

County of Isle of Wight, Virginia
Comprehensive Annual Financial Report
Fiscal Year Ended
June 30, 2010



Goodman
& COMPANY

Certified Public Accountants
Specialized Services
Business Solutions

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***County of Isle of Wight, Virginia
Principal Officials
June 30, 2010***

Board of Supervisors

Phillip A. Bradshaw, Chairman
Thomas J. Wright III, Vice Chairman
Allan Casteen
Stan D. Clark
JoAnn W. Hall

County School Board

David Goodrich, Chairman
Hebert DeGroft, Vice Chairman
Kenneth Bunch
T. Hayes Griffin
Dr. George Bradby

Board of Social Services

Gloria Wilson, Chairman
Norma Odom Leonard, Vice Chairman
JoAnn W. Hall
Panice Clark
Patty Flemming

Other Officials

County Administrator	W. Douglas Caskey
Assistant County Administrator	(Vacant)
Treasurer	Judith C. Wells
Commonwealth's Attorney	L. Wayne Farmer
Commissioner of the Revenue	Gerald Gwaltney
Sheriff	Charles Phelps
Clerk of the Circuit Court	Sharon Jones
Chief Judge of the Circuit Court	The Honorable Westbrook J. Parker
Judge of the General District Court	The Honorable W. Parker Council
Judge of the Juvenile and Domestic Relations Court	The Honorable Alfreda Talton-Harris
Superintendent of Schools	Dr. Michael W. McPherson
Interim County Attorney	A. Paul Burton

Isle of Wight County Organizational Chart

June 30, 2010



Certified Public Accountants
Specialized Services
Business Solutions

Report of Independent Auditors

Board of Supervisors
County of Isle of Wight, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Isle of Wight, Virginia*** as of and for the year ended June 30, 2010, which collectively comprise the ***County of Isle of Wight, Virginia***'s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the ***County of Isle of Wight, Virginia***'s management. Our responsibility is to express an opinion 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 our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the ***County of Isle of Wight, Virginia*** as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2011 on our consideration of the ***County of Isle of Wight, Virginia***'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the required supplementary information included in Exhibits B-1 and B2 on pages 50 through 56 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 them to be essential parts of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *County of Isle of Wight, Virginia's* financial statements as a whole. The introductory section, supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section, supplementary information 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.

Goodman & Company, L.L.P.

Newport News, Virginia
March 30, 2011

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

This section of *County of Isle of Wight, Virginia's* (County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2010. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

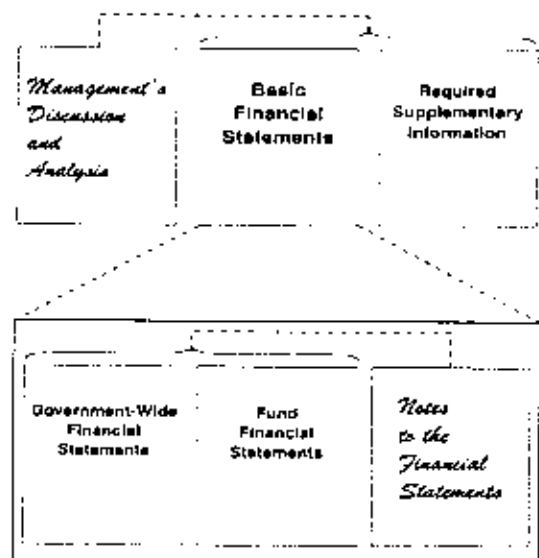
- The net assets of the County's governmental activities were \$35,259,763 at June 30, 2010, a 10% decrease from the previous fiscal year.
- In support of the County's primary governmental activities, revenues were generated in the amount of \$59,570,131 of which 75% consisted of local taxes, 15% from the Commonwealth of Virginia, 10% in operating grants and 3% from charges for service and cost recovery. Expenditures from County operations were \$60,827,478 or a 2% increase from the previous year.
- The County's General Fund reported excess revenues over expenditures and other financing uses by \$3,113,548, resulting in an undesignated fund balance of \$17,045,858. The excess revenues over expenditures are comprised of \$1.7M (the County's managing expenditures and implementing cost containment measures throughout the fiscal year) and \$1.4M (unspent funds returned by Schools).
- The County issued \$985,000 in general obligations bonds for use to refund the County's general obligation series 1996.
- The County issued \$7,685,000 general obligations bonds for use to finance various public utility improvements projects.
- The County issued \$13,530,000 general obligations bonds for use to finance various capital improvements projects.
- The County's tax rate on real estate remained unchanged at \$0.52 per \$100 of assessed value. This is currently the lowest tax rate in the Hampton Roads area.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - *Management's Discussion and Analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present 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.

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



- *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.

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 as a whole using accounting methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the County's overall financial status. Government-wide financial reporting consists of two statements: the Statement of Net Assets and the Statement of Activities.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to reporting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

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

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

Fund Financial Statements

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

- **Governmental funds** - Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's services. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, which explains the relationship (or differences) between them.
- **Proprietary Funds** - Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The County's enterprise fund (one type of proprietary fund) is used to report the same functions presented as business-type activities in the government-wide financial statements, but the fund financial statements provide more detail and additional information, such as cash flows. The County's only enterprise fund accounts for the operation of its water and sewer systems.
- **Fiduciary Funds** - The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's services. The accounting used for fiduciary funds is similar to that of the proprietary funds. The County maintained Special Welfare and School Activity Agency Funds in fiscal year 2010.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As described earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the fiscal year, the County's assets exceeded its liabilities by \$35,979,367 a 14% decrease from the previous year as illustrated in Table A-1.

Table A-1	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2010	2009	2010	2009	2010	2009	
Current assets							
Cash and cash equivalents	\$ 45,805,513	\$ 49,515,923	\$ 8,448,441	\$ 1,924,396	\$ 54,253,954	\$ 51,440,319	5.47%
Other current assets	1,504,293	2,081,517	343,106	264,047	1,847,399	2,345,564	(21.24%)
Total current assets	47,309,806	51,597,440	8,791,547	2,188,443	56,101,353	53,785,883	4.30%
Noncurrent assets							
Deferred charges	835,599	636,181	1,235,275	1,178,530	2,070,874	1,814,711	14.12%
Intangible - net	4,326,512	-	-	-	4,326,512	-	100.00%
Nondepreciable assets	25,857,754	12,442,442	1,221,699	690,895	27,079,453	13,133,337	106.19%
Depreciable assets-net	51,902,044	55,649,799	14,551,689	15,385,197	66,453,733	71,034,996	(6.45%)
Other long-term assets	1,563,472	323,625	-	-	1,563,472	323,625	383.11%
Total noncurrent assets	84,485,381	69,052,047	17,008,663	17,254,622	101,494,044	86,306,669	17.60%
Total assets	\$131,795,187	\$120,649,487	\$25,800,210	\$19,443,065	\$157,595,397	\$140,092,552	12.49%
Current liabilities							
Accounts payable	\$ 3,065,826	\$ 2,133,807	\$ 599,013	\$ 396,575	\$ 3,664,839	\$ 2,530,382	44.83%
Other current liabilities	4,770,815	5,647,414	289,713	183,243	5,060,528	5,830,657	(13.2%)
Total current liabilities	7,836,641	7,781,221	888,726	579,818	8,725,367	8,361,039	4.36%
Noncurrent liabilities							
Due within one year	4,008,319	3,868,969	854,889	167,328	4,863,208	4,036,297	20.49%
Due more than one year	84,690,554	69,674,367	23,336,901	16,211,667	108,027,455	85,886,034	25.78%
Total noncurrent liabilities	88,698,873	73,543,336	24,191,790	16,378,995	112,890,663	89,922,331	25.54%
Total liabilities	96,535,514	81,324,557	25,080,516	16,958,813	121,616,030	98,283,370	23.74%
Net assets							
Invested in capital assets net of related debt	(5,119,903)	7,629,388	88,152	864,915	(12,403,902)	8,494,303	(246.03%)
Restricted for capital projects	22,703,988	27,436,029	631,542	1,619,337	22,558,767	29,055,366	(22.36%)
Unrestricted	17,675,588	4,259,513	-	-	25,824,502	4,259,513	506.28%
Total net assets	35,259,673	39,324,930	719,694	2,484,252	35,979,367	41,809,182	(13.94%)
Total liabilities and net assets	\$131,795,187	\$120,649,487	\$25,800,210	\$19,443,065	\$157,595,397	\$140,092,552	12.49%

The \$17,675,588 of unrestricted net assets represents resources available to fund obligations of the County next year. This increase from the previous fiscal year is a result of the County reduction in funding capital projects with fund balance as was the practice for fiscal years 2008 and 2009. At June 30, 2010, the general fund's undesignated fund balance represented approximately 27% of the fiscal year 2010-11 general operating budget. County policy requires an undesignated fund balance to be a minimum of 10% of the subsequent year's operating budget.

Governmental Activities

- The County's total revenues for governmental activities were \$59,570,131 of which a significant portion, 75%, comes from local taxes.
- General Property taxes and other local taxes increased 3.2% or \$1,447,118.
- 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 decreased 15% or \$962,446.

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.

Net Cost of County Functions	Total Cost of Services			Net Cost of Services		
	2010	2009	% Change	2010	2009	% Change
Table A-2						
General government administration	\$ 4,721,064	\$ 2,808,354	68.11%	\$ 4,289,821	\$ 1,969,364	117.83%
Judicial administration	1,017,192	1,034,595	(1.68%)	176,923	201,691	(12.28%)
Public safety	8,228,634	8,230,482	(0.02%)	6,125,391	5,710,654	7.26%
General Services	6,479,386	6,810,610	(4.86%)	6,451,093	6,753,892	(4.48%)
Health and welfare	5,062,126	5,143,058	(1.57%)	2,037,063	2,027,903	0.45%
Education	25,724,901	24,360,654	5.60%	25,697,391	24,326,592	5.63%
Parks, recreation and cultural	2,724,759	3,526,076	(22.73%)	2,328,773	2,952,798	(21.13%)
Community development	2,898,788	3,902,800	(25.72%)	878,825	3,516,010	(75.00%)
Nondepartmental	1,351,357	1,338,618	0.95%	1,351,357	1,338,618	0.95%
Interest on long-term debt	2,619,271	2,292,872	14.24%	2,619,271	2,292,872	14.24%
Total expenses	\$ 60,827,478	\$ 59,448,119	2.37%	\$ 51,955,908	\$ 51,090,394	1.76%

- The cost of all *governmental* activities this year was \$60,827,478 a 2% increase from the previous year. The increase in 2010 was primarily driven by added costs in the areas of General Government Administration, Education and Interest on Long-term Debt. Capital projects were the largest contributor in 2010. They were primarily caused by new construction and acquisition of land for economic development.
- Education continues to be one of the County's highest priorities and commitments representing 42% of total costs and 50% of total net costs.
- The cost of debt service decreased \$3,390,422 (51%) from prior fiscal year.
- Expenditures associated with Comprehensive Services for at-risk youth and families, categorized under Health and Welfare, have escalated over the past two years due to more difficult cases and the need for more expensive and intensified services required.

Business-type Activities

Revenues of the County's business-type activities for the operation of water and sewer systems remained steady; however expenses increased 6%, resulting in an operating deficit in excess of \$3.4 million. The increase in expenses is due largely to an increase in both engineering and construction costs associated with new infrastructure projects.

Net Cost of Public Utilities	Total Cost of Services		% Change	Net Cost of Services		% Change
	2010	2009		2010	2009	
Public Utilities	\$6,986,865	\$ 6,273,275	11.37%	\$3,692,854	\$ 3,649,040	1.20%

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 transferred \$1,928,296 from its Capital Project Fund to support the operations of the Public Utilities fund. As the operations of the water and sewer systems are expected to continue to grow, it is the intent of the County to establish a repayment schedule to the Governmental Funds for previous operating transfers. At June 30, 2010, the total amount of transfers due to the General Fund was \$6,284,778 and to the Capital Project Fund was \$1,928,296.

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, unreserved 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 \$42,598,391, of which 40% or \$17,312,726 is undesignated.

- **General Fund.** The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unreserved fund balance was \$19,564,500 of which \$17,045,858 represents the undesignated fund balance of the general fund. As a measure of the general fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures. At June 30, 2010, the undesignated fund balance represented approximately 32% 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 \$22,703,988, consisting of funds encumbered for contracts in process or designated for subsequent years' expenditures.
- **Proprietary funds.** The County's proprietary fund consists of its water and sewer operations and provides the same type of information found in the government-wide financial statements, but in more detail. The net assets of the proprietary funds at the end of the current fiscal year were \$719,694 representative of capital assets net of related debt (Exhibit A-5) at June 30, 2010.
- **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, 2010, the combined fund balances were \$329,903.

General Fund Budgetary Highlights

The County's annual budget is prepared on an operating basis and includes estimated revenues and annual appropriations for operations. Over the course of the year, the County revised its budget to incorporate \$1.63 million in various grants. Excluding transfers between funds and bond costs, actual expenditures were \$3,339,750 below final budget amounts, of which approximately \$201,373 will carry over to fiscal year 2011 for the completion of projects that cross fiscal years.

On the other hand, resources available, excluding bond proceeds, were \$1,206,313 above the final budgeted amount of which \$345,015 represents grants that cross fiscal years and will be carried forward into FY-2011. Total taxes were 69% of the General Fund budget. Revenue from property taxes decreased by 2% over the prior fiscal year, sales and use taxes, permits, fees, licensures and interest on invested funds decreased consistent with the slowdown in the economy.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, the County had invested \$97,859,698 net of accumulated depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.)

