

# *ISLE of WIGHT* COUNTY IN VIRGINIA



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Prepared by  
Department of Budget & Finance



# **Isle of Wight, Virginia**

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# COUNTY of ISLE OF WIGHT

## THE COURTHOUSE

November 25, 2013

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the County of Isle of Wight, Virginia for the fiscal year ended June 30, 2013. This report is intended to provide informative and relevant financial data for the residents of the County, Board of Supervisors, investors, creditors and any other interested readers.

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

Cherry Bekaert LLP, a certified public accounting firm, audited the County's basic financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved

examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's basic financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP with noted emphasis in the independent auditors report as presented in the first component of the financial section of this report. The independent audit of the financial statements of the County is part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with additional emphasis on the administration of federal and state awards. This "Single Audit" information will be available in a separately issued report and will be available upon request from the Department of Budget & Finance.

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

### **Profile of the Government**

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

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

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

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

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

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

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

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

## Economic Overview

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

Those strategies include significant investment in the infrastructure to serve the County's Shirley T. Holland Intermodal Industrial Park located just east of the Town of Windsor. The Industrial Park is currently home to warehouse distribution facilities for Cost Plus World Market and Safco Products, Inc., a production and distribution facility for Green Mountain Coffee Roasters, Inc. (GMCR), a leader in specialty coffee and coffeemakers, and is poised to attract significant new investments in distribution and manufacturing facilities that will create new jobs and further diversify the County's tax base.

GMCR has purchased a 330,000 square-foot spec building on a 64-acre parcel of land in Phase II of Shirley T. Holland Intermodal Park, where it houses coffee roasting, grinding, flavoring, and packaging operations for its single-serve portion packs for its Keurig® Single-Cup Brewing System. It is estimated the new facility will have as many as 800 employees (currently at just under 400 employees).

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

In September 2013, Smithfield Foods merged with Shuanghui International Holdings Limited. It continues to be a \$12 billion global food company and the world's largest pork processor and hog producer. In the United States, the company is also the leader in numerous packaged meats categories with popular brands including Smithfield®, Eckrich®, Armour®, Farmland®, Gwaltney®, Kretschmar®, Curly's®, Carando®, Margherita®, Healthy Ones®, and John Morrell®. In June 2012, Smithfield Foods opened its flagship restaurant/retail store aptly named Taste of Smithfield in Smithfield to highlight its food products.

International Paper had been a mainstay in the County until its 2009 announcement to close its local plant; however, in 2010, the company announced its plan to reopen a portion of its operation to manufacture fluff paper. International Paper has also been in negotiations with other companies that have

announced that they will utilize a portion of the former facility to start new operations.

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

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

Logan Fire Apparatus signed a lease for a portion of the former Franklin Equipment property, which is located in close proximity to the International Paper property. Ezzell Trucking also began operations out of another portion of the Franklin Equipment site.

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

### **Financial Guidelines**

The County prepares annually an Operating Budget that balances revenues and expenditures within available resources. The Operating Budget guidelines for the FY2012-13 were as follows:

- Budget requests were to reflect a flat budget.
- No salary adjustments for FY2012-13.

- Operationally critical needs that required additional funding required departments to provide the appropriate documentation to explain/support the request.

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

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

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

- The County's tax-supported debt service will not exceed 10 percent of general governmental revenues. Tax-supported debt service shall include any debt service on general obligation bonds which are not self-supporting from a user fee revenue stream (i.e. water and sewer fee). A self-supporting revenue stream is defined as a revenue stream that provides coverage of all debt service obligations without general fund support. Any long term financing lease obligations which may be subject to annual appropriation by the County will also be included in calculations of tax-supported debt service.
- The County's tax-supported debt will not exceed 5 percent of the assessed value of taxable real property in the County.
- The County's tax-supported debt per capita will not exceed \$2,300.

## Major Initiatives and Accomplishments

In June 2013, the County received excellent news from all three of the international credit rating agencies. Standard & Poor's **upgraded** the County's rating from AA- to AA. This is the second ratings upgrade that the County has received from Standard & Poor's since 2008. Fitch Ratings and Moody's Investors Service **affirmed** the County's excellent credit ratings of AA and Aa2 respectively with a stable outlook.

Additionally, the County received the same short-term credit ratings from all three rating agencies as organizations with AAA ratings, such as the Commonwealth of Virginia.

## Awards

In recognition of its Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2012, a Certificate of Achievement for Excellence in Financial Reporting was awarded to Isle of Wight County by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and reporting, and its attainment represents a significant accomplishment by a government and its management.

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

## Acknowledgement

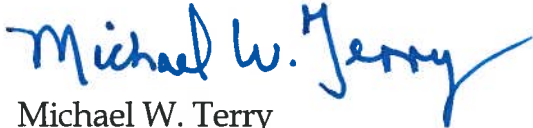
We would like to express our appreciation to the County staff who contributed to the timely preparation of this report. We would also like to thank the members of the Board of Supervisors for your interest and support in planning and conducting the financial operations of the County in a responsible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

Respectfully submitted,



Anne Seward

County Administrator



Michael W. Terry

Director of Budget & Finance

**Isle of Wight County, Virginia**  
**Officials**  
**June 30, 2013**

**Primary Government Officials**

**BOARD OF SUPERVISORS**

JoAnn W. Hall, Chairman.....Hardy District  
Byron B. "Buz" Bailey, Vice-Chairman.....Newport District  
Rex W. Alphin.....Carrsville District  
Al Casteen.....Smithfield District  
Deloris C. "DeeDee" Darden.....Windsor District

**CONSTITUTIONAL OFFICERS**

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

**ADMINISTRATIVE OFFICERS**

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

**School Board Officials**

**SCHOOL BOARD**

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

**ADMINISTRATIVE OFFICERS**

A. Katrise Perera.....Superintendent  
Christina Berta.....Executive Director of Budget & Finance  
A. Paul Burton.....School Attorney



Government Finance Officers Association

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

Presented to

**County of Isle of Wight  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

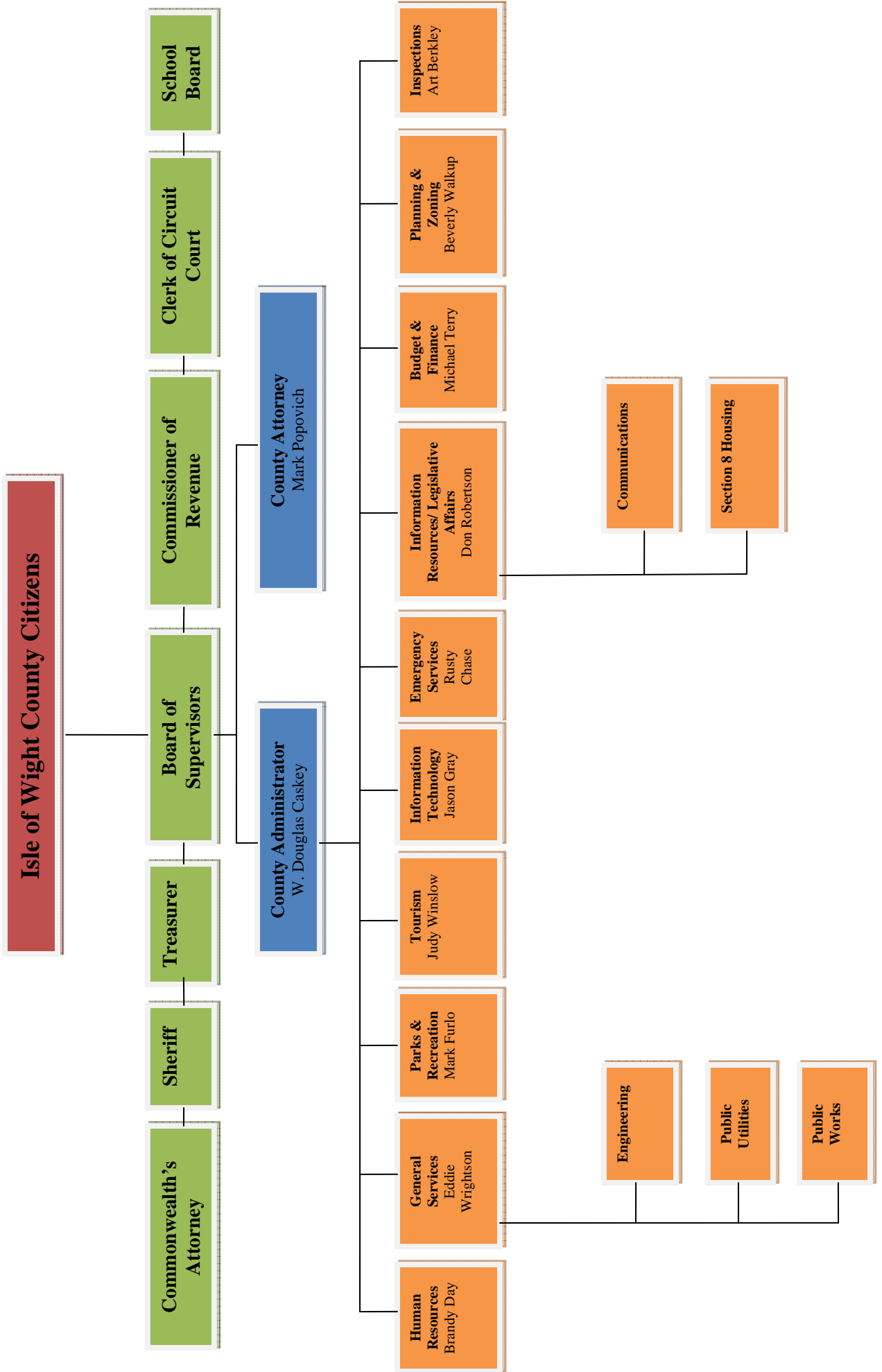
**June 30, 2012**



Executive Director/CEO

# ORGANIZATIONAL CHART

## FY2012-13



## ***Financial Section***

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## **Report of Independent Auditor**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the individual and aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Isle of Wight, Virginia, (the "County") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, based on our audit, 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 individual and aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

### *Change in Accounting Principle*

As described in Note 15 to the financial statements, effective July 1, 2012, the County adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

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

## Other Information

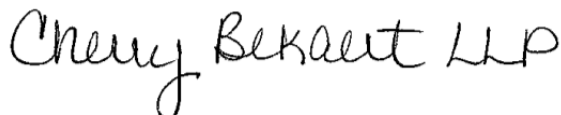
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Isle of Wight, Virginia's basic financial statements. The introductory section, combining and individual non-major fund statements in Exhibit B, and statistical section in Exhibit C are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules 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 combining and individual non-major fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Virginia Beach, Virginia  
November 25, 2013

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

This section of the County of Isle of Wight, Virginia's (County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2013. Please read it in conjunction with the County's financial statements, which follow this section.

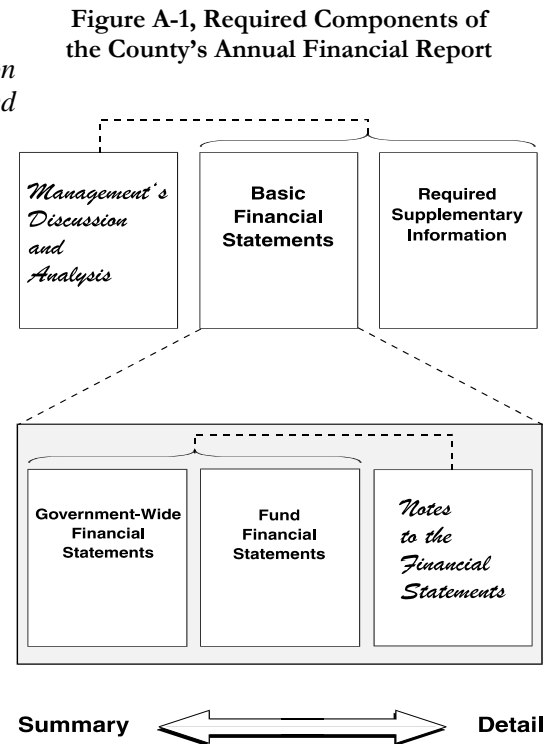
**FINANCIAL HIGHLIGHTS**

- The net position of the County's governmental activities were \$23,705,560 at June 30, 2013, a 23% decrease from the previous fiscal year.
- In support of the County's primary governmental activities, revenues were generated in the amount of \$62,368,716 of which 79% consisted of local taxes, 13% from the Commonwealth of Virginia, 4% from Federal and other sources and 4% from charges for service. Of the total revenue, 15% is in operating grants. Expenses from County operations were \$69,467,358 or a 5% increase over the previous year.
- The County's General Fund reported expenditures in excess of revenues and other financing uses of \$4,659,774 resulting in an unassigned fund balance of \$16,393,908. The expenditures in excess of revenues and other financing uses of is \$3,354,482 less than the amounts budgeted for the year because of the County's management of expenses and implementation cost containment measures throughout the fiscal year.
- The County's tax rate on real estate remained unchanged at \$0.65 per \$100 of assessed value. This is currently the lowest tax rate in the Hampton Roads area.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Type of Statements

	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	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
<i>Required financial statements</i>	Statement of net position	Balance sheet	Statement of net position	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures & changes in fund balances	Statement of revenues, expenses and changes in fund net position	
			Statement of cash flows	
<i>Accounting basis and measurement focus</i>	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
<i>Type of asset/liability information</i>	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
<i>Type of inflow/outflow information</i>	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

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 .

## Government-wide Statements

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

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

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

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

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

## Fund Financial Statements

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

- **Governmental funds** - Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's services. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, which explains the relationship (or differences) between them.

- **Proprietary Funds** - Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The County's enterprise fund (one type of proprietary fund) is used to report the same functions presented as business-type activities in the government-wide financial statements, but the fund financial statements provide more detail and additional information, such as cash flows. The County's only enterprise fund accounts for the operation of its water and sewer systems.
- **Fiduciary Funds** - The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's services. The accounting used for fiduciary funds is similar to that of the proprietary funds. The County maintained Special Welfare and School Activity Agency Funds in fiscal year 2013.

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

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 \$23,705,360 a 23% decrease from the previous year as illustrated in Table A-1.

**Table A-1**

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 51,646,846	\$ 59,252,773	\$ 19,479,611	\$ 6,849,486	\$ 71,126,457	\$ 66,102,259
Capital assets	93,701,937	89,960,817	15,396,002	16,491,478	109,097,939	106,452,295
<b>Total assets</b>	<b>145,348,783</b>	<b>149,213,590</b>	<b>34,875,613</b>	<b>23,340,964</b>	<b>180,224,396</b>	<b>172,554,554</b>
<b>Deferred outflows of resources</b>	819,766	-	995,140	-	1,814,906	-
Current liabilities	\$ 8,328,278	\$ 4,139,985	\$ 2,935,438	\$ 1,137,301	\$ 11,263,716	\$ 5,277,286
Long-term liabilities	113,221,590	114,289,403	43,848,021	28,498,173	157,069,611	142,787,576
<b>Total liabilities</b>	<b>121,549,868</b>	<b>118,429,388</b>	<b>46,783,459</b>	<b>29,635,474</b>	<b>168,333,327</b>	<b>148,064,862</b>
<b>Deferred inflows of resources</b>	913,121	-	-	-	913,121	-
Net position-restated						
Net Investment in capital assets	4,923,554	9,453,645	(8,834,474)	(6,129,102)	(3,910,920)	3,324,543
Restricted	24,568,034	320,527	-	-	24,568,034	320,527
Unrestricted	(5,786,028)	21,030,030	(2,078,232)	(165,408)	(7,864,260)	20,864,622
<b>Total net position-restated</b>	<b>\$ 23,705,560</b>	<b>\$ 30,804,202</b>	<b>\$ (10,912,706)</b>	<b>\$ (6,294,510)</b>	<b>\$ 12,792,854</b>	<b>\$ 24,509,692</b>

## Governmental Activities

- The County's total revenues for governmental activities were \$62,368,716 of which a significant portion, 79%, comes from local taxes.
- General Property taxes and other local taxes increased by 11% or \$4,787,010.
- Operating grants consist of state and federal revenues received to offset the cost of various programs. However, the reimbursements do not necessarily represent 100% of expenditures as illustrated in Table A-2.
- Operating grants increased 29% or \$3,804,542.

Table A-2 presents the cost of each of the County's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what local tax dollars, as well as state and federal revenues funded.

**Table A-2**

Cost of County Functions	Total Cost of Services			Net Cost of Services		
	2013	2012	% Change	2013	2012	% Change
General government administration	\$ 6,446,046	\$ 5,571,463	15.70%	\$ 5,863,310	\$ (32,172)	-18324.88%
Judicial administration	1,198,998	1,078,015	11.22%	626,653	114,724	446.23%
Public safety	10,360,047	9,999,240	3.61%	7,476,375	7,372,761	1.41%
General services	6,979,003	7,072,833	-1.33%	3,952,687	6,388,779	-38.13%
Health and welfare	4,361,198	4,444,284	-1.87%	921,125	1,907,929	-51.72%
Education	28,106,226	24,794,008	13.36%	29,976,658	24,794,008	20.90%
Parks, recreation and cultural	2,990,630	2,979,591	0.37%	2,279,607	2,393,851	-4.77%
Community development	3,174,930	5,995,359	-47.04%	2,128,819	1,700,311	25.20%
Nondepartmental	-	1,314,563	-100.00%	341,490	1,314,563	-74.02%
Interest on long-term debt	5,850,280	3,743,163	56.29%	3,722,721	2,222,899	67.47%
<b>Total expenses-restated</b>	<b>\$ 69,467,358</b>	<b>\$ 66,992,519</b>	<b>3.69%</b>	<b>\$ 57,289,445</b>	<b>\$ 48,177,653</b>	<b>18.91%</b>

- The cost of all *governmental* activities this year was \$69,467,358 a 4% increase from the previous year. The increase in 2013 was primarily driven by the County's payment of economic incentives to attract new business and increases in public safety and education costs.
- Education continues to be one of the County's highest priorities and commitments representing 40% of total costs and 52% of total net costs.
- The cost of debt service increased \$2,107,117 (56%) from the prior fiscal year.

## Business-type Activities

Revenues of the County's business-type activities for the operation of water and sewer systems increased by 8% due to a prior year acquisition of a private water company current year's billing and related connection charges. Current year expenses increased by 11%. A significant portion of the operating expenses, 63%, were attributable to the purchase of an annual fixed rate charge for water availability from a neighboring local government and capital contributions to the Western Tidewater Authority.

Cost of Public Utilities	Total Cost of Services			Net Cost of Services		
	2013	2012	% Change	2013	2012	% Change
Public Utilities	\$8,214,531	\$7,602,645	8.05%	\$4,665,949	\$3,168,041	47.28%

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

The County did not make any transfers from its Capital Projects Fund to support the operations of the Public Utilities fund which has been the practice in prior fiscal years. However, the operations of the water and sewer systems are expected to continue to grow and it is the intent of the County to establish a repayment schedule to the Governmental Funds for previous operating transfers.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

**Governmental funds.** The primary purpose of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information assists in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$46,397,988, of which 35% or \$16,393,308 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 \$16,393,908. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. At June 30, 2013, the unassigned fund balance represented approximately 27% of the total General Fund expenditures.
- **Capital projects fund.** The capital projects fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for in their respective fund. At the end of the current fiscal year, the fund balance was \$29,377,237, a decrease of \$4,695,080 or 14%. The decrease represents the amount of current year capital expenditures.
- **Proprietary fund.** The County's proprietary fund consists of its water and sewer operations and provides the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary fund at the end of the current fiscal year were \$(10,912,706), of which \$(8,834,474) is representative of capital assets and \$(2,078,232) is unrestricted (Exhibit A-5) at June 30, 2013.
- **Non-Major Governmental Funds.** The County accounts for other programs and services in different funds. These funds include the Department of Social Services, Comprehensive Services, E-911 Funds, Community Development Block Grant Funds, Section 8, Asset Forfeiture, the County Fair and the Museum Fund. At June 30, 2013, the combined fund balances were \$251,869.

## General Fund Budgetary Highlights

The County's annual budget is prepared on an operating basis and includes estimated revenues and annual appropriations for operations. Excluding transfers between funds and debt service costs, actual expenditures were \$10,223,730 below final budget amounts.

On the other hand, resources available, excluding bond proceeds, were \$3,354,483 below the final budgeted amount. The decrease in the available resources was the result of a \$2,000,000 decrease in the collection of personal property taxes and a 2,000,000 decrease in real property taxes compared to the final budgeted amount, a 26.8% and 6.8% decrease respectively. Total taxes were 73% of the General Fund budget. Revenue from property taxes increased by .5% over the prior fiscal year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2013, the County had invested \$109,097,939, net of accumulated depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.)

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

	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2013	2012	2013	2012	2013	2102	
Nondepreciable assets							
Land	\$ 13,139,504	\$ 13,139,504	\$ 216,840	\$ 216,840	\$ 13,356,344	\$ 13,356,344	0.00%
Intangibles	4,326,512	4,326,512	-	-	4,326,512	4,326,512	0.00%
Construction in progress	11,221,249	4,359,674	921,087	1,177,737	12,142,336	5,537,411	119.28%
Total nondepreciable assets	28,687,265	21,825,690	1,137,927	1,394,577	29,825,192	23,220,267	28.44%
Depreciable assets							
Land improvements	8,076,468	7,971,776	11,506,779	13,911,547	19,583,247	21,883,323	-10.51%
Buildings	71,617,405	73,307,998	13,916,617	11,478,835	85,534,022	84,786,833	0.88%
Equipment	4,497,506	4,427,987	556,055	512,287	5,053,561	4,940,274	2.29%
Vehicles	3,488,048	2,984,236	358,207	304,912	3,846,255	3,289,148	16.94%
Total depreciable assets	87,679,427	88,691,997	26,337,658	26,207,581	114,017,085	114,899,578	-0.77%
Total accumulated depreciation	(22,664,755)	(20,556,870)	(12,079,583)	(11,110,680)	(34,744,338)	(31,667,550)	9.72%
Net capital assets	\$ 93,701,937	\$ 89,960,817	\$ 15,396,002	\$ 16,491,478	\$ 109,097,939	\$ 106,452,295	2.49%

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

- Expansion of water treatment and delivery infrastructure through participation with the Western Tidewater Water Authority
- A new courts/clerk building - completed.
- A new fire station for the Smithfield Volunteer Fire Department - completed.
- Construction of the Isle of Wight County Rescue Building
- A new County Animal Shelter – completed
- Construction of a new middle school

## Long-Term Liabilities

At year-end the County had \$159,060,248 in bonds, loans, notes, and other long-term debt outstanding and \$1,462,625 in compensated absences as shown in Table A-4. The Commonwealth of Virginia limits the amount of debt outstanding to 10% of the localities assessed value of real property. At June 30, 2013, the County's debt ratio to assessed value was approximately 2% demonstrating the County's conservative debt borrowing policy and management approach. More detailed information about the County's debt is presented in the notes to the financial statements.

