

ISLE OF WIGHT COUNTY, VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30,
2021

**Local Roots,
Global Reach**



Acknowledgments

The preparation of this report has been accomplished by the efficient and dedicated services of the staff of the Department of Finance, the Treasurer's Office and various departments.

The following Finance Department employees were instrumental in the preparation of this report:

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It is also appropriate to thank Randy Keaton, County Administrator, Donald Robertson, assistant County Administrator, our Department Heads and Constitutional Officers, and the Board of Supervisors for making possible the excellent financial position of the County through their interest and support in planning and conducting the financial affairs of the County.

Stephanie Humphries
Chief Financial Officer

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the County of Isle of Wight, Virginia for the fiscal year ended June 30, 2021. 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.

Robinson, Farmer, Cox Associates, 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, 2021, 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, 2021, 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.

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 Warrosquyoacke. 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 38,000 residents while balancing its rural history with a future focused on quality commercial and residential growth.

The County has a Council-Manager form of government. The five members of the Board of Supervisors (Council) are elected from districts and serve staggered four-year terms. The Board of Supervisors is the policy-making and legislative authority for the County. They are also responsible for adopting an annual budget and appointing a County Administrator (Manager). The Administrator is responsible for implementing policies, managing daily operations, and appointing County employees. 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 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 career fire-medics and well-trained volunteers with state-of-the-art equipment and well-maintained facilities. Four of the five fire stations 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. Other Health & Welfare services are provided by our Department of Social Services as well as various community partnerships that are provided funding annually such as Western Tidewater Community Services Board and Western Tidewater Free Clinic.

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 210-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.

The Parks and Recreation department also provides a multitude of program for citizens of all ages through the year. The Senior Program, the youth athletics and the community recreation programs allow for various sources of activities for community participation. Planning for maintenance and expansion of parks, playgrounds and trails throughout the community is developed annually through the Capital Improvement Plan.

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 Community Development Department and the Economic Development Department both contribute efforts to promote county-wide economic development and residential development planning and growth. The County's Comprehensive Future Land Use Plan is designed to encourage manageable residential and commercial growth in specific areas of the County while preserving farmland and forestry 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 Routes 17, 258, 460, and 58 as well as two rail lines, which provide direct connections to the Virginia Ports.
- Proximity to the nearby population centers of Suffolk, Franklin, Newport News, and Hampton as well as the rest of the Hampton Roads region; and
- Planned, future growth opportunities including a mix of residential, commercial, and industrial land uses.

Even with its historic, low-density land use pattern, the County has maintained a healthy population growth rate for nearly thirty years. Since the 1990 US Census, the County has grown an average of approximately 1.8% per year, which is higher than the State's average growth rate of 1.3% over the same time period. The Weldon Cooper Center projects 43,400 persons by 2035, representing a 23% increase over 2010 for an approximate average annual growth rate of 0.9% over the twenty-five year period. This average growth rate is the same projected average annual growth rate for the State for the same time period. This slowing of average growth rate is attributed to the wider trend of a slowdown of birthrates and the general aging of the population as well as the general economic turndown that began in 2008. While the economy had been in an expansion phase for several years, the Coronavirus pandemic caused many communities to have a decline in permitting. The County has not seen the same reduction in permits, especially residential.

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 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 over 5,600 students in grades PreK-12 at

nine schools: five elementary schools, two middle schools, and two high schools. All nine schools remain fully accredited by the Virginia Department of Education. Isle of Wight County Schools earned an on-time graduation rate of 95.5 percent for the Class of 2021, according to data released by the Virginia Department of Education. 52 percent of the graduates earned an advanced studies diploma. The Isle of Wight County Schools' on-time graduation rate continues to exceed the state average.

The Coronavirus pandemic brought a new level of difficulty to educating youth. Schools in the county operated under modified schedules to allow for enhanced distancing in facilities and on buses. All schools returned to a traditional schedule in the fall of 2021 while still implementing mitigation measures and contact tracing in response to COVID-19. In the three subject areas assessed last school year by the Commonwealth, the division average surpassed the state average in all three areas--reading, math, and science. Accreditation status was waived for public schools in the Commonwealth for the 2020-2021 school year.

Economic Overview

Isle of Wight County remains a community of choice for homeowners and businesses alike because of its rural aesthetics, affordable tax rates and convenient commuting times to the region's employment centers. Despite the emergence of the Coronavirus pandemic and its continued interruptions to business, especially, the County experienced increases in certain types of tax revenues in FY 2021 compared to other localities in the region. Sales tax revenue increased by 17.0% from FY 2020. Commercial and industrial real estate tax revenue increased by 0.2%, and business equipment assessments increased by 4.0%. In addition, the County realized a 6.2% increase in business license revenue. The only other major business-related tax revenue that did not increase was Machinery and Tools tax revenue, which decreased 4.9% from FY 2020.

In response to Coronavirus impacts on small businesses in the last quarter of FY 2020, Isle of Wight County and the Towns of Smithfield and Windsor quickly established the COVID-19 Business Interruption Small Business Grant Program to help them recover and reopen. The program, which continued into FY 2021, was funded by federal CARES Act dollars, with grants of up to \$4,000 made available. Over 300 businesses benefited from the program and the County injected nearly \$1,300,000 into the business community.

Isle of Wight County also created an innovative business assistance program using a portion of its CARES Act funding to launch the #IsleShopSmall Gift Card Match Program in partnership with the Isle of Wight Chamber of Commerce. This program allowed shoppers to double their money buying gift certificates from participating local businesses, as all purchases were matched by the County's and two towns' CARES Act funding. More than 100 businesses participated, and over 20,000 vouchers were sold in two rounds of sales, injecting over \$813,000 into the business community.

In November 2020, the Obici Healthcare Foundation's COVID-19 Response Fund for Counties and Cities awarded a \$135,000 grant to Isle of Wight County, which was used to establish the Isle Recover Business Assistance Grant Program. Its goal was to help increase fiscal assistance to businesses impacted by COVID-19 so they could recover and reopen. The Department of Economic Development administered the program, which exceeded application capacity within 40 minutes of opening. A total of 45 businesses each received \$3,000 grants.

Even during trying and unexpected economic conditions, maintaining and improving the quality of life for

residential and commercial residents requires a continued commitment to long-term strategies for economic development. County leadership, for example, embarked on an update to its Strategic Economic Development Plan in January 2020 to create a five-year economic roadmap. Staff will continue developing this strategy, and numerous other strategies will continue from previous years, including significant investments in the County's Shirley T. Holland Intermodal Park.

Strategically located for port-related businesses, the 1,200-acre Intermodal Park provides affordable acreage close to The Port of Virginia. Businesses in the park can easily access the Port using U.S. Route 460 or U.S. Route 58 or by rail on the adjacent Norfolk Southern Heartland Corridor. Available land in the Intermodal Park is actively marketed by the Economic Development Department with an emphasis on these and many other attributes that are attractive to companies and developers.

The Intermodal Park is located within Foreign Trade Zone #20. In 2020, its designation within an Enterprise Zone was reaffirmed by the Commonwealth, so it continues for another five years to offer eligibility for federal, state and local incentive programs for firms that locate or expand there. The County, working with the Commonwealth, plans to pursue a major expansion to the Enterprise Zone to include hundreds of new acres along the U.S. 460 corridor.

The Port of Virginia also offers the Economic and Infrastructure Development Zone Grant Program for Port users. The Intermodal Park is home to three nationally recognized companies that use Port facilities: Keurig Dr Pepper, Safco Products Company and World Market's Virginia Distribution Center. Together these facilities employ over 800 people.

Design and engineering work, including erosion and sediment control plans and wetlands permitting, are underway on a 44-acre site in Phase II of the Intermodal Park to accommodate up to 451,000 square feet of manufacturing and/or distribution space. Established "permit-readiness," especially on publicly owned land, is highly attractive to clients that need to build and begin operations quickly. Permit-readiness reduces developer risks, eliminates much of the up-front costs associated with the type of large projects this site can accommodate and it reduces project completion time, saving money.

A total of 307 acres owned by the Economic Development Authority in Phase II are recognized and cooperatively marketed by regional and Commonwealth economic development professionals as high-value land assets ready for major capital and jobs investments. In September 2020, Isle of Wight County was awarded a Go Virginia Site Readiness Grant for Shirley T. Holland Intermodal Park Phase II, in the amount of \$150,500. The grant funding, which was matched by previous expenditures related to site readiness, was managed by the Hampton Roads Planning District Commission, which contracted with Timmons Group to update environmental assessments and surveys. The work began in December 2020 and is nearing completion.

International Paper is a major economic driver in the region, providing more than 330 jobs at the Franklin Mill. The company added 30 jobs in 2020 to help meet increasing demand for its pulp fluff product. The annual production averages more than 950 tons of fluff pulp daily and the mill exports nearly 100 percent of its product. The fluff pulp is shipped to customers who make super-absorbent products such as baby diapers, adult incontinence and feminine hygiene products and wipes.

In late 2019, M&M Milling, a toll processor specializing in grinding, blending and sizing of agricultural materials, established its first East Coast location in Isle of Wight County. The firm is adding to existing operations in Arkansas, Mississippi and Tennessee as it expands its corporate footprint and engages more

customers in the wood products industry in the Eastern United States. The company purchased a dormant industrial facility that ceased operations over a decade ago near the City of Franklin, and is situated within a Virginia Enterprise Zone, as well as a revenue sharing district with Franklin. The new Isle of Wight operation represents more than \$2.35 million in capital investment, will employ at least 15 people when fully operational and will purchase hundreds of thousands of bushels of shelled corn from local farmers each year as part of its production processes.

Woodland Solar, Isle of Wight County's first solar farm, powered up in December 2016 and features 79,648 panels on more than 100 leased acres. Since Woodland Solar's installation, the County has approved conditional use permits for four additional solar facilities using 1,562 acres in panels (adjusted down from FY 2020 figures after final site plan approvals), or roughly 2% of the County's agriculturally-zoned land.

Isle Stor-It, the first climate-controlled, self-storage facility in the County, opened a 7,500-square-foot building in Isle of Wight Industrial Park in February 2019. In December 2020, the company opened a second 10,000-square-foot building and has plans for a third building. Riverside Pest Control, a home-based business in Smithfield, purchased a two-acre site in the park in 2019 and began construction in 2021 on a 3,500-square-foot building to relocate and expand operations.

Reflecting its capability to host larger aircraft with its 5,000-foot runway, the County's municipal airport was renamed the Franklin Regional Airport in 2019. The City of Franklin owns the airport and more than 60 adjacent, industrial-zoned acres jointly marketed with Isle of Wight County.

Permits for new single family houses totaled 296 in FY 2021 compared to 200 in FY 2020, representing a 48% increase. In addition, 44 new multifamily dwelling units were permitted which is a 100% increase over the previous fiscal year in which none were constructed. The value of new single-family construction went from \$42.3 million in FY 2020 to \$63.6 million in FY 2021, a 50% increase. New commercial construction value also increased from \$2.3 million in FY 2020 to \$3 million, or a 30% increase. Altogether, the total value of all building permits, including renovations to existing structures and new structures, increased from \$69.2 million in FY 2020 to \$103.7 million in FY 2021. This represents a 50% increase. In FY 2020, construction continued on two mixed-use developments in the Newport Development Service District. The Crossings will include 210 condominiums and seven commercial parcels. Brewer's Station will include 162 apartments in the first phase of its development with a commercial site. The Town of Smithfield also approved two new residential developments that include a 150 unit condominium project and a 812 unit subdivision with different residential types.

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 Capital Improvement Program Committee plans for and recommends funding for the County's capital needs in advance of the annual budget preparation through review and submission of the CIP. 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

The Board of Supervisors approved the construction of a HRSD regional sewage pump station along with a 1-million-gallon storage tank beside the new proposed Hardy Elementary School. The pump station will provide savings of approximately \$500,000 for the new school and allow for sewer service to be provided to homeowners in the area with failing septic tanks.

The County issued \$34.3 million in General Obligation bonds at an interest rate of 1.847% for the replacement of Hardy Elementary School and other County projects. The historically low interest rate enabled the County to realize significant savings in debt service costs for the projects. The County also issued \$54.4 million in refunding bonds at a rate of 1.962% which allowed the County to save \$6.2 million in interest cost over the remaining life of the bonds.

The 16" Route 10 waterline connecting the City of Suffolk to our Newport Development Service District (DSD) was completed at a cost of \$2.7 million. This project provides the County with a secondary water connection to Suffolk and opens more area in the Newport DSD to public water along the growing Route 10 corridor.

During the past few years, many communities have dealt with the question about whether to relocate, contextualize or alter a Confederate monument that was erected on public property in the early years of the 20th century. The Board of Supervisors appointed a Task Force in October 2020 with a deadline of December 1st to bring back a recommendation for relocation or contextualization of the monument that was in front of the old Courthouse. After receiving a recommendation from the Task Force to relocate the monument, the Board received proposals from interested parties and approved the relocation to private

property within the County. The relocation was accomplished at a cost of \$32,000 and without any incident.

To save money on temporary tents during the County Fair and to provide more uses for the fairgrounds during the rest of the year, the Board appropriated \$424,500 to construct three 80' by 120' metal shelters at Heritage Park that can be rented by individuals and organizations.

Awards

In recognition of its Comprehensive Annual Financial Report for the year ending June 30, 2020, 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 governmental accounting and reporting, and its attainment represents a significant accomplishment by a government and its management.

The County also received the GFOA's Distinguished Budget Presentation Award for its budget for the Fiscal Year Beginning July 1, 2020.

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 their 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



Stephanie Humphries
Chief Financial Officer

**Isle of Wight County, Virginia Officials
June 30, 2021**

Primary Government Officials

BOARD OF SUPERVISORS

Richard L. Grice, Chairman.....	Smithfield District
Don G. Rosie, II, Vice-Chairman.....	Carrsville District
Joel C. Acree	Windsor District
William M. McCarty.....	Newport District
Rudolph Jefferson.....	Hardy District

CONSTITUTIONAL OFFICERS

Georgette C. Phillips.....	Commonwealth's Attorney
Gerald H. Gwaltney.....	Commissioner of the Revenue
Kathleen S. Torrence.....	Clerk of Circuit Court
James R. Clarke, Jr.	Sheriff
Judith C. Wells.....	Treasurer

ADMINISTRATIVE OFFICERS

Randy R. Keaton.....	County Administrator
Donald T. Robertson.....	Assistant County Administrator
Stephanie M. Humphries.....	Chief Financial Officer
Robert W. Jones, Jr.....	County Attorney
Carey Storm.....	Clerk to the Board of Supervisors

School Board Officials

SCHOOL BOARD

Jacqueline "Jackie" W. Carr, Chairman.....	Carrsville District
Denise Tynes, Vice-Chairman.....	Smithfield District
Victoria Hulick.....	Newport District
Julia W. Perkins.....	Windsor District
Alvin Wilson.....	Hardy District

ADMINISTRATIVE OFFICERS

Dr. James "Jim" Thornton.....	Superintendent
Steven Kepnes.....	Executive Director of Budget & Finance
Stacy Haney, Haney Phinyowattanachip PLLC.....	School Attorney
Patrick T. Andriano, Reed Smith LLP.....	School Attorney

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Isle of Wight
Virginia**

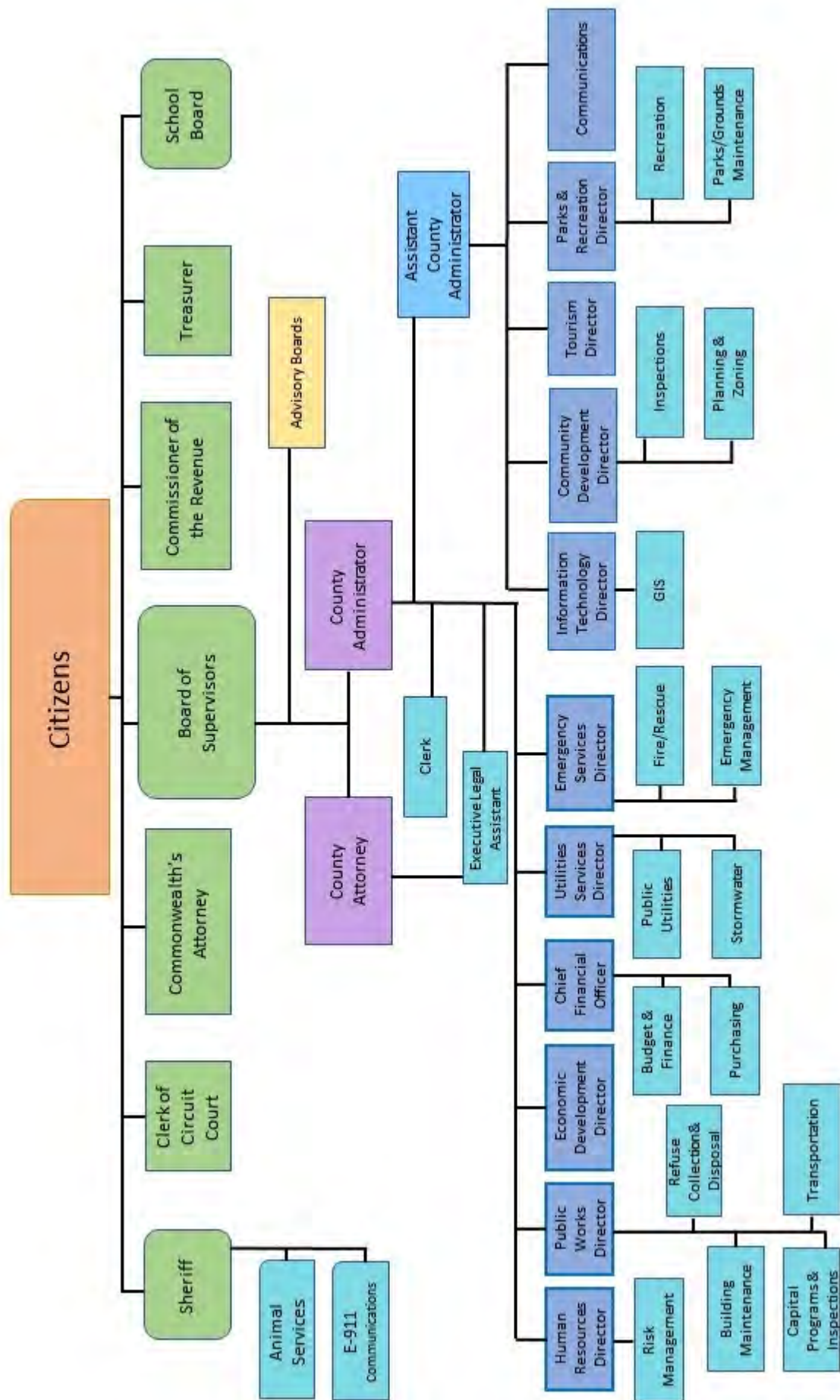
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO

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Financial Section

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Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Isle of Wight
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 County of Isle of Wight, Virginia, as of and for the year ended June 30, 2021, 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.

Auditors' 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Isle of Wight, Virginia, as of June 30, 2021, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement Nos. 84, *Fiduciary Activities* and 93, *Replacement of Interbank Offered Rates*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 18 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84, as well as restatements involving capital assets and a revenue sharing liability. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-18, 141-146, and 148-187 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and 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, and basic statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Supplementary and Other Information (Continued)

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were 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 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 December 13, 2021, on our consideration of the County of Isle of Wight, Virginia'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 solely 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 effectiveness of County of Isle of Wight, Virginia's 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 County of Isle of Wight, Virginia's internal control over financial reporting and compliance.

Robinson, Farnum, Cox Associates

Richmond, Virginia
December 13, 2021

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Management's Discussion & Analysis

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Introduction

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 for the fiscal year ended June 30, 2021. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The net position of the County, excluding the component units as of June 30, 2021 was \$32.9 million, a 51.7% increase from the previous fiscal year mostly attributable to an increase in cash and Deferred Outflow of Resources. The beginning net position was restated due to an accrual of a prior year expense. Of the total net position, \$0.7 million is restricted, while \$73.1 million is unrestricted.
- The County's net position for the governmental activities was \$36.8 million, a 32.0% increase from FY 2020. Net investment in capital assets resulted in a deficit of \$21.5 million, while net position restricted is \$0.4 million and \$57.9 million remains unrestricted.
- The net position of business activities was a deficit of \$3.9 million resulting from a deficit in net investment in capital assets of \$19.4 million. This is 37.1% better than the previous year. Business activities has \$0.3 million net position restricted for capital assets and \$15.2 million unrestricted. The beginning net position was restated due to an adjustment to the capital assets.
- The County's General Fund reported a net increase in fund balance of \$5.3 million, with a total fund balance of \$33.2 million. Of this amount, \$25.5 million is unassigned while the remainder is nonspendable, restricted or committed. The increase is due several factors including an unexpected increase in Sales and Use Tax collections related to online sales.
- The County's long-term debt (bonds, loans and capital leases) at June 30, 2021 was \$177.1 million, an increase of 21.7% due to the issuance of debt for County and School capital projects.
- The County's tax rate on real estate did not increase from the prior year rate of \$0.85 per \$100 of assessed value.

OVERVIEW OF THE FINANCIAL STATEMENTS

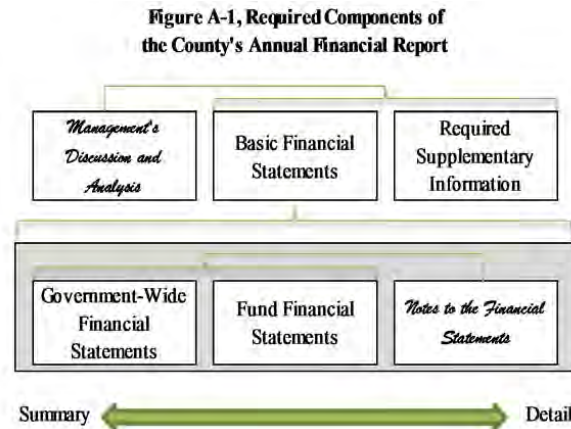
This annual report consists of three parts - *Management's Discussion and Analysis* (this section), the *basic financial statements*, and *required and other supplementary information*. The basic financial statements include two statements presenting different views of the County:

- 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.

Components of Financial Report

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



Statements

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

	Type of Statements			
	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, public works, education, health and welfare, parks and recreation and economic and community development. Property taxes, other local taxes, and state and federal grants finance most of these activities.
- **Business-type activities** - The County's water, 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 Economic 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.

Management's Discussion & Analysis

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 Fund in fiscal year 2021.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

NET POSITION

Table A-1 summarizes the Statement of Net Position at June 30, 2021 and 2020.

Table A-1

	Governmental Activities		Business - Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 99,308,614	\$ 55,698,841	\$ 14,378,534	\$ 15,161,925	\$ 113,687,148	\$ 70,860,766
Capital assets	90,307,078	90,779,162	17,803,175	17,380,249 *	108,110,253	108,159,411
Total assets	189,615,692	146,478,003	32,181,709	32,542,174	221,797,401	179,020,177
Deferred outflows of resources	12,731,574	7,615,969	2,945,973	1,310,845	15,677,547	8,926,814
Current liabilities	19,738,088	13,495,119	2,600,973	3,696,842	22,339,061	17,191,961
Long-term liabilities	145,029,506	111,313,960	36,355,341	35,638,551	181,384,847	146,952,511
Total liabilities	164,767,594	124,809,079	38,956,314	39,335,393	203,723,908	164,144,472
Deferred inflows of resources	754,263	1,388,562	59,013	110,700	813,276	1,499,262
Net Investment in capital assets	(21,461,167)	(14,604,210)	(19,402,355)	(17,411,471) *	(40,863,522)	(32,015,681)
Restricted	408,538	3,407,069	332,212	2,946,665	740,750	6,353,734
Unrestricted	57,878,038	40,148,324 *	15,182,498	8,871,732	73,060,536	49,020,056
Total net position	\$ 36,825,409	\$ 28,951,183	\$ (3,887,645)	\$ (5,593,074)	\$ 32,937,764	\$ 23,358,109

*Restated FY20 balance

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 \$32.9 million, a 51.7% increase from the previous year. Total assets increased by \$42.8 million when compared to June 30, 2020.

The largest portion of the County's net position at June 30, 2021 is unrestricted net position which increased slightly from the prior year. The restricted net position of the County in FY 2021 was \$0.7 million, which represents 2.2% of total net position.

Management's Discussion & Analysis

Changes in Net Position (Statement of Activities)

Governmental Activities

Of the total net position of the County, \$36.8 million can be attributed to governmental activities. This is a \$8.9 million or 32.0% increase from the prior year. The \$43.6 million increase in Current and Other Assets resulted from the \$31.3 million unspent bond sale proceeds issued for various capital improvement projects, and the \$6.6 million increase in short term investments. The total long-term liabilities increased by \$33.7 million for the fiscal year predominantly due to the \$30.3 million increase in net general obligation bonds payable, and the \$3.2 million increase in pension liability.

Business-Type Activities

The Public Utilities and Stormwater Funds had a negative net position of \$3.9 million, which is \$2.3 million better than the prior year. The net position includes \$15.2 million which is unrestricted and \$0.3 million restricted for capital projects. A deficit of \$19.4 million in net investment in capital assets largely contributes to the negative net position resulting from existing debt obligations and depreciation of assets. Total liabilities decreased slightly by \$0.4 million compared to June 30, 2020 due to a decrease in cash held in escrow.

The following summarizes the County's changes in net position for the years ended June 30, 2021 and 2020:

Table A-2

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 3,874,672	\$ 4,177,473	\$ 8,390,163	\$ 7,769,192	\$ 12,264,835	\$ 11,946,665
Operating grants and contribution	9,315,027	7,840,352	-	-	9,315,027	7,840,352
Capital grants and contribution	1,341,140	1,548,678	-	-	1,341,140	1,548,678
General Revenue:						
Taxes	69,944,329	65,912,474	-	-	69,944,329	65,912,474
Intergovernmental, non-categorical aid	5,463,009	5,396,075	-	-	5,463,009	5,396,075
Others	1,599,787	2,812,491	48,485	126,281	1,648,272	2,938,772
Total revenues	91,537,964	87,687,543	8,438,648	7,895,473	99,976,612	95,583,016
Expenses						
General government administration	7,915,154	6,942,584	-	-	7,915,154	6,942,584
Judicial administration	1,624,584	1,575,825	-	-	1,624,584	1,575,825
Public safety	18,185,143	15,651,837	-	-	18,185,143	15,651,837
Public Works	5,705,232	6,097,278	-	-	5,705,232	6,097,278
Health and welfare	7,060,537	4,796,012	-	-	7,060,537	4,796,012
Education	26,123,526	30,148,936	-	-	26,123,526	30,148,936
Parks, recreation and cultural	3,696,311	3,679,176	-	-	3,696,311	3,679,176
Community development	5,203,477	3,488,247	-	-	5,203,477	3,488,247
Interest on long-term debt	3,388,164	4,308,156	-	-	3,388,164	4,308,156
Public utility	-	-	7,807,503	8,783,282	7,807,503	8,783,282
Stormwater	-	-	1,577,626	998,538	1,577,626	998,538
Total expenses	78,902,128	76,688,051	9,385,129	9,781,820	88,287,257	86,469,871
Excess (deficiency) before transfers	12,635,836	10,999,492	(946,481)	(1,886,347)	11,689,355	9,113,145
Transfers	(2,651,910)	(3,805,195)	2,651,910	3,805,195	-	-
Change in net position	9,983,926	7,194,297	1,705,429	1,918,848	11,689,355	9,113,145
Net position (deficit)- beginning of year	26,841,483 *	20,702,034	(5,593,074) *	(8,097,045)	21,718,134	12,604,989
Net position (deficit)- end of year	<u>\$ 36,825,409</u>	<u>\$ 27,896,331</u>	<u>\$ (3,887,645)</u>	<u>\$ (6,178,197)</u>	<u>\$ 33,407,489</u>	<u>\$ 21,718,134</u>

*Restated FY20 Balance

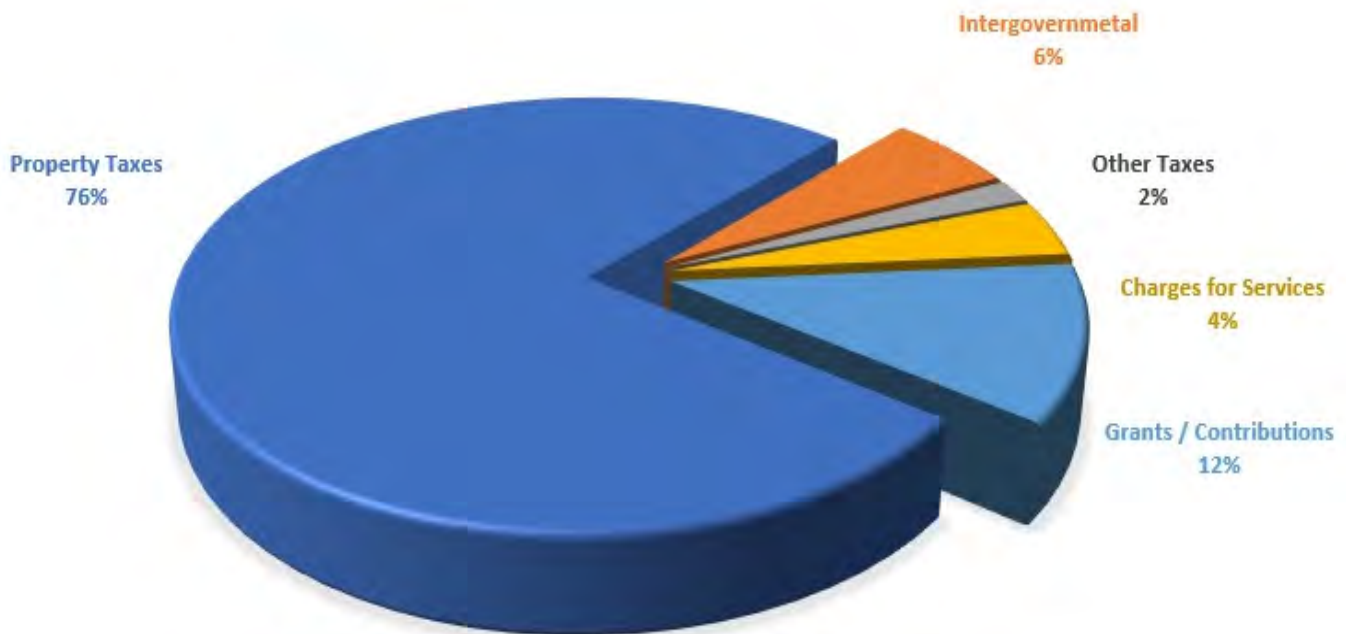
REVENUES

The total revenue of the County was \$100.0 million in the year ended June 30, 2021, which is \$4.4 million more than the prior year while the total expenses of all programs and services was \$88.3 million which is \$1.8 million more than FY 2020. A more detailed explanation of the changes in both governmental and business-type activities is given below.

Governmental Activities

The County's total revenues for governmental activities were \$91.5 million, of which a significant portion, 76.4% comes from local taxes. Expenses of all governmental programs and services were \$78.9 million. Charges for services for FY 2021 were \$3.9 million, a decrease of \$0.3 million due to a decrease in activities such as Recreational Programs during the Pandemic. Revenues from operating grants decreased by \$(1.5) million from the prior year. Capital grants and contributions increased in FY 2021 by \$(0.2) million. Tax revenues for the governmental funds also increased \$4.0 million from the prior year.

Figure A-3 Government-wide Revenues



Business-Type Activities

Total revenues increased from the prior year. Overall, the Public Utilities Fund Net Position improved when compared to prior year at a \$1.9 million increase. County management continues to seek ways to diversify and expand the Public Utilities revenue sources. The Utility System customer base is not large enough to allow the Public Utility activity to be self-sufficient. The Stormwater function has sufficient revenue sources to support its function.

EXPENSES

The total cost of County activities this year was \$88.3 million. A breakdown of expenses by both governmental and business-type activities is presented below.

Governmental Activities

Education continues to be one of the County's highest priorities and commitments representing 33.1% of total costs and 35.4% of General Fund expenditures. The cost of all *governmental* activities this year was \$78.9 million, a modest 2.9% increase from the previous year. While increases occurred in several functional areas, the most significant increase was in Public Safety. This increase was largely offset by the significant decrease in Education due to school closures during the Pandemic and an increase in financial support provided by state and federal sources.

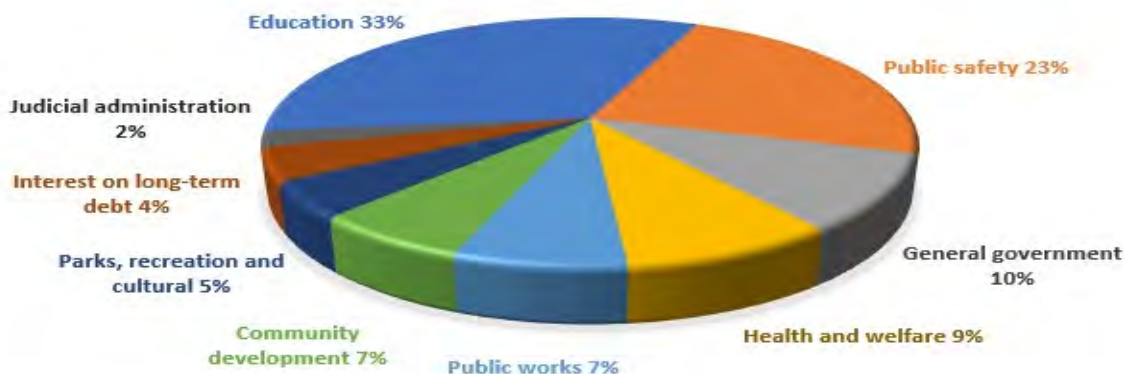
Table A-3a presents the cost of each of the County's governmental functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid).

