>	<u>120,338</u>
Net position- end of year	<u>\$ 73,882</u>	<u>\$ 121,394</u>	<u>\$ 195,276</u>

County of Isle of Wight, Virginia**Combining Statements of Cash Flows - Internal Service Funds****Year Ended June 30, 2016**

	Information Technology	Risk Management	Total
Cash flows from operating activities			
Received from customers and users	\$ 999,120	\$ 597,951	\$ 1,597,071
Payments to suppliers for goods and services	(384,117)	(474,373)	(858,490)
Payments to employees	(555,414)	(62,391)	(617,805)
Net cash provided by operating activities	59,589	61,187	120,776
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(16,091)	-	(16,091)
Net cash used in capital and related financing activities	(16,091)	-	(16,091)
Change in cash and cash equivalents	43,498	61,187	104,685
Cash and cash equivalents - beginning of year	104,133	72,266	176,399
Cash and cash equivalents - end of year	\$ 147,631	\$ 133,453	\$ 281,084
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 13,963	\$ 60,975	\$ 74,938
Adjustments to reconcile to net cash provided by (used in) operating activities:			
Depreciation	32,572	-	32,572
Change in:			
Accounts receivables	-	2,070	2,070
Deferred outflows of resources related to pension	(11,125)	(1,613)	(12,738)
Accounts payable	(611)	(2,906)	(3,517)
Accrued expenses	(1,343)	-	(1,343)
Compensated absences	27,662	1,616	29,278
Net pension liability payable	29,713	3,397	33,110
Other post-employment benefits payable	3,524	1,015	4,539
Deferred inflows of resources related to pension	(34,766)	(3,367)	(38,133)
Net cash provided by operating activities	\$ 59,589	\$ 61,187	\$ 120,776

County of Isle of Wight, Virginia**Combining Balance Sheets - Governmental Funds - Component Unit - School Board****June 30, 2016**

Assets	Governmental Funds				Totals
	School Operating Fund	School Capital Projects Fund	School Textbook Fund	School Cafeteria Fund	
Cash and investments	\$ 3,491,334	\$ -	\$ -	\$ 352,461	\$ 3,843,795
Restricted cash	-	17,302	-	-	17,302
Accounts receivable - net of allowances for uncollectibles	359,549	-	-	8,622	368,171
Inventory	-	-	-	49,729	49,729
Due from other funds	434,339	275,332	17,046	1,400	728,117
Due from other governmental units	1,353,425	-	-	77,375	1,430,800
Total assets	\$ 5,638,647	\$ 292,634	\$ 17,046	\$ 489,587	\$ 6,437,914
Liabilities					
Accounts payable	\$ 349,819	\$ -	\$ -	\$ 20,469	\$ 370,288
Accrued liabilities	4,485,094	-	-	-	4,485,094
Due to primary government	243,208	-	-	-	243,208
Due to other funds	560,526	-	-	167,592	728,118
Total liabilities	5,638,647	-	-	188,061	5,826,708
Fund Balance					
Fund balances:					
Nonspendable: Inventory	-	-	-	49,729	49,729
Assigned: Capital projects	-	292,634	-	-	292,634
Assigned: Textbooks	-	-	17,046	-	17,046
Assigned: food service	-	-	-	251,797	251,797
Total fund balances	-	292,634	17,046	301,526	611,206
Total liabilities and fund balance	\$ 5,638,647	\$ 292,634	\$ 17,046	\$ 489,587	\$ 6,437,914

County of Isle of Wight, Virginia**Reconciliation of Balance Sheets - Component Unit - School Board
to the Statement of Net Position****June 30, 2016**

Total fund balances - School Board - governmental funds	\$ 611,206
Amounts reported for government activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation.	
Non depreciable capital assets	1,619,726
Depreciable capital assets	82,185,484
Accumulated depreciation	(46,695,050)
Depreciable assets, net	<u>35,490,434</u>
Long-term obligations are not due and payable in the current period and are not reported in in funds	
Capital leases	(8,862,274)
Compensated absences	(406,955)
Net pension liability	(47,706,184)
OPEB obligation	(4,757,514)
Accrued interest payable	(91,863)
Deferred outflows of resources related to pension	4,908,433
Deferred inflows of resources related to pension	(7,671,157)
The internal service fund is used by management to charge the cost of health benefits. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position	<u>996,317</u>
Total net position- School Board - governmental activities	\$ (25,869,831)

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, 2016

	Governmental Funds				Total
	School Operating Fund	School Capital Projects Fund	School Textbook Fund	School Cafeteria Fund	
Revenues					
Revenues from use of money and property	\$ 40,002	\$ 510	\$ -	\$ 749	\$ 41,261
Charges for services	145,974	-	-	766,096	912,070
Miscellaneous	130,094	-	-	-	130,094
Recovered costs	29,419	-	-	-	29,419
Payment from the Primary Government	25,366,670	345,243	235,014	-	25,946,927
Intergovernmental:					
Commonwealth	27,037,305	-	296,830	34,235	27,368,370
Federal	2,447,624	-	-	1,148,474	3,596,098
Total revenues	55,197,088	345,753	531,844	1,949,554	58,024,239
Expenditures					
Current:					
Administration, attendance and health	2,285,752	-	-	-	2,285,752
Instructional services	41,665,533	-	531,844	-	42,197,377
Operations and maintenance	4,945,036	-	-	-	4,945,036
Pupil transportation	3,403,033	-	-	-	3,403,033
School food services	36,966	-	-	1,974,366	2,011,332
Facilities	-	344,790	-	-	344,790
Technology	2,860,768	-	-	-	2,860,768
Capital outlay	-	2,720,000	-	-	2,720,000
Total expenditures	55,197,088	3,064,790	531,844	1,974,366	60,768,088
Excess (Deficiency) of revenues under expenditures	-	(2,719,037)	-	(24,812)	(2,743,849)
Other financing sources (uses)					
Proceeds from capital leases	-	2,720,000	-	-	2,720,000
Total other financing sources(uses)	-	2,720,000	-	-	2,720,000
Net change in fund balance	-	963	-	(24,812)	(23,849)
Fund equity - beginning of year	-	291,671	17,046	326,338	635,055
Fund equity - end of year	\$ -	\$ 292,634	\$ 17,046	\$ 301,526	\$ 611,206

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, 2016**

Net change in fund balances - School Board - governmental funds	\$ (23,849)
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Amounts reported for governmental activities in the statement
of Net Position are different because:

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

Joint activity-transfer of capital assets	1,532,375
Capital outlay	2,221,607
Depreciation expense	(3,570,799)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of net position.

Capital lease proceeds	(2,720,000)
Repayment of debt principal	752,726

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

Decrease in compensated absences	28,983
Decrease in net pension liability	969,497
Increase in net OPEB obligation	(638,140)
Interest in accrued interest	(47,620)

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.

 829,535

Change in net position of School Board - governmental activities	\$ (665,685)
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County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Governmental Funds - Component Unit - School Board****Year Ended June 30, 2016**

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenues from use of money and property	\$ 13,000	\$ 13,000	\$ 40,002	\$ 27,002
Charges for services	137,000	137,000	145,974	8,974
Miscellaneous	7,500	42,900	130,094	87,194
Recovered costs	25,000	25,000	29,419	4,419
Revenue from the Primary Government	24,926,296	25,618,796	25,366,670	(252,126)
Intergovernmental				
Commonwealth	27,535,962	27,686,109	27,037,305	(648,804)
Federal	2,642,743	2,898,743	2,447,624	(451,119)
Total revenues	55,287,501	56,421,548	55,197,088	(1,224,460)
Expenditures				
Current				
Administration, attendance and health	2,421,101	2,435,742	2,285,752	149,990
Instructional services	42,193,867	42,461,058	41,665,533	795,525
Operations and maintenance	4,784,825	4,948,808	4,945,036	3,772
Pupil transportation	3,456,463	3,456,463	3,403,033	53,430
School food services	-	37,078	36,966	112
Technology	2,431,245	3,109,249	2,860,768	248,481
Capital outlay	-	-	-	-
Total expenditures	55,287,501	56,448,398	55,197,088	1,251,310
Net change in fund balance	-	(26,850)	-	26,850
Fund balances (accumulated deficit) - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ (26,850)	\$ -	\$ 26,850

(Continued)

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Governmental Funds - Component Unit - School Board (Continued)****Year Ended June 30, 2016**