**Table A-4**

	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2013	2012	2013	2012	2013	2012	
<b>General Obligation Bonds</b>							
Series of 2003	\$ -	\$ 5,625,000	\$ -	\$ -	\$ -	\$ 5,625,000	-100%
Series of 2005	-	-	7,842,930	8,519,281	7,842,930	8,519,281	-8%
Series B of 2008	20,429,697	21,780,057	3,020,360	3,219,943	23,450,057	25,000,000	-6%
Series A of 2010	283,453	283,453	-	-	283,453	283,453	0%
Series B of 2010	-	-	-	7,685,000	-	7,685,000	-100%
Series C of 2010	13,530,000	13,530,000	-	-	13,530,000	13,530,000	0%
Series D of 2010	4,735,767	5,071,935	2,631,604	2,818,466	7,367,371	7,890,400	-7%
Series A of 2011	4,824,978	4,824,978	-	-	4,824,978	4,824,978	0%
Series B of 2011	-	-	-	6,460,000	-	6,460,000	-100%
Series 2012	19,739,500	-	27,385,000	-	47,124,500	-	100%
Series 2013	757,941	-	112,056	-	869,997	-	100%
<b>Bonds for Schools</b>							
Series of 2004	965,000	17,330,000	-	-	965,000	17,330,000	-94%
Series of 2005	1,642,070	1,940,719	-	-	1,642,070	1,940,719	-15%
Series A of 2010	701,547	701,547	-	-	701,547	701,547	0%
Series D of 2010	3,902,576	4,179,600	-	-	3,902,576	4,179,600	-7%
Series A of 2011	12,805,022	12,805,022	-	-	12,805,022	12,805,022	0%
Series C of 2011	7,500,000	7,500,000	-	-	7,500,000	7,500,000	0%
VPSA 2011	7,500,000	7,500,000	-	-	7,500,000	7,500,000	0%
Series 2012	1,340,500	-	-	-	1,340,500	-	100%
Series 2013	1,275,000	-	-	-	1,275,000	-	100%
<b>Literary Loans</b>							
Series of 1999	1,750,000	2,000,000	-	-	1,750,000	2,000,000	-13%
<b>Total outstanding debt</b>	<b>103,683,050</b>	<b>105,072,310</b>	<b>40,991,950</b>	<b>28,702,690</b>	<b>144,675,000</b>	<b>133,775,000</b>	<b>8.15%</b>
Installment purchase agreements - PACE	4,326,512	4,326,512	-	-	4,326,512	4,326,512	0.00%
Note payable			48,000	60,000	48,000		
Compensated absences	1,402,749	1,234,023	59,876	61,518	1,462,625	1,295,541	12.90%
Landfill closure costs	1,777,352	1,893,367	-	-	1,777,352	1,893,367	-6.13%
Net OPEB obligations	740,281	548,766	30,356	22,632	770,637	571,398	34.87%
Deferred charges obligations - bond discounts	(198,001)	(149,019)	(89,611)	(19,235)	(287,612)	(168,254)	
Deferred charges obligations - bond premiums	4,031,879	1,691,390	3,718,480	524,504	7,750,359	2,215,894	249.76%
<b>Total long-term debt</b>	<b>\$ 115,763,822</b>	<b>\$ 114,617,349</b>	<b>\$ 44,759,051</b>	<b>\$ 29,352,109</b>	<b>\$ 160,522,873</b>	<b>\$ 143,909,458</b>	<b>25.53%</b>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The County's per capita personal income, as of the latest data available, was \$42,883.
- All tax rates remained unchanged including the Real Estate Tax Rate of \$0.65 per \$100 of assessed value.
- Revenues generated from all local sources decreased by approximately 21% primarily from the decreased in bond proceeds of \$14,000,000.
- Increased funding for schools of approximately 5%.
- Decrease in costs for Virginia Retirement System of approximately 2%.

These indicators were taken into account when adopting the general operating and capital budget for fiscal year 2013-13. Amounts available for appropriation in the general operating budget are \$94,460,625. The operating budget decreased approximately 7%, primarily driven by decreases in funding for schools, in costs for Virginia Retirement System and decreases in revenues generated from all local sources. The County is experiencing a reduction in "growth" related revenues. The trend in the real estate and new construction market is apparent with the projected reduction in building permits and real estate transfers.

## **OTHER FACTORS TO CONSIDER**

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

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

### ***Isle of Wight Values Statement***

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

### ***Isle of Wight County Mission Statement***

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

### ***Isle of Wight County Slogan***

*A COMMUNITY OF CHOICE committed to excellence.*

### ***Isle of Wight County's Strategic Direction/Agenda 2011-2013***

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

## ***Isle of Wight County Schools***

Isle of Wight County Schools is committed to preparing our students for excellence in the 21st century by ensuring that they are provided with the knowledge and skills needed to be successful in pursuit of college, careers and citizenship in the global world community. Annually, IWCS educates more than 5,500 students in a comprehensive Pre-Kindergarten through twelfth grade instructional program; consisting of five elementary, two middle and two high schools. All IWC schools are fully accredited by the Virginia Department of Education and by the Southern Association of Colleges and Schools. Over 89% of IWCS' Class of 2013 graduated "on-time" with their four-year cohort group and received approximately \$7.66M in scholarship awards.

With the opening of the 2013-2014 school year, Isle of Wight County Schools continues with the i-SLE 21 Program (Initiative for Student Learning and Engagement in the 21st Century). The primary goals of this initiative include:

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

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

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

## ***Basic Financial Statements***

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## County of Isle of Wight, Virginia

## Statement of Net Position

June 30, 2013

Assets	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Industrial Development Authority
Cash and cash equivalents	\$ 19,765,266	\$ -	\$ 19,765,266	\$ 5,808,318	\$ 151,752
Restricted cash and cash equivalents	41,944,879	3,849,252	45,794,131	-	-
Investments	1,653,347	-	1,653,347	-	-
Receivables - net	961,209	378,748	1,339,957	75,694	125,000
Internal balances	(15,222,434)	15,222,434	-	-	-
Due from component unit	86,925	-	86,925	413,075	-
Due from other governments	2,417,059	-	2,417,059	1,521,683	-
Inventory	40,595	29,177	69,772	54,933	-
Deposits	-	-	-	-	-
Capital lease receivable	-	-	-	-	136,360
Land held for resale	-	-	-	-	1,433,285
Capital assets:					
Nondepreciable	28,687,265	1,137,927	29,825,192	1,619,726	10,859,198
Depreciable - net	65,014,672	14,258,075	79,272,747	24,114,215	222,242
<b>Total assets</b>	<b>145,348,783</b>	<b>34,875,613</b>	<b>180,224,396</b>	<b>33,607,644</b>	<b>12,927,837</b>
<b>Deferred Outflows of Resources</b>					
Deferred losses on refundings	819,766	995,140	1,814,906	-	-
<b>Total deferred outflows of resources</b>	<b>819,766</b>	<b>995,140</b>	<b>1,814,906</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>					
Accounts payable	1,825,457	829,550	2,655,007	1,953,551	705
Accrued liabilities	101,056	-	101,056	5,412,214	-
Due to primary government	-	-	-	-	500,000
Amounts held in escrow	2,006,506	-	-	-	-
Customer deposits payable	-	190,173	190,173	-	1,000
Accrued interest payable	1,824,127	1,004,685	2,828,812	-	-
Unearned revenues	28,900	-	28,900	111,305	-
Long-term obligations:					
Due within one year	2,542,232	911,030	3,453,262	47,244	30,712
Due in more than one year	113,221,590	43,848,021	157,069,611	3,440,191	89,446
<b>Total liabilities</b>	<b>121,549,868</b>	<b>46,783,459</b>	<b>168,333,327</b>	<b>10,964,505</b>	<b>621,863</b>
<b>Deferred Inflows of Resources</b>					
Deferred gains on refundings	360,851	-	360,851	-	-
Unavailable revenues-property taxes	552,270	-	552,270	-	-
<b>Total deferred inflows of resources</b>	<b>913,121</b>	<b>-</b>	<b>913,121</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>					
Net investment in capital assets	4,923,554	(8,834,474)	(3,910,920)	25,733,941	11,081,440
Restricted:					
Capital projects	24,393,317	-	24,393,317	-	-
Other	174,717	-	174,717	549,763	-
Unrestricted	(5,786,028)	(2,078,232)	(7,864,260)	(3,640,566)	1,224,534
<b>Total net position</b>	<b>\$ 23,705,560</b>	<b>\$(10,912,706)</b>	<b>\$ 12,792,854</b>	<b>\$ 22,643,138</b>	<b>\$ 12,305,974</b>

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

*County of Isle of Wight, Virginia*  
*Statement of Activities*

Exhibit A-2

Year Ended June 30, 2013	Program Revenues					Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Functions/Programs	Primary Government			
						Governmental Activities	Business-Type Activities	School Board	Industrial Development Authority
<b>Primary Government</b>									
Government activities:									
General government administration	\$ 6,446,046	\$ 758	\$ 581,978	\$ -		\$ (5,863,310)	\$ -	\$ -	-
Judicial administration	1,198,998	156,543	415,802	-		(626,653)	-	-	-
Public safety	10,360,047	1,154,693	1,728,979	-		(7,476,375)	-	-	-
General services	6,979,003	375,498	2,650,818	-		(3,952,687)	-	-	-
Health and welfare	4,361,198	-	3,440,073	-		(921,125)	-	-	-
Education	28,106,226	-	-	-		(28,106,226)	-	-	-
Parks, recreation and cultural	2,990,630	526,622	34,401	150,000		(2,279,607)	-	-	-
Community development	2,833,440	30,412	674,209	-		(2,128,819)	-	-	-
Nondepartmental	341,490	-	-	-		(341,490)	-	-	-
Interest on long-term debt	5,850,280	257,127	-	-		(5,593,153)	-	-	-
<b>Total governmental activities</b>	<b>69,467,358</b>	<b>2,501,653</b>	<b>9,526,260</b>	<b>150,000</b>		<b>(57,289,445)</b>	<b>-</b>	<b>(57,289,445)</b>	<b>-</b>
Business-type activities:									
Public utility	8,214,531	3,080,643	-	467,939		-	(4,665,949)	-	-
<b>Total Business-type activities</b>	<b>8,214,531</b>	<b>3,080,643</b>	<b>-</b>	<b>467,939</b>		<b>-</b>	<b>(4,665,949)</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 77,681,889</b>	<b>\$ 5,582,296</b>	<b>\$ 9,526,260</b>	<b>\$ 617,939</b>		<b>(57,289,445)</b>	<b>(4,665,949)</b>	<b>(61,955,394)</b>	<b>-</b>
<b>Component Units</b>									
School Board	\$ 75,690,757	\$ 6,024,282	\$ 29,679,957	\$ -		-	-	(39,986,518)	-
Industrial Development Authority	276,851	38,254	-	-		-	-	-	(238,597)
<b>Total component units</b>	<b>\$ 75,967,608</b>	<b>\$ 6,062,536</b>	<b>\$ 29,679,957</b>	<b>\$ -</b>		<b>-</b>	<b>-</b>	<b>(39,986,518)</b>	<b>(238,597)</b>
General property taxes						42,408,465	-	42,408,465	-
Other local taxes						6,709,396	-	6,709,396	-
Investment earnings						909,387	47,754	957,141	43,002
Miscellaneous						-	-	-	131,294
Payment from the Primary Government						-	-	-	37,589,704
Gain on disposal of assets						163,555	-	163,555	-
<b>Total general revenues and miscellaneous</b>						<b>50,190,803</b>	<b>47,754</b>	<b>50,238,557</b>	<b>27,223</b>
<b>Change in net position</b>						<b>(7,098,642)</b>	<b>(4,618,195)</b>	<b>(11,716,837)</b>	<b>(2,222,518)</b>
<b>Net position - beginning of year - restated</b>						<b>30,804,202</b>	<b>(6,294,511)</b>	<b>24,509,691</b>	<b>24,865,656</b>
<b>Net position - end of year</b>						<b>\$ 23,705,560</b>	<b>\$ (10,912,706)</b>	<b>\$ 12,792,854</b>	<b>\$ 22,643,138</b>
									<b>\$ 12,305,974</b>

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

**County of Isle of Wight, Virginia****Balance Sheet - Governmental Funds****June 30, 2013**

		Capital	Nonmajor	Total
	General	Projects	Governmental	Governmental
<b>Assets</b>			Funds	Funds
Cash and cash equivalents	\$ 13,192,883	\$ 6,279,110	\$ 293,273	\$ 19,765,266
Restricted cash and cash equivalents	1,883,934	39,963,000	97,945	41,944,879
Investments	1,653,347	-	-	1,653,347
Receivables - net of allowance for uncollectibles:				
Taxes	537,953	-	-	537,953
Accounts	221,803	-	81,295	303,098
Notes	120,158	-	-	120,158
Due from other funds	1,360,708	-	-	1,360,708
Due from component unit	1,050,771	-	-	1,050,771
Due from other governments	1,246,978	1,035,347	134,734	2,417,059
Inventory	-	-	40,595	40,595
<b>Total assets</b>	<b>\$ 21,268,535</b>	<b>\$ 47,277,457</b>	<b>\$ 647,842</b>	<b>\$ 69,193,834</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,253,414	\$ 478,420	\$ 93,623	\$ 1,825,457
Accrued expenses	97,403	-	3,653	101,056
Amounts held in escrow	1,861,897	-	144,609	2,006,506
Due to other funds	-	16,457,954	125,188	16,583,142
Due to component unit	-	963,846	-	963,846
Unearned revenues	600,740	-	28,900	629,640
<b>Total liabilities</b>	<b>3,813,454</b>	<b>17,900,220</b>	<b>395,973</b>	<b>22,109,647</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes	686,199	-	-	686,199
<b>Total deferred inflows of resources</b>	<b>686,199</b>	<b>-</b>	<b>-</b>	<b>686,199</b>
<b>Fund Balances</b>				
<b>Fund balances</b>				
Nonspendable	89,446	-	40,595	130,041
Restricted	29,650	24,422,967	145,067	24,597,684
Assigned	255,878	4,954,270	66,207	5,276,355
Unassigned	16,393,908	-	-	16,393,908
<b>Total fund balances</b>	<b>16,768,882</b>	<b>29,377,237</b>	<b>251,869</b>	<b>46,397,988</b>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<b>\$ 21,268,535</b>	<b>\$ 47,277,457</b>	<b>\$ 647,842</b>	<b>\$ 69,193,834</b>

(Continued)

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

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

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**June 30, 2013**

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<b>Total fund balances - governmental funds</b>	<b>\$ 46,397,988</b>
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Amount reported for governmental activities in the Statement  
of Net Position are different because:

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

Nondepreciable capital assets	28,687,265
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Depreciable capital assets	87,679,427
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Accumulated depreciation	(22,664,755)
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Depreciable capital assets, net	<u>65,014,672</u>
---------------------------------	-------------------

Revenues not collected soon enough to pay for current-period expenditures.	734,669
---	---------

Deferred outflows-loss on refunding	819,766
-------------------------------------	---------

Deferred inflows-gains on refundings	(360,851)
--------------------------------------	-----------

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

Bonds, notes, loans and PACE obligations	(111,843,440)
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Net OPEB obligation	(740,281)
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Compensated absences	(1,402,749)
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Landfill closure costs	(1,777,352)
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Accrued interest payable	<u>(1,824,127)</u>
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<b>Total net position - governmental activities</b>	<b><u>\$ 23,705,560</u></b>
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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

## Year Ended June 30, 2013

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
General property taxes	\$ 37,158,645	\$ -	\$ -	\$ 37,158,645
Other local taxes	6,505,343	-	110,876	6,616,219
Permits, privilege fees and regulatory licenses	434,045	1,276,773	-	1,710,818
Fines and forfeitures	105,191	-	-	105,191
Revenues from use of money and property	838,814	70,573	-	909,387
Charges for services	2,577,275	-	281,980	2,859,255
Miscellaneous	30,997	150,000	36,990	217,987
Intergovernmental:				
Commonwealth of Virginia	8,381,358	1,244,125	1,097,923	10,723,406
Federal	422,497	118,783	1,360,561	1,901,841
<b>Total revenues</b>	<b>56,454,165</b>	<b>2,860,254</b>	<b>2,888,330</b>	<b>62,202,749</b>
<b>Expenditures</b>				
General government administration	4,869,180	-	-	4,869,180
Judicial administration	1,198,998	-	-	1,198,998
Public safety	8,984,757	-	988,863	9,973,620
General services	5,929,766	-	-	5,929,766
Health and welfare	920,882	-	3,378,495	4,299,377
Education	25,679,304	-	-	25,679,304
Parks, recreation and cultural	2,342,650	-	286,762	2,629,412
Community development	2,996,430	-	146,573	3,143,003
Capital outlay	-	9,489,014	-	9,489,014
Debt service:				
Principal retirement	3,173,957	-	-	3,173,957
Interest and other charges	4,592,524	-	-	4,592,524
Bond issuance costs	141,244	144,243	-	285,487
<b>Total expenditures</b>	<b>60,829,692</b>	<b>9,633,257</b>	<b>4,800,693</b>	<b>75,263,642</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,375,527)</b>	<b>(6,773,003)</b>	<b>(1,912,363)</b>	<b>(13,060,893)</b>
<b>Other financing sources (uses)</b>				
Transfers in	1,350,000	-	1,777,894	3,127,894
Transfers out	(1,777,894)	(1,350,000)	-	(3,127,894)
Proceeds from bond issuances	-	3,494,846	-	3,494,846
Proceeds from refunding bond issuance	2,032,944	20,516,889	-	22,549,833
Payments to refunded debt escrow agent	(1,889,297)	(20,583,812)	-	(22,473,109)
<b>Total other financing sources (uses), net</b>	<b>(284,247)</b>	<b>2,077,923</b>	<b>1,777,894</b>	<b>3,571,570</b>
<b>Net change in fund balance</b>	<b>(4,659,774)</b>	<b>(4,695,080)</b>	<b>(134,469)</b>	<b>(9,489,323)</b>
<b>Fund balances - beginning of year</b>	<b>21,428,656</b>	<b>34,072,317</b>	<b>386,338</b>	<b>55,887,311</b>
<b>Fund balances - end of year</b>	<b>\$ 16,768,882</b>	<b>\$ 29,377,237</b>	<b>\$ 251,869</b>	<b>\$ 46,397,988</b>

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

*County of Isle of Wight, Virginia****Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities***

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**Year Ended June 30, 2013**

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**Net change in fund balances - governmental funds** **\$ (9,489,323)**

Amount reported for governmental activities in the Statement  
of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of these assets is allocated over their  
estimated useful lives and reported as depreciation expense. Transfers  
of capital assets to the school board are recorded as additional  
expenses related to education.

Capital outlay	7,762,442
Joint activity - transfer of capital assets, net	(1,510,628)
Depreciation expense	(2,477,862)
Sale of property	(32,832)

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 Proceeds	(23,112,945)
Repayment of debt principal	24,502,205
Bond Premiums	(2,998,657)
Bond Discounts	66,923
Deferred loss on refunding	1,144,862
Amortization of bond premiums	658,168
Amortization of bond discounts	(17,941)
Amortization of deferred gain on refunding	36,085
Amortization of deferred loss on refunding	(1,049,978)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(163,444)
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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.

Decrease in landfill closure costs	116,015
Increase in compensated absences	(168,726)
Increase in accrued interest	(171,491)
Increase in net OPEB obligation	(191,515)

**Change in net position of governmental activities** **\$ (7,098,642)**

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

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

<b>June 30, 2013</b>	
	<b>Public Utilities</b>
<b>Assets</b>	
<b>Current assets</b>	
Receivables - net of allowance of \$80,209	\$ 378,748
Inventories	29,177
Due from other funds	15,222,434
<b>Total current assets</b>	<b>15,630,359</b>
<b>Noncurrent assets</b>	
Restricted cash and cash equivalents	3,849,252
Capital assets:	
Nondepreciable	1,137,927
Depreciable - net	14,258,075
<b>Total noncurrent assets</b>	<b>19,245,254</b>
<b>Total assets</b>	<b>34,875,613</b>
<b>Deferred losses on bond refundings</b>	<b>995,140</b>
<b>Total deferred losses on bond refundings</b>	<b>995,140</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	829,550
Accrued interest payable	1,004,685
Customer deposits payable	190,173
General obligation bonds payable	893,043
Notes payable	12,000
Compensated absences	5,987
<b>Total current liabilities</b>	<b>2,935,438</b>
<b>Noncurrent liabilities</b>	
General obligation bonds payable	43,727,776
Notes payable	36,000
Compensated absences	53,889
Net OPEB obligation	30,356
<b>Total noncurrent liabilities</b>	<b>43,848,021</b>
<b>Total liabilities</b>	<b>46,783,459</b>
<b>Net Position</b>	
Net investment in capital assets	(8,834,474)
Unrestricted	(2,078,232)
<b>Total net position</b>	<b>\$ (10,912,706)</b>

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

*County of Isle of Wight, Virginia**Statements of Revenues, Expenses, and Changes in Fund Net Position- Proprietary Fund***Year Ended June 30, 2013**Public Utilities**Operating revenues**Charges for services \$ 3,080,643**Operating expenses**

Current:

Personnel services 527,659

Fringe benefits 261,838

Contractual services 399,035

Purchases 4,501,345

Other charges 396,103

Depreciation 968,903

**Total operating expenses** 7,054,883**Operating loss** (3,974,240)**Nonoperating revenues (expenses)**

Interest income 47,754

Interest and fiscal charges (1,159,648)**Total nonoperating expenses, net** (1,111,894)**Losses before contributions** (5,086,134)

Capital contributions - connection fees 467,939

**Total contributions** 467,939**Change in net position** (4,618,195)**Net position - beginning of year - restated** (6,294,511)**Net position- end of year** \$(10,912,706)*The accompanying notes are an integral part of these financial statements.*

*County of Isle of Wight, Virginia**Statements of Cash Flows - Proprietary Fund***Year Ended June 30, 2013**

	<u>Public Utilities</u>
<b>Cash flows from operating activities</b>	
Received from customers and users	\$ 3,297,833
Payments to suppliers for goods and services	(5,103,540)
Payments to employees	(783,415)
<b>Net cash used in operating activities</b>	<u>(2,589,122)</u>
<b>Cash flows from non-capital and related financing activities</b>	
Due to other funds	(15,293,576)
Customer deposits	21,622
<b>Net cash used in non-capital and related financing activities</b>	<u>(15,271,954)</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(165,697)
Capital contributions	467,939
Proceeds from debt issued	31,362,273
Principal payments on bonds	(15,771,349)
Principal payments on notes	(12,000)
Bond issuance costs	(201,116)
Interest paid on notes and bonds payable	(267,783)
<b>Net cash used in capital and related financing activities</b>	<u>15,412,267</u>
<b>Cash flows from investing activities</b>	
Interest received	47,754
<b>Net cash provided by investing activities</b>	<u>47,754</u>
<b>Change in cash and cash equivalents</b>	(2,401,055)
<b>Cash and cash equivalents - beginning of year</b>	<u>6,250,307</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 3,849,252</u>
<b>Reconciliation of operating loss to net cash provided by operating activities</b>	
Operating loss	(3,974,240)
Adjustments to reconcile to net cash provided by operating activities:	
Allowance for doubtful accounts	
Depreciation	968,903
Change in:	
Accounts receivable	217,190
Inventories	45,206
Accounts payable	147,737
Compensated absences	(1,642)
Other post-employment benefits payable	7,724
<b>Net cash used in operating activities</b>	<u>\$ (2,589,122)</u>

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

*County of Isle of Wight, Virginia**Statement of Assets and Liabilities - Fiduciary Funds***June 30, 2013**

		<u>Agency Funds</u>
	<b>Assets</b>	
Cash and cash equivalents		<u>\$ 375,477</u>
	<b>Liabilities</b>	
Amounts held for social services clients		\$ 51,993
Amounts held for others		<u>323,484</u>
<b>Total liabilities</b>		<u>\$ 375,477</u>

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

***Notes to Financial Statements***

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## *County of Isle of Wight, Virginia*

### *Notes to Financial Statements*

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**June 30, 2013**

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#### **1. Summary of Significant Accounting Policies**

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

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

##### **A. Financial Reporting Entity**

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

##### ***Discretely Presented Component Units***

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

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

June 30, 2013

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**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.