Table A-3a

	Total Cost of Services			Net Cost of Services		
	2021	2020	% Change	2021	2020	% Change
Governmental Activities:						
General government administration	\$ 7,915,154	\$ 6,942,584	14.0%	\$ 5,483,765	\$ 3,234,703	69.5%
Judicial administration	1,624,584	1,575,825	3.1%	1,052,072	966,567	8.8%
Public safety	18,185,143	15,651,837	16.2%	14,395,110	12,866,684	11.9%
Public works	5,705,232	6,097,278	-6.4%	5,246,984	4,851,489	8.2%
Health and welfare	7,060,537	4,796,012	47.2%	150,069	71,052	111.2%
Education	26,123,526	30,148,936	-13.4%	26,123,526	30,148,936	-13.4%
Parks, recreation and cultural	3,696,311	3,679,176	0.5%	3,496,600	3,206,830	9.0%
Community development	5,203,477	3,488,247	49.2%	5,194,741	3,467,131	49.8%
Interest on long-term debt	3,388,164	4,308,156	-21.4%	3,388,164	4,308,156	-21.4%
Total expenses	<u>\$ 78,902,128</u>	<u>\$ 76,688,051</u>	<u>2.9%</u>	<u>\$ 64,531,031</u>	<u>\$ 63,121,548</u>	<u>2.2%</u>

Figure A-4 presents each of the County's governmental functions as a percentage of total cost.

Figure A-4 Cost of Services by Function



County of Isle of Wight, Virginia

Management's Discussion & Analysis

Governmental Activities (continued)

Expenses for governmental activities have increased 5.7% over the last five fiscal years which is relative to the rate of inflation for the same period. In Fiscal Year 2021 there was a slight increase in expenditures over Fiscal Year 2020. Health and Wellness spending continued raising in response to the pandemic, but the total cost of providing the services was supported by CARES Act funding. The change in Community Development spending was related to an increase in various economic incentive programs expenditures. Figure A-5 presents the County's governmental activities expenses year over year for the current and last four fiscal years.

Figure A-5 Total Governmental Expenses



Business-type Activities

Expenses for business-type activities had a slight decrease over FY 2020.

Table A-3b presents the cost of each of the County's business-type functions as well as each function's net cost (total cost less fees generated by the activities). A positive number indicates insufficient revenue to cover cost of providing services.

Table A-3b

	Total Cost of Services			Net Cost of Services		
	2021	2020	% Change	2021	2020	% Change
Business-type Activities:						
Public Utilities	\$ 7,807,503	\$ 8,783,282	-11.1%	\$ 918,477	\$ 2,452,435	-62.5%
Stormwater	1,577,626	998,538	58.0%	76,489	(439,807)	-117.4%
Total expense	<u>\$ 9,385,129</u>	<u>\$ 9,781,820</u>	<u>-4.1%</u>	<u>\$ 994,966</u>	<u>\$ 2,012,628</u>	<u>-50.6%</u>

The net cost of services for the Public Utilities Fund was 62.5% less than the previous year. The Stormwater Fund had a net cost of services of \$0.08 million.

In FY 2021, the General Fund transferred \$2.65 million to support the operations of the Public Utilities fund. Financial support provided by the General Fund has been the practice in prior fiscal years but has started trending down during the last few fiscal years. The transfer this fiscal year is approximately 22.4% less than was transferred in the previous fiscal year. The operation of Public Utilities 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.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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 \$75.0 million, of which \$25.5 million or 34.0% 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 \$25.5 million or 25.2% higher than FY 2020. 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, 2021, the unassigned fund balance represented approximately 36.7% of the total General Fund expenditures. For FY 2021, the general fund had a total fund balance of \$33.2 million, or 14.7% higher than the previous year. The committed fund balance was lower than FY 2020 at \$4.1 million. Of this amount, \$2.9 million is committed for the Purchase Agricultural Conservation Easement Program (PACE), \$1.0 million is earmarked for commitments for the Economic Development Incentive Program, and \$XXXXX million for Franklin Revenue Share. The assigned fund balance is \$3.2 million while the remaining fund balance component is in the nonspendable category (\$0.4 million).

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 \$38.7 million, an increase of \$31.0 million or (401.9)% more than FY 2020 due to a correction in the calculation of Restricted Net Position. The restricted fund balance was \$34.1 million which is restricted for School and County capital projects.

Non-Major Governmental Funds. The County accounts for other programs and services in different funds. These funds include the Department of Social Services, Children's Services Fund, E-911 Funds, Community Development Block Grant Funds, the County Fair, the Grants Fund and the Heritage Park Concert Fund. At June 30, 2021, the combined fund balances were \$0.6 million.

Proprietary funds

The County's proprietary funds consist of the Public Utilities and Stormwater Fund. More detailed information can be found in the government-wide financial statements.

Public Utility Fund. The net position of the Public Utility Fund at the end of the current fiscal year was a deficit of \$10.3 million, of which a deficit of \$21.2 million is representative of net investment in capital assets and \$0.3 million is restricted for Utility infrastructure projects. Additionally, \$10.6 million in unrestricted net position increased compared to FY 2020. Future economic growth within the County will continue to increase the customer base and consequently increase revenue which would reduce the dependence of the Public Utility Fund on the contributions provided by the General Fund.

Stormwater Fund. The net position of the Stormwater Fund for FY 2021 was \$6.4 million which is a 5.7% increase over the prior year. The net investment in capital assets for the Stormwater Fund at the end of the current fiscal year was \$1.8 million and the unrestricted net position was \$4.6 million representing an increase of 10.2% from FY 2020.

County of Isle of Wight, Virginia

Management's Discussion & Analysis

General Fund Budgetary Highlights

The County's annual budget is prepared on an operating basis and includes estimated revenues and annual appropriations for operations. Actual general fund revenues (excluding other financing sources) were \$1.0 million more than the final budget primarily due to property tax received in excess of the budgeted amounts. The difference between the original budget for FY 2021 and the final budget was \$1.6 million. Actual General Fund expenditures, excluding interfund transfers and debt service costs, were \$58.5 million. This is approximately \$0.6 million more than the prior year mostly due to an increase in Economic Development (\$1.1 million), and other departments (\$1.9 million) offset by a decrease in Education (\$2.4 million).

Capital Assets

At the end of fiscal year 2021, the County had invested \$108.1 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 subcommittee, 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 is presented in Note 6 to the basic financial statements.

Table A-4

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Nondepreciable assets						
Land	\$ 12,752,332	\$ 12,752,332	\$ 459,013	\$ 463,012	\$ 13,211,345	\$ 13,215,344
Intangibles	4,338,512	4,338,512	-	-	4,338,512	4,338,512
Construction in progress	5,191,104	6,553,591	2,059,756	5,120,505	7,250,860	11,674,096
Total nondepreciable assets	22,281,948	23,644,435	2,518,769	5,583,517	24,800,717	29,227,952
Depreciable assets						
Land improvements	17,716,765	14,358,567	19,598,655	15,613,330	37,315,420	29,971,897
Buildings	64,975,276	66,288,155	11,645,449	11,645,449	76,620,725	77,933,604
Equipment	14,160,285	13,596,057	1,973,894	1,933,094	16,134,179	15,529,151
Vehicles	5,568,525	4,911,180	789,697	669,826	6,358,222	5,581,006
Total depreciable assets	102,420,851	99,153,959	34,007,695	29,861,699	136,428,546	129,015,658
Total accumulated depreciation	(34,395,721)	(32,019,232)	(18,723,289)	(18,064,967)	(53,119,010)	(50,084,199)
Net capital assets	\$ 90,307,078	\$ 90,779,162	\$ 17,803,175	\$ 17,380,249	\$ 108,110,253	\$ 108,159,411

*Restated FY20 Balance

County of Isle of Wight, Virginia

Management's Discussion & Analysis

Long-Term Debt

At year-end the County had \$177.1 million in bonds, loans, and capital leases as shown in Table A-5. The Commonwealth of Virginia limits the amount of debt outstanding to 10% of the localities assessed value of real property. At June 30, 2021, the County's debt ratio to assessed value was approximately 2.08% demonstrating the County's conservative debt borrowing policy and management approach. The County also issued \$0.67 million as part of the Master Lease Program to purchase vehicles and equipment for the County. More detailed information on the County's long-term debt is presented in Note 7 to the basic financial statements.

Table A-5

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 127,504,870	\$ 98,137,884	\$ 34,580,458	\$ 32,506,688	\$ 162,085,328	\$ 130,644,572
Bond premium	7,128,823	6,047,682	2,035,487	3,208,622	9,164,310	9,256,304
Subtotal	134,633,693	104,185,566	36,615,945	35,715,310	171,249,638	139,900,876
Installment purchase agreements - PACE	4,326,512	4,326,512	-	-	4,326,512	4,326,512
Capital leases	1,426,252	1,234,124	133,789	129,246	1,560,041	1,363,370
Total long-term debt	\$ 140,386,457	\$ 109,746,202	\$ 36,749,734	\$ 35,844,556	\$ 177,136,191	\$ 145,590,758

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Recent reviews of fiscal performance by external agencies resulted in both stable and improved bond ratings. County Bond ratings are reviewed periodically by multiple agencies such as Fitch, Standard & Poor's and Moody's. The reviews analyze economic indicators and the performance of the County's financial management. These positive ratings reflect continued economic growth in the County, strong financial management, and conservative budgeting practices all of which allow the County to continue its commitment to protect the financial resources of the citizens of Isle of Wight.

- The County's per capita personal income, as of the latest data available, was \$37,126.
- The unemployment rate for Isle of Wight County for 2021 is 4.0% compared to 2020 which was 6.3%.
- Property tax rates remained at \$0.85 for real estate, \$1.75 for Machinery & Tools, and \$4.50 for personal property.

These indicators were taken into account when adopting the operating and capital budget for fiscal year 2021-2022. The adopted budget includes the following highlights.

- An increase in revenue collections from the increase in Sales and Use Tax revenue is expected to continue into future Fiscal Years.
- Fund the necessary functions of Isle of Wight County while preparing for future needs which resulted in an increase in Debt Service for replacement of Hardy Elementary School and other capital projects.
- Additional Public Safety positions added for Sheriff and Emergency Services.
- The largest uses of County funds are for Education (\$27.4 million), Public Safety (\$12.3 million), and Debt Service (\$11.5 million).

OTHER FACTORS TO CONSIDER

Isle of Wight County

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' strategic plan incorporates 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

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 almost 5500 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.

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 Finance at 757-365- 6273.

Basic Financial Statements

*County of Isle of Wight, Virginia**Statement of Net Position***June 30, 2021**

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority
Assets					
Cash and cash equivalents	\$ 21,649,272	\$ 10,999,113	\$ 32,648,385	\$ 10,536,972	\$ 670,141
Restricted cash and cash equivalents	34,068,463	2,243,353	36,311,816	-	-
Investments	22,265,974	-	22,265,974	-	-
Receivables - net	16,048,307	1,106,919	17,155,226	30,894	26,352
Due from other governments	1,576,485	-	1,576,485	2,307,804	-
Due from component units - School Board	3,321,736	-	3,321,736	-	-
Inventories and prepaid items	-	25,814	25,814	-	-
Deposits	3,377	3,335	6,712	-	-
Advance to component unit	375,000	-	375,000	-	-
Land held for resale	-	-	-	-	9,011,625
Capital assets:					
Nondepreciable	22,281,948	2,518,769	24,800,717	2,156,836	376,537
Depreciable - net	68,025,130	15,284,406	83,309,536	60,423,299	1,950,037
Total assets	189,615,692	32,181,709	221,797,401	75,455,805	12,034,692
Deferred Outflows of Resources					
Deferred losses on refundings	7,990,479	2,628,585	10,619,064	-	-
Pension	4,384,513	291,563	4,676,076	13,862,683	-
OPEB	356,582	25,825	382,407	2,499,958	-
Total deferred outflows of resources	12,731,574	2,945,973	15,677,547	16,362,641	-

*County of Isle of Wight, Virginia**Statement of Net Position***June 30, 2021**

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority
Liabilities					
Accounts payable	\$ 3,683,188	\$ 617,819	\$ 4,301,007	\$ 2,171,469	\$ 2,668
Accrued liabilities	244,788	2,304	247,092	4,923,989	-
Amounts held in escrow	108,391	69,628	178,019	-	-
Due to primary government	-	-	-	3,321,736	-
Customer deposits payable	-	259,268	259,268	-	-
Accrued interest payable	1,866,896	503,069	2,369,965	20,475	-
Due to other governments	1,054,380	-	1,054,380	-	375,000
Unearned revenues	4,248,397	1,610	4,250,007	-	26,351
Long-term obligations:					
Due within one year	8,532,048	1,147,275	9,679,323	454,870	-
Due in more than one year	135,344,442	35,674,049	171,018,491	6,189,926	-
Net pension liabilities	7,407,449	492,585	7,900,034	54,738,713	-
Net OPEB liabilities	2,277,615	188,707	2,466,322	12,864,908	-
Total liabilities	164,767,594	38,956,314	203,723,908	84,686,086	404,019
Deferred Inflows of Resources					
Pension	429,795	28,580	458,375	3,430,068	-
OPEB	324,468	30,433	354,901	471,755	-
Total deferred inflows of resources	754,263	59,013	813,276	3,901,823	-
Net Position					
Net investment in capital assets	(21,461,167)	(19,402,355)	(40,863,522)	56,557,923	2,326,574
Restricted:					
Animal control	45,466	-	45,466	-	-
Capital projects	363,072	332,212	695,284	-	-
Education	-	-	-	1,383,981	-
Industrial park	-	-	-	-	213,090
Unrestricted (deficit)	57,878,038	15,182,498	73,060,536	(54,711,367)	9,091,009
Total net position (deficit)	\$ 36,825,409	\$ (3,887,645)	\$ 32,937,764	\$ 3,230,537	\$ 11,630,673

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

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County of Isle of Wight, Virginia

Statement of Activities

For the Fiscal Year Ended June 30, 2021

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority
Functions:									
Primary Government:									
Governmental Activities:									
General government administration	\$ 7,915,154	\$ 1,119,816	\$ 726,235	\$ 585,338	\$ (5,483,765)	\$ -	\$ (5,483,765)	\$ -	\$ -
Judicial administration	1,624,584	267,424	305,088	-	(1,052,072)	-	(1,052,072)	-	-
Public safety	18,185,143	1,545,482	1,488,749	755,802	(14,395,110)	-	(14,395,110)	-	-
Public works	5,705,232	458,248	-	-	(5,246,984)	-	(5,246,984)	-	-
Health and welfare	7,060,537	275,255	6,635,213	-	(150,069)	-	(150,069)	-	-
Education	26,123,526	-	-	-	(26,123,526)	-	(26,123,526)	-	-
Parks, recreation and cultural	3,696,311	199,711	-	-	(3,496,600)	-	(3,496,600)	-	-
Community development	5,203,477	8,736	159,742	-	(5,034,999)	-	(5,034,999)	-	-
Interest and fiscal charges	3,388,164	-	-	-	(3,388,164)	-	(3,388,164)	-	-
Total governmental activities	78,902,128	3,874,672	9,315,027	1,341,140	(64,371,289)	-	(64,371,289)	-	-
Business-type Activities:									
Public utility	7,807,503	6,889,026	-	-	-	(918,477)	(918,477)	-	-
Stormwater	1,577,626	1,501,137	-	-	-	(76,489)	(76,489)	-	-
Total Business-type Activities	9,385,129	8,390,163	-	-	-	(994,966)	(994,966)	-	-
Total Primary Government	88,287,257	12,264,835	9,315,027	1,341,140	(64,371,289)	(994,966)	(65,366,255)	-	-
Component Units:									
School Board	71,151,146	79,663	42,975,130	-	-	-	-	(28,096,353)	-
Economic Development Authority	297,247	76,755	-	-	-	-	-	-	(220,492)
Total Component Units	71,448,393	156,418	42,975,130	-	-	-	-	(28,096,353)	(220,492)
General Revenues:									
Taxes:									
General property taxes					60,942,814	-	60,942,814	-	-
Local sales and use tax					3,376,399	-	3,376,399	-	-
Consumer utility tax					901,405	-	901,405	-	-
Other local taxes					4,723,711	-	4,723,711	-	-
Revenue from use of property & money					(40,499)	41,943	1,444	227,825	-
Miscellaneous					1,640,286	6,542	1,646,828	1,094,781	-
Payment from the Primary Government					-	-	-	24,594,163	-
Intergovernmental, non-categorical aid					5,463,009	-	5,463,009	-	-
Transfers					(2,651,910)	2,651,910	-	-	-
Total General Revenues and Transfers					74,355,215	2,700,395	77,055,610	25,916,769	-
Change in net position (deficit)					9,983,926	1,705,429	11,689,355	(2,179,584)	(220,492)
Net position - beginning of year, as restated (deficit)					26,841,483	(5,593,074)	21,248,409	5,410,121	11,851,165
Net position - end of year (deficit)	\$ 36,825,409	\$ (3,887,645)	\$ 32,937,764	\$ 3,230,537	\$ 11,630,673				

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

*County of Isle of Wight, Virginia***Balance Sheets - Governmental Funds****June 30, 2021**

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 6,912,215	\$ 7,338,969	\$ 2,368,654	\$ 4,676,400	\$ 21,296,238
Restricted cash and cash equivalents	4,842	34,066,998	-	-	34,071,840
Investments	22,265,974	-	-	-	22,265,974
Receivables - net of allowance for uncollectibles:					
Taxes	15,064,910	-	-	-	15,064,910
Accounts receivable	938,209	6,895	-	1,662	946,766
Due from other funds	248,552	-	-	-	248,552
Due from component unit	3,321,736	-	-	-	3,321,736
Due from other governments	859,792	199,738	-	516,955	1,576,485
Advance to component unit	375,000	-	-	-	375,000
Total assets	\$ 49,991,230	\$ 41,612,600	\$ 2,368,654	\$ 5,195,017	\$ 99,167,501
Liabilities					
Accounts payable	\$ 655,599	\$ 2,864,808	\$ -	\$ 147,526	\$ 3,667,933
Accrued liabilities	188,145	551	-	55,544	244,240
Amounts held in escrow	102,266	-	-	6,125	108,391
Due to other funds	-	-	-	248,552	248,552
Unearned revenues	148,835	-	-	4,099,432	4,248,267
Due to other governments	1,050,465	-	-	3,915	1,054,380
Total liabilities	2,145,310	2,865,359	-	4,561,094	9,571,763
Deferred Inflows of Resources					
Unavailable revenue-property taxes	14,599,159	-	-	-	14,599,159
Total deferred inflows of resources	14,599,159	-	-	-	14,599,159
Fund Balances					
Nonspendable	375,000	-	-	-	375,000
Restricted	3,377	34,066,998	-	45,466	34,115,841
Committed	4,098,407	-	-	-	4,098,407
Assigned	3,242,714	4,680,243	2,368,654	588,457	10,880,068
Unassigned	25,527,263	-	-	-	25,527,263
Total fund balances	33,246,761	38,747,241	2,368,654	633,923	74,996,579
Total liabilities, deferred inflows of resources, and fund balances	\$ 49,991,230	\$ 41,612,600	\$ 2,368,654	\$ 5,195,017	\$ 99,167,501

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

*County of Isle of Wight, Virginia****Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Position*****June 30, 2021****Total fund balances - governmental funds**

Amount reported for governmental activities in the Statement
of Net Position are different because: \$ 74,996,579

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

Net Position	\$ 208,252	
Adjustments for items included in governmental activities below:		
Depreciable capital assets	(186,921)	
Deferred outflows - pension	(192,965)	
Deferred outflows - OPEB	(14,433)	
Deferred inflows - pension	18,915	
Deferred inflows - OPEB	12,544	
Accrued interest	35	
Capital lease	20,102	
Compensated absences	90,174	
Net Pension Liability	326,007	
Net OPEB Liabilities	<u>92,022</u>	
		373,732

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements.

Nondepreciable capital assets	22,281,948	
Depreciable capital assets,		
including net assets reported in internal service fund of \$ 186,921	<u>68,025,130</u>	
Capital assets, net		90,307,078

Revenues not collected soon enough to pay for current-period expenditures.		14,599,159
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Deferred outflows of resources:

Losses on refundings		7,990,479
Pension		4,384,513
OPEB		356,582

Deferred inflows:

Pension		(429,795)
OPEB		(324,468)

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		(138,960,205)
Capital leases		(1,426,252)
Compensated absences		(1,799,390)
Net Pension Liability		(7,407,449)
Net OPEB Liabilities		(2,277,615)
Landfill closure costs		(1,690,643)
Accrued interest and other		<u>(1,866,896)</u>

Total net position - governmental activities		<u><u>\$ 36,825,409</u></u>
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The accompanying notes are an integral part of these financial statements.

*County of Isle of Wight, Virginia**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds***For the Fiscal Year Ended June 30, 2021**

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
General property taxes	\$ 60,444,185	\$ -	\$ -	\$ -	\$ 60,444,185
Other local taxes	8,540,534	-	-	460,981	9,001,515
Permits, privilege fees and regulatory licenses	793,023	534,826	-	-	1,327,849
Fines and forfeitures	110,659	-	-	-	110,659
Revenues from use of money and property	(155,865)	33,338	-	14,545	(107,982)
Charges for services	1,774,392	-	-	47,573	1,821,965
Miscellaneous	784,869	-	-	11,234	796,103
Recovered costs	795,162	28,738	-	-	823,900
Intergovernmental:					
Commonwealth of Virginia	7,732,603	-	-	1,547,290	9,279,893
Federal	425,602	504,123	-	6,021,506	6,951,231
Local	5,500	4,637	-	454,880	465,017
Total revenues	81,250,664	1,105,662	-	8,558,009	90,914,335
Expenditures					
Current:					
General government administration	4,357,667	-	-	-	4,357,667
Judicial administration	1,492,154	-	-	33,170	1,525,324
Public safety	12,118,814	-	-	2,149,129	14,267,943
Public works	4,826,693	-	-	8,777	4,835,470
Health and welfare	1,026,362	-	-	5,861,718	6,888,080
Education	24,594,163	1,186,550	-	-	25,780,713
Parks, recreation and cultural	2,496,525	-	-	451,339	2,947,864
Community development	4,900,613	-	-	171,664	5,072,277
Nondepartmental	2,672,290	-	-	-	2,672,290
Capital outlay	-	5,215,782	-	-	5,215,782
Debt Service	11,013,622	464,445	758,158	-	12,236,225
Total expenditures	69,498,903	6,866,777	758,158	8,675,797	85,799,635
Excess (deficiency) of revenues over (under) expenditures	11,751,761	(5,761,115)	(758,158)	(117,788)	5,114,700
Other financing sources (uses)					
Transfers in	1,808,799	2,054,306	2,040,526	2,151,093	8,054,724
Transfers out	(8,951,131)	-	-	(1,808,799)	(10,759,930)
Issuance of debt	627,375	32,020,000	35,128,464	-	67,775,839
Payment to escrow agent	-	-	(35,357,218)	-	(35,357,218)
Proceeds from sale of property	90,739	-	-	-	90,739
Premium on bonds issued	-	2,713,997	990,272	-	3,704,269
Total other financing sources (uses), net	(6,424,218)	36,788,303	2,802,044	342,294	33,508,423
Net change in fund balance	5,327,543	31,027,188	2,043,886	224,506	38,623,123
Fund balances - beginning of year, as restated	27,919,218	7,720,053	324,768	409,417	36,373,456
Fund balances - end of year	\$ 33,246,761	\$ 38,747,241	\$ 2,368,654	\$ 633,923	\$ 74,996,579

*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*****For the Fiscal Year Ended June 30, 2021**

Net change in fund balances - governmental funds	\$ 38,623,123
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 revenues (expenses) of certain activities of internal service funds are reported with governmental activities	(101,892)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. Transfers of capital assets to the school board are recorded as additional expenses related to education.	
Capital outlay	4,165,813
Depreciation expense	(3,122,375)
Joint activity - transfer of capital assets, net	(1,491,463)
Miscellaneous transactions involving capital assets	(24,059)
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, including premiums	(71,480,108)
Repayment of debt principal	7,488,601
Principal payment to refunded bond escrow agent	30,728,124
Deferred loss on refunding	4,629,094
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	498,629
Some expenses reported in the Statement of Activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Accrued interest	(262,225)
Compensated absences	(2,945)
Pension	(1,229,821)
OPEB	(27,995)
Landfill closure costs	(28,260)
Amortization of bond premiums	2,623,128
Amortization of deferred gain on refunding	133,923
Amortization of deferred loss on refunding	(1,135,366)
Change in net position of governmental activities	\$ 9,983,926

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

*County of Isle of Wight, Virginia**Statements of Net Position - Proprietary Funds***June 30, 2021**

	Enterprise Funds			Governmental Activities- Internal Service Funds
	Public Utilities	Stormwater	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 6,129,514	\$ 4,869,599	\$ 10,999,113	\$ 353,034
Restricted cash and cash equivalents	2,243,353	-	2,243,353	-
Receivables - net of allowance	1,064,673	42,246	1,106,919	36,631
Inventories	25,814	-	25,814	-
Deposits	3,335	-	3,335	-
Total current assets	9,466,689	4,911,845	14,378,534	389,665
Noncurrent assets				
Capital assets:				
Nondepreciable	2,386,545	132,224	2,518,769	-
Depreciable - net	13,664,975	1,619,431	15,284,406	186,921
Total noncurrent assets	16,051,520	1,751,655	17,803,175	186,921
Total assets	25,518,209	6,663,500	32,181,709	576,586
Deferred outflows of resources				
Deferred losses on bond refundings	2,628,585	-	2,628,585	-
Pension plan	163,492	128,071	291,563	192,965
Other post-employment benefits	15,876	9,949	25,825	14,433
Total deferred outflows of resources	2,807,953	138,020	2,945,973	207,398

*County of Isle of Wight, Virginia**Statements of Net Position - Proprietary Funds***June 30, 2021**

	Enterprise Funds			Governmental Activities- Internal Service Funds
	Public Utilities	Stormwater	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 601,229	\$ 16,590	\$ 617,819	\$ 15,255
Accrued liabilities	2,304	-	2,304	548
Amount held in escrow	-	69,628	69,628	-
Accrued interest payable	503,069	-	503,069	35
Customer deposits payable	259,268	-	259,268	-
Unearned revenue	1,610	-	1,610	130
General obligation bonds payable	1,099,573	-	1,099,573	-
Capital leases	40,543	-	40,543	4,948
Compensated absences	4,666	2,493	7,159	9,017
Total current liabilities	2,512,262	88,711	2,600,973	29,933
Noncurrent liabilities				
General obligation bonds payable	35,516,372	-	35,516,372	-
Noncurrent capital leases	93,246	-	93,246	15,154
Compensated absences	41,997	22,434	64,431	81,157
Other post-employment benefits	118,441	70,266	188,707	92,022
Net pension liability	276,214	216,371	492,585	326,007
Total noncurrent liabilities	36,046,270	309,071	36,355,341	514,340
Total liabilities	38,558,532	397,782	38,956,314	544,273
Deferred inflows of resources				
Pension plan	16,026	12,554	28,580	18,915
Other post-employment benefits	20,034	10,399	30,433	12,544
Total deferred inflows of resources	36,060	22,953	59,013	31,459
Net Position				
Net investment in capital assets	(21,154,010)	1,751,655	(19,402,355)	166,819
Restricted - Capital projects	332,212	-	332,212	39,945
Unrestricted (deficit)	10,553,368	4,629,130	15,182,498	1,488
Total net position (deficit)	<u>\$ (10,268,430)</u>	<u>\$ 6,380,785</u>	<u>\$ (3,887,645)</u>	<u>\$ 208,252</u>

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

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*County of Isle of Wight, Virginia**Statements of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds***For the Fiscal Year Ended June 30, 2021**

	Enterprise Funds			Governmental Activities- Internal Service Funds
	Public Utilities	Stormwater	Total	
Operating revenues				
Charges for services	\$ 5,586,248	\$ 1,501,177	\$ 7,087,425	\$ 1,833,920
Connection fees	1,337,600	-	1,337,600	-
Other revenue	4,620	-	4,620	-
Total operating revenues	6,928,468	1,501,177	8,429,645	1,833,920
Operating expenses:				
Personnel services	729,758	417,192	1,146,950	609,239
Fringe benefits	326,180	192,568	518,748	297,501
Contractual services	162,079	304,279	466,358	539,206
Purchases	4,867,357	-	4,867,357	-
Other charges	1,017,917	149,375	1,167,292	550,232
Depreciation	569,780	104,042	673,822	46,140
Total operating expenses	7,673,071	1,167,456	8,840,527	2,042,318
Operating income (loss)	(744,603)	333,721	(410,882)	(208,398)
Nonoperating revenues (expenses)				
Interest income	4,871	4,132	9,003	-
Interest and fiscal charges	(544,602)	-	(544,602)	(457)
Total nonoperating revenues (expenses), net	(539,731)	4,132	(535,599)	(457)
Transfers in	2,950,190	8,278	2,958,468	53,296
Transfers out	(306,558)	-	(306,558)	-
Changes in net position	1,359,298	346,131	1,705,429	(155,559)
Net position (deficit) - beginning of year, as restated	(11,627,728)	6,034,654	(5,593,074)	363,811
Net position (deficit) - end of year	\$ (10,268,430)	\$ 6,380,785	\$ (3,887,645)	\$ 208,252

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

*County of Isle of Wight, Virginia**Statements of Cash Flows – Proprietary Funds***For the Fiscal Year Ended June 30, 2021**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Public Utilities	Stormwater	Total	
Cash flows from operating activities				
Received from customers and users	\$ 6,684,240	\$ 1,547,927	\$ 8,232,167	\$ 1,800,928
Payments to suppliers for goods and services	(6,471,536)	(1,092,657)	(7,564,193)	(1,145,513)
Payments to employees	(1,061,211)	(585,349)	(1,646,560)	(819,990)
Net cash provided by (used in) operating activities	(848,507)	(130,079)	(978,586)	(164,575)
Cash flows from non-capital financing activities				
Transfer out	(306,558)	-	(306,558)	-
Transfers in	2,950,190	8,278	2,958,468	53,296
Net cash provided by non-capital financing activities	2,643,632	8,278	2,651,910	53,296
Cash flows from capital and related financing activities				
Acquisition of capital assets	(1,073,391)	(23,358)	(1,096,749)	(73,813)
Principal payments on bonds	(340,890)	-	(340,890)	-
Proceeds from refunding bonds	19,276,536	-	19,276,536	-
Payment of escrow deposit	(19,402,064)	-	(19,402,064)	-
Premium on refunding bonds	543,406	-	543,406	-
Proceeds from capital lease	40,625	-	40,625	-
Principal payments on capital leases	(36,082)	-	(36,082)	(4,898)
Interest and fiscal charges paid on bonds and capital leases	(1,482,180)	-	(1,482,180)	(465)
Net cash used in capital and related financing activities	(2,474,040)	(23,358)	(2,497,398)	(79,176)
Cash flows from investing activities				
Interest received	4,871	4,132	9,003	-
Net cash provided by investing activities	4,871	4,132	9,003	-
Change in cash and cash equivalents	(674,044)	(141,027)	(815,071)	(190,455)
Cash and cash equivalents - beginning of year	9,046,911	5,010,626	14,057,537	543,489
Cash and cash equivalents - end of year	\$ 8,372,867	\$ 4,869,599	\$ 13,242,466	\$ 353,034

The accompanying notes are an integral part of these financial statements

*County of Isle of Wight, Virginia**Statements of Cash Flows – Proprietary Funds (Continued)***For the Fiscal Year Ended June 30, 2021**

	Enterprise Funds			Governmental Activities - Internal Service
	Public Utilities	Stormwater	Total	Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (744,603)	\$ 333,721	\$ (410,882)	\$ (208,398)
Adjustments to reconcile to net cash provided by (used in) operating activities:				
Depreciation	569,780	104,042	673,822	46,140
Pension and OPEB expense	(46,263)	77,503	31,240	149,911
Change in:				
Accounts receivable	(146,211)	46,750	(99,461)	(33,734)
Inventory material & supplies	2,656	-	2,656	-
Deposits	66,665	-	66,665	637
Accounts payable and amounts held in escrow	(492,291)	(639,000)	(1,131,291)	(56,075)
Payroll payable	-	-	-	548
Customer deposits payable	(98,017)	-	(98,017)	-
Accrued expenses and other liabilities	(1,213)	-	(1,213)	-
Unearned revenue	-	-	-	105
Net Pension liability	78,165	-	78,165	-
Deferred outflows of resources	(26,808)	(50,842)	(77,650)	(75,475)
Compensated absences	(10,367)	(2,253)	(12,620)	11,766
Net cash provided by (used in) operating activities	\$ (848,507)	\$ (130,079)	\$ (978,586)	\$ (164,575)

The accompanying notes are an integral part of these financial statements

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2021

	<u>Custodial Fund</u>
	<u>Special Welfare</u>
Assets	
Cash and cash equivalents	\$ 39,359
Total assets	<u><u>\$ 39,359</u></u>
Net Position	
Restricted for:	
Individuals, organizations, and other governments	<u>\$ 39,359</u>
Total net position	<u><u>\$ 39,359</u></u>

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

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2021

	Custodial Fund Special Welfare
Additions	
Contributions	\$ 16,989
Investment earnings	
Interest and dividends	23
Total Additions	<u>17,012</u>
Deductions	
Recipient payments	\$ 11,788
Total deductions	<u>11,788</u>
Net increase (decrease) in fiduciary net position	<u>5,224</u>
Net position, beginning, as restated	<u>34,135</u>
Net position, ending	<u>\$ 39,359</u>

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***Notes to the
Basic Financial Statements***

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June 30, 2021

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 is fiscally dependent on the County creating a financial benefit/burden relationship. The County Board of Supervisors can impose its will on the Authority. The financial statements of the EDA are presented as a discretely presented component of the County financial statements. The EDA does not issue a separate financial report.

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.

June 30, 2021

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are other charges between the County's public utility function and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

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 services, 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.

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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 a **Fiduciary Fund**. Fiduciary Funds (Trust and Custodial Funds) account for assets held by the County in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds, which consist of the Special Welfare Fund. Fiduciary funds are not included in the government-wide financial statements.

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. 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 are 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

Isle of Wight adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84), which improved the identification of fiduciary activities for accounting and financial purposes and how those activities should be reported. The implementation of this Statement resulted in a restatement of net position as seen in Note 18 to the financial statements.

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Accounting Changes (Continued)

Additionally, the County adopted GASB Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93), which addressed the accounting and financial reporting implications that resulted from the replacement of an interbank offered rate. This statement resulted in no material affect on the County's financial statements.

The County has chosen early adoption of GASB Statement No. 98, *The Annual Comprehensive Financial Report*, which establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal year 2022.

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. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements using the consumption method.

G. Investments

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

H. 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.

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 45 days after year end, are reflected as deferred inflow of resources in the governmental fund financial statements. Real property taxes are budgeted and billed to fund operations occurring within the year they are required to be paid. 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 County bills and collects its own property taxes.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Property Taxes (Continued)

	Real property	Personal property
Levy date	July 1	January 1
Due date and collection date	June 5/December 5	December 5/June 5
Lien date for delinquent taxes	90 days after due date	90 days after due date

While the assessed value of real estate for the County's ten largest taxpayers comprises 6.57% 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 passed 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, 2021. The Commonwealth requires localities to record the revenue from PPTRA as received from other governments, not as property taxes.