	School Capital Projects Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Revenues from use of money and property	\$ -	\$ -	\$ 510	\$ 510
Revenue from the Primary Government	-	1,078,203	345,243	(732,960)
Intergovernmental:				
Federal	-	-	-	-
Total revenues	-	1,078,203	345,753	(732,450)
Expenditures				
Current				
Facilities	-	1,084,752	344,790	739,962
Capital outlay	-	-	2,720,000	(2,720,000)
Total expenditures	-	1,084,752	3,064,790	(1,980,038)
Excess of revenue over/(under) expenditures	-	(6,549)	(2,719,037)	(2,712,488)
Other financing sources (uses)				
Proceeds from capital leases	-	-	2,720,000	2,720,000
Total other financing sources(uses)	-	-	2,720,000	2,720,000
Net change in fund balance	-	(6,549)	963	7,512
Fund balances - beginning of year	291,671	291,671	291,671	-
Fund balances - end of year	\$ 291,671	\$ 285,122	\$ 292,634	\$ 7,512

(Continued)

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Governmental Funds - Component Unit - School Board (Continued)****Year Ended June 30, 2016**

	School Textbook Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Revenue from the Primary Government	\$ 217,968	\$ 235,014	\$ 235,014	\$ -
Intergovernmental:				
Commonwealth	301,620	301,620	296,830	(4,790)
Total revenues	519,588	536,634	531,844	(4,790)
Expenditures				
Current				
Instructional services	519,588	536,634	531,844	4,790
Total expenditures	519,588	536,634	531,844	4,790
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	-	17,046	17,046	-
Fund balances - end of year	\$ -	\$ 17,046	\$ 17,046	\$ -

(Continued)

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Governmental Funds - Component Unit - School Board (Continued)****Year Ended June 30, 2016**

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenues from use of money and property	\$ 1,145	\$ 1,145	\$ 749	\$ (396)
Charges for services	1,047,018	1,047,018	766,096	(280,922)
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	32,562	32,562	34,235	1,673
Federal	1,266,721	1,266,721	1,148,474	(118,247)
Total revenues	2,347,446	2,347,446	1,949,554	(397,892)
Expenditures				
Current				
School food services	2,347,446	2,347,446	1,974,366	373,080
Total expenditures	2,347,446	2,347,446	1,974,366	373,080
Net change in fund balance	-	-	(24,812)	(24,812)
Fund balances - beginning of year	326,338	326,338	326,338	-
Fund balances - end of year	\$ 326,338	\$ 326,338	\$ 301,526	\$ (24,812)

(Continued)

County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Governmental Funds - Component Unit - School Board****Year Ended June 30, 2016**

	Totals			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Revenues from use of money and property	\$ 14,145	\$ 14,145	\$ 41,261	\$ 27,116
Charges for services	1,184,018	1,184,018	912,070	(271,948)
Miscellaneous	7,500	42,900	130,094	87,194
Recovered costs	25,000	25,000	29,419	4,419
Revenue from the Primary Government	25,144,264	26,932,013	25,946,927	(985,086)
Intergovernmental:				
Commonwealth	27,870,144	28,020,291	27,368,370	(651,921)
Federal	3,909,464	4,165,464	3,596,098	(569,366)
Total revenues	58,154,535	60,383,831	58,024,239	(2,359,592)
Expenditures				
Current				
Administration, attendance and health	2,421,101	2,435,742	2,285,752	149,990
Instructional services	42,713,455	42,997,692	42,197,377	800,315
Operations and maintenance	4,784,825	4,948,808	4,945,036	3,772
Pupil transportation	3,456,463	3,456,463	3,403,033	53,430
School food services	2,347,446	2,384,524	2,011,332	373,192
Facilities	-	1,084,752	344,790	739,962
Technology	2,431,245	3,109,249	2,860,768	248,481
Capital outlay	-	-	2,720,000	(2,720,000)
Total expenditures	58,154,535	60,417,230	60,768,088	(350,858)
Net change in fund balance	-	(33,399)	(2,743,849)	(2,710,450)
Other financing sources (uses)				
Proceeds from capital leases	-	-	2,720,000	2,720,000
Total other financing sources(uses)	-	-	2,720,000	2,720,000
Net change in fund balance	-	(33,399)	(23,849)	9,550
Fund balances - beginning of year	635,055	635,055	635,055	-
Fund balances - end of year	\$ 635,055	\$ 601,656	\$ 611,206	\$ 9,550

County of Isle of Wight, Virginia**Statement of Net Position - Proprietary Fund - Component Unit - School Board****June 30, 2016**

	Assets	School Health Benefits Fund
Current assets		
Cash and cash equivalents - restricted		\$ 1,142,438
Total current assets		<u>1,142,438</u>
	Liabilities	
Current liabilities		
Claims payable		\$ 27,740
Unearned revenues		113,486
Total current liabilities		<u>141,226</u>
Noncurrent liabilities		
Claims payable		<u>4,895</u>
Total noncurrent liabilities		
Total liabilities		<u>146,121</u>
	Net Position	
Net position - unrestricted		<u><u>\$ 996,317</u></u>

**Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Fund - Component Unit - School Board**

Year Ended June 30, 2016

	School Health Benefits Fund
Operating revenues	
Recovered costs	\$ 4,738,354
Operating expenses	
Healthcare benefits	3,909,481
Operating income	828,873
Nonoperating revenue	662
Change in net position	829,535
Net position - beginning of year	166,782
Net position - end of year	\$ 996,317

County of Isle of Wight, Virginia**Statement of Cash Flows - Proprietary Fund - Component Unit - School Board****Year Ended June 30, 2016**

	School Health Benefits Fund
Cash flows from operating activities	
Received from customers and users	\$ 4,742,649
Payments to suppliers for goods and services	(4,038,994)
Net cash provided by operating activities	703,655
Cash flows from investing activities	
Interest received	662
Net cash provided by from investing activities	662
Change in cash and cash equivalents	704,317
Cash and cash equivalents - beginning of year	438,121
Cash and cash equivalents - end of year	\$ 1,142,438
Reconciliation of operating loss to net cash provided by operating activities	
Operating income	\$ 828,873
Adjustments to reconcile operating loss to net cash provided by operating activities	
Change in:	
Claims payable	(129,513)
Unearned revenue	4,295
Net cash provided by operating activities	\$ 703,655

County of Isle of Wight, Virginia**Combining Statements of Assets and Liabilities - Fiduciary Funds****June 30, 2016**

	Special Welfare Funds	Student Activity Funds	Totals Agency Funds
Assets			
Cash and cash equivalents	\$ 48,580	\$ 439,623	\$ 488,203
Liabilities			
Amounts held for social services clients	\$ 48,580	\$ -	\$ 48,580
Amounts held for others	-	439,623	439,623
Total liabilities	\$ 48,580	\$ 439,623	\$ 488,203

County of Isle of Wight, Virginia**Combining Statements of Changes in Assets and Liabilities - Fiduciary Funds****Year Ended June 30, 2016**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare				
Assets				
Cash and cash equivalents	\$ 40,564	88,680	\$ (80,664)	\$ 48,580
Liabilities				
Amounts held for social services clients	\$ 40,564	\$ 88,680	\$ (80,664)	\$ 48,580
Student Activities				
Assets				
Cash and cash equivalents	\$ 359,517	\$ 1,538,873	\$ (1,458,767)	\$ 439,623
Amounts held for others	\$ 359,517	\$ 1,538,873	\$ (1,458,767)	\$ 439,623
Total				
Assets				
Cash and cash equivalents	\$ 400,081	\$ 1,627,553	\$ (1,539,431)	\$ 488,203
Liabilities				
Amounts held for social services clients	\$ 40,564	\$ 88,680	\$ (80,664)	\$ 48,580
Amounts held for others	359,517	1,538,873	(1,458,767)	439,623
	\$ 400,081	\$ 1,627,553	\$ (1,539,431)	\$ 488,203

County of Isle of Wight, Virginia**Statements of Net Position- Component Unit - Economic Development Authority****June 30, 2016**

Assets	
Current assets	
Cash and cash equivalents	\$ 296,984
Accounts receivables	2,700
Total current assets	299,684
Noncurrent assets	
Capital lease receivable	30,054
Land held for resale	1,433,285
Capital assets:	
Nondepreciable	10,859,198
Depreciable, net	237,222
Total noncurrent assets	12,559,759
Total assets	12,859,443
Liabilities	
Current liabilities	
Accounts payable	1,944
Advance from primary government	375,000
Note payable - current portion	21,560
Total current liabilities	398,504
Net Position	
Net investment in capital assets	11,074,860
Unrestricted	1,386,079
Total net position	\$ 12,460,939

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

Year Ended June 30, 2016

Operating revenues

Charges for services	\$ 10,508
Other revenues	30,795
	41,303

Operating expenses

Operations	28,661
Compensation	4,350
Depreciation	13,003
Total operating expenses	46,014

Operating loss	(4,711)
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Nonoperating revenues (expenses)

Property rental	39,485
Interest income	3,374
Interest expense	(2,710)
Total nonoperating revenues, net	40,149

Income before contributions	35,438
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Contributions

Capital contributions	48,309
Total contributions	48,309

Change in net position	83,747
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Net position - beginning of year	12,377,192
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Net position - end of year	\$ 12,460,939
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County of Isle of Wight, Virginia**Statements of Cash Flows - Component Unit - Economic Development Authority****Year Ended June 30, 2016****Cash flows from operating activities**

Received from customers and users	\$ 40,881
Payments to suppliers for goods and services	(27,717)
Payments to employees	(4,350)
Net cash provided by operating activities	8,814

Cash flows from capital and related financing activities

Principal payments on notes payable	(35,068)
Interest paid on notes	(2,710)
Net cash used in capital and related financing activities	(37,778)

Cash flows from investing activities

Interest income	3,374
Principal collections on capital lease receivable	37,811
Rental of property	39,485
Net cash provided by investing activities	80,670

Change in cash and cash equivalents

51,706

Cash and cash equivalents - beginning of year

245,278

Cash and cash equivalents - end of year

\$ 296,984

Non cash items flows from capital and related financing activities

\$ 48,309

Capital contributions

Reconciliation of operating loss to net cash provided by operating activities

Operating loss	\$ (4,711)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	13,003
Change in accounts receivable	(422)
Change in escrow payment	(1,000)
Change in accounts payable	1,944
Net cash provided by operating activities	\$ 8,814

County of Isle of Wight, Virginia

Statistical Section Overview

Year Ended June 30, 2016

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-13

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.