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

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

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

The County reports the following major governmental funds:

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

## *County of Isle of Wight, Virginia*

### *Notes to Financial Statements*

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**June 30, 2013**

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

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

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

#### **C. Basis of Accounting**

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues, except for property taxes, to be available if they are collected within 45 days of the end of the current fiscal period. Revenues for property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Significant revenue sources which are susceptible to accrual include property taxes, miscellaneous taxes, charges for services, grants, and investment income. All other revenue sources including fines and forfeitures, inspection fees, and recreation fees are considered to be measurable and available only when cash is received.

## *County of Isle of Wight, Virginia*

### *Notes to Financial Statements*

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**June 30, 2013**

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#### **D. Cash and Cash Equivalents**

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

#### **E. Investments**

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

#### **F. Property Taxes**

All property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data, specific account analysis and management's judgment. An allowance is also provided for accounts receivable of the Public Utilities Fund based on historical data. At June 30, 2013, the allowance for the General Fund was \$1,172,507.

The County bills and collects taxes and recognizes such taxes as revenues, when measurable and available in the General Fund and for the period in which they are levied for, in the Governmental and Business-Type activities. Property taxes, net of allowance for uncollectible amounts, not collected within 60 days after year end, are reflected as deferred revenues in the governmental fund financial statements. Taxes are budgeted and billed to fund operations occurring within the year they are required to be paid. Accordingly, payments received by June 30 with a December 5 due date are intended to fund the operations of the next fiscal year and are recorded as deferred revenues at June 30. The County bills and collects its own property taxes.

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

While the assessed value of real estate for the County's ten largest taxpayers comprises 6.85% of the County's real estate tax base, credit risk with respect to real estate taxes receivable is limited due to the large number of property owners comprising the County's total tax base.

## *County of Isle of Wight, Virginia*

### *Notes to Financial Statements*

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**June 30, 2013**

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The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first \$20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passes Senate Bill 5005. The bill provides for the Commonwealth to reimburse a portion of the tangible personal property tax levied bases on a fixed relief amount. The fixed relief amount was capped at \$950,000,000 in total for all localities with the County's share capped at \$5,115,890, which the County received during the year ended June 30, 2013. The Commonwealth requires localities to record the revenue from PPTRA as received from other governments, not as property taxes.

#### **G. Internal and Intra-entity Activity**

The County has the following types of interfund transactions:

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

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

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

#### **H. Inventory**

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

## *County of Isle of Wight, Virginia*

### *Notes to Financial Statements*

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**June 30, 2013**

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#### **I. Capital Assets**

Capital assets include land and land improvements, buildings and building improvements, equipment, vehicles and intangibles assets. Any asset or group of assets acquired by the County are considered capital assets if they have an estimated useful life in excess of two years and an acquisition cost (or fair market value when received) of at least \$5,000. Such assets are recorded at historical cost (or estimated historical cost) if constructed or purchased. Donated capital assets are recorded at fair market value at the date of donation. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Accumulated depreciation and amortization are reported as reductions of capital assets. At June 30, 2013, the recorded intangibles have lives into perpetuity and, therefore, are not amortized.

The costs of normal maintenance and repairs not adding to the value of the asset or materially extending asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest for the year ended June 30, 2013.

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

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

#### **J. Compensated Absences**

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

June 30, 2013

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**K. Bond Premiums, Discounts, and Deferred Gains and Losses on Refunding**

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

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

**L. Net Position**

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

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

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

***Unrestricted*** – This consists of net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**M. Fund Balances**

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

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

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

## *County of Isle of Wight, Virginia*

### *Notes to Financial Statements*

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**June 30, 2013**

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

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

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

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

#### **N. Connection Fees**

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

#### **O. Unbilled Utility Receivables**

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

#### **P. Estimates**

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

## County of Isle of Wight, Virginia

### Notes to Financial Statements

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June 30, 2013

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#### 2. Deposits and Investments

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

A summary of deposits and investments held by the Primary Government at June 30, 2013 is as follows:

<b>Deposits</b>	
Demand deposits	\$ 14,862,594
Cash on hand	2,192
<b>Investments</b>	
LGIP	6,784,414
Zero coupon bond	1,653,347
Money market funds	43,910,197
<b>Total deposits and investments</b>	<u>\$ 67,212,744</u>
<b>Reconciliation to Statement of Net Assets</b>	
Cash and cash equivalents	\$ 19,765,266
Restricted cash	45,794,131
Investments	1,653,347
<b>Total deposits and investments</b>	<u>\$ 67,212,744</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.

## County of Isle of Wight, Virginia

### Notes to Financial Statements

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June 30, 2013

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#### B. Investment Policy

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

#### C. Credit Risk

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

The Primary Government's investments are rated as follows:

	AAA	AA	Total
LGIP	\$ 6,784,414	\$ -	\$ 6,784,414
Zero coupon bond	-	1,653,347	1,653,347
Money market funds	43,910,197	-	43,910,197
	<u>\$ 50,694,611</u>	<u>\$ 1,653,347</u>	<u>\$ 52,347,958</u>

#### D. Interest Rate Risk

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

## County of Isle of Wight, Virginia

### Notes to Financial Statements

June 30, 2013

The Primary Government had the following investments and maturities:

	Original investment maturity (in years)		
	Fair Value	Less than 1	FY 2039
LGIP	\$ 6,784,414	\$ 8,547,557	\$ -
Zero coupon bond	1,653,347	-	1,933,996
Money market funds	43,910,197	34,610,983	-
	<u>\$ 52,347,958</u>	<u>\$ 43,158,540</u>	<u>\$ 1,933,996</u>

### 3. Due From Other Governments

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

	Primary Government				Component Unit -
	General	Capital	Nonmajor	Totals	School Board
	Fund	Projects	Governmental Funds		
<u>Amounts Due From:</u>					
Commonwealth of Virginia:					
Operating grants	\$ 163,752	\$	\$	163,752	\$ -
Comprehensive Services	-		85,311	85,311	-
Mobile Home Titling tax	14,501		-	14,501	-
Communication tax	215,566		-	215,566	-
State and Use Sales Tax	198,865		-	198,865	922,114
Federal government operating grants	27,924		7,718	35,642	548,791
Town of Windsor	-		27,633	27,633	-
Town of Smithfield	626,370		14,072	640,442	-
Other	-	1,035,347	-	1,035,347	50,778
<b>Totals</b>	<u>\$ 1,246,978</u>	<u>\$ 1,035,347</u>	<u>134,734</u>	<u>\$ 2,417,059</u>	<u>\$ 1,521,683</u>

### 4. Interfund Balances and Activity

The following balances at June 30, 2013 represent amounts due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Fund	\$ 125,188
General Fund	Capital Projects Fund	1,360,708
Public Utilities	Capital Projects Fund	15,222,434
		<u>\$ 16,708,330</u>

## *County of Isle of Wight, Virginia*

### *Notes to Financial Statements*

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**June 30, 2013**

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

Interfund transfers for the year ended June 30, 2013 were as follows:

<u>Transfer Out</u>	<u>Transfer in</u>	<u>Purpose</u>	<u>Amount</u>
	Nonmajor	Transfer for Social	
General Fund	Governmental Fund	Services operations	\$ 737,846
	Nonmajor	Comprehensive Services	
General Fund	Governmental Fund	operations	204,441
	Nonmajor	Transfer for Section 8	
General Fund	Governmental Fund	operations	65,117
	Nonmajor	Transfer for E-911	
General Fund	Governmental Fund	operations	770,490
Capital Projects		Transfer for general	
Fund	General Fund	operations	<u>1,350,000</u>
Total			<u>\$ 3,127,894</u>

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

#### **5. Notes Receivable**

##### **A. Acquisition Notes**

The County agreed to loan the IDA \$358,000 to finance the acquisition of an office building by the IDA. Interest on the outstanding principal balance of the note is due at a rate of 7% per annum. The outstanding principal balance of the note receivable at June 30, 2013 is \$120,158 and matures in March 2017.

##### **B. Town of Smithfield**

As recorded in the General Fund, the County sold a building and land to the Town of Smithfield in 2011 for \$677,215. The County financed \$638,908 of the selling price at variable rates of interest from 4.0% to 5.5% and maturing on January 1, 2019. The outstanding principle balance of the note receivable at June 30, 2013 is \$600,740.

## *County of Isle of Wight, Virginia*

### *Notes to Financial Statements*

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**June 30, 2013**

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#### **C. Rehabilitation Notes**

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

Rehabilitation notes receivable at July 1, 2012	\$ 77,280
Principal repayments	(707)
Forgiveness	<u>(76,573)</u>
Rehabilitation notes receivable at June 30, 2013	<u>\$ -</u>

#### **6. Lease Receivable**

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

The following schedule summarizes the total future minimum lease payments:

2014	\$ 41,184
2015	41,184
2016	41,184
2017	<u>30,891</u>
Total minimum lease payments	154,443
Less - amount representing interest	<u>(18,083)</u>
Present value of future payments	<u>\$ 136,360</u>

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

*County of Isle of Wight, Virginia*

*Notes to Financial Statements*

**June 30, 2013**

**7. Capital Assets**

The following is a summary of changes in capital assets:

<b>Primary Government Governmental Activities</b>	<b>Balance July 1, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2013</b>
Capital assets not being depreciated:				
Land	\$ 13,139,504	\$ -	\$ -	\$ 13,139,504
Intangibles	4,326,512	-	-	4,326,512
Construction in progress	2,963,106	1,031,005	438,897	3,555,214
Construction in progress - jointly owned assets	1,396,568	6,269,467	-	7,666,035
<b>Total capital assets not being depreciated</b>	<b>21,825,690</b>	<b>7,300,472</b>	<b>438,897</b>	<b>28,687,265</b>
Capital assets being depreciated:				
Buildings - County	35,083,326	106,019	5,300	35,184,045
Buildings - jointly owned assets	38,224,672	-	1,791,312	36,433,360
Land improvements	7,971,776	104,692	-	8,076,468
Equipment	4,427,987	77,619	8,100	4,497,506
Vehicles	2,984,236	612,537	108,725	3,488,048
<b>Total capital assets being</b>	<b>88,691,997</b>	<b>900,867</b>	<b>1,913,437</b>	<b>87,679,427</b>
Less - accumulated depreciation:				
Buildings - County	4,359,410	656,948	5,300	5,011,058
Buildings - jointly owned assets	9,924,355	916,294	280,684	10,559,965
Land improvements	1,666,207	340,810	-	2,007,017
Equipment	2,058,114	307,230	8,100	2,357,244
Vehicles	2,548,784	256,580	75,893	2,729,471
<b>Total accumulated depreciation</b>	<b>20,556,870</b>	<b>2,477,862</b>	<b>369,977</b>	<b>22,664,755</b>
<b>Total capital assets being depreciated - net</b>	<b>68,135,127</b>	<b>(1,576,995)</b>	<b>1,543,460</b>	<b>65,014,672</b>
<b>Governmental activities capital assets - net</b>	<b>\$ 89,960,817</b>	<b>\$ 5,723,477</b>	<b>\$ 1,982,357</b>	<b>\$ 93,701,937</b>

# County of Isle of Wight, Virginia

## Notes to Financial Statements

June 30, 2013

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

### Governmental activities

General government administration	\$ 564,113
Public safety	451,297
General services	91,192
Health and welfare	61,821
Parks, recreation and culture	361,218
Community development	31,927
Education	916,294
<b>Total depreciation expense - governmental activities</b>	<b>\$ 2,477,862</b>

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>Business -Type activities</b>				
Capital assets not being depreciated:				
Land	\$ 216,840	\$ -	\$ -	\$ 216,840
Construction in progress	1,177,737	20,880	277,530	921,087
<b>Total capital assets not being depreciated</b>	<b>1,394,577</b>	<b>20,880</b>	<b>277,530</b>	<b>1,137,927</b>
Capital assets being depreciated:				
Buildings	11,478,835	27,944	-	11,506,779
Land improvements	13,911,547	5,070	-	13,916,617
Equipment	512,287	43,768	-	556,055
Vehicles	304,912	53,295	-	358,207
<b>Total capital assets being depreciated</b>	<b>26,207,581</b>	<b>130,077</b>	<b>-</b>	<b>26,337,658</b>
<b>Less - accumulated depreciation:</b>				
Buildings	2,783,229	232,288	-	3,015,517
Land improvements	7,758,389	683,044	-	8,441,433
Equipment	352,182	24,131	-	376,313
Vehicles	216,880	29,440	-	246,320
<b>Total accumulated depreciation</b>	<b>11,110,680</b>	<b>968,903</b>	<b>-</b>	<b>12,079,583</b>
<b>Total capital assets being depreciated - net</b>	<b>15,096,901</b>	<b>(838,826)</b>	<b>-</b>	<b>14,258,075</b>
<b>Business-Type activities capital assets - net</b>	<b>\$ 16,491,478</b>	<b>\$ (817,946)</b>	<b>\$ 277,530</b>	<b>\$ 15,396,002</b>

# County of Isle of Wight, Virginia

## Notes to Financial Statements

June 30, 2013

<u>Discretely Presented Component</u> <u>Unit - School Board</u>	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets not being depreciated:				
Land	\$ 1,619,726	\$ -	\$ -	\$ 1,619,726
Construction in progress	-	-	-	-
<b>Total capital assets not being depreciated</b>	<b>1,619,726</b>	<b>-</b>	<b>-</b>	<b>1,619,726</b>
Capital assets being depreciated:				
Buildings and improvements	41,317,679	1,800,882	-	43,118,561
Land improvements	1,782,172	28,396	-	1,810,568
Equipment	10,941,099	103,217	45,186	10,999,130
Vehicles	5,283,582	288,898	106,894	5,465,586
<b>Total capital assets being depreciated</b>	<b>59,324,532</b>	<b>2,221,393</b>	<b>152,080</b>	<b>61,393,845</b>
Less - accumulated depreciation:				
Buildings and improvements	21,335,026	2,099,870	-	23,434,896
Land improvements	1,214,926	59,334	-	1,274,260
Equipment	7,573,469	849,105	45,186	8,377,388
Vehicles	4,056,930	243,049	106,894	4,193,085
<b>Total accumulated depreciation</b>	<b>34,180,351</b>	<b>3,251,358</b>	<b>152,080</b>	<b>37,279,629</b>
<b>Total capital assets being depreciated - net</b>	<b>25,144,181</b>	<b>(1,029,965)</b>	<b>-</b>	<b>24,114,216</b>
<b>School Board capital assets - net</b>	<b>\$ 26,763,907</b>	<b>\$ (1,029,965)</b>	<b>\$ -</b>	<b>\$ 25,733,942</b>

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, 2013, is that school financed assets, net of accumulated depreciation, in the amount of \$29,696,885 are reported in the primary government as “jointly owned assets” for financial reporting purposes.

*County of Isle of Wight, Virginia*

*Notes to Financial Statements*

**June 30, 2013**

<b><u>Discretely Presented Component Unit - Industrial Development Authority</u></b>	<b>Balance July 1, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2013</b>
Capital assets not being depreciated:				
Land	\$ 10,859,198	\$ -	\$ -	\$ 10,859,198
Construction in progress	181,255	-	181,255	-
<b>Total capital assets not being depreciated</b>	<b>11,040,453</b>	<b>-</b>	<b>181,255</b>	<b>10,859,198</b>
Capital assets being depreciated:				
Buildings	55,000	-	-	55,000
Land Improvements	-	181,255	-	181,255
<b>Total capital assets being depreciated</b>	<b>55,000</b>	<b>181,255</b>	<b>-</b>	<b>236,255</b>
Less - accumulated depreciation				
Buildings	3,850	1,100	-	4,950
Land Improvements	-	9,063	-	9,063
<b>Total accumulated depreciation</b>	<b>3,850</b>	<b>10,163</b>	<b>-</b>	<b>14,013</b>
<b>Total capital assets being depreciated - net</b>	<b>51,150</b>	<b>171,092</b>	<b>-</b>	<b>222,242</b>
<b>IDA capital assets - net</b>	<b>\$ 11,091,603</b>	<b>\$ 171,092</b>	<b>\$ 181,255</b>	<b>\$ 11,081,440</b>

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:

	<b>Spent-to-date</b>	<b>Remaining Commitment</b>
<b>Construction Commitments:</b>		
Industrial Park	\$ 8,031,107	\$ 18,758
STH Intermodel Park	12,149,121	508,108
IOW Rescue Squad Bldg	1,623,265	3,287,417
Heritage Park Upgrades	58,574	2,400
Georgie D. Tyler Middle School	7,666,035	16,257,421
Regional Consent Order	941,100	300,000
Bethel Heights Upgrade	11,646	192,651
Camptown/Carrsville Public Utilities Improvements	411,709	17,817
CSX/Sewer Force Main	86,645	25,516
Route 460 Pump Station	95,600	255,500
	<b>\$ 31,074,802</b>	<b>\$ 20,865,588</b>

# County of Isle of Wight, Virginia

## Notes to Financial Statements

June 30, 2013

### 8. Long-Term Obligations

The following is a summary of changes in long-term obligations during the year ended June 30, 2013:

Governmental Activities	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
General obligation bonds	\$ 103,072,310	\$ 23,112,945	\$ 24,252,205	\$ 101,933,050	\$ 2,151,957
Bond premiums	1,691,390	2,998,657	658,168	4,031,879	-
Bond discounts	(149,019)	66,923	17,941	(198,001)	-
	104,614,681	26,044,679	24,892,432	105,766,928	2,151,957
PACE program	4,326,512	-	-	4,326,512	-
Literary loans	2,000,000	-	250,000	1,750,000	250,000
Net OPEB obligation	548,766	223,251	31,736	740,281	-
Compensated absences	1,234,023	723,946	555,220	1,402,749	140,275
Landfill closure costs	1,893,367	34,792	150,807	1,777,352	-
<b>Total Governmental Activities</b>	<b>\$ 114,617,349</b>	<b>\$ 27,026,668</b>	<b>\$ 25,880,195</b>	<b>\$ 115,763,822</b>	<b>\$ 2,542,232</b>
<b>Business-Type Activities</b>					
General obligation bonds	\$ 28,702,690	\$ 27,497,055	\$ 15,207,795	\$ 40,991,950	\$ 893,043
Bond premiums	524,504	3,776,186	582,210	3,718,480	-
Bond discounts	(19,235)	89,032	18,656	(89,611)	-
	29,207,959	31,184,209	15,771,349	44,620,819	893,043
Notes payable	60,000	-	12,000	48,000	12,000
Compensated absences	61,518	35,946	37,588	59,876	5,987
Net OPEB obligation	22,632	8,371	647	30,356	-
<b>Total Business-Type Activities</b>	<b>\$ 29,352,109</b>	<b>\$ 31,228,526</b>	<b>\$ 15,821,584</b>	<b>\$ 44,759,051</b>	<b>\$ 911,030</b>

## County of Isle of Wight, Virginia

### Notes to Financial Statements

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June 30, 2013

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#### A. General Obligation Bonds

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

	Amount Outstanding
<b><i>General Obligations Bonds of 2013</i></b> - \$2,145,000 dated June 2013, principal payable in various annual installments through 2020, interest payable semi-annually at a coupon rate of 2.7%. The principal was used to refund \$790,000 and \$1,105,000 of outstanding 2004 and 2008B, Series Bonds respectively.	2,145,000
<b><i>General Obligations Bonds of 2012</i></b> - \$48,465,000 dated September 2012, principal payable in various annual installments through 2043, interest payable semi-annually at coupon rates from 2% to 5%. Of this bond issue, \$3,494,846 was borrowed to finance various capital improvements. The remaining \$33,680,000 was used to current refund \$7,685,000 of outstanding 2010 Series Bonds and advance refund \$6,460,000 of the outstanding 2011 Bond Anticipation Note, and \$19,535,000 of the outstanding 2003 and 2004 bonds. The bonds were issued at a \$6,774,843 premium, which is being amortized over the life of the bonds.	48,465,000
<b><i>General Obligation Bonds of 2011A (tax exempt bonds)</i></b> - \$17,630,000 dated June 2011 with principal payable in various annual installments through 2031. Interest is payable semi-annually at a rate that varies from 2.00% to 4.125% over the life of the bond. The bonds were used to finance general obligation public improvements and to advance refund prior issues. The bonds were issued at a premium of \$235,938, which is being amortized over the life of the bonds.	17,630,000
<b><i>General Obligation Bonds of 2011C (tax exempt bonds)</i></b> - \$7,500,000 dated June 2011 with principal payable in one payment due April 2016. Interest is payable semi-annually at a fixed rate of 4% over the life of the bond. The bonds are being used to finance the literary programs. The bonds were issued at a premium of \$702,150, which is being amortized over the life of the bonds.	7,500,000

## County of Isle of Wight, Virginia

### Notes to Financial Statements

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June 30, 2013

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<b>General Obligation Bonds of 2011VPSA (tax exempt bonds)</b> - \$7,500,000 dated June 2011 with principal payable in various annual installments beginning June 2014 through to June 2027. These bonds were obtained through the Virginia Public School Authority pooled Qualified School Construction Bonds (QSCB). The QSCBs are tax credit bonds such that the interest component of the bond is subject entirely to the federal subsidy reimbursement which offsets completely the interest on these bonds. The bonds are being used for the school construction and renovation projects.	7,500,000
<b>General Obligation Bonds of 2010D (tax exempt bonds)</b> - \$12,145,000 dated September 2010 with principal payable in various annual installments through April 2028. Interest is payable semi-annually at a rate that varies from 2.00% to 4.00% over the life of the bond. The bonds are being used to refund the balance of all the County's outstanding general obligation series 2008A and general obligation refunding series 2009. The bonds were issued at a premium of \$643,939, which is being amortized over the life of the bonds.	11,270,000
<b>General Obligation Bonds of 2010A (tax exempt bonds)</b> - \$985,000 dated April 2010 with principal payable in various annual installments through 2016. Interest is payable semi-annually at a rate that varies from 3.00% to 3.25% over the life of the bond. The bonds were used to refund the balance of all the County's outstanding general obligation series 1996. The bonds were issued at a premium of \$36,522, which is being amortized over the life of the bonds.	985,000
<b>General Obligation Bonds of 2010C (taxable Build America Bonds)</b> - \$13,530,000 dated April 2010 with principal payable in various annual installments through 2033. Interest is payable semi-annually at a rate that varies from 3.70% to 6.05% over the life of the bond. The bonds were used to finance various capital improvements, including but not limited to, the acquisition, construction and equipping of courthouse and public safety facilities, public buildings and the acquisition of land for economic development. The bonds were issued at par value.	13,530,000
<b>General Obligation Bonds of 2008B</b> - \$25,000,000 dated December 2008, principal is payable in various annual installments through 2032. Interest payable semi-annually at a rate that varies from 4% to 6% over the life of the bond. The bonds were used to finance continuation of public utility improvements begun under the Series 2008A bond, various economic development projects, a new County courts building, and other public safety and fire/rescue construction and renovation projects.	23,450,000

## County of Isle of Wight, Virginia

### Notes to Financial Statements

June 30, 2013

**General Obligation Bonds of 2005** - \$13,880,000 dated August 2005, principal payable in various annual installments through 2022, interest payable semi-annually at coupon rates from 3% to 5%. The proceeds were used to advance refund a portion of the outstanding balance of the 1995 and 1997 Series Bonds. The bonds were issued at a \$316,290 premium, which is being amortized over the life of the bonds. The repayment of the bonds is allocated between governmental and business-type activities. 9,485,000

**General Obligation Bonds of 2004** - \$27,870,000 dated May 2004, principal payable in various annual installments through 2024, interest payable semi-annually at coupon rates from 3% to 5% per annum. Of this bond issue, \$23,700,000 was used to finance construction of a school building. The remaining portion was used to advance refund the outstanding balance of a 1995 Series Bonds. The bonds were issued at a \$332,520 premium, which is being amortized over the life of the bonds. 965,000

Total General Obligation Bonds Outstanding \$ 142,925,000

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

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 2,151,957	\$ 4,027,511	\$ 893,043	\$ 2,060,146	\$ 3,045,000	\$ 6,087,657
2015	3,743,409	3,767,060	1,161,591	1,707,769	4,905,000	5,474,829
2016	12,562,807	3,640,062	1,587,193	1,659,905	14,150,000	5,299,966
2017	6,141,561	3,173,422	1,648,439	1,595,734	7,790,000	4,769,156
2018	6,330,788	2,955,897	1,709,212	1,546,097	8,040,000	4,501,994
2019-2023	32,826,669	11,213,852	8,928,331	6,770,218	41,755,000	17,984,070
2024-2028	23,230,115	5,958,359	5,559,885	5,312,656	28,790,000	11,271,015
2029-2033	14,945,744	1,671,454	5,629,256	4,111,979	20,575,000	5,783,433
2034-2038	-	-	5,915,000	2,758,875	5,915,000	2,758,875
2039-2043	-	-	7,595,000	1,078,875	7,595,000	1,078,875
2044	-	-	365,000	9,125	365,000	9,125
Total	\$ 101,933,050	\$ 36,407,617	\$ 40,991,950	\$ 28,611,378	\$ 142,925,000	\$ 65,018,995

## *County of Isle of Wight, Virginia*

### *Notes to Financial Statements*

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**June 30, 2013**

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#### **B. Refunded Debt**

##### Series 2012 (Partial Current Refunding, Partial Advance Refunding)

On September 27, 2012, the County issued \$48,465,000 of General Obligation Public Improvement and Refunding Bonds, Series 2012. The refunding component of the bonds were used to a) advance refund the 2014-2023 maturities of the County's Series 2003 bonds, with a total principal amount of \$5,210,000 on February 1, 2013, b) advance refund the 2015-2024 maturities of the County's 2004 bonds, with a total principal amount of \$14,325,000 on July 1, 2014, c) refund the County's 2010B note, with a total principal amount of \$7,685,000 on October 27, 2012, and d) advance refund the County's 2011B note, with a total principal amount of \$6,460,000 on April 1, 2013.