I. 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.

J. 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.

K. 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.

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

L. Inventory

Inventory of materials and supplies held for future use are 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, 2021, the recorded intangibles have lives into perpetuity and, therefore, are not amortized. There were no impaired capital assets at June 30, 2021.

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. 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:

	Years
Buildings and building improvements	15-50
Land improvements	15-40
Equipment	5-20
Vehicles	5-16

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.

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Compensated Absences (Continued)

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.

O. Expenditure Recognition

The County uses the purchase method to account for health insurance payments. The July premiums are included in the current fiscal year's operating budget. Therefore, the July employer's portion of premiums submitted in June are reported as expenditures for the current period.

Some payments for costs applicable to next fiscal year are recorded as prepaid items.

P. 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 straight line 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.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an expense or expenditure until that time. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as revenue until that time.

R. Pension

The Virginia Retirement System (VRS) County and School Board Non-Professional Plan is a multiple-employer agent plan. The VRS School Board Professional Retirement Plan is a multiple-employer cost-sharing plan. 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 and School Board's Retirement Plans and the additions to/deductions from the County and School Board's Retirement Plans fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Other Postemployment Benefit Plans

Medical Insurance Programs

The County and the IOW County Public Schools Medical Insurance Plans are single-employer plans administered by the County and the Schools. Experience gains or losses are amortized over the average working lifetime of all participants, which for the current period is six years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

Group Life Insurance Program

The VRS Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the total GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Health Insurance Credit Program

The County and the School Board Non-professional plans are single employer plans for political subdivisions. The School Board Professional HIC Program is a multiple employer, cost-sharing plan. The HIC programs were established pursuant to Section 51.1-1400 et seq. of the *Code of Virginia* as amended, and which provide the authority under which benefit terms are established or may be amended. For purposes of measuring the HIC Programs' total OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC Programs' OPEB, and the HIC Programs' OPEB expense, information about the fiduciary net position of the HIC Programs, and the additions to/deductions from the HIC Programs' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Virginia Local Disability Program

The County has three Virginia Local Disability Programs (VLDP). The first and second plans are the County and School Board non-professional plans, which are political subdivision employee plans. The third plan is the School Board professional plan, which is a teacher employee plan. The plans are multiple-employer, cost-sharing plans. For purposes of measuring the net VLDP OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB expenses, information about the fiduciary net position of the VLDP, and the additions to/deductions from the VLDPs' net fiduciary positions have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

T. 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 net of related outstanding liability). 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.”

U. 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 constrained to specific purposes by their providers (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 Supervisors, which is by board resolution. Those committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action (County resolutions) it employed previously to commit those amounts.

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

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

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

U. Fund Balance (Continued)

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

V. 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 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.

W. Subsequent Events

The County has evaluated subsequent events through December 13, 2021, the date on which the financial statements were available to be issued.

X. Pending GASB Statements

At June 30, 2021, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 87, *Leases*, will increase the usefulness of the County's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 was to be effective for fiscal years beginning after December 15, 2019. This effective date was deferred for 18 months due to the Coronavirus pandemic.

GASB Statement No. 91, *Conduit Debt Obligations* clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. Implementation of this statement is effective fiscal year 2023.

GASB Statement No. 92, *Omnibus 2020* aims to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and include specific provisions about individual statements including Statement No. 87, *Leases*, Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 84, *Fiduciary Activities*. Implementation of this statement is effective fiscal year 2022.

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

X. Pending GASB Statements (Continued)

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangement* improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). Implementation of this statement is effective fiscal year 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Implementation of this statement is effective fiscal year 2023.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Implementation of this statement is effective fiscal year 2022.

Management has not determined the effects these new Statements may have on prospective financial statements.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

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, 2021 is as follows:

Deposits	
Demand deposits	\$ 28,495,752
Cash on hand	2,050
Investments	
LGIP	4,152,047
Zero coupon bond	2,946,281
SNAP	36,310,351
VIP Short Term	19,238,259
VIP Long Term	81,435
Total deposits and investments	<u>\$ 91,226,175</u>
 Reconciliation to Statements of Net Position	
Government-wide:	
Cash and cash equivalents	\$ 32,648,385
Restricted cash and cash equivalents	36,311,816
Investments	22,265,974
Total deposits and investments	<u>\$ 91,226,175</u>

A. Deposits

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

June 30, 2021

Note 2 - Deposits and Investments (Continued)

B. Investment Policy

In accordance with the *Code of Virginia* and other applicable law and regulations, the County's investment policy (Policy) permits investments in obligations of the U.S. government, an agency thereof, or government sponsored corporations; high quality commercial paper and bankers' acceptances; repurchase agreements and certificates of deposit of Virginia banks and savings institutions; and the Local Government Investment Pool (LGIP) 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. 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. The maturity of the LGIP is less than one year and classified as cash and cash equivalents.

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

The Virginia State Non-Arbitrage Program's (SNAP) Fund is a commingled investment program that operates in compliance with GASB 79 and that was authorized by the Government Non-Arbitrage Act in 1989 (*Code of Virginia* Section 2.2-4700 et. seq.). Virginia SNAP and the SNAP Fund are administered by the Treasury Board of the Commonwealth of Virginia. Virginia SNAP offers several investment options, including the SNAP Fund, and arbitrage rebate reporting services that are specifically designed for the investment of tax exempt bond proceeds.

The Virginia Investment Pool (VIP) is a commingled investment program organized as an external local government investment pool with oversight provided by a shareholder elected board of trustees. VIP offers a short term daily liquidity pool (NAV), and a 1-3 Year High Quality Bond Fund (HQB) designed for the investment of longer-term monies that are not necessary for near term disbursement. VIP-NAV has a bond fund rating from S&P of AAAM. VIP-HQB has a bond fund rating from S&P of AAF/S1.

June 30, 2021

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 by Standard & Poor's as follows:

	AAAm	AA+	Total
Zero coupon bond	\$ -	\$ 2,946,281	\$ 2,946,281
SNAP	36,310,351	-	36,310,351
VIP Investments	19,319,694	-	19,319,694
LGIP	4,152,047	-	4,152,047
	<u>\$ 59,782,092</u>	<u>\$ 2,946,281</u>	<u>\$ 62,728,373</u>

D. Interest Rate Risk

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

Custodial Credit Risk (Investments): This is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5 percent of total investments, there must be a disclosure for the amount and issuer. Investments issued or explicitly guaranteed by the U. S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement, therefore, concentration of credit risk does not apply to the LGIP or SNAP.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

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 year	More than 1 year
Zero coupon bond	\$ 2,946,281	\$ -	\$ 2,946,281
VIP Short Term	19,238,259	19,238,259	-
VIP Long Term	81,435	-	81,314
	<u>\$ 22,265,975</u>	<u>\$ 19,238,259</u>	<u>\$ 3,027,595</u>

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 measurement as of June 30, 2021.

- U.S. Treasury Zero Coupon bond of \$2,946,281 is valued using a matrix pricing model (Level 2 inputs).
- VIP Short Term and Long Term of \$19,319,694 is valued using quoted market price (Level 1 inputs).

Note 3 - Due from Other Governments

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

	Primary Government			Total	Component Unit School Board
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds		
<u>Amounts Due From:</u>					
Commonwealth of Virginia:					
Operating grants	\$ 40,479	\$ -	\$ 28,479	\$ 68,958	\$ -
Compensation Board	204,902	-	-	204,902	-
Social Services	-	-	14,482	14,482	-
Children's Services	-	-	86,806	86,806	-
Communication tax	93,800	-	59,198	152,998	-
Sales and Use Tax	350,950	-	-	350,950	925,300
P2P Tax	276	-	-	276	-
Car Rental Tax	15,392	-	-	15,392	-
Federal government	-	199,738	147,541	347,279	1,382,504
Town of Windsor	-	-	44,996	44,996	-
Town of Smithfield	133,479	-	135,453	268,932	-
Economic Development	375,000	-	-	375,000	-
School Board	3,321,736	-	-	3,321,736	-
Other	20,514	-	-	20,514	-
Totals	<u>\$ 4,556,528</u>	<u>\$ 199,738</u>	<u>\$ 516,955</u>	<u>\$ 5,273,221</u>	<u>\$ 2,307,804</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 4 – Interfund Balances and Activity

A. Interfund Balances

These balances result from operating transactions between funds and are repaid during the next fiscal year within the normal course of business. The following balance at June 30, 2021 represents amounts due to/from other funds, consisted of the following:

Primary Government

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 248,522	\$ -
Special Revenue-Children's Services Act	-	196,802
Special Revenue-E-911	-	51,750
Total Primary Government	<u>\$ 248,522</u>	<u>\$ 248,552</u>

Component Unit-School Board

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
School Operating Fund	\$ -	\$ 1,161,932
School Capital Projects Fund	502,280	-
School Grants Fund	659,652	-
School Operating Fund	1,005,786	
School Capital Projects Fund	-	777,568
School Textbook Fund	-	23,801
School Cafeteria Fund	-	161,243
School Grants Fund	-	43,174
Total Component Unit-School Board	<u>\$ 2,167,718</u>	<u>\$ 2,167,718</u>

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

B. Interfund Transfers

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, 2021

Note 4 – Interfund Balances and Activity (Continued)

B. Interfund Transfers (Continued)

Interfund transfers for the year ended June 30, 2021 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,808,799	\$ 8,951,131
Debt Service Fund	1,733,968	-
Heritage Park Fund	45,833	-
County Fair Fund	157,320	-
E-911 Fund	815,399	-
Children's Service Act Fund	195,897	-
Grants Fund	25,638	1,808,799
Capital Projects Fund	2,054,306	-
Department of Social Services	911,006	-
Public Utilities	2,950,190	-
Stormwater Management	8,278	-
Information Technology Fund	51,585	-
Risk Management Fund	1,711	-
Public Utilities	-	306,558
Debt Service Fund	306,558	-
	<u>\$ 11,066,488</u>	<u>\$ 11,066,488</u>

Note 5 – Advance to Component Unit

Industrial Development Authority (EDA)

On September 2012, the County advanced \$500,000 to the Industrial Development Authority to purchase parcels of land for future development. In January 2014, a payment of \$125,000 was made towards the outstanding receivable by Johnson Development Associates. Repayment of this note was to be made within 30 days of the sale of any property owned by the IDA (now EDA). However, no property has been sold by the EDA as repayment. The County is not anticipating the collection of any payments from the EDA. The outstanding principal balance of the note as of June 30, 2021 is \$375,000.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 6 – Capital Assets

The following is a summary of changes in capital assets:

Primary Government	Balance July 1, 2020	Additions	Deletions & Reclassifications	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 12,752,332	\$ -	\$ -	\$ 12,752,332
Intangibles	4,338,512	-	-	4,338,512
Construction in progress	6,553,591	1,299,572	2,662,059	5,191,104
Total capital assets not being depreciated:	23,644,435	1,299,572	2,662,059	22,281,948
Capital assets being depreciated:				
Buildings - County	41,864,676	7,306	-	41,871,982
Buildings - jointly owned assets	24,423,479	-	1,320,185	23,103,294
Land improvements	12,404,058	3,572,194	-	15,976,252
Land improvements - jointly owned assets	1,954,509	-	213,996	1,740,513
Equipment	13,596,057	647,985	83,757	14,160,285
Vehicles	4,911,180	1,300,815	643,470	5,568,525
Total capital assets being depreciated	99,153,959	5,528,300	2,261,408	102,420,851
Less - accumulated depreciation:				
Buildings - County	10,692,582	826,353	-	11,518,935
Buildings - jointly owned assets	8,556,508	-	31,455	8,525,053
Land improvements	4,855,863	745,733	-	5,601,596
Land improvements - jointly owned assets	187,788	-	11,263	176,525
Equipment	4,353,178	992,817	79,416	5,266,579
Vehicles	3,373,313	557,472	623,752	3,307,033
Total accumulated depreciation	32,019,232	3,122,375	745,886	34,395,721
Total capital assets being depreciated - net	67,134,727	2,405,925	1,515,522	68,025,130
Governmental activities capital assets - net	\$ 90,779,162	\$ 3,705,497	\$ 4,177,581	\$ 90,307,078

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

Governmental activities	
General Government	\$ 480,076
Public safety	1,503,378
Public works	212,911
Health and welfare	56,209
Parks, recreation and cultural	783,002
Community development	40,659
Internal Service Fund	46,140
Total depreciation expense - governmental activities	\$ 3,122,375

June 30, 2021

Note 6 – Capital Assets (Continued)

	Balance July 1, 2020	Additions	Deletions & Reclassifications	Balance June 30, 2021
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 463,012	\$ -	\$ 3,999	\$ 459,013
Construction in progress	5,120,505	480,331	3,541,080	2,059,756
Total capital assets not being depreciated	5,583,517	480,331	3,545,079	2,518,769
Capital assets being depreciated:				
Buildings	11,645,449	-	-	11,645,449
Land improvements	15,613,330	3,985,325	-	19,598,655
Equipment	1,933,094 *	40,800	-	1,973,894
Vehicles	669,826	135,371	15,500	789,697
Total capital assets being depreciated	29,861,699	4,161,496	15,500	34,007,695
Less - accumulated depreciation:				
Buildings	4,451,935	111,500	-	4,563,435
Land improvements	12,314,494	409,344	-	12,723,838
Equipment	896,296 *	91,383	-	987,679
Vehicles	402,242	61,595	15,500	448,337
Total accumulated depreciation	18,064,967	673,822	15,500	18,723,289
Total capital assets being depreciated - net	11,796,732	3,487,674	-	15,284,406
Business- type activities capital assets - net	\$ 17,380,249	\$ 3,968,005	\$ 3,545,079	\$ 17,803,175

* Restated FY2020 beginning balances.

Depreciation expense was charged to Public Utility and Stormwater as follows:

Business-type activities	
Public Utility	\$ 569,780
Stormwater	104,042
Total depreciation expense - Business-type activities	\$ 673,822

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 6 – Capital Assets (Continued)

Discretely Presented Component Unit

School Board	Balance July 1, 2020	Additions	Deletions & Reclassifications	Adjustments - Jointly Owned	Balance June 30, 2021
Capital assets not being depreciated					
Land	\$ 1,619,726	\$ -	\$ -	\$ -	\$ 1,619,726
Construction in Progress	-	537,110	-	-	537,110
Total capital assets not being depreciated	1,619,726	537,110	-	-	2,156,836
Capital assets being depreciated:					
Buildings and improvements	89,856,203	129,698	-	1,320,185	91,306,086
Land improvements	2,942,804	-	-	213,996	3,156,800
Equipment	18,987,622	52,153	313,685	-	18,726,090
Vehicles	7,231,590	285,660	256,203	-	7,261,047
Total capital assets being depreciated	119,018,219	467,511	569,888	1,534,181	120,450,023
Less - accumulated depreciation:					
Buildings and improvements	38,535,368	2,438,748	-	31,455	41,005,571
Land improvements	2,231,056	180,367	-	11,263	2,422,686
Equipment	11,312,712	815,344	310,143	-	11,817,913
Vehicles	4,656,704	379,595	255,745	-	4,780,554
Total accumulated depreciation	56,735,840	3,814,054	565,888	42,718	60,026,724
Total capital assets being depreciated - net	62,282,379	(3,346,543)	4,000	1,491,463	60,423,299
School Board capital assets - net	\$ 63,902,105	\$ (2,809,433)	\$ 4,000	\$ 1,491,463	\$ 62,580,135

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

Discretely Presented Component Unit - School Board

Instructional services	\$ 3,434,459
Pupil Transportation	379,595
Total depreciation expense - school board	\$ 3,814,054

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, 2021, is that school financed assets, net of accumulated depreciation, in the amount of \$16,142,229 reported in the primary government as “jointly owned assets” for financial reporting purposes.

June 30, 2021

Note 6 – Capital Assets (Continued)

Discretely Presented Component Unit

<u>Economic Development Authority</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2021</u>
Capital assets not being depreciated:				
Land	\$ 376,537	\$ -	\$ -	\$ 376,537
Total capital assets not being depreciated	376,537	-	-	376,537
Capital assets being depreciated				
Buildings	34,000	-	-	34,000
Land improvements	4,760,733	-	-	4,760,733
Total capital assets being depreciated	4,794,733	-	-	4,794,733
Less - accumulated depreciation				
Buildings	7,820	680	-	8,500
Land improvements	2,597,733	238,463	-	2,836,196
Total accumulated depreciation	2,605,553	239,143	-	2,844,696
Total capital assets being depreciated - net	2,189,180	(239,143)	-	1,950,037
EDA capital assets - net	\$ 2,565,717	\$ (239,143)	\$ -	\$ 2,326,574

*Notes to Basic Financial Statements***June 30, 2021****Note 6 – Capital Assets (Continued)**

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
Public Safety Facility Assessment	\$ 34,482	\$ 32,814
STH Intermodal Park	13,331,994	360,727
Building Capital Maintenance	1,204,230	50,000
E911 Radio Upgrade	7,696,027	478,418
Registrar Mold Remediation	22,203	4,700
Old Clerks Office Renovation	4,905	40,095
Asbestos Abateements-IT Bldg	32,630	3,370
Public Facility Improvements	-	62,500
Bradby Park Development	6,514	226,000
Jones Creek Dock	6,648	195,600
Nike Park Tennis Courts Restoration	-	227,000
Parks & Recreation Roof Replacement	-	14,372
Tyler's Beach Marina	-	110,000
Windsor Library Addition	900	350,000
Smithfield Library HVAC	-	175,000
Smithfield Library Roof	5,263	360,000
WSES Sidewalk	58,154	1,026,593
Heritage Pk Restrooms/Rodeo	56,934	286,238
Nike Park Pavement	40,588	400,000
Tyler's Beach Dredging	158,505	20,954
Parks & Recreation Maintenance	504,110	93,500
Heritage Park Bleachers	-	102,000
Heritage Park Upgrades	-	424,500
Nike Park Playground	-	90,000
ATV Trail	26,637	58,700
Park to Park Trail	7,439,758	782,392
Hardy Elementary School	742,105	27,307,896
Capital Projects Schools	183,947	615,902
Schools Capital Maintenance Projects	2,596,222	814,216
Planning & Zoning Remodal	-	17,925
Water Capital Maintenance	-	400,000
Water Capital Projects	776,727	300,000
Water Sewer Telemetry Upgrade	37,911	154,578
Stormwater Capital Maintenance	75,773	50,000
SLAF Grant FY15	846,383	250,000
Sewer Capital Maintenance	45,997	120,560
Route 460 Pump Station	199,600	28,800
	<u>\$ 36,135,147</u>	<u>\$ 36,035,350</u>

June, 30, 2021

Note 7 – Long-Term Obligations

The following is a summary of changes in long-term obligations during the year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 98,137,884	\$ 67,148,464	\$ (37,781,478)	\$ 127,504,870	\$ 7,490,945
Bond premiums	6,047,682	3,704,269	(2,623,128)	7,128,823	405,193
Subtotal	104,185,566	70,852,733	(40,404,606)	134,633,693	7,896,138
PACE program	4,326,512	-	-	4,326,512	-
Capital leases	1,234,124	627,375	(435,247)	1,426,252	455,971
Compensated absences	1,796,445	1,042,919	(1,039,974)	1,799,390	179,939
Net OPEB liability	2,111,064	166,551	-	2,277,615	-
Landfill closure costs	1,662,383	150,731	(122,471)	1,690,643	-
Net pension liability	4,193,931	3,213,518	-	7,407,449	-
Total Governmental Activities	<u>\$ 119,510,025</u>	<u>\$ 76,053,827</u>	<u>\$ (42,002,298)</u>	<u>\$ 153,561,554</u>	<u>\$ 8,532,048</u>
Business-Type Activities					
General obligation bonds	\$ 32,506,688	\$ 19,276,536	\$ (17,202,766)	\$ 34,580,458	\$ 1,004,829
Bond premiums	3,208,622	543,406	(1,716,541)	2,035,487	94,744
Subtotal	35,715,310	19,819,942	(18,919,307)	36,615,945	1,099,573
Capital leases	129,246	40,625	(36,082)	133,789	40,543
Compensated absences	84,208	76,894	(89,512)	71,590	7,159
Net OPEB liability	199,476	-	(10,769)	188,707	-
Net pension liability	338,995	153,590	-	492,585	-
Total Business-Type Activities	<u>\$ 36,467,235</u>	<u>\$ 20,091,051</u>	<u>\$ (19,055,670)</u>	<u>\$ 37,502,616</u>	<u>\$ 1,147,275</u>
Discretely Presented Component Units					
School Board					
Capital leases	\$ 6,940,690	\$ -	\$ (918,478)	\$ 6,022,212	\$ 392,612
Compensated absences	610,920	1,056,905	(1,045,241)	622,584	62,258
Net OPEB liability	12,627,290	237,618	-	12,864,908	-
Net pension liability	48,904,223	5,834,490	-	54,738,713	-
Total School Board	<u>\$ 69,083,123</u>	<u>\$ 7,129,013</u>	<u>\$ (1,963,719)</u>	<u>\$ 74,248,417</u>	<u>\$ 454,870</u>

The County's outstanding bonds, PACE Program and capital leases related to governmental activities and business type activities of \$140,386,446 and \$36,749,738 respectively, contain an event of default clause that changes the timing of repayment of outstanding amounts to become immediately due if the County is unable to make payment or does not make payment either by refusal or non-appropriation.

The School Board's outstanding capital leases related to educational activities of \$6,022,212 contain an event of default clause that changes the timing of repayment of outstanding amounts to become immediately due if the School Board is unable to make payment or does not make payment either by refusal or non-appropriation.

June, 30, 2021

Note 7 – 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. No Sinking fund covenants currently exist. General obligation bonds currently outstanding are as follows:

	<u>Amount Outstanding</u>
<i>General Obligation Public Improvement Refunding Bonds, Series 2020A</i>	\$ 32,020,000
On October 27, 2020 the County issued \$32,020,000 in General Obligation Public Improvement Bonds to finance various capital projects and Hardy Elementary School for Isle of Wight County Schools. Interest on the bonds is due semiannually at a rate of 2.00%-5.00% until maturity. These bonds were issued at a premium of \$2,713,997 which is being amortized over the life of the bonds.	
<i>General Obligation Public Improvement Bonds Series 2020B</i>	54,405,000
On October 27, 2020, the County issued \$54,405,000 in General Obligation Public Improvement Refunding Bonds with a true interest cost of 1.96% to refund various bond series. In addition, a portion of the proceeds will be used to purchase United States Treasury Securities (State and Local Government Series (SLGS) which will be placed in an irrevocable trust together with an initial cash deposit to be used solely to refund the County's Series 2011A, Series 2012, Series 2014A and Series 2014B. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$7,169,281. This difference, reported in the accompanying government-wide financial statements is being amortized over the life of the new debt. The refunding resulted in an overall present value savings of \$5,702,814 in debt service over the next 23 years. Interest is payable semiannually commencing on January 1, 2021 at a rate which varies from 2.00-2.40%. These bonds were issued at a premium of \$1,533,679 which is being amortized over the life of the bonds.	
<i>General Obligation Public Improvement Refunding Bonds, Series 2017B</i>	30,700,000
On September 21, 2017, the County issued \$30,700,000 in General Obligation Public Improvement Refunding Bonds to advance refund Series 2010D and a portion of Series 2011A & 2012. Interest is payable semiannually commencing on January 1, 2018 at a rate which varies from 3.00-5.00%. These bonds were issued at a premium of \$4,324,168 which is being amortized over the life of the bonds.	
<i>VRA Refunding of Isle of Wight BAB Series 2010C, Series 2017C</i>	8,735,000
On November 15, 2017, the Virginia Resources Authority (VRA) issued \$9,260,000 of bonds to refund the Series 2010C (Taxable - Build America Bonds). A portion of the proceeds was used to purchase the Restricted Escrow Fund Securities and to provide the cash that will be placed in various escrow funds to refund the bonds. Interest is payable semiannually commencing on July 1, 2018 at a rate which varies from 4.43% to 5.13%. These bonds were issued at a premium of \$1,804,027 which is being amortized over the life of the bonds.	

June, 30, 2021

Note 7 – Long-Term Obligations (Continued)

A. General Obligation Bonds (Continued)

General Obligation Public Improvement Bonds Series 2017B \$ 5,732,790

On May 5, 2017, the County issued \$7,900,000 in General Obligation Public Improvement Bonds to finance various capital projects related to career and technical education for Isle of Wight County Schools. Interest on the bonds is due semiannually at a rate of 2.4% until maturity.

General Obligation Public Improvement Bonds Series 2016 4,957,542

On July 29, 2016, the County issued \$8,000,000 in General Obligation Public Improvement Bonds, Series 2016 with a semi-annual interest payable at a rate of 1.651% over the life of the bond. The bonds were issued to finance the acquisition, construction and equipping of facilities and equipment related to public safety purposes and uses and to pay the cost of issuance.

General Obligation Refunding Bonds of 2015 (tax exempt bonds) 15,410,000

On June 9, 2015, the County issued \$17,395,000 in General Obligation Refunding Bonds with principal payable in various annual installments through 2031. Interest is payable semi-annually at a rate of 2.79% over the life of the bond. The bonds were used to advance refund prior issues.

General Obligation Bonds Series 2012 5,724,996

\$48,465,000 dated September 2012, principal payable in various annual installments through 2043, interest payable semi-annually at coupon rates from 3% 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.

General Obligation Bonds Series 2011A (tax exempt bonds) 650,000

\$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 4.00% 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. In September 2017, \$8,785,000 of these bonds were refunded by the Series 2017B General Obligation Refunding Bonds.

General Obligation Bonds of 2011 VPSA (tax exempt bonds) 3,750,000

\$7,500,000 dated June 2011 with principal payable in various annual installments beginning June 2014 through 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.

Total General Obligation Bonds Outstanding \$ 162,085,328

June, 30, 2021**Note 7 – Long-Term Obligations (Continued)**

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
2022	\$ 7,490,945	\$ 3,962,612	\$ 1,004,829	\$ 989,638	\$ 8,495,774	\$ 4,952,250
2023	7,659,593	3,543,121	1,293,252	954,528	8,952,845	4,497,649
2024	7,381,346	3,310,284	1,784,122	903,875	9,165,468	4,214,159
2025	7,597,922	3,079,672	1,845,735	839,630	9,443,657	3,919,302
2026	7,835,244	2,839,968	1,912,180	772,708	9,747,424	3,612,676
2027-2031	35,716,137	10,532,272	9,979,028	2,869,695	45,695,165	13,401,967
2032-2036	23,536,980	5,846,071	8,038,020	1,662,283	31,575,000	7,508,354
2037-2041	19,973,460	3,072,040	7,356,540	697,645	27,330,000	3,769,685
2042-2046	10,313,243	521,672	1,366,752	53,658	11,679,995	575,330
Total	<u>\$ 127,504,870</u>	<u>\$ 36,707,712</u>	<u>\$ 34,580,458</u>	<u>\$ 9,743,660</u>	<u>\$ 162,085,328</u>	<u>\$ 46,451,372</u>

B. Refunded DebtDefeased 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, 2021, the outstanding balance of the defeased debt, including current year defeased debt, is \$71,830,315.

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. 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, 2021.

June, 30, 2021

Note 7 – Long-Term Obligations (Continued)

C. Purchase Agricultural Conservation Easement Program (Continued)

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, 2021, 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
2022	-	209,836
2023	-	209,836
2024	-	209,836
2025	-	209,836
2026	-	209,836
2027-2031	-	1,049,179
2032-2036	-	1,049,179
2037-2041	-	944,262
2042-2044	4,326,512	-
	<u>\$ 4,326,512</u>	<u>\$ 4,091,800</u>

D. Primary Government Leases

During the fiscal year 2021, the County entered into a non-cancellable lease purchase agreement for equipment in the amount of \$668,000. The cost of equipment put in service during the year was \$966,505. At June 30, 2021, the accumulated depreciation on this equipment was \$99,481. In addition, the County has non-cancellable operating lease agreements for communications equipment for multiple years. The future minimum capital and operating lease payments and the present value of minimum capital lease payments for the Primary Government as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Governmental	Business-type
	Activities	Activities
2022	\$ 479,643	\$ 42,649
2023	415,497	35,418
2024	283,324	28,187
2025	232,058	27,987
2026	64,819	4,197
Total minimum lease payments	1,475,341	138,438
less amounts representing interest	(49,089)	(4,649)
Present value of minimum lease payments	<u>\$ 1,426,252</u>	<u>\$ 133,789</u>

June, 30, 2021

Note 7 – Long-Term Obligations (Continued)

E. School Board Capital Leases

During fiscal year 2014, the School Board entered into a non-cancellable 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, 2021, the accumulated depreciation was in the amount of \$2,094,521.

The future minimum capital and operating lease payments and the present value of minimum capital lease payments for school Board capital leases as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	
2022	427,739
2023	446,977
2024	465,785
2025	484,120
2026	502,025
Thereafter	4,129,450
Total minimum lease payments	6,456,096
less amounts representing interest	(691,096)
Present value of minimum lease payments	<u>\$ 5,765,000</u>

During the fiscal year 2016, the School Board entered into a master equipment lease purchase agreement to finance the purchase of technology equipment, school buses, and food service equipment in the amount of \$1,240,000, \$860,000, and \$620,000, respectively. The cost of items meeting the County's capitalization threshold totaled \$1,480,000. At June 30, 2021, the accumulated depreciation was in the amount of \$628,424.

Future minimum lease purchase payments are as follows:

Fiscal Year Ending June 30,	
2022	\$ 67,188
2023	67,188
2024	67,188
2025	67,188
Thereafter	-
Total minimum lease payments	268,752
less amounts representing interest	(11,540)
Present value of minimum lease payments	<u>\$ 257,212</u>

June 30, 2021

Note 8 – Pension Plan

A. Plan Description

All full-time, salaried permanent employees of the County of Isle of Wight, Virginia and the County of Isle of Wight, Virginia School Board (School Board), are automatically covered by the VRS Retirement Plan or the VRS Teacher Retirement 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 pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as 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:

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, service credit and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none">• The defined benefit is based on a member's age, service credit 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.• 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.

June 30, 2021

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none">• Political subdivision employees.*• School division employees (teachers).• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
<p>Hybrid Opt-In Election VRS non-hazardous duty-covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	
<p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p>	<p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p>	<p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none">• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.
<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 2 or ORP.</p>	

June 30, 2021

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

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

June 30, 2021

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <i>Defined Benefit Component:</i> 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 service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contribution Component:</i> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none">• After two years, a member is 50% vested and may withdraw 50% of employer contributions.• After three years, a member is 75% vested and may withdraw 75% of employer contributions.• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distributions not required, except as governed by law.

June 30, 2021

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <i>Defined Benefit Component:</i> See definition under Plan 1. <i>Defined Contribution Component:</i> 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 the 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 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%.	Service Retirement Multiplier 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 service credit earned, purchased or granted on or after January 1, 2013	Service Retirement Multiplier <i>Defined Benefit Component:</i> The retirement multiplier for the defined benefit component is 1.00%. For members that 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: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	Sheriffs and regional jail superintendents: Same as Plan 1.	Sheriffs and regional jail superintendents: Not applicable.
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Not applicable.

June 30, 2021

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Normal Retirement Age Age 65.</p> <p>Political subdivision hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age Normal Social Security retirement age.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <i>Defined Benefit Component:</i> Same as Plan 2.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equal 90.</p>	<p>Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component:</i> Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90</p>
<p>Political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p>Political subdivision hazardous duty employees: Age 50 with at least five years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <i>Defined Benefit Component:</i> Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

June 30, 2021

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><i>Eligibility:</i> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><i>Exceptions to COLA</i> <i>Effective Dates:</i> School Division (Teachers) and Political Subdivision Employees: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013 • The member retires on disability. The member is involuntarily separated from employment for or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. 	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.</p> <p><i>Eligibility:</i> Same as Plan 1.</p> <p><i>Exceptions to COLA</i> <i>Effective Dates:</i> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p> <p><i>Eligibility:</i> Same as Plan 1 and Plan 2.</p> <p><i>Exceptions to COLA</i> <i>Effective Dates:</i> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1 and Plan 2.</p>

June 30, 2021

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement (Continued) <i>Exceptions to COLA Effective Dates: (Continued)</i> School Division (Teachers) and Political Subdivision Employees (continued): <ul style="list-style-type: none">• 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.• Political subdivision employees: The member retires directly from short-term or long-term disability.		
Disability Coverage Political subdivision employees: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Political subdivision employees: 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.	Disability Coverage Employees of political subdivisions and school divisions (teachers), including Plan 1 and Plan 2 opt-ins, participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an 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.

June 30, 2021

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
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 service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. <i>Defined Contribution Component:</i> Not applicable.

B. Employees Covered by Benefit Terms

County Plan

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit term of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	192
Inactive members:	
Vested inactive members	45
Non-vested inactive members	77
Active elsewhere in VRS	135
Total inactive members	257
Active members	288
Total covered employees	737

June 30, 2021

Note 8 - Pension Plan (Continued)

B. Employees Covered by Benefit Terms (Continued)

School Board Non-Professional Plan (Agent Plan)

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	66
Inactive members:	
Vested	10
Non-vested	53
Active elsewhere in VRS	28
Total inactive members	91
Active members	86
Total covered employees	243

June 30, 2021

Note 8 - Pension Plan (Continued)

C. Contributions

County (Agent Plan)

The contribution requirement for active employees is governed by Section 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.

The County's contractually required contribution rate for the year ended June 30, 2021, was 10.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,427,654 and \$1,345,369 for the years ended June 30, 2021, and 2020, respectively.

School Board Non-Professional Plan (Agent Plan)

The contribution requirement for active employees is governed by Section 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.

The School Board non-professional's contractually required contribution rate for the year ended June 30, 2021, was 7.24% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were \$100,854 and \$149,840 for the years ended June 30, 2021, and 2020, respectively.

June 30, 2021

Note 8 - Pension Plan (Continued)

C. Contributions (Continued)

School Board Professional Plan (Cost-Sharing Plan)

The contribution requirement for active employees is governed by Section 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. The School Board professional's contractually required contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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. Contributions to the pension plan from the School Board for the professional plan were \$5,135,443 and \$6,422,404 for the years ended June 30, 2021, and June 30, 2020, respectively.