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

Table A-3	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2010	2009	2010	2009	2010	2009	
Nondepreciable assets							
Land	\$11,900,856	\$ 8,851,448	\$ 181,240	\$ 181,240	\$ 12,082,096	\$ 9,032,688	33.76%
Intangibles	4,326,512	-	-	-	4,326,512	-	100.00%
Construction in progress	13,956,898	3,590,994	1,040,459	509,655	14,997,357	4,100,649	265.73%
Total nondepreciable assets	30,184,266	12,442,442	1,221,699	690,895	31,405,965	13,133,337	139.13%
Depreciable assets							
Land improvements	6,978,000	6,458,551	12,324,903	12,324,903	19,302,903	18,783,454	2.77%
Buildings	54,196,059	56,841,570	10,749,568	10,749,568	64,945,627	67,591,138	(3.91%)
Equipment	4,153,137	3,998,245	502,980	502,980	4,656,117	4,501,225	3.44%
Vehicles	3,300,294	3,238,038	289,128	238,422	3,589,422	3,476,460	3.25%
Total at historical cost	68,627,490	70,536,404	23,866,579	23,815,873	92,494,069	94,352,277	(1.97%)
Total accumulated depreciation	(16,725,446)	(14,886,605)	(9,314,890)	(8,430,676)	(26,040,336)	(23,317,281)	11.68%
Net capital assets	\$82,086,310	\$68,092,241	\$15,773,388	\$16,076,092	\$97,859,698	\$84,168,333	16.27%

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

- Expansion of water treatment and delivery infrastructure through participation with the Western Tidewater Water Authority
- A new courts/clerk building - in progress.
- A new fire station for the Smithfield Volunteer Fire Department - in progress.
- Renovation of the Isle of Wight County Rescue Building - design stage
- A new County Animal Shelter - design stage

Long-Term Liabilities

At year-end the County had \$105,276,434 in bonds, loans, notes and capital leases outstanding and \$1,148,284 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, 2010, 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
	2010	2009	2010	2009	2010	2009	
General Obligation Bonds							
Series of 1996	\$ -	\$ 282,014	\$ -	\$ -	\$ -	\$ 282,014	(100.00%)
Series of 2003	6,400,000	6,770,000	-	-	6,400,000	6,770,000	(5.47%)
Series of 2005	-	-	9,810,230	9,867,705	9,810,230	9,867,705	(0.58%)
Series A of 2008	4,657,500	4,832,500	2,421,900	2,512,900	7,079,400	7,345,400	(3.62%)
Series B of 2008	21,780,000	21,780,000	3,220,000	3,220,000	25,000,000	25,000,000	0.00%
Series A of 2009	705,834	705,834	543,271	543,271	1,249,105	1,249,105	(0.10%)
Series A of 2010	283,453	-	-	-	283,453	-	100.00%
Series B of 2010	-	-	7,685,000	-	7,685,000	-	100.00%
Series C of 2010	13,530,000	-	-	-	13,530,000	-	100.00%
Bonds for Schools							
Series of 1996	-	697,986	-	-	-	697,986	(100.00%)
Series of 2003	1,400,000	2,125,000	-	-	1,400,000	2,125,000	(34.12%)
Series of 2004	22,820,000	24,330,000	-	-	22,820,000	24,330,000	(6.21%)
Series of 2005	2,509,770	2,527,295	-	-	2,509,770	2,527,295	(0.69%)
Series A of 2008	2,235,600	2,319,600	-	-	2,235,600	2,319,600	(3.62%)
Series A of 2009	2,055,522	2,055,522	-	-	2,055,522	2,055,522	0.00%
Series A of 2010	701,547	-	-	-	701,547	-	100.00%
Literary Loans							
Series of 1999	2,500,000	2,750,000	-	-	2,500,000	2,750,000	(9.09%)
Notes Payable							
Pruden VPSA Note	16,807	24,792	-	-	16,807	24,792	(32.21%)
Capital Leases							
Equipment Lease 2004	-	9,552	-	-	-	9,552	(100.00%)
Total outstanding debt	\$81,596,033	\$71,210,095	\$23,680,401	\$16,143,876	\$105,276,434	\$87,353,971	20.52%
Installment purchase agreements - PACE	4,326,512	-	-	-	4,326,512	-	100.00%
Compensated absences	1,099,194	1,066,532	49,090	48,937	1,148,284	1,115,469	2.94%
Landfill closure costs	1,294,102	880,513	-	-	1,294,102	880,513	46.97%
Deferred charged - bond premiums	383,032	386,196	462,299	186,182	845,331	572,378	47.69%
Total long-term debt	\$88,698,873	\$73,552,888	\$24,191,790	\$16,378,995	\$112,890,663	\$89,931,883	25.53%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The County's per capita personal income, as of the latest data available, was \$37,754.
- All tax rates remained unchanged including the Real Estate Tax Rate of \$0.52 per \$100 of assessed value.
- Revenues generated from all local sources decreased by approximately 2.4%.
- Decreased funding for schools of approximately 11.8%.
- Decrease in costs for Virginia Retirement System of approximately 1.3%
- Increase in health care costs of approximately 5.5%.

These indicators were taken into account when adopting the general operating and capital budget for fiscal year 2010-11. Amounts available for appropriation in the general operating budget are \$96,201,057, of which \$92,011,557 is for operating and \$4,189,500 is available for capital improvements. The operating budget decreased approximately 2.26%, 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 slowdown in "growth" related revenues. The slowdown in the real estate and new construction market is apparent with the projected reduction in building permits and real estate transfers. Management remains progressive and proactive with solid financial policies.

OTHER FACTORS TO CONSIDER

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

During fiscal year 2010, the Board of Supervisors revised its strategic plan to incorporate a Values Statement, Mission Statement and four primary strategic directions as follows:

Isle of Wight Values Statement

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

Isle of Wight County Mission Statement

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

Isle of Wight County Slogan

A COMMUNITY OF CHOICE committed to excellence.

Isle of Wight County's Strategic Direction/Agenda 2009-2010

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

Isle of Wight County Schools implements research-based instructional strategies to provide rigorous and engaging learning experiences that ensure student success. The division educated more than 5,400 students in grades PreK-12 at nine schools: five elementary schools, two middle schools, and two high schools.

All nine schools earned full accreditation from the Virginia Department of Education based on the 2009-2010 Virginia Standards of Learning (SOL) tests. Isle of Wight County Schools exceeded the state pass rates in English and math, and all nine schools earned an 88% or higher pass rate in science and history. Division-wide, students increased overall pass rates in English and math as well as the pass rates in almost every student subgroup. Isle of Wight County Schools earned an on-time graduation rate of nearly 89 percent (88.86%) for the Class of 2010, according to data released by the Virginia Department of Education (VDOE). Advanced Placement Test results indicate that Isle of Wight County students compare very favorably with students around the state of Virginia as well as those in the Southern Region.

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

County of Isle of Wight, Virginia

Statement of Net Assets

June 30, 2010

Assets	Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Units	
				School Board	Industrial Development Authority
Cash and cash equivalents	\$ 28,393,908	1,038,793	\$ 29,432,701	\$ 3,096,750	1,369,977
Restricted cash	17,411,605	7,409,648	24,821,253	2,241,070	-
Investments - restricted	1,271,985	-	1,271,985	-	-
Receivables - net	780,137	294,853	1,074,990	25,893	301,525
Due from primary government	-	-	-	2,339,039	-
Due from other governments	692,582	-	692,582	1,157,075	-
Inventory	31,574	48,253	79,827	42,073	-
Deferred charges	835,599	1,235,275	2,070,874	-	-
Capital lease receivable	-	-	-	-	223,488
Notes receivable	291,487	-	291,487	-	-
Capital assets					
Nondepreciable	30,184,266	1,221,699	31,405,965	1,625,896	10,604,526
Depreciable - net	51,902,044	14,551,689	66,453,733	26,401,429	53,350
Total assets	\$ 131,795,187	\$ 25,800,210	\$157,595,397	\$ 36,929,225	\$ 12,552,866
Liabilities					
Accounts payable and other current liabilities	\$ 3,065,826	\$ 599,013	\$ 3,664,839	\$ 6,336,210	\$ -
Due to component unit	2,339,039	-	2,339,039	-	-
Customer deposits payable	-	131,742	131,742	-	1,000
Accrued interest payable	1,736,235	149,962	1,886,197	-	-
Deferred revenues	471,387	-	471,387	262,901	-
OPEB liability payable	224,154	8,009	232,163	1,319,394	-
Noncurrent liabilities					
Due within one year	4,008,319	854,889	4,863,208	56,557	25,171
Due in more than one year - net	84,690,554	23,336,901	108,027,455	509,016	175,797
Total liabilities	96,535,514	25,080,516	121,616,030	8,484,078	201,968
Net Assets					
Invested in capital assets - net of related debt	(5,119,903)	88,152	(5,031,751)	28,027,325	10,456,908
Restricted					
Capital projects	22,703,988	631,542	23,335,530	-	-
Unrestricted	17,675,588	-	17,675,588	417,822	1,893,990
Total net assets	35,259,673	719,694	35,979,367	28,445,147	12,350,898
Total liabilities and net assets	\$ 131,795,187	\$ 25,800,210	\$157,595,397	\$ 36,929,225	\$ 12,552,866

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

County of Isle of Wight, Virginia
Statement of Activities

Fiscal Year 2010

Year Ended June 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-Type Activities	School Board	Industrial Development Authority
Primary Government								
Government activities								
General government administration	\$ 4,721,064	\$ 25,863	\$ 405,380	\$ -	\$ (4,289,821)	\$ -	\$ -	\$ -
Judicial administration	1,917,192	147,275	692,994	-	(1,177,023)	-	-	-
Public safety	8,228,634	637,668	1,394,418	71,157	(6,125,391)	-	-	-
General services	6,479,386	4,744	23,549	-	(6,451,093)	-	-	-
Health and welfare	5,062,126	-	3,025,063	-	(2,037,063)	-	-	-
Education	25,724,091	-	27,510	-	(25,697,391)	-	-	-
Parks, recreation and cultural	2,724,759	394,328	1,658	-	(2,328,773)	-	-	-
Community development	2,898,788	387,414	84,805	1,547,744	(878,825)	-	-	-
Nondepartmental	1,351,357	-	-	-	(1,351,357)	-	-	-
Interest on long-term debt	2,619,271	-	-	-	(2,619,271)	-	-	-
Total governmental activities	60,827,478	1,597,292	5,655,377	1,618,911	(51,955,908)	-	-	-
Business-type activities								
Public utility	6,986,865	2,708,017	-	585,994	-	(1,692,854)	-	-
Total business-type activities	6,986,865	2,708,017	-	585,994	(3,692,854)	-	-	-
Total primary government	\$ 67,814,343	\$ 4,305,309	\$ 5,655,377	\$ 2,204,895	(51,955,908)	(1,692,854)	-	-
Component Units								
School Board	\$ 61,672,998	\$ 5,046,937	\$ 31,634,459	\$ -	-	-	(24,996,622)	-
Industrial Development Authority	21,582	54,208	-	-	-	-	-	33,126
Total component units	\$ 61,694,580	\$ 5,101,145	\$ 31,634,459	\$ -	-	-	(24,996,622)	33,126
General property taxes	38,081,388	-	-	-	38,081,388	-	-	-
Other local taxes	5,898,162	-	-	-	5,898,162	-	-	-
Investment earnings	627,179	-	-	-	627,179	-	384,405	333
Miscellaneous	74,328	-	-	-	74,328	-	81,682	60,000
Revenue from the primary government	-	-	-	-	-	-	25,054,023	-
Intergovernmental, unrestricted	5,115,890	-	-	-	5,115,890	-	337	-
Gain on sale of assets	(1,906,206)	-	-	-	(1,906,206)	-	-	(12,000)
Transfers - net	47,890,651	1,928,296	-	-	49,818,947	-	25,520,447	38,333
Total general revenues, transfers and miscellaneous	(4,065,257)	(1,764,558)	(5,829,815)	(5,829,815)	(15,829,815)	(5,829,815)	25,520,447	71,459
Change in net assets	39,324,910	2,484,252	41,809,182	41,809,182	41,809,182	27,921,322	27,921,322	12,279,439
Net assets - beginning of year	\$ 35,259,673	\$ 719,694	\$ 35,979,367	\$ 28,445,147	\$ 35,979,367	\$ 28,445,147	\$ 22,350,898	\$ 22,350,898

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

County of Isle of Wight, Virginia

Balance Sheet - Governmental Funds

June 30, 2010

Assets	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 21,883,527	\$ 6,358,364	\$ 152,017	\$ 28,393,908
Restricted cash	-	17,340,777	70,828	17,411,605
Investments - restricted	1,271,985	-	-	1,271,985
Receivables - net of allowance for uncollectibles:				
Taxes	738,760	-	-	738,760
Accounts	27,270	-	14,107	41,377
Notes	200,968	-	90,519	291,487
Due from other funds	-	-	683,874	683,874
Due from other governments	314,207	-	378,375	692,582
Inventory	-	-	31,574	31,574
Total assets	\$ 24,436,717	\$ 23,699,141	\$ 1,421,294	\$ 49,557,152
Liabilities				
Accounts payable	\$ 990,310	\$ 995,153	\$ 90,778	\$ 2,076,241
Deficit in pooled cash	-	-	989,585	989,585
Due to other funds	683,874	-	-	683,874
Due to component unit	2,339,039	-	-	2,339,039
Deferred revenues	858,994	-	11,028	870,022
Total liabilities	4,872,217	995,153	1,091,391	6,958,761
Fund Balances				
Fund balances				
Reserved				
Inventory	-	-	31,574	31,574
Unreserved, designated for, reported in:				
General Fund	2,518,642	-	-	2,518,642
Capital Projects Fund	-	22,703,988	-	22,703,988
Special Revenue Funds	-	-	31,461	31,461
Unreserved, undesignated reported in				
General Fund	17,045,858	-	-	17,045,858
Special Revenue Funds	-	-	266,868	266,868
Total fund balances	19,564,500	22,703,988	329,903	42,598,391
Total liabilities and fund balances	\$ 24,436,717	\$ 23,699,141	\$ 1,421,294	\$ 49,557,152

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

*County of Isle of Wight, Virginia**Balance Sheet - Governmental Funds*June 30, 2010