The refunding net proceeds were used to purchase United States Treasury Securities – State and Local Government Series. Those securities and cash were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds and notes. As a result, the refundable bonds and notes are considered to be defeased and the related liability for the bonds and notes has been removed from the County's liabilities. The refunding of the bonds was done in order to more closely match the term of the debt with the life of the asset financed and to achieve debt service savings. The transaction resulted in the difference between the present value of the debt service on the old and the new bonds of approximately \$716,000 and \$1,584,000 for the Series 2003 and 2004 bonds, respectively.

##### Series 2013A (Partial Current Refunding, Partial Advance Refunding)

On June 27, 2013, the County issued \$2,145,000 of General Obligation Refunding Bonds, Series 2013A, with an interest rate of 2.07% and annual maturities from July 2018 through July 2020. The net proceeds were used to a) refund the 2013 maturity of the County's Series 2008B bonds, with principal amount \$790,000 and an interest rate of 4.00%, and b) advance refund the 2014 maturity of the County's 2004 bonds, with a total principal amount of \$1,105,000 and an interest rate of 5.00%.

A portion of the net proceeds were used as a cash deposit to refund the 2013 maturity of the Series 2008B bonds. The remainder of the net proceeds was used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased and the related liability for the bonds has been removed from the County's liabilities. The refunding was done in order to more closely match the term of the debt with the life of the asset financed.

##### Prior Years Defeased Obligations

In prior years, the County defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 2013, the County had \$15,430,000 in outstanding prior year bonds that are considered defeased.

## *County of Isle of Wight, Virginia*

### *Notes to Financial Statements*

**June 30, 2013**

#### **C. Purchase Agricultural Conservation Easement Program**

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

These agreements provide for the payment of the principal balance to be paid in a single installment due approximately thirty years after execution of the agreement. Interest on the unpaid principal balance is payable semi-annually and interest expense was \$209,836 for June 30, 2013.

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, 2013, 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
2014	\$ -	\$ 209,836
2015	-	209,836
2016	-	209,836
2017	-	209,836
2018	-	209,836
2019-2023	-	1,049,180
2024-2028	-	1,049,180
2029-2033	-	1,049,180
2034-2038	-	1,049,180
2039	4,326,512	314,753
	<u>\$ 4,326,512</u>	<u>\$ 5,560,653</u>

*County of Isle of Wight, Virginia*

*Notes to Financial Statements*

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**June 30, 2013**

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**D. Literary Loans**

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

The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2014	\$ 250,000	\$ 52,500
2015	250,000	45,000
2016	250,000	37,500
2017	250,000	30,000
2018	250,000	22,500
2019-2020	500,000	22,500
	<u>\$ 1,750,000</u>	<u>\$ 210,000</u>

**E. Notes Payable**

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

The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Principal		Interest	
2014	\$	30,712	\$	7,066
2015		32,818		4,960
2016		35,068		2,710
2017		21,560		480
	<u>\$</u>	<u>120,158</u>	<u>\$</u>	<u>15,216</u>

**F. Notes Payable – Public Utilities**

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

## County of Isle of Wight, Virginia

### Notes to Financial Statements

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June 30, 2013

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The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Principal		Interest	
2014	\$	12,000		-
2015		12,000		-
2016		12,000		-
2017		12,000		-
	\$	48,000	\$	-

#### 9. Defined Pension Benefit Obligation

##### A. Plan Description

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

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

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

## *County of Isle of Wight, Virginia*

### *Notes to Financial Statements*

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**June 30, 2013**

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The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 3%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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

#### **B. Funding Policy**

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by *Code of Virginia* and approved by the VRS Board of Trustees. The County and School Board (non professional employees) contribution rates for the fiscal year ended June 30, 2013, were 11.28% and 11.43%, respectively, of the annual covered payroll.

## County of Isle of Wight, Virginia

### Notes to Financial Statements

June 30, 2013

#### C. Annual Pension Cost

For the fiscal year ended June 30, 2013, the County and School Board's annual pension costs of \$1,848,162 and \$283,685 respectively, were equal to the County and School Board's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.00% investment rate of return, (b) projected salary increases of 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement, firefighters, and sheriffs, and (c) 2.50% per year cost-of-living adjustment. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on an open basis within a period of 30 years or less.

#### D. Schedules of Employer Contributions

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
County Employees			
2013	\$ 1,848,162	100%	-
2012	\$ 1,470,448	100%	-
2011	\$ 1,494,839	100%	-
School Board Nonprofessional Employees			
2013	\$ 238,685	100%	-
2012	\$ 289,096	100%	-
2011	\$ 276,687	100%	-

#### E. Schedule of Funding Progress

Actuarial value date June 30, 2011	Actuarial value of assets	Actuarial liability (AAL) project unit credit	Unfunded actuarial liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a percentage of covered payroll
County	\$ 26,642,546	\$ 35,003,441	\$ 8,360,895	76.11%	\$ 11,091,624	75.38%
Component Unit - School Board	\$ 4,381,849	\$ 5,533,659	\$ 1,151,810	79.19%	\$ 2,017,030	57.10%

**June 30, 2013**

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

**F. School Board Cost Sharing Defined Benefit Plan**

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

School Board's contributions to VRS for the year ended June 30, 2013, 2012 and 2011 were \$3,721,221, \$3,505,082, \$2,791,144, respectively, and were equal to the required contribution for each year. The School Board's contribution rate applicable to professional employees for the fiscal year ended June 30, 2013 was 12.14% percent of the annual covered payroll.

**10. Other Post Employment Benefit (OPEB) Plans**

**A. Plan Provisions**

In addition to providing the pension benefits described in Note 10, the County and School Board provide postemployment health care (OPEB) for qualifying retired employees, who are not yet eligible for Medicare, through a single-employer defined benefit plan. The benefits benefit levels, employee contributions and employer contributions are governed by the County and School Board and can be amended.

**B. Plan Description**

Currently, covered full-time active employees who retire directly from the County, are eligible to receive an early or regular retirement benefit from the VRS and have at least 15 years of service (or have retired due to line-of-duty injuries) are eligible to receive post-employment health care benefits. Each year, retirees participating in the County's sponsored plans will be given the opportunity to change plans or drop coverage during an open enrollment period. The pre-Medicare retirees have a choice of two plans: Key Care and Health Keepers Plans. Post-Medicare retirees and spouses of retirees are not eligible to participate. Dental plans are available at the retiree's cost and it is assumed for both the County and the Schools that participant dental contributions cover any dental claims that may occur. Therefore, there is no liability for dental plan coverage in retirement. There were 5 County participants at the time of the actuarial study. Since the retirees contribute towards their health insurance premiums based on a blended rate, the County has an implicit liability.

**June 30, 2013**

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For the School Board, the retiree must also retire directly from the Schools and be eligible to receive an early or regular retirement benefit from the VRS. Post-Medicare retirees are not eligible to participate. Spouses of retirees may participate until they are eligible for Medicare. The School Board provides a single-employer defined benefit medical plan that covers retirees until they are eligible for Medicare. There is no coverage provided for retirees or their spouses once they reach the age of 65 and are eligible for Medicare. Both plans were established under the authority of the Isle of Wight County School Board and any amendments to the plans must be approved by the School Board. The School Board's current plan participants are 23. Since the retirees contribute towards their health insurance premiums based on a blended rate, the School Board has an implicit liability.

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

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

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

**C. Funding Policy**

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

**D. Annual OPEB Costs and Net OPEB Obligations**

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

*County of Isle of Wight, Virginia*

*Notes to Financial Statements*

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**June 30, 2013**

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**Governmental Activities**

Annual required contribution (ARC)	\$	224,032
Interest on net OPEB obligations		21,951
Adjustment to annual required contribution		(22,732)
<b>Annual OPEB Cost</b>		<u>223,251</u>
Pay-As-You-Go Annual Employer Contributions		(31,736)
<b>Increase in Net OPEB Obligations</b>		<u>191,515</u>
Net OPEB Obligations - beginning of year		548,766
<b>Net OPEB Obligations - end of year</b>	\$	<u>740,281</u>

**Business-Type Activities**

Annual required contribution	\$	8,403
Interest on net OPEB obligations		905
Adjustment to annual required contributions		(937)
<b>Annual OPEB Cost</b>		<u>8,371</u>
Pay-As-You-Go Annual Employer Contributions		(647)
<b>Increase in Net OPEB Obligations</b>		<u>7,724</u>
Net OPEB Obligations - beginning of year		22,632
<b>Net OPEB Obligations - end of year</b>	\$	<u>30,356</u>

**Component Unit - School Board**

Annual required contribution	\$	789,494
Interest on net OPEB obligation		99,874
Adjustment to annual required contribution		(103,429)
<b>Annual OPEB Cost</b>		<u>785,939</u>
Pay-As-You-Go Annual Employer Contribution		(267,803)
<b>Increase in Net OPEB Obligations</b>		<u>518,136</u>
Net OPEB Obligation - beginning of year		2,496,859
<b>Net OPEB Obligations - end of year</b>	\$	<u>3,014,995</u>

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

## County of Isle of Wight, Virginia

### Notes to Financial Statements

**June 30, 2013**

Fiscal Year Ended June 30,	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation
Governmental Activities			
2013	\$ 223,251	14.2%	\$ 740,281
2012	197,972	17.6%	548,766
2011	185,273	12.8%	385,736
Business-Type Activities			
2013	\$ 8,371	7.7%	\$ 30,356
2012	8,692	8.4%	22,632
2011	7,762	14.2%	14,671
Component Unit - School Board			
2013	\$ 785,939	34.1%	\$ 3,014,859
2012	945,624	39.4%	2,496,859
2011	872,172	30.7%	1,923,763

#### **E. Actuarial Methods and Assumptions**

##### **Valuation Methods**

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

##### **Employees Included in the Calculations**

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

##### **Actuarial Assumptions**

In the July 1, 2012 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included calculations based on a discount rate of 4.0% for the unfunded liability and amortization of the initial unfunded actuarial liability over 30 years based on a level percent of payroll method. The actuarial accrued liability was \$1,383,668 and \$6,495,473 for the County and the School Board, respectively. Future increases for the cost of medical benefits were assumed to range from 5.0% to 9.0% with the larger increases in the early years and gradually decreasing to 5.0% in 2016 and beyond.

**Notes to Financial Statements**

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**June 30, 2013**

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

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

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

**F. Schedule of Funding Progress**

<b>Actuarial valuation date July 1, 2012</b>	<b>Actuarial value of assets</b>	<b>Actuarial accrued liability (AAL) project unit</b>	<b>Unfunded actuarial accrued liability</b>	<b>Funding Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a percentage of covered payroll</b>
Governmental activities	\$ -	1,339,143	1,339,143	-	N/A	N/A
Business-type activities	\$ -	44,525	44,525	-	N/A	N/A
Component Unit - School Board	\$ -	6,495,473	6,495,473	-	N/A	N/A

**June 30, 2013**

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**11. Commitments and Contingent Liabilities**

**A. Post Closure Landfill Costs**

State and federal laws and regulations require the County to perform certain continuing maintenance and monitoring functions subsequent to the closure of a landfill site. The County ceased accepting solid waste at its landfill in 1987 and completed initial closure measures in that same year. The County closed its landfill prior to the date mandated by state and federal law and regulation and, therefore, the County is only liable for post-closure monitoring. During fiscal year 2006, the County was deemed to be in violation of the Virginia Solid Waste Management Regulations and the approved Closure Plan. The County submitted a corrective action plan to the Commonwealth's Department of Environmental Quality. During 2008, the County provided for additional financial assurance in the amount of \$1,000,000. The estimated future total cost of the post-closure monitoring and maintenance is \$1,777,352 based on the expected cost for all equipment, facilities and services required to monitor and maintain the landfill post-closure. This represents an increase over the 2012 estimated liability due to increased costs of state permits, increased laboratory fees, the addition of a Post-Closure consulting contract and the need to contract for repairs to the landfill cap. During the fiscal year ended June 30, 2013, the County expended \$150,807 in post-closure costs. The current costs of landfill closure and post closure cure is an estimate subject to changes resulting from inflation, technology or change in applicable laws or regulations.

**B. Underground Storage Tank**

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

June 30, 2013

**C. Risk Management**

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

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

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

The changes in medical claims liability for fiscal years 2013 and 2012 were:

	2013	2012
Claims liabilities, beginning of year	\$ 710,061	\$ 861,583
Current year claims	5,047,714	4,294,622
Change in prior year claims	911,144	891,143
Claim payments	(5,150,215)	(4,963,514)
Legal, Administrative and other expenses	(729,025)	(373,773)
Claims liabilities, end of year	<u>\$ 789,679</u>	<u>\$ 710,061</u>
Claims liabilities, due in one year	<u>\$ 678,374</u>	<u>\$ 615,841</u>

## *County of Isle of Wight, Virginia*

### *Notes to Financial Statements*

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**June 30, 2013**

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#### **D. Contingencies**

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

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

#### **12. Jointly Governed Organizations**

The County, in conjunction with other localities, created the Western Tidewater Water Authority (Authority), the Western Tidewater Regional Jail Authority (Jail), the Blackwater Regional Library (Library) and the Western Tidewater Community Services Board (WTCSB). The governing bodies of these organizations are appointed by the governing bodies of the participating jurisdictions. During the fiscal year ended June 30, 2013, the County contributed \$160,272 to the operations of the WTCSB \$522,464 to the Library and \$634,713 to the Jail.

In September 2009, the County amended its agreement with the Authority which provides for construction of the Western Branch Pipeline used to convey purchased raw water. The amendment to the contract contains provisions for the Authority to negotiate a water supply agreement between the Cities of Suffolk and Norfolk and the County. Annually, the County pays a fixed charge as an outside customer to the City of Suffolk to reserve the capacity for County's annual water resource requirements. The County also pays a fixed charge to the City of Norfolk for access to its water supply reservoir. The Authority passed through billings of \$2,321,957 to the County for the fixed charges during fiscal year 2013. Additionally, in fiscal year 2013, the County contributed approximately \$547,821 to the Authority for its share of capital costs incurred by the Authority.

#### **13. Annexation Agreement**

The County has entered into an agreement with the City of Franklin (City) whereby the City waived any and all of its rights and power to seek the annexation of the County's territory within a designated area adjacent to the City. In return, the County agreed to share with the City all local tax revenues collected by the County within the designated area using a predetermined formula. For the year ended June 30, 2013, the payments made to the City were \$238,835.

## County of Isle of Wight, Virginia

### Notes to Financial Statements

June 30, 2013

#### 14. Fund Balances

The County has the following fund balance classifications at June 30, 2013:

	General	Capital Projects	Other Governmental	Total
Nonspendable				
Inventory	\$ -	\$ -	\$ 40,595	\$ 40,595
Notes receivable	89,446	-	-	89,446
Restricted for:				
Environmental protection	29,650	-	-	29,650
Capital projects	-	24,422,967	-	24,422,967
Community development	-	-	140,680	140,680
Public safety	-	-	4,387	4,387
Assigned to:				
Capital projects	-	4,954,270	-	4,954,270
Parks and recreation	-	-	66,207	66,207
Subsequent year's expenditures	255,878	-	-	255,878
Unassigned	16,393,908	-	-	16,393,908
	<u>\$ 16,768,882</u>	<u>\$ 29,377,237</u>	<u>\$ 251,869</u>	<u>\$ 46,397,988</u>

#### 15. Restatement of Prior Year Net Position

Implementation of and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65) required the County to reclassify deferred gain/loss on refunding, which were previously netted against long-term debt, as deferred outflows or inflows on the face of the financial statements. It also required recognition of cost of issuance of bonds as an expense; therefore the adoption of this statement resulted in an increase to the cost of issuance expense and a decrease to the unamortized bond issuance costs (previously reported as deferred charges in the financial statements) for the fiscal year ended June 30, 2012. The restatement of prior year net position for the fiscal year ended June 30, 2012 decreased both the deferred charges and net position by \$950,949 and \$162,821 for the Governmental Activities and Business-Type Activities respectively. As a result, net position as of July 1, 2012 has been adjusted accordingly:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Balance previously reported ,June 30, 2012	\$31,755,151	\$(6,131,689)
Adjustment of implementation of GASB 65-Bond issuance costs	<u>(950,949)</u>	<u>(162,821)</u>
Balance Restated, June 30, 2012	<u>\$30,804,202</u>	<u>\$6,294,510</u>

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***Other Supplementary Information***

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## County of Isle of Wight, Virginia

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

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Primary Government</b>				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property	\$ 28,313,000	\$ 28,313,000	\$ 26,353,484	\$ (1,959,516)
Real and personal public service corporation property	850,610	850,610	947,041	96,431
Personal property	8,900,000	8,900,000	6,513,731	(2,386,269)
Boat	260,000	260,000	267,014	7,014
Mobile home	160,000	160,000	130,046	(29,954)
Machinery and tools	900,000	900,000	817,480	(82,520)
Equipment	1,523,929	1,523,929	1,613,175	89,246
Penalties	225,000	225,000	344,110	119,110
Interest and other costs	130,000	130,000	172,564	42,564
<b>Total general property taxes</b>	<b>41,262,539</b>	<b>41,262,539</b>	<b>37,158,645</b>	<b>(4,103,894)</b>
Other local taxes:				
Local sales and use	2,748,000	2,748,000	2,134,545	(613,455)
Consumer's utility	839,000	839,000	899,430	60,430
Consumption	79,000	79,000	101,205	22,205
Business license	405,000	405,000	480,289	75,289
Motor vehicle licenses	668,000	668,000	633,856	(34,144)
Penalties	-	-	7,442	7,442
Interest	-	-	2,779	2,779
Recordation and wills	530,000	530,000	522,256	(7,744)
Lodging	21,000	21,000	20,690	(310)
Meals tax	334,000	334,000	321,093	(12,907)
Communications sales and use	1,243,000	1,243,000	1,363,442	120,442
Bank franchise tax	5,000	5,000	7,819	2,819
Charter Franchise	-	-	10,497	10,497
<b>Total other local taxes</b>	<b>6,872,000</b>	<b>6,872,000</b>	<b>6,505,343</b>	<b>(366,657)</b>
Permits, fees and licenses:				
Animal licenses	20,000	20,000	27,774	7,774
Transfer fees	500	500	964	464
Inspection Technology fees	-	-	13,058	13,058
Zoning and subdivision fees	30,000	30,000	47,990	17,990
Building permits	200,000	200,000	287,815	87,815
Inspection fees	10,000	10,000	26,635	16,635
Concealed weapon permits	5,000	5,000	29,809	24,809
Cash proffers	10,000	10,000	-	(10,000)
<b>Total permits, fees and licenses</b>	<b>275,500</b>	<b>275,500</b>	<b>434,045</b>	<b>158,545</b>
Fines and forfeitures	61,000	61,000	105,191	44,191
<b>Total fines and forfeitures</b>	<b>61,000</b>	<b>61,000</b>	<b>105,191</b>	<b>44,191</b>
Revenues from use of money and property:				
Revenues from use of money	18,000	18,000	(195,616)	(213,616)
Revenues from use of property	35,000	35,000	1,034,430	999,430
<b>Total revenues from use of money and property</b>	<b>53,000</b>	<b>53,000</b>	<b>838,814</b>	<b>785,814</b>
Miscellaneous:				
Miscellaneous	-	-	-	-
Gifts and donations	-	2,151	802	(1,349)
Farmers market	-	4,365	30,195	25,830
<b>Total miscellaneous</b>	<b>-</b>	<b>6,516</b>	<b>30,997</b>	<b>24,481</b>