D. Net Pension Liability

County and School Board Non-Professional Plans (Agent Plans)

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

School Board Professional Plan (Cost-Sharing Plan)

At June 30, 2021, the School Board reported a liability for the professional plan of \$54,338,051 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 0.37339% as compared to 0.37230% at June 30, 2019.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 8 - Pension Plan (Continued)

D. Net Pension Liability (Continued)

School Board Professional Plan (Cost-Sharing Plan)

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position.

As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total pension liability	\$ 51,001,855
Plan fiduciary net position	<u>36,449,229</u>
Employers' net pension liability	<u>\$ 14,552,626</u>

Plan fiduciary net position as a percentage of the total pension liability 71.47%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

E. Actuarial Assumptions

County and School Board Non-Professional Plans (Agent Plans)

General Employees

The total pension liability for General Employee's in the County's retirement plan and the total pension liability for the General Employees in the School Board non-professional retirement plan were based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

*Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

June 30, 2021

Note 8 - Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

Mortality Rates	15% of deaths are assumed to be service-related
- Pre-Retirement	RP-2014 Employee Rates to age 80, healthy Annuitant Rates at 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
- Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.
- Post-Disablement	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post retirement healthy, and disabled)	Update to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

County Plan (Agent Plan)

Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's retirement plan was based on an actuarial valuation as of June 30, 2019, 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 as of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 8 - Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

*Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

Mortality Rates	45% of deaths are assumed to be service-related.
- Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at 81 and older projected with scale BB to 2020; males 90% of rates; females set forward one year.
- Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward one year, 1.0% increase compounded from ages 70 to 90; females set forward three years.
- Post-Disablement	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years; unisex using 100% males

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

School Board Professional Plan (Cost-Sharing Plan)

The total pension liability for the VRS Teacher retirement plan was based on an actuarial valuation as of June 30, 2019, 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 as of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

June 30, 2021

Note 8 - Pension Plan (Continued)

School Board Professional Plan (Cost-Sharing Plan) (Continued)

E. Actuarial Assumptions (Continued)

*Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

Mortality Rates

- Pre-Retirement RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020
- Post-Retirement RP-2014 White Collar Employee Rates to age 40, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020, males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
- Post-Disablement RP-2014 Disability Mortality Rates projected with scale BB to 2020, 115% of rates for males and females

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

June 30, 2021

Note 8 - Pension Plan (Continued)

F. Long-Term Expected Rate of Return

County and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)

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 estimates 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*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.000%	3.04%	0.18%
PIP - Private Investment Partnership	3.000%	6.49%	0.19%
Total	100.000%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

June 30, 2021

Note 8 - Pension Plan (Continued)

G. Discount Rate

County and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)

The discount rate used to measure the total pension liabilities was 6.75%. 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue 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 liabilities.

H. Changes in the Net Pension Liability (Asset)

County Plan (Agent Plan)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2019	\$ 51,668,117	\$ 47,135,191	\$ 4,532,926
Changes for the Year:			
Service cost	1,687,629	-	1,687,629
Interest	3,405,540	-	3,405,540
Difference between expected and actual experience	1,215,874	-	1,215,874
Contributions - employer	-	1,345,369	(1,345,369)
Contributions - employee	-	715,155	(715,155)
Net investment income	-	912,953	(912,953)
Benefit payments, including refunds of employee contributions	(2,431,349)	(2,431,349)	-
Administrative expense	-	(30,468)	30,468
Other changes	-	(1,074)	1,074
Net changes	3,877,694	510,586	3,367,108
Balances at June 30, 2020	\$ 55,545,811	\$ 47,645,777	\$ 7,900,034

June 30, 2021

Note 8 - Pension Plan (Continued)

H. Changes in the Net Pension Liability (Asset) (Continued)

School Board Non-Professional Plan (Agent Plan)

	Increase (Decrease)	
	Total Pension Liability	Net Pension Liability (Asset)
	(a)	(b)
Balances at June 30, 2019	\$ 6,231,001	\$ 6,323,573
Charges for the Year:		
Service cost	183,305	-
Interest	406,986	-
Difference between expected and actual experience	220,047	-
Contributions - employer	-	122,034
Contributions - employee	-	81,207
Net investment income	-	118,171
Benefit payments, including refunds of employee contributions	(403,153)	(403,153)
Administrative expense	-	(4,167)
Other changes	-	(141)
Net changes	407,185	(86,049)
Balances at June 30, 2020	\$ 6,638,186	\$ 6,237,524

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

County and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)

The following presents the net pension liabilities of the County, the School Board non-professional plan, and the School Board professional plan, using the discount rate of 6.75%, as well as what the County and the District, the School Board non-professional plan, and the School Board professional plan's net pension liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower 5.75% or 1-percentage-point higher 7.75% than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
County net pension liability (asset)	\$ 14,686,777	\$ 7,900,034	\$ 2,245,171
School Board non-professional net pension liability (asset)	1,081,173	400,662	(176,259)
School Board professional net pension liability	79,726,141	54,338,051	33,338,905

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 8 - Pension Plan (Continued)

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

County Plan (Agent Plan)

For the year ended June 30, 2021, the County recognized pension expense of \$2,707,423. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>County</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 841,814	\$ -
Changes in assumptions	523,710	-
Net differences between projected and actual earnings on pension plan investments	1,424,524	
Employer contribution subsequent to the measurement date	<u>1,427,654</u>	<u>-</u>
Total	<u>\$ 4,217,702</u>	<u>\$ -</u>

The \$1,427,654 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 953,501
2023	892,235
2024	493,291
2025	451,020
2026	<u>-</u>
	<u>\$ 2,790,047</u>

June 30, 2021

Note 8 - Pension Plan (Continued)

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

School Board Non-Professional Plan (Agent Plan)

For the year ended June 30, 2021, the School Board recognized pension expense related to its non-professional plan of \$270,702. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 97,116	\$ -
Net difference between projected and actual earnings on pension plan investments	187,269	-
Employer contributions subsequent to the measurement date	100,854	-
Total	\$ 385,239	\$ -

The \$100,854 reported as deferred outflows of resources related to pensions resulting from the School Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Amount
2022	\$ 101,265
2023	58,956
2024	63,810
2025	60,354
2026	-
Thereafter	-
	<u>\$ 284,385</u>

June 30, 2021

Note 8 - Pension Plan (Continued)

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

School Board Professional Plan (Cost-Sharing)

For the year ended June 30, 2021, the School Board recognized pension expense related to the professional plan of \$6,041,284. 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.

At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (3,185,047)
Net difference between projected and actual earnings on pension plan investments	4,133,011	-
Changes in assumptions	3,709,253	-
Changes in proportionate share	435,224	(180,508)
Employer contributions subsequent to the measurement date	5,135,443	-
Total	\$ 13,412,931	\$ (3,365,555)

The \$5,135,443 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30	Amount
2022	\$ 34,912
2023	1,511,337
2024	1,945,766
2025	1,477,683
2026	(57,765)
	<u>\$ 4,911,933</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 8 - Pension Plan (Continued)

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS ACFR may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

L. Aggregate Pension Information

Primary Government

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
County VRS Pension Plan	\$ 7,900,034	\$ 4,217,701	\$ -	\$ 2,707,423
Total County Plans	\$ 7,900,034	\$ 4,217,701	\$ -	\$ 2,707,423

Component Unit School Board

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
School Board Non-Professional VRS Pension Plan	\$ 400,662	\$ 385,239	\$ -	\$ 270,702
School Board Professional VRS Pension Plan	54,338,051	13,412,931	3,365,555	6,041,284
Total Component Unit School Board Plans	\$ 54,738,713	\$ 13,798,170	\$ 3,365,555	\$ 6,311,986

June 30, 2021

Note 9 – Other Post Employment Benefits Medical Insurance Program

A. Plan Description

The County and the Isle of Wight County School Board (School Board) have defined benefit other postemployment benefit (OPEB) – medical insurance plans that provide OPEB for all permanent full-time employees of the County and the School Board. The plans have separate plan provisions. The plans were established by the respective Boards and any amendments to the plans must be approved by the Boards. These plans are single-employer defined benefit OPEB plan administered by the County and School Board. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. These plans do not issue stand-alone financial reports.

The specific information for Medical Insurance Program’s OPEB, including eligibility, is set out in the tables below:

County

Isle of Wight County employees are eligible for retiree health benefits until Medicare eligibility once they meet Virginia Retirement System (VRS) pension eligibility requirements and have 15 years of service. Retirees are required to contribute 100% of the health benefit premium. Spouses are not eligible for retiree health care benefits.

Schoolboard

Isle of Wight County School Board employees are eligible for retiree health benefits until Medicare eligibility once they meet Virginia Retirement System (VRS) pension eligibility requirements and have 15 years of service. Spouses are eligible to participate in the plan while the retiree is eligible for coverage by paying full cost of coverage. Coverage ends when retiree reaches Medicare age or passes away.

B. Employees Covered by Benefit Terms

At July 30, 2019, the following employees were covered by the benefit terms:

County

	Number
Active Participants	276
Retiree participants	1
Total	277

June 30, 2021

Note 9 – Other Post Employment Benefits Medical Insurance Program (Continued)

B. Employees Covered by Benefit Terms (Continued)

School Board

	<u>Number</u>
Active participants	649
Retiree participants	19
Spouses	<u>1</u>
Total	<u><u>669</u></u>

C. Total Medical Insurance Program OPEB Liability

The County's total Medical Insurance OPEB liability of \$1,188,082 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019. The School Board's total Medical Insurance OPEB liability of \$5,142,725 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

D. Actuarial Assumptions and Other Inputs

The total Medical Insurance Program OPEB liabilities were based on an actuarial valuation as of July 1, 2019, using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%	
Salary increases	3.50%	per annum
Discount rate	2.16%	per annum
Healthcare cost trend rates	7.25%	graded down to 4.75% over 10 years

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 9 - Other Postemployment Benefits – Medical Insurance Program (Continued)

E. Changes in the Total Medical Insurance OPEB Liability

County

	Total Medical Insurance OPEB Liability
Balance at June 30, 2020	<u>\$ 1,047,293</u>
Charges for the year:	
Service cost	129,197
Interest	25,793
Change in assumptions	4,632
Benefits paid	<u>(18,833)</u>
Net changes	<u>140,789</u>
Balance at June 30, 2021	<u><u>\$ 1,188,082</u></u>

School Board

	Total Medical Insurance OPEB Liability
Balance at June 30, 2020	<u>\$ 5,010,160</u>
Changes for the year:	
Service cost	269,723
Interest	113,752
Changes in assumptions	15,937
Benefits paid	<u>(266,847)</u>
Net changes	<u>132,565</u>
Balance at June 30, 2021	<u><u>\$ 5,142,725</u></u>

June 30, 2021

Note 9 - Other Postemployment Benefits – Medical Insurance Program (Continued)

F. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in the Discount Rate

The following presents the total OPEB liabilities of the County and the School Board calculated using the stated discount rate, as well as what the County's and the School Board's total Medical Insurance OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate (2.16%):

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
County	\$ 1,283,132	\$ 1,188,082	\$ 1,098,039
School Board	5,464,324	5,142,725	4,828,083

G. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in Healthcare Cost Trend Rate

The following represents the total Medical Insurance OPEB liabilities of the County and the School Board calculated using the stated discount rate, as well as what the County's and the School Board's total Medical Insurance OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Current Trend Rate	1% Increase
County	\$ 1,001,542	\$ 1,188,082	\$ 1,412,248
School Board	4,520,833	5,142,725	5,877,209

H. Medical Insurance OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical Insurance OPEB

For the year ended June 30, 2021, the County and the School Board recognized Medical Insurance OPEB expense of \$67,953 and \$547,982, respectively.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 9 - Other Postemployment Benefits – Medical Insurance Program (Continued)

At June 30, 2021, the County and School Board recognized deferred inflows and outflows of resources from the following sources:

	County		School Board	
	Deferred Outflows of Resource	Deferred Inflows of Resources	Deferred Outflows of Resource	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,286	\$ (99,956)	\$ 853,406	\$ (206,332)
Changes in assumptions	23,220	(180,398)	398,672	-
	<u>\$ 32,506</u>	<u>\$ (280,354)</u>	<u>\$ 1,252,078</u>	<u>\$ (206,332)</u>

Amounts recognized as deferred inflows and outflows of resources will be recognized in the Medical Insurance OPEB expense in future reporting periods as follows:

Fiscal Year Ending June 30,	County	School Board
2022	\$ (87,037)	\$ 164,509
2023	(87,036)	164,509
2024	(54,062)	164,505
2025	(19,712)	204,530
2026	-	204,530
Thereafter	-	143,163
	<u>\$ (247,847)</u>	<u>\$ 1,045,746</u>

I. Medical OPEB Expense Detail

Year Ending June 30, 2021	County	School Board
Service Cost	\$ 129,197	\$ 269,721
Interest on total OPEB Liability	25,793	113,752
Recognition of Deferred Inflows/Outflows of Resources:		
Recognition of economic/demographic gains or losses	(42,311)	80,945
Recognition of assumption changes or inputs	(44,726)	83,564
<u>OPEB Expense</u>	<u>\$ 67,953</u>	<u>\$ 547,982</u>

June 30, 2021

Note 10 - Other Postemployment Benefits – Group Life Insurance Program

A. Plan Description

All full-time, salaried permanent employees of the County and the School Board non-professional and the School Board professional employees are automatically covered by the VRS Group Life Insurance Program (GLI) upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none">• Natural Death Benefit: The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• Accidental Death Benefit: The accidental death benefit is double the natural death benefit.• Other Benefit Provisions: In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">o Accidental dismemberment benefito Safety belt benefito Repatriation benefito Felonious assault benefito Accelerated death benefit option

June 30, 2021

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (continued)

A. Plan Description

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the County and School Board for the years ended June 30, 2021 and June 30, 2020 were as follows.

		2021	2020
County	\$	80,421	\$ 76,505
School Board Non-Professional		8,127	8,851
School Board Professional		172,811	169,390

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2021, the participating employers' reported liabilities for its proportionate share of the net GLI OPEB liability as follows:

		2021	2020
County	\$	1,193,052	\$ 1,171,000
School Board Non-Professional		138,013	179,324
School Board Professional		2,641,434	2,584,099

June 30, 2021**Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)****C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)**

The net GLI OPEB liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, comparisons of the participating employers' proportions to June 30, 2019 are as follows:

	2020	2019
County	0.07149%	0.07197%
School Board Non-Professional	0.00827%	0.00830%
School Board Professional	0.15828%	0.15880%

For the year ended June 30, 2021, the County, School Board non-professional, and School Board professional employees recognized GLI OPEB expense (benefit) of \$51,409, \$4,199, and \$104,594, respectively. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employers reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

County

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,523	\$ (10,714)
Net difference between projected and actual earnings on GLI OPEB program investments	35,838	-
Change in assumptions	59,666	(24,912)
Changes in proportion	21,039	(6,125)
Employer contributions subsequent to the measurement date	80,421	-
Total	\$ 273,487	\$ (41,751)

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The \$80,421 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 23,883
2023	34,003
2024	43,241
2025	40,885
2026	8,894
Thereafter	<u>409</u>
Total	<u><u>\$ 151,315</u></u>

School Board Non-Professional

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of of Resources</u>
Differences between expected and actual experience	\$ 8,852	\$ (1,239)
Net difference between projected and actual earnings on		
GLI OPEB program investments	4,146	-
Change in assumptions	6,902	(2,882)
Changes in proportion	28,178	(38,074)
Employer contributions subsequent to the measurement date	<u>8,127</u>	<u>-</u>
Total	<u><u>\$ 56,205</u></u>	<u><u>\$ (42,195)</u></u>

June 30, 2021

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The \$8,127 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 1,015
2023	2,186
2024	3,499
2025	4,099
2026	(3,451)
Thereafter	<u>(1,465)</u>
Total	<u>\$ 5,883</u>

School Board Professional

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 169,424	\$ (23,724)
Net difference between projected and actual earnings on		
GLI OPEB program investments	79,346	-
Change in assumptions	132,102	(55,155)
Changes in proportion	30,779	(21,169)
Employer contributions subsequent to the measurement date	<u>172,811</u>	<u>-</u>
	<u>\$ 584,462</u>	<u>\$ (100,048)</u>

June 30, 2021

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The \$172,811 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 43,651
2023	66,058
2024	87,375
2025	90,952
2026	22,355
Thereafter	<u>1,212</u>
Total	<u>\$ 311,603</u>

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	
Teachers	3.50% - 5.95%
Locality - general employees	3.50% - 5.35%
Locality - hazardous duty employees	3.50% - 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of the OPEB liabilities.

June 30, 2021

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

School Board Professional

Mortality Rates – Teachers

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

June 30, 2021

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

County and School Board Non-Professional

Mortality Rates – General Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward three years; females 1.0% increase compounded from age 70 to 90.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 3 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year.
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality Rates – Hazardous Duty Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward one year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement: RP-2014 Disability Life Mortality Rate projected with scale BB to 2020; males set forward 2 years; unisex 100% male.

June 30, 2021

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

County and School Board Non-Professional (Continued)

Mortality Rates – Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date June 30, 2020, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,523,937
Plan fiduciary net position	<u>1,855,102</u>
Employers' net GLI OPEB liability	<u>\$ 1,668,835</u>
Plan fiduciary net position as a percentage of the total GLI OPEB liability	52.64%

June 30, 2021

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

E. Net GLI OPEB Liability (Continued)

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

F. Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
	Expected arithmetic nominal return*		7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

June 30, 2021

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

G. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance 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, 2020, the rate contributed by the participating employers for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

H. Sensitivity of the Participating Employers' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the participating employers' proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the participating employers' proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75)%	Current Discount Rate (6.75)%	1% Increase (7.75)%
County	\$ 1,568,358	\$ 1,193,052	\$ 888,268
School Board Non-Professional	181,428	138,013	102,755
School Board Professional	3,472,367	2,641,434	1,966,637

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS ACFR may be downloaded from the VRS website varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

June 30, 2021

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program

A. Plan Description

The County has two types of Health Insurance Credit Program (HIC) OPEB plans. A single-employer plan for political subdivisions (County and School Board Non-Professional Plan) and a cost-sharing employer plan for VRS teacher employees (School Board professional plan). For the County plan, all full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program (HIC) upon employment. For the School Board professional Plan, all full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. These plans are administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

County & School Board Non-Professional Plan

The specific information about the County Health Insurance Credit (HIC) OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HIC PLAN PROVISIONS
<p>Eligible Employees The Political Subdivision Retiree HIC was established July 1, 1993, for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include: Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.</p>
<p>Benefit Amounts The political subdivision's Retiree HIC provides the following benefits for eligible employees: At Retirement: For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. Disability Retirement: For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.</p>
<p>Health Insurance Credit Program Notes The monthly HIC benefit cannot exceed the individual premium amount. No HIC for premiums paid and qualified under Line of Duty Act (LODA); however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.</p>

June 30, 2021

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

A. Plan Description (Continued)

School Board Professional Plan

The specific information for the Teacher Employee HIC OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HIC PLAN PROVISIONS
<p><i>Eligible Employees</i></p> <p>The Teacher Employee Retiree HIC was established July 1, 1993, for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none">Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p><i>Benefit Amounts</i></p> <p>The Teacher Employee Retiree HIC provides the following benefits for eligible employees:</p> <ul style="list-style-type: none">At Retirement - for teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.disability under the Virginia Local Disability Program (VLDP), the monthly benefit isDisability Retirement - for teacher and other professional school employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is either:<ul style="list-style-type: none">\$4.00 per month, multiplied by twice the amount of service credit, or\$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
<p><i>Health Insurance Credit Program Notes</i></p> <p>The monthly HIC benefit cannot exceed the individual premium amount.</p> <p>Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.</p>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

B. Employees Covered by Benefit Terms

County Plan

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan.

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	40
Inactive members	-
Vested	-
Non-Vested	-
Active Elsewhere in VRS	-
Total inactive members	<u>40</u>
Active members	<u>156</u>
Total covered employees	<u><u>196</u></u>

School Board Non-Professional Plan

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan.

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	-
Inactive members	-
Vested	-
Non-Vested	-
Active Elsewhere in VRS	-
Total inactive members	<u>-</u>
Active members	<u>86</u>
Total covered employees	<u><u>86</u></u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

C. Contributions

The contribution requirement for active employees is governed by Section 51.1-1402(E) 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. For the year ended June 30, 2021, the contractually required employer contribution rates for the County, School Board non-professional and School Board professional were 0.20%, 0.49% and 1.21%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC Program from the participating employers for the years ended June 30, 2021, and June 30, 2020, were as follows:

	2021	2020
County	\$ 16,690	\$ 16,645
School Board Professional	386,115	389,938
School Board Non-Professional	7,259	-

D. Net HIC OPEB Liability

County & School Board Non-Professional Plans

The County plan's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

School Board Professional Plan

The net OPEB liability (NOL) for the Teacher Employee HIC represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC are as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total teacher employee HIC OPEB liability	\$ 1,448,676
Plan fiduciary net position	144,160
Teacher employee net HIC OPEB liability	<u>\$ 1,304,516</u>
Plan fiduciary net position as a percentage of the total teacher employee HIC OPEB liability	9.95%

June 30, 2021

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

E. Actuarial Assumptions

The total HIC OPEB liabilities were based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation:	
Locality-general employees	3.50%-5.35%
Teacher employees	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of the OPEB liabilities.

County & School Board Non-Professional Plans

Mortality Rates – General Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

June 30, 2021

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

E. Actuarial Assumptions (Continued)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

School Board Professional Plan

Mortality Rates – Teachers

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

June 30, 2021

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

June 30, 2021

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

F. Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

June 30, 2021

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

G. Discount Rate

The discount rate used to measure the total HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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, 2020, the rate contributed by the School Board non-professional and School Board professional plans for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020, on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

H. Changes in Net HIC OPEB Liability

County Plan

	Increase (Decrease)		
	Total HIC OPEB Liability	Plan Fiduciary Net Position	Net HIC OPEB Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2019	\$ 262,945	\$ 190,886	\$ 72,059
Changes for the year:			
Service cost	7,137	-	7,137
Interest	17,035	-	17,035
Difference between expected and actual experience	(917)	-	(917)
Contributions-employer	-	16,646	(16,646)
Net investment income	-	3,829	(3,829)
Benefit payments, including refunds of employee contributions	(21,155)	(21,155)	-
Administrative expenses	-	(362)	362
Other changes	-	(2)	2
Net changes	2,100	(1,044)	3,144
Balance at June 30, 2020	\$ 265,045	\$ 189,842	\$ 75,203

June 30, 2021

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

School Board Non-Professional Plan

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balance at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Changes in benefit terms	95,695	-	95,695
Net changes	95,695	-	95,695
Balance at June 30, 2020	\$ 95,695	\$ -	\$ 95,695

I. Sensitivity of the HIC Net OPEB Liabilities to Changes in the Discount Rate

The following presents the net HIC OPEB liabilities using the discount rate of 6.75%, as well as what the net HIC OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75)%	Current Discount Rate (6.75)%	1% Increase (7.75)%
School Board Professional	\$ 5,412,638	\$ 4,835,321	\$ 4,344,644
School Board Non-Professional	105,398	95,695	87,310
County	102,485	75,203	51,817

June 30, 2021**Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)****J. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB****County Plan**

For the year ended June 30, 2021, the County plan recognized HIC OPEB expense of \$ 10,025. At June 30, 2021, the County plan reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,017	\$ (17,049)
Net difference between projected and actual earnings on investments	6,161	-
Change in assumptions	4,109	(1,673)
Employer contributions subsequent to the measurement date	16,690	-
Total	\$ 33,540	\$ (20,285)

The \$16,690 reported as deferred outflows of resources related to the HIC OPEB resulting from the County plan's contributions subsequent to the measurement date will be recognized as a reduction of the total HIC OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows (amounts expressed in the thousands):

Year Ending June 30	Amount
2022	\$ (1,789)
2023	(346)
2024	428
2025	(1,364)
2026	(364)
Thereafter	-
Total	\$ (3,435)

June 30, 2021

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

J. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB (Continued)

School Board Non-Professional Plan

For the year ended June 30, 2021, the School Board Non-Professional plan recognized HIC OPEB expense of \$95,695. At June 30, 2021, the School Board Non-Professional plan reported deferred outflows of resources related to the HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on investments	-	-
Change in assumptions	-	-
Employer contributions subsequent to the measurement date	7,259	-
Total	<u>\$ 7,259</u>	<u>\$ -</u>

The \$7,259 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board Non-Professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the total HIC OPEB liability in the fiscal year ending June 30, 2022.

School Board Professional Plan

At June 30, 2021, the School Board professional plan reported a liability of \$4,835,321 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB liability. The Net VRS Teacher Employee HIC OPEB liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The School Board professional plan's proportion of the Net VRS Teacher Employee HIC OPEB liability was based on the School Board professional plan's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board professional plan's proportion of the VRS Teacher Employee HIC was 0.37066% as compared to 0.36986% at June 30, 2019.

June 30, 2021

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

J. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB (Continued)

For the year ended June 30, 2021, the School Board professional plan recognized VRS Teacher Employee HIC OPEB expense of \$398,696. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the School Board professional plan reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (64,572)
Net difference between projected and actual earnings on HIC OPEB program investments	21,428	-
Change in assumptions	95,587	(26,419)
Changes in proportionate share	43,637	(28,986)
Employer contributions subsequent to the measurement date	386,115	-
Total	\$ 546,767	\$ (119,977)

June 30, 2021

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

- J. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB (Continued)

School Board Professional Plan (Continued)

The \$386,115 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the School Board professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the total Teacher Employee HIC OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 2,715
2023	4,839
2024	4,127
2025	9,337
2026	15,314
Thereafter	<u>4,343</u>
Total	<u><u>\$ 40,675</u></u>

K. Health Insurance Credit Program Plan Data

Detailed information about the VRS County and School Board Health Insurance Credit is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS ACFR may be downloaded from the VRS website varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

June 30, 2021

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program

Plan Description

The County has three types of Virginia Local Disability Programs (VLDP) OPEB plans. The first two plans, the County and School Board non-professional plans, are single-employer plans for political subdivisions. The third plan, the School Board professional plan, is a multiple-employer, cost-sharing employer plan for VRS teacher employees. For the County and School Board non-professional plans, all full-time, salaried general employees, including local law enforcement officers, firefighters, or emergency medical technicians of the County and School Board non-professional plans who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee VLDP. For the School Board professional plan, all full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee VLDP. These plans are administered by the System, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. These plans are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the VLDP.

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

POLITICAL SUBDIVISION AND TEACHER EMPLOYEE VLDP PLAN PROVISIONS
County and School Board Non-Professional Plans
<i>Eligible Employees</i> The Political Subdivision Employee VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include: <ul style="list-style-type: none">• Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.
School Board Professional Plan
<i>Eligible Employees</i> The Teacher Employee Virginia Local Disability Program was implemented January 1, 2014, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include: <ul style="list-style-type: none">• Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.

June 30, 2021

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

Plan Description (Continued)

<p>Benefit Amounts</p> <p>The Political Subdivision VLDP provides the following benefits for eligible employees:</p> <p><i>Short-Term Disability:</i></p> <ul style="list-style-type: none">• The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation.• During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability.• Once the five-year eligibility period is satisfied, employees are eligible for higher income replacement levels. <p><i>Long-Term Disability:</i></p> <ul style="list-style-type: none">• The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work or are working fewer than 20 hours per week.• Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.
<p>Virginia Local Disability Program Notes</p> <ul style="list-style-type: none">• Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.• VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

Contributions

The contribution requirement for active hybrid plan employees is governed by Section 51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the County, School Board non-professional, and School Board professional plans by the Virginia General Assembly. For the year ended June 30, 2021, the contractually required employer contribution rates of covered employee compensation for employees in the VLDP for the County, School Board non-professional, and School Board professional plans were 0.83%, 0.83%, and 0.47%, respectively. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the VLDP from the County, School Board non-professional plan, and School Board professional plan to the VLDP from the participating employers for the years ended June 30, 2021, and June 30, 2020 were as follows:

	2021	2020
County	\$ 33,224	\$ 26,840
School Board Non-Professional	3,122	2,863
School Board Professional	40,797	32,206

VLDP OPEB Liability, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VLDP OPEB

At June 30, 2021, the County, School Board non-professional, and School Board professional plans reported liabilities of \$9,985, \$1,065 and \$10,655, respectively for their proportionate share of their VLDP Net OPEB liabilities. The VLDP Net OPEB liabilities were measured as of June 30, 2020, and the total VLDP OPEB liabilities used to calculate the VLDP net OPEB liabilities were determined by actuarial valuations as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The County, School Board non-professional, and School Board professional plans' proportions of the VLDP Net OPEB liabilities were based on the County, School Board non-professional, and School Board professional plans' actuarially determined employer contributions to their VLDP OPEB plans for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, comparisons of the participating employers' proportions to June 30, 2019 are as follows:

	2020	2019
County	1.00031%	0.99652%
School Board Non-Professional	0.10671%	0.21506%
School Board Professional	1.32800%	1.29409%

For the year ended June 30, 2021, the County, School Board non-professional, and School Board professional plans recognized VLDP OPEB expenses of \$28,734, \$3,090 and \$29,043, respectively. Since there was a change in proportionate share between measurement dates, a portion of the VLDP net OPEB expenses were related to deferred amounts from changes in proportion.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

County Plan

At June 30, 2021, the County plan reported deferred outflows of resources and deferred inflows of resource related to VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,090	\$ (11,722)
Net difference between projected and actual earnings on investments	1,061	-
Changes in proportion	462	(667)
Change in assumptions	37	(122)
Employer contributions subsequent to the measurement date	33,224	-
Total	<u>\$ 42,874</u>	<u>\$ (12,511)</u>

The \$33,224 reported as deferred outflows of resources related to the VLDP OPEB resulting from the County plan's contributions subsequent to the measurement date will be recognized as a reduction of the net VLDP OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

Year Ending June 30	Amount
2022	\$ 927
2023	907
2024	926
2025	847
2026	(1,356)
Thereafter	<u>(5,112)</u>
Total	<u>\$ (2,861)</u>

June 30, 2021

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

School Board Non-Professional Plan

At June 30, 2021, the School Board non-professional reported deferred outflows of resources and deferred inflows of resource related to VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 863	\$ (1,251)
Net difference between projected and actual earnings on investments	113	-
Changes in proportion	548	(1,057)
Change in assumptions	49	(71)
Employer contributions subsequent to the measurement date	3,122	-
Total	<u>\$ 4,695</u>	<u>\$ (2,379)</u>

The \$3,122 reported as deferred outflows of resources related to the VLDP OPEB resulting from the School Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net VLDP OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

Year Ending June 30	Amount
2022	\$ 124
2023	122
2024	124
2025	103
2026	(263)
Thereafter	<u>(1,016)</u>
Total	<u>\$ (806)</u>

June 30, 2021**Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)****School Board Professional Plan**

At June 30, 2021, the School Board professional plan reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,038	\$ (824)
Net difference between projected and actual earnings on investments	1,150	-
Changes in proportion	312	-
Change in assumptions	1,195	-
Employer contributions subsequent to the measurement date	40,797	-
Total	\$ 48,492	\$ (824)

The \$40,797 reported as deferred outflows of resources related to the VLDP OPEB resulting from the School Board professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net VLDP OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 712
2023	685
2024	677
2025	689
2026	403
Thereafter	3,705
Total	\$ 6,871

June 30, 2021

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

Actuarial Assumptions

The total VLDP OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation:	
Political subdivision employees	3.50%-5.95%
Teacher employees	3.50%-5.95%
Investment rate of return	6.75%, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of the OPEB liabilities.

County and School Board Non-Professional Plan

Mortality Rates – Non-Largest Ten Locality Employers – General and Non-Hazardous Duty Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward one year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years; unisex using 100% male.

June 30, 2021

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year, age and service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

School Board Professional Plan

Mortality Rates – Teachers

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

June 30, 2021

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year, age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Net VLDP OPEB Liability

The net OPEB liabilities (NOL) for the County, School Board non-professional and School Board professional plans VLDP represents the programs' total OPEB liabilities determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the County, School Board non-professional and School Board professional plans VLDP is as follows (amounts expressed in thousands):

	County and School Board	
	Non-Professional Plans	School Board Professional Plan
	VLDP OPEB Plans	
Total Employee VLDP OPEB liability	\$ 4,317	\$ 3,687
Plan fiduciary net position	3,317	2,886
Employers' net VLDP OPEB liability	\$ 1,000	\$ 801
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	76.84%	78.28%

The total VLDP OPEB liabilities are calculated by the System's actuary, and the plan's fiduciary net positions are reported in the System's financial statements. The net VLDP OPEB liabilities are disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to financial statements and required supplementary information.

June 30, 2021**Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)*****Long-Term Expected Rate of Return***

The long-term expected rate of return on VRS System investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS 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*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by the County and School Board non-professional and professional plans for the VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020, on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the School Board non-professional and School board professional plans VLDP OPEB plans' fiduciary net positions were 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 School Board non-professional School Board professional plans VLDP OPEB liabilities.

June 30, 2021

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

Sensitivity of the VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net VLDP OPEB liabilities using the discount rate of 6.75%, as well as what the proportionate share of the net VLDP OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County	\$ 13,393	\$ 9,985	\$ 7,017
School Board Non-Professional	1,429	1,065	749
School Board Professional	16,589	10,655	5,533

VLDP OPEB Fiduciary Net Position

Detailed information about the School Board non-professional plan VLDP's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS ACFR may be downloaded from the VRS website at varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Aggregate Other Post Employment Benefits (OPEB) Information

	Primary Government			
	Net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
<i>County OPEB Plans</i>				
Medical Insurance Program	\$ 1,188,082	\$ 32,506	\$ 280,354	\$ 67,953
Group Life Insurance Program	1,193,052	273,487	41,751	51,409
Health Insurance Credit Program	75,203	33,540	20,285	10,025
Virginia Local Disability Program	9,985	42,874	12,511	28,734
Total County Plans	\$ 2,466,322	\$ 382,407	\$ 354,901	\$ 158,121

	Component Unit School Board			
	Net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
<i>School Board Non-Professional Plans</i>				
Medical Insurance Program	\$ -	\$ -	\$ -	\$ -
Group Life Insurance Program	138,013	56,205	42,195	4,199
Health Insurance Credit Program	95,695	7,259	-	95,695
Virginia Local Disability Program	1,065	4,695	2,379	3,090
Total School Board Non-Professional	\$ 234,773	\$ 68,159	\$ 44,574	\$ 102,984

<i>School Board Professional Plans</i>				
Medical Insurance Program	\$ 5,142,725	\$ 1,252,078	\$ 206,332	\$ 547,982
Group Life Insurance Program	2,641,434	584,462	100,048	104,594
Health Insurance Credit Program	4,835,321	546,767	119,977	398,696
Virginia Local Disability Program	10,655	48,492	824	29,043
Total School Board Professional	\$ 12,630,135	\$ 2,431,799	\$ 427,181	\$ 1,080,315

Total Component Unit School Board Plans	\$ 12,864,908	\$ 2,499,958	\$ 471,755	\$ 1,183,299
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June 30, 2021

Note 13 – 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. This amount was reduced to the actual cost of implementation of the CAP, upon approval of VDEQ. The current estimated future annual total cost of the post-closure monitoring and maintenance is \$1,690,643 based on the expected cost for all equipment, facilities and services required to monitor and maintain the landfill post-closure. During the fiscal year ended June 30, 2021, the County expended \$122,471 in post-closure costs. The current costs of landfill closure and post-closure care is an estimate subject to changes resulting from inflation, technology or change in applicable laws or regulations.