C14

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-15 through C-17

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

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

Last Ten Fiscal Years					
	2016	2015	2014*	2013	2012
Governmental activities					
Net investment in capital assets	\$ 4,931	\$ 2,045,769	\$ 6,086,446	\$ 4,923,554	\$ 9,453,645
Restricted	5,440,119	7,174,341	13,734,652	24,568,034	320,527
Unrestricted	12,060,255	7,349,393	(1,715,310)	(5,786,028)	21,960,979
Total governmental activities net position	\$ 17,505,305	\$ 16,569,503	\$ 18,105,788	\$ 23,705,560	\$ 31,735,151
Business-type activities					
Net investment in capital assets	\$ (16,265,290)	\$ (16,186,173)	\$ (12,140,987)	\$ (8,834,474)	\$ (6,129,102)
Restricted	5,522,985	5,927,757	-	-	-
Unrestricted	(898,178)	(1,608,477)	17,086	(2,078,232)	(2,587)
Total business-type activities net position	\$ (11,640,483)	\$ (11,866,893)	\$ (12,123,901)	\$ (10,912,706)	\$ (6,131,689)
Primary government					
Net investment in capital assets	\$ (16,260,359)	\$ (14,140,404)	\$ (6,054,541)	\$ (3,910,920)	\$ 3,324,543
Restricted	10,963,104	13,102,098	13,734,652	24,568,034	320,527
Unrestricted	11,162,077	5,740,916	(1,698,224)	(7,864,260)	21,958,392
Total primary government net position	\$ 5,864,822	\$ 4,702,610	\$ 5,981,887	\$ 12,792,854	\$ 25,603,462

(Continued)

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

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

Last Ten Fiscal Years					
	2011	2010	2009	2008	2007
Governmental activities					
Net investment in capital assets	\$ 15,381,413	\$ (5,119,903)	\$ 7,629,388	\$ 9,382,768	\$ 12,936,538
Restricted	349,812	22,703,988	27,436,029	14,816,245	11,393,907
Unrestricted	18,615,968	17,675,588	4,259,513	19,329,621	22,294,446
Total governmental activities net position	\$ 34,347,193	\$ 35,259,673	\$ 39,324,930	\$ 43,528,634	\$ 46,624,891
Business-type activities					
Net investment in capital assets	\$ (1,661,794)	\$ 88,152	\$ 864,915	\$ 6,425,436	\$ 4,030,507
Restricted	-	631,542	1,619,337	918,159	859,724
Unrestricted	(1,332,945)	-	-	-	380,734
Total business-type activities net position	\$ (2,994,739)	\$ 719,694	\$ 2,484,252	\$ 7,343,595	\$ 5,270,965
Primary government					
Net investment in capital assets	\$ 13,719,619	\$ (5,031,751)	\$ 8,494,303	\$ 15,808,204	\$ 16,967,045
Restricted	349,812	23,335,530	29,055,366	15,734,404	12,253,631
Unrestricted	17,283,023	17,675,588	4,259,513	19,329,621	22,675,180
Total primary government net position	\$ 31,352,454	\$ 35,979,367	\$ 41,809,182	\$ 50,872,229	\$ 51,895,856

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

	2016	2015	2014	2013	2012
Expenses					
Governmental activities:					
General government	\$ 6,596,750	\$ 4,954,948	\$ 5,859,778	\$ 6,446,046	\$ 5,571,463
Judicial administration	1,358,364	1,345,313	1,334,545	1,198,998	1,078,015
Public safety	13,206,973	11,227,838	10,856,876	10,360,047	9,999,240
General services	9,279,614	6,059,730	6,444,839	6,979,003	7,072,833
Health and welfare	3,832,773	3,654,546	4,267,056	4,361,198	4,444,284
Education	28,279,608	31,627,526	25,930,462	29,976,658	24,794,008
Parks, recreation and cultural	4,118,975	3,051,601	3,250,023	2,990,630	2,979,591
Community development	3,457,268	3,066,139	2,805,145	3,174,930	5,995,359
Nondepartmental	-	-	-	-	1,314,563
Interest on long-term debt	4,498,640	4,568,504	4,507,212	3,979,848	2,792,214
Total governmental activities expenses	74,628,965	69,556,145	65,255,936	69,467,358	66,041,570
Business-type activities:					
Public utilities	9,016,192	11,146,341	8,677,215	8,214,531	7,439,824
Stormwater	820,320	829,480	347,845	-	-
Total business-type activities expenses	9,836,512	11,975,821	9,025,060	8,214,531	7,439,824
Total primary government expenses	\$ 84,465,477	\$ 81,531,966	\$ 74,280,996	\$ 77,681,889	\$ 73,481,394
Program revenue					
Governmental activities:					
Charges for services:					
General government	\$ 373,066	\$ 388,251	\$ 682	\$ 758	\$ 123,391
Judicial administration	203,810	220,034	174,940	156,543	369,278
Public safety	1,584,774	1,330,020	1,518,532	1,154,693	2,155,302
General services	-	-	-	375,498	408,320
Health and welfare	-	-	-	-	77,525
Parks, recreation and cultural	560,673	479,016	584,689	526,622	585,740
Community development	64,411	42,952	43,357	30,412	134,755
Operating grants and contributions	5,357,743	5,282,485	5,718,851	9,526,260	13,330,802
Capital grants and contributions	3,059,806	3,133,139	905,676	150,000	109,489
Interest rate subsidy	-	-	-	257,127	569,315
Total governmental activities program revenues	11,204,283	10,875,897	8,946,727	12,177,913	17,863,917

(Continued)

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

	2011	2010	2009	2008	2007
Expenses					
Governmental activities:					
General government	\$ 5,585,577	\$ 4,721,064	\$ 3,410,733	\$ 6,182,728	\$ 4,794,578
Judicial administration	970,228	1,017,192	1,034,595	857,697	878,317
Public safety	7,454,652	8,228,634	8,966,721	6,053,668	6,166,925
General services	6,604,193	6,479,386	6,810,610	5,145,769	4,400,738
Health and welfare	4,884,843	5,062,126	5,143,058	5,025,666	4,894,622
Education	25,419,456	25,724,901	24,360,654	26,964,798	21,036,346
Parks, recreation and cultural	2,797,390	2,724,759	3,526,076	1,279,128	1,856,803
Community development	1,931,593	2,898,788	3,902,800	2,332,420	3,083,356
Nondepartmental	1,429,542	1,351,357	-	-	-
Interest on long-term debt	2,080,083	2,619,271	2,292,872	2,186,412	2,144,123
Total governmental activities expenses	59,157,557	60,827,478	59,448,119	56,028,286	49,255,808
Business-type activities:					
Public utilities	6,999,024	6,986,865	6,273,275	5,581,285	5,137,986
Stormwater	-	-	-	-	-
Total business-type activities expenses	6,999,024	6,986,865	6,273,275	5,581,285	5,137,986
Total primary government expenses	\$ 66,156,581	\$ 67,814,343	\$ 65,721,394	\$ 61,609,571	\$ 54,393,794
Program revenue					
Governmental activities:					
Charges for services:					
General government	\$ 198,737	\$ 25,863	\$ 11,162	\$ 1,693	\$ 242,086
Judicial administration	149,251	147,275	91,288	201,653	148,848
Public safety	625,612	637,668	833,366	721,630	704,337
General services	-	4,744	4,080	2,520	3,480
Health and welfare	35,446	-	-	-	75,030
Parks, recreation and cultural	436,303	394,328	357,218	263,158	260,831
Community development	672,840	387,414	281,552	76,791	140,302
Operating grants and contributions	10,676,049	5,655,377	6,617,823	7,292,110	5,581,783
Capital grants and contributions	102,935	1,618,901	161,236	183,662	-
Interest rate subsidy	-	-	-	-	-
Total governmental activities program revenues	12,897,173	8,871,570	8,357,725	8,743,217	7,156,697