Continued

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Charges for services:				
Charges for Commonwealth's Attorney	7,000	7,000	9,907	2,907
Charges for parks and recreation	258,284	258,284	228,519	(29,765)
Charges for building construction court fee	31,000	31,000	40,481	9,481
Charges for law enforcement and other protection	52,605	52,605	85,428	32,823
Charges for emergency medical services	550,000	550,000	1,011,682	461,682
Charges for maps	500	500	758	258
Recovered costs:				
Indirect cost allocation	70,000	70,000	70,937	937
Insurance Reimbursement	-	-	131,518	131,518
Other	2,960,319	2,963,188	998,045	(1,965,143)
<b>Total charges for services</b>	<b>3,929,708</b>	<b>3,932,577</b>	<b>2,577,275</b>	<b>(1,355,302)</b>
Other financing sources:				
Interfund transfers	-	-	1,350,000	1,350,000
Proceeds from refunding bond issuance	-	-	2,032,944	2,032,944
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>3,382,944</b>	<b>3,382,944</b>
<b>Total revenues from local sources</b>	<b>52,453,747</b>	<b>52,463,132</b>	<b>51,033,254</b>	<b>(1,429,878)</b>
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	(14,000)	(14,000)	93,177	107,177
<b>Total noncategorical aid</b>	<b>5,101,890</b>	<b>5,101,890</b>	<b>5,209,067</b>	<b>107,177</b>
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	348,704	348,704	348,593	(111)
Sheriff	1,145,838	1,145,838	1,163,412	17,574
Commissioner of the Revenue	121,902	121,902	123,924	2,022
Treasurer	109,095	109,095	109,451	356
Registrar/electoral board	47,647	47,647	50,117	2,470
Clerk of the Circuit Court	261,229	261,229	285,829	24,600
<b>Total shared expenses</b>	<b>2,034,415</b>	<b>2,034,415</b>	<b>2,081,326</b>	<b>46,911</b>
Other categorical aid:				
Acq/Demolition Grant	-	149,615	136,506	(13,109)
Bicycle/ pedestrian trail	-	250,833	34,401	(216,432)
Fire program funds	46,500	46,500	70,033	23,533
Four for life	28,500	28,500	37,667	9,167
Litter control	-	11,137	11,137	-
OEMS Consolidated grants program	-	19,943	22,557	2,614
Port security grant	-	167,799	167,875	76
Victim witness	15,540	63,832	48,132	(15,700)
Governor's Develop. Opportunity Fund	-	550,000	550,000	-
Other	-	91,622	12,657	(78,965)
<b>Total other categorical aid</b>	<b>90,540</b>	<b>1,379,781</b>	<b>1,090,965</b>	<b>(288,816)</b>
<b>Total categorical aid</b>	<b>2,124,955</b>	<b>3,414,196</b>	<b>3,172,291</b>	<b>(241,905)</b>
<b>Total revenues from the Commonwealth</b>	<b>7,226,845</b>	<b>8,516,086</b>	<b>8,381,358</b>	<b>(134,728)</b>

Continued

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue from the federal government				
Home Program	-	-	123,407	123,407
BPV	-	24,176	-	(24,176)
DMV Selective Enforcement	-	39,500	22,886	
V-STOP	7,699	44,004	19,077	(24,927)
DCR Stormwater Management	-	25,000	-	(25,000)
VDEM Acq/Demo Grant	-	52,365	-	(52,365)
Interest Subsidy	-	-	257,127	257,127
<b>Total revenues from the federal government</b>	<b>7,699</b>	<b>185,045</b>	<b>422,497</b>	<b>254,066</b>
<b>Total General Fund revenues and other financing sources</b>	<b>59,688,291</b>	<b>61,164,263</b>	<b>59,837,109</b>	<b>(1,310,540)</b>
General government administration				
Legislative:				
Board of Supervisors	344,690	346,690	341,573	5,117
General and financial administration:				
Budget and finance	681,542	685,542	653,911	31,631
Commissioner of the Revenue	606,953	606,953	603,398	3,555
Communications	94,987	95,338	93,673	1,665
County Administrator	537,549	537,549	526,556	10,993
County Attorney	473,947	473,947	332,494	141,453
Human resources	227,875	273,461	261,194	12,267
Information technology/GIS	845,713	966,024	904,320	61,704
Insurance	479,000	479,000	332,409	146,591
Real estate assessment	33,559	33,559	15,996	17,563
Treasurer	596,243	596,243	572,005	24,238
<b>Total general and financial administration</b>	<b>4,577,368</b>	<b>4,747,616</b>	<b>4,295,956</b>	<b>451,660</b>
Board of Elections:				
Registrar/electoral board and officials	236,667	247,279	231,651	15,628
<b>Total Board of Elections</b>	<b>236,667</b>	<b>247,279</b>	<b>231,651</b>	<b>15,628</b>
<b>Total general government administration</b>	<b>5,158,725</b>	<b>5,341,585</b>	<b>4,869,180</b>	<b>472,405</b>
Judicial administration:				
Courts:				
Circuit Court	76,305	76,305	66,011	10,294
General District Court	5,025	6,410	5,195	1,215
Fifth District Court services unit	155,560	155,560	178,245	(22,685)
Juvenile and Domestic Relations District Court	8,140	8,140	6,375	1,765
Clerk of the Circuit Court	429,353	429,353	416,579	12,774
<b>Total courts</b>	<b>674,383</b>	<b>675,768</b>	<b>672,405</b>	<b>3,363</b>
Commonwealth's Attorney				-
<b>Total Commonwealth's Attorney</b>	<b>518,487</b>	<b>526,821</b>	<b>526,593</b>	<b>228</b>
<b>Total judicial administration</b>	<b>1,192,870</b>	<b>1,202,589</b>	<b>1,198,998</b>	<b>3,591</b>

Continued

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety:				
Law enforcement and traffic control:				
Sheriff	3,708,767	3,863,090	3,869,975	(6,885)
<b>Total law enforcement and traffic control</b>	<b>3,708,767</b>	<b>3,863,090</b>	<b>3,869,975</b>	<b>(6,885)</b>
Fire and rescue services:				
Emergency services	1,841,679	1,936,829	1,943,687	(6,858)
Station services	77,500	77,500	32,162	45,338
EMS Ambulance Billing	-	21,850	15,572	6,278
Volunteer fire department	576,868	586,868	586,868	-
Ambulance and rescue service	561,865	597,865	597,862	3
<b>Total fire and rescue services</b>	<b>3,057,912</b>	<b>3,220,912</b>	<b>3,176,151</b>	<b>44,761</b>
Inspections - building	480,495	487,170	484,173	2,997
<b>Total inspections - building</b>	<b>487,170</b>	<b>487,170</b>	<b>484,173</b>	<b>2,997</b>
Other protection:				
Animal control	312,220	315,938	304,379	11,559
DMV selective enforcement	-	39,500	23,698	15,802
Hazard Mitigation Grant (601 Quail St.)	-	149,615	134,831	14,784
Fifth district community corrections program	10,491	10,491	10,491	-
Fire prevention	42,300	42,300	70,033	(27,733)
Four for life	34,550	34,550	37,667	(3,117)
Byrne JAG	-	2,481	2,481	-
OEMS consolidated grants program	-	19,943	22,549	(2,606)
Port security grant	-	167,799	167,875	(76)
BPV Partnership	-	27,871	-	27,871
Western Tidewater Regional Jail	647,123	647,123	647,123	-
Other	-	40,000	33,331	6,669
<b>Total other protection</b>	<b>1,046,684</b>	<b>1,497,611</b>	<b>1,454,458</b>	<b>43,153</b>
<b>Total public safety</b>	<b>8,300,533</b>	<b>9,068,783</b>	<b>8,984,757</b>	<b>84,026</b>
General services:				
General administration (Pub Wks)	256,601	252,259	240,392	11,867
Engineering division	578,389	616,656	544,784	71,872
<b>Total administration</b>	<b>834,990</b>	<b>868,915</b>	<b>785,176</b>	<b>83,739</b>
General services:				
Maintenance of highways, streets, bridges and sidewalks:				
Roadway beautification	3,100	4,933	1,974	2,959
<b>Total maintenance of highways, streets, bridges and sidewalks</b>	<b>3,100</b>	<b>4,933</b>	<b>1,974</b>	<b>2,959</b>
Sanitation and waste removal:				
Refuse collection	869,261	924,078	921,590	2,488
Refuse disposal	2,340,972	2,304,997	2,281,979	23,018
<b>Total sanitation and waste removal</b>	<b>3,210,233</b>	<b>3,229,075</b>	<b>3,203,569</b>	<b>25,506</b>
Maintenance of general buildings and grounds:				
General properties (Bldg&Grds)	1,525,080	1,612,899	1,509,283	103,616
Transportation/maintenance	41,000	41,000	28,133	12,867
Litter control	-	11,137	11,137	-
Generator maintenance	374,928	374,928	376,544	(1,616)
Other	-	77,476	13,950	63,526
<b>Total maintenance of general buildings and grounds</b>	<b>1,941,008</b>	<b>2,117,440</b>	<b>1,939,047</b>	<b>178,393</b>
<b>Total general services</b>	<b>5,989,331</b>	<b>6,220,363</b>	<b>5,929,766</b>	<b>290,597</b>

Continued

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Health and welfare:				
Commission on Aging	1,700	1,700	1,700	-
Community Health in Progress	1,886	1,886	1,886	-
Court Appointed Special Advocate	34,723	34,723	34,723	-
DMV Animal Plates	-	585	596	(11)
Early Childhood Council	31,250	31,250	31,250	-
Genieve Shelter	8,000	8,000	8,000	-
Endeppence Center of Tidewater	5,000	5,000	5,000	-
IOW Christian Outreach	6,000	6,000	6,000	-
Isle of Wight Triad	2,780	2,780	50	2,730
Obici Share Road Signage	-	6,743	2,509	4,234
Obici/Luter Obesity Reduction Program	-	21,483	-	21,483
Senior Services of Southeastern Hampton Roads	33,139	33,139	33,139	-
Suffolk Homeless Shelter	8,000	8,000	8,000	-
Juvenile Accountability	36,708	36,708	11,095	25,613
Western Tidewater Health District	522,464	522,464	522,464	-
Victim witness	15,540	63,832	63,763	69
V-STOP	7,699	44,004	25,435	18,569
Western Tidewater Community Service Board	160,272	160,272	160,272	-
Western Tidewater Free Clinic	5,000	5,000	5,000	-
<b>Total health and welfare</b>	<b>880,161</b>	<b>993,569</b>	<b>920,882</b>	<b>72,687</b>
Education:				
Local contribution	27,393,445	29,840,631	25,679,304	4,161,327
<b>Total education</b>	<b>27,393,445</b>	<b>29,840,631</b>	<b>25,679,304</b>	<b>4,161,327</b>
Parks, recreation and cultural:				
Parks and recreation	1,296,644	1,295,420	1,236,300	59,120
Skating rink	40,300	40,300	31,990	8,310
Virginia Port Authority	-	44,000	-	44,000
Bicycle/ pedestrian trail	-	364,838	44,324	320,514
Parks and recreation programs	235,681	236,128	165,490	70,638
<b>Total parks and recreation</b>	<b>1,572,625</b>	<b>1,980,686</b>	<b>1,478,104</b>	<b>502,582</b>
Historic Resources Division	222,725	227,744	212,658	15,086
Cultural Arts Organizations	5,000	10,000	10,000	-
<b>Total cultural enrichment</b>	<b>227,725</b>	<b>237,744</b>	<b>222,658</b>	<b>15,086</b>
Library:				
Community College	6,175	6,175	6,175	-
Library administration	634,713	634,713	634,713	-
Rawl's Museum	1,000	1,000	1,000	-
<b>Total library</b>	<b>641,888</b>	<b>641,888</b>	<b>641,888</b>	<b>-</b>
<b>Total parks, recreation and cultural</b>	<b>2,442,238</b>	<b>2,860,318</b>	<b>2,342,650</b>	<b>517,668</b>
Community development:				
Planning:				
Planning & Zoning	770,889	776,809	745,225	31,584
Economic development	518,744	520,594	508,154	12,440
Tourism	388,063	388,063	381,265	6,798
Chamber of Commerce	16,000	16,000	16,000	-
Purchase of agriculture development rights	-	521,904	218,336	303,568
Governor's Develop Opportunity Grant	-	550,000	550,000	-
Other - Planning	-	7,027	154,023	(146,996)
Annexation settlement payment	238,835	238,835	238,835	-
Other	325,122	269,466	102,655	166,811
<b>Total planning</b>	<b>2,257,653</b>	<b>3,288,698</b>	<b>2,914,493</b>	<b>207,394</b>

Continued

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Environmental management:	32,620	32,620	32,235	385
<b>Total environmental management</b>	32,620	32,620	32,235	385
Cooperative extension program	55,254	55,254	48,631	6,623
Other	-	1,875	1,071	804
<b>Total cooperative extension program</b>	55,254	57,129	49,702	7,427
<b>Total community development</b>	2,345,527	3,378,447	2,996,430	215,206
Debt service:				
Principal retirement	995,139	995,139	3,173,957	(2,178,818)
Payment to refunded debt escrow agent	-	-	1,889,297	(1,889,297)
Interest and other charges	1,574,288	1,574,288	4,592,524	(3,018,236)
Bond issuance costs	-	-	141,244	(141,244)
<b>Total debt service</b>	2,569,427	2,569,427	9,797,022	(7,227,595)
Other financing uses:				
Transfers to Capital Projects Fund	-	4,122,240	-	4,122,240
Transfers to Special Revenue Funds	1,955,537	1,955,537	1,777,894	177,643
Transfers to Public Utilities Fund	1,467,172	1,467,172	-	1,467,172
<b>Total other financing uses</b>	3,422,709	7,544,949	1,777,894	5,767,055
<b>Total General Fund expenditures and other financing uses</b>	59,694,966	69,020,661	64,496,883	4,356,967
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	(6,675)	(7,856,398)	(4,659,774)	3,046,427
<b>Fund balance- beginning of year</b>	20,400,001	16,890,394	21,428,656	4,538,262
<b>Fund balance- end of year</b>	\$ 20,393,326	\$ 9,033,996	\$ 16,768,882	\$ 7,584,689

See accompanying independent auditors' report

## *County of Isle of Wight, Virginia*

### *Notes to Required Supplementary Information*

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**June 30, 2013**

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The General and Capital Projects Fund budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General, Special Revenue, Capital Projects, and Proprietary funds of the Primary Government and Component Unit - School Board.
6. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.
7. Appropriations lapsed on June 30, 2013 for all County units. All unexpended appropriations of the School Board revert back to the County at the end of each fiscal year.
8. The Primary Government have assigned fund balances for subsequent year's years expenditures unless the subsequent year's years expenditures relate to restricted or committed resources

**County of Isle of Wight, Virginia**

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

Year Ended June 30, 2013						
Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded actuarial accrued liability (UAAL)	Funded ratio	Covered payroll	UAAL as a Percentage of covered payroll
County Employees						
6/30/2012	\$ 26,642,546	\$ 35,003,441	\$ 8,360,895	76.11%	\$ 11,091,624	75.38%
6/30/2011	\$ 26,264,070	\$ 33,274,845	\$ 7,010,775	78.93%	\$ 10,509,123	66.71%
6/30/2010	\$ 25,157,264	\$ 31,562,332	\$ 6,405,068	79.71%	\$ 10,302,172	62.17%
School Board - Nonprofessional Employees						
6/30/2012	\$ 4,381,849	\$ 5,533,659	\$ 1,151,810	79.19%	\$ 2,017,030	57.10%
6/30/2011	\$ 4,353,323	\$ 5,276,266	\$ 922,943	82.51%	\$ 2,050,158	45.02%
6/30/2010	\$ 4,289,940	\$ 4,875,717	\$ 585,777	87.99%	\$ 2,055,678	28.50%

(continued)

See accompanying independent auditors' report

**County of Isle of Wight, Virginia**

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

**Year Ended June 30, 2013**

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded actuarial accrued liability (UAAL)	Funded ratio	Covered payroll	UAAL as a Percentage of covered payroll
<b>County Employees</b>						
7/1/2012	\$ -	\$ 1,383,668	\$ 1,383,668	-	N/A	N/A
7/1/2011	\$ -	\$ 1,487,111	\$ 1,487,111	-	N/A	N/A
7/1/2010	\$ -	\$ 1,318,675	\$ 1,318,675	-	N/A	N/A
<b>School Board</b>						
7/1/2012	\$ -	\$ 6,495,473	\$ 6,495,473	-	N/A	N/A
7/1/2011	\$ -	\$ 7,546,916	\$ 7,546,916	-	N/A	N/A
7/1/2010	\$ -	\$ 6,947,423	\$ 6,947,423	-	N/A	N/A

*See accompanying independent auditors' report*

*County of Isle of Wight, Virginia****Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual - Capital Projects Fund*****Year Ended June 30, 2013**

	Capital Projects			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Revenue from use of property	\$ -	\$ -	\$ 70,573	\$ 70,573
Permits, privilege fees and regulatory licenses	-	-	1,276,773	-
Miscellaneous	150,000	150,000	150,000	-
Intergovernmental:				
Commonwealth of Virginia	-	470,620	1,244,125	773,505
Federal	100,000	100,000	118,783	
<b>Total revenues</b>	<b>250,000</b>	<b>720,620</b>	<b>2,860,254</b>	<b>2,741,471</b>
<b>Expenditures</b>				
Capital outlay	4,800,000	19,906,616	9,489,014	10,417,602
Bond issuance costs	-	-	144,243	144,243
<b>Total expenditures</b>	<b>4,800,000</b>	<b>19,906,616</b>	<b>9,633,257</b>	<b>10,561,845</b>
<b>Deficiency of revenues under expenditures</b>	<b>(4,800,000)</b>	<b>(19,906,616)</b>	<b>(6,773,003)</b>	<b>(10,491,272)</b>
<b>Other financing sources (uses)</b>				
Operating transfers in	50,000	2,078,724	-	(2,078,724)
Operating transfers out	-	-	(1,350,000)	(1,350,000)
Bond proceeds	4,500,000	10,706,232	3,494,846	(7,211,386)
Proceeds form refunding bond issuance	-	-	20,516,889	-
Payments to refunded debt escrow agent	-	-	(20,583,812)	-
<b>Total other financing sources (uses), net</b>	<b>4,550,000</b>	<b>12,784,956</b>	<b>2,077,923</b>	<b>(10,640,110)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(6,401,040)</b>	<b>(4,695,080)</b>	<b>1,705,960</b>
<b>Fund balances - beginning of year</b>	<b>34,072,317</b>	<b>34,072,317</b>	<b>34,072,317</b>	<b>-</b>
<b>Fund balances - end of year</b>	<b>\$ 34,072,317</b>	<b>\$ 27,671,277</b>	<b>\$ 29,377,237</b>	<b>\$ 1,705,960</b>

*See accompanying independent auditors' report*

**County of Isle of Wight, Virginia**

**Combining Balance Sheets -  
Nonmajor Governmental Funds**

**June 30, 2013**

	Comprehensive Services		Community Development		Asset Forfeiture		County Fair		Museum		
	DSS	Fund	E-911 Fund	Block Grant	Section 8 Fund	Forfeiture Fund	Fair Fund	Fund	Fund	Totals	
<b>Assets</b>											
Cash and investments	\$ -	\$ -	\$ 14,092	\$ 42,735	\$ -	\$ 148,996	\$ 29,168	\$ 58,282	\$ -	\$ 293,273	
Restricted cash	-	-	-	97,945	-	-	-	-	-	97,945	
Accounts receivable, net	71,420	-	-	-	-	-	9,875	-	-	81,295	
Due from other governments	-	85,311	41,705	-	7,718	-	-	-	-	134,734	
Inventory	-	-	-	-	-	-	-	-	-	40,595	
<b>Total assets</b>	71,420	85,311	55,797	140,680	7,718	148,996	39,043	98,877	-	647,842	
<b>Liabilities and Fund Balances</b>											
Accounts payable	-	39,125	52,144	-	136	-	2,218	-	-	93,623	
Accrued expenses	-	-	3,653	-	-	-	-	-	-	3,653	
Court Escrow	-	-	-	-	-	144,609	-	-	-	144,609	
Due to other funds	71,420	46,186	-	-	7,582	-	-	-	-	125,188	
Unearned revenues	-	-	-	-	-	-	28,900	-	-	28,900	
<b>Total liabilities</b>	71,420	85,311	55,797	-	7,718	144,609	31,118	-	-	395,973	
<b>Fund balances</b>											
Nonspendable - inventory	-	-	-	-	-	-	-	-	40,595	40,595	
Restricted	-	-	-	140,680	-	4,387	-	-	-	145,067	
Assigned	-	-	-	-	-	-	7,925	58,282	-	66,207	
<b>Total fund balances</b>	-	-	-	140,680	-	4,387	7,925	98,877	-	251,869	
<b>Total liabilities and fund balances</b>	\$ 71,420	\$ 85,311	\$ 55,797	\$ 140,680	\$ 7,718	\$ 148,996	\$ 39,043	\$ 98,877	\$ -	\$ 647,842	

*See accompanying independent auditors' report*

**County of Isle of Wight, Virginia**

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

<b>Year Ended June 30, 2013</b>										
	Comprehensive Services		Community Development		Asset Forfeitures		County Fair		Museum Fund	Totals
	DSS	Fund	E-911 Fund	Block Grant	Section 8	Fund	Fund	Fund	Fund	
<b>Revenues</b>										
Other local taxes	\$ -	\$ -	\$ 110,876	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,876
Charges for services	-	-	-	217	-	-	269,346	-	12,417	281,980
Miscellaneous	-	-	20,650	-	-	-	16,340	-	-	36,990
Intergovernmental:										
Commonwealth	692,834	317,696	84,109	-	-	3,284	-	-	-	1,097,923
Federal	1,254,426	-	-	-	106,135	-	-	-	-	1,360,561
<b>Total revenues</b>	<b>1,947,260</b>	<b>317,696</b>	<b>215,635</b>	<b>217</b>	<b>106,135</b>	<b>3,284</b>	<b>285,686</b>	<b>12,417</b>	<b>12,417</b>	<b>2,888,330</b>
<b>Expenditures</b>										
Public safety	-	-	986,125	-	-	2,738	-	-	-	988,863
Health and welfare	2,685,106	522,137	-	-	171,252	-	-	-	-	3,378,495
Parks, recreation and cultural	-	-	-	-	-	-	277,761	9,001	-	286,762
Community development	-	-	-	146,573	-	-	-	-	-	146,573
<b>Total expenditures</b>	<b>2,685,106</b>	<b>522,137</b>	<b>986,125</b>	<b>146,573</b>	<b>171,252</b>	<b>2,738</b>	<b>277,761</b>	<b>9,001</b>	<b>9,001</b>	<b>4,800,693</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(737,846)</b>	<b>(204,441)</b>	<b>(770,490)</b>	<b>(146,356)</b>	<b>(65,117)</b>	<b>546</b>	<b>7,925</b>	<b>3,416</b>	<b>3,416</b>	<b>(1,912,363)</b>
<b>Other financing sources</b>										
Operating transfers in	737,846	204,441	770,490	-	65,117	-	-	-	-	1,777,894
<b>Total other financing sources</b>	<b>737,846</b>	<b>204,441</b>	<b>770,490</b>	<b>-</b>	<b>65,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,777,894</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(146,356)</b>	<b>-</b>	<b>546</b>	<b>7,925</b>	<b>3,416</b>	<b>3,416</b>	<b>(134,469)</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>287,036</b>	<b>-</b>	<b>3,841</b>	<b>-</b>	<b>-</b>	<b>95,461</b>	<b>386,338</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 140,680</b>	<b>\$ -</b>	<b>\$ 4,387</b>	<b>\$ 7,925</b>	<b>\$ 98,877</b>	<b>\$ 98,877</b>	<b>\$ 251,869</b>