**Reconciliation of Balance Sheet - Governmental Funds
to the Statement of Net Assets**

Total fund balances - governmental funds	\$ 42,598,391
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation and amortization.	82,086,310
Some revenues were collected more than forty-five days after year-end and therefore are not available soon enough to pay for current-period expenditures.	398,635
Long-term liabilities, such as bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(89,823,663)</u>
Total net assets - governmental activities	<u>\$ 35,259,673</u>

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

County of Isle of Wight, Virginia

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

Year Ended June 30, 2010

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
General property taxes	\$ 38,385,088	\$ -	\$ -	\$ 38,385,088
Other local taxes	5,827,814	-	70,348	5,898,162
Permis. privilege fees and regulatory licenses	407,410	-	-	407,410
Fines and forfeitures	60,345	-	-	60,345
Revenues from use of money and property	574,697	52,482	-	627,179
Charges for services	923,685	-	167,905	1,091,590
Miscellaneous	83,654	-	38,693	122,347
Recovered costs	555,610	-	39,781	595,391
Intergovernmental				
Commonwealth	9,095,043	-	1,650,352	10,745,395
Federal	129,600	-	1,507,624	1,637,224
Total revenues	56,042,946	52,482	3,474,703	59,570,131
Expenditures				
General government administration	4,822,494	9,386,552	-	14,209,046
Judicial administration	1,017,192	-	-	1,017,192
Public safety	5,956,994	1,680,882	887,995	8,525,871
General services	5,938,395	73,099	-	6,011,494
Health and welfare	965,498	25,000	4,053,750	5,044,248
Education	25,058,724	-	-	25,058,724
Parks, recreation and cultural	2,272,938	3,119,971	209,070	5,601,979
Community development	1,695,663	6,206,435	102,128	8,004,226
Nondepartmental	1,351,357	-	-	1,351,357
Debt service				
Principal retirement	1,525,000	-	9,551	1,534,551
Interest and other charges	1,750,407	-	58	1,750,465
Total expenditures	52,354,662	20,491,939	5,262,552	78,109,153
Excess (deficiency) of revenues over expenditures	3,688,284	(20,439,457)	(1,787,849)	(18,539,022)
Other financing sources (uses)				
Installment purchase agreement - PACE program	-	4,326,512	-	4,326,512
Operating transfers in	22,000	-	1,585,891	1,607,891
Operating transfers out	(1,585,891)	(1,928,296)	-	(3,514,187)
Proceeds from bond issuance	1,021,523	13,530,000	-	14,551,523
Cost of bond issuance	(32,368)	(220,800)	-	(253,168)
Total other financing sources (uses)	(574,736)	15,707,416	1,585,891	16,718,571
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	3,113,548	(4,732,041)	(201,958)	(1,820,451)
Fund balances - beginning of year	16,450,952	27,436,029	531,861	44,418,842
Fund balances - end of year	\$ 19,564,500	\$ 22,703,988	\$ 329,903	\$ 42,598,391

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, 2010

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds to the Statement of Activities****Net change in fund balances - governmental funds** **\$ (1,820,451)**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.

Capital outlay	14,171,659
Depreciation expense	(2,159,680)
Transfer of capital assets to component unit, net of depreciation expense	(2,344,422)

Governmental funds report acquisition of land rights as expenditures. However,
in the statement of activities the cost of these assets is reportable
as an intangible asset.

4,326,512

Bond proceeds and other sources of revenue provide current financial
resources to governmental funds, but issuing debt increases long-term
liabilities in the statement of net assets. Repayment of bond principal is an
expenditure in the governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets.

Bond proceeds	(14,515,000)
Repayment of debt principal	4,129,062
Deferred charges - net	202,582
Installment purchase agreement - PACE program land rights	(4,326,512)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds.

(303,700)

Some expenses reported in the statement of activities do not
require the use of current financial resources and therefore
are not reported as expenditures in governmental funds.

Accrued interest	(868,806)
Compensated absences	(32,662)
Other post retirement benefits	(110,250)
Landfill closure costs	(413,589)

Change in net assets of governmental activities**\$ (4,065,257)***The accompanying notes are an integral part of these financial statements.*

County of Isle of Wight, Virginia

Statements of Net Assets - Proprietary Fund

June 30,

	Assets	Public Utilities	
		2010	2009
Current assets			
Cash and cash equivalents		\$ 8,448,441	\$ 1,924,396
Receivables - net		294,853	203,564
Total current assets		8,743,294	2,127,960
Noncurrent assets			
Inventory		48,253	60,483
Deferred charges - issuance and refunding costs		1,235,275	1,178,530
Capital assets			
Nondepreciable		1,221,699	690,895
Depreciable - net		14,551,689	15,385,197
Total noncurrent assets		17,056,916	17,315,105
Total assets		\$ 25,800,210	\$ 19,443,065
	Liabilities		
Current liabilities			
Accounts payable		\$ 599,013	\$ 396,575
Accrued interest payable		149,962	59,649
Customer deposits payable		131,742	119,524
Bonds payable - current portion		730,125	148,475
Compensated absences - current portion		4,909	4,894
Other post-employment retirement benefits payable		8,009	4,070
Deferred charges - current portion		119,855	13,959
Total current liabilities		1,743,615	747,146
Noncurrent liabilities			
General obligation bonds payable - less current portion		22,950,276	15,995,401
Compensated absences - less current portion		44,181	44,043
Deferred charges - less current portion		342,444	172,223
Total noncurrent liabilities		23,336,901	16,211,667
Total liabilities		25,080,516	16,958,813
	Net Assets		
Invested in capital assets - net of related debt		88,152	864,915
Restricted for capital projects		631,542	1,619,337
Total net assets		719,694	2,484,252
Total liabilities and net assets		\$ 25,800,210	\$ 19,443,065

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

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

Years Ended June 30,		Public Utilities	
		2010	2009
Operating revenues			
Charges for services		\$ 2,708,017	\$ 2,014,246
Operating expenses			
Current			
Personnel services		498,479	421,466
Fringe benefits		196,413	156,079
Contractual services		368,454	555,528
Purchases		3,954,619	3,619,402
Other charges		251,261	255,544
Depreciation		884,214	812,179
Total operating expenses		6,153,440	5,820,198
Operating loss		(3,445,423)	(3,805,952)
Nonoperating revenues (expenses)			
Interest and fiscal charges		(770,286)	(350,237)
Amortization of deferred charges		(63,139)	(102,840)
Total nonoperating expenses		(833,425)	(453,077)
Expenses before contributions and transfers		(4,278,848)	(4,259,029)
Capital contributions		24,151	72,451
Capital contributions - connection fees		561,843	537,538
Transfers - net		1,928,296	(1,210,303)
Total contributions and transfers		2,514,290	(600,314)
Change in net assets		(1,764,558)	(4,859,343)
Net assets - beginning of year		2,484,252	7,343,595
Net assets - end of year		\$ 719,694	\$ 2,484,252

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

*County of Isle of Wight, Virginia**Statements of Cash Flows - Proprietary Fund*

Years Ended June 30,	Public Utilities	
	2010	2009
Cash flows from operating activities		
Received from customers and users	\$ 2,628,946	\$ 1,865,061
Payments to suppliers for goods and services	(4,359,666)	(5,110,487)
Payments to employees	(690,800)	(552,386)
Net cash from operating activities	(2,421,520)	(3,797,812)
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(581,510)	(311,569)
Capital contributions - connection fees received	561,843	537,538
Proceeds - bonds payable	7,685,000	6,363,273
Principal payments, net, on bond principal	(148,475)	(1,445,382)
Deferred charges on notes and bonds payable	156,233	-
Interest paid on notes and bonds payable	(679,973)	(311,057)
Transfers/contributions	1,952,447	(1,137,852)
Net cash from capital and related financing activities	8,945,565	3,694,951
Change in cash and cash equivalents	6,524,045	(102,861)
Cash and cash equivalents - beginning of year	1,924,396	2,027,257
Cash and cash equivalents - end of year	\$ 8,448,441	\$ 1,924,396
Reconciliation of operating loss to net cash from operating activities		
Operating loss	\$ (3,445,423)	\$ (3,805,952)
Adjustments to reconcile to net cash from operating activities:		
Allowance for doubtful accounts	(2,088)	(6,690)
Depreciation	884,214	812,179
Change in:		
Accounts receivable	(89,201)	(161,111)
Inventories	12,230	(29,555)
Accounts payable	202,438	(650,458)
Customer deposits payable	12,218	18,616
Compensated absences	153	21,089
Other post retirement benefits payable	3,939	4,070
Net cash from operating activities	\$ (2,421,520)	\$ (3,797,812)

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, 2010

		<u>Agency Funds</u>
	Assets	
Cash and cash equivalents		<u>\$ 373,589</u>
	Liabilities	
Amounts held for social services clients		\$ 41,343
Amounts held for others		<u>332,246</u>
Total liabilities		<u>\$ 373,589</u>

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies

A. Reporting Entity

The County of Isle of Wight, Virginia (primary government) is a municipal corporation governed by five elected supervisors. The accompanying financial statements present the government and its component units (entities for which the government is considered to be financially accountable). 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. Accordingly, the County includes the Isle of Wight County School Board (School Board) and the Industrial Development Authority of Isle of Wight County (IDA) as discretely presented component units of the County's reporting entity. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government.

The School Board, elected by the voters, operates the elementary and secondary public schools in the County. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing authority. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation within the County's financial statements.

The IDA 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 also presented as a discrete presentation within the County's financial statements.

B. Government-Wide and Fund Financial Statements

The financial statements of the County of Isle of Wight, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the basic financial statements are comprised of both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

The fund financial statements are provided to separately present governmental funds, proprietary funds and fiduciary funds (the latter being excluded from the government-wide financial statements, as noted above). Major individual governmental funds and major individual enterprise funds are reported separately in the fund financial statements with all other, non-major funds presented as combined totals.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus attempts to match revenues and related costs. The accrual basis of accounting recognizes revenues when earned and expenses are recognized when a liability is incurred. The fiduciary fund statements presented are agency funds and therefore have no measurement focus but utilize the accrual basis of accounting.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The current financial resources measurement focus does not attempt to match revenues and related costs; instead the focus is on increases and decreases in current financial resources. The modified accrual basis of accounting recognizes revenue when measurable and available. That is, revenues are recognized to the degree they are available to finance expenditures of the current fiscal period. Generally, revenues are considered available to be used to pay liabilities of the current period if they are collected within the current period or within 45 days thereafter. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes (net of allowances for uncollectible accounts), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes not collected within 45 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or when related eligible expenditures are incurred. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

Two reconciliation statements are provided to explain the difference between the fund financial statements and the government-wide financial statements caused by the differences in measurement focus and basis of accounting.

The County reports the following major governmental funds:

The **General Fund** is the primary operating fund of the County. This fund is used to account for all financial transactions and resources 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. A significant portion of the General Fund's revenues is used principally to finance the operations of the Component Unit - School Board.

The **Capital Projects Fund** accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

The County reports the following major proprietary fund:

The **Public Utilities Fund** accounts for water and sewer operations financed and operated in a manner similar to private business enterprises. The intent of the County is for the cost of providing these services to be financed or recovered through user charges.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are asset transfers to business-type activities. Elimination of these transfers would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are available.

The County reports the following nonmajor governmental funds:

Special Revenue Funds account for the proceeds of specific revenue sources (other than for major capital projects) legally restricted to expenditures for specified purposes. Special Revenue Funds consist of the following funds: Department of Social Services, E911, Comprehensive Services, Section 8, Asset Forfeiture, County Fair, Museum Gift Shop, and the Community Development Block Grant.

Fiduciary Funds - Agency Funds

Fiduciary funds account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, other governmental units, or other funds. These funds include Agency Funds which utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's Agency Funds include amounts held for others in a fiduciary capacity, which includes special welfare funds and school student activity funds.

Component Unit - School Board

There are no separate financial statements issued for the School Board and, consequently, combining statements containing fund type data are included in the County's financial statements. Following are the School Board's funds.

The *School Board Operating Fund* is used to account for the general operation and administration costs of the school system. It receives funds transferred to it by the County's General Fund. It also derives revenue from state and federal funds allocated specifically for the operation of the school system.

The *Textbook Fund*, *School Construction Fund* and the *Cafeteria Fund* are used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action.

The *Health Insurance Fund* of the School Board accounts for the financing of healthcare benefits to School Board employees on a cost-reimbursement basis. This fund is reported as an internal service fund.

Component Unit - Industrial Development Fund

The IDA is responsible for industrial and commercial development in the County. The IDA Board approves and adopts its annual budget.

D. Cash and Cash Equivalents

The County'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. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

E. Investments

Investments for the government, as well as for its component units, are reported at fair value as determined by management based on quotations obtained from readily available sources.

F. Receivables and Payables

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. The allowance for the General Fund was \$1,718,639 for the year ended June 30, 2010. The allowance for the Public Utilities Fund was \$52,982 and \$55,070 for the years ended June 30, 2010 and 2009, respectively.

Real property is assessed at its value on July 1. Real estate taxes are payable the following December 5th and June 5th. Personal property is assessed at its value on January 1, the property taxes attach as an enforceable lien on property as of January 1, and are payable on the following December 5th.

While the assessed value of real estate for the County's ten largest taxpayers comprises 7.24% 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.

G. Internal and Intra-entity Activity

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to" or "due from" other funds.

In the process of aggregating data for the Statement of Net Assets and Statement of Activities, some amounts as inter-fund activity and balances in the funds have been eliminated or reclassified. Eliminations are made in the Statement of Net Assets to minimize the "grossing-up" effect on assets and liabilities within the governmental and business-type activities column. These amounts are reported as due to and due from other funds on the balance sheets of the respective funds at the fund level.