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

	2016	2015	2014	2013	2012
Business-type activities					
Charges for services	6,009,332	5,779,255	5,206,661	3,080,643	2,856,747
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	2,469,514	480,741	481,900	467,939	1,415,036
Total business-type activities program revenues	8,478,846	6,259,996	5,688,561	3,548,582	4,271,783
Total primary government program revenues	19,683,129	17,135,893	14,635,288	15,726,495	22,135,700
Net expense - governmental activities	63,424,682	58,680,248	56,309,209	57,289,445	48,177,653
Net expense - business-type activities	1,357,666	5,715,825	3,336,499	4,665,949	3,168,041
Total primary government net expense	64,782,348	64,396,073	59,645,708	61,955,394	51,345,694
General revenues and other changes in net position					
Governmental activities					
Taxes					
Property taxes	\$ 56,575,681	\$ 54,539,535	\$ 48,365,143	\$ 42,408,465	\$ 38,130,254
Permits, fees and licenses	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Other taxes	7,497,791	7,005,687	7,046,183	6,709,396	6,200,597
Unrestricted grants and contributions	-	-	-	-	-
Recovered costs	-	-	-	-	-
Investment earnings	1,434,262	956,397	324,636	909,387	1,066,841
Miscellaneous	356,417	379,229	840,977	-	397,920
Gain on sale of assets	62,012	218,075	-	163,555	(23,789)
Transfers	(1,565,679)	(5,954,960)	(2,313,266)	-	-
Total governmental activities	64,360,484	57,143,963	54,263,673	50,190,803	45,771,823
Business-type activities					
Investment earnings	18,397	17,873	16,438	47,754	27,205
Connection fees	-	-	-	-	-
Gain on sale of assets	-	-	10,275	-	-
Miscellaneous	-	-	-	-	3,886
Transfers	1,565,679	5,954,960	2,313,266	-	-
Total business-type activities	1,584,076	5,972,833	2,339,979	47,754	31,091
Total primary government	\$ 65,944,560	\$ 63,116,796	\$ 56,603,652	\$ 50,238,557	\$ 45,802,914
Change in net position					
Governmental activities	935,802	(1,536,285)	(2,045,536)	(7,098,642)	(2,405,830)
Business-type activities	226,410	257,008	(996,520)	(4,618,195)	(3,136,950)
Total primary government	\$ 1,162,212	\$ (1,279,277)	\$ (3,042,056)	\$ (11,716,837)	\$ (5,542,780)

(Continued)

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

	2011	2010	2009	2008	2007
Business-type activities					
Charges for services	2,902,184	2,708,017	2,014,246	1,750,406	1,755,893
Operating grants and contributions	-	-	-	-	96,200
Capital grants and contributions	360,504	585,994	609,989	642,005	-
Total business-type activities program revenues	3,262,688	3,294,011	2,624,235	2,392,411	1,852,093
Total primary government program revenues	16,159,861	12,165,581	10,981,960	11,135,628	9,008,790
Net expense - governmental activities	46,260,384	51,955,908	51,090,394	47,285,069	42,099,111
Net expense - business-type activities	3,736,336	3,692,854	3,649,040	3,188,874	3,285,893
Total primary government net expense	49,996,720	55,648,762	54,739,434	50,473,943	45,385,004
General revenues and other changes in net position					
Governmental activities					
Taxes					
Property taxes	\$ 38,254,048	\$ 38,081,388	\$ 38,665,135	\$ 36,374,761	\$ 35,199,045
Permits, fees and licenses	-	-	426,074	-	705,195
Fines and forfeitures	-	-	86,997	-	-
Other taxes	6,582,549	5,898,162	6,248,462	6,393,256	6,080,588
Unrestricted grants and contributions	-	5,115,890	5,218,907	5,372,245	5,763,882
Recovered costs	-	-	-	-	224,213
Investment earnings	196,774	627,179	562,017	1,161,393	1,758,751
Miscellaneous	314,533	74,328	45,572	133,040	58,555
Gain on sale of assets	-	-	-	5,882	-
Transfers	-	(1,906,296)	(4,366,474)	(5,251,765)	(3,012,200)
Total governmental activities	45,347,904	47,890,651	46,886,690	44,188,812	46,778,029
Business-type activities					
Investment earnings	21,903	-	-	-	-
Connection fees	-	-	-	-	1,164,379
Gain on sale of assets	-	-	-	2,025	-
Miscellaneous	-	-	-	-	32,000
Transfers	-	1,928,296	(1,210,303)	4,282,478	(25,089)
Total business-type activities	21,903	1,928,296	(1,210,303)	4,284,503	1,171,290
Total primary government	\$ 45,369,807	\$ 49,818,947	\$ 45,676,387	\$ 48,473,315	\$ 47,949,319
Change in net position					
Governmental activities	(912,480)	(4,065,257)	(4,203,704)	(3,096,257)	4,678,918
Business-type activities	(3,714,433)	(1,764,558)	(4,859,343)	1,095,629	(2,114,603)
Total primary government	\$ (4,626,913)	\$ (5,829,815)	\$ (9,063,047)	\$ (2,000,628)	\$ 2,564,315

County of Isle of Wight, Virginia**Fund Balances - Governmental Funds****Last Ten Fiscal Years**

	2016	2015	2014	2013	2012
General fund					
Designated	\$ -	\$ -	\$ -	\$ -	\$ -
Undesignated	-	-	-	-	-
Total general fund	\$ -	\$ -	\$ -	\$ -	\$ -
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -

Post-GASB 54

General Fund					
Non Spendable:					
Non Spendable	\$ 935,898	\$ 992,540	\$ 1,045,272	\$ 89,446	\$ 120,158
Spendable:					
Restricted	22,170	22,126	22,081	29,650	29,650
Assigned	3,372,391	4,169,225	165,775	255,878	632,588
Unassigned	14,326,940	9,649,642	15,040,237	16,393,908	18,513,870
Total General Fund	\$ 18,657,399	\$ 14,833,533	\$ 16,273,365	\$ 16,768,882	\$ 19,296,266
All other Government funds					
Non Spendable:					
Non Spendable	\$ -	\$ 2,349	\$ 40,381	\$ 40,595	\$ 40,215
Spendable:					
Restricted	5,417,949	7,149,866	13,712,571	24,568,034	29,041,335
Assigned	3,415,454	5,242,890	4,169,285	5,020,477	5,377,105
Total all other government funds	\$ 8,833,403	\$ 12,395,105	\$ 17,922,237	\$ 29,629,106	\$ 34,458,655

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

Last Ten Fiscal Years					
	2011	2010	2009	2008	2007
General fund					
Designated	\$ -	\$ 2,518,642	\$ 3,414,895	\$ 8,908,921	\$ 9,920,089
Undesignated	-	17,045,858	13,036,057	13,343,356	13,448,031
Total general fund	\$ -	\$ 19,564,500	\$ 16,450,952	\$ 22,252,277	\$ 23,368,120
All other governmental funds					
Reserved	\$ -	\$ 31,574	\$ 29,441	\$ 9,181	\$ 21,677
Unreserved, reported in					
Special revenue funds	-	298,329	502,420	642,624	395,315
Capital projects funds	-	22,703,988	27,436,029	12,402,711	11,177,979
Total all other governmental funds	\$ -	\$ 23,033,891	\$ 27,967,890	\$ 13,054,516	\$ 11,594,971

Post-GASB 54

General Fund	
Non Spendable:	
Non Spendable	\$ 148,990
Spendable:	
Restricted	29,650
Assigned	489,228
Unassigned	19,807,133
Total General Fund	\$ 20,475,001
All other Government funds	
Non Spendable:	
Non Spendable	\$ 40,430
Spendable:	
Restricted	38,040,517
Assigned	1,544,284
Total all other government funds	\$ 39,625,231

*County of Isle of Wight, Virginia**Changes in Fund Balance - Governmental Funds***Last Ten Fiscal Years**