See accompanying independent auditors' report

**County of Isle of Wight, Virginia**

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

<b>Year Ended June 30, 2013</b>										
	Comprehensive Services		Community Development		Asset Forfeitures		County Fair		Museum Fund	Totals
	DSS	Fund	E-911 Fund	Block Grant	Section 8	Fund	Fund	Fund	Fund	
<b>Revenues</b>										
Other local taxes	\$ -	\$ -	\$ 110,876	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,876
Charges for services	-	-	-	217	-	-	269,346	-	12,417	281,980
Miscellaneous	-	-	20,650	-	-	-	16,340	-	-	36,990
Intergovernmental:										
Commonwealth	692,834	317,696	84,109	-	-	3,284	-	-	-	1,097,923
Federal	1,254,426	-	-	-	106,135	-	-	-	-	1,360,561
<b>Total revenues</b>	<b>1,947,260</b>	<b>317,696</b>	<b>215,635</b>	<b>217</b>	<b>106,135</b>	<b>3,284</b>	<b>285,686</b>	<b>12,417</b>	<b>-</b>	<b>2,888,330</b>
<b>Expenditures</b>										
Public safety	-	-	986,125	-	-	2,738	-	-	-	988,863
Health and welfare	2,685,106	522,137	-	-	171,252	-	-	-	-	3,378,495
Parks, recreation and cultural	-	-	-	-	-	-	277,761	9,001	-	286,762
Community development	-	-	-	146,573	-	-	-	-	-	146,573
<b>Total expenditures</b>	<b>2,685,106</b>	<b>522,137</b>	<b>986,125</b>	<b>146,573</b>	<b>171,252</b>	<b>2,738</b>	<b>277,761</b>	<b>9,001</b>	<b>-</b>	<b>4,800,693</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(737,846)</b>	<b>(204,441)</b>	<b>(770,490)</b>	<b>(146,356)</b>	<b>(65,117)</b>	<b>546</b>	<b>7,925</b>	<b>3,416</b>	<b>-</b>	<b>(1,912,363)</b>
<b>Other financing sources</b>										
Operating transfers in	737,846	204,441	770,490	-	65,117	-	-	-	-	1,777,894
<b>Total other financing sources</b>	<b>737,846</b>	<b>204,441</b>	<b>770,490</b>	<b>-</b>	<b>65,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,777,894</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(146,356)</b>	<b>-</b>	<b>546</b>	<b>7,925</b>	<b>3,416</b>	<b>-</b>	<b>(134,469)</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>287,036</b>	<b>-</b>	<b>3,841</b>	<b>-</b>	<b>95,461</b>	<b>-</b>	<b>386,338</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 140,680</b>	<b>\$ -</b>	<b>\$ 4,387</b>	<b>\$ 7,925</b>	<b>\$ 98,877</b>	<b>\$ -</b>	<b>\$ 251,869</b>

See accompanying independent auditors' report

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2013	DSS					Comprehensive Services Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)		Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>									
Other local taxes	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-		-	-	-	-
Fines and forfeitures	-	-	-	-		-	-	-	-
Miscellaneous	-	-	-	-		-	-	-	-
Intergovernmental:									
Commonwealth	1,239,797	1,239,797	692,834	(546,963)		438,996	438,996	317,696	(121,300)
Federal	1,072,743	1,205,688	1,254,426	48,738		-	-	-	-
<b>Total revenues</b>	2,312,540	2,445,485	1,947,260	(498,225)		438,996	438,996	317,696	(121,300)
<b>Expenditures</b>									
Public safety	-	-	-	-		-	-	-	-
Health and welfare	3,082,101	3,215,046	2,685,106	529,940		676,737	676,737	522,137	154,600
Parks, recreation and cultural	-	-	-	-		-	-	-	-
Community development	-	-	-	-		-	-	-	-
<b>Total expenditures</b>	3,082,101	3,215,046	2,685,106	529,940		676,737	676,737	522,137	154,600
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(769,561)	(769,561)	(737,846)	31,715		(237,741)	(237,741)	(204,441)	33,300
<b>Other financing sources</b>									
Operating transfers in	769,561	769,561	737,846	(31,715)		237,741	237,741	204,441	(33,300)
<b>Total other financing sources</b>	769,561	769,561	737,846	(31,715)		237,741	237,741	204,441	(33,300)
<b>Net change in fund balance</b>	-	-	-	-		-	-	-	-
<b>Fund balances - beginning of year</b>	-	-	-	-		-	-	-	-
<b>Fund balances - end of year</b>	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -

Continued

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2013	Section 8					
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Asset Forfeitures Fund	
<b>Revenues</b>					Original Budget	Variance with Final Budget Positive (Negative)
Other local taxes	\$ -	\$ -	\$ -	\$ -		
Charges for services	-	-	-	-		
Fines and forfeitures	-	-	-	-		
Miscellaneous	-	-	-	-		
Intergovernmental:						
Commonwealth	-	-	-	-		
Federal	110,752	110,752	106,135	(4,617)		
<b>Total revenues</b>	110,752	110,752	106,135	(4,617)		
<b>Expenditures</b>					Final Budget	Actual
Public safety	-	-	-	-		
Health and welfare	174,152	174,152	171,252	2,900		
Parks, recreation and cultural	-	-	-	-		
Community development	-	-	-	-		
<b>Total expenditures</b>	174,152	174,152	171,252	2,900		
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(63,400)	(63,400)	(65,117)	(1,717)		
<b>Other financing sources</b>					3,606	2,738
Operating transfers in	63,400	63,400	65,117	1,717		
<b>Total other financing sources</b>	63,400	63,400	65,117	1,717		
<b>Net change in fund balance</b>	-	-	-	-	(3,606)	546
<b>Fund balances - beginning of year</b>	-	-	-	-		
<b>Fund balances - end of year</b>	\$ -	\$ -	\$ -	\$ -	3,606	3,841
						235
	\$ -	\$ -	\$ -	\$ -	4,387	4,387

Continued

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2013	E911 Fund				Community Development Block Grant			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>								
Other local taxes	\$ 138,000	\$ 138,000	\$ 110,876	\$ (27,124)	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	56,105	56,105	20,650	(35,455)	-	-	217	217
Intergovernmental:								
Commonwealth	84,000	84,000	84,109	109	-	-	-	-
Federal	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>278,105</b>	<b>278,105</b>	<b>215,635</b>	<b>(62,470)</b>			<b>217</b>	<b>217</b>
<b>Expenditures</b>								
Public safety	1,046,955	1,046,955	986,125	60,830	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	70,000	146,573	(76,573)
<b>Total expenditures</b>	<b>1,046,955</b>	<b>1,046,955</b>	<b>986,125</b>	<b>60,830</b>		<b>70,000</b>	<b>146,573</b>	<b>(76,573)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(768,850)</b>	<b>(768,850)</b>	<b>(770,490)</b>	<b>(1,640)</b>		<b>(70,000)</b>	<b>(146,356)</b>	<b>(76,356)</b>
<b>Other financing sources</b>								
Operating transfers in	768,850	768,850	770,490	1,640	-	-	-	-
<b>Total other financing sources</b>	<b>768,850</b>	<b>768,850</b>	<b>770,490</b>	<b>1,640</b>				
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>287,036</b>	<b>287,036</b>	<b>287,036</b>	<b>-</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 287,036</b>	<b>\$ 217,036</b>	<b>\$ 140,680</b>	<b>\$ (76,356)</b>

Continued

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2013	County Fair Fund				Museum Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	238,848	238,848	269,346	30,498	9,000	9,000	12,417	3,417
Miscellaneous	32,500	32,500	16,340	(16,160)	-	-	-	-
Intergovernmental:								
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>271,348</b>	<b>271,348</b>	<b>285,686</b>	<b>14,338</b>	<b>9,000</b>	<b>9,000</b>	<b>12,417</b>	<b>3,417</b>
<b>Expenditures</b>								
Public safety	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation and cultural	279,685	279,685	277,761	1,924	9,000	9,000	9,001	(1)
Community development	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>279,685</b>	<b>279,685</b>	<b>277,761</b>	<b>1,924</b>	<b>9,000</b>	<b>9,000</b>	<b>9,001</b>	<b>(1)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(8,337)</b>	<b>(8,337)</b>	<b>7,925</b>	<b>16,262</b>	<b>-</b>	<b>-</b>	<b>3,416</b>	<b>3,416</b>
<b>Other financing sources</b>								
Operating transfers in	8,337	8,337	-	(8,337)	-	7,950	-	(7,950)
<b>Total other financing sources</b>	<b>8,337</b>	<b>8,337</b>	<b>-</b>	<b>(8,337)</b>	<b>-</b>	<b>7,950</b>	<b>-</b>	<b>(7,950)</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>7,925</b>	<b>7,925</b>	<b>-</b>	<b>7,950</b>	<b>3,416</b>	<b>(4,534)</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,461</b>	<b>95,461</b>	<b>95,461</b>	<b>-</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,925</b>	<b>\$ 7,925</b>	<b>\$ 95,461</b>	<b>\$ 103,411</b>	<b>\$ 98,877</b>	<b>\$ (4,534)</b>

Continued

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2013	Totals			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Other local taxes	\$ 138,000	\$ 138,000	\$ 110,876	\$ (27,124)
Charges for services	247,848	247,848	281,763	33,915
Miscellaneous	88,605	88,605	37,207	(51,398)
Intergovernmental:				
Commonwealth	1,762,793	1,762,793	1,097,923	(664,870)
Federal	1,183,495	1,316,440	1,360,561	44,121
<b>Total revenues</b>	<b>3,420,741</b>	<b>3,553,686</b>	<b>2,888,330</b>	<b>(665,356)</b>
<b>Expenditures</b>				
Public safety	1,046,955	1,050,561	988,863	61,698
Health and welfare	3,932,990	4,065,935	3,378,495	687,440
Parks, recreation and cultural	288,685	288,685	286,762	1,923
Community development	-	70,000	146,573	(76,573)
<b>Total expenditures</b>	<b>5,268,630</b>	<b>5,475,181</b>	<b>4,800,693</b>	<b>674,488</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,847,889)</b>	<b>(1,921,495)</b>	<b>(1,912,363)</b>	<b>9,132</b>
<b>Other financing sources</b>				
Operating transfers in	1,847,889	1,855,839	1,777,894	(77,945)
<b>Total other financing sources</b>	<b>1,847,889</b>	<b>1,855,839</b>	<b>1,777,894</b>	<b>(77,945)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	<b>-</b>	<b>(65,656)</b>	<b>(134,469)</b>	<b>(68,813)</b>
<b>Fund balances - beginning of year</b>	<b>382,497</b>	<b>386,103</b>	<b>386,338</b>	<b>235</b>
<b>Fund balances - end of year</b>	<b>\$ 382,497</b>	<b>\$ 320,447</b>	<b>\$ 251,869</b>	<b>\$ (68,578)</b>

See accompanying independent auditors' report

*County of Isle of Wight, Virginia**Combining Balance Sheets - Governmental Funds - Component Unit - School Board***June 30, 2013**

	Governmental Funds			
	School Operating Fund	School Textbook Fund	School Cafeteria Fund	Totals
<b>Assets</b>				
Cash and investments	\$ 4,822,243	\$ -	\$ 404,461	\$ 5,226,704
Accounts receivable - net of allowances for uncollectibles	65,211	-	10,483	75,694
Inventory	-	-	54,933	54,933
Due from primary government	413,075	-	-	413,075
Due from other funds	77,692	186,752	-	264,444
Due from other governmental units	1,470,905	-	50,778	1,521,683
<b>Total assets</b>	<b>\$ 6,849,126</b>	<b>\$ 186,752</b>	<b>\$ 520,655</b>	<b>\$ 7,556,533</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,250,160	\$ -	\$ 25,019	\$ 1,275,179
Accrued liabilities	5,412,214	-	-	5,412,214
Due to other funds	186,752	-	77,692	264,444
<b>Total liabilities</b>	<b>6,849,126</b>	<b>-</b>	<b>102,711</b>	<b>6,951,837</b>
<b>Fund Balance</b>				
Fund balances:				
Nonspendable: Inventory	-	-	54,933	54,933
Restricted: Textbooks	-	186,752	-	186,752
Restricted: Food Service	-	-	363,011	363,011
<b>Total fund balances</b>	<b>-</b>	<b>186,752</b>	<b>417,944</b>	<b>604,696</b>
<b>Total liabilities and fund balance</b>	<b>\$ 6,849,126</b>	<b>\$ 186,752</b>	<b>\$ 520,655</b>	<b>\$ 7,556,533</b>

*See accompanying independent auditors' report*

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

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**June 30, 2013**

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<b>Total fund balances - School Board - governmental funds</b>	\$ 604,696
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Amounts reported for government activities in the Statement  
of Net Position are different because:

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

Non depreciable capital assets	1,619,726
Depreciable capital assets	61,393,844
Accumulated depreciation	(37,279,628)
Depreciable assets, net	<u>24,114,216</u>

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

Compensated absences	(472,440)
Net OPEB obligation	(3,014,995)

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

	<u>(208,065)</u>
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<b>Total net position- School Board - governmental activities</b>	<b>\$ <u>22,643,138</u></b>
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*See accompanying independent auditors' report*

*County of Isle of Wight, Virginia****Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds - Component Unit - School Board*****Year Ended June 30, 2013**

	Governmental Funds			
	School Operating Fund	School Textbook Fund	School Cafeteria Fund	Total
<b>Revenues</b>				
Revenues from use of money and property	\$ 41,385	\$ -	\$ 863	\$ 42,248
Charges for services	121,194	-	873,345	994,539
Miscellaneous	131,294	-	-	131,294
Recovered costs	21,766	-	-	21,766
Payment from the Primary Government	25,679,304	-	-	25,679,304
Intergovernmental:				
Commonwealth	25,813,810	186,752	31,608	26,032,170
Federal	2,581,111		1,044,910	3,626,021
<b>Total revenues</b>	<b>\$ 54,389,864</b>	<b>\$ 186,752</b>	<b>\$ 1,950,726</b>	<b>\$ 56,527,342</b>
<b>Expenditures</b>				
Current:				
Administration, attendance and health	2,385,928	-	-	2,385,928
Instructional services	41,953,846	-	-	41,953,846
Operations and maintenance	4,532,002	-	-	4,532,002
Pupil transportation	3,266,223		-	3,266,223
School food services	-	-	2,011,722	2,011,722
Technology	2,251,865	-	-	2,251,865
<b>Total expenditures</b>	<b>54,389,864</b>	<b>-</b>	<b>2,011,722</b>	<b>56,401,586</b>
<b>Deficiency of revenues under expenditures</b>	<b>-</b>	<b>186,752</b>	<b>(60,996)</b>	<b>125,756</b>
<b>Fund equity - beginning of year</b>	<b>-</b>	<b>-</b>	<b>478,940</b>	<b>478,940</b>
<b>Fund equity - end of year</b>	<b>\$ -</b>	<b>\$ 186,752</b>	<b>\$ 417,944</b>	<b>\$ 604,696</b>

*See accompanying independent auditors' report*

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

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**Year Ended June 30, 2013**

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<b>Net change in fund balances - School Board - governmental funds</b>	<b>\$ 125,756</b>
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Amounts reported for governmental activities in the statement  
of Net Position are different because:

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

Joint activity-transfer of capital assets	1,510,628
Capital outlay	710,765
Depreciation expense	(3,251,358)

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

Decrease in compensated absences	111,103
Increase in net OPEB obligation	(518,136)

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

	<u>(911,276)</u>
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<b>Change in net position of School Board - governmental activities</b>	<b><u>\$ (2,222,518)</u></b>
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*See accompanying independent auditors' report*

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2013

	School Operating Fund				School Cafeteria Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>								
Revenues from use of money and property	\$ 50,000	\$ 50,000	\$ 41,385	\$ (8,615)	\$ 2,400	\$ 2,400	\$ 863	\$ (1,537)
Charges for services	84,800	84,800	121,194	36,394	995,151	995,151	873,345	(121,806)
Miscellaneous	14,800	14,800	131,294	116,494	-	-	-	-
Recovered costs	20,000	20,000	21,766	1,766	-	-	-	-
Revenue from the Primary Government	24,062,341	26,209,527	25,679,304	(530,223)	-	-	-	-
Intergovernmental								
Commonwealth	26,129,193	25,827,365	25,813,810	(13,555)	28,982	28,982	31,608	2,626
Federal	411,445	2,972,458	2,581,111	(391,347)	1,227,905	1,227,905	1,044,910	(182,995)
<b>Total revenues</b>	<b>50,772,579</b>	<b>55,178,950</b>	<b>54,389,864</b>	<b>(789,086)</b>	<b>2,254,438</b>	<b>2,254,438</b>	<b>1,950,726</b>	<b>(303,712)</b>
<b>Expenditures</b>								
Current								
Administration, attendance and health	\$ 2,387,329	\$ 2,445,069	2,385,928	59,141	-	-	-	-
Instructional services	39,800,035	42,482,017	41,953,846	528,171	-	-	-	-
Operations and maintenance	4,197,628	4,779,106	4,532,002	247,104	-	-	-	-
Pupil transportation	-	3,333,037	3,266,223	66,814	-	-	-	-
School food services	-	-	-	-	2,254,438	2,261,415	2,011,722	(249,693)
Facilities	3,037,017	-	-	-	-	-	-	-
Technology	1,350,570	2,264,257	2,251,865	12,392	-	-	-	-
<b>Total expenditures</b>	<b>50,772,579</b>	<b>55,303,485</b>	<b>54,389,864</b>	<b>913,621</b>	<b>2,254,438</b>	<b>2,261,415</b>	<b>2,011,722</b>	<b>(249,693)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(124,535)</b>	<b>-</b>	<b>124,535</b>	<b>-</b>	<b>(6,977)</b>	<b>(60,996)</b>	<b>(553,405)</b>
<b>Fund balances (accumulated deficit) - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>478,940</b>	<b>478,940</b>	<b>478,940</b>	<b>-</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ (124,535)</b>	<b>\$ -</b>	<b>\$ 124,535</b>	<b>\$ 478,940</b>	<b>\$ 471,963</b>	<b>\$ 417,944</b>	<b>\$ (553,405)</b>

See accompanying independent auditors' report

County of Isle of Wight, Virginia

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

Year Ended June 30, 2013	Totals					Totals				
	School Textbook Fund			Variance with		Final Budget			Variance with	
	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)		Original Budget	Final Budget	Actual	Final Budget Positive (Negative)	
<b>Revenues</b>										
Revenues from use of money and property	\$	-	\$	-	\$	\$	52,400	\$	42,248	\$ (10,152)
Charges for services	-	-	-	-	-	1,079,951	1,079,951	994,539	(85,412)	
Miscellaneous	-	-	-	-	-	14,800	14,800	131,294	116,494	
Recovered costs	-	-	-	-	-	20,000	20,000	21,766	1,766	
Revenue from the Primary Government	-	-	-	-	-	24,062,341	26,209,527	25,679,304	(530,223)	
Intergovernmental:										
Commonwealth	-	186,752	186,752	-	-	26,158,175	26,043,099	26,032,170	(10,929)	
Federal	-	-	-	-	-	1,639,350	4,200,363	3,626,021	(574,342)	
<b>Total revenues</b>	-	186,752	186,752	-	-	53,027,017	57,620,140	56,527,342	(1,092,798)	
<b>Expenditures</b>										
Current										
Administration, attendance and health	-	-	-	-	-	2,387,329	2,445,069	2,385,928	59,141	
Instructional services	-	-	-	-	-	39,800,035	42,482,017	41,953,846	528,171	
Operations and maintenance	-	-	-	-	-	4,197,628	4,779,106	4,532,002	247,104	
Pupil transportation	-	-	-	-	-	-	3,333,037	3,266,223	66,814	
School food services	-	-	-	-	-	2,254,438	2,261,415	2,011,722	249,693	
Facilities	-	-	-	-	-	3,037,017	-	-	-	
Technology	-	-	-	-	-	1,350,570	2,264,257	2,251,865	12,392	
<b>Total expenditures</b>	-	-	-	-	-	53,027,017	57,564,899	56,401,586	1,163,313	
<b>Net change in fund balance</b>	-	186,752	186,752	-	-	-	55,241	125,756	70,515	
<b>Fund balances - beginning of year</b>	-	-	-	-	-	478,940	478,940	478,940	-	
<b>Fund balances - end of year</b>	\$	-	\$	186,752	\$	-	\$	534,181	\$	70,515

See accompanying independent auditors' report

*County of Isle of Wight, Virginia**Statement of Net Position - Proprietary Fund - Component Unit - School Board***June 30, 2013**

<b>Assets</b>		<b>School Health Benefits Fund</b>
<b>Current assets</b>		
Cash and cash equivalents - restricted		<u>\$ 581,614</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable		678,374
Unearned revenues		<u>111,305</u>
<b>Total current liabilities</b>		<u>789,679</u>
<b>Net Position</b>		
<b>Net position - unrestricted</b>		<u>\$ (208,065)</u>

*See accompanying independent auditors' report*

*County of Isle of Wight, Virginia**Statement of Revenues, Expenses, and Changes in Net Position -  
Proprietary Fund - Component Unit - School Board***Year Ended June 30, 2013**

	School Health Benefits Fund
<b>Operating revenues</b>	
Recovered costs	\$ 5,029,743
<b>Operating expenses</b>	
Healthcare benefits	5,941,773
<b>Operating loss</b>	(912,030)
<b>Nonoperating revenue</b>	
Revenue from use of money and property	754
<b>Change in net position</b>	(911,276)
<b>Net position - beginning of year</b>	703,211
<b>Net position - end of year</b>	\$ (208,065)

*See accompanying independent auditors' report*

*County of Isle of Wight, Virginia**Statement of Cash Flows - Proprietary Fund - Component Unit - School Board***Year Ended June 30, 2013**

	School Health Benefits Fund
<b>Cash flows from operating activities</b>	
Received from customers and users	\$ 5,046,960
Payments to suppliers for goods and services	(5,879,240)
<b>Net cash used in operating activities</b>	(832,280)
<b>Cash flows used in non-capital and related financing activities</b>	
Due to other Funds	(132)
<b>Net used in non-capital and related financing activities</b>	(132)
<b>Cash flows from investing activities</b>	
Interest received	754
<b>Net cash provided by from investing activities</b>	754
<b>Change in cash and cash equivalents</b>	(831,658)
<b>Cash and cash equivalents - beginning of year</b>	1,413,272
<b>Cash and cash equivalents - end of year</b>	\$ 581,614
<b>Reconciliation of operating loss to net cash provided by operating activities</b>	
Operating loss	\$ (912,030)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Change in:	
Accounts payable and accrued liabilities	62,533
Unearned revenue	17,217
<b>Net cash used in operating activities</b>	\$ (832,280)

*See accompanying independent auditors' report*

*County of Isle of Wight, Virginia**Combining Statements of Assets and Liabilities - Fiduciary Funds***Year Ended June 30, 2013**

	Special Welfare Funds	Student Activity Funds	Totals Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 51,993	\$ 323,484	\$ 375,477
<b>Liabilities</b>			
Amounts held for social services clients	51,993	-	51,993
Amounts held for others	-	323,484	323,484
<b>Total liabilities</b>	\$ 51,993	\$ 323,484	\$ 375,477

*See accompanying independent auditors' report*

*County of Isle of Wight, Virginia**Combining Statements of Changes in Assets and Liabilities - Fiduciary Funds***Year Ended June 30, 2013**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare</b>				
Assets				
Cash and cash equivalents	\$ 7,842	\$ 44,437	\$ 286	\$ 51,993
Liabilities				
Amounts held for social services clients	\$ 7,842	\$ 44,437	\$ 286	\$ 51,993
<b>Student Activities</b>				
Assets				
Cash and cash equivalents	\$ 312,692	\$ 1,623,141	\$ 1,612,349	\$ 323,484
Liabilities				
Amounts held for others	\$ 312,692	\$ 1,623,141	\$ 1,612,349	\$ 323,484

*See accompanying independent auditors' report*

*County of Isle of Wight, Virginia**Statements of Net Position- Component Unit - Industrial Development Authority***June 30, 2013**