II. Inventory and Prepaid Expenses

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

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

I. Deferred Charges

In the governmental funds, bond discounts and issuance costs are recognized as expenditures in the period incurred. In the government-wide financial statements, such costs are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges, whereas bond discounts are presented as a reduction of the face amount of bonds payable. At June 30, 2010, the primary government had the following:

	Issuance Costs	Refunding Charges	Totals
Governmental Activities			
2003 G.O. Bonds	\$ 167,249	\$ 49,802	\$ 217,051
2004 G.O. Bonds	222,657	231,745	454,402
2005 G.O. Bonds	30,953	(476,323)	(445,370)
2008 G.O. Bonds	305,216	-	305,216
2009 G.O. Bonds	55,378	-	55,378
2010 G.O. Bonds	248,922	-	248,922
	1,030,375	(194,776)	835,599
Business-type Activities			
2005 G.O. Bonds	93,469	945,078	1,038,547
2008 G.O. Bonds	38,875	-	38,875
2009 G.O. Bonds	10,926	-	10,926
2010 G.O. Bonds	146,927	-	146,927
	290,197	945,078	1,235,275
Totals	\$ 1,320,572	\$ 750,302	\$ 2,070,874

J. Capital Assets

Capital assets used for general governmental purposes and are available for expenditure, are accounted for and reported in the government-wide financial statements. Capital assets include land and land improvements, buildings and building improvements, equipment, vehicles and intangibles. 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, street, 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, 2010, 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 is no capitalized interest for the year ended June 30, 2010.

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

K. Compensated Absences

County employees, including employees of component units, 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 then current rates of pay. In the governmental fund types of the fund financial statements, including the component units, the cost of vacation and sick leave is only recognized when payments are made to employees. However, in the proprietary fund's financial statements and in the government-wide financial statements, the liability for accrued vacation and sick leave benefits representing the County's commitment to fund such costs from future operations is recognized in full as vested.

L. Restricted Assets

Cash has been restricted to the extent of customers' deposits, unexpended bond proceeds or by grantor's requirements. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

M. Reserved and Designated Fund Balances

In the fund financial statements, governmental funds report "reservations" of fund balances for amounts not available for appropriation or are legally restricted by outside parties. "Designations" of fund balances represent tentative management plans subject to change.

Designations of fund balances by specific purpose are as follows:

Designated for:	General Fund	Capital Projects Fund	Nonmajor Governmental Funds
Encumbrances	\$ 182,222	\$ 9,060,818	\$ 31,461
Chesapeake Bay violations	29,650	-	-
Grants	19,151	-	-
VDOT revenue sharing	2,287,619	-	-
Capital projects	-	5,406,745	-
School capital projects	-	500,000	-
Economic development incentives	-	3,416,507	-
PACE program	-	3,542,560	-
Land preservation	-	772,358	-
Erosion and sediment control	-	5,000	-
Totals	\$ 2,518,642	\$ 22,703,988	\$ 31,461

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 the increasing the capacity of the system to meet the additional demand created by the connection of new customers.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

P. Reclassifications

Certain reclassifications have been made to the 2009 financial statements presented herein to conform to the 2010 financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

Q. New Accounting Principles

Effective with the financial report for the fiscal year ending June 30, 2010, the County has adopted the following statements of the Governmental Accounting Standards Board (GASB):

- * GASB 51 - *Accounting and Financial Reporting for Intangible Assets*.
- * GASB 53 - *Accounting and Financial Reporting for Derivative Instruments*.

The County determined \$4,326,512 of intangible assets needed to be recorded under *GASB 51* and the County determined there is no material impact on the financial statements as a result of implementing *GASB 53*.

R. Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through March 30, 2011, the date the financial statements were available to be issued.

2. Stewardship, Compliance, and Accountability

- A.** 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 operating and capital budget includes proposed expenditures and the means of financing them.
- B.** Public hearings are conducted to obtain citizen comments.
- C.** Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- D.** 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.
- E.** 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.
- F.** All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- G.** Appropriations lapsed on June 30, 2010, for all County units.
- H.** The primary government and the School Board (a component unit) have reserved fund balances for board designations, including encumbrances, and contractual obligations.

3. Deposits and Investments

A. Deposits

All cash of the primary government and its 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. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

Cash and cash equivalents and restricted cash held by the discretely presented component units consist mainly of demand deposits and insignificant petty cash funds. The summary of deposits held by the primary government is as follows:

Deposits	
Demand deposits	\$ 19,609,942
Cash on hand	12,636
Investments	
Commonwealth of Virginia LGIP	9,950,638
Zero coupon U.S. Treasury securities	1,271,985
Money market funds	24,680,738
Total deposits and investments	<u>\$ 55,525,939</u>
Reconciliation to Statement of Net Assets	
Cash and cash equivalents	\$ 29,432,701
Restricted cash	24,821,253
Investments	1,271,985
	<u>\$ 55,525,939</u>

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 State Treasurer's Local Government Investment Pool (Virginia 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.

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.

The Primary Government had the following investments and maturities:

	Original investment maturity (in years)			
	Fair Value	Less than 1	1-2	Greater than 2
Commonwealth of Virginia				
LGIP	\$ 9,950,638	\$ 9,950,638	-	\$ -
U.S. Treasury zero				
coupon securities	1,271,985	-	-	1,271,985
Money market funds	24,680,738	24,680,738	-	-
	<u>\$ 35,903,361</u>	<u>\$ 34,631,376</u>	<u>-</u>	<u>\$ 1,271,985</u>

C. Credit Risk

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 County's investments are rated as follows:

	AAA	Unrated	Total
Commonwealth of Virginia			
LGIP	\$ 9,950,638	\$ -	\$ 9,950,638
Zero coupon securities	-	1,271,985	1,271,985
Money market funds	-	24,680,738	24,680,738
	<u>\$ 9,950,638</u>	<u>\$ 25,952,723</u>	<u>\$ 35,903,361</u>

D. Interest Rate Risk

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.

E. Custodial Credit Risk

The Policy requires all investment securities purchased by the County with maturities greater than thirty days be held by a third-party custodial agent, except those insured by the FDIC or the Federal Savings and Loan Insurance Corporation and those collateralized according to the provisions of the Virginia Security for Public Deposit Act and the requirements of the State Treasury Board Regulations.

4. Due To/From Other Governments

The County had receivables from other governments as follows:

	Primary Government	Component Unit - School Board	Totals
<u>Amounts Due From:</u>			
Commonwealth of Virginia			
Operating grants	\$ 139,033	\$ 93,223	\$ 232,256
Social Services department	32,073	-	32,073
Comprehensive Services	194,694	-	194,694
Grantors tax	11,165	-	11,165
Sales and Use tax	234,853	422,117	656,970
Federal government			
Community Development Block Grant	7,800	-	7,800
Operating grants	-	547,619	547,619
Social Services department	72,356	-	72,356
P. D. Pruden Center	-	59,740	59,740
Town of Windsor	209	-	209
Town of Smithfield	399	-	399
Other	-	34,376	34,376
Totals	<u>\$ 692,582</u>	<u>\$ 1,157,075</u>	<u>\$ 1,849,657</u>

5. Interfund Receivables, Payables and Transfers

Primary Government

General Fund

Special Revenue Funds:

Social Services

E911

Total

	Due from Other Funds	Due to Other Funds
\$	-	\$ 683,874
	2,631	-
	681,243	-
\$	683,874	\$ 683,874

Component Unit - School Board

General Fund

Food Service Fund

Grants Fund

Textbook Fund

Total

	Due from Other Funds	Due to Other Funds
\$	512,748	\$ 53,442
	42,775	-
	-	512,748
	10,667	-
\$	566,190	\$ 566,190

The following interfund operating transfers occurred:

Primary Government

General Fund

Capital Projects Fund

Special Revenue Funds:

Social Services

Comprehensive Services

Section 8

County Fair

E-911

IDA

Total primary government

	Transfers In	Transfers Out
\$	-	\$ 26,639,914
	1,928,296	-
	540,895	-
	287,494	-
	66,259	-
	10,000	-
	681,243	-
	22,000	-
	3,536,187	26,639,914
	-	1,928,296
	25,054,023	-
	-	22,000
\$	28,590,210	\$ 28,590,210

Transfers are used to move unrestricted fund revenues and other financing sources such as bond proceeds to finance various programs that the government must account for in other funds, including component units, in accordance with budgetary authorizations, and including amounts provided as subsidies.

6. 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, 2010 and 2009 is \$200,968 and \$224,525, respectively.

B. 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, 2009	\$ 99,100
Additional loans during fiscal year 2009-2010	-
Principal repayments	<u>(8,581)</u>
Rehabilitation notes receivable at June 30, 2010	<u>\$ 90,519</u>

7. 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:

2011	\$ 41,184
2012	41,184
2013	41,184
2014	41,184
2015	41,184
2016-2017	<u>72,075</u>
Total minimum lease payments	277,995
Less - amount representing interest	<u>(54,507)</u>
Present value of future payments (principal)	<u>\$ 223,488</u>

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

8. Capital Assets

The following is a summary of changes in capital assets:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
Primary Government				
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 8,851,448	\$ 3,098,408	\$ 49,000	\$ 11,900,856
Intangibles	-	4,326,512	-	4,326,512
Construction in progress	3,590,994	10,823,469	457,565	13,956,898
Total capital assets not being depreciated	<u>12,442,442</u>	<u>18,248,389</u>	<u>506,565</u>	<u>30,184,266</u>

Capital assets being depreciated				
Buildings - County	12,094,844	-	51,001	12,043,843
Buildings - jointly owned assets	44,746,726	-	2,594,510	42,152,216
Land improvements	6,458,551	519,449	-	6,978,000
Equipment	3,998,245	154,892	-	4,153,137
Vehicles	3,238,038	82,006	19,750	3,300,294
Total capital assets being depreciated	70,536,404	756,347	2,665,261	68,627,490
Less - accumulated depreciation				
Buildings - County	3,097,140	270,226	51,001	3,316,365
Buildings - jointly owned assets	7,916,647	916,294	250,088	8,582,853
Land improvements	652,961	328,194	-	981,155
Equipment	1,103,620	317,729	-	1,421,349
Vehicles	2,116,237	327,237	19,750	2,423,724
Total accumulated depreciation	14,886,605	2,159,680	320,839	16,725,446
Total capital assets being depreciated - net	55,649,799	(1,403,333)	2,344,422	51,902,044
Governmental activities capital assets - net	\$ 68,092,241	\$ 16,845,056	\$ 2,850,987	\$ 82,086,310
Discretely Presented Component				
Unit - School Board	Balance			Balance
	July 1, 2009	Additions	Reductions	June 30, 2010
Capital assets not being depreciated				
Land	\$ 1,619,726	\$ -	\$ -	\$ 1,619,726
Construction in progress	6,170	-	-	6,170
Total capital assets not being depreciated	1,625,896	-	-	1,625,896
Capital assets being depreciated				
Buildings	34,218,731	2,935,665	-	37,154,396
Land improvements	9,599,678	1,231,865	-	10,831,543
Equipment	1,426,309	174,129	-	1,600,438
Vehicles	5,807,891	82,143	889,256	5,000,778
Total capital assets being depreciated	51,052,609	4,423,802	889,256	54,587,155
less - accumulated depreciation				
Buildings	16,065,708	1,151,376	-	17,217,084
Land improvements	5,010,654	1,278,661	-	6,289,315
Equipment	1,039,845	54,867	-	1,094,712
Vehicles	4,134,004	339,530	888,919	3,584,615
Total accumulated depreciation	26,250,211	2,824,434	888,919	28,185,726
Total capital assets being depreciated - net	24,802,398	1,599,368	337	26,401,429
School Board capital assets - net	\$ 26,428,294	\$ 1,599,368	\$ 337	\$ 28,027,325

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, 2010, is that school financed assets net of accumulated depreciation in the amount of \$33,569,363 are reported in the primary government as "jointly owned assets" for financial reporting purposes.

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities

General government administration	\$ 314,349
Public safety	383,687
Public works	118,326
Health and welfare	35,860
Parks, recreation and culture	356,540
Community development	34,624
Education	916,294

Total depreciation expense - governmental activities \$ 2,159,680

Component Unit - School Board \$ 2,824,434

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
Proprietary Funds				
Business-type activities				
Capital assets not being depreciated				
Land	\$ 181,240	\$ -	\$ -	\$ 181,240
Construction in progress	509,655	530,804	-	1,040,459
Total capital assets not being depreciated	<u>690,895</u>	<u>530,804</u>	<u>-</u>	<u>1,221,699</u>
Capital assets being depreciated				
Buildings	10,749,568	-	-	10,749,568
Land improvements	12,324,903	-	-	12,324,903
Equipment	502,980	-	-	509,980
Vehicles	238,422	50,706	-	289,128
Total capital assets being depreciated	<u>23,815,873</u>	<u>50,706</u>	<u>-</u>	<u>23,866,579</u>
Less - accumulated depreciation				
Buildings	2,091,740	231,417	-	2,323,157
Land improvements	5,897,007	606,447	-	6,503,454
Equipment	278,008	25,057	-	303,065
Vehicles	163,921	21,293	-	185,214
Total accumulated depreciation	<u>8,430,676</u>	<u>884,214</u>	<u>-</u>	<u>9,314,890</u>
Total capital assets being depreciated - net	<u>15,385,197</u>	<u>(833,508)</u>	<u>-</u>	<u>14,551,689</u>
Business-type activities capital assets - net	<u>\$ 16,076,092</u>	<u>\$ (302,704)</u>	<u>\$ -</u>	<u>\$ 15,773,388</u>

Depreciation expense was charged to functions of the governmental business type activities as follows:

Business-type activities

Administration	\$ 22,897
Water	425,234
Sewer	436,083

Total depreciation expense - business-type activities \$ 884,214

Discretely Presented Component Unit
Industrial Development Authority
(IDA)

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
Capital assets not being depreciated				
Land	\$ 10,485,663	\$ -	\$ -	\$ 10,485,663
Construction in progress	-	118,863	-	118,863
Total capital assets not being depreciated	10,485,663	118,863	-	10,604,526
Capital assets being depreciated				
Buildings	55,000	-	-	55,000
Less - accumulated depreciation	550	1,100	-	1,650
Total capital assets being depreciated - net	54,450	1,100	-	53,350
IDA capital assets - net	\$ 10,540,113	\$ 117,763	\$ -	\$ 10,657,876