	2016	2015	2014	2013	2012
Revenues					
General property taxes	\$ 51,334,720	\$ 49,173,371	\$ 43,628,917	\$ 37,158,645	\$ 38,024,532
Other local taxes	7,284,843	6,842,828	6,840,236	6,616,219	6,301,083
Permits, fees and licenses	928,634	1,121,174	635,888	1,710,818	380,302
Fines and forfeitures	139,822	153,929	118,609	105,191	85,598
Revenue from use of property	920,139	438,475	366,712	909,387	1,066,841
Charges for services	1,651,746	1,264,429	1,578,846	2,859,255	1,620,896
Miscellaneous	1,589,453	2,265,305	1,321,386	217,987	524,121
Recovered costs	-	-	9,327,462	-	-
Intergovernmental	13,144,754	12,297,700	2,070,994	12,625,247	15,591,979
Total revenues	76,994,111	73,557,211	65,889,050	62,202,749	63,595,352
Expenditures					
General governmental administration	6,196,320	5,118,338	5,301,989	4,869,180	4,814,890
Judicial administration	1,373,968	1,389,675	1,334,756	1,198,998	1,058,580
Public safety	12,687,614	10,840,494	10,425,432	9,973,620	8,655,939
General Services	5,334,386	4,958,423	5,747,203	5,929,766	10,110,789
Health and welfare	3,783,847	3,878,728	4,244,521	4,299,377	951,649
Education	25,672,090	23,161,494	23,126,262	25,679,304	26,268,626
Parks, recreation and cultural	2,752,043	2,675,524	2,885,662	2,629,412	2,633,606
Community development	3,456,762	3,117,464	2,773,473	3,143,003	5,995,716
Nondepartmental	-	-	-	-	1,314,563
Capital projects	6,750,976	13,264,484	18,432,571	9,489,014	5,035,723
Debt service					
Principal	3,100,940	2,845,721	2,401,952	3,173,957	31,516
Interest	4,329,537	5,014,093	5,195,448	4,592,524	2,784,497
Issuance costs	-	-	-	285,487	284,568
Total expenditures	75,438,483	76,264,438	81,869,269	75,263,642	69,940,662
Excess of revenues over (under) expenditures	1,555,628	(2,707,227)	(15,980,219)	(13,060,893)	(6,345,310)
Other financing sources (uses)					
Transfers in	8,626,309	12,719,784	1,763,908	3,127,894	1,826,748
Transfers out	(10,191,988)	(18,674,744)	(4,077,174)	(3,127,894)	(1,826,748)
Proceeds from borrowing	220,514	44,871,848	6,011,099	26,044,679	-
Payments to escrow agent	-	(43,476,292)	80,000	(22,473,109)	-
Proceeds from sale of property	51,701	299,667	-	-	-
Total other financing sources (uses)	(1,293,464)	(4,259,737)	3,777,833	3,571,570	-
Net change in fund balance	\$ 262,164	\$ (6,966,964)	\$ (12,202,386)	\$ (9,489,323)	\$ (6,345,310)
(Continued)					
Debt service as a percentage of noncapital expenditures	11%	12%	12%	12%	5%

County of Isle of Wight, Virginia

Changes in Fund Balance - Governmental Funds (Continued)

Last Ten Fiscal Years

	2011	2010	2009	2008	2007
Revenues					
General property taxes	\$ 37,864,858	\$ 38,385,088	\$ 39,132,235	\$ 36,455,016	\$ 34,738,809
Other local taxes	6,582,549	5,898,162	6,248,462	6,393,256	6,080,588
Permits, fees and licenses	443,308	407,410	426,074	422,715	705,195
Fines and forfeitures	75,813	60,345	86,997	102,098	47,800
Revenue from use of property	196,774	627,179	562,017	1,209,977	1,764,813
Charges for services	1,599,068	1,091,590	1,043,664	826,949	925,316
Miscellaneous	309,404	122,347	136,831	422,807	240,246
Recovered costs	-	595,391	755,480	580,925	683,004
Intergovernmental	10,778,984	12,382,619	11,173,159	11,893,008	11,306,981
Total revenues	57,850,758	59,570,131	59,564,919	58,306,751	56,492,752
Expenditures					
General governmental administration	4,292,762	4,822,494	5,841,246	4,776,697	4,240,227
Judicial administration	970,228	1,017,192	1,034,595	857,697	878,317
Public safety	6,770,494	6,844,989	8,341,561	6,580,696	5,676,894
General Services	6,155,695	5,938,395	6,359,832	5,131,709	4,064,393
Health and welfare	4,785,833	5,019,248	5,105,498	4,969,514	4,831,783
Education	25,004,954	25,058,724	23,508,520	21,788,354	18,701,537
Parks, recreation and cultural	2,443,506	2,482,008	4,297,093	2,026,518	1,871,428
Community development	1,897,246	1,797,791	3,828,750	3,568,838	1,777,156
Nondepartmental	1,429,542	1,351,357	1,338,618	1,249,397	1,133,400
Capital projects	12,947,475	20,491,939	-	7,708,392	4,185,235
Debt service					
Principal	380,000	1,534,551	4,316,323	3,947,613	4,727,013
Interest	2,312,636	1,750,465	2,407,157	2,229,008	2,236,220
Issuance costs	289,453	253,168	352,213	47,400	-
Total expenditures	69,679,824	78,362,321	66,731,406	64,881,833	54,323,603
Excess of revenues over (under) expenditures	(11,829,066)	(18,792,190)	(7,166,487)	(6,575,082)	2,169,149
Other financing sources (uses)					
Transfers in	1,789,120	1,607,891	30,884,999	14,495,362	10,536,626
Transfers out	(1,789,120)	(3,514,187)	(39,709,180)	(17,576,578)	(10,566,626)
Proceeds from borrowing	43,654,158	18,878,035	25,102,717	10,000,000	-
Payments to escrow agent	(14,137,039)	-	-	-	-
Proceeds from sale of property	-	-	-	-	-
Total other financing sources (uses)	29,517,119	16,971,739	16,278,536	6,918,784	(30,000)
Net change in fund balance	\$ 17,688,053	\$ (1,820,451)	\$ 9,112,049	\$ 343,702	\$ 2,139,149
Debt service as a percentage of noncapital expenditures	5%	6%	11%	11%	14%

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

Fiscal Year	Residential Property	Commercial / Industrial Property	Agriculture Property	(1) Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2016	\$ 3,349,194,640	\$ 679,547,808	\$ 550,272,662	\$ 4,579,015,110	\$ 0.85	\$ 4,579,015,110	100%
2015	\$ 3,285,777,463	\$ 671,045,521	\$ 240,480,302	\$ 4,197,303,286	\$ 0.85	\$ 4,197,303,286	100%
2014	\$ 3,239,296,300	\$ 665,825,700	\$ 242,072,000	\$ 4,147,194,000	\$ 0.73	\$ 4,147,194,000	100%
2013	\$ 3,187,589,700	\$ 648,094,500	\$ 245,103,000	\$ 4,080,787,200	\$ 0.65	\$ 4,080,787,200	100%
2012	\$ 3,380,104,000	\$ 642,766,300	\$ 252,515,900	\$ 4,275,386,200	\$ 0.65	\$ 4,275,386,200	100%
2011	\$ 3,383,219,600	\$ 648,572,200	\$ 651,867,200	\$ 4,683,659,000	\$ 0.52	\$ 4,683,659,000	100%
2010	\$ 3,505,342,600	\$ 671,872,400	\$ 666,436,200	\$ 4,843,651,200	\$ 0.52	\$ 4,843,651,200	100%
2009	\$ 3,483,983,000	\$ 622,787,400	\$ 684,778,700	\$ 4,791,549,100	\$ 0.52	\$ 4,791,549,100	100%
2008	\$ 3,305,409,700	\$ 565,071,500	\$ 465,626,600	\$ 4,336,107,800	\$ 0.52	\$ 4,336,107,800	100%
2007	\$ 3,101,569,900	\$ 513,599,500	\$ 491,224,800	\$ 4,106,394,200	\$ 0.53	\$ 4,106,394,200	100%

(1) Does not reflect land use assessments.