<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 151,752
Receivables, net	125,000
<b>Total current assets</b>	<b>276,752</b>
<b>Noncurrent assets</b>	
Capital lease receivable	136,360
Land held for resale	1,433,285
Capital assets:	
Nondepreciable	10,859,198
Depreciable	222,242
<b>Total noncurrent assets</b>	<b>12,651,085</b>
<b>Total assets</b>	<b>12,927,837</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	705
Escrow payable	1,000
Advance from primary government	500,000
Note payable - current portion	30,712
<b>Total current liabilities</b>	<b>532,417</b>
<b>Noncurrent liabilities</b>	
Note payable - less current portion	89,446
<b>Total liabilities</b>	<b>621,863</b>
<b>Net Position</b>	
Net investment in capital assets	11,081,440
Unrestricted	1,224,534
<b>Total net position</b>	<b>\$ 12,305,974</b>

*See accompanying independent auditors' report*

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

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**Year Ended June 30, 2013**

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**Operating revenues**

Charges for services	\$ 38,254
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**Operating expenses**

Operations	61,112
Compensation	4,200
Depreciation	10,163
<b>Total operating expenses</b>	<b>75,475</b>

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<b>Operating income</b>	<b>(37,221)</b>
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**Nonoperating revenues (expenses)**

Property rental	17,028
Interest income	10,195
Interest expense	(9,036)
Accounts receivable write down	(192,340)
<b>Total nonoperating revenues, net</b>	<b>(174,153)</b>

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<b>Change in net position</b>	<b>(211,374)</b>
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<b>Net position - beginning of year</b>	<b>12,517,348</b>
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<b>Net position - end of year</b>	<b>\$ 12,305,974</b>
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*See accompanying independent auditors' report*

*County of Isle of Wight, Virginia**Statements of Cash Flows - Component Unit - Industrial Development Authority***Year Ended June 30, 2013****Cash flows from operating activities**

Received from customers and users	\$ 38,254
Payments to suppliers for goods and services	(64,778)
<b>Net cash provided by operating activities</b>	<b>(26,524)</b>

**Cash flows from capital and related financing activities**

Advances from primary government	500,000
Principal payments on notes payable	(28,742)
Interest paid on notes	(9,036)
<b>Net cash used in capital and related financing activities</b>	<b>462,222</b>

**Cash flows from investing activities**

Purchase of land for resale	(1,333,285)
Interest income	10,195
Principal collections on capital lease receivable	30,988
Rental of property	17,028
<b>Net cash provided by investing activities</b>	<b>(1,275,074)</b>

**Change in cash and cash equivalents** (839,376)

**Cash and cash equivalents - beginning of year** 991,128

**Cash and cash equivalents - end of year** \$ 151,752

**Reconciliation of operating income to net cash provided by operating activities**

Operating income	\$ (37,221)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	10,163
Change in accounts payable	534
<b>Net cash provided by operating activities</b>	<b>\$ (26,524)</b>

*See accompanying independent auditors' report*

## ***Statistical Section***

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## *County of Isle of Wight, Virginia*

### *Statistical Section Overview*

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#### **Year Ended June 30, 2013**

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

#### **Contents**

#### **Exhibits**

##### **Financial Trends**

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

C-1 through C-4

##### **Revenue Capacity**

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

C-5 through C-10

##### **Debt Capacity**

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

C-11 through C-12

##### **Demographic and Economic Information**

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

C13

##### **Operating Information**

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

C-14 through C-16

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

*County of Isle of Wight, Virginia*

*Net Position (Assets) by Component*

Last Ten Fiscal Years		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental activities</b>											
Net investment in capital assets		\$ 4,923,554	\$ 9,453,645	\$ 15,381,413	\$ (5,119,903)	\$ 7,629,388	\$ 9,382,768	\$ 12,936,538	\$ 10,905,026	\$ 11,362,753	\$ 5,461,013
Restricted		24,568,034	320,527	349,812	22,703,988	27,436,029	14,816,245	11,393,907	6,685,306	13,409,255	31,068,805
Unrestricted		(5,786,028)	21,960,979	18,615,968	17,675,588	4,259,513	19,329,621	22,294,446	24,355,641	12,294,399	(6,722,608)
<b>Total governmental activities net position</b>		\$ 23,705,560	\$ 31,735,151	\$ 34,347,193	\$ 35,259,673	\$ 39,324,930	\$ 43,528,634	\$ 46,624,891	\$ 41,945,973	\$ 37,066,407	\$ 29,807,210
<b>Business-type activities</b>											
Net investment in capital assets		\$ (8,834,474)	\$ (6,129,102)	\$ (1,661,794)	\$ 88,152	\$ 864,915	\$ 6,425,436	\$ 4,030,507	\$ 3,321,270	\$ 3,447,385	\$ 4,867,521
Restricted		-	-	-	631,542	1,619,337	918,159	859,724	911,938	1,093,386	372,373
Unrestricted		(2,078,232)	(2,587)	(1,332,945)	-	-	-	380,734	3,152,360	1,615,721	999,282
<b>Total business-type activities net position</b>		\$ (10,912,706)	\$ (6,131,689)	\$ (2,994,739)	\$ 719,694	\$ 2,484,252	\$ 7,343,595	\$ 5,270,965	\$ 7,385,568	\$ 6,156,492	\$ 6,239,176
<b>Primary government</b>											
Net investment in capital assets		\$ (3,910,920)	\$ 3,324,543	\$ 13,719,619	\$ (5,031,751)	\$ 8,494,303	\$ 15,808,204	\$ 16,967,045	\$ 14,226,296	\$ 14,810,138	\$ 10,328,534
Restricted		24,568,034	320,527	349,812	23,335,530	29,055,366	15,734,404	12,253,631	7,597,244	14,502,641	31,441,178
Unrestricted		(7,864,260)	21,958,392	17,283,023	17,675,588	4,259,513	19,329,621	22,675,180	27,508,001	13,910,120	(5,723,326)
<b>Total primary government net assets</b>		\$ 12,792,854	\$ 25,603,462	\$ 31,352,454	\$ 35,979,367	\$ 41,809,182	\$ 50,872,229	\$ 51,895,856	\$ 49,331,541	\$ 43,222,899	\$ 36,046,386

## County of Isle of Wight, Virginia

## Change in Net Position ( Net Assets )

Last Ten Fiscal Years	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
Governmental activities										
General government	\$ 6,446,046	\$ 5,571,463	\$ 5,585,577	\$ 4,721,064	\$ 3,410,733	\$ 6,182,728	\$ 4,794,578	\$ 5,800,635	\$ 4,897,964	\$ 5,339,611
Judicial administration	1,198,998	1,078,015	970,228	1,017,192	1,034,595	857,697	878,317	866,371	794,478	705,828
Public safety	10,360,047	9,999,240	7,454,652	8,228,634	8,966,721	6,053,668	6,166,925	5,632,965	5,135,185	4,616,949
General services	6,979,003	7,072,833	6,604,193	6,479,386	6,810,610	5,145,769	4,400,738	3,903,265	3,711,511	7,534,024
Health and welfare	4,361,198	4,444,284	4,884,843	5,062,126	5,143,058	5,025,666	4,894,622	4,340,638	3,824,681	3,456,212
Education	29,976,658	24,794,008	25,419,456	25,724,901	24,360,654	26,964,798	21,036,346	19,336,608	18,249,151	19,294,869
Parks, recreation and cultural	2,990,630	2,979,591	2,797,390	2,724,759	3,526,076	1,279,128	1,856,803	1,494,482	1,339,854	1,363,077
Community development	3,174,930	5,995,359	1,931,593	2,898,788	3,902,800	2,332,420	3,083,356	1,548,527	1,210,072	2,106,361
Nondepartmental	-	1,314,563	1,429,542	1,351,357	-	-	-	-	-	-
Interest on long-term debt	3,979,848	2,792,214	2,080,083	2,619,271	2,292,872	2,186,412	2,144,123	2,243,574	2,170,135	-
<b>Total governmental activities expenses</b>	<b>69,467,358</b>	<b>66,041,570</b>	<b>59,157,557</b>	<b>60,827,478</b>	<b>59,448,119</b>	<b>56,028,286</b>	<b>49,255,808</b>	<b>45,167,065</b>	<b>41,333,031</b>	<b>44,416,931</b>
Business-type activities										
Public utilities	8,214,531	7,439,824	6,999,024	6,986,865	6,273,275	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441
<b>Total business-type activities expenses</b>	<b>8,214,531</b>	<b>7,439,824</b>	<b>6,999,024</b>	<b>6,986,865</b>	<b>6,273,275</b>	<b>5,581,285</b>	<b>5,137,986</b>	<b>3,247,060</b>	<b>3,496,871</b>	<b>3,144,441</b>
<b>Total primary government expenses</b>	<b>\$ 77,681,889</b>	<b>\$ 73,481,394</b>	<b>\$ 66,156,581</b>	<b>\$ 67,814,343</b>	<b>\$ 65,721,394</b>	<b>\$ 61,609,571</b>	<b>\$ 54,393,794</b>	<b>\$ 48,414,125</b>	<b>\$ 44,829,902</b>	<b>\$ 47,561,372</b>
<b>Program revenue</b>										
Governmental activities										
Charges for services:										
General government	\$ 758	\$ 123,391	\$ 198,737	\$ 25,863	\$ 11,162	\$ 1,693	\$ 242,086	\$ 66,864	\$ 342,958	\$ 652,345
Judicial administration	156,543	369,278	149,251	147,275	91,288	201,653	148,848	180,914	151,949	101,155
Public safety	1,154,693	2,155,302	625,612	637,668	833,366	721,630	704,337	520,015	563	501
General services	375,498	408,320	-	4,744	4,080	2,520	3,480	4,320	4,620	3,999
Health and welfare	-	77,525	35,446	-	-	-	75,030	77,925	-	314,248
Parks, recreation and cultural	526,622	585,740	436,303	394,328	357,218	263,158	260,831	258,788	404,313	744
Community development	30,412	134,755	672,840	387,414	281,552	76,791	140,302	2,314	1,543	40,374
Operating grants and contributions	9,526,260	13,330,802	10,676,049	5,655,377	6,617,823	7,292,110	5,581,783	3,199,313	7,716,360	10,018,189
Capital grants and contributions	150,000	109,489	102,935	1,618,901	161,236	183,662	-	-	-	-
Interest rate subsidy	257,127	569,315	-	-	-	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>12,177,913</b>	<b>17,863,917</b>	<b>12,897,173</b>	<b>8,871,570</b>	<b>8,357,725</b>	<b>8,743,217</b>	<b>7,156,697</b>	<b>4,310,453</b>	<b>8,622,306</b>	<b>11,131,555</b>

*County of Isle of Wight, Virginia*  
*Change in Net Position ( Net Assets)*

Last Ten Fiscal Years	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Business-type activities:										
Charges for services	3,080,643	2,856,747	2,902,184	2,708,017	2,014,246	1,750,406	1,755,893	1,661,105	1,461,352	1,332,726
Operating grants and contributions	-	-	-	-	-	-	96,200	-	-	-
Capital grants and contributions	467,939	1,415,036	360,504	585,994	609,989	642,005	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>3,548,582</b>	<b>4,271,783</b>	<b>3,262,688</b>	<b>3,294,011</b>	<b>2,624,235</b>	<b>2,392,411</b>	<b>1,852,093</b>	<b>1,661,105</b>	<b>1,461,352</b>	<b>1,332,726</b>
<b>Total primary government program revenues</b>	<b>15,726,495</b>	<b>22,135,700</b>	<b>16,159,861</b>	<b>12,165,581</b>	<b>10,981,960</b>	<b>11,135,628</b>	<b>9,008,790</b>	<b>5,971,558</b>	<b>10,083,658</b>	<b>12,464,281</b>
Net expense - governmental activities	57,289,445	48,177,653	46,260,384	51,955,908	51,090,394	47,285,069	42,099,111	40,856,612	32,710,725	33,285,376
Net expense - business-type activities	4,665,949	3,168,041	3,736,336	3,692,854	3,649,040	3,188,874	3,285,893	1,585,955	2,035,519	1,811,715
<b>Total primary government net expense</b>	<b>61,955,394</b>	<b>51,345,694</b>	<b>49,996,720</b>	<b>55,648,762</b>	<b>54,739,434</b>	<b>50,473,943</b>	<b>45,385,004</b>	<b>42,442,567</b>	<b>34,746,244</b>	<b>35,097,091</b>
<b>General revenues and other changes in net position</b>										
Governmental activities										
Taxes										
Property taxes	\$ 42,408,465	\$ 38,130,254	\$ 38,254,048	\$ 38,081,388	\$ 38,665,135	\$ 36,374,761	\$ 35,199,045	\$ 31,333,628	\$ 30,088,119	\$ 27,504,428
Permits, fees and licenses	-	-	-	-	426,074	-	705,195	1,567,278	1,222,849	697,762
Fines and forfeitures	-	-	-	-	86,997	-	-	411	703	1,212
Other taxes	6,709,396	6,200,597	6,582,549	5,898,162	6,248,462	6,393,256	6,080,588	6,411,933	5,706,731	4,746,873
Unrestricted grants and contributions	-	-	-	5,115,890	5,218,907	5,372,245	5,763,882	7,968,456	2,194,434	2,572,949
Recovered costs	-	-	-	-	-	-	224,213	127,074	144,867	113,252
Investment earnings	909,387	1,066,841	196,774	627,179	562,017	1,161,393	1,758,751	1,222,794	885,272	504,441
Miscellaneous	-	397,920	314,533	74,328	43,572	133,040	58,555	33,403	10,144	58,666
Gain on sale of assets	163,555	(23,789)	-	-	-	5,882	-	-	-	-
Transfers	-	-	-	(1,906,296)	(4,366,474)	(5,251,765)	(3,012,200)	(2,928,799)	(283,197)	(391,645)
<b>Total governmental activities</b>	<b>50,190,803</b>	<b>45,771,823</b>	<b>45,347,904</b>	<b>47,890,651</b>	<b>46,886,690</b>	<b>44,188,812</b>	<b>46,778,029</b>	<b>45,736,178</b>	<b>39,969,922</b>	<b>35,807,938</b>
Business-type activities										
Investment earnings	47,754	27,205	21,903	-	-	-	-	21,383	21,000	21,000
Connection fees	-	-	-	-	-	-	1,164,379	2,790,662	3,188,875	1,542,337
Gain on sale of assets	-	-	-	-	-	2,025	-	-	-	-
Miscellaneous	-	3,886	-	-	-	-	32,000	2,986	9,448	551,004
Transfers	-	-	-	1,928,296	(1,210,303)	4,282,478	(25,089)	-	283,197	391,045
<b>Total business-type activities</b>	<b>47,754</b>	<b>31,091</b>	<b>21,903</b>	<b>1,928,296</b>	<b>(1,210,303)</b>	<b>4,284,503</b>	<b>1,171,290</b>	<b>2,815,031</b>	<b>3,502,520</b>	<b>2,505,386</b>
<b>Total primary government</b>	<b>\$ 50,238,557</b>	<b>\$ 45,802,914</b>	<b>\$ 45,369,807</b>	<b>\$ 49,818,947</b>	<b>\$ 45,676,387</b>	<b>\$ 48,473,315</b>	<b>\$ 47,949,319</b>	<b>\$ 48,551,209</b>	<b>\$ 43,472,442</b>	<b>\$ 38,313,324</b>
<b>Change in net position</b>										
Governmental activities	(7,098,642)	(2,405,830)	(912,480)	(4,065,257)	(4,203,704)	(3,096,257)	4,678,918	4,879,566	7,259,197	2,522,562
Business-type activities	(4,618,195)	(3,136,950)	(3,714,433)	(1,764,558)	(4,859,343)	1,095,629	(2,114,603)	1,229,076	1,467,001	693,671
<b>Total primary government</b>	<b>\$ (11,716,837)</b>	<b>\$ (5,542,780)</b>	<b>\$ (4,626,913)</b>	<b>\$ (5,829,815)</b>	<b>\$ (9,063,047)</b>	<b>\$ (2,000,628)</b>	<b>\$ 2,564,315</b>	<b>\$ 6,108,642</b>	<b>\$ 8,726,198</b>	<b>\$ 3,216,233</b>

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

<b>Last Ten Fiscal Years</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
General fund										
Designated	\$ -	\$ -	\$ -	\$ 2,518,642	\$ 3,414,895	\$ 8,908,921	\$ 9,920,089	\$ 10,828,260	\$ 7,480,540	\$ 2,883,297
Undesignated	-	-	-	17,045,858	13,036,057	13,343,356	13,448,031	14,982,480	15,632,282	11,533,426
<b>Total general fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,564,500</b>	<b>\$ 16,450,952</b>	<b>\$ 22,252,277</b>	<b>\$ 23,368,120</b>	<b>\$ 25,810,740</b>	<b>\$ 23,112,822</b>	<b>\$ 14,416,723</b>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ 31,574	\$ 29,441	\$ 9,181	\$ 21,677	\$ 28,940	\$ 18,672	\$ 26,514
Unreserved, reported in	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	298,329	502,420	642,624	395,315	710,402	711,619	880,482
Capital projects funds	-	-	-	22,703,988	27,436,029	12,402,711	11,177,979	6,273,860	8,304,865	31,239,994
<b>Total all other governmental funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,033,891</b>	<b>\$ 27,967,890</b>	<b>\$ 13,054,516</b>	<b>\$ 11,594,971</b>	<b>\$ 7,013,202</b>	<b>\$ 9,035,156</b>	<b>\$ 32,146,990</b>

**Post-GASB 54**

General Fund										
Non Spendable:										
Non Spendable	\$ 89,446	\$ 120,158	\$ 148,990							
Spendable:										
Restricted	29,650	29,650	29,650							
Assigned	255,878	632,588	489,228							
Unassigned	16,393,908	18,513,870	19,807,133							
<b>Total General Fund</b>	<b>\$ 16,768,882</b>	<b>\$ 19,296,266</b>	<b>\$ 20,475,001</b>							
All other Government funds										
Non Spendable:										
Non Spendable	\$ 40,595	\$ 40,215	\$ 40,430							
Spendable:										
Restricted	24,568,034	29,041,335	38,040,517							
Assigned	5,020,477	5,377,105	1,544,284							
<b>Total all other government funds</b>	<b>\$ 29,629,106</b>	<b>\$ 34,458,655</b>	<b>\$ 39,625,231</b>							

## County of Isle of Wight, Virginia

## Changes in Fund Balance - Governmental Funds

Last Ten Fiscal Years		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004												
Revenues																							
General property taxes	\$	37,158,645	\$	38,024,532	\$	37,864,858	\$	38,385,088	\$	39,132,235	\$	36,455,016	\$	34,738,809	\$	31,455,083	\$	30,000,161	\$	27,692,549			
Other local taxes		6,616,219		6,301,083		6,582,549		5,898,162		6,248,462		6,393,256		6,080,588		5,925,247		5,228,825		4,746,873			
Permits, fees and licenses		1,710,818		380,302		443,308		407,410		426,074		407,410		705,195		1,567,278		1,222,849		714,128			
Fines and forfeitures		105,191		85,598		75,813		60,345		86,997		102,098		47,800		64,880		46,754		41,586			
Revenue from use of property		909,387		1,066,841		196,774		627,179		562,017		1,209,977		1,764,813		1,222,794		885,272		504,441			
Charges for services		2,859,255		1,620,896		1,599,068		1,091,590		1,043,664		826,949		925,316		646,836		272,278		315,932			
Miscellaneous		217,987		524,121		309,404		122,347		136,831		422,807		240,246		112,016		244,104		251,608			
Recovered costs		-		-		-		595,391		755,480		580,925		683,004		507,199		520,139		660,407			
Intergovernmental		12,625,247		15,591,979		10,778,984		12,382,619		11,173,159		11,893,008		11,306,981		11,590,021		10,367,083		12,591,138			
Total revenues		62,202,749		63,595,352		57,850,758		59,570,131		59,564,919		58,306,751		56,492,752		53,091,324		48,787,465		47,518,662			
Expenditures																							
General governmental administration		4,869,180		4,814,890		4,292,762		4,822,494		5,841,246		4,776,697		4,240,227		4,653,439		3,664,790		3,391,721			
Judicial administration		1,198,998		1,058,580		970,228		1,017,192		1,034,595		857,697		878,317		866,371		790,197		701,547			
Public safety		9,973,620		8,655,939		6,770,494		6,844,989		8,341,561		6,580,696		5,676,894		4,748,296		4,593,177		3,652,814			
General Services		5,929,766		10,110,789		6,155,695		5,938,395		6,359,832		5,131,709		4,064,393		3,780,746		3,738,631		7,104,667			
Health and welfare		4,299,377		951,649		4,785,833		5,019,248		5,105,498		4,969,514		4,831,783		4,198,322		3,689,141		3,428,313			
Education		25,679,304		26,268,626		25,004,954		25,058,724		23,508,520		21,788,354		18,701,537		16,654,576		14,870,161		14,735,310			
Parks, recreation and cultural		2,629,412		2,633,606		2,443,506		2,482,008		4,297,093		2,026,518		1,871,428		1,453,286		1,491,348		1,201,224			
Community development		3,143,003		5,995,716		1,897,246		1,797,791		3,828,750		3,568,838		1,777,156		1,501,480		1,038,563		867,043			
Nondepartmental		-		1,314,563		1,429,542		1,351,357		1,338,618		1,249,397		1,133,400		1,534,907		1,051,501		1,019,465			
Capital projects		9,489,014		5,035,723		12,947,475		20,491,939		-		7,708,392		4,185,235		5,765,123		22,384,972		8,300,618			
Debt service																							
Principal		3,173,957		31,516		380,000		1,534,551		4,316,323		3,947,613		4,727,013		4,529,512		3,740,228		3,710,815			
Interest		4,592,524		2,784,497		2,312,636		1,750,465		2,407,157		2,229,008		2,236,220		2,373,585		2,170,134		1,716,557			
Issuance costs		285,487		284,568		289,453		253,168		352,213		47,400		-		42,970		2,875		317,058			
Total expenditures		75,263,642		69,940,662		69,679,824		78,362,321		66,731,406		64,881,833		54,323,603		52,102,613		63,225,718		50,147,152			
Excess of revenues over (under) expenditures		(13,060,893)		(6,345,310)		(11,829,066)		(18,792,190)		(7,166,487)		(6,575,082)		2,169,149		988,711		(14,438,253)		(2,628,490)			
Other financing sources (uses)																							
Transfers in		3,127,894		1,826,748		1,789,120		1,607,891		30,884,999		14,495,362		10,536,626		6,810,406		4,686,313		11,372,630			
Transfers out		(3,127,894)		(1,826,748)		(1,789,120)		(3,514,187)		(39,709,180)		(17,576,578)		(10,566,626)		(7,181,826)		(4,919,477)		(11,763,675)			
Proceeds from borrowing		26,044,679				43,654,158		18,878,035		25,102,717		10,000,000		-		58,675		255,681		28,257,590			
Payments to escrow agent		(22,473,109)				(14,137,039)		-		-		-		-		-		-		(4,176,284)			
Total other financing sources (uses)		3,571,570		-		29,517,119		16,971,739		16,278,536		6,918,784		(30,000)		(312,745)		22,517		23,690,261			
Net change in fund balances		(9,489,323)		(6,345,310)		17,688,053		(1,820,451)		9,112,049		343,702		2,139,149		675,966		(14,415,736)		21,061,771			
Prior period adjustment		-		-		-		-		-		-		-		-		-		-			
Net change in fund balance	\$	(9,489,323)	\$	(6,345,310)	\$	17,688,053	\$	(1,820,451)	\$	9,112,049	\$	343,702	\$	2,139,149	\$	675,966	\$	(14,415,736)	\$	21,061,771			