Construction Commitments

	Spent-to-date	Remaining Commitment
Industrial Park	\$ 6,141,754	\$ 16,725
STH Intermodal Park	10,822,268	1,495,323
New Courts/Clerk Bldg	11,248,404	4,384,655
Rushmore Volunteer Fire Dept-Expansion	96,904	-
Smithfield Volunteer Fire Dept-New	954,785	3,081,417
Blackwater Preservation	3,004,575	-
Heritage Park-Fairgrounds	5,676,732	-
Isle of Wight Museum-Renovations	452,128	-
Nike Park-Soccer Fields	210,413	-
Animal Shelter-New Expansion	85,443	25,657
Nike Park-Southall Fields	148	-
Nike Park-Restrooms	-	13,500
Hardy Park	143,900	3,339
Regional Consent Order	701,504	167,943
Queen Anne's Court Water	101,737	8,263
Camptown/Carrsville Public Utilities Improvements	304,130	246,157
Carrisbrooke Water Systems	132,068	167,427
Route 58 Water/Sewer Extension	236,132	113,893
CSX/Sewer Force Main	76,557	54,077
Woodbridge Sewer Maintenance	191,376	80,494
	\$ 40,580,958	\$ 9,858,870

9. Long-Term Liabilities

The following is a summary of changes in noncurrent liabilities:

	Balance			Balance		
Governmental Activities	July 1, 2009	Additions	Reductions	June 30, 2010	Due Within One Year	
General obligation bonds	\$ 68,425,751	\$ 14,515,000	\$ 3,861,525	\$ 79,079,226	\$ 3,319,000	
PACE program	-	4,326,512	-	4,326,512	-	
Literary loans	2,750,000	-	250,000	2,500,000	250,000	
Capital leases	9,552	-	9,552	-	-	
Note payable	24,792	-	7,985	16,807	8,229	
Compensated absences	1,066,532	443,494	410,832	1,099,194	109,919	
Landfill closure costs	880,513	555,623	142,034	1,294,102	276,918	
Deferred charges - bond premiums	386,196	36,523	39,687	383,032	44,253	
Total Governmental Activities	\$ 73,543,336	\$ 19,877,152	\$ 4,721,615	\$ 88,698,873	\$ 4,008,319	
Business-Type Activities						
General obligation bonds	\$ 16,143,876	\$ 7,685,000	\$ 148,475	\$ 23,680,401	\$ 730,125	
Compensated absences	48,937	34,418	34,265	49,090	4,909	
Deferred charges - bond premiums	186,182	316,518	40,401	462,299	119,855	
Total Business-Type Activities	\$ 16,378,995	\$ 8,035,936	\$ 223,141	\$ 24,191,790	\$ 854,889	
Discretely Presented Component Units						
School Board						
Compensated absences	\$ 653,229	\$ 22,333	\$ 109,989	\$ 565,573	\$ 56,557	
Industrial Development Authority						
Note payable	\$ 224,525	\$ -	\$ 23,557	\$ 200,968	\$ 25,171	

A. General Obligation Bonds

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

	Amount Outstanding
General Obligation Bonds of 2010A (tax-exempt bonds) - \$985,000 dated April, 2010 of which principal is 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 are being used to refund the balance of all of 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
Total (carried forward)	\$ 985,000

Total (brought forward)	\$ 985,000
<p>General Obligation Bonds of 2010B (tax exempt notes) - \$7,685,000 dated April 2010 of which the principal is payable in one payment due March 2013. Interest is payable semi-annually at a fixed rate of 4% over the life of the bond. The notes are being used to finance various public utility improvements. The notes were issued at a premium of \$316,084 which is being amortized over the life of the notes.</p>	7,685,000
<p>General Obligation Bonds of 2010C (taxable Build America Bonds) - \$13,530,000 dated April 2010 of which the principal is 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 are being used to finance various capital improvements, including but not limited to, the acquisition, construction and equipping of courthouse and public safety facilities, public buildings and the acquisition of land for economic development. The bonds were issued at par value.</p>	13,530,000
<p>General Obligation Bonds of 2009A - \$3,304,600 dated April, 2009, principal is payable in various annual installments through 2020. Interest is payable semi-annually at a fixed rate of 3.5%. The bond's purpose was to refund substantially all of the County's outstanding general obligation series 1996, 1997A and 1997B.</p>	3,304,627
<p>General Obligation Bonds of 2008B - \$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 are being used to finance continuation of public utility improvements begun under the Series 2008A bond, various economic development projects, a new County courts building, and other public safety and fire/rescue construction and renovation projects.</p>	25,000,000
<p>General Obligation Bonds of 2008A - \$10,000,000 dated March 2008, principal payable in various annual installments through 2028, interest payable semi-annually at a fixed rate of 3.99%. The bonds are being used to finance drainage improvements at the Heritage Park Fairgrounds, land acquisitions for economic development, the replacement of the roofs at Hardy Elementary School and Smithfield High School and various public utility improvements.</p>	9,315,000
<p>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 for the purpose of an advance refunding of a portion of the outstanding balance of the 1995 and 1997 Series Bonds. The bonds were issued at a \$316,290 premium which is being amortized over the life of the bonds. The repayment of the bonds is allocated between governmental and business-type activities.</p>	12,320,000
Total (carried forward)	\$ 72,139,627

Total (brought forward)

\$ 72,139,627

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 is being used to finance construction of a new school building. The remaining portion was issued for the purpose of advance refunding the outstanding balance of a 1995 Series Bond. The bonds were issued at a \$332,520 premium of which is being amortized over the life of the bonds.

22,820,000

General Obligations Bonds of 2003 - \$18,140,000 dated February 2003, principal payable in various annual installments through 2023, interest payable semi-annually at coupon rates from 2% to 5%. Of this bond issue, \$8,815,000 was used to finance various capital improvements. The remaining \$9,325,000 was issued for the purpose of advance refunding \$9,050,000 of outstanding 1991, 1993, and 1994 Series Bonds. The bonds were issued at a \$136,420 premium of which is being amortized over the life of the bonds.

7,800,000

Total General Obligation Bonds Outstanding

\$ 102,759,627

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
2011	\$ 3,319,000	\$ 3,400,406	\$ 730,125	\$ 939,678	\$ 4,049,125	\$ 4,340,084
2012	3,465,476	3,342,420	754,525	956,439	4,220,001	4,298,859
2013	3,907,252	3,172,679	8,621,948	925,345	12,529,200	4,098,024
2014	4,010,211	3,018,412	972,089	582,303	4,982,300	3,600,715
2015	3,981,545	2,871,090	1,009,155	544,870	4,990,700	3,415,960
2016-2020	21,131,927	11,830,093	5,460,473	2,038,072	26,592,400	13,868,165
2021-2025	20,568,516	7,238,671	4,071,484	915,240	24,640,000	8,153,911
2026-2030	12,499,200	3,193,404	1,560,000	344,101	14,059,200	3,537,505
2031-2039	6,196,099	420,987	500,602	29,217	6,696,701	450,204
	<u>\$ 79,079,226</u>	<u>\$ 38,488,162</u>	<u>\$ 23,680,401</u>	<u>\$ 7,275,265</u>	<u>\$ 102,759,627</u>	<u>\$ 45,763,427</u>

B. 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. The rights and related interest expense are recorded in the Capital Projects Fund.

These agreements provide for the payment of the principal balance of the agreement 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 \$58,288 for June 30, 2010.

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

At June 30, 2010, two installment purchase agreements totaling 619.08 acres at a total purchase price of \$4,326,512 have been executed.

The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2011	\$ -	\$ 209,836
2012	-	209,836
2013	-	209,836
2014	-	209,836
2015	-	209,836
2016-2020	-	1,049,180
2021-2025	-	1,049,180
2026-2030	-	1,049,180
2031-2035	-	1,049,180
2036-2039	4,326,512	944,261
	\$ 4,326,512	\$ 6,190,161

C. 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
2011	\$ 250,000	\$ 75,000
2012	250,000	67,500
2013	250,000	60,000
2014	250,000	52,500
2015	250,000	45,000
2016-2020	1,250,000	112,500
	\$ 2,500,000	\$ 412,500

D. Compensated Absences

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.

E. Notes Payable

The note payable of governmental type activities is a taxable-refunding note used to refinance the Virginia Retirement System (VRS) obligation incurred by the School Board in a one-time early retirement incentive program offered by VRS during fiscal year 1992. Payments are being made in semiannual installments plus interest at 6.27% per annum.

Fiscal Year Ending June 30,
2011
2012

Governmental Activities			
Principal		Interest	
\$	8,229	\$	834
	8,578		281
\$	16,807	\$	1,115

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,
2011
2012
2013
2014
2015
2016-2017

Component Unit			
Industrial Development Authority			
Principal		Interest	
\$	25,171	\$	12,606
	26,897		10,881
	28,742		9,036
	30,712		7,066
	35,384		5,800
	54,062		2,350
\$	200,968	\$	47,739

10. Defined Pension Benefit Obligation

A. Plan Description

The County contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the VRS. In addition, professional and nonprofessional employees of the School Board are covered by the VRS. Professional employees participate in a VRS statewide teacher cost-sharing pool and nonprofessional employees participate as a separate group in the agent and cost sharing multiple-employer defined benefit pension plan administered by the VRS.

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after 5 years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service for participating employers (age 50 with 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7% of their average final compensation (AFC) for each year of credited service for deputies (1.85% for eligible law enforcement officers, sheriffs, and firefighters). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation.

Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. 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 VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the VRS. A copy of the report is available on our web site at <http://www.varetire.org/Pdf/Publications/2010-annual-rept.pdf> or obtained by writing to the VRS 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 annual reported compensation to the VRS. This 5% member contribution has been assumed by both the County and School Board. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by statute and approved by the VRS Board of Trustees. The County and School Board's annual contribution rate for June 30, 2010, was 12.15% and 11.12%, respectively, of annual covered payroll, with a funding period of 20 years and amortization factor of 14.2649.

C. Annual Pension Cost

For the fiscal year ended June 30, 2010, the County and School Board's annual pension costs of \$1,320,125 and \$262,629 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, 2010, 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%, and (c) 2.50% per year cost-of-living adjustment. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on an open basis within a period of 20 years or less.

D. Schedules of Employer Contributions

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net pension obligation
County Employees			
2010	\$ 1,320,125	100.00 %	None
2009	\$ 1,350,248	100.00 %	None
2008	\$ 1,122,421	100.00 %	None
School Board Nonprofessional Employees			
2010	\$ 262,629	100.00 %	None
2009	\$ 410,546	100.00 %	None
2008	\$ 398,798	100.00 %	None

E. Schedule of Funding Progress

Actuarial valuation date June 30, 2010	Actuarial value of assets	Actuarial accrued liability (AAL) project unit credit	Unfunded actuarial accrued liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a percentage of covered payroll
Primary Government	\$ 25,157,264	\$31,562,332	\$6,405,068	79.71%	\$10,302,172	62.17%
Component Unit - School Board	\$ 4,289,940	\$ 4,875,717	\$ 585,777	87.98%	\$ 2,055,678	28.49%

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

11. Other Post Employment Benefit (OPEB) Plans

The County and Public Schools adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. The Statement establishes standards for reporting the liability for the County's non-pension postemployment benefit, the health care plan for retirees.

A. Plan Provisions

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

B. Funding Policy

The County and Public Schools do not intend to establish a trust to pre-fund this liability. The anticipated growth in the net OPEB obligation is based on contributions to the benefit plan on a pay-as-you-go cost basis. The actuarial study used the fresh start method of amortization for the unfunded actuarial accrued liability each year for this projection. The data 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.

C. 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 retirement 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 GASB 45 liability for dental plan coverage in retirement. There were 5 County participants at the time of the actuarial study. Since the retirees contribute towards their health insurance premiums based on a blended rate, the County has an implicit liability.

For Public Schools, 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 Public Schools provide 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 Public Schools' current membership is 23.

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.

D. Annual OPEB Costs and Net OPEB Obligations

The net OPEB obligation was calculated as follows:

Governmental Activities

Discount Rate	4.00%
Annual required contribution (ARC)	\$ 150,816
Interest on net OPEB obligation	4,485
Adjustment to annual required contribution	(4,671)
Annual OPEB Cost	<u>150,630</u>
Estimated Pay-As-You-Go Annual Employer Contribution	(40,380)
Net Cash Contribution	-
Increase in net OPEB obligation	<u>110,250</u>
Net OPEB Obligation- beginning of year	113,904
Net OPEB Obligation, June 30, 2010	<u>\$ 224,154</u>

Business-Type Activities

Discount Rate	4.00%
Annual required contribution (ARC)	\$ 5,389
Interest on net OPEB obligation	160
Adjustment to annual required contribution	(167)
Annual OPEB Cost	<u>5,382</u>
Estimated Pay-As-You-Go Annual Employer Contribution	(1,443)
Net Cash Contribution	-
Increase in net OPEB obligation	<u>3,939</u>
Net OPEB Obligation- beginning of year	4,070
Net OPEB Obligation, June 30, 2010	<u>\$ 8,009</u>

Component Unit - Public Schools

Discount Rate	4.00%
Annual required contribution (ARC)	\$ 896,295
Interest on net OPEB obligation	26,655
Adjustment to annual required contribution	(27,762)
Annual OPEB Cost	895,188
Estimated Pay-As-You-Go Annual Employer Contribution	(239,977)
Net Cash Contribution	-
Increase in net OPEB obligation	655,211
Net OPEB Obligation- beginning of year	664,183
Net OPEB Obligation, June 30, 2010	\$ 1,319,394

E. Actuarial Methods and Assumptions**Valuation Methods**

The Entry Age Normal actuarial cost method was used to calculate all of the expense amounts and the funded status of the plan. The calculations were performed in accordance with the methodologies set forth in GASB Statement No. 45. 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, 2008, 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 \$881,822 and \$6,503,857 for the County and the Public Schools, 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 2014 and beyond. It should be noted actuarial calculations reflect a long-term perspective and, therefore, actuarially determined amounts are subject to revision as results are compared to past expectations and new estimates are made about the future.