B. Southeastern Public Service Authority (SPSA)

The County is a member of the Southeastern Public Authority ("SPSA"), together with the Cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, Virginia Beach and the County of Southampton. SPSA operates a regional system for the reception, transfer, processing and disposal of solid waste. Under intergovernmental contracts with SPSA ("Use and Support Agreements"), each member government is required to dispose of 95% of the waste generated within its jurisdiction and to pay SPSA's costs through "tipping fees" payments. Due to certain in-kind contributions, Suffolk is not subject to these tipping fees, and Virginia Beach's tipping fee payment obligations are capped. The effect of this structure is that Chesapeake, Franklin, Isle of Wight, Norfolk, Portsmouth and Southampton are contractually obligated to provide for the break-even operations of SPSA's solid waste system, based on relative population.

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 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.

June 30, 2021

Note 13 – Commitments and Contingent Liabilities (Continued)

C. Risk Management (Continued)

The School Board's workers' compensation coverage is \$500,000 and the School board has additional excess liability coverage and 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, 2020 are as follows:

	2021	2020	2019
Claims liabilities, beginning of year	\$ 516,992	\$ 480,350	\$ 330,194
Current year claims	5,993,195	6,389,513	5,166,709
Change in prior year claims	108,431	(521,655)	1,159,233
Claim payments	(5,276,149)	(4,676,902)	(5,238,786)
Legal, administrative and other expenses	(1,046,289)	(1,154,314)	(937,000)
Claims liabilities, end of year	<u>\$ 296,180</u>	<u>\$ 516,992</u>	<u>\$ 480,350</u>

D. Encumbrances

Outstanding encumbrances at year end represent the estimated amount of the expenditures required to complete contracts, purchase orders and other commitments in process of completion at fiscal year end. Encumbrances are reflected in the financial statements as a part of Assigned Fund Balance. Outstanding encumbrances as of June 30, 2020 for the County are as follows:

<u>Governmental Funds</u>	
General Fund	\$ 416,789
Capital Projects	4,657,316
Total	<u>\$ 5,074,105</u>

June 30, 2021**Note 13 – Commitments and Contingent Liabilities (Continued)*****E. Pension and Other Post Employment Benefits***

Pension and Other Post Employment Benefits (OPEB) are long term liabilities created by a commitment to provide benefits to employees post employment. The Net Pension Liability and Net OPEB Liability are determined by an actuarial assessment and presented on the face of the financial statements. Amounts for deferred inflows and deferred outflows are also presented on the face of the financial statements. Details about the actuarial assessment and inflows and outflows are presented in the Pension and OPEB note disclosures. Individual plan expenses are also presented in those notes. Aggregate amounts of the recognized pension expense and OPEB expense for the Fiscal Year ended June 30, 2021 are presented below.

Aggregate Pension Expense Recognized for the Fiscal Year ended June 30, 2021

	County	School Professional	School Non-Professional	Total
Pension Expense	\$ 2,707,423	\$ 6,041,284	\$ 270,702	\$ 9,019,409

Aggregate Other Post Employment Benefits Expense Recognized as of June 30, 2021

	County	School Professional	School Non-Professional	Total
Medical Insurance	\$ 67,953	\$ 547,982	\$ -	\$ 615,935
Group Life	51,409	104,594	4,199	160,202
Health Insurance Credit	10,025	398,696	95,695	504,416
Disability Program	28,734	29,043	3,090	60,867
	\$ 158,121	\$ 1,080,315	\$ 102,984	\$ 1,341,420

F. 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.

G. Litigation

The County is a defendant in litigation filed by a party alleging unconstitutional taxation. The County is vigorously defending the case. Since the outcome is equally likely to be favorable or unfavorable, no contingency has been recognized in the financial statements. The possible outcome ranges from a gain of \$592,264.94 to a loss of \$5,400,000 plus 10% interest per annum.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2021

Note 14 – Joint Ventures

In September 2009, the County amended its agreement with the Western Tidewater Water 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. In addition, 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 pays a fixed charge to the Western Tidewater Water Authority for access to its water supply reservoir. In fiscal year 2021, the County contributed approximately \$1,031,353 to the Authority for the City of Norfolk and \$2,218,523 to the City of Suffolk. The County also contributed \$20,340 during the year for its share of costs incurred by the Authority.

Note 15 – 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 local tax revenues collected by the County within the designated area using a predetermined formula. For the year ended June 30, 2021, the payments made to the City were \$1,054,851.52 for collections through June 30, 2020. A liability for the City's share of tax collections during the fiscal year ended June 30, 2021 has been reflected in the financial statements as due to other governments in the amount of \$996,148.

Note 16 - Tax Abatements

Isle of Wight County negotiates performance agreements on an individual basis with private entities to stimulate investments and job creation. There were no tax abatements in fiscal year 2021.

Note 17 – Fund Balances

The County has the following fund balance classifications at June 30, 2021:

	General	Capital Projects	Debt Service	Other Governmental	Total
Nonspendable					
Advance to component unit	\$ 375,000	\$ -	\$ -	\$ -	\$ 375,000
Restricted for:					
Animal Control	-	-	-	45,466	45,466
Lease proceeds	3,377	-	-	-	3,377
Capital Projects	-	34,066,998	-	-	34,066,998
Committed for:					
Pandemic Response	151,793	-	-	-	151,793
Technology Fees	47,621	-	-	-	47,621
Debt service - PACE	2,946,281	-	-	-	2,946,281
Economic Development	952,712	-	-	-	952,712
Assigned to:					
Revaluation Assessment Reserve	180,000	-	-	-	180,000
Capital Projects	-	4,680,243	-	-	4,680,243
General Administration	416,789	-	2,368,654	588,457	3,373,900
School Capital /Debt Service Reserve	2,645,925	-	-	-	2,645,925
Unassigned	25,527,263	-	-	-	25,527,263
	<u>\$ 33,246,761</u>	<u>\$ 38,747,241</u>	<u>\$ 2,368,654</u>	<u>\$ 633,923</u>	<u>\$ 74,996,579</u>

June 30, 2021

Note 18 - Prior Period Adjustment

A. Restatements

When prior period adjustments are recorded, the resulting effects are disclosed in the notes to the financial statements. For single-period statements, the disclosure must indicate the effects of these adjustments on the beginning net position for the current reporting period and on the change in net position for the immediately preceding period (prior fiscal year). The County's Governmental Activities and Business Activities both had adjustments to beginning net position related to errors discovered during the current Fiscal Year. The Governmental error discovered also affected reporting of the prior period General Fund fund balance.

The Governmental Activities and General Fund error involved the treatment of the Franklin Revenue Share liability. Property Taxes collected in the Franklin Revenue Share district during the fiscal year are to be paid, pursuant to the calculation prescribed in the Memorandum of Understanding between the County and the City of Franklin, to the City of Franklin each year on or before August 1st following the June 30 close of that year. Since the taxes are collected during the fiscal year, the liability reflecting a Due to Other Governments and expense for the cost of the Revenue Share should be attributed to that year. Previously, no liability was recognized and the expense was reflected in the statements as an expenditure in the year following the collections. A small rounding error was also found in beginning balances of Long Term Liabilities which has been reflected in Net Position but will have no affect on Fund Balance. The affect on Governmental Activities Net Position and General Fund fund Balance is shown below.

Governmental Activities

Net Position, July 1, 2020, as previously stated	\$ 27,896,331
Prior period adjustments	
Error Correction, revenue sharing	(1,054,852)
Error Correction, liability rounding error	<u>4</u>
Net Position, July 1, 2020 as restated	<u><u>26,841,483</u></u>

General Fund

Fund balance, July 1, 2020, as previously stated	\$ 28,974,070
Prior period adjustments	
Error correction, revenue sharing	<u>(1,054,852)</u>
Fund balance, July 1, 2020, as restated	<u><u>27,919,218</u></u>

June 30, 2021

Note 18 - Prior Period Adjustment (Continued)

Net Position for Business Activities was affected by the capitalization of assets purchased in prior periods. Water Meters have an approximate life of 20 years and are purchased in bulk resulting in a valuable asset that was not capitalized in prior periods. The County has corrected Capital Assets to reflect the addition of these assets. The affect of the correction is shown below.

	<u>Business Activities</u>		
	Public Utilities	Stormwater	Total
Net Position, July 1, 2020, as previously stated	\$ (12,212,851)	\$ 6,034,654	\$ (6,178,197)
Prior period adjustments			
Error Correction, Asset Capitalization	585,123		585,123
Net Position, July 1, 2020, as restated	<u>(11,627,728)</u>	<u>6,034,654</u>	<u>(5,593,074)</u>

B. GASB Implementation

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The County's Special Welfare and School Board's School Activities Funds which were previously reported as a Agency Funds will now be reported using the new criteria. The County's Special Welfare Fund is reported as a Custodial Fund in the Basic Financial Statements. The School Board's School Activities Fund is reported as a Special Revenue Fund and presented with the other non-major school funds. The implementation of this Statement presents a fund balance for the School Actitives Fund and a restatement to net position for the County's Custodial Fund and the government wide activities of the School Board. These changes to the financial statement presentation resulted in the following restatement of net position and fund balance.

	Net Position		Fund Balance
	Custodial Fund	Component Unit	
	Special Welfare	School Board	Student Activities Fund
Balance, July 1, 2020, as previously stated	\$ -	4,950,940	\$ -
Implementation of GASB 84			
Record custodial funds	34,135	-	-
Record school activity funds	-	459,181	459,181
Balance, July 1, 2020, as restated	<u>\$ 34,135</u>	<u>5,410,121</u>	<u>\$ 459,181</u>

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Required Supplementary Information

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*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund***For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Primary Government				
General fund:				
Revenues and Other Financing Sources				
Revenue from local sources:				
General property taxes:				
Real property	\$ 40,250,000	\$ 40,250,000	\$ 40,447,827	\$ 197,827
Real and personal public service corporation property	1,521,000	1,521,000	1,676,126	155,126
Personal property	9,271,000	10,252,000	10,597,225	345,225
Boat/Airplane	100,555	100,555	136,288	35,733
Mobile home	150,000	150,000	120,841	(29,159)
Machinery and tools	5,075,000	5,075,000	4,804,636	(270,364)
Equipment	1,867,000	1,876,000	2,011,063	135,063
Penalties	425,000	425,000	457,513	32,513
Interest and other costs	190,000	190,000	192,666	2,666
Total general property taxes	58,849,555	59,839,555	60,444,185	604,630
Other local taxes:				
Local sales and use	2,525,000	2,949,500	3,376,399	426,899
Communications sales and use	683,000	683,000	605,463	(77,537)
Consumer's utility	1,007,000	1,007,000	901,405	(105,595)
Consumption	131,000	131,000	112,340	(18,660)
Business license	832,000	832,000	887,070	55,070
Motor vehicle licenses	1,139,000	1,139,000	1,081,143	(57,857)
Recordation and wills	650,000	650,000	906,770	256,770
Lodging	64,000	64,000	70,970	6,970
Meals tax	464,775	464,775	569,370	104,595
Bank franchise	11,000	11,000	14,530	3,530
Local penalties	7,000	7,000	9,989	2,989
Local interest	2,000	2,000	5,085	3,085
Total other local taxes	7,515,775	7,940,275	8,540,534	600,259
Permits, fees and licenses:				
Animal licenses	40,000	40,000	38,493	(1,507)
Land use application and transfer fees	1,000	1,000	1,895	895
Zoning and subdivision fees	75,000	75,000	84,508	9,508
Building permits	390,000	443,767	562,483	118,716
Concealed weapon permits	25,000	25,000	50,906	25,906
Misc permits/fees	45,000	45,000	54,738	9,738
Total permits, fees and licenses	576,000	629,767	793,023	163,256
Fines and forfeitures	153,000	153,000	110,659	(42,341)
Total fines and forfeitures	153,000	153,000	110,659	(42,341)

See accompanying Notes to Required Supplementary Information

Continued

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund***For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues from use of money and property:				
Revenues from use of money	\$ 425,000	\$ 425,000	\$ (364,437)	\$ (789,437)
Revenues from use of property	185,000	185,000	208,572	23,572
Total revenues from use of money and property	610,000	610,000	(155,865)	(765,865)
Charges for services:				
Charges for Commonwealth's Attorney	14,000	14,000	11,036	(2,964)
Charges for parks and recreation	302,885	302,885	89,293	(213,592)
Charges for building construction court fee	46,000	46,000	31,257	(14,743)
Charges for law enforcement and other protections	108,000	108,000	114,472	6,472
Charges for emergency medical services	1,020,000	1,020,000	1,416,647	396,647
Charges for other services	132,000	132,000	111,687	(20,313)
Total charges for services	1,622,885	1,622,885	1,774,392	151,507
Miscellaneous:				
Miscellaneous	369,500	369,500	490,194	120,694
Farmers market	77,100	77,100	68,757	(8,343)
Total miscellaneous	446,600	446,600	558,951	112,351
Recovered costs:				
Indirect cost allocation	225,918	225,918	225,918	-
Recovered costs	349,996	458,918	795,162	336,244
Total recovered costs	575,914	684,836	1,021,080	336,244
Other local sources:				
Salty Southern Route	5,500	5,500	5,500	-
Total other local sources	5,500	5,500	5,500	-
Total revenues from local sources	70,355,229	71,932,418	73,092,459	1,160,041
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	271,000	271,000	347,119	76,119
Total noncategorical aid	5,386,890	5,386,890	5,463,009	76,119
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	406,027	406,027	398,214	(7,813)
Sheriff	1,316,875	1,316,875	1,140,581	(176,294)
Commissioner of the Revenue	151,608	151,608	147,778	(3,830)
Treasurer	131,319	131,319	125,039	(6,280)
Registrar/electoral board	42,000	42,000	46,688	4,688
Clerk of the Circuit Court	281,167	281,167	281,432	265
Technology Trust Fund	28,224	28,224	23,656	(4,568)
Total shared expenses	2,357,220	2,357,220	2,163,388	(193,832)

See accompanying Notes to Required Supplementary Information

Continued

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund***For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other categorical aid:				
State grants	\$ 124,000	\$ 147,802	\$ 106,206	\$ (41,596)
Total other categorical aid	124,000	147,802	106,206	(41,596)
Total categorical aid	2,481,220	2,505,022	2,269,594	(235,428)
Total revenues from the Commonwealth	7,868,110	7,891,912	7,732,603	(159,309)
Revenue from the federal government:				
DSS Indirect Cost Allocation	112,074	112,074	113,867	1,793
QSCB Federal Tax Credit	337,500	337,500	311,735	(25,765)
Total revenues from the federal government	449,574	449,574	425,602	(23,972)
Other financing sources:				
Interfund transfers	-	1,808,799	1,808,799	-
Issuance of debt	650,000	650,000	627,375	(22,625)
Proceeds from sale of assets	10,000	10,000	90,739	80,739
Appropriated Fund Balance	220,000	5,847,216	-	(5,847,216)
Total other financing sources	880,000	8,316,015	2,526,913	(5,789,102)
Total General Fund revenues and other financing sources	79,552,913	88,589,919	83,777,577	(4,812,342)
Expenditures and Other Financing Uses				
General government administration				
Legislative:				
Board of Supervisors	315,870	337,808	291,787	46,021
Total legislative	315,870	337,808	291,787	46,021
General and financial administration:				
Budget and finance	762,929	782,845	714,100	68,745
Admin - Commissioner of the Revenue	690,959	702,959	699,513	3,446
County Administrator	471,830	477,835	469,312	8,523
County Attorney	588,000	578,360	506,120	72,240
Human resources	331,482	341,385	289,262	52,123
Communication	75,400	78,825	69,279	9,546
Purchasing	99,482	166,622	153,425	13,197
Real estate assessment	196,900	196,900	18,171	178,729
Admin - Treasurer	801,263	813,044	847,906	(34,862)
Total general and financial administration	4,018,245	4,138,775	3,767,088	371,687
Board of Elections:				
Registrar/electoral board and officials	317,713	337,308	298,792	38,516
Total Board of Elections	317,713	337,308	298,792	38,516
Total general government administration	4,651,828	4,813,891	4,357,667	456,224
Judicial administration:				
Courts:				
Circuit Court	77,687	78,689	74,973	3,716
General District Court	17,381	18,048	9,856	8,192
Fifth District Court services unit	238,479	238,479	88,368	150,111
Juvenile and Domestic Relations District Court	18,202	18,869	7,859	11,010
Expenses - Clerk of the Circuit Court	585,283	595,595	515,997	79,598
Total courts	937,032	949,680	697,053	252,627
Commonwealth's Attorney	816,801	832,443	795,101	37,342
Total Commonwealth's Attorney	816,801	832,443	795,101	37,342
Total judicial administration	1,753,833	1,782,123	1,492,154	289,969

See accompanying Notes to Required Supplementary Information

Continued

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund***For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,914,688	\$ 5,655,501	\$ 5,034,710	\$ 620,791
Total law enforcement and traffic control	4,914,688	5,655,501	5,034,710	620,791
Fire and rescue services:				
Emergency services	508,513	514,006	468,583	45,423
Fire and rescue response	4,497,577	5,393,405	4,798,921	594,484
Total fire and rescue services	5,006,090	5,907,411	5,267,504	639,907
Other protection:				
Animal control	596,478	601,586	523,267	78,319
Western Tidewater Regional Jail	1,293,333	1,293,333	1,293,333	-
Total other protection	1,889,811	1,894,919	1,816,600	78,319
Total public safety	11,810,589	13,457,831	12,118,814	1,339,017
Public works:				
Administration:				
General Administration	299,376	306,064	292,160	13,904
Transportation	276,561	301,093	281,835	19,258
Total administration	575,937	607,157	573,995	33,162
Sanitation and waste removal:				
Programs and inspections	81,563	82,867	80,011	2,856
Refuse collection	2,637,225	2,853,423	2,604,050	249,373
Total sanitation and waste removal	2,718,788	2,936,290	2,684,061	252,229
Maintenance of general buildings and grounds:				
General Properties (Bldg&Grds)	1,441,592	1,690,255	1,568,637	121,618
Total maintenance of general buildings and grounds	1,441,592	1,690,255	1,568,637	121,618
Total public works	4,736,317	5,233,702	4,826,693	407,009
Health and welfare:				
Court Appointed Special Advocate	20,000	30,000	30,000	-
Genieve Shelter	11,000	11,000	11,000	-
Endeppence Center of Tidewater	5,000	5,000	5,000	-
IOW Christian Outreach	15,000	87,000	87,000	-
Senior Services of Southeastern Hampton Roads	56,000	56,000	56,000	-
Western Tidewater Health District	569,588	569,588	569,588	-
Western Tidewater Community Service Board	217,774	217,774	217,774	-
Western Tidewater Free Clinic	50,000	50,000	50,000	-
Total health and welfare	944,362	1,026,362	1,026,362	-
Parks and recreation:				
Parks and recreation	\$ 361,742	\$ 365,166	\$ 337,678	\$ 27,488
Parks and recreation programs	747,146	775,443	531,964	243,479
Parks and gateways	902,109	922,233	758,810	163,423
Total parks and recreation	2,010,997	2,062,842	1,628,452	434,390

See accompanying Notes to Required Supplementary Information

Continued

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund***For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Cultural enrichment:				
Isle of Wight Arts	4,500	4,500	4,500	-
Total cultural enrichment	4,500	4,500	4,500	-
Library:				
Library administration	870,637	870,637	863,573	7,064
Total library	870,637	870,637	863,573	7,064
Total parks, recreation and cultural	2,886,134	2,937,979	2,496,525	441,454
Community development:				
Planning:				
Planning & Zoning	975,650	897,455	826,137	71,318
Inspections - building	512,099	691,871	583,992	107,879
Economic Development	659,210	2,731,717	1,720,448	1,011,269
Tourism	630,249	643,034	613,233	29,801
Other Public Service Organizations	139,260	139,260	104,260	35,000
Annexation settlement payment	1,080,000	1,080,000	996,148	83,852
Total planning	3,996,468	6,183,337	4,844,218	1,339,119
Cooperative extension program	79,226	79,941	56,395	23,546
Total cooperative extension program	79,226	79,941	56,395	23,546
Total community development	4,075,694	6,263,278	4,900,613	1,362,665
Nondepartmental	3,438,379	3,559,829	2,672,290	887,539
Debt Service	11,583,562	11,038,161	11,013,622	24,539
Education	27,470,840	28,247,854	24,594,163	3,653,691
Total education	39,054,402	39,286,015	35,607,785	3,678,230
Other financing uses:				
Transfers out	6,201,375	10,228,909	8,951,131	1,277,778
Total other financing uses	6,201,375	10,228,909	8,951,131	1,277,778
Total General Fund expenditures and other financing uses	79,552,913	88,589,919	78,450,034	10,139,885
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	5,327,543	5,327,543
Fund balance-beginning of year, as restated	-	-	27,919,218	27,919,218
Fund balance-end of year	\$ -	\$ -	\$ 33,246,761	\$ 33,246,761

See accompanying Notes to Required Supplementary Information

Required Supplementary Information

June 30, 2021

Notes to Budget and Actual Required Supplementary Information

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

1. On or before April 1, 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 lapse on June 30 for all County units with the exception of funds, contracts, projects that have been restricted, committed or assigned may be carried over ("ROLLED OVER") annually. This process is authorized by the annual budget ordinance Section 10 and meets the budget and appropriation requirements mandated by state law. All unexpended appropriations of the School Board revert back to the County at the end of each fiscal year.
8. The Primary Government has assigned fund balance for prior years' encumbrances unless the encumbrances relate to restricted or committed resources.

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*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Changes in County Net Pension Liability and Related Ratios**Virginia Retirement System***June 30, 2021**

County	Fiscal Year June 30			
	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 1,687,629	\$ 1,568,075	\$ 1,568,714	\$ 1,541,242
Interest	3,405,540	3,251,497	3,051,817	2,826,947
Differences between expected and actual experience	1,215,874	63,445	341,990	928,085
Changes of assumptions	-	1,475,910	-	(131,919)
Benefit payments, including refunds of employee contributions	(2,431,349)	(2,281,527)	(1,938,384)	(1,965,461)
Net change in total pension liability	3,877,694	4,077,400	3,024,137	3,198,894
Total pension liability - beginning	51,668,117	47,590,717	44,566,580	41,367,686
Total pension liability - ending (a)	\$ 55,545,811	\$ 51,668,117	\$ 47,590,717	\$ 44,566,580
Pension fiduciary net position				
Contributions - employer	\$ 1,345,369	\$ 1,306,667	\$ 1,153,033	\$ 1,103,715
Contributions - employee	715,155	684,102	701,159	623,563
Net investment income	912,953	2,971,352	3,075,982	4,543,101
Benefit payments, including refunds of employee contributions	(2,431,349)	(2,281,527)	(1,938,384)	(1,965,461)
Administrative expense	(30,468)	(28,973)	(26,131)	(25,913)
Other changes	(1,074)	(1,881)	(2,761)	(4,058)
Net change in plan fiduciary net position	510,586	2,649,740	2,962,898	4,274,947
Plan fiduciary net position - beginning	47,135,191	44,485,451	41,522,553	37,247,606
Plan fiduciary net position - ending (b)	\$ 47,645,777	\$ 47,135,191	\$ 44,485,451	\$ 41,522,553
County's net pension liability - ending (a)-(b)	\$ 7,900,034	\$ 4,532,926	\$ 3,105,266	\$ 3,044,027
Plan fiduciary net position as a percentage of the total pension liability	85.78%	91.23%	93.48%	93.17%
Covered payroll	\$ 13,176,974	\$ 13,512,585	\$ 13,087,775	\$ 12,527,980
County's net pension liability as a percentage of covered payroll	59.95%	33.55%	23.73%	24.30%

* Note to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Changes in County Net Pension Liability and Related Ratios**Virginia Retirement System (Continued)***June 30, 2021**

County	Fiscal Year June 30		
	2016	2015	2014
Total pension liability			
Service cost	\$ 1,495,249	\$ 1,458,672	\$ 1,417,914
Interest	2,716,218	2,533,894	2,390,589
Differences between expected and actual experience	(818,238)	306,482	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(1,657,309)	(1,731,525)	(1,791,060)
Net change in total pension liability	1,735,920	2,567,523	2,017,443
Total pension liability - beginning	39,631,766	37,064,243	35,046,800
Total pension liability - ending (a)	\$ 41,367,686	\$ 39,631,766	\$ 37,064,243
Pension fiduciary net position			
Contributions - employer	\$ 1,232,527	\$ 1,131,871	\$ 1,354,797
Contributions - employee	615,182	568,417	663,795
Net investment income	645,055	1,604,942	4,757,268
Benefit payments, including refunds of employee contributions	(1,657,309)	(1,731,525)	(1,791,060)
Administrative expense	(22,272)	(21,686)	(25,127)
Other changes	(272)	(340)	251
Net change in plan fiduciary net position	812,911	1,551,679	4,959,924
Plan fiduciary net position - beginning	36,434,695	34,883,016	29,923,092
Plan fiduciary net position - ending (b)	\$ 37,247,606	\$ 36,434,695	\$ 34,883,016
County's net pension liability - ending (a)-(b)	\$ 4,120,080	\$ 3,197,071	\$ 2,181,227
Plan fiduciary net position as a percentage of the total pension liability	90.04%	91.93%	94.12%
Covered payroll	\$ 11,803,972	\$ 11,257,635	\$ 10,876,942
County's net pension liability as a percentage of covered payroll	34.90%	28.40%	20.05%

* Note to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

*County of Isle of Wight, Virginia***Required Supplementary Information****Schedule of Changes in School Board Non-Professional Net Pension Liability and Related Ratios
Virginia Retirement System****June 30, 2021****School Board Non-Professional**

	Fiscal Year June 30			
	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 183,305	\$ 166,758	\$ 176,448	\$ 176,414
Interest	406,986	408,944	392,476	379,508
Differences between expected and actual experience	220,047	(166,696)	18,586	(11,537)
Changes of assumptions	-	153,119	-	(6,991)
Benefit payments, including refunds of employee contributions	(403,153)	(346,353)	(358,161)	(346,120)
Net change in total pension liability	407,185	215,772	229,349	191,274
Total pension liability - beginning	6,231,001	6,015,229	5,785,880	5,594,606
Total pension liability - ending (a)	<u>\$ 6,638,186</u>	<u>\$ 6,231,001</u>	<u>\$ 6,015,229</u>	<u>\$ 5,785,880</u>
Pension fiduciary net position				
Contributions - employer	\$ 122,034	\$ 152,872	\$ 94,286	\$ 95,514
Contributions - employee	81,207	100,355	74,828	81,403
Net investment income	118,171	400,739	422,832	640,604
Benefit payments, including refunds of employee contributions	(403,153)	(346,353)	(358,161)	(346,120)
Administrative expense	(4,167)	(3,958)	(3,734)	(3,788)
Other changes	(141)	(252)	(374)	(566)
Net change in plan fiduciary net position	(86,049)	303,403	229,677	467,047
Plan fiduciary net position - beginning	6,323,573	6,020,170	5,790,493	5,323,446
Plan fiduciary net position - ending (b)	<u>\$ 6,237,524</u>	<u>\$ 6,323,573</u>	<u>\$ 6,020,170</u>	<u>\$ 5,790,493</u>
School Board non-professional net pension liability (asset) - ending (a)-(b)	<u>\$ 400,662</u>	<u>\$ (92,572)</u>	<u>\$ (4,941)</u>	<u>\$ (4,613)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.96%	101.49%	100.08%	100.08%
Covered payroll	\$ 1,685,917	\$ 1,670,732	\$ 1,496,603	\$ 1,516,095
School Board non-professional net pension liability (asset) as a percentage of covered payroll	23.77%	(5.54)%	(0.33)%	(0.30)%

* Note to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

*County of Isle of Wight, Virginia***Required Supplementary Information****Schedule of Changes in School Board Non-Professional Net Pension Liability and Related Ratios
Virginia Retirement System (Continued)****June 30, 2021**

School Board Non-Professional	Fiscal Year June 30		
	2016	2015	2014
Total Pension Liability			
Service cost	\$ 184,282	\$ 191,347	\$ 220,250
Interest	375,141	382,347	371,046
Differences between expected and actual experience	(159,890)	(328,165)	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(328,182)	(362,980)	(515,046)
Net change in total pension liability	71,351	(117,640)	76,673
Total pension liability - beginning	5,523,255	5,640,895	5,564,222
Total pension liability - ending (a)	\$ 5,594,606	\$ 5,523,255	\$ 5,640,895
Pension fiduciary net position			
Contributions - employer	\$ 135,297	\$ 136,787	\$ 183,059
Contributions - employee	77,177	78,445	80,042
Net investment income	91,464	237,020	723,316
Benefit payments, including refunds of employee contributions	(328,182)	(362,980)	(515,146)
Administrative expense	(3,342)	(3,349)	(4,085)
Other changes	(39)	(49)	38
Net change in plan fiduciary net position	(27,625)	85,874	467,324
Plan fiduciary net position - beginning	5,351,071	5,265,197	4,797,873
Plan fiduciary net position - ending (b)	\$ 5,323,446	\$ 5,351,071	\$ 5,265,197
School Board non-professional net pension liability (asset) - ending (a)-(b)	\$ 271,160	\$ 172,184	\$ 375,698
Plan fiduciary net position as a percentage of the total pension liability (asset)	95.15%	96.88%	93.34%
Covered payroll	\$ 1,602,936	\$ 1,595,356	\$ 2,121,914
School Board non-professional net pension liability (asset) as a percentage of covered payroll	16.91%	10.79%	17.71%

* Note to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of County Pension Contributions - Virginia Retirement System***June 30, 2021**

County	Fiscal Year June 30			
	2021	2020	2019	2018
Contractually required contribution (CRC)	\$ 1,427,654	\$ 1,345,369	\$ 1,306,667	\$ 1,153,033
Contribution in relation to the CRC	(1,427,654)	(1,345,369)	(1,306,667)	(1,153,033)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 14,841,845	\$ 13,176,974	\$ 13,512,585	\$ 13,087,775
Contributions as a percentage of covered payroll	9.62%	9.67%	9.67%	8.81%

***Note to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of County Pension Contributions - Virginia Retirement System (Continued)***June 30, 2021**

County	Fiscal Year June 30			
	2017	2016	2015	2014
Contractually required contribution (CRC)	\$ 1,103,715	\$ 1,232,527	\$ 1,307,818	\$ 1,354,797
Contribution in relation to the CRC	(1,103,715)	(1,232,527)	(1,307,818)	(1,354,797)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,527,980	\$ 11,803,972	\$ 11,257,635	\$ 10,876,942
Contributions as a percentage of covered payroll	8.81%	10.44%	11.62%	12.46%

***Note to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of School Board Non-Professional Pension Contributions - Virginia Retirement System***June 30, 2021**

School Board Non-Professional	Fiscal Year June 30			
	2021	2020	2019	2018
Contractually required contribution (CRC)	\$ 100,854	\$ 149,840	\$ 152,872	\$ 94,286
Contributions in relation to the CRC	(100,854)	(149,840)	(152,872)	(94,286)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,481,467	\$ 1,685,917	\$ 1,670,732	\$ 1,496,603
Contributions as a percentage of covered payroll	6.81%	8.89%	9.15%	6.30%

***Note to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of School Board Non-Professional Pension Contributions - Virginia Retirement System
(Continued)***June 30, 2021**

School Board Non-Professional	Fiscal Year June 30			
	2017	2016	2015	2014
Contractually required contribution (CRC)	\$ 95,514	\$ 135,297	\$ 238,553	\$ 183,059
Contributions in relation to the CRC	(95,514)	(135,297)	(238,553)	(183,059)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,516,095	\$ 1,602,936	\$ 1,595,356	\$ 2,121,914
Contributions as a percentage of covered payroll	6.30%	8.44%	14.95%	8.63%

***Note to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

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*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of School Board Professional Net Pension Liability - Proportionate Share of Cost Sharing Plan
Teacher Retirement - Virginia Retirement System***June 30, 2021**

	Fiscal Year June 30						
	2020	2019	2018	2017	2016	2015	2014
School Board's proportion of the net pension liability	0.37339%	0.37230%	0.36836%	0.36865%	0.37766%	0.37104%	0.37652%
School Board's proportionate share of the net pension liability	\$ 54,338,051	\$ 48,996,795	\$ 43,318,672	\$ 45,337,000	\$ 51,998,000	\$ 47,534,000	\$ 45,501,000
School Board's covered payroll	\$ 40,959,209	\$ 36,170,924	\$ 38,245,518	\$ 33,773,247	\$ 28,290,036	\$ 25,481,507	\$ 24,619,814
School Board's proportionate share of the net pension liability as a percentage of its covered payroll	132.66%	135.46%	113.26%	134.24%	183.80%	186.54%	184.81%
Plan fiduciary net position as a percentage of the total pension liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Note to schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of School Board Professional Pension Contributions – Virginia Retirement System***June 30, 2021**

School Board Professional	Fiscal Year June 30			
	2021	2020	2019	2018
Contractually required contribution (CRC)	\$ 5,135,443	\$ 6,422,404	\$ 5,671,601	\$ 5,606,793
Contributions in relation to the CRC	(5,135,443)	(6,422,404)	(5,671,601)	(5,606,793)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School Board's covered payroll	\$ 31,910,325	\$ 40,959,209	\$ 36,170,924	\$ 38,245,518
Contributions as a percentage of covered payroll	16.09%	15.68%	15.68%	14.66%

Note to schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of School Board Professional Pension Contributions – Virginia Retirement System**(Continued)***June 30, 2021**