*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
		Property	Property		Value	Value		Value	Value	
2013	\$ 3,187,589,700		\$ 648,094,500	\$ 245,103,000	\$ 4,080,787,200	\$	0.65	\$ 4,080,787,200	100%	
2012	\$ 3,380,104,000		\$ 642,766,300	\$ 252,515,900	\$ 4,275,386,200	\$	0.65	\$ 4,275,386,200	100%	
2011	\$ 3,383,219,600		\$ 648,572,200	\$ 651,867,200	\$ 4,683,659,000	\$	0.52	\$ 4,683,659,000	100%	
2010	\$ 3,505,342,600		\$ 671,872,400	\$ 666,436,200	\$ 4,843,651,200	\$	0.52	\$ 4,843,651,200	100%	
2009	\$ 3,483,983,000		\$ 622,787,400	\$ 684,778,700	\$ 4,791,549,100	\$	0.52	\$ 4,791,549,100	100%	
2008	\$ 3,305,409,700		\$ 565,071,500	\$ 465,626,600	\$ 4,336,107,800	\$	0.52	\$ 4,336,107,800	100%	
2007	\$ 3,101,569,900		\$ 513,599,500	\$ 491,224,800	\$ 4,106,394,200	\$	0.53	\$ 4,106,394,200	100%	
2006	\$ 2,013,888,400		\$ 387,838,300	\$ 394,450,700	\$ 2,796,177,400	\$	0.68	\$ 2,796,177,400	100%	
2005	\$ 1,924,066,025		\$ 358,005,900	\$ 403,887,900	\$ 2,685,959,825	\$	0.68	\$ 2,685,959,825	100%	
2004	\$ 1,525,431,300		\$ 300,236,400	\$ 339,773,600	\$ 2,165,441,300	\$	0.75	\$ 2,165,441,300	100%	

(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
2013	\$ 4,070,990,990	\$ 353,861,037	\$ 19,586,906	\$ 380,157,383	\$ 141,582,514	\$ 4,966,178,830
2012	\$ 4,287,008,000	\$ 310,527,887	\$ 20,398,831	\$ 279,087,266	\$ 125,549,557	\$ 5,022,571,541
2011	\$ 4,245,268,423	\$ 304,164,506	\$ 19,902,737	\$ 704,140,467	\$ 238,256,420	\$ 5,511,732,553
2010	\$ 4,410,701,000	\$ 313,455,361	\$ 22,572,521	\$ 768,126,945	\$ 216,191,065	\$ 5,731,046,892
2009	\$ 4,359,684,973	\$ 319,490,754	\$ 21,850,013	\$ 768,109,446	\$ 199,316,241	\$ 5,668,451,427
2008	\$ 3,968,971,300	\$ 295,835,165	\$ 26,153,828	\$ 744,812,445	\$ 218,043,560	\$ 5,253,816,298
2007	\$ 3,879,182,779	\$ 283,389,074	(5)	\$ 688,302,371	\$ 177,306,412	\$ 5,051,082,884
2006	\$ 2,626,671,100	\$ 239,166,064	\$ 26,328,256	\$ 676,290,770	\$ 202,190,306	\$ 3,770,646,496
2005	\$ 2,480,667,825	\$ 236,549,885	\$ 27,337,298	\$ 641,083,966	\$ 190,291,597	\$ 3,575,930,571
2004	\$ 2,047,366,488	\$ 213,355,172	\$ 26,941,289	\$ 596,034,772	\$ 226,837,648	\$ 3,110,535,369

- (1) Real estate is assessed at 100% of fair market value.  
 (2) Assessed values are established by the State Corporation Commission.  
 (3) Real estate and personal property.  
 (4) The assessed values listed are net of supplement and abatement activity.  
 (5) 2007 value was restated due to error.

*County of Isle of Wight, Virginia*

*Property Tax Rates  
Tax Rates Per Hundred Dollars of Assessed Valuation*

**Last Ten Fiscal Years**

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Boats and Aircraft/ Farm Machinery
2013	\$ 0.65	\$ 4.50	\$ 0.65	\$ 0.70	\$ 1.00/1.00
2012	\$ 0.65	\$ 4.50	\$ 0.65	\$ 0.95	\$ 1.00/1.00
2011	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2010	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2009	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2008	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2007	\$ 0.53	\$ 4.40	\$ 0.53	\$ 0.95	\$ 1.00/1.00
2006	\$ 0.68	\$ 4.40	\$ 0.68	\$ 0.95	\$ 1.00/1.00
2005	\$ 0.68	\$ 4.40	\$ 0.68	\$ 0.95	\$ 1.00/1.00
2004	\$ 0.75	\$ 4.40	\$ 0.75	\$ 0.95	\$ 1.00/1.00

*County of Isle of Wight, Virginia**Principal Property Taxpayers*

June 30, 2013	2013				2012			
	Assessed Valuation		Percent of Total Assessed Valuation		Assessed Valuation		Percent of Total Assessed Valuation	
Taxpayer	Real Estate	Rank	Real Estate	Rank	Real Estate	Rank	Real Estate	Rank
International Paper	\$109,371,400	1	2.69%	1	\$120,766,900	1	2.82%	1
Inland RI Holdings LLC etals	41,871,600	2	1.03%	2	39,789,300	3	0.93%	3
Smithfield Foods	41,811,700	3	1.03%	3	40,480,400	2	0.94%	2
Gwaltney of Smithfield, Ltd.	30,313,000	4	0.74%	4	28,626,800	4	0.67%	4
Eagle Harbor Apartments, LP	27,596,000	5	0.68%	5	26,774,000	5	0.62%	5
Sentara Healthcare	14,669,700	6	0.36%	6	14,787,500	7	0.34%	7
LDI Virginia LLC	14,417,900	7	0.35%	7	14,992,400	6	0.35%	6
Cypress Creek Dev. Co. LLC	13,643,100	8	0.34%	8				
Eagle Harbor LLC	12,947,700	9	0.32%	9	13,667,400	8	0.32%	8
PH Forest Investments	12,757,700	10	0.31%	10				
Carolina Cold Storage LTD					10,668,700	9	0.25%	9
Eagle Harbor Shopping Center, LLC	-				10,397,000	10	0.24%	10
	\$319,399,800		7.85%		\$320,950,400		7.49%	
International Paper	\$259,110,695	1	28.95%	1	\$ 2,944,385	6	0.40%	6
Gwaltney of Smithfield Ltd.	94,796,030	1	10.59%	1	92,421,822	1	12.56%	1
Cost Plus, Inc.	5,438,993	3	0.61%	3	4,958,434	5	0.67%	5
John Morrell & Co	3,141,497	4	0.35%	4				
Food Lion	2,507,196	5	0.28%	5	2,426,953	8	0.33%	8
Charter Communications	2,400,645	6	0.27%	6	2,404,541	9	0.33%	9
C R England	2,131,694	7	0.24%	7				
Smithfield Foods	1,770,163	8	0.20%	8				
Crittenden Service Inc.	1,109,958	9	0.12%	9				
Isle of Wight Forest Products	1,081,405	10	0.12%	10	7,752,701	3	1.05%	3
GE Capital	-	4	0.00%	4	5,910,297	4	0.80%	4
Specialty Minerals, Inc.	-	2	0.00%	2	8,262,782	2	1.12%	2
Southern Structural Steer	-	7	0.00%	7	2,439,968	7	0.33%	7
Bay Sand	-	10	0.00%	10	2,339,806	10	0.32%	10
	\$373,488,276		41.72%		\$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		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy			
2013	\$ 39,022,902	\$ 37,912,561	97.15%	\$ 1,092,333	\$ 37,276,878	95.53%		\$ 1,498,059	3.84%
2012	\$ 38,146,295	\$ 37,009,730	97.02%	\$ 1,136,565	\$ 38,155,848	100.03%		\$ 740,634	1.94%
2011	\$ 37,800,619	\$ 36,741,218	97.20%	\$ 1,059,401	\$ 38,021,111	100.58%		\$ 1,088,242	2.88%
2010	\$ 38,229,341	\$ 37,103,403	97.05%	\$ 1,125,938	\$ 38,463,274	100.61%		\$ 2,021,149	5.29%
2009	\$ 39,119,371	\$ 37,700,668	96.37%	\$ 1,431,558	\$ 39,132,235	100.03%		\$ 2,236,992	5.72%
2008	\$ 36,629,733	\$ 35,338,546	96.48%	\$ 1,116,470	\$ 36,455,016	99.52%		\$ 2,115,219	5.77%
2007	\$ 34,875,852	\$ 33,657,328	96.51%	\$ 1,081,481	\$ 34,738,809	99.61%		\$ 1,931,984	5.54%
2006	\$ 31,158,439	\$ 30,241,183	97.06%	\$ 1,213,870	\$ 31,455,053	100.95%		\$ 1,240,956	3.98%
2005	\$ 29,480,328	\$ 28,801,462	97.70%	\$ 1,198,654	\$ 30,000,116	101.76%		\$ 1,000,200	3.39%
2004	\$ 26,952,962	\$ 26,270,420	97.47%	\$ 1,014,471	\$ 27,284,891	101.23%		\$ 682,541	2.53%

(1) Exclusive of penalties and interest. Includes Commonwealth's reimbursement for personal property taxes and balance outstanding.

(2) Does not include land redemptions.

(3) Represents fully supplemented and abated tax levy amounts.

(4) Represents total taxes collected in fiscal year for all tax years.

## County of Isle of Wight, Virginia

## Taxable Sales by Category

Last Ten Fiscal Years		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Apparel stores	\$	2,577,049	\$ 3,248,038	\$ -	\$ 2,556,980	\$ 3,758,328	\$ 3,184,117	\$ 2,150,512	\$ 3,410,503	\$ 2,463,372	\$ 2,343,395
General merchandise		17,733,688	11,841,685	11,710,358	14,918,672	12,228,829	16,115,703	18,559,292	13,163,881	13,713,028	12,137,182
Food stores		66,740,132	61,823,527	63,183,444	74,800,531	60,905,257	61,204,656	54,501,587	48,032,908	55,664,066	61,960,182
Eating and drinking establishments		28,035,436	26,704,871	27,138,019	32,607,044	23,713,146	21,443,858	21,019,435	19,887,741	21,033,780	19,456,091
Home furnishings and appliances		1,578,689	4,510,823	2,058,879	2,481,550	2,306,325	2,672,545	3,379,379	3,635,937	3,994,726	4,128,173
Building materials and farm tools		11,080,360	8,547,370	8,051,507	11,615,775	11,676,999	10,693,285	9,891,751	7,049,986	10,007,550	9,288,298
Auto dealers and supplies		3,662,321	4,091,794	4,064,402	5,287,732	3,263,926	4,272,627	4,538,516	4,518,819	2,766,818	2,505,619
Service stations		9,897,012	10,059,667	8,206,374	15,614,464	14,041,823	10,221,368	8,343,933	6,723,241	9,839,101	9,667,969
Other retail stores		6,528,091	16,683,719	11,806,647	9,613,885	20,802,164	57,032,191	51,903,227	45,761,268	44,447,762	41,131,707
All other outlets		52,632,271	45,568,767	51,916,137	74,411,889	15,581,876	18,866,150	22,965,139	20,992,350	16,325,974	15,114,705
	\$	200,465,049	\$ 193,080,261	\$ 188,135,767	\$ 243,908,522	\$ 168,278,673	\$ 205,706,500	\$ 197,252,771	\$ 173,176,634	\$ 180,256,177	\$ 177,733,321

*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)			Less Debt		Ratio of Net General Obligation Bonded Debt to Assessed Value	(2) Percentage of Per Capita Income	Net Bonded Debt per Capita
			Gross Bonded Debt	Payable from Enterprise Revenues	Net Bonded Debt					
2013	35,399	\$4,966,178,830	\$ 142,925,000	\$ 40,991,000	\$ 101,934,000	0.0205	9.7%	\$ 2,880		
2012	35,457	\$5,022,571,541	\$ 131,775,000	\$ 28,702,690	\$ 103,072,310	0.0205	9.8%	\$ 2,907		
2011	35,270	\$5,511,732,553	\$ 133,488,773	\$ 29,374,756	\$ 104,114,017	0.0189	10.0%	\$ 2,952		
2010	36,729	\$5,731,046,892	\$ 102,759,627	\$ 23,680,401	\$ 79,079,226	0.0138	5.7%	\$ 2,153		
2009	35,659	\$5,668,451,427	\$ 84,569,627	\$ 16,143,876	\$ 71,210,095	0.0126	5.4%	\$ 1,997		
2008	34,620	\$5,253,816,298	\$ 67,352,825	\$ 11,127,705	\$ 56,225,120	0.0107	4.6%	\$ 1,624		
2007	34,057	\$5,051,082,884	\$ 62,013,810	\$ 11,841,077	\$ 50,172,733	0.0099	4.3%	\$ 1,473		
2006	33,065	\$3,770,646,496	\$ 67,052,307	\$ 12,358,036	\$ 54,694,271	0.0145	4.9%	\$ 1,654		
2005	32,417	\$3,575,930,571	\$ 71,414,333	\$ 11,670,000	\$ 59,744,333	0.0167	5.7%	\$ 1,843		
2004	31,600	\$3,110,535,369	\$ 75,503,903	\$ 12,085,000	\$ 63,418,903	0.0204	6.5%	\$ 2,007		

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

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

*County of Isle of Wight, Virginia*

*Legal Debt Margin*

Last Ten Fiscal Years										
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total assessed valuation of real estate from land book	\$ 4,070,990,990	\$ 4,287,008,000	\$ 4,245,268,423	\$ 4,680,728,500	\$ 4,359,684,973	\$ 3,968,971,300	\$ 3,879,182,779	\$ 2,626,671,100	\$ 2,480,667,825	\$ 2,047,366,488
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
<b>Debt limitation</b>	407,099,099	428,700,800	424,526,842	468,072,850	435,968,497	396,897,130	387,918,278	262,667,110	248,066,783	204,736,649
Total debt of the County	142,925,000	131,775,000	133,488,773	102,759,627	84,569,627	64,255,029	58,600,029	67,052,307	71,414,333	75,503,903
Total debt of the Town of Smithfield	-	5,303,476	4,870,725	4,476,754	4,924,960	5,380,722	5,977,452	6,604,383	3,509,671	2,000,805
Total debt of the Town of Windsor	-	2,168,307	1,629,976	763,140	773,226	782,871	792,091	800,079	810,489	817,310
<b>Total</b>	142,925,000	139,246,783	139,989,474	107,999,521	90,267,813	70,418,622	65,369,572	74,456,769	75,734,493	78,322,018
Amount by which legal debt margin exceeds total debt	\$ 264,174,099	\$ 289,454,017	\$ 284,537,368	\$ 360,073,329	\$ 345,700,684	\$ 326,478,508	\$ 322,548,706	\$ 188,210,341	\$ 172,332,290	\$ 126,414,631

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

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

Fiscal Year	(1) Population	(1) Per Capita Income	Registered Voters	(2) Unemployment Rate
2013	35,399 (4)	\$ 42,883 (4)	26,490	6.0%
2012	35,457 (4)	\$ 40,710 (4)	26,534	6.3%
2011	35,270 (4)	\$ 29,594 (4)	26,023	7.1%
2010	36,729 (3)	\$ 37,754 (3)	25,675	7.7%
2009	35,659 (3)	\$ 36,654 (3)	25,732	6.7%
2008	34,620 (3)	\$ 35,586 (3)	24,131	3.7%
2007	33,612	\$ 34,549 (3)	23,356	3.0%
2006	33,090	\$ 33,543	22,501	3.1%
2005	32,417	\$ 32,275	21,639	3.5%
2004	31,600	\$ 30,711	21,594	3.2%

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 Eight Fiscal Years	Full-time Equivalent Employees as of June 30,							
	2013	2012	2011	2010	2009	2008	2007	2006
<b>Function/Program</b>								
<b>General government</b>								
County Administration	4.0	4.0	4.0	4.0	5.0	6.0	7.0	7.0
County Attorney	1.5	2.0	3.0	3.0	3.0	3.0	3.0	3.0
Commissioner of Revenue	10.5	10.5	11.5	11.5	11.5	10.5	9.5	9.5
Treasurer	9.5	9.0	9.5	9.5	10.5	8.5	7.5	7.5
Budget and Finance	7.0	7.0	7.0	7.0	7.0	7.0	6.5	6.0
Human Resources	3.0	2.0	2.0	2.0	3.0	3.0	3.0	2.0
Communications	1.0	1.0	1.0	1.0	2.0	1.0	1.0	1.0
Economic Development	5.0	5.0	5.0	3.0	3.0	3.0	3.0	3.0
Registrar	2.5	2.5	2.5	2.5	2.0	2.0	2.0	2.0
Inspections	7.0	7.0	7.0	9.0	9.0	9.0	9.0	10.0
Information Technology	7.0	7.0	7.0	7.0	8.0	6.5	6.5	6.0
Planning and Zoning	10.0	10.0	11.0	12.0	13.0	12.0	12.0	13.0
Health & Welfare	1.5	4.0	5.0	5.0	7.0	6.0	1.0	1.0
Tourism	3.5	6.5	6.5	3.5	3.5	6.5	5.5	5.5
Clerk of Court	7.0	7.0	6.0	6.0	6.5	6.5	6.0	6.0
Commonwealth Attorney	6.0	6.0	6.0	6.0	5.5	4.0	4.0	4.0
<b>Total general government</b>	<b>86.0</b>	<b>90.5</b>	<b>94.0</b>	<b>92.0</b>	<b>99.5</b>	<b>94.5</b>	<b>86.5</b>	<b>86.5</b>
<b>Public Safety</b>								
Sheriff Deputies (including Sheriff)	46.5	45.5	44.0	44.0	44.0	44.0	42.0	37.0
Administrative	4	4.5	2.0	2.0	2.0	2.0	2.0	2.0
Animal Control	5	4.5	5.0	5.0	5.5	5.0	5.0	5.0
Emergency Communications	19.5	19.0	19.0	19.0	18.0	17.0	17.0	17.0
<b>Total Public Safety</b>	<b>75.0</b>	<b>73.5</b>	<b>70.0</b>	<b>70.0</b>	<b>69.5</b>	<b>68.0</b>	<b>66.0</b>	<b>61.0</b>

*County of Isle of Wight, Virginia*

*Full-time Equivalent County Government Employees by Function/Program*

Last Eight Fiscal Years	Full-time Equivalent Employees as of June 30,							
	2013	2012	2011	2010	2009	2008	2007	2006
<b>Fire and Rescue</b>								
Administrative	4	4	2	2.0		2.5	1.0	1.0
Firefighters/Paramedics	55.5	46	23	23.0	20.5	18.5	18.5	15.5
<b>Total Fire and Rescue</b>	59.5	50.0	25.0	25.0	23.5	21.0	19.5	16.5
<b>General Services</b>								
Administrative	3	3	3	3.0	1.5	1.5	2.0	2.0
Engineering	7	7.5	8	6.0	5.0	7.0	5.0	-
Refuse collection	20.5	22	19	19.0	19.5	21.5	19.0	19.0
Building and Grounds	6	6	6	5.0	12.0	11.0	11.5	9.0
Custodians	6.5	7	7	6.5	6.5	6.5	5.0	5.0
<b>Total Public Works</b>	43	45.5	43.0	39.5	44.5	47.5	42.5	35.0
<b>Parks, Recreation and Cultural</b>	21.5	20	20	22.5	12.5	13.5	16.5	16.5
<b>Public Utilities</b>	13.0	14.0	13.5	13.5	9.5	10.5	12.0	14.0
<b>Public Schools</b>								
Instructional Positions	538.3	356.0	434.0	539.0	555.6	549.6	534.1	501.7
Administrators	53.4	44.0	40.0	23.0	23.0	23.0	24.0	25.0
Support Personnel	185.5	133.0	277.0	207.0	245.1	247.5	247.3	242.0
<b>Total Public Schools</b>	777.2	533.0	751.0	769.0	823.7	820.1	805.4	768.7
<b>Grand total</b>	1,075.2	826.5	1,016.5	1,031.5	1,082.7	1,075.1	1,048.4	998.2

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

Last Eight Fiscal Years										
Function/Program	2013	2012	2011	2010	2009	2008	2007	2006		
<b>Sheriff</b>										
Physical arrests	527	419	412	533	661	890	989	323		
Traffic violations	2,032	1,448	1,214	1,456	1,047	2,677	1,383	816		
<b>Fire</b>										
Emergency responses - Fire	709	1,479	1,375	2,285	1,920	1,539	1,792	2,852		
Emergency responses - Rescue	4,720	4,179	4,343	3,360	4,657	4,408	3,660	2,521		
<b>Building Permits</b>										
Residential	107	85	92	169	118	167	310	512		
Residential - Value	\$ 25,170,632	\$ 12,656,261	\$ 24,909,824	\$ 4,121,500	\$ 24,255,044	\$ 35,817,165	\$ 56,519,045	\$ 11,276,167		
Commercial	4	5	14	11	14	14	31	17		
Commercial - Value	\$ 2,738,211	\$ 2,734,000	\$ 8,748,932	\$ 16,306,000	\$ 31,604,670	\$ 10,537,686	\$ 13,266,100	\$ 13,244,130		
<b>Refuse collection</b>										
Refuse collected (tons per day)	46	47.9	49.3	52.7	53.0	56.0	56.0	55.0		
<b>Public Schools</b>										
Cost Per Student	\$ 9,628	\$ 9,827	\$ 9,827	\$ 10,861	\$ 11,136	\$ 10,767	\$ 10,232	\$ 9,721		
Average Daily Membership		5,331	5,331	5,367	5,306	5,286	5,372	5,138		
Student/Teacher Ratio	16.3	15.7	15.7	12.1	12.9	13.1	13.1	13.0		
<b>Park and recreation</b>										
Athletic field permits issued	59	872		94	539	158	205	29		
County Fair Admissions	33,886	14,997	15,000	21,000	12,000	2,400	2,979	12,250		
<b>Library</b>										
Volumes in collection	186,615	202,633	223,249	253,402	265,491	268,863	258,620	214,903		
Total volumes borrowed	449,557	945,071	215,767	221,725	249,144	229,489	193,082	191,040		
<b>Water</b>										
New connections	60	50	93	57	54	71	109	360		
Average daily consumption (thousands of gallons)	0.60	0.58	0.57	0.56	0.89	0.67	0.69	0.39		

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

<b>Last Eight Fiscal Years</b>								
<b>Function/Program</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Sheriff</b>								
Stations	1	1	1	1	1	1	1	1
Patrol units	49	43	43	51	56	45	41	40
<b>Fire and Rescue</b>								
Fire Units	5	5	5	5	5	5	5	5
Rescue Units	4	4	4	4	4	4	4	4
<b>Refuse collection</b>								
Collection trucks	6	6	6	6	6	5	5	5
<b>Public Schools</b>								
School Facilities	9	9	9	9	9	9	9	9
<b>Park and recreation</b>								
Parks	7	7	7	7	7	7	7	7
Acreage	570	570	570	570	570	565	565	565
Playgrounds	4	4	4	4	4	8	8	8
Baseball/softball diamonds	4	4	4	4	4	4	4	4
Soccer/football fields	12	12	12	12	12	8	9	10
Community centers	2	2	2	2	2	2	2	2
Museums	2	2	2	2	2	2	2	2
<b>Library Facilities</b>	3	3	3	3	3	3	3	3

### *Acknowledgement*

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