F. Schedule of Funding Progress

Actuarial valuation date July 1, 2008	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
Governmental activities	\$ -	\$ 853,578	\$ 853,578	-	\$10,252,769	8.3%
Business-type activities	\$ -	\$ 28,244	\$ 28,244	-	\$ 395,051	7.1%
Component Unit - Public Schools	\$ -	\$ 6,503,857	\$ 6,503,857	-	\$32,689,896	19.9%

G. Schedule of Employer Contributions

June 30, 2009	Employer Contributions	Annual required contribution (ARC)	Funding Ratio
Governmental activities	\$ 25,586	\$ 139,490	18.3%
Business-type activities	\$ 914	\$ 4,984	18.3%
Component Unit - Public Schools	\$ 164,800	\$ 828,983	19.9%

June 30, 2010	Employer Contributions	Annual required contribution (ARC)	Funding Ratio
Governmental activities	\$ 40,380	\$ 150,816	26.8%
Business-type activities	\$ 1,443	\$ 5,389	26.8%
Component Unit - Public Schools	\$ 239,977	\$ 896,295	26.8%

12. 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, was 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 Department of Environmental Quality. The estimated future total cost of the post-closure monitoring and maintenance is \$1,294,102 based on the expected cost for all equipment, facilities and services required to monitor and maintain the former landfill. This represents an increase over 2009 due to increased costs of state permits, increased laboratory fees, addition of a Post-Closure consulting contract and the need to contract for repairs to the landfill cap. During 2008, the County provided for additional financial assurance in the amount of \$1,000,000. At June 30, 2010, the County expended \$142,034 in post-closure costs.

B. Underground Storage Tank

In January 2001, petroleum contamination was encountered on the western edge of the County complex in Isle of Wight. This was traced to a leaking 1,000 gallon underground storage tank containing heating oil. The tank was closed and an investigation conducted to delineate 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. In fiscal year 2010, the County expended approximately \$13,000 on recovery and requested reimbursement from the state. For fiscal year 2011, the County contracted with an outside service to perform the cleanup who will submit to the state directly for reimbursement.

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 worker's compensation, the County participates with other localities through the Virginia Municipal League in a public entity risk pool. The County pays an annual premium to the pool for its share of the cost of the insurance. The County and School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four 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 medical claims liability includes an estimate of \$480,000 for incurred but not reported claims.

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.

13. Surety Bonds

The Commonwealth of Virginia, Department of General Services, Division of Risk Management - Faithful Performance Bond:

Clerk of the Circuit Court	\$	103,000
Treasurer	\$	400,000
Commissioner of the Revenue	\$	450,000
Sheriff	\$	30,000
Employees of Constitutional Officers - Blanket Bond	\$	500,000

Virginia Risk 2 Pool:

Social Service employees - blanket bond	\$	1,000,000
County employees - blanket bond	\$	1,000,000
Superintendent of Schools	\$	10,000
Clerk of School Board	\$	10,000
Finance Director for School Board	\$	10,000

14. Jointly Governed Organizations

The County, in conjunction with other localities, has 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, 2010, the County contributed \$160,272 to the operations of the WTCSB, \$613,513 to the Library and \$152,791 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 original 2006 agreement established a reserved capacity charge for which the County paid the Authority \$1,942,480 for fiscal year 2010. Additionally in fiscal year 2010, the County contributed approximately \$184,911 to the Authority for its share of capital costs incurred by the Authority.

15. Annexation Agreement

The County has entered into an agreement with the City of Franklin (City) whereby the City waived any and all of its rights and power to seek the annexation of the County's territory within a designated area adjacent to the City. In return, the County agreed to share 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, 2010, the payments made to the City of Franklin were \$1,283,291.

16. Deferred Revenues

Deferred revenues in the fund financial statements represent amounts for which, under the modified accrual basis of accounting used for those financial statements, asset recognition criteria have been met, but for which revenue recognition criteria have not been met (i.e., such amounts are measurable, but not available). At June 30, 2010, deferred revenues were \$870,022. Of this amount, \$398,635 represents uncollected tax billings not available for funding of current expenditures and \$460,359 represents the receipt of payments on a tax assessment not yet due. The balance of \$11,028 represents advance payment of fees for parks and recreation programs.

17. Personal Property Tax Relief Act of 1998

The Commonwealth of Virginia enacted the Personal Property Tax Relief Act in 1998. The effect of the legislation has been a decline in local personal property tax revenues with a corresponding increase in intergovernmental revenues from the Commonwealth of Virginia. Effective in fiscal year 2007, the Commonwealth of Virginia provided a predetermined fixed dollar amount to the County based on the 2005 tax collections. The contribution for fiscal year ending June 30, 2010, was \$5,115,890.

As the County's population continues to grow, the amount of tax relief provided by this fixed dollar amount will decrease, thereby placing the tax burden on the taxpayer.

18. Subsequent Event

General Obligation Bonds of 2010D - \$12,145,000 dated September 2010, principal is payable in various annual installments through April 1, 2028. Interest is payable semi-annually at a rate that varies from 2.000% to 4.000% over the life of the bond. The bonds are being used to refund the outstanding portion of the County's \$10,000,000 General Obligation Public Improvement Bonds, Series 2008A, and the \$3,304,600 General Obligation Refunding Bonds, Series 2009A, and pay the cost of refunding the Refunded Bonds and of issuing the Bonds. The bonds were issued at a premium of \$746,724 which is being amortized over the life of the bonds.

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County of Isle of Wight, Virginia

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

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Primary Government				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property	\$ 22,469,000	\$ 22,469,000	\$ 22,520,728	\$ 51,728
Real and personal public service corporation property	1,075,000	1,075,000	1,149,322	74,322
Personal property	5,910,000	5,910,000	5,029,980	(880,020)
Boat	240,000	240,000	287,452	47,452
Mobile home	111,000	111,000	117,878	6,878
Machinery and tools	6,970,000	6,970,000	7,242,414	272,414
Equipment	-	-	1,551,564	1,551,564
Penalties	200,000	200,000	307,383	107,383
Interest and other costs	100,000	100,000	178,367	78,367
Total general property taxes	37,075,000	37,075,000	38,385,088	1,310,088
Other local taxes:				
Local sales and use	2,035,000	2,035,000	1,714,037	(320,963)
Consumer's utility	\$60,000	\$60,000	776,777	(83,223)
Communications sales and use	1,450,000	1,450,000	1,394,950	(55,050)
Lodging	20,000	20,000	22,893	2,893
Business license	386,000	386,000	388,273	2,273
Motor vehicle licenses	500,000	500,000	563,939	63,939
Recordation and wills	500,000	500,000	565,418	65,418
Consumption	142,000	142,000	109,909	(32,091)
Bank franchise tax	-	-	4,979	4,979
Meals tax	246,000	246,000	278,060	32,060
Penalties	-	-	6,656	6,656
Interest	-	-	1,923	1,923
Total other local taxes	6,139,000	6,139,000	5,827,814	(311,186)
Permits, fees and licenses:				
Animal licenses	20,000	20,000	24,342	4,342
Transfer fees	1,500	1,500	858	(642)
Zoning and subdivision fees	80,000	80,000	46,210	(33,790)
Building permits	250,000	250,000	215,169	(34,831)
Concealed weapon permits	5,000	5,000	5,185	185
Inspection fees	10,000	10,000	23,210	13,210
Permit surcharge	-	-	(9)	(9)
Cash proffers	150,000	150,000	92,445	(57,555)
Total permits, fees and licenses	516,500	516,500	407,410	(109,090)
Fines and forfeitures	80,000	80,000	60,345	(19,655)
Total fines and forfeitures	80,000	80,000	60,345	(19,655)
Revenues from use of money and property:				
Revenues from use of money	300,000	300,000	275,103	(24,897)
Revenues from use of property	95,000	95,000	299,594	204,594
Total revenues from use of money and property	395,000	395,000	574,697	179,697
Miscellaneous:				
Miscellaneous	76,733	76,733	63,893	(12,840)
Gifts and donations	\$0,000	\$1,000	1,831	(49,169)
Farmers market	-	(7,270)	17,930	660
Total miscellaneous	126,733	145,003	83,654	(61,349)

Unaudited - see accompanying report of independent auditors

County of Isle of Wight, Virginia

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

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Charges for services				
Court costs	79,500	79,500	53,786	(25,714)
Charges for Commonwealth's attorney	1,200	1,200	1,050	(150)
Charges for sanitation and waste removal	4,000	4,000	4,744	744
Charges for parks and recreation	286,350	286,350	196,523	(89,827)
Charges for building construction court fee	20,000	20,000	33,786	13,786
Charges for law enforcement and other protection	4,700	4,700	4,065	(635)
Charges for emergency medical services	475,000	475,000	629,118	154,118
Charges for maps	1,500	1,500	613	(887)
Total charges for services	872,250	872,250	923,685	51,435
Recovered costs				
IOWAA, Camp Foundation, Park & Rec	348,000	348,000	363,278	15,278
Indirect cost allocation	80,000	80,000	77,759	(2,241)
Court costs	35,000	35,000	135,495	100,495
Other	-	27,571	1,078	126,493
Total recovered costs	463,000	490,571	577,610	87,039
Other funding sources				
Proceeds from bond issuance	9,367,900	9,367,900	1,021,523	(8,346,377)
Total other funding sources	9,367,900	9,367,900	1,021,523	(8,346,377)
Total revenues from local sources	55,035,383	55,081,224	47,861,826	(7,219,398)
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	85,336	85,336	43,570	(41,766)
Total noncategorical aid	5,201,226	5,201,226	5,159,460	(41,766)
Categorical aid				
Shared expenses:				
Commonwealth's Attorney	375,000	375,000	370,013	(4,987)
Sheriff	1,274,000	1,274,000	1,153,182	(120,818)
Commissioner of the Revenue	150,600	138,301	110,265	(28,036)
Treasurer	143,800	143,800	128,847	(14,953)
Medical examiner	200	200	-	(200)
Registrar/electoral board	55,000	55,000	48,243	(6,757)
Clerk of the Circuit Court	323,800	323,800	275,636	(48,164)
Total shared expenses	2,322,400	2,310,101	2,086,186	(223,915)
Other categorical aid:				
Bicycle/ pedestrian trail	-	645,789	1,658	(644,131)
DEQ litter recycling	-	28,000	8,400	(19,600)
DMV - mini grant	-	7,763	7,990	227
Fire program funds	47,000	58,094	58,094	-
Fire program training	-	15,531	15,531	-
Four for life	28,500	35,295	35,295	-
Litter control	-	10,222	6,229	(3,993)
OEMS Consolidated grants program	-	36,500	36,500	-
Port security grant	-	37,500	37,500	-
Purchase of agriculture development rights	-	453,119	1,547,744	1,094,625
SRO - Smithfield	-	53,550	27,510	(26,040)
Virginia Port Authority	-	44,000	-	(44,000)
Victim witness	-	47,345	47,345	-
Other	-	21,528	19,601	(1,927)
Total other categorical aid	75,500	1,494,236	1,849,397	355,161
Total categorical aid	2,397,900	3,804,337	3,935,583	131,246
Total revenues from the Commonwealth	7,599,126	9,005,563	9,095,043	89,480

Unaudited - see accompanying report of independent auditors.

County of Isle of Wight, Virginia

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

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue from the federal government				
Home Program	-	1,089	15,500	14,411
COPS Technology	-	19,213	14,909	(4,304)
DMV Selective Enforcement	-	20,900	9,662	(11,238)
V-STOP	-	29,519	7,487	(22,032)
Home Land Security Grant	-	17,000	17,000	-
Local Law Enforcement Block Grant	-	-	15,143	15,143
BPV Grant Program	-	2,760	1,440	(1,320)
COPS Schools	-	11,773	12,580	807
Care & Confinement of Prisoners	-	3,158	3,158	-
Summer Youth Employment Program	-	34,334	32,721	(1,613)
Total revenues from the federal government	-	139,746	129,600	(10,146)
Total general fund revenues	\$ 62,634,509	\$ 64,226,533	\$ 57,086,469	\$ (7,140,064)
General government administration				
Legislative:				
Board of supervisors	\$ 281,217	\$ 289,799	\$ 334,304	\$ (44,505)
General and financial administration				
Budget and finance	454,404	491,644	467,356	24,288
Commissioner of the revenue	548,619	553,619	544,090	9,529
Communications	96,114	96,114	71,202	24,912
County administrator	628,520	628,520	601,923	26,597
County attorney	436,497	504,497	498,883	5,614
Human resources	257,800	257,800	240,415	17,385
Information technology- GIS	721,135	816,009	668,312	147,697
Insurance	293,775	293,775	256,569	37,206
Real estate assessment	318,060	449,660	438,484	11,176
Treasurer	523,443	535,285	523,930	11,355
Total general and financial administration	4,278,367	4,626,923	4,311,164	315,759
Board of elections:				
Registrar/electoral board and officials	188,902	200,172	177,026	23,146
Total board of elections	188,902	200,172	177,026	23,146
Total general government administration	4,748,486	5,116,894	4,822,494	294,400
Judicial administration:				
Courts:				
Circuit Court	34,445	34,445	28,742	5,703
General District Court	8,475	8,475	5,314	3,161
Fifth District Court services unit	164,134	164,134	64,966	99,168
Juvenile and Domestic Relations District Court	11,065	11,065	8,830	2,235
Clerk of the Circuit Court	400,797	409,861	392,630	17,231
Technology Trust Fund	-	49,680	49,680	-
Total courts	618,916	677,660	550,162	127,498
Commonwealth's Attorney	437,127	441,484	467,030	(25,546)
Total Commonwealth's Attorney	437,127	441,484	467,030	(25,546)
Total judicial administration	1,056,043	1,119,144	1,017,192	101,952