School Board Professional	Fiscal Year June 30			
	2017	2016	2015	2014
Contractually required contribution (CRC)	\$ 4,951,158	\$ 3,977,579	\$ 6,114,064	\$ 3,210,607
Contributions in relation to the CRC	(4,951,158)	(3,977,579)	(6,114,064)	(3,210,607)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School Board's covered payroll	\$ 33,773,247	\$ 28,290,036	\$ 25,481,507	\$ 24,619,814
Contributions as a percentage of covered payroll	14.66%	14.06%	23.99%	13.04%

County of Isle of Wight, Virginia

Notes to Required Supplementary Information Virginia Retirement System

June 30, 2021

Note 1. Change of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of assumptions: The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

County and School Board Non-Professional:

Non-LEOS:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

LEO:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

School Board Professional:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

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*County of Isle of Wight, Virginia**Schedule of Changes in County OPEB Liability and Related Ratios - Medical Insurance*

County	Fiscal Year June 30			
	2021	2020	2019	2018
Total Medical Insurance OPEB liability:				
Service cost	\$ 129,197	\$ 139,510	\$ 74,762	\$ 86,867
Interest	25,793	45,025	44,404	44,679
Differences between expected and actual experience	-	14,748	(59,249)	(210,999)
Changes in assumptions	4,632	(286,514)	30,516	13,156
Benefit payments	(18,833)	(17,342)	(22,183)	(22,304)
Net change in total OPEB liability	140,789	(104,573)	68,250	(88,601)
Total Medical Insurance OPEB liability - beginning	1,047,293	1,151,866	1,083,616	1,172,217
County total Medical Insurance OPEB liability - ending	<u>\$ 1,188,082</u>	<u>\$ 1,047,293</u>	<u>\$ 1,151,866</u>	<u>\$ 1,083,616</u>
Plan fiduciary net position as a percentage of the total Medical Insurance OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 14,129,222	\$ 14,129,222	\$ 14,150,662	\$ 13,728,179
Total OPEB liability as a percentage of covered payroll	8.41%	7.41%	8.14%	7.98%

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

*County of Isle of Wight, Virginia**Schedule of County OPEB Contributions - Medical Insurance*

County	Fiscal Year June 30			
	2021	2020	2019	2018
Contractually required contribution (CRC)	\$ 18,833	\$ 17,342	\$ 22,183	\$ 22,304
Contributions in relation to the CRC	(18,833)	(17,342)	(22,183)	(22,304)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 14,129,222	\$ 14,129,222	\$ 14,150,662	\$ 13,728,179
Contributions as a percentage of covered payroll	0.13%	0.12%	0.16%	0.16%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

*County of Isle of Wight, Virginia****Schedule of Changes in School Board OPEB Liability and Related Ratios - Medical Insurance***

School Board Professional	Fiscal Year June 30			
	2021	2020	2019	2018
Total Medical Insurance OPEB liability:				
Service cost	\$ 269,721	\$ 209,882	\$ 238,851	\$ 223,772
Interest	113,752	120,191	134,560	113,449
Changes in assumptions	15,937	403,709	80,182	107,739
Differences between expected and actual experience	-	1,152,848	(350,492)	(72,529)
Benefit payments	(266,847)	(180,126)	(74,462)	(84,490)
Net change in total OPEB liability	132,563	1,706,504	28,639	287,941
Total Medical Insurance OPEB liability - beginning	5,010,160	3,303,656	3,275,017	2,987,076
School Board total Medical Insurance OPEB liability - ending	<u>\$ 5,142,723</u>	<u>\$ 5,010,160</u>	<u>\$ 3,303,656</u>	<u>\$ 3,275,017</u>
Plan fiduciary net position as a percentage of the total	0.00%	0.00%	0.00%	0.00%
Medical Insurance OPEB liability				
Covered payroll	\$ 31,436,981	\$ 31,436,981	\$ 38,276,178	\$ 31,256,259
Total OPEB liability as a percentage of covered payroll	16.36%	15.94%	8.63%	10.48%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

*County of Isle of Wight, Virginia**Schedule of School Board OPEB Contributions - Medical Insurance*

School Board Professional	Fiscal Year June 30			
	2021	2020	2019	2018
Contractually required contribution (CRC)	\$ 266,847	\$ 180,126	\$ 74,462	\$ 84,490
Contributions in relation to the CRC	(266,847)	(180,126)	(74,462)	(84,490)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 31,436,981	\$ 31,436,981	\$ 38,276,178	\$ 31,256,259
Contributions as a percentage of covered payroll	0.85%	0.57%	0.19%	0.27%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

*County of Isle of Wight, Virginia****Schedule of Employer Share of Net OPEB Liability - Group Life Insurance***

	Evaluation Date June 30			
	2020	2019	2018	2017
<u>County:</u>				
Employer's proportion of the net GLI OPEB liability	0.07149%	0.07197%	0.07142%	0.06975%
Employer's proportionate share of the net GLI OPEB liability	\$ 1,193,052	\$ 1,171,000	\$ 1,085,000	\$ 1,049,000
Employer's covered payroll	14,712,526	14,091,398	13,578,462	12,865,047
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.11%	8.31%	7.99%	8.15%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	54.00%	52.00%	51.22%	48.86%
<u>School Board Non-Professional:</u>				
Employer's proportion of the net GLI OPEB liability	0.00827%	0.01102%	0.00842%	0.00871%
Employer's proportionate share of the net GLI OPEB liability	\$ 138,013	\$ 179,324	\$ 128,000	\$ 131,000
Employer's covered payroll	1,702,088	2,160,740	1,600,657	1,606,998
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.11%	8.30%	8.00%	8.15%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	54.00%	52.00%	51.22%	48.86%
<u>School Board Professional:</u>				
Employer's proportion of the net GLI OPEB liability	0.15828%	0.15880%	0.15596%	0.15715%
Employer's proportionate share of the net GLI OPEB liability	\$ 2,641,434	\$ 2,584,099	\$ 2,369,000	\$ 2,365,000
Employer's covered payroll	32,574,973	31,129,745	29,655,602	28,986,478
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.11%	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	54.00%	52.00%	51.22%	48.86%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County, the School Board non-professional, and the School Board professional will present information for those years for which information is available.

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County of Isle of Wight, Virginia**Schedule of Employer OPEB Contributions - Group Life Insurance**

	Fiscal Year Ended June 30				
	2021	2020	2019	2018	2017
<u>County:</u>					
Contractually required contribution (CRC)	\$ 80,421	\$ 76,554	\$ 73,368	\$ 70,608	\$ 66,898
Contributions in relation to the CRC	80,421	76,554	73,368	70,608	66,898
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 14,712,526	\$ 14,712,526	\$ 14,091,398	\$ 13,578,462	\$ 12,865,047
Contributions as a percentage of covered payroll	0.55%	0.52%	0.52%	0.52%	0.52%
<u>School Board Non-Professional:</u>					
Contractually required contribution (CRC)	\$ 8,127	\$ 8,851	\$ 11,236	\$ 8,323	\$ 8,356
Contributions in relation to the CRC	8,127	8,851	11,236	8,323	8,356
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,504,937	\$ 1,702,088	\$ 2,160,740	\$ 1,600,657	\$ 1,606,998
Contributions as a percentage of covered payroll	0.54%	0.52%	0.52%	0.52%	0.52%
<u>School Board Professional:</u>					
Contractually required contribution (CRC)	\$ 172,811	\$ 169,390	\$ 161,875	\$ 154,209	\$ 150,730
Contributions in relation to the CRC	172,811	169,390	161,875	154,209	150,730
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 32,001,948	\$ 32,574,973	\$ 31,129,745	\$ 29,655,602	\$ 28,986,478
Contributions as a percentage of covered payroll	0.54%	0.52%	0.52%	0.52%	0.52%

County of Isle of Wight, Virginia**Schedule of Employer OPEB Contributions - Group Life Insurance**

	Fiscal Year Ended June 30				
	2016	2015	2014	2013	2012
<u>County:</u>					
Contractually required contribution (CRC)	\$ 60,109	\$ 54,945	\$ 55,687	\$ 54,219	\$ 29,224
Contributions in relation to the CRC	60,109	54,945	55,687	54,219	29,224
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 12,522,770	\$ 11,446,842	\$ 11,601,386	\$ 11,295,569	\$ 10,437,063
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.48%	0.28%
<u>School Board Non-Professional:</u>					
Contractually required contribution (CRC)	\$ 7,730	\$ 7,861	\$ 7,808	\$ 9,438	\$ 5,726
Contributions in relation to the CRC	7,730	7,861	7,808	9,438	5,726
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,610,420	\$ 1,637,741	\$ 1,626,702	\$ 1,966,159	\$ 2,045,128
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.48%	0.28%
<u>School Board Professional:</u>					
Contractually required contribution (CRC)	\$ 136,004	\$ 135,062	\$ 132,709	\$ 144,550	\$ 80,546
Contributions in relation to the CRC	136,004	135,062	132,709	144,550	80,546
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 28,334,241	\$ 28,137,894	\$ 27,647,631	\$ 30,114,580	\$ 28,766,511
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.48%	0.28%

*County of Isle of Wight, Virginia****Schedule of Changes in County Net OPEB Liability and Related Ratios - Health Insurance Credit***

	Evaluation Date June 30			
	2020	2019	2018	2017
Total HIC OPEB liability:				
Service cost	\$ 7,137	\$ 6,822	\$ 6,588	\$ 6,296
Interest	17,035	18,494	17,356	17,128
Differences between expected and actual experience	(917)	(24,287)	10,069	-
Changes in assumptions	-	6,129	-	(4,905)
Benefit payments	(21,155)	(16,834)	(18,665)	(11,866)
Net change in total OPEB liability	2,100	(9,676)	15,348	6,653
Total HIC OPEB liability - beginning	262,945	272,621	257,273	250,620
Total HIC OPEB liability - ending (a)	\$ 265,045	\$ 262,945	\$ 272,621	\$ 257,273
Plan Fiduciary Net Position:				
Contributions - employer	\$ 16,646	\$ 15,467	\$ 11,235	\$ 10,645
Net investment income	3,829	11,590	12,396	18,362
Benefit payments, including refunds of employee contributions	(21,155)	(16,834)	(18,665)	(11,866)
Administrative expense	(362)	(254)	(284)	(295)
Other changes	(2)	(14)	(934)	934
Net change in plan fiduciary net position	(1,044)	9,955	3,748	17,780
Plan fiduciary net position - beginning	190,886	180,931	177,183	159,403
Plan fiduciary net position - ending (b)	\$ 189,842	\$ 190,886	\$ 180,931	\$ 177,183
Net HIC OPEB Liability - ending (a) - (b)	\$ 75,203	\$ 72,059	\$ 91,690	\$ 80,090
Plan fiduciary net position as a percentage of the total HIC OPEB liability	71.63%	72.60%	66.37%	68.87%
Covered payroll	\$ 8,240,953	\$ 7,724,797	\$ 7,470,170	\$ 7,097,196
Net OPEB liability as a percentage of covered payroll	0.91%	0.93%	1.23%	1.13%

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Non-Professional Plan will present information for those years which information is available.

*County of Isle of Wight, Virginia**Schedule of County OPEB Contributions - Health Insurance Credit*

	Fiscal Year June 30				
	2021	2020	2019	2018	2017
Contractually required contribution (CRC)	\$ 16,690	\$ 16,645	\$ 15,469	\$ 11,235	\$ 10,645
Contributions in relation to the CRC	16,690	16,645	15,469	11,235	10,645
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 8,349,674	\$ 8,240,953	\$ 7,724,797	\$ 7,470,170	\$ 7,097,196
Contributions as a percentage of covered payroll	0.20%	0.20%	0.20%	0.15%	0.15%

	Fiscal Year June 30				
	2016	2015	2014	2013	2012
Contractually required contribution (CRC)	\$ 9,671	\$ 8,735	\$ 7,670	\$ 13,505	\$ 12,523
Contributions in relation to the CRC	9,671	8,735	7,670	13,505	12,523
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 6,908,014	\$ 6,239,478	\$ 6,392,014	\$ 11,254,257	\$ 10,436,109
Contributions as a percentage of covered payroll	0.14%	0.14%	0.12%	0.12%	0.12%

*County of Isle of Wight, Virginia****Schedule of School Board Non-Professional Net OPEB Liability - Proportionate Share of Cost Sharing Plan Health Insurance Credit***

	Evaluation Date June 30	
	2020	
Total HIC OPEB liability:		
Service cost	\$	-
Interest		-
Differences between expected and actual experience		-
Changes in benefit terms		95,695
Benefit payments		-
Net change in total OPEB liability		95,695
Total HIC OPEB liability - beginning		-
Total HIC OPEB liability - ending (a)	\$	95,695
Plan Fiduciary Net Position:		
Contributions - employer	\$	-
Net investment income		-
Benefit payments, including refunds of employee contributions		-
Administrative expense		-
Other changes		-
Net change in plan fiduciary net position		-
Plan fiduciary net position - beginning		-
Plan fiduciary net position - ending (b)	\$	-
 Net HIC OPEB Liability - ending (a) - (b)	 \$	 95,695
Plan fiduciary net position as a percentage of the total HIC OPEB liability		-%
Covered payroll	\$	1,660,022
Net OPEB liability as a percentage of covered payroll		5.76%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Professional Plan will present information for those years which information is available.

*County of Isle of Wight, Virginia****Schedule of School Board Non-Professional OPEB Contributions- Health Insurance Credit***

	Fiscal Year June 30	
	2021	
Contractually required contribution (CRC)	\$	7,259
Contributions in relation to the CRC		7,259
Contribution deficiency (excess)	\$	-
Employer's covered payroll	\$	1,481,467
Contributions as a percentage of covered payroll		0.49%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Professional Plan will present information for those years which information is available.

*County of Isle of Wight, Virginia****Schedule of School Board Professional Net OPEB Liability - Proportionate Share of Cost Sharing Plan Health Insurance Credit***

	Evaluation Date June 30			
	2020	2019	2018	2017
Employer's proportion of the net HIC OPEB liability	0.37066%	0.36986%	0.36619%	0.36624%
Employer's proportionate share of the net HIC OPEB liability	\$ 4,835,321	\$ 4,841,827	\$ 4,649,000	\$ 4,646,000
Employer's covered payroll	32,494,868	31,022,917	29,615,591	28,903,680
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	14.88%	15.61%	15.70%	16.07%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	9.95%	8.97%	8.08%	7.04%

*County of Isle of Wight, Virginia****Schedule of School Board Professional OPEB Contributions - Health Insurance Credit*****Last Ten Fiscal Years**

	Fiscal Year June 30				
	2021	2020	2019	2018	2017
Contractually required contribution (CRC)	\$ 386,115	\$ 389,938	\$ 372,275	\$ 364,272	\$ 320,831
Contributions in relation to the CRC	386,115	389,938	372,275	364,272	320,831
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 31,910,324	\$ 32,494,868	\$ 31,022,917	\$ 29,615,591	\$ 28,903,680
Contributions as a percentage of covered payroll	1.21%	1.20%	1.20%	1.23%	1.11%

	Fiscal Year June 30				
	2016	2015	2014	2013	2012
Contractually required contribution (CRC)	\$ 299,874	\$ 297,635	\$ 305,641	\$ 333,957	\$ 171,973
Contributions in relation to the CRC	299,874	297,635	305,641	333,957	171,973
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 28,290,038	\$ 28,078,735	\$ 27,535,220	\$ 30,086,223	\$ 28,662,129
Contributions as a percentage of covered payroll	1.06%	1.06%	1.11%	1.11%	0.60%

County of Isle of Wight, Virginia***Schedule of County Share of Net OPEB Liability - Virginia Local Disability Program***

	Evaluation Date June 30			
	2020	2019	2018	2017
Employer's proportion of the net VLDP OPEB liability	1.00031%	0.99652%	1.01654%	1.07225%
Employer's proportionate share of the net VLDP OPEB liability	\$ 9,985	\$ 20,188	\$ 8,000	\$ 6,000
Employer's covered payroll	\$ 3,727,778	\$ 2,651,667	\$ 2,468,217	\$ 1,968,960
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	0.27%	0.76%	0.32%	0.30%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	76.84%	49.19%	51.39%	38.40%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Professional Plan will present information for those years which information is available.

*County of Isle of Wight, Virginia**Schedule of County OPEB Contributions - Virginia Local Disability Program*

	Fiscal Year June 30			
	2021	2020	2019	2018
Contractually required contribution (CRC)	\$ 33,224	\$ 26,840	\$ 19,092	\$ 14,810
Contributions in relation to the CRC	33,224	26,840	19,092	14,810
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 4,002,129	\$ 3,727,778	\$ 2,651,667	\$ 2,468,217
Contributions as a percentage of covered payroll	0.83%	0.72%	0.72%	0.60%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

*County of Isle of Wight, Virginia**Schedule of County OPEB Contributions - Virginia Local Disability Program*

	Fiscal Year June 30			
	2017	2016	2015	2014
Contractually required contribution (CRC)	\$ 11,814	\$ 8,197	\$ 3,899	\$ 36
Contributions in relation to the CRC	11,814	8,197	3,899	36
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,968,960	\$ 1,366,240	\$ 649,779	\$ 5,919
Contributions as a percentage of covered payroll	0.60%	0.60%	0.60%	0.61%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

*County of Isle of Wight, Virginia****Schedule of School Board Non-Professional Share of Net OPEB Liability -
Virginia Local Disability Program***

	Evaluation Date June 30			
	2020	2019	2018	2017
Employer's proportion of the net VLDP OPEB liability	0.10671%	0.21506%	0.12581%	0.14372%
Employer's proportionate share of the net VLDP OPEB liability	\$ 1,065	\$ 4,357	\$ 1,000	-
Employer's covered payroll	\$ 397,699	\$ 572,631	\$ 305,472	263,907
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	0.27%	0.76%	0.33%	0.00%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	76.84%	49.21%	51.39%	38.40%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Professional Plan will present information for those years which information is available.

*County of Isle of Wight, Virginia****Schedule of School Board Non-Professional OPEB Contributions - Virginia Local Disability Program***

	Fiscal Year June 30							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution (CRC)	\$ 3,122	\$ 2,863	\$ 4,121	\$ 1,833	\$ 1,583	\$ 1,466	\$ 884	\$ 42
Contributions in relation to the CRC	3,122	2,863	4,121	1,833	1,583	1,466	884	42
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 376,163	\$ 397,699	\$ 572,631	\$ 305,472	\$ 263,907	\$ 244,357	\$ 147,331	\$ 6,946
Contributions as a percentage of covered payroll	0.83%	0.72%	0.72%	0.60%	0.60%	0.60%	0.60%	0.60%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

*County of Isle of Wight, Virginia****Schedule of School Board Professional Share of Net OPEB Liability -
Virginia Local Disability Program***

	Evaluation Date Year June 30			
	2020	2019	2018	2017
Employer's proportion of the net VLDP OPEB liability	1.32800%	1.29409%	1.27169%	1.02846%
Employer's proportionate share of the net VLDP OPEB liability	\$ 10,655	\$ 7,523	\$ 10,000	\$ 6,000
Employer's covered payroll	\$ 7,855,161	\$ 6,205,524	\$ 4,741,727	\$ 2,902,316
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	0.14%	0.12%	0.21%	0.21%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	78.28%	74.12%	46.18%	31.96%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Professional Plan will present information for those years which information is available.

*County of Isle of Wight, Virginia****Schedule of School Board Professional OPEB Contributions - Virginia Local Disability Program***

	Fiscal Year June 30			
	2021	2020	2019	2018
Contractually required contribution (CRC)	\$ 40,797	\$ 32,206	\$ 25,443	\$ 14,699
Contributions in relation to the CRC	40,797	32,206	25,443	14,699
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 8,680,127	\$ 7,855,161	\$ 6,205,524	\$ 4,741,727
Contributions as a percentage of covered payroll	0.47%	0.41%	0.41%	0.31%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

*County of Isle of Wight, Virginia**Schedule of School Board Professional OPEB Contributions - Virginia Local Disability Program*

	Fiscal Year June 30			
	2017	2016	2015	2014
Contractually required contribution (CRC)	\$ 8,997	\$ 5,607	\$ 2,342	\$ 95
Contributions in relation to the CRC	8,997	5,607	2,342	95
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 2,902,316	\$ 1,933,512	\$ 807,459	\$ 32,889
Contributions as a percentage of covered payroll	0.31%	0.29%	0.29%	0.29%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

June 30, 2021

I. Medical Insurance Programs

Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation

Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period presented:

2021 2.16%

II. Group Life Insurance Program

Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

Changes of Assumptions

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

School Board Professional

Teachers

Mortality Rates (pre-retirement, post retirement healthy, and disabled)	Updated to a more current mortality table - RP 2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

County of Isle of Wight, Virginia

Notes to Required Supplementary Information - OPEB (Continued)

June 30, 2021

County and School Board Non-Professional Plans

General Employees

Mortality Rates	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

III. Health Insurance Credit Program

Changes to Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

Changes of Assumptions

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Notes to Required Supplementary Information - OPEB (Continued)

June 30, 2021

County and School Board Non-Professional Plan

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

School Board Professional Plan

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

IV. Virginia Local Disability Program

Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

Changes of Assumptions

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

County of Isle of Wight, Virginia

Notes to Required Supplementary Information - OPEB (Continued)

June 30, 2021

County and School Board Non-Professional Plan

Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees

Mortality Rates	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

School Board Professional Plan

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

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Other Supplementary Information
Major Governmental Funds

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County of Isle of Wight, Virginia

Other Supplementary Information
Major Governmental Funds

Year Ended June 30, 2020

The following funds are presented with other supplementary information:

- The ***Capital Projects Fund*** accounts for revenues and expenditures related to capital projects undertaken by the County as a governmental function. Financial statements have been presented in the Financial Section. This section provides additional budgetary data not presented elsewhere. This fund receives local, state and federal funding depending on the nature of the capital project.
- The ***Debt Service Fund*** accounts for resources to be used for repayments of principal and interest on the long-term debt of the County when a separate fund is required by debt covenants or management desires to build debt reserves. This Fund also records the transactions for debt refundings. Financial statements have been presented in the Financial Section. This section provides additional budgetary data not presented elsewhere.

*County of Isle of Wight, Virginia**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Capital Projects***For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Permits, privilege fees and regulatory licenses	\$ 600,000	\$ 600,000	\$ 534,826	\$ (65,174)
Revenues from use of money and property	-	-	33,338	33,338
Recovered costs	-	28,738	28,738	-
Intergovernmental:				
Federal	-	2,129,417	504,123	(1,625,294)
Local	-	389,277	4,637	(384,640)
Total revenues	600,000	3,147,432	1,105,662	(2,041,770)
Expenditures				
Education	11,350,000	30,274,564	1,186,550	29,088,014
Capital outlay	3,125,000	15,337,528	5,215,782	10,121,746
Debt Service	-	468,997	464,445	4,552
Total expenditures	14,475,000	46,081,089	6,866,777	39,214,312
Deficiency of revenues under expenditures	(13,875,000)	(42,933,657)	(5,761,115)	37,172,542
Other financing sources (uses)				
Transfers in	100,000	2,250,806	2,054,306	(196,500)
Transfers out	-	(85,337)	-	85,337
Issuance of debt	13,545,000	35,212,415	32,020,000	(3,192,415)
Premium on bonds issued	-	-	2,713,997	2,713,997
Fund balance	230,000	5,555,773	-	(5,555,773)
Total other financing sources, net	13,875,000	42,933,657	36,788,303	(6,145,354)
Net change in fund balance	-	-	31,027,188	31,027,188
Fund balances - beginning of year	-	-	7,720,053	7,720,053
Fund balances - end of year	\$ -	\$ -	\$ 38,747,241	\$ 38,747,241

*County of Isle of Wight, Virginia**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Debt Service***For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures				
Debt Service	\$ -	\$ 1,841,959	\$ 758,158	\$ 1,083,801
Total expenditures	-	1,841,959	758,158	1,083,801
Deficiency of revenues under expenditures	-	(1,841,959)	(758,158)	1,083,801
Other financing sources (uses)				
Transfers in	-	1,841,959	2,040,526	198,567
Issuance of debt	-	-	35,128,464	35,128,464
Payment to escrow agent	-	-	(35,357,218)	(35,357,218)
Premium on bonds issued	-	-	990,272	990,272
Total other financing sources, net	-	1,841,959	2,802,044	960,085
Net change in fund balance	-	-	2,043,886	2,043,886
Fund balances - beginning of year	-	-	324,768	324,768
Fund balances - end of year	\$ -	\$ -	\$ 2,368,654	\$ 2,368,654

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Other Supplementary Information
Nonmajor Governmental Funds

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County of Isle of Wight, Virginia

Other Supplementary Information
Nonmajor Governmental Funds

Year Ended June 30, 2020

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 ***Children's 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.
- The ***Heritage Park Fund*** accounts for special revenues that increase the utilization of Heritage Park while enhancing program opportunities that provide work-class entertainment for the citizens of Isle of Wight County.

*County of Isle of Wight, Virginia**Combining Balance Sheets -
Nonmajor Governmental Funds***June 30, 2021**

	Department of Social Services Fund	Children's Services Fund	E-911 Fund	Community Development Block Grant Fund
Assets				
Cash and cash equivalents	\$ 206,243	\$ -	\$ -	\$ 140,871
Accounts receivable	-	270	-	-
Due from other governments	103,666	86,806	250,602	-
Total assets	\$ 309,909	\$ 87,076	\$ 250,602	\$ 140,871
Liabilities				
Accounts payable	\$ -	\$ 35,326	\$ 44,472	\$ -
Accrued liabilities	46,033	-	5,413	-
Amounts held in escrow	-	-	-	-
Due to other funds	-	51,750	196,802	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	3,915	-
Total liabilities	46,033	87,076	250,602	-
Fund Balances				
Restricted	-	-	-	-
Assigned	263,876	-	-	140,871
Total fund balances	263,876	-	-	140,871
Total liabilities and fund balances	\$ 309,909	\$ 87,076	\$ 250,602	\$ 140,871

*County of Isle of Wight, Virginia**Combining Balance Sheets -
Nonmajor Governmental Funds (Continued)***June 30, 2021**

	County Fair Fund	Grants Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 10,163	\$ 4,319,123	\$ 4,676,400
Accounts receivable	1,392	-	1,662
Due from other governments	-	75,881	516,955
Total assets	\$ 11,555	\$ 4,395,004	\$ 5,195,017
Liabilities			
Accounts payable	\$ 2,205	\$ 65,523	\$ 147,526
Accrued liabilities	-	4,098	55,544
Amounts held in escrow	-	6,125	6,125
Due to other funds	-	-	248,552
Unearned revenues	625	4,098,807	4,099,432
Due to other governments	-	-	3,915
Total liabilities	2,830	4,174,553	4,561,094
Fund Balances			
Restricted	-	45,466	45,466
Assigned	8,725	174,985	588,457
Total fund balances	8,725	220,451	633,923
Total liabilities and fund balances	\$ 11,555	\$ 4,395,004	\$ 5,195,017

*County of Isle of Wight, Virginia****Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds*****For the Fiscal Year Ended June 30, 2021**

	Department of Social Services Fund	Children's Services Fund	E-911 Fund	Community Development Block Grant Fund
Revenues				
Other local taxes	\$ -	\$ -	\$ 460,981	\$ -
Revenues from use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	5,000	-
Intergovernmental:				
Commonwealth of Virginia	741,919	275,255	331,814	-
Federal	1,701,176	38,389	-	-
Local	-	-	317,099	-
Total revenues	2,443,095	313,644	1,114,894	-
Expenditures				
Judicial administration	-	-	-	-
Public safety	-	-	1,930,293	-
Public works	-	-	-	-
Health and welfare	3,354,101	509,541	-	-
Parks, recreation and cultural	-	-	-	-
Community development	-	-	-	-
Total expenditures	3,354,101	509,541	1,930,293	-
Excess (deficiency) of revenues over (under) expenditures	(911,006)	(195,897)	(815,399)	-
Other financing sources (uses)				
Transfers in	911,006	195,897	815,399	-
Transfers out	-	-	-	-
Total other financing sources (uses), net	911,006	195,897	815,399	-
Net change in fund balance	-	-	-	-
Fund balances (deficit) - beginning of year	263,876	-	-	140,871
Fund balances (deficit) - end of year	\$ 263,876	\$ -	\$ -	\$ 140,871

*County of Isle of Wight, Virginia****Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds*****For the Fiscal Year Ended June 30, 2021**

	County Fair Fund	Grants Fund	Heritage Park Fund	Total Governmental Funds
Revenues				
Other local taxes	\$ -	\$ -	\$ -	\$ 460,981
Revenues from use of money and property	14,545	-	-	14,545
Charges for services	47,573	-	-	47,573
Miscellaneous	1,500	4,734	-	11,234
Intergovernmental:				
Commonwealth of Virginia	-	198,302	-	1,547,290
Federal	-	4,281,941	-	6,021,506
Local	-	137,781	-	454,880
Total revenues	63,618	4,622,758	-	8,558,009
Expenditures				
Judicial administration	-	33,170	-	33,170
Public safety		218,836	-	2,149,129
Public works	-	8,777	-	8,777
Health and welfare		2,386,074	-	5,861,718
Parks, recreation and cultural	58,841	4,500	-	451,339
Community development	-	171,664	-	171,664
Total expenditures	58,841	2,823,021	-	8,675,797
Excess (deficiency) of revenues over (under) expenditures	4,777	1,799,737	-	(117,788)
Other financing sources (uses)				
Transfers in	157,320	25,638	45,833	2,151,093
Transfers out	-	(1,808,799)	-	(1,808,799)
Total other financing sources (uses), net	157,320	(1,783,161)	45,833	342,294
Net change in fund balance	162,097	16,576	45,833	224,506
Fund balances (deficit) - beginning of year	(153,372)	203,875	(45,833)	409,417
Fund balances (deficit) - end of year	\$ 8,725	\$ 220,451	\$ -	\$ 633,923

*County of Isle of Wight, Virginia****Statements of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Nonmajor Governmental Funds
Department of Social Services Fund*****For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental				
Commonwealth of Virginia	\$ 1,246,423	\$ 1,246,423	\$ 741,919	\$ (504,504)
Federal	1,683,325	1,683,326	1,701,176	17,850
Total revenues	<u>2,929,748</u>	<u>2,929,749</u>	<u>2,443,095</u>	<u>(486,654)</u>
Expenditures				
Health and welfare	4,021,381	4,021,382	3,354,101	667,281
Total expenditures	<u>4,021,381</u>	<u>4,021,382</u>	<u>3,354,101</u>	<u>667,281</u>
Excess (deficiency) of revenues over (under) expenditures	(1,091,633)	(1,091,633)	(911,006)	180,627
Other financing sources (uses)				
Transfers in	1,091,633	1,091,633	911,006	(180,627)
Total other financing sources (uses), net	<u>1,091,633</u>	<u>1,091,633</u>	<u>911,006</u>	<u>(180,627)</u>
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	-	-	263,876	263,876
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,876</u>	<u>\$ 263,876</u>

(Continued)

*County of Isle of Wight, Virginia****Statements of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Nonmajor Governmental Funds
Children's Services Fund*****For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental				
Commonwealth of Virginia	\$ 180,821	\$ 340,222	\$ 275,255	\$ (64,967)
Federal	-	-	38,389	38,389
Total revenues	<u>180,821</u>	<u>340,222</u>	<u>313,644</u>	<u>(26,578)</u>
Expenditures				
Health and welfare	<u>370,821</u>	<u>555,286</u>	<u>509,541</u>	<u>45,745</u>
Total expenditures	<u>370,821</u>	<u>555,286</u>	<u>509,541</u>	<u>45,745</u>
Excess (deficiency) of revenues over (under) expenditures	(190,000)	(215,064)	(195,897)	19,167
Other financing sources (uses)				
Transfers in	<u>190,000</u>	<u>215,064</u>	<u>195,897</u>	<u>(19,167)</u>
Total other financing sources (uses), net	<u>190,000</u>	<u>215,064</u>	<u>195,897</u>	<u>(19,167)</u>
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

*County of Isle of Wight, Virginia****Statements of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Nonmajor Governmental Funds
E-911 Fund*****For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Other local taxes	\$ 474,306	\$ 474,307	\$ 460,981	\$ (13,326)
Miscellaneous	5,000	5,000	5,000	-
Intergovernmental				
Commonwealth of Virginia	263,048	263,048	331,814	68,766
Local	333,292	333,292	317,099	(16,193)
Total revenues	1,075,646	1,075,647	1,114,894	39,247
Expenditures				
Public safety	1,932,682	1,939,020	1,930,293	8,727
Total expenditures	1,932,682	1,939,020	1,930,293	8,727
Excess (deficiency) of revenues over (under) expenditures	(857,036)	(863,373)	(815,399)	47,974
Other financing sources (uses)				
Transfers in	857,036	863,373	815,399	(47,974)
Total other financing sources (uses), net	857,036	863,373	815,399	(47,974)
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -

(Continued)

*County of Isle of Wight, Virginia****Statements of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Nonmajor Governmental Funds
County Fair Fund*****For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Revenues from use of property	\$ -	\$ -	\$ 14,545	\$ 14,545
Charges for services	-	-	47,573	47,573
Miscellaneous	-	-	1,500	1,500
Total revenues	-	-	63,618	63,618
Expenditures				
Parks, recreation and cultural	-	226,572	58,841	167,731
Total expenditures	-	226,572	58,841	167,731
Excess (deficiency) of revenues over (under) expenditures	-	(226,572)	4,777	231,349
Other financing sources (uses)				
Transfers in	-	226,572	157,320	(69,252)
Total other financing sources (uses), net	-	226,572	157,320	(69,252)
Net change in fund balance	-	-	162,097	162,097
Fund balances - beginning of year	-	-	(153,372)	(153,372)
Fund balances - end of year	\$ -	\$ -	\$ 8,725	\$ 8,725

(Continued)