Source: Isle of Wight County Commissioner of Revenue

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

Fiscal Year	Real Estate (1)	Personal Property	Mobile Homes	Machinery and Tools	Public Service (2)(3)	Total
2016	\$ 4,579,015,110	\$ 379,231,914	\$ 17,585,358	\$ 587,545,879	\$ 152,225,378	\$ 5,715,603,639
2015	\$ 4,197,303,286	\$ 380,073,520	\$ 20,267,854	\$ 578,929,789	\$ 145,270,583	\$ 5,321,845,032
2014	\$ 4,147,194,000	\$ 376,396,647	\$ 19,875,446	\$ 503,480,949	\$ 142,459,577	\$ 5,189,406,619
2013	\$ 4,070,990,990	\$ 353,861,037	\$ 19,586,906	\$ 380,157,383	\$ 141,582,514	\$ 4,966,178,830
2012	\$ 4,287,008,000	\$ 310,527,887	\$ 20,398,831	\$ 279,087,266	\$ 125,549,557	\$ 5,022,571,541
2011	\$ 4,245,268,423	\$ 304,164,506	\$ 19,902,737	\$ 704,140,467	\$ 238,256,420	\$ 5,511,732,553
2010	\$ 4,410,701,000	\$ 313,455,361	\$ 22,572,521	\$ 768,126,945	\$ 216,191,065	\$ 5,731,046,892
2009	\$ 4,359,684,973	\$ 319,490,754	\$ 21,850,013	\$ 768,109,446	\$ 199,316,241	\$ 5,668,451,427
2008	\$ 3,968,971,300	\$ 295,835,165	\$ 26,153,828	\$ 744,812,445	\$ 218,043,560	\$ 5,253,816,298
2007	\$ 3,879,182,779	\$ 283,389,074	\$ 22,902,248	\$ 688,302,371	\$ 177,306,412	\$ 5,051,082,884

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

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Boats and Aircraft/ Farm Machinery
2016	\$ 0.85	\$ 4.50	\$ 0.85	\$ 0.70	\$ 1.00/1.00
2015	\$ 0.85	\$ 4.50	\$ 0.85	\$ 0.70	\$ 1.00/1.00
2014	\$ 0.73	\$ 4.50	\$ 0.73	\$ 0.70	\$ 1.00/1.00
2013	\$ 0.65	\$ 4.50	\$ 0.65	\$ 0.70	\$ 1.00/1.00
2012	\$ 0.65	\$ 4.50	\$ 0.65	\$ 0.95	\$ 1.00/1.00
2011	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2010	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2009	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2008	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2007	\$ 0.53	\$ 4.40	\$ 0.53	\$ 0.95	\$ 1.00/1.00

County of Isle of Wight, Virginia

Principal Property Taxpayers

Current Year and Ten Years Ago

Taxpayer	2016			2007		
	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	\$ 111,102,800	1	2.65%	\$ 111,479,200	1	2.87%
Inland RI Holdings LLC etals	39,359,600	2	0.94%	-	-	-
Smithfield Foods	41,639,800	3	0.99%	26,220,900	4	0.68%
Smithfield Farmland Corp	30,414,100	4	0.72%	-	-	-
Eagle Harbor Apartments, LP	25,555,300	5	0.61%	18,831,200	6	0.49%
Green Mountain Coffee Roasters	18,829,800	6	0.45%	-	-	-
Eagle Harbor Apartments II, LP	16,427,700	7	0.39%	-	-	-
LDI Virginia LLC	14,752,000	8	0.35%	-	-	-
Sentara Healthcare	14,669,700	9	0.35%	-	-	-
Carolina Cold Storage Ltd.	10,128,600	10	0.24%	11,952,600	9	0.31%
Virginia Timberline L.L.C	-	-	-	72,728,800	2	1.87%
Gwaltney of Smithfield, Ltd.	-	-	-	20,399,400	5	0.53%
Eagle Harbor LLC	-	-	-	16,897,300	7	0.44%
Cost Plus, Inc.	-	-	-	50,014,800	3	1.29%
Smithfield Packing Co., Inc.	-	-	-	15,758,900	8	0.41%
Eagle Harbor Shopping Center	-	-	-	10,588,600	10	0.27%
	\$ 322,879,400		7.69%	\$ 354,871,700		9.16%

Taxpayer	2016			2007		
	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)
International Paper	\$ 339,797,038	1	30.22%	\$ 548,728,182	1	52.27%
Keuring Green Mountain Inc	91,810,585	2	8.16%	-	-	-
Gwaltney of Smithfield Ltd.	73,760,258	3	6.56%	49,767,278	3	4.74%
ST Tissue LLC	38,086,613	4	3.39%	-	-	-
Franklin Lumber LLC	17,142,664	5	1.52%	-	-	-
Cost Plus, Inc.	7,329,097	6	0.65%	5,138,299	8	0.49%
Premium Pet Health LLC	3,385,914	7	0.30%	-	-	-
Charter Communications	2,723,584	8	0.24%	2,084,765	10	0.20%
Food Lion	2,560,793	9	0.23%	-	-	-
Southern Structural Steel	1,578,811	10	0.14%	-	-	-
Smithfield Packing Co., Inc.	-	-	-	55,522,722	2	5.29%
Aconcagua Timber Corp.	-	-	-	15,181,108	4	1.45%
Smithfield Foods	-	-	-	5,366,123	7	0.51%
Franklin Equipment Co.	-	-	-	6,441,071	6	0.61%
Specialty Minerals	-	-	-	6,920,839	5	0.66%
Smithfield Ham & Products Co.	-	-	-	2,598,275	9	0.25%
	\$ 578,175,357		51.41%	\$ 697,748,662		66.47%

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



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

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

Fiscal Year	Total (3) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1)(2) Tax Collections	(4) Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2016	\$ 51,099,354	\$ 49,979,110	97.81%	\$ 1,120,244	\$ 51,099,354	100.00%	\$ 1,120,244	2.19%
2015	\$ 50,406,860	\$ 48,910,585	97.03%	\$ 1,496,274	\$ 50,406,859	100.00%	\$ 2,043,041	4.05%
2014	\$ 44,218,554	\$ 42,859,922	96.93%	\$ 1,358,632	\$ 44,043,677	99.60%	\$ 1,875,008	4.24%
2013	\$ 39,022,902	\$ 37,912,561	97.15%	\$ 1,092,333	\$ 37,276,878	95.53%	\$ 1,498,059	3.84%
2012	\$ 38,146,295	\$ 37,009,730	97.02%	\$ 1,136,565	\$ 38,155,848	100.03%	\$ 740,634	1.94%
2011	\$ 37,800,619	\$ 36,741,218	97.20%	\$ 1,059,401	\$ 38,021,111	100.58%	\$ 1,088,242	2.88%
2010	\$ 38,229,341	\$ 37,103,403	97.05%	\$ 1,125,938	\$ 38,463,274	100.61%	\$ 2,021,149	5.29%
2009	\$ 39,119,371	\$ 37,700,668	96.37%	\$ 1,431,558	\$ 39,132,235	100.03%	\$ 2,236,992	5.72%
2008	\$ 36,629,733	\$ 35,338,546	96.48%	\$ 1,116,470	\$ 36,455,016	99.52%	\$ 2,115,219	5.77%
2007	\$ 34,875,852	\$ 33,657,328	96.51%	\$ 1,081,481	\$ 34,738,809	99.61%	\$ 1,931,984	5.54%

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

County of Isle of Wight, Virginia**Taxable Sales by Category**

Last Ten Fiscal Years					
	2016	2015	2014	2013	2012
Apparel stores	\$ 3,138,661	\$ 3,155,626	\$ 3,390,204	\$ 2,577,049	\$ 3,248,038
General merchandise	17,052,902	15,058,574	16,305,494	17,733,688	11,841,685
Food stores	74,278,038	70,333,859	67,184,591	66,740,132	61,823,527
Eating and drinking establishments	30,638,029	28,003,995	27,356,817	28,035,436	26,704,871
Home furnishings and appliances	3,673,785	1,970,161	1,506,054	1,578,689	4,510,823
Building materials and farm tools	8,087,111	7,607,946	9,266,806	11,080,360	8,547,370
Auto dealers and supplies	3,734,038	3,699,950	3,891,078	3,662,321	4,091,794
Service stations	8,297,669	8,750,178	9,937,560	9,897,012	10,059,667
Other retail stores	8,318,528	8,155,461	6,725,858	6,528,091	16,683,719
All other outlets	63,207,520	66,100,640	56,617,257	52,632,271	45,568,767
	\$220,426,281	\$ 212,836,390	\$ 202,181,719	\$ 200,465,049	\$ 193,080,261

(Continued)

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

Last Ten Fiscal Years					
	2011	2010	2009	2008	2007
Apparel stores	\$ 3,248,902	\$ 2,556,980	\$ 3,758,328	\$ 3,184,117	\$ 2,150,512
General merchandise	11,710,358	14,918,672	12,228,829	16,115,703	18,559,292
Food stores	63,183,444	74,800,531	60,905,257	61,204,656	54,501,587
Eating and drinking establishments	27,138,019	32,607,044	23,713,146	21,443,858	21,019,435
Home furnishings and appliances	2,058,879	2,481,550	2,306,325	2,672,545	3,379,379
Building materials and farm tools	8,051,507	11,615,775	11,676,999	10,693,285	9,891,751
Auto dealers and supplies	4,064,402	5,287,732	3,263,926	4,272,627	4,538,516
Service stations	8,206,374	15,614,464	14,041,823	10,221,368	8,343,933
Other retail stores	11,806,647	9,613,885	20,802,164	57,032,191	51,903,227
All other outlets	51,916,137	74,411,889	15,581,876	18,866,150	22,965,139
	\$191,384,669	\$243,908,522	\$168,278,673	\$205,706,500	\$197,252,771