Unaudited - see accompanying report of independent auditors

County of Isle of Wight, Virginia

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

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety				
Law enforcement and traffic control:				
Sheriff	2,947,558	2,947,109	2,799,022	148,087
Sheriff auxiliary	3,000	3,800	2,756	1,044
Total law enforcement and traffic control	2,950,558	2,950,909	2,801,778	149,131
Fire and rescue services:				
Emergency services	1,339,623	1,377,444	1,364,400	13,044
Volunteer fire department	299,017	307,517	307,517	-
Ambulance and rescue service	286,432	287,432	282,692	4,740
Total fire and rescue services	1,925,072	1,972,393	1,954,609	17,784
Inspections - building	513,061	513,061	509,169	3,892
Total inspections - building	513,061	513,061	509,169	3,892
Other protection:				
Animal control	206,676	206,676	213,174	(6,498)
COPS technology grant	-	19,813	14,909	4,904
DMV selective enforcement	-	28,663	17,181	11,482
Emergency management (civil defense)	8,556	8,556	8,995	(439)
Fifth district community corrections program	8,579	8,579	8,579	-
Fire prevention	47,000	58,094	58,094	-
Fire program training mini-grant	-	15,531	13,582	1,949
Four for life	28,500	35,295	35,295	-
Homeland security- terrorism prevention program	-	17,000	17,000	-
Local law enforcement block grant	-	22,129	19,141	2,988
OEMS consolidated grants program	-	36,500	36,500	-
Port security grant	-	37,500	37,500	-
SRO - Smithfield Middle School	-	53,550	43,668	9,882
Western tidewater regional jail	65,581	152,790	152,791	(1)
Other	-	16,424	15,029	1,395
Total other protection	364,892	717,100	691,438	25,662
Total public safety	5,753,583	6,153,463	5,956,994	196,469
General services:				
General administration	177,945	177,945	171,797	6,148
Engineering division	431,623	485,080	406,471	78,609
Total administration	609,568	663,025	578,268	84,757
General services:				
Maintenance of highways, streets, bridges and sidewalks				
Roadway beautification	9,400	10,932	9,120	1,812
Total maintenance of highways, streets, bridges and sidewalks	9,400	10,932	9,120	1,812
Sanitation and waste removal				
Refuse collection	770,646	837,146	822,431	14,715
Refuse disposal	3,450,000	3,383,500	3,314,739	68,761
Total sanitation and waste removal	4,220,646	4,220,646	4,137,170	83,476
Maintenance of general buildings and grounds:				
General properties	1,636,254	1,358,385	1,160,520	197,865
Transportation/maintenance	81,000	62,250	30,515	31,735
Litter control	-	10,222	10,295	(73)
DEQ oil tank clean up	-	20,000	12,507	7,493
Total maintenance of general buildings and grounds	1,717,254	1,450,857	1,213,837	237,020
Total general services	6,556,868	6,345,460	5,938,395	407,065

Unaudited - see accompanying report of independent auditors.

County of Isle of Wight, Virginia

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

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Health and welfare:				
Commission on Aging	1,700	1,700	1,700	-
Court Appointed Special Advocate	34,723	44,840	44,839	1
DMV Animal Plates	-	525	532	(7)
Early Childhood Council	31,250	31,250	31,250	-
Genieve Shelter	10,600	10,600	10,600	-
Independence Center of Tidewater	5,300	5,300	5,300	-
IOW Christian Outreach	-	3,000	3,000	-
Isle of Wight Triad	2,780	2,780	2,780	-
Juvenile Accountability Program	49,924	49,924	46,853	3,071
Obese/Later Obesity Reduction Program	-	27,571	22,084	5,487
Senior Services of Southeastern Hampton Roads	33,413	33,413	33,413	-
State and local hospitalization	13,000	13,000	-	13,000
STOP organization	7,051	7,051	7,051	-
Suffolk Homeless Shelter	8,500	8,500	8,500	-
Summer Youth Employment Program	-	34,334	32,721	1,613
Supplement to local health department	440,665	440,665	440,665	-
Surry Area Free Clinic	-	7,500	7,500	-
Victim witness	15,450	62,795	58,671	4,124
V-STOP	5,964	36,282	22,617	13,665
Western Tidewater Community Service Board	160,272	160,272	160,272	-
Western Tidewater Free Clinic	5,150	25,150	25,150	-
Total health and welfare	825,742	1,006,452	965,498	40,954
Education:				
Local contribution	26,057,721	26,507,472	25,058,724	1,448,748
Total education	26,057,721	26,507,472	25,058,724	1,448,748
Parks, recreation and cultural:				
Parks and recreation	783,968	1,148,854	1,089,214	59,640
Skating rink	114,448	114,448	61,101	53,347
Virginia Port Authority	-	144,000	98,798	45,202
Bicycle/pedestrian trail	-	645,789	2,907	642,882
Parks and recreation programs	225,584	225,584	141,742	83,842
COPS schools	-	11,773	6,290	5,483
Total parks and recreation	1,124,000	2,290,448	1,400,052	890,396
Cultural enrichment:				
Historic Resources Division	244,147	256,501	241,873	14,628
Cultural Arts Organizations	6,000	11,000	11,000	-
Total cultural enrichment	250,147	267,501	252,873	14,628
Library				
Community College	6,500	6,500	6,500	-
Library administration	613,513	613,513	613,513	-
Total library	620,013	620,013	620,013	-
Total parks, recreation and cultural	1,994,160	3,177,962	2,272,938	905,024
Community development:				
Planning				
Planning	864,354	873,853	831,220	42,633
Economic development	381,173	381,173	363,386	17,787
Tourism	385,024	385,024	373,839	11,185
Chamber of Commerce	16,000	16,000	16,000	-
Purchase of agriculture development rights	-	453,119	-	453,119
Other	-	63,214	72,598	(9,384)
Total planning	1,646,551	2,172,383	1,657,043	515,340

Unaudited - see accompanying report of independent auditors

County of Isle of Wight, Virginia

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

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Environmental management:	29,460	36,235	33,416	2,819
Total environmental management	29,460	36,235	33,416	2,819
Cooperative extension program	57,630	57,630	5,204	52,426
Total cooperative extension program	57,630	57,630	5,204	52,426
Total community development	1,733,641	2,266,248	1,695,663	570,585
Nondepartmental:				
Annexation settlement payment	1,215,000	1,283,300	1,283,291	9
Other	114,707	177,008	68,066	108,942
Total nondepartmental	1,329,707	1,460,308	1,351,357	108,951
Debt service:				
Principal retirement	610,000	610,000	1,525,000	(915,000)
Interest and other charges	1,931,009	1,931,009	1,750,407	180,602
Total debt service	2,541,009	2,541,009	3,275,407	(734,398)
Other financing uses				
Transfers to Capital Projects Funds	6,454,520	6,604,520	-	6,604,520
Transfers to Special Revenue Funds	1,857,875	1,942,643	1,585,891	356,752
Transfers to Public Utilities Fund	3,938,380	4,868,421	-	4,868,421
Bond issuance costs	-	-	32,368	(32,368)
Transfers to reserves	150,000	150,000	-	150,000
Total other financing uses	12,400,775	13,565,584	1,618,259	13,947,325
Total general fund expenditures	\$ 64,997,735	\$ 69,259,996	\$ 53,972,921	\$ 15,287,075
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (2,363,226)	\$ (5,033,463)	\$ 3,113,548	\$ 8,147,011
Fund balance- beginning of year	18,140,277	15,642,205	16,450,952	808,747
Fund balance- end of year	\$ 15,777,051	\$ 10,608,742	\$ 19,564,500	\$ 8,955,758

Unaudited - see accompanying report of independent auditors.

County of Isle of Wight, Virginia

Schedule of Funding Progress for Defined Benefit Pension Plans - VRS

Year Ended June 30, 2010						
Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded actuarial accrued liability (UAAI)	Funded ratio	Covered payroll	UAAI as a Percentage of covered payroll
County Employees						
6/30/2010	\$ 25,157,264	\$ 31,562,332	\$ (6,405,068)	79.71%	\$ 10,302,172	(62.17%)
6/30/2009	\$ 24,577,750	\$ 28,171,694	\$ (3,593,944)	87.24%	\$ 10,337,366	(34.77%)
6/30/2008	\$ 23,701,941	\$ 25,763,980	\$ (2,062,039)	92.00%	\$ 10,022,091	(20.57%)
School Board - Nonprofessional Employees						
6/30/2010	\$ 4,289,940	\$ 4,875,717	\$ (585,777)	87.98%	\$ 2,055,678	(28.49%)
6/30/2009	\$ 4,398,059	\$ 5,239,526	\$ (841,467)	83.94%	\$ 3,154,799	(26.67%)
6/30/2008	\$ 4,082,487	\$ 4,844,914	\$ (762,427)	84.26%	\$ 3,142,899	(24.26%)

Unaudited - see accompanying report of independent auditors.

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, 2010				
	Capital Projects			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenue from use of property	\$ -	\$ -	\$ 52,482	\$ 52,482
Expenditures				
General government administration	40,000	18,670,618	9,386,552	9,284,066
Public safety	2,210,000	10,219,927	1,680,882	8,539,045
General services	230,000	130,000	73,099	56,901
Health and welfare	25,000	1,925,000	25,000	1,900,000
Parks, recreation and cultural	585,000	4,139,756	3,119,971	1,019,785
Community development	2,839,520	5,747,256	6,206,435	(459,179)
Nondepartmental	25,000	-	-	-
Total expenditures	5,954,520	40,832,557	20,491,939	20,340,618
Excess (deficiency) of revenues over expenditures	(5,954,520)	(40,832,557)	(20,439,457)	(20,288,136)
Other financing sources (uses)				
Installment purchase agreement - PACE	-	-	4,326,512	4,326,512
Operating transfers in	6,454,520	41,332,557	-	(41,332,557)
Operating transfers out	(500,000)	(500,000)	(1,928,296)	(1,428,296)
Bond proceeds	-	-	13,530,000	13,530,000
Bond issuance costs	-	-	(220,800)	(220,800)
Total other financing sources	5,954,520	40,832,557	15,707,416	(25,125,141)
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	(4,732,041)	(45,413,277)
Fund balances - beginning of year	27,436,029	27,436,029	27,436,029	-
Fund balances - end of year	\$ 27,436,029	\$ 27,436,029	\$ 22,703,988	\$ (4,732,041)

County of Isle of Wight, Virginia

Combining Balance Sheets -
Nonmajor Governmental Funds

June 30, 2010

	ISS	Comprehensive Services Fund	E-911 Fund	Community Development Block Grant	Section 8	Asset Forfeiture Fund	County Fair Fund	Museum Fund	Totals
Assets									
Cash and investments	\$ -	\$ -	\$ -	\$ 84,370	\$ -	\$ 22,070	\$ -	\$ 45,577	\$ 152,017
Restricted cash	-	-	-	70,828	-	-	-	-	70,828
Accounts receivable	-	-	-	-	13,607	-	500	-	14,107
Due from other governments	104,429	194,694	71,452	7,800	-	-	-	-	378,375
Due from other funds	2,631	-	681,243	-	-	-	-	-	683,874
Notes receivable	-	-	-	90,519	-	-	-	-	90,519
Inventory	-	-	-	-	-	-	-	31,574	31,574
Total assets	\$ 107,060	\$ 194,694	\$ 752,695	\$ 253,517	\$ 13,607	\$ 22,070	\$ 500	\$ 77,151	\$ 1,421,294
Liabilities and Fund Balances									
Accounts payable	\$ -	\$ 71,163	\$ 16,600	\$ 2,475	\$ -	\$ -	\$ 450	\$ 91	\$ 90,779
Deficit in pooled cash	240,834	123,531	503,041	-	13,607	-	108,572	-	989,585
Deferred revenues	-	-	-	-	-	-	11,028	-	11,028
Total liabilities	240,834	194,694	519,641	2,475	13,607	-	120,050	91	1,091,392
Fund balances									
Reserved - inventory	-	-	-	-	-	-	-	31,574	31,574
Designated for encumbrances	-	-	28,986	2,475	-	-	-	-	31,461
Undesignated	(133,774)	-	204,068	248,567	-	22,070	(119,550)	45,486	266,867
Total fund balances	(133,774)	-	233,054	251,042	-	22,070	(119,550)	77,060	329,902
Total liabilities and fund balances	\$ 107,060	\$ 194,694	\$ 752,695	\$ 253,517	\$ 13,607	\$ 22,070	\$ 500	\$ 77,151	\$ 1,421,294

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

Year Ended June 30, 2010

	Comprehensive		Community		Asset		County		Totals	
	DSS	Services	I-911	Development	Section 8	Forfeitures	Fair	Museum	Fund	Fund
Revenues										
Other local taxes	\$ -	\$ -	\$ 70,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,347
Charges for services	-	-	-	-	-	-	157,644	10,261	-	167,905
Miscellaneous	264	-	-	579	-	-	29,900	7,950	-	38,693
Recovered costs	-	-	30,781	-	-	-	-	-	-	39,781
Intergovernmental:										
Commonwealth	931,773	522,202	71,157	-	125,220	-	-	-	-	1,650,352
Federal	1,445,869	-	-	61,755	-	-	-	-	-	1,507,624
Total revenues	2,377,906	522,202	181,285	62,334	125,220	-	187,544	18,211	-	3,474,702
Expenditures										
Public safety	-	-	885,663	-	-	2,332	-	-	-	887,995
Health and welfare	3,052,575	809,696	-	-	191,479	-	-	-	-	4,053,750
Parks, recreation and cultural	-	-	-	-	-	-	202,326	6,744	-	209,070
Community development	-	-	-	102,128	-	-	-	-	-	102,128
Debt service:										
Principal retirement	-	-	9,551	-	-	-	-	-	-	9,551
Interest and other charges	-	-	58	-	-	-	-	-	-	58
Total expenditures	3,052,575	809,696	895,272	102,128	191,479	2,332	202,326	6,744	-	5,262,552
Excess (deficiency) of revenues over expenditures	(674,669)	(287,494)	(713,987)	(39,794)	(66,259)	(2,332)	(14,782)	11,467	-	(1,787,850)
Other financing sources										
Operating transfers in	540,895	287,494	681,243	-	66,259	-	10,000	-	-	1,585,891
Total other financing sources	540,895	287,494	681,243	-	66,259	-	10,000	-	-	1,585,891
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(133,774)	-	(32,744)	(39,794)	-	(2,332)	(4,782)	11,467	-	(201,959)
Fund balances (accumulated deficit) - beginning of year	-	-	-	290,836	-	24,402	(114,768)	65,593	-	531,861
Fund balances (accumulated deficit) - end of year	\$ (133,774)	\$ -	\$ 233,094	\$ 251,042	\$ -	\$ 22,070	\$ (119,550)	\$ 77,060	\$ -	\$ 329,902