*County of Isle of Wight, Virginia***Statements of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Nonmajor Governmental Funds
Grants Fund****For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$ -	\$ 89,092	\$ 4,734	\$ (84,358)
Intergovernmental				
Commonwealth of Virginia	39,096	276,362	198,302	(78,060)
Federal	76,892	5,393,406	4,281,941	(1,111,465)
Local	-	290,289	137,781	(152,508)
Total revenues	115,988	6,049,149	4,622,758	(1,426,391)
Expenditures				
Judicial administration	8,965	33,170	33,170	-
Public safety	117,323	1,078,349	218,836	859,513
Public works	-	8,777	8,777	-
Health and welfare	-	2,900,508	2,386,074	514,434
Parks, recreation and cultural	9,000	11,187	4,500	6,687
Community development	20,200	370,654	171,664	198,990
Total expenditures	155,488	4,402,645	2,823,021	1,579,624
Excess (deficiency) of revenues over (under) expenditures	(39,500)	1,646,504	1,799,737	153,233
Other financing sources (uses)				
Transfers in	39,500	162,295	25,638	(136,657)
Transfers out	-	(1,808,799)	(1,808,799)	-
Total other financing sources (uses), net	39,500	(1,646,504)	(1,783,161)	(136,657)
Net change in fund balance	-	-	16,576	16,576
Fund balances - beginning of year	-	-	203,875	203,875
Fund balances - end of year	\$ -	\$ -	\$ 220,451	\$ 220,451

Other Supplementary Information
Internal Service Funds

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County of Isle of Wight, Virginia

Other Supplementary Information
Internal Service Fund

June 30, 2020

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

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

*County of Isle of Wight, Virginia**Combining Statements of Net Position - Internal Service Funds***June 30, 2021**

	Information Technology Fund	Risk Management Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 30,592	\$ 322,442	\$ 353,034
Receivables - net of allowance	36,631	-	36,631
Total current assets	67,223	322,442	389,665
Noncurrent assets			
Capital assets			
Depreciable - net	186,921	-	186,921
Total noncurrent assets	186,921	-	186,921
Total assets	254,144	322,442	576,586
Deferred outflows of resources			
Pension plan	155,430	37,535	192,965
Other post-employment benefits	11,325	3,108	14,433
Total deferred outflows of resources	166,755	40,643	207,398
Liabilities			
Current liabilities			
Accounts payable	10,974	4,281	15,255
Accrued liabilities	548	-	548
Accrued interest payable	35	-	35
Unearned revenue	130	-	130
Capital leases	4,948	-	4,948
Compensated absences	7,496	1,521	9,017
Total current liabilities	24,131	5,802	29,933
Noncurrent liabilities			
Noncurrent capital leases	15,154	-	15,154
Compensated absences	67,467	13,690	81,157
Other post-employment benefits	76,781	15,241	92,022
Net pension liability	262,593	63,414	326,007
Total noncurrent liabilities	421,995	92,345	514,340
Total liabilities	446,126	98,147	544,273
Deferred inflows of resources			
Pension plan	15,236	3,679	18,915
Other post-employment benefits	10,742	1,802	12,544
Total deferred inflows of resources	25,978	5,481	31,459
Net Position			
Net investment in capital assets	166,819	-	166,819
Restricted - Capital projects	39,945	-	39,945
Unrestricted	(257,969)	259,457	1,488
Total net position	\$ (51,205)	\$ 259,457	\$ 208,252

*County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenses,
and Changes in Fund Net Position - Internal Service Funds***For the Fiscal Year Ended June 30, 2021**

	Information Technology Fund	Risk Management Fund	Total
Operating revenues			
Charges for services	\$ 1,126,436	\$ 707,484	\$ 1,833,920
Total operating revenues	<u>1,126,436</u>	<u>707,484</u>	<u>1,833,920</u>
Operating expenses:			
Personnel services	489,026	120,213	609,239
Fringe benefits	239,305	58,196	297,501
Contractual services	-	539,206	539,206
Other charges	541,259	8,973	550,232
Depreciation	46,140	-	46,140
Total operating expenses	<u>1,315,730</u>	<u>726,588</u>	<u>2,042,318</u>
Operating Income (loss)	(189,294)	(19,104)	(208,398)
Nonoperating revenues (expenses)			
Interest and fiscal charges	(457)	-	(457)
Total nonoperating revenues (expenses)	<u>(457)</u>	<u>-</u>	<u>(457)</u>
Net income (loss) before transfers	(189,751)	(19,104)	(208,855)
Transfers in	51,585	1,711	53,296
Changes in net position	<u>(138,166)</u>	<u>(17,393)</u>	<u>(155,559)</u>
Net position - beginning of year	86,961	276,850	363,811
Net position - end of year	<u>\$ (51,205)</u>	<u>\$ 259,457</u>	<u>\$ 208,252</u>

*County of Isle of Wight, Virginia**Combining Statements of Cash Flows – Internal Service Funds***For The Fiscal Year Ended June 30, 2021**

	Information Technology Fund	Risk Management Fund	Total
Cash flows from operating activities			
Received from customers and users	\$ 1,093,444	\$ 707,484	\$ 1,800,928
Payments to suppliers for goods and services	(600,230)	(545,283)	(1,145,513)
Payments to employees	(663,007)	(156,983)	(819,990)
Net cash provided by operating activities	(169,793)	5,218	(164,575)
Cash flows from noncapital and related financing activities:			
Transfer from other funds	51,585	1,711	53,296
Net cash provided by noncapital and related financing activities	51,585	1,711	53,296
Cash flows from capital and related financing activities:			
Interest paid	(465)	-	(465)
Acquisition of capital assets	(73,813)	-	(73,813)
Principal payments on capital leases	(4,898)	-	(4,898)
Net cash used for capital and related financing activities	(79,176)	-	(79,176)
Change in cash and cash equivalents	(197,384)	6,929	(190,455)
Cash and cash equivalents - beginning of year	227,976	315,513	543,489
Cash and cash equivalents - end of year	\$ 30,592	\$ 322,442	\$ 353,034
Reconciliation of operating loss to net cash provided by operating activities			
Operating loss	\$ (189,294)	\$ (19,104)	\$ (208,398)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	46,140	-	46,140
Pension and OPEB expense	116,655	33,256	149,911
Change in			
Receivables	(33,734)	-	(33,734)
Deposits	637	-	637
Accounts payable and accrued liabilities	(58,971)	2,896	(56,075)
Payroll Payable	548	-	548
Unearned Revenue	105	-	105
Deferred outflows of resources	(59,612)	(15,863)	(75,475)
Compensated absences	7,733	4,033	11,766
Net cash provided by operating activities	\$ (169,793)	\$ 5,218	\$ (164,575)

***Other Supplementary Information
Component Units & Fiduciary Funds***

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June 30, 2020

The following is a brief description of the Component Units reported by the County:

- ***School Board Component Unit***- provides the primary Education function for the County
- ***Economic Development Authority Component Unit*** - provides the function of Economic Development Authority for the County.

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Balance Sheets - Governmental Funds***June 30, 2021**

	Governmental Funds			
	School Operating Fund	School Capital Projects Fund	School Textbook Fund	School Cafeteria Fund
Assets				
Cash and investments	\$ 8,248,924	\$ -	\$ -	\$ 673,037
Accounts receivable - net of allowances for uncollectibles	5,605	-	-	25,289
Due from other funds	1,161,932	777,568	23,801	161,243
Due from other governmental units	1,083,341	-	-	326,073
Total assets	<u>\$ 10,499,802</u>	<u>\$ 777,568</u>	<u>\$ 23,801</u>	<u>\$ 1,185,642</u>
Liabilities				
Accounts payable	\$ 1,248,291	\$ 42,168	\$ 23,801	\$ 274,018
Accrued liabilities	4,923,989	-	-	-
Due to primary government	3,321,736	-	-	-
Due to other funds	1,005,786	502,280	-	-
Total liabilities	<u>10,499,802</u>	<u>544,448</u>	<u>23,801</u>	<u>274,018</u>
Fund Balances				
Fund balances:				
Committed	-	-	-	-
Assigned: Capital projects	-	233,120	-	-
Assigned: School Grants	-	-	-	-
Assigned: Student Activities	-	-	-	-
Assigned: Food Services	-	-	-	911,624
Total fund balances	<u>-</u>	<u>233,120</u>	<u>-</u>	<u>911,624</u>
Total liabilities and fund balance	<u>\$ 10,499,802</u>	<u>\$ 777,568</u>	<u>\$ 23,801</u>	<u>\$ 1,185,642</u>

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Balance Sheets - Governmental Funds (Continued)***June 30, 2021**

	Governmental Funds		
	School Grants Fund	Student Activities Fund	Totals
Assets			
Cash and investments	\$ -	\$ 471,239	\$ 9,393,200
Accounts receivable - net of allowances for uncollectibles	-	-	30,894
Due from other funds	43,174	-	2,167,718
Due from other governmental units	898,390	-	2,307,804
Total assets	\$ 941,564	\$ 471,239	\$ 13,899,616
Liabilities			
Accounts payable	\$ 280,794	\$ -	\$ 1,869,072
Accrued liabilities	-	-	4,923,989
Due to primary government	-	-	3,321,736
Due to other funds	659,652	-	2,167,718
Total liabilities	940,446	-	12,282,515
Fund Balances			
Fund balances:			
Committed	\$ -	\$ -	\$ -
Assigned: Capital projects	-	-	233,120
Assigned: School Grants	1,118	-	1,118
Assigned: Student Activities	-	471,239	471,239
Assigned: Food Services	-	-	911,624
Total fund balances	1,118	471,239	1,617,101
Total liabilities and fund balance	\$ 941,564	\$ 471,239	\$ 13,899,616

*County of Isle of Wight, Virginia**Component Unit – School Board**Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Position***June 30, 2021**

Total fund balances - School Board - governmental funds	\$ 1,617,101
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Amounts reported for government activities in the Statement of Net Position are different because:

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

Non depreciable capital assets	2,156,836
Depreciable capital assets	120,450,023
Accumulated depreciation	<u>(60,026,724)</u>
Capital assets, net	<u>62,580,135</u>

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

Capital leases	(6,022,212)
Compensated absences	(622,584)
OPEB liability	(12,864,908)
Net pension liability	(54,738,713)
Accrued interest	(20,475)

Deferred outflows of resources related to pension	13,862,683
Deferred outflows of resources related to OPEB	2,499,958
Deferred inflows of resources related to pension	(3,430,068)
Deferred inflows of resources related to OPEB	(471,755)

The internal service fund is used by management to charge the cost of health benefits. The assets and liabilities of the internal services fund is included in governmental activities in the Statement of Net Position.

	<u>841,375</u>
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Total net position- School Board - governmental activities	\$ <u>3,230,537</u>
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*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds***For the Fiscal Year Ended June 30, 2021**

	Governmental Funds			
	School Operating Fund	School Capital Projects Fund	School Textbook Fund	School Cafeteria Fund
Revenues				
Revenues from use of money and property	\$ 226,496	\$ -	\$ -	\$ 1,329
Charges for services	78,830	-	-	833
Miscellaneous	385,687	-	-	12,302
Recovered costs	213,848	-	-	-
Revenue from primary government	24,187,337	168,045	238,781	-
Intergovernmental:				
Commonwealth	34,054,357	-	342,587	19,413
Federal	238,388	-	-	3,990,279
Total revenues	59,384,943	168,045	581,368	4,024,156
Expenditures				
Current:				
Administration, attendance and health	2,435,617	-	-	-
Instructional services	43,103,313	-	581,368	-
Operations and maintenance	6,865,130	-	-	-
Pupil transportation	3,542,011	-	-	-
School food services	-	-	-	3,416,400
Facilities	-	568,060	-	-
Technology	2,108,544	-	-	-
Debt Service	1,330,238	-	-	-
Total expenditures	59,384,943	568,060	581,368	3,416,400
Excess (deficiency) of revenues over (under) expenditures	-	(400,015)	-	607,756
Net change in fund balance	-	-	-	607,756
Fund balance - beginning of year, as restated	-	633,135	-	303,868
Fund balance - end of year	\$ -	\$ 233,120	\$ -	\$ 911,624

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
(Continued)***For the Fiscal Year Ended June 30, 2021**

	Governmental Funds		
	School Grants Fund	Student Activities Fund	Totals
Revenues			
Revenues from use of money and property	\$ -	\$ -	\$ 227,825
Charges for services	-	-	79,663
Miscellaneous	69,798	413,146	880,933
Recovered costs	-	-	213,848
Revenue from primary government	-	-	24,594,163
Intergovernmental:		-	
Commonwealth	450,829	-	34,867,186
Federal	3,879,277	-	8,107,944
Total revenues	<u>4,399,904</u>	<u>413,146</u>	<u>68,971,562</u>
Expenditures			
Current:			
Administration, attendance and health	785,767	-	3,221,384
Instructional services	2,418,537	401,088	47,401,916
Operations and maintenance	486,720	-	7,351,850
Pupil transportation	90,632	-	3,632,643
School food services	-	-	3,416,400
Facilities	151,389	-	719,449
Technology	465,741	-	2,574,285
Debt Service	-	-	432,718
Total expenditures	<u>4,398,786</u>	<u>401,088</u>	<u>68,750,645</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,118</u>	<u>12,058</u>	<u>220,917</u>
Net change in fund balance	1,118	12,058	220,917
Fund balance - beginning of year, as restated	-	459,181	1,396,184
Fund balance - end of year	<u>\$ 1,118</u>	<u>\$ 471,239</u>	<u>\$ 1,617,101</u>

*County of Isle of Wight, Virginia**Component Unit – School Board**Reconciliation of the Governmental Funds' Statements of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities***For the Fiscal Year Ended June 30, 2021**

Net change in fund balances - School Board - governmental funds	\$	220,917
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Amounts reported for governmental activities in the statements
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 depreciation expense exceeds capital outlays and transfers.

Joint activity transfer		1,491,463
Capital outlay		1,004,621
Depreciation expense		(3,814,054)
Adjustments to capital assets		(4,000)

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

Principal retirement on capital lease		918,478
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Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Increase in compensated absences		(11,664)
OPEB expense		(297,792)
Pension benefit		(2,660,684)
Increase in accrued interest		35,273

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

		937,858
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Change in net position of School Board - governmental activities

	\$	(2,179,584)
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*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Governmental Funds***For the Fiscal Year Ended June 30, 2021**

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenues from use of money and property	\$ 250,000	\$ 250,000	\$ 226,496	\$ (23,504)
Charges for services	176,000	176,000	78,830	(97,170)
Miscellaneous	337,265	337,265	385,687	48,422
Recovered Costs	-	-	213,848	213,848
Revenue from the Primary Government	26,982,059	26,982,059	24,187,337	(2,794,722)
Intergovernmental				
Commonwealth	33,834,398	33,834,398	34,054,357	219,959
Federal	235,350	775,350	238,388	(536,962)
Total revenues	61,815,072	62,355,072	59,384,943	(2,970,129)
Expenditures				
Current				
Administration, attendance and health	2,700,099	2,566,599	2,435,617	130,982
Instructional services	45,363,836	45,067,836	43,103,313	1,964,523
Operations and maintenance	5,881,679	7,251,179	6,865,130	386,049
Pupil transportation	4,303,474	3,903,474	3,542,011	361,463
School food services	-	-	-	-
Facilities	-	-	-	-
Technology	2,184,993	2,184,993	2,108,544	76,449
Debt Service	1,380,991	1,380,991	1,330,328	50,663
Capital Outlay	-	-	-	-
Total expenditures	61,815,072	62,355,072	59,384,943	2,970,129
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other Financing Sources (uses)				
Transfers in	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

(Continued)

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds – Budget and Actual (Continued)***For the Fiscal Year Ended June 30, 2021**

	School Capital Projects Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenue from the Primary Government	\$ 250,000	\$ 500,000	\$ 168,045	\$ (331,955)
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Revenue from the Primary Government	-	-	-	-
Intergovernmental	-	-	-	-
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	250,000	500,000	168,045	(331,955)
Expenditures				
Current				
Administration, attendance and health	-	-	-	\$ -
Instructional services	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
School Food Services	-	-	-	-
Facilities	250,000	857,802	568,060	289,742.00
Technology	-	-	-	-
Debt Service	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	250,000	857,802	568,060	289,742
Excess (deficiency) of revenues over (under) expenditures	-	(357,802)	(400,015)	(42,213)
Other Financing Sources (uses)				
Transfers in	-	357,802	-	(357,802)
Total other financing sources (uses)	-	357,802	-	(357,802)
Net change in fund balance	-	-	(400,015)	(400,015)
Fund balance - beginning of year	-	-	633,135	633,135
Fund balance - end of year	\$ -	\$ -	\$ 233,120	\$ 233,120

(Continued)

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds – Budget and Actual (Continued)***For the Fiscal Year Ended June 30, 2021**

	School Textbook Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Revenue from the Primary Government	238,781	238,781	238,781	-
Intergovernmental	-	-	-	-
Commonwealth	363,593	363,593	342,587	(21,006)
Federal	-	-	-	-
Total revenues	602,374	602,374	581,368	(21,006)
Expenditures				
Current				
Administration, attendance and health	\$ -	\$ -	\$ -	\$ -
Instructional Services	602,374	602,374	581,368	(21,006)
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
School food services	-	-	-	-
Facilities	-	-	-	-
Technology	-	-	-	-
Debt Service	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	602,374	602,374	581,368	(21,006)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other Financing Sources (uses)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

(Continued)

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds – Budget and Actual (Continued)***For the Fiscal Year Ended June 30, 2021**

	School Cafeteria Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Revenues from use of money and property	\$ 1,147	\$ 1,147	\$ 1,329	\$ 182
Charges for services	875,411	875,411	833	(874,578)
Miscellaneous	-	-	12,302	12,302
Recovered costs	-	-	-	-
Revenue from the Primary Government	-	-	-	-
Intergovernmental	-	-	-	-
Commonwealth	50,098	50,098	19,413	(30,685)
Federal	1,137,769	2,437,769	3,990,279	1,552,510
Total revenues	2,064,425	3,364,425	4,024,156	659,731
Expenditures				
Current				
Administration, attendance and health	\$ -	\$ -	\$ -	\$ -
Instructional services	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
School food services	2,064,425	3,364,425	3,416,400	51,975
Facilities	-	-	-	-
Technology	-	-	-	-
Facilities	-	-	-	-
Debt Service	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	2,064,425	3,364,425	3,416,400	51,975
Excess (deficiency) of revenues over (under) expenditures	-	-	607,756	607,756
Other Financing Sources (uses)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	607,756	607,756
Fund balance - beginning of year	-	-	303,868	303,868
Fund balance - end of year	\$ -	\$ -	\$ 911,624	\$ 911,624

(Continued)

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds – Budget and Actual (Continued)***For the Fiscal Year Ended June 30, 2021**

	School Grants Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Revenues from use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	-	69,798	69,798	-
Recovered costs	-	-	-	-
Revenue from the Primary Government	-	-	-	-
Intergovernmental	-	-	-	-
Commonwealth	297,645	465,943	450,829	(15,114)
Federal	2,467,801	5,057,674	3,879,277	(1,178,397)
Total revenues	2,765,446	5,593,415	4,399,904	(1,193,511)
Expenditures				
Current				
Administration, attendance and health	\$ -	\$ 785,767	\$ 785,767	\$ -
Instructional services	2,481,446	3,117,904	2,418,537	(699,367)
Operations and maintenance	-	528,530	486,720	(41,810)
Pupil transportation	-	544,084	90,632	(453,452)
School food services	-	-	-	-
Facilities	-	151,389	151,389	-
Technology	284,000	465,741	465,741	-
Debt Service	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	2,765,446	5,593,415	4,398,786	(1,194,629)
Excess (deficiency) of revenues over (under) expenditures	-	-	1,118	1,118
Other Financing Sources (uses)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	1,118	1,118
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 1,118	\$ 1,118

(Continued)

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds – Budget and Actual (Continued)***For the Fiscal Year Ended June 30, 2021**

	Student Activities Fund				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual		
Revenues					
Revenue from use of money and property	\$ -	\$ -	\$ 413,146	\$ 413,146	
Charges for services	-	-	-	-	
Miscellaneous	-	-	-	-	
Recovered costs	-	-	-	-	
Revenue from the Primary Government	-	-	-	-	
Intergovernmental	-	-	-	-	
Commonwealth	-	-	-	-	
Federal	-	-	-	-	
Total revenues	-	-	413,146	413,146	
Expenditures					
Current					
Administration, attendance and health	\$ -	\$ -	\$ -		
Instructional services	-	-	401,088	(401,088)	
Operations and Maintenance	-	-	-	-	
Pupil Transportation	-	-	-	-	
School food services	-	-	-	-	
Facilities	-	-	-	-	
Technology	-	-	-	-	
Debt Service	-	-	-	-	
Capital Outlay	-	-	-	-	
Total expenditures	-	-	401,088	(401,088)	
Excess (deficiency) of revenues over (under) expenditures	-	-	12,058	12,058	
Other Financing Sources (uses)					
Transfers in	-	-	-	-	
Total other financing sources (uses)	-	-	-	-	
Net change in fund balance	-	-	12,058	12,058	
Fund balance - beginning of year, as restated	-	-	459,181	459,181	
Fund balance - end of year	\$ -	\$ -	\$ 471,239	\$ 471,239	

(Continued)

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds – Budget and Actual***For the Fiscal Year Ended June 30, 2021**

	Totals			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenues from use of money and property	\$ 251,147	\$ 251,147	\$ 227,825	\$ (23,322)
Charges for services	1,051,411	1,051,411	79,663	(971,748)
Miscellaneous	337,265	407,063	880,933	473,870
Recovered costs	-	-	213,848	213,848
Revenue from the Primary Government	27,470,840	27,720,840	24,594,163	(3,126,677)
Intergovernmental				
Commonwealth	34,545,734	34,714,032	34,867,186	153,154
Federal	3,840,920	8,270,793	8,107,944	(162,849)
Total revenues	67,497,317	72,415,286	68,971,562	(3,443,724)
Expenditures				
Current				
Administration, attendance and health	2,700,099	3,352,366	3,221,384	130,982
Instructional services	48,447,656	48,788,114	46,504,306	2,283,808
Operations and maintenance	5,881,679	7,779,709	7,351,850	427,859
Pupil transportation	4,303,474	4,447,558	3,632,643	814,915
School food services	2,064,425	3,364,425	3,416,400	(51,975)
Facilities	250,000	1,009,191	719,449	289,742
Technology	2,468,993	2,650,734	2,574,285	76,449
Debt Service	1,380,991	1,380,991	1,330,328	50,663
Capital outlay	-	-	-	-
Total expenditures	67,497,317	72,773,088	68,750,645	4,022,443
Excess (deficiency) of revenues over (under) expenditures	-	(357,802)	220,917	578,719
Other Financing Sources (uses)				
Transfers in	-	357,802	-	(357,802)
Total other financing sources (uses)	-	357,802	-	(357,802)
Net change in fund balances	-	-	220,917	220,917
Fund balances - beginning of year, as restated	-	-	1,396,184	1,396,184
Fund balances - end of year	\$ -	\$ -	\$ 1,617,101	\$ 1,617,101

*County of Isle of Wight, Virginia**Component Unit – School Board**Statement of Net Position - Internal Service Fund***June 30, 2021**

		School Health Benefits Fund
	Assets	
Current assets		
Cash and cash equivalents - restricted		\$ 1,143,772
Total current assets		<u>1,143,772</u>
	Liabilities	
Current liabilities		
Accounts payable		296,180
Claims payable		<u>6,217</u>
Total current liabilities		<u>302,397</u>
	Net Position	
Net position - unrestricted (deficit)		<u>\$ 841,375</u>

*County of Isle of Wight, Virginia**Component Unit – School Board**Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Fund***For the Fiscal Year Ended June 30, 2021**

	School Health Benefits Fund
Operating revenues	
Recovered costs	\$ 5,993,195
Total revenues	<u>5,993,195</u>
Operating expenses	
Healthcare benefits	<u>5,055,337</u>
Total expenses	<u>5,055,337</u>
Operating income	<u>937,858</u>
Change in net position	937,858
Net position (deficit) - beginning of year	(96,483)
Net position (deficit) - end of year	<u><u>\$ 841,375</u></u>

*County of Isle of Wight, Virginia**Component Unit – School Board**Statement of Cash Flows – Internal Service Fund***For the Fiscal Year Ended June 30, 2021**

	School Health Benefits Fund
Cash flows from operating activities	
Received from customers and users	5,993,195
Payments to suppliers for goods and services	<u>(5,356,896)</u>
Net cash provided by operating activities	<u>636,299</u>
Change in cash and cash equivalents	636,299
Cash and cash equivalents - beginning of year	507,473
Cash and cash equivalents - end of year	<u><u>\$ 1,143,772</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 937,858
Adjustments to reconcile operating income to net cash provided by operating activities	
Change in:	
Accounts and claims payable	(301,559)
Accounts receivable	<u>-</u>
Net cash provided by operating activities	<u><u>\$ 636,299</u></u>

*County of Isle of Wight, Virginia**Component Unit – Economic Development Authority
Statement of Net Position***June 30, 2021**

Assets	
Current assets	
Cash and cash equivalents	\$ 670,141
Accounts receivable	26,352
Total current assets	<u>696,493</u>
Noncurrent assets	
Land held for resale	<u>9,011,625</u>
Capital assets	
Nondepreciable	376,537
Depreciable, net	<u>1,950,037</u>
Total capital assets	<u>2,326,574</u>
Total noncurrent assets	<u>11,338,199</u>
Total assets	<u>12,034,692</u>
Liabilities	
Current liabilities	
Accounts payable	2,668
Unearned revenue	26,351
Advance from primary government	<u>375,000</u>
Total current liabilities	<u>404,019</u>
Net Position	
Investment in capital assets	2,326,574
Restricted	213,090
Unrestricted	<u>9,091,009</u>
Total net position	<u>\$ 11,630,673</u>

*County of Isle of Wight, Virginia**Component Unit – Economic Development Authority**Statement of Revenues, Expenses, and Changes in Net Position***For the Fiscal Year Ended June 30, 2021**

Operating revenues		
Charges for services	\$	8,756
Other revenues		26,971
Total operating revenues		<u>35,727</u>
Operating expenses		
Operations		54,354
Compensation		3,750
Depreciation		239,143
Total operating expenses		<u>297,247</u>
Operating loss		<u>(261,520)</u>
Nonoperating revenues (expenses)		
Property rental		41,028
Total nonoperating revenues, net		<u>41,028</u>
Change in net position		(220,492)
Net position - beginning of year		11,851,165
Net position - end of year	\$	<u><u>11,630,673</u></u>

*County of Isle of Wight, Virginia**Component Unit – Economic Development Authority
Statement of Cash Flows***For the Fiscal Year Ended June 30, 2021**

Cash flows from operating activities	
Received from customers and users	\$ 35,726
Payments to suppliers for goods and services	(53,931)
Payments to employees	(3,750)
Net cash provided by operating activities	<u>(21,955)</u>
Cash flows from investing activities	
Rental of property	41,028
Net cash provided by investing activities	<u>41,028</u>
Change in cash and cash equivalents	19,073
Cash and cash equivalents - beginning of year	<u>651,068</u>
Cash and cash equivalents - end of year	<u>\$ 670,141</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (261,520)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	239,143
Change in accounts receivable	(16,616)
Change in accounts payable	423
Change in unearned revenue	16,615
Net cash provided by operating activities	<u>\$ (21,955)</u>

Statistical Section

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County of Isle of Wight, Virginia

Statistical Section Overview

June 30, 2021

This part of the County of Isle of Wight's Annual Comprehensive Financial Report presents detailed information as context for understanding the information in the financial statements, note disclosures and required supplementary information.

Contents

Exhibits

Financial Trends

C-1 through C-4

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

Revenue Capacity

C-5 through C-10

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

Debt Capacity

C-11 through C-13

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.

Demographic and Economic Information

C-14

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.

Operating Information

C-15 through C-17

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.

Sources: Unless otherwise noted, the information in these tables is derived from the Annual Comprehensive Financial Report for the relevant year.

*County of Isle of Wight, Virginia**Net Position (Assets) by Component***Last Ten Fiscal Years**

	2021	2020*	2019	2018	2017*
Governmental activities					
Net investment in capital assets	\$ (21,461,167)	\$ (14,604,210)	\$ (16,230,336)	\$ (37,423,718)	\$ (13,319,241)
Restricted	408,538	3,407,069	5,218,666	10,987,940	18,689,154
Unrestricted	57,878,038	38,038,624	31,713,704	41,560,882	8,314,662
Total governmental activities net position	\$ 36,825,409	\$ 26,841,483	\$ 20,702,034	\$ 15,125,104	\$ 13,684,575
Business-type activities					
Net investment in capital assets	\$ (19,402,355)	\$ (17,996,594)	\$ (15,814,155)	\$ (22,900,089)	\$ (16,643,332)
Restricted	332,212	3,016,665	5,282,900	5,321,509	5,320,770
Unrestricted	15,182,498	9,386,855	2,434,210	8,568,353	1,392,872
Total business-type activities net position	\$ (3,887,645)	\$ (5,593,074)	\$ (8,097,045)	\$ (9,010,227)	\$ (9,929,690)
Primary government					
Net investment in capital assets	\$ (40,863,522)	\$ (32,600,804)	\$ (32,044,491)	\$ (60,323,807)	\$ (29,962,573)
Restricted	740,750	6,423,734	10,501,566	16,309,449	24,009,924
Unrestricted	73,060,536	47,425,479	34,147,914	50,129,235	9,707,534
Total primary government net position	\$ 32,937,764	\$ 21,248,409	\$ 12,604,989	\$ 6,114,877	\$ 3,754,885

(Continued)

* 2017 unrestricted net position restated to reflect implementation of GASB 75

2020 governmental net position was restated due to the Franklin Revenue Sharing liability.

2020 business-type net position was restated due to the capitalization of water meters in the Public Utilities Fund.