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

Fiscal Year	Population	Assessed Value	(1) Gross Bonded Debt	(2) Less Debt Payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	(3) Percentage of Per Capita Income	Net Bonded Debt per Capita
2016	36,438	\$ 4,579,015,110	\$ 145,898,692	\$ 38,534,357	\$ 107,364,335	0.0234	9.4%	\$ 2,946
2015	36,007	\$ 4,197,303,286	\$ 150,247,147	\$ 39,148,981	\$ 111,098,166	0.0265	10.0%	\$ 3,085
2014	35,656	\$ 4,147,194,000	\$ 146,569,755	\$ 37,393,972	\$ 109,175,783	0.0263	9.9%	\$ 3,062
2013	35,399	\$ 4,966,178,830	\$ 150,387,747	\$ 44,620,819	\$ 105,766,928	0.0213	7.0%	\$ 2,988
2012	35,457	\$ 5,022,571,541	\$ 132,640,758	\$ 28,354,023	\$ 104,286,735	0.0208	7.2%	\$ 2,941
2011	35,270	\$ 5,511,732,553	\$ 135,269,771	\$ 29,215,647	\$ 106,054,124	0.0192	10.2%	\$ 3,007
2010	36,729	\$ 5,731,046,892	\$ 103,604,958	\$ 24,142,700	\$ 79,462,258	0.0139	5.7%	\$ 2,163
2009	35,659	\$ 5,668,451,427	\$ 85,142,005	\$ 16,330,058	\$ 71,210,095	0.0126	5.4%	\$ 1,997
2008	34,620	\$ 5,253,816,298	\$ 67,954,073	\$ 11,325,837	\$ 56,225,120	0.0107	4.6%	\$ 1,624
2007	34,057	\$ 5,051,082,884	\$ 62,658,480	\$ 12,053,360	\$ 50,605,120	0.0100	4.3%	\$ 1,486

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

County of Isle of Wight, Virginia

Schedule of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business Type Activities			Total Primary Government	Percentage Personal Income	Net Bonded Debt per Capita
	General Obligation Bonds	Pace Loans	Capital Leases	General Obligation Bonds	Notes Payable	Capital Leases			
2016	\$ 107,364,335	\$ 4,326,512	\$ 766,113	\$ 38,534,357	\$ 12,000	\$ 39,916	\$ 151,043,233.00	13.27%	\$ 4,145
2015	\$ 111,098,166	\$ 4,326,512	\$ 722,822	\$ 39,148,981	\$ 24,000	\$ 50,903	\$ 155,371,384.00	13.96%	\$ 4,315
2014	\$ 109,175,783	\$ 4,326,512	\$ -	\$ 37,393,972	\$ 36,000	\$ -	\$ 150,932,267.00	13.74%	\$ 4,233
2013	\$ 105,766,928	\$ 4,326,512	\$ -	\$ 44,620,819	\$ 48,000	\$ -	\$ 154,762,259.00	10.20%	\$ 4,372
2012	\$ 104,286,735	\$ 4,326,512	\$ -	\$ 28,354,023	\$ 60,000	\$ -	\$ 137,027,270.00	9.49%	\$ 3,865
2011	\$ 106,054,124	\$ 4,326,512	\$ -	\$ 29,215,647	\$ -	\$ -	\$ 139,596,283.00	13.37%	\$ 3,958
2010	\$ 79,462,258	\$ 4,326,512	\$ -	\$ 24,142,700	\$ -	\$ -	\$ 107,931,470.00	7.78%	\$ 2,939
2009	\$ 71,210,095	\$ -	\$ 9,552	\$ 16,330,058	\$ -	\$ -	\$ 87,549,705.00	6.70%	\$ 2,455
2008	\$ 56,225,120	\$ -	\$ 65,276	\$ 11,325,837	\$ -	\$ -	\$ 67,616,233.00	5.49%	\$ 1,953
2007	\$ 50,605,120	\$ -	\$ 123,770	\$ 12,053,360	\$ -	\$ -	\$ 62,782,250.00	5.41%	\$ 1,868

(1) Includes all long-term general obligation debt. Prior year amounts were restated to include bond premium, discount, and adjustments.

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

*County of Isle of Wight, Virginia**Legal Debt Margin***Last Ten Fiscal Years**

	2016	2015	2014	2013	2012
Total assessed valuation of real estate from land book	\$ 4,579,015,110	\$ 4,197,303,286	\$ 4,147,194,000	\$ 4,070,990,990	\$ 4,287,008,000
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%
Debt limitation	457,901,511	419,730,329	414,719,400	407,099,099	428,700,800
Total debt of the County	138,290,000	141,575,000	139,880,000	142,925,000	131,775,000
Total debt of the Town of Smithfield	-	-	-	-	5,303,476
Total debt of the Town of Windsor	-	-	-	-	2,168,307
Total	138,290,000	141,575,000	139,880,000	142,925,000	139,246,783
Amount by which legal debt margin exceeds total debt	\$ 319,611,511	\$ 278,155,329	\$ 274,839,400	\$ 264,174,099	\$ 289,454,017

(Continued)

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

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

Last Ten Fiscal Years					
	2011	2010	2009	2008	2007
Total assessed valuation of real estate from land book	\$ 4,245,268,423	\$ 4,680,728,500	\$ 4,359,684,973	\$ 3,968,971,300	\$ 3,879,182,779
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%
Debt limitation	424,526,842	468,072,850	435,968,497	396,897,130	387,918,278
Total debt of the County	133,488,773	102,759,627	84,569,627	64,255,029	58,600,029
Total debt of the Town of Smithfield	4,870,725	4,476,754	4,924,960	5,380,722	5,977,452
Total debt of the Town of Windsor	1,629,976	763,140	773,226	782,871	792,091
Total	139,989,474	107,999,521	90,267,813	70,418,622	65,369,572
Amount by which legal debt margin exceeds total debt	\$ 284,537,368	\$ 360,073,329	\$ 345,700,684	\$ 326,478,508	\$ 322,548,706

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**

Fiscal Year	(1) Population	(1) Per Capita Income	Registered Voters	(2) Unemployment Rate
2016	36,438 (4)	\$ 31,247 (4)	26,555	4.6%
2015	36,007 (4)	\$ 30,903 (4)	26,176	5.2%
2014	35,656 (4)	\$ 30,806 (4)	26,685	5.5%
2013	35,399 (4)	\$ 42,883 (4)	26,490	6.0%
2012	35,457 (4)	\$ 40,710 (4)	26,534	6.3%
2011	35,270 (4)	\$ 29,594 (4)	26,023	7.1%
2010	36,729 (3)	\$ 37,754 (3)	25,675	7.7%
2009	35,659 (3)	\$ 36,654 (3)	25,732	6.7%
2008	34,620 (3)	\$ 35,586 (3)	24,131	3.7%
2007	33,612	\$ 34,549 (3)	23,356	3.0%

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



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

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

Function/Program	Full-time Equivalent Employees as of June 30,				
	2016	2015	2014	2013	2012
General government					
Board of Supervisors	0.5	0.5	4.0	4.0	4.0
County Administration	3.5	3.0	4.0	4.0	4.0
County Attorney	2.0	2.0	2.0	1.5	2.0
Commissioner of Revenue	10.5	10.5	10.5	10.5	10.5
Treasurer	10.0	9.5	9.5	9.5	9.0
Budget and Finance	6.0	5.0	6.0	7.0	7.0
Purchasing	1.0	1.5	0.0	0.0	0.0
Human Resources	2.0	2.0	2.0	3.0	2.0
Communications	2.0	2.0	2.0	1.0	1.0
Economic Development	4.0	5.0	5.0	5.0	5.0
Registrar	3.5	3.5	3.5	2.5	2.5
Inspections	5.0	5.0	7.0	7.0	7.0
Information Technology	7.0	7.0	7.0	7.0	7.0
Risk Management	1.0	1.0	0.0	0.0	0.0
Planning and Zoning	10.0	10.0	9.0	10.0	10.0
Health & Welfare	1.5	1.5	1.5	1.5	4.0
Tourism	3.5	3.5	3.5	3.5	6.5
Clerk of Court	7.0	7.0	7.0	7.0	7.0
Commonwealth Attorney	6.0	6.0	6.0	6.0	6.0
Total general government	86.0	85.5	85.5	86.0	90.5
Public Safety					
Sheriff Deputies (including Sheriff)	48.5	47.5	46.5	46.5	45.5
Administrative	5.0	5.0	4.5	4.0	4.5
Animal Control	5.5	5.5	5.5	5.0	4.5
Emergency Communications	19.5	19.5	22.0	19.5	19.0
Total Public Safety	78.5	77.5	78.5	75.0	73.5
Fire and Rescue					
Administrative	5.0	5.0	6.0	4.0	4.0
Firefighters/Paramedics	58.5	54.5	60.0	55.5	46.0
Total Fire and Rescue	63.5	59.5	66.0	59.5	50.0
General Services					
Administrative	3.5	3.5	5.0	3.0	3.0
Engineering	1.9	1.9	6.0	7.0	7.5
Stormwater	10.4	10.4	4.0	0.0	0.0
Refuse collection	21.0	20.5	23.5	20.5	22.0
Building and Grounds	8.0	8.0	7.0	6.0	6.0
Custodians	0.0	0.0	6.5	6.5	7.0
Total Public Works	44.8	44.3	52.0	43.0	45.5
Parks, Recreation and Cultural	20.0	21.0	20.5	21.5	20.0
Public Utilities	16.2	15.2	13.0	13.0	14.0
Public Schools					
Instructional Positions	533.0	402.0	477.0	538.3	356.0
Administrators	19.0	45.5	47.0	53.4	44.0
Support Personnel	142.0	248.0	177.1	185.5	133.0
Total Public Schools	694.0	695.5	701.1	777.2	533.0
Grand total	1,003.0	998.5	1,016.6	1,075.2	826.5

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

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

Function/Program	Full-time Equivalent Employees as of June 30,				
	2011	2010	2009	2008	2007
General government					
County Administration	4.0	4.0	5.0	6.0	7.0
County Administration	4.0	4.0	5.0	6.0	7.0
County Attorney	3.0	3.0	3.0	3.0	3.0
Commissioner of Revenue	11.5	11.5	11.5	10.5	9.5
Treasurer	9.5	9.5	10.5	8.5	7.5
Budget and Finance	7.0	7.0	7.0	7.0	6.5
Purchasing	0.0	0.0	0.0	0.0	0.0
Human Resources	2.0	2.0	3.0	3.0	3.0
Communications	1.0	1.0	2.0	1.0	1.0
Economic Development	5.0	3.0	3.0	3.0	3.0
Registrar	2.5	2.5	2.0	2.0	2.0
Inspections	7.0	9.0	9.0	9.0	9.0
Information Technology	7.0	7.0	8.0	6.5	6.5
Risk Management	0.0	0.0	0.0	0.0	0.0
Planning and Zoning	11.0	12.0	13.0	12.0	12.0
Health & Welfare	5.0	5.0	7.0	6.0	1.0
Tourism	6.5	3.5	3.5	6.5	5.5
Clerk of Court	6.0	6.0	6.5	6.5	6.0
Commonwealth Attorney	6.0	6.0	5.5	4.0	4.0
Total general government	94.0	92.0	99.5	94.5	86.5
Public Safety					
Sheriff Deputies (including Sheriff)	44.0	44.0	44.0	44.0	42.0
Administrative	2.0	2.0	2.0	2.0	2.0
Animal Control	5.0	5.0	5.5	5.0	5.0
Emergency Communications	19.0	19.0	18.0	17.0	17.0
Total Public Safety	70.0	70.0	69.5	68.0	66.0
Fire and Rescue					
Administrative	2.0	2.0	3.0	2.5	1.0
Firefighters/Paramedics	23.0	23.0	20.5	18.5	18.5
Total Fire and Rescue	25.0	25.0	23.5	21.0	19.5
General Services					
Administrative	3.0	3.0	1.5	1.5	2.0
Engineering	8.0	6.0	5.0	7.0	5.0
Stormwater	0.0	0.0	0.0	0.0	0.0
Refuse collection	19.0	19.0	19.5	21.5	19.0
Building and Grounds	6.0	5.0	12.0	11.0	11.5
Custodians	7.0	6.5	6.5	6.5	5.0
Total Public Works	43.0	39.5	44.5	47.5	42.5
Parks, Recreation and Cultural	20.0	22.5	12.5	13.5	16.5
Public Utilities	13.5	13.5	9.5	10.5	12.0
Public Schools					
Instructional Positions	434.0	539.0	555.6	549.6	534.1
Administrators	40.0	23.0	23.0	23.0	24.0
Support Personnel	277.0	207.0	245.1	247.5	247.3
Total Public Schools	751.0	769.0	823.7	820.1	805.4
Grand total	1,016.5	1,031.5	1,082.7	1,075.1	1,048.4

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

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

Function/Program	2016	2015	2014	2013	2012
Sheriff					
Physical arrests	842	470	814	527	419
Traffic violations	3,280	2,582	2,274	2,032	1,448
Fire					
Emergency responses - Fire	793	1,728	1,334	709	1,479
Emergency responses - Rescue	4,493	4,323	4,149	4,720	4,179
Building Permits					
Residential	158	130	126	107	85
Residential - Value	\$ 32,638,877	\$ 28,774,421	\$ 29,193,361	\$ 25,170,632	\$ 12,656,261
Commercial	8	9	5	4	5
Commercial - Value	\$ 2,616,297	\$ 1,803,859	\$ 3,010,200	\$ 2,738,211	\$ 2,734,000
Refuse collection					
Refuse collected (tons per day)	29.0	28.0	31.0	46.0	47.9
Public Schools					
Cost Per Student	\$ 10,341	\$ 9,922	\$ 10,113	\$ 9,628	\$ 9,827
Average Daily Membership	5,441	5,233	5,325	5,312	5,331
Student/Teacher Ratio	14.0	14.1	17.2	16.3	15.7
Park and recreation					
Athletic field permits issued	24	30	32	59	872
County Fair Admissions	25,000	29,337	25,160	33,886	14,997
Library					
Volumes in collection	69,454	73,430	184,288	186,615	202,633
Total volumes borrowed	191,128	187,594	417,529	449,557	945,071
Water					
New connections	92	52	58	60	50
Average daily consumption (thousands of gallons)	0.33	0.65	0.58	0.60	0.58

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

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

Function/Program	2011	2010	2009	2008	2007
Sheriff					
Physical arrests	412	533	661	890	989
Traffic violations	1,214	1,456	1,047	2,677	1,383
Fire					
Emergency responses - Fire	1,375	2,285	1,920	1,539	1,792
Emergency responses - Rescue	4,343	3,360	4,657	4,408	3,660
Building Permits					
Residential	92	169	118	167	310
Residential - Value	\$ 24,909,824	\$ 4,121,500	\$ 24,255,044	\$ 35,817,165	\$ 56,519,045
Commercial	14	11	14	14	31
Commercial - Value	\$ 8,748,932	\$ 16,306,000	\$ 31,604,670	\$ 10,537,686	\$ 13,266,100
Refuse collection					
Refuse collected (tons per day)	49.3	52.7	53.0	56.0	56.0
Public Schools					
Cost Per Student	\$ 9,827	\$ 10,861	\$ 11,136	\$ 10,767	\$ 10,232
Average Daily Membership	5,331	5,367	5,306	5,286	5,372
Student/Teacher Ratio	15.7	12.1	12.9	13.1	13.1
Park and recreation					
Athletic field permits issued	-	94	539	158	205
County Fair Admissions	15,000	21,000	12,000	2,400	2,979
Library					
Volumes in collection	223,249	253,402	265,491	268,863	258,620
Total volumes borrowed	215,767	221,725	249,144	229,489	193,082
Water					
New connections	93	57	54	71	109
Average daily consumption (thousands of gallons)	0.57	0.56	0.89	0.67	0.69

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

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

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Sheriff										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	30	48	49	43	43	51	56	45	41
Fire and Rescue										
Fire Units	5	5	5	5	5	5	5	5	5	5
Rescue Units	2	4	4	4	4	4	4	4	4	4
Refuse collection										
Collection trucks	6	6	6	6	6	6	6	6	5	5
Public Schools										
School Facilities	9	9	9	9	9	9	9	9	9	9
Park and recreation										
Parks	7	7	7	7	7	7	7	7	7	7
Acreage	570	570	570	570	570	570	570	570	565	565
Playgrounds	4	4	4	4	4	4	4	4	8	8
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/football fields	12	12	12	12	12	12	12	12	8	9
Community centers	2	2	2	2	2	2	2	2	2	2
Museums	2	2	2	2	2	2	2	2	2	2
Library Facilities	3	3	3	3	3	3	3	3	3	3

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

Acknowledgement

The Budget and Finance Department takes this opportunity to express its appreciation for the cooperation and assistance in the preparation of this report.

- Isle of Wight County Departments
- Isle of Wight County Component Units
- Michael Terry, Budget and Finance Director
- Teresa Morgan, Comptroller
- Nancy Mayo, Budget and Finance, Accountant
- Donna Proffitt, Budget and Finance, Accountant
- Donald Robertson, Assistant County Administrator
- Rachel Yates, Isle of Wight County Schools, Director of Budget and Finance
- Nancy Hopkins, Isle of Wight County Schools, Finance Coordinator
- John Georger, Certified Public Accountant, Certified Internal Auditor
- Davenport & Company LLC
- Other Related Organizations



Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA



ISLE OF WIGHT COUNTY, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT • For the Fiscal Year Ended, June 30, 2016

COVER PHOTOS: (top right) JENNIFER CARY, (bottom right) SHIRLEY WHITENACK, (left) GINGER HILL