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

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

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

	2021	2020	2019	2018	2017
Expenses					
Governmental activities:					
General government	\$ 7,915,154	\$ 6,942,584	\$ 6,752,097	\$ 7,032,712	\$ 5,305,220
Judicial administration	1,624,584	1,575,825	1,624,282	1,474,725	1,711,476
Public safety	18,185,143	15,651,837	15,638,826	12,787,055	15,820,681
General services	5,705,232	6,097,278	4,706,389	5,095,079	5,029,762
Health and welfare	7,060,537	4,796,012	3,914,717	4,021,853	4,232,228
Education	26,123,526	30,148,936	32,008,845	33,451,339	28,709,110
Parks, recreation and cultural	3,696,311	3,679,176	3,197,767	3,114,863	3,593,465
Community development	5,203,477	3,488,247	4,266,517	2,792,293	2,259,598
Nondepartmental	-	-	-	-	-
Interest on long-term debt	3,388,164	4,308,156	4,501,668	5,880,446	5,123,993
Total governmental activities expenses	78,902,128	76,688,051	76,611,108	75,650,365	71,785,533
Business-type activities:					
Public utilities	7,807,503	8,783,282	8,432,300	8,595,427	8,787,726
Stormwater	1,577,626	998,538	1,058,641	1,013,796	1,456,085
Total business-type activities expenses	9,385,129	9,781,820	9,490,941	9,609,223	10,243,811
Total primary government expenses	\$ 88,287,257	\$ 86,469,871	\$ 86,102,049	\$ 85,259,588	\$ 82,029,344
Program Revenue					
Governmental activities:					
Charges for services:					
General government	\$ 1,119,816	\$ 842,074	\$ 1,362,889	\$ 43,196	\$ 1,029,176
Judicial administration	\$ 267,424	\$ 842,074	296,643	13,072	397,063
Public safety	1,545,482	289,269	1,241,386	1,465,714	2,682,915
Public Works	458,248	1,058,829	-	-	193,473
Health and welfare	275,255	1,245,789	217,003	-	273,895
Parks, recreation and cultural	199,711	248,050	271,808	507,198	693,847
Community development	8,736	472,346	43,231	982,610	98,030
Operating grants and contributions	9,315,027	21,116	4,758,736	7,021,642	9,874,844
Capital grants and contributions	1,341,140	7,840,352	2,964,205	-	2,827,555
Interest rate subsidy	-	1,548,678	-	-	-
Total governmental activities program revenues	\$ 14,530,839	14,408,577	\$ 11,155,901	\$ 10,033,432	\$ 18,070,798

(Continued)

*County of Isle of Wight, Virginia**Change in Net Position (Continued)***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	8,787,726	11,146,341	8,677,215	8,214,531	7,439,824
Stormwater	1,456,085	829,480	347,845	-	-
Total business-type activities expenses	10,243,811	11,975,821	9,025,060	8,214,531	7,439,824
Total primary government expenses	\$ 84,872,776	\$ 81,531,966	\$ 74,280,996	\$ 77,681,889	\$ 73,481,394
Program revenue					
Governmental activities:					
Charges for services:					
General government	\$ 1,029,176	\$ 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	\$ 11,860,393	\$ 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

	2021	2020	2019	2018	2017
Business-type activities					
Charges for services	\$ 8,390,163	\$ 7,769,192	\$ 6,640,576	\$ 6,710,500	\$ 6,988,013
Capital grants and contributions	-	-	285,844		23,836
Total business-type activities program revenues	8,390,163	7,769,192	6,926,420	6,710,500	7,011,849
Total Primary Government program revenues	\$ 22,921,002	\$ 17,656,966	\$ 16,743,932	\$ 16,743,932	\$ 19,674,359
Net expense - governmental activities	\$ (64,371,289)	\$ (63,121,548)	\$ (65,455,207)	\$ (65,616,933)	\$ 53,714,735
Net expense - business-type activities	(994,966)	(2,012,628)	(2,564,521)	(2,898,723)	3,255,798
Total primary government net expense	\$ (65,366,255)	\$ (65,134,176)	\$ (68,019,728)	\$ (68,515,656)	\$ 56,970,533
General revenues and other changes in net position					
Governmental activities					
Property taxes	\$ 60,942,814	\$ 57,854,621	\$ 57,269,604	\$ 57,755,525	\$ 62,107,289
Other taxes	9,001,515	4,411,144	3,627,945	7,928,102	8,637,670
Revenue from use of property and money	(40,499)	1,409,372	1,194,695	786,748	99,580
Investment earnings	-	-	-	-	-
Miscellaneous	1,640,286	1,403,119	2,361,944	1,150,233	1,328,044
Intergovernmental, non-categorical aid	5,463,009	5,396,075	5,375,993	5,409,797	-
Gain on sale of assets	-	-	-	-	-
Transfers	(2,651,910)	(3,805,195)	(3,300,000)	(3,791,022)	(4,922,005)
Total governmental activities	74,355,215	66,669,136	66,530,181	69,239,383	67,250,578
Business-type activities					
Investment earnings	41,943	120,047	167,713	89,138	44,586
Gain on sale of assets	-	-	-	-	-
Miscellaneous	6,542	-	-	-	-
Transfers	2,651,910	3,805,195	3,300,000	3,791,022	4,922,005
Total business-type activities	2,700,395	3,925,242	3,467,713	3,880,160	4,966,591
Total primary government	\$ 77,055,610	\$ 70,594,378	\$ 69,997,894	\$ 73,119,543	\$ 72,217,169
Change in net position					
Governmental activities	\$ 9,983,926	\$ 7,194,297	\$ 5,576,930	\$ 3,622,450	\$ 13,535,843
Business-type activities	1,705,429	1,918,848	913,182	981,437	1,710,793
Total primary government	\$ 11,689,355	\$ 9,113,145	\$ 6,490,112	\$ 4,603,887	\$ 15,246,636

Continued)

*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
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					
Property taxes	\$ 56,575,683	\$ 54,539,535	\$ 48,365,143	\$ 42,408,465	\$ 38,130,254
Other taxes	7,497,791	7,005,687	7,046,183	6,709,396	6,200,597
Revenue from use of property and money	-	-	-	-	-
Investment earnings	1,434,262	956,397	324,636	909,387	1,066,841
Miscellaneous	356,418	379,229	840,977	-	397,920
Intergovernmental, non-categorical aid	-	-	-	-	-
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	64,360,487	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
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	\$ 65,944,563	\$ 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)	\$ (2,045,536)	\$ (7,098,642)	\$ (2,405,830)

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

	2021	2020	2019	2018	2017
General Fund					
Non Spendable:					
Non Spendable	\$ 375,000	\$ 375,000	\$ 375,000	\$ 866,742	\$ 920,645
Spendable:					
Restricted	3,377	246,699	-	22,259	61,568
Assigned	3,242,714	572,753	3,782,681	1,291,755	3,623,722
Unassigned	25,527,263	20,390,116	16,230,524	15,905,253	10,960,727
Committed	4,098,407	7,389,502	4,526,264	5,460,229	3,877,087
Total General Fund	\$ 33,246,761	\$ 28,974,070	\$ 24,914,469	\$ 23,546,238	\$ 19,443,749
All other Government funds					
Non Spendable:					
Non Spendable	\$ -	\$ -	\$ -	\$ 4,855	\$ -
Spendable:					
Restricted	34,112,464	2,785,370	4,843,666	10,096,400	17,738,141
Assigned	7,637,354	5,727,202	7,222,267	6,573,306	6,318,154
Unassigned	-	(58,334)	(176,175)	(49,728)	-
Total all other Government Funds	\$ 41,749,818	\$ 8,454,238	\$ 11,889,758	\$ 16,624,833	\$ 24,056,295

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

	2016	2015	2014	2013	2012
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
Committed	-	-	-	-	-
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	\$ 3,246	\$ 2,349	\$ 40,381	\$ 40,595	\$ 40,215
Spendable:					
Restricted	5,445,121	7,149,866	13,712,571	24,568,034	29,041,335
Assigned	3,385,036	5,242,890	4,169,285	5,020,477	5,377,105
Unassigned	-	-	-	-	-
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**Changes in Fund Balance - Governmental Funds***Last Ten Fiscal Years**

	2021	2020	2019	2018	2017
Revenues					
General property taxes	\$ 60,444,185	\$ 57,026,717	\$ 56,651,372	\$ 57,574,975	\$ 49,835,086
Other local taxes	9,001,515	8,040,738	8,129,901	7,928,102	8,580,982
Permits, fees and licenses	1,327,849	949,001	1,434,187	952,303	2,141,092
Fines and forfeitures	110,659	137,069	135,492	169,606	151,318
Revenue from use of property	(107,982)	1,409,372	1,194,695	786,748	99,580
Charges for services	1,821,965	1,528,095	1,594,890	1,889,881	2,887,413
Miscellaneous	796,103	1,279,219	1,817,107	1,150,233	787,010
Recovered costs	823,900	339,468	826,946	646,819	396,686
Intergovernmental	16,696,141	16,132,845	13,085,216	11,784,620	11,344,133
Total revenues	90,914,335	86,842,524	84,869,806	82,883,287	76,223,300
Expenditures					
General governmental administration	4,357,667	4,343,637	4,151,387	4,151,387	4,376,415
Judicial administration	1,525,324	1,527,731	1,662,999	1,662,999	1,542,881
Public safety	14,267,943	12,945,665	13,257,506	13,257,506	12,618,898
General services	4,835,470	4,487,503	4,436,961	4,436,961	4,585,899
Health and welfare	6,888,080	4,653,343	3,911,948	3,911,948	3,888,786
Education	25,780,713	28,689,619	30,571,555	30,571,555	26,116,112
Parks, recreation and cultural	2,947,864	3,189,112	2,724,889	2,724,889	2,838,301
Community development	5,072,277	3,387,273	4,254,468	4,254,468	2,880,539
Nondepartmental	2,672,290	2,208,471	2,429,187	1,846,733	1,676,722
Capital outlay	5,215,782	5,605,813	6,327,168	6,327,168	3,468,132
Debt service					
Principal	7,481,155	7,416,448	7,229,617	4,639,186	3,006,700
Interest	3,518,292	4,480,486	4,637,072	8,623,961	4,468,592
Other fiscal charges	1,236,778	15,350	20,032	737,635	178,618
Total expenditures	85,799,635	82,950,451	85,614,789	87,146,396	71,646,595
Excess of revenues over (under) expenditures	5,114,700	3,892,073	(744,983)	(4,263,109)	4,576,705
Other financing sources (uses)					
Transfers in	8,054,724	3,803,626	4,389,327	4,389,327	9,953,287
Transfers out	(10,759,930)	(7,630,941)	(7,689,327)	(7,689,327)	(14,719,615)
Issuance of debt	67,775,839	471,623	678,149	27,636,789	16,198,865
Premium on bonds issued	3,704,269	-	-	4,345,538	-
Payments to escrow agent	(35,357,218)	-	-	(26,610,438)	-
Proceeds from sale of property	90,739	87,690	-	-	-
Total other financing sources (uses), net	33,508,423	(3,268,002)	(2,621,851)	2,071,889	11,432,537
Net change in fund balance	\$ 38,623,123	\$ 624,071	\$ (3,366,834)	\$ (2,191,220)	\$ 16,009,242

Debt service as a percentage of noncapital expenditures	14%	15%	15%	16%	11%
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*County of Isle of Wight, Virginia**Changes in Fund Balance - Governmental Funds (Continued)***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
Other fiscal charges	-	-	-	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	-
Premium on bonds issued	-	-	-	-	-
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), net	(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)

Debt service as a percentage of noncapital expenditures	11%	12%	12%	12%	4%
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*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
2021	\$ 3,744,185,800	\$ 730,617,000	\$ 570,617,600	\$ 5,045,420,400	\$ 0.85	\$ 5,045,420,400	100%
2020	3,708,392,489	728,539,351	570,242,440	5,007,174,280	0.85	5,007,174,280	100%
2019	3,504,978,448	719,485,846	546,574,725	4,771,039,019	0.85	4,771,039,019	100%
2018	3,451,012,097	719,464,081	549,075,515	4,719,551,693	0.85	4,719,551,693	100%
2017	3,400,486,756	694,930,358	551,118,971	4,646,536,085	0.85	4,646,536,085	100%
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%

(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
2021	\$ 5,045,420,400	\$ 370,239,897	\$ 18,672,993	\$ 272,122,060	\$ 193,238,893	\$ 5,899,694,243
2020	5,007,174,280	373,806,289	17,748,716	284,499,403	172,053,175	5,855,281,863
2019	4,771,039,019	352,995,485	19,705,871	296,492,660	164,825,059	5,605,058,094
2018	4,719,551,693	341,308,665	18,667,107	253,695,910	177,064,299	5,510,287,674
2017	4,646,536,085	334,433,134	18,250,173	246,170,869	171,357,723	5,416,747,984
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

- (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
2021	\$ 0.85	\$ 4.50	\$ 0.85	\$ 1.75	1.00/1.00
2020	0.85	4.50	0.85	1.75	\$ 1.00/1.00
2019	0.85	4.50	0.85	1.75	1.00/1.00
2018	0.85	4.50	0.85	1.75	1.00/1.00
2017	0.85	4.50	0.85	4.24	1.00/1.00
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

County of Isle of Wight, Virginia**Principal Property Taxpayers****Current Year and Nine Years Ago**

REAL ESTATE	2021			2012		
	Assessed Valuation	Rank	Percent of Total Assessed Valuation Real Estate	Assessed Valuation	Rank	Percent of Total Assessed Valuation Real Estate
Taxpayer	Real Estate		Estate	Real Estate		Estate
International Paper	\$ 94,187,900	1	1.87%	\$ 120,766,900	1	2.82%
Vereit Real Estate LP	71,821,800	2	1.42%	-	-	-%
Smithfield Farmland Corp	29,296,300	3	0.58%	-	-	-%
Smithfield Foods Inc	16,106,700	8	0.32%	40,480,400	2	0.94%
Eagle Harbor Apartments, LP	26,000,000	5	0.52%	26,774,000	5	0.62%
Eagle Harbor West LLC	27,000,000	4	0.54%	13,667,400	8	0.32%
Green Mountain Coffee Roasters	19,611,300	6	0.39%	-	-	-%
Eagle Harbor Apartments II, LP	17,000,000	7	0.34%	-	-	-%
LDI Virginia LLC	15,152,400	9	0.30%	14,992,400	6	0.35%
Sentara Healthcare	14,786,800	10	0.29%	14,787,500	7	0.34%
Inland RI Holdings LLC etals	-	-	-%	39,789,300	3	0.93%
Gwaltney of Smithfield, Ltd.	-	-	-%	28,626,800	4	0.67%
Carolina Cold Storage LTD	-	-	-%	10,668,700	9	0.25%
Eagle Harbor Shopping Center LLC	-	-	-%	10,397,000	10	0.24%
	\$ 330,963,200		6.57%	\$ 320,950,400		7.49%

PERSONAL PROPERTY

PERSONAL PROPERTY	2021			2012		
	Assessed Valuation	Rank	Percent of Total Assessed Valuation Personal Property (1)	Assessed Valuation	Rank	Percent of Total Assessed Valuation Personal Property (1)
Taxpayer	Personal Property		Property (1)	Personal Property		Property (1)
International Paper	\$ 146,851,199	1	21.81%	\$ 2,944,385	6	0.40%
Gwaltney of Smithfield Ltd.	47,442,467	2	7.05%	92,421,822	1	12.56%
Keurig Green Mountain Inc	34,219,188	3	5.08%	-	-	-%
ST Tissue LLC	22,931,113	4	3.41%	-	-	-%
Cost Plus Inc.	7,210,491	5	1.07%	4,958,434	5	0.67%
Franklin Lumber LLC	6,767,764	6	1.00%	-	-	-%
Food Lion/Bloom	2,835,096	7	0.42%	2,426,953	8	0.33%
Charter Communications/Spectrum SE LLC	1,776,108	8	0.26%	2,404,541	9	0.33%
C R England Inc	1,760,815	9	0.26%	-	-	-%
Lasalle Solutions	1,424,666	10	0.21%	-	-	-%
GE Capital	-	-	-%	5,910,297	4	0.80%
Isle of Wight Forest Products	-	-	-%	7,752,701	3	1.05%
Specialty Minerals Inc	-	-	-%	8,262,782	2	1.12%
Southern Structural Steel	-	-	-%	2,439,968	7	0.33%
Bay Sand	-	-	-%	2,339,806	10	0.32%
	\$ 273,218,907		40.57%	\$ 131,861,689		17.93%

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

*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
2021	\$ 57,763,407	\$ 56,636,803	98.05%	\$ 1,126,603	\$ 56,957,224	98.60%	\$ 1,126,603	1.95%
2020	56,672,054	54,408,488	96.01%	2,263,567	55,311,373	97.60%	2,263,567	3.99%
2019	53,193,829	52,007,865	97.77%	1,185,964	52,681,154	99.04%	1,185,965	2.23%
2018	57,775,634	56,573,858	97.92%	1,201,776	56,788,549	98.29%	1,201,776	2.08%
2017	52,429,271	51,212,340	97.68%	1,216,932	53,469,984	100.00%	1,902,005	3.63%
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	100.00%	740,634	1.94%

- (1) Collections include amount reimbursed by the State for Personal Property Tax under the Personal Property Tax Relief Act (PPTRA) of 1998.
- (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 Years**

	2021	2020	2019	2018	2017
Apparel stores	\$ 2,283,686	\$ 3,153,733	\$ 2,796,422	\$ 2,945,495	\$ 3,112,767
General merchandise	19,503,277	18,148,931	18,426,147	18,471,979	17,055,174
Food stores	98,742,509	82,746,947	75,489,663	75,929,226	75,469,177
Eating and drinking establishments	37,892,254	36,625,313	34,531,724	32,415,274	30,001,191
Home furnishings and appliances	733,210	740,770	984,728	1,149,106	1,655,721
Building materials and farm tools	10,810,423	7,938,465	7,929,969	7,623,262	7,733,809
Auto dealers and supplies	4,359,135	4,391,501	4,652,629	4,127,154	4,262,699
Service stations	12,708,001	12,876,461	12,306,750	10,231,430	10,116,257
Other retail stores	4,906,103	4,090,605	4,527,901	7,707,369	7,444,040
All other outlets	71,284,349	64,573,472	78,248,666	76,326,354	67,585,166
	<u>\$ 263,222,947</u>	<u>\$ 235,286,198</u>	<u>\$ 239,894,599</u>	<u>\$ 236,926,649</u>	<u>\$ 224,436,001</u>

(Continued)

Source: Isle of Wight County Commissioner of Revenue

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

Last Ten 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
	<u>\$ 220,426,281</u>	<u>\$ 212,836,390</u>	<u>\$ 202,181,719</u>	<u>\$ 200,465,049</u>	<u>\$ 193,080,261</u>

*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
2021	37,109	\$ 5,045,420,400	\$ 171,249,638	\$ 36,615,945	\$ 134,633,693	2.67%	9.8%	\$ 3,628
2020	37,649	5,007,174,280	139,900,880	35,715,310	104,185,570	2.08%	7.8%	\$ 2,767
2019	38,386	4,771,039,019	148,330,252	36,519,191	111,811,061	2.34%	8.1%	2,913
2018	38,020	4,719,551,693	156,544,148	37,310,496	119,233,652	2.53%	9.2%	3,136
2017	37,074	4,646,536,085	157,839,769	37,986,086	119,853,683	2.58%	10.0%	3,233
2016	36,438	4,579,015,110	145,898,692	38,534,357	107,364,335	2.34%	9.4%	2,946
2015	36,007	4,197,303,286	150,247,147	39,148,981	111,098,166	2.65%	10.0%	3,085
2014	35,656	4,147,194,000	146,569,755	37,393,972	109,175,783	2.63%	9.9%	3,062
2013	35,399	4,966,178,830	150,387,747	44,620,819	105,766,928	2.13%	7.0%	2,988
2012	35,457	5,022,571,541	132,640,758	28,354,023	104,286,735	2.08%	7.2%	2,941

(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-14 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			
2021	\$ 134,633,693	\$ 4,326,512	\$ 1,426,252	\$ 36,615,945	\$ -	\$ 133,789	\$ 177,136,191	13.31%	4,705
2020	104,185,570	4,326,512	1,234,124	35,715,310	-	129,246	145,590,762	10.94%	3,867
2019	111,811,061	4,326,512	1,154,305	36,519,191	-	53,368	153,864,437	11.16%	4,008
2018	119,233,652	4,326,512	872,070	37,310,496	-	77,956	161,820,686	12.47%	4,256
2017	119,853,683	4,326,512	834,485	37,986,086	-	28,763	163,029,529	13.61%	4,397
2016	107,364,335	4,326,512	766,113	38,534,357	12,000	39,916	151,043,233	13.27%	4,145
2015	111,098,166	4,326,512	722,822	39,148,981	24,000	50,903	155,371,384	13.96%	4,315
2014	109,175,783	4,326,512	-	37,393,972	36,000	-	150,932,267	13.74%	4,233
2013	105,766,928	4,326,512	-	44,620,819	48,000	-	154,762,259	10.20%	4,372
2012	104,286,735	4,326,512	-	28,354,023	60,000	-	137,027,270	9.49%	3,865

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

(2) See Exhibit C-14 for per capita income.

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

	2021	2020	2019	2018	2017
Total assessed valuation of real estate from land book	\$ 5,045,420,400	\$ 5,007,174,280	\$ 4,771,039,019	\$ 4,719,551,693	\$ 4,646,536,085
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%
Debt limitation	504,542,040	500,717,428	477,103,902	471,955,169	464,653,609
Total debt of the County	162,085,328	130,644,576	138,037,818	145,215,577	151,024,995
Total debt of the Town of Smithfield	6,855,711	5,666,352	6,710,634	7,877,421	6,507,832
Total debt of the Town of Windsor	1,058,724	1,195,942	1,173,269	1,228,217	1,281,529
Total	169,999,763	137,506,870	145,921,721	154,321,215	158,814,356
Amount by which legal debt margin exceeds total debt	\$ 334,542,277	\$ 363,210,558	\$ 331,182,181	\$ 317,633,954	\$ 305,839,253

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					
	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	3,970,025	4,548,745	4,494,595	4,948,510	5,303,476
Total debt of the Town of Windsor	1,422,869	1,484,849	1,846,719	1,990,105	2,168,307
Total	143,682,894	147,608,594	146,221,314	149,863,615	139,246,783
Amount by which legal debt margin exceeds total debt	\$ 314,218,617	\$ 272,121,735	\$ 268,498,086	\$ 257,235,484	\$ 289,454,017

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)		(1)		Registered Voters	(2)	
	Population		Per Capita Income			Unemployment Rate	
2021	37,109	(4)	\$	37,126	(4)	30,218	4.0%
2020	37,649	(4)		35,344	(4)	28,559	6.3%
2019	38,386	(4)		35,920	(4)	28,248	2.9%
2018	38,020	(4)		34,139	(4)	28,200	3.2%
2017	37,074	(4)		32,477	(4)	27,718	3.7%
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%

Source:

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

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

Function/Program	2021	2020	2019	2018	2017
General government					
Board of Supervisors	1.0	0.5	0.5	0.5	0.5
County Administration	2.5	2.5	2.5	2.5	2.5
County Attorney	1.5	2.0	2.0	2.0	2.0
Commissioner of Revenue	10.5	10.5	10.5	10.5	9.5
Treasurer	10.0	9.5	10.0	11.0	10.0
Budget and Finance	7.0	8.0	7.0	7.0	7.0
Purchasing	2.0	1.0	1.0	1.0	1.0
Human Resources	3.0	2.5	2.0	2.0	2.0
Communications	1.5	1.5	1.5	1.5	1.0
Economic Development	4.0	4.0	4.0	4.0	3.0
Registrar	3.5	3.0	3.0	3.5	3.0
Inspections	8.0	5.0	5.0	5.0	5.0
Information Technology	8.0	7.0	7.5	7.5	7.5
Risk Management	2.0	2.0	2.0	1.0	1.0
Planning and Zoning	9.0	11.0	11.0	11.0	10.0
Health & Welfare	39.0	39.0	2.0	2.0	1.5
Tourism	4.0	4.0	4.0	4.5	3.5
Farmers Market	-	-	0.5	-	-
Circuit Court	1.0	1.0	-	-	-
Clerk of Court	7.0	7.0	7.0	7.0	7.0
Commonwealth Attorney	8.0	8.0	8.0	8.0	6.0
Total general government	132.5	129.0	91.0	91.5	83.0
Public Safety					
Sheriff Deputies (including Sheriff)	53.5	52.0	52.5	52.5	49.0
Administrative	4.0	4.0	4.0	4.0	4.0
Animal Control	7.5	7.0	6.5	5.0	6.0
Emergency Communications	18.0	18.0	16.5	18.5	19.5
Total Public Safety	83.0	81.0	79.5	80.0	78.5
Fire and Rescue					
Administrative	5.0	5.0	5.0	5.0	5.5
Firefighters/Paramedics	51.5	51.0	48.5	43.5	47.0
Total Fire and Rescue	56.5	56.0	53.5	48.5	52.5
General Services					
Administrative	3.9	3.9	3.9	3.9	4.0
Engineering	2.0	2.0	2.0	2.0	1.5
Stormwater	9.2	8.2	8.2	7.2	9.0
Refuse collection	36.0	25.0	23.0	23.5	19.0
Building and Grounds	10.0	10.0	8.0	8.0	6.0
Custodians	8.5	9.0	9.0	8.0	-
Total Public Works	69.6	58.1	54.1	52.6	39.5
Parks, Recreation and Cultural	21.0	21.0	26.0	27.0	25.0
Public Utilities	20.0	20.0	18.0	12.0	14.6
Public Schools					
Instructional Positions	434.0	420.0	412.0	365.0	398.0
Administrators	74.0	74.0	80.0	58.0	60.0
Support Personnel	236.0	234.0	267.0	241.0	254.0
Total Public Schools	744.0	728.0	759.0	664.0	712.0
Grand total	1,126.6	1,093.1	1,081.1	975.6	1,005.1

Source: Various County of Isle of Wight Departments, including Isle of Wight County Schools for information relates to Public Schools
Grand Totals 2011-2014 updated

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

Function/Program	2016	2015	2014	2013	2012
General government					
Board of Supervisors	0.50	0.50	-	-	-
County Administration	3.5	3.0	4.0	4.0	4.0
County Attorney	2.0	2.0	2.0	1.50	2.0
Commissioner of Revenue	10.5	10.5	10.5	10.5	10.5
Treasurer	10.0	9.50	9.50	9.50	9.0
Budget and Finance	6.0	5.0	6.0	7.0	7.0
Purchasing	1.00	1.50	-	-	-
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	3.50	3.50	3.50	2.50	2.50
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	-	-	-
Planning and Zoning	10.0	10.0	9.0	10.0	10.0
Health & Welfare	1.50	1.50	1.50	1.50	4.0
Tourism	3.50	3.50	3.50	3.50	6.50
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	86.00	85.50	85.50	86.00	90.50
Public Safety					
Sheriff Deputies (including Sheriff)	48.5	47.50	46.5	46.5	45.5
Administrative	5.0	5.0	4.5	4.0	4.5
Animal Control	5.5	5.50	5.5	5.0	4.5
Emergency Communications	19.5	19.50	22.0	19.5	19.0
Total Public Safety	78.50	77.50	78.50	75.00	73.50
Fire and Rescue					
Administrative	5.0	5.0	6.0	4.0	4.0
Firefighters/Paramedics	58.5	54.50	60.0	55.50	46.0
Total Fire and Rescue	63.50	59.50	66.00	59.50	50.00
General Services					
Administrative	3.50	3.50	5.0	3.0	3.0
Engineering	1.90	1.90	6.0	7.0	7.50
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	-	-	6.50	6.50	7.0
Total Public Works	44.80	44.30	52.00	43.00	45.50
Parks, Recreation and Cultural	20.0	21.0	20.5	21.5	20.0
Public Utilities	16.2	15.2	13.0	13.0	13.50
Public Schools					
Instructional Positions	533.0	402.0	477.0	538.3	356.0
Administrators	19.0	45.5	47.0	53.40	44.0
Support Personnel	142.0	248.0	177.1	185.5	133.0
Total Public Schools	694.00	695.50	701.10	777.20	533.00
Grand total	1,003.00	998.50	1,016.60	1,075.20	826.00

Source: Various County of Isle of Wight Departments, including Isle of Wight County Schools for information relates to Public Schools
Grand Totals 2011-2014 updated

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

Last Ten Fiscal Years					
Function/Program	2021	2020	2019	2018	2017
Sheriff					
Physical arrests	746	1,421	1,432	1,056	853
Traffic violations	1,988	3,252	2,487	3,037	3,427
Fire					
Emergency responses - Fire	914	922	737	1,108	1,031
Emergency responses - Rescue	5,284	4,804	4,756	4,598	4,450
Building Permits					
Residential	300	200	195	156	171
Residential - Value	\$ 68,130,237	\$ 42,297,744	\$ 36,267,481	\$ 32,555,058	\$ 32,108,219
Commercial	11	8	9	14	15
Commercial - Value	\$ 1,617,010	\$ 1,354,702	\$ 3,833,333	\$ 3,744,477	\$ 2,361,121
Refuse Collection					
Refuse collected (tons per day)	88	61	59	64	59
Public Schools					
Cost Per Student	\$ 11,049	\$ 10,518	\$ 11,640	\$ 10,598	\$ 11,288
Average Daily Membership	5,392	5,591	5,375	5,338	5,263
Student/Teacher Ratio	12.70	13.19	13.05	14.60	16.10
Park and Recreation					
Athletic field permits issued	21	12	27	26	11
County Fair Admissions	-	35,170	-	28,831	30,168
Library					
Volumes in collection	135,050	69,133	67,172	67,281	68,638
Total volumes borrowed	273,681	154,196	198,182	163,688	200,768
Water					
New connections	131	116	96	80	102
Average daily consumption (thousands of gallons)	0.73	0.35	0.33	0.32	0.35

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

Note:

County Fair was canceled in fiscal year 2019 due to a hurricane.

County Fair was canceled in fiscal year 2021 due to the COVID pandemic.

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

Function/Program	2015	2014	2013	2012	2011
Sheriff					
Physical arrests	470	814	527	419	412
Traffic violations	2,582	2,274	2,032	1,448	1,214
Fire					
Emergency responses - Fire	1,728	1,334	709	1,479	1,375
Emergency responses - Rescue	4,323	4,149	4,720	4,179	4,343
Building Permits					
Residential	130	126	107	85	92
Residential - Value	\$ 28,774,421	\$ 29,193,361	\$ 25,170,632	\$ 12,656,261	\$ 24,909,824
Commercial	9	5	4	5	14
Commercial - Value	\$ 1,803,859	\$ 3,010,200	\$ 2,738,211	\$ 2,734,000	\$ 8,748,932
Refuse Collection					
Refuse collected (tons per day)	28	31.0	46.0	47.9	49.3
Public Schools					
Cost Per Student	\$ 9,922	\$ 10,113	\$ 9,628	\$ 9,827	\$ 9,827
Average Daily Membership	5,233	5,325	5,312	5,331	5,331
Student/Teacher Ratio	14.1	17.2	16.3	15.7	15.7
Park and Recreation					
Athletic field permits issued	30	32	59	872	-
County Fair Admissions	29,337	25,160	33,886	14,997	15,000
Library					
Volumes in collection	73,430	184,288	186,615	202,633	223,249
Total volumes borrowed	187,594	417,529	449,557	945,071	215,767
Water					
New connections	52	58	60	50	93
Average daily consumption (thousands of gallons)	0.65	0.58	0.60	0.58	0.57

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

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

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Sheriff										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	33	30	30	30	30	30	48	49	43
Fire and Rescue										
Fire Units	5	5	5	5	5	5	5	5	5	5
Rescue Units	2	2	2	2	2	2	4	4	4	4
Refuse Collection										
Collection trucks	5	5	5	5	5	6	6	6	6	6
Public Schools										
School Facilities	9	9	9	9	9	9	9	9	9	9
Park and Recreation										
Parks	11	11	11	10	7	7	7	7	7	7
Acreage	3,077	3,077	3,077	569	570	570	570	570	570	570
Playgrounds	4	4	4	4	4	4	4	4	4	4
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/football fields	15	15	15	9	12	12	12	12	12	12
Community centers	4	4	4	3	2	2	2	2	2	2
Museums	3	3	3	3	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 Schools for information relates to Public Schools

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**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**To the Honorable Members of the Board of Supervisors
County of Isle of Wight
Isle of Wight, Virginia**

We have audited, in accordance with the 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, the 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 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Isle of Wight, Virginia's basic financial statements, and have issued our report thereon dated December 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Isle of Wight, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Isle of Wight, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Isle of Wight, Virginia's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Isle of Wight, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farnum, Cox Associates

Richmond, Virginia
December 13, 2021



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

**To the Honorable Members of the Board of Supervisors
County of Isle of Wight
Isle of Wight, Virginia**

Report on Compliance for Each Major Federal Program

We have audited the County of Isle of Wight, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Isle of Wight, Virginia's major federal programs for the year ended June 30, 2021. County of Isle of Wight, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Isle of Wight, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Isle of Wight, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Isle of Wight, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Isle of Wight, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our audit procedures disclosed one instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

County of Isle of Wight, Virginia's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Isle of Wight, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the County of Isle of Wight, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Isle of Wight, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Isle of Wight, Virginia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 13, 2021

COUNTY OF ISLE OF WIGHT, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
DEPARTMENT OF JUSTICE:				
<u>Direct payments:</u>				
Asset Forfeiture Proceeds	16.000	n/a		\$ 676
<u>Pass through payments:</u>				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	39001-10220		72,998
Violence Against Women Formula Grants	16.588	20-X9425VA19/Z1-Y9425VA20		18,743
Total Department of Justice				\$ 92,417
DEPARTMENT OF TREASURY:				
<u>Pass through payments:</u>				
Department of Accounts:				
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	10110-728021	\$ 1,122,455	\$ 4,153,729
Department of Education:				
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	10110-728021		981,120
Total AL# 21.019				\$ 5,134,849
Total Department of Treasury				\$ 5,134,849
DEPARTMENT OF TRANSPORTATION:				
<u>Pass through payments:</u>				
Virginia Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	115,P101,R201,C501	\$ 458,248	
Recreational Trails Program	20.219	VRT-323-M-190	45,875	
Total Highway Planning and Construction Cluster				\$ 504,123
Alcohol Open Container Requirements	20.607	Unknown		15,013
Total Department of Transportation				\$ 519,136
DEPARTMENT OF HOMELAND SECURITY:				
<u>Pass through payments:</u>				
Virginia Department of Emergency Services:				
Emergency Management Performance Grants	97.042	EMP-2017-EP-00006		\$ 4,219
Total Department of Homeland Security				\$ 4,219
DEPARTMENT OF AGRICULTURE:				
<u>Pass through payments:</u>				
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040120/0040121		\$ 520,076
Department of Agriculture:				
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559	202020N85034 1	\$ 3,181,272	
COVID-19 - Summer Food Service Program for Children	10.559	202020N85034 1	698,467	
Total AL# 10.559				\$ 3,879,739
Food distribution - National School Lunch Program	10.555	Unknown	110,541	
Total Child Nutrition Cluster				\$ 3,990,280
Total Department of Agriculture				\$ 4,510,356
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Pass through payments:</u>				
Virginia Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950119/0950120	\$ 6,714	
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500120/0500121	590	
Low Income Home Energy Assistance	93.568	0600420/0600421	40,567	
Adoption and Legal Guardianship Incentive Payments	93.603	1130118	1,358	
Stephanie Tubbs Jones Child Welfare Service Programs	93.645	0900120/0900121	120	
Foster Care Title IV - E	93.658	1100120/1100121	210,181	
Adoption Assistance	93.659	1120120/1120121	98,277	
Social Services Block Grant	93.667	1000120/1000121	288,368	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150121	2,745	
Children's Health Insurance Program	93.767	0540120/0540121	4,590	
Medicaid Cluster:				
Medical Assistance Program	93.778	1200120/1200121	388,664	
Temporary Assistance for Needy Families	93.558	0400120/0400121	308,877	
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120/0760121	50,884	
Total Department of Health and Human Services				\$ 1,401,935

COUNTY OF ISLE OF WIGHT, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
<u>Direct payments:</u>				
Home Investment Partnerships Program	14.239	n/a		\$ 16,563
Total Department of Housing and Urban Development				\$ 16,563
DEPARTMENT OF EDUCATION:				
<u>Direct payments:</u>				
Adult Education - Basic Grants to States	84.002	n/a		\$ 45,872
Impact Aid	84.041	n/a		91,229
<u>Pass through payments:</u>				
Virginia Department of Education:				
Title I Grants to Local Educational Agencies	84.010	429010		656,539
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	430710, 871380	\$ 1,032,644	
Special Education - Preschool grants	84.173	625210	16,983	
Total Special Education Cluster (IDEA):				1,049,627
Career and Technical Education - Basic Grants to States	84.048	610950, 866470		80,400
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	614800		143,794
Student Support and Academic Enrichment Program	84.424	S424A170048		80,403
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	60173, 60177, 60041		833,831
English Language Acquisition State Grants	84.365	605120		7,691
Total Department of Education				\$ 2,989,386
DEPARTMENT OF DEFENSE:				
<u>Direct payments:</u>				
ROTC Language and Culture Training Grants	12.357	n/a		\$ 78,579
Total Department of Defense				\$ 78,579
Total Expenditures of Federal Awards			\$ 1,122,455	\$ 14,747,440

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF ISLE OF WIGHT, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the County of Isle of Wight, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the reporting requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Isle of Wight, Virginia, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Isle of Wight, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 5 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 6 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 425,602
Capital Projects Fund	504,123
Department of Social Services Fund	1,701,176
Children's Services Fund	38,389
Grants Fund	<u>4,281,941</u>

Total primary government	<u>\$ 6,951,231</u>
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Component Unit School Board:

School Operating Fund	\$ 238,388
School Cafeteria Fund	3,990,279
School Grants Fund	<u>3,879,277</u>

Total Component Unit School Board	<u>\$ 8,107,944</u>
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Total federal expenditures per basic financial statements	<u>\$ 15,059,175</u>
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Amounts required to reconcile federal revenues to expenditures:

Less: QSCB federal interest subsidy	<u>\$ (311,735)</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 14,747,440</u></u>
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COUNTY OF ISLE OF WIGHT, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported

Type of auditors' report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes
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Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund (CRF)
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

There are no financial statement findings to report.

COUNTY OF ISLE OF WIGHT, VIRGINIA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

Section III - Federal Award Findings and Questioned Costs

Finding 2021-001: Reporting - Coronavirus Relief Fund (Assistance Listing Number 21.019)

Program:

Coronavirus Relief Fund (AL Number 21.019) - Pass-through: Department of Accounts, 2020 CRF Award

Criteria:

Grant recipients are required to file quarterly reports detailing the amount of Coronavirus Relief Funds that were expended each quarter. The County must submit "CCT CRF Reporting Summary" reports and the Component Unit School Board must submit "VDOE CRF Reporting Summary" reports.

Condition:

The School Board did not complete and file the first quarter filing of the "VDOE CRF Reporting Summary".

Cause:

Due to a change in personnel, the School Board was not aware that the report needed to be filed.

Effect:

Reporting requirements under the grant were not adhered to and don't allow for the grant agency to maintain oversight over the grant.

Recommendation:

The School Board needs to review and follow reporting requirements for the grant.

Views of Responsible Officials:

The School Board has completed all necessary reporting requirements subsequent to this error.

Section IV - Prior Year Findings

There are no findings from the prior year.