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, 2010	DSS					Comprehensive Services Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)		Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues									
Other local taxes	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-		-	-	-	-
Fines and forfeitures	-	-	-	-		-	-	-	-
Revenue from use of property	-	-	-	-		-	-	-	-
Miscellaneous	-	-	264	264		-	-	-	-
Recovered costs	-	-	-	-		-	-	-	-
Intergovernmental	-	-	-	-		-	-	-	-
Commonwealth	1,413,841	1,411,675	931,773	(479,902)		422,100	422,100	522,202	100,102
Federal	2,033,445	2,035,611	1,445,869	(589,742)		-	-	-	-
Total revenues	3,447,286	3,447,286	2,377,906	(1,069,380)		422,100	422,100	522,202	100,102
Expenditures									
Public safety	-	-	-	-		-	-	-	-
Health and welfare	4,222,112	4,228,652	3,052,575	1,176,077		670,000	709,594	809,696	(100,102)
Parks, recreation and cultural	-	-	-	-		-	-	-	-
Community development	-	-	-	-		-	-	-	-
Debt service	-	-	-	-		-	-	-	-
Principal retirement	-	-	-	-		-	-	-	-
Interest and other charges	-	-	-	-		-	-	-	-
Total expenditures	4,222,112	4,228,652	3,052,575	1,176,077		670,000	709,594	809,696	(100,102)
Excess (deficiency) of revenues over expenditures	(774,826)	(781,366)	(674,669)	106,697		(247,900)	(287,494)	(287,494)	-
Other financing sources									
Operating transfers in	774,826	781,366	540,895	(240,471)		247,900	287,494	287,494	-
Total other financing sources	774,826	781,366	540,895	(240,471)		247,900	287,494	287,494	-
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	(133,774)	(133,774)		-	-	-	-
Fund balances (accumulated deficit) - beginning of year	-	-	-	-		-	-	-	-
Fund balances (accumulated deficit) - end of year	\$ -	\$ -	\$ (133,774)	\$ (133,774)		\$ -	\$ -	\$ -	\$ -

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

Year Ended June 30, 2010

	Section K				Asset Forfeitures Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Revenue from use of property	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Commonwealth	150,000	150,000	125,320	(24,780)	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	150,000	150,000	125,320	(24,780)	-	-	-	-
Expenditures								
Public safety	-	-	-	-	-	-	2,332	(2,332)
Health and welfare	207,734	207,734	191,479	16,255	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total expenditures	207,734	207,734	191,479	16,255	-	-	2,332	(2,332)
Excess (deficiency) of revenues over expenditures	(57,734)	(57,734)	(66,259)	(8,525)	-	-	(2,332)	(2,332)
Other financing sources								
Operating transfers in	57,734	57,734	66,259	8,525	-	-	-	-
Total other financing sources	57,734	57,734	66,259	8,525	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	-	-	-	-	(2,332)	(2,332)
Fund balances (accumulated deficit) - beginning of year	-	-	-	-	24,402	24,402	24,402	-
Fund balances (accumulated deficit) - end of year	\$ -	\$ -	\$ -	\$ -	\$ 24,402	\$ 24,402	\$ 22,070	\$ (2,332)

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, 2010

	1-911 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)
Revenues								
Other local taxes	\$ -	\$ -	\$ 70,347	\$ 70,347	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	579	579
Recovered costs	92,308	92,308	39,781	(52,527)	-	-	-	-
Intergovernmental	78,000	228,000	71,157	(156,843)	-	-	-	-
Federal	-	-	-	-	-	174,302	61,755	(112,547)
Total revenues	170,308	320,308	181,285	(139,023)	-	174,302	62,334	(111,968)
Expenditures								
Public safety	928,115	1,079,715	885,663	194,052	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	395,968	107,128	293,840
Debt service	-	-	-	-	-	-	-	-
Principal retirement	9,551	9,551	9,551	-	-	-	-	-
Interest and other charges	57	57	58	41	-	-	-	-
Total expenditures	937,723	1,089,323	895,272	194,051	-	395,968	107,128	293,840
Excess (deficiency) of revenues over expenditures	(767,415)	(769,015)	(713,987)	55,028	-	(221,666)	(39,794)	181,872
Other financing sources								
Operating transfers in	767,415	769,015	681,243	(87,772)	-	221,666	-	(221,666)
Total other financing sources	767,415	769,015	681,243	(87,772)	-	221,666	-	(221,666)
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	(32,744)	(32,744)	-	-	(39,794)	(39,794)
Fund balances (accumulated deficit) - beginning of year	265,798	265,798	265,798	-	290,836	290,836	290,836	-
Fund balances (accumulated deficit) - end of year	\$ 265,798	\$ 265,798	\$ 233,054	\$ 132,744)	\$ 290,836	\$ 290,836	\$ 251,042	\$ (39,794)

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

Year Ended June 30, 2010

	County Fair Fund				Museum Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	153,600	153,600	157,644	4,044	10,100	10,100	10,261	161
Miscellaneous	35,000	35,000	29,900	(5,100)	-	-	7,950	7,950
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	188,600	188,600	187,544	(1,056)	10,100	10,100	18,211	8,111
Expenditures								
Public safety	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	198,000	259,850	202,326	57,524	10,100	10,100	6,744	3,356
Debt service	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total expenditures	198,000	259,850	202,326	57,524	10,100	10,100	6,744	3,356
Excess (deficiency) of revenues over expenditures	(10,000)	(71,250)	(14,782)	56,468	-	-	11,467	11,467
Other financing sources								
Operating transfers in	10,000	71,250	10,000	(61,250)	-	-	-	-
Total other financing sources	10,000	71,250	10,000	(61,250)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	(4,782)	(4,782)	-	-	11,467	11,467
Fund balances (accumulated deficit) - beginning of year	4114,768	(114,768)	(114,768)	-	65,593	65,593	65,593	-
Fund balances (accumulated deficit) - end of year	\$ 4114,768	\$ (114,768)	\$ (119,550)	\$ (4,782)	\$ 65,593	\$ 65,593	\$ 77,060	\$ 11,467

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, 2010	Totals				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual		
Revenues					
Other local taxes	\$ -	\$ -	\$ 70,347	\$	70,347
Charges for services	163,740	163,700	167,905		4,205
Miscellaneous	35,080	35,000	38,693		3,693
Recovered costs	92,308	92,308	39,781		(52,527)
Intergovernmental:					
Commonwealth	2,063,941	2,211,775	1,650,352		(561,423)
Federal	2,033,445	2,209,913	1,507,624		(702,280)
Total revenues	4,388,394	4,712,696	3,474,702		(1,237,994)
Expenditures					
Public safety	928,115	1,079,715	887,995		191,720
Health and welfare	5,099,846	5,145,980	4,053,750		1,092,230
Parks, recreation and cultural	208,700	269,940	209,070		60,880
Community development	-	395,968	102,128		293,840
Debt service					
Principal retirement	9,551	9,551	9,551		-
Interest and other charges	57	57	58		(1)
Total expenditures	6,246,269	6,591,221	5,262,552		1,328,669
Excess (deficiency) of revenues over expenditures	(1,857,875)	(1,878,525)	(1,787,850)		400,675
Other financing sources					
Operating transfers in	1,857,875	2,188,525	1,585,891		(602,634)
Total other financing sources	1,857,875	2,188,525	1,585,891		(602,634)
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	(201,959)		(201,959)
Fund balances (accumulated deficit) - beginning of year	531,861	531,861	531,861		-
Fund balances (accumulated deficit) - end of year	\$ 531,861	\$ 531,861	\$ 329,902		\$ (201,959)

County of Isle of Wight, Virginia

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

June 30, 2010

	Governmental Funds					Totals
	School Operating Fund	School Textbook Fund	School Capital Projects Fund	School Cafeteria Fund		
Assets						
Cash and investments	\$ 2,615,350	\$ -	\$ -	\$ -	\$ 481,400	\$ 3,096,750
Restricted cash	29,280	-	-	-	-	29,280
Accounts receivable - net of allowances for uncollectibles	20,047	-	-	-	5,846	25,893
Inventory	-	9,051	-	-	33,022	42,073
Due from primary government	2,339,039	-	-	-	-	2,339,039
Due from other funds	-	10,667	-	-	42,775	53,442
Due from other governmental units	1,089,103	-	-	-	67,972	1,157,075
Total assets	\$ 6,092,819	\$ 19,718	\$ -	\$ -	\$ 631,015	\$ 6,743,552
Liabilities						
Accounts payable	\$ 751,395	\$ 8,104	\$ -	\$ -	\$ 16,710	\$ 776,209
Accrued liabilities	4,903,389	-	-	-	-	4,903,389
Due to other funds	53,442	-	-	-	-	53,442
Total liabilities	\$ 5,708,226	\$ 8,104	\$ -	\$ -	\$ 16,710	\$ 5,733,040
Fund Equity						
Fund balances						
Reserved						
Inventory	-	9,051	-	-	33,022	42,073
Encumbrances	383,577	7,108	-	-	3	390,688
Unreserved						
Undesignated	1,016	(4,545)	-	-	581,280	577,751
Total fund equity	\$ 384,593	\$ 11,614	\$ -	\$ -	\$ 614,305	\$ 1,010,512
Total liabilities and fund equity	\$ 6,092,819	\$ 19,718	\$ -	\$ -	\$ 631,015	\$ 6,743,552

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

June 30, 2010

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

Total fund balances - School Board - governmental funds	\$ 1,010,512
Amounts reported for government activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation.	28,027,325
Long-term liabilities, including compensated absences and the OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(1,884,967)
The internal service fund is used by management to charge the cost of health benefits. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	<u>1,292,277</u>
Total net assets - School Board - governmental activities	<u>\$ 28,445,147</u>

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, 2010

	Governmental Funds				Total
	School Operating Fund	School Textbook Fund	School Capital Projects Fund	School Cafeteria Fund	
Revenues					
Revenues from use of money and property	\$ 82,856	\$ -	\$ -	\$ 1,196	\$ 84,052
Charges for services	139,317	-	-	940,090	1,079,407
Miscellaneous	55,717	-	-	-	55,717
Recovered costs	28,976	-	-	-	28,976
Revenue from the primary government	25,054,023	-	-	-	25,054,023
Intergovernmental:					
Commonwealth	26,523,248	-	-	25,965	26,549,213
Federal	4,340,685	-	-	939,792	5,280,477
Total revenues	56,224,822	-	-	1,907,043	58,131,865
Expenditures					
Current					
Administration	2,164,737	-	-	-	2,164,737
Instructional services	40,175,843	149,223	-	-	40,325,066
Operations and maintenance	4,610,250	-	-	-	4,610,250
Pupil transportation	2,867,896	-	-	-	2,867,896
School food services	-	-	-	1,783,033	1,783,033
Technology	1,906,171	-	-	-	1,906,171
Capital projects	661,062	-	8,602	-	669,664
Debt service	4,095,549	-	-	-	4,095,549
Total expenditures	56,481,508	149,223	8,602	1,783,033	58,422,366
Excess (deficiency) of revenues over expenditures	(256,686)	(149,223)	(8,602)	124,010	(290,501)
Other financing sources (uses)					
Operating transfers in	-	109,763	-	-	109,763
Operating transfers out	(109,763)	-	-	-	(109,763)
Total other financing sources (uses)	(109,763)	109,763	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(366,449)	(39,460)	(8,602)	124,010	(290,501)
Fund equity - beginning of year	751,042	51,074	8,602	490,295	1,301,013
Fund equity - end of year	\$ 384,593	\$ 11,614	\$ -	\$ 614,305	\$ 1,010,512

*County of Isle of Wight, Virginia****Statements of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund
Component Unit - School Board***

June 30, 2010

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

Net change in fund balances - School Board - governmental funds	\$ (290,501)
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Amounts reported for governmental activities in the statement
of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and transfers exceed depreciation expense.	1,599,031
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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.	(567,555)
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The internal service fund is used by management to charge the cost of health benefits. The net loss of the internal service fund is reported with governmental activities in the statement of activities.	<u>(217,150)</u>
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Change in net assets of School Board - governmental activities	<u>\$ 523,825</u>
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**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Governmental Funds - Component Unit - School Board**

Year Ended June 30, 2010

	School Operating Fund				School Textbook Fund				School Capital Projects Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues												
Revenues from use of money and property	\$ 70,000	\$ 70,000	\$ 42,856	\$ 12,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	137,500	137,500	139,317	1,817	-	-	-	-	-	-	-	-
Miscellaneous	14,800	14,800	55,717	40,917	-	-	-	-	-	-	-	-
Reversed costs	77,800	77,800	28,976	48,824	-	-	-	-	-	-	-	-
Revenue from the primary government	21,919,801	22,318,831	25,054,023	2,735,192	-	-	-	-	500,000	542,149	-	(542,149)
Intergovernmental												
Commonwealth	28,298,292	27,116,552	26,533,248	(591,304)	-	-	-	-	-	-	-	-
Federal	4,600,166	5,681,006	4,140,685	(1,540,321)	-	-	-	-	-	-	-	-
Total revenues	55,018,489	55,417,389	56,234,822	807,433					500,000	542,149		(542,149)
Expenditures												
Current												
Administration, attendance and health	\$ 1,986,177	\$ 2,325,853	2,184,737	61,116	-	-	-	-	-	-	-	-
Instructional services	42,219,975	41,959,393	40,175,843	1,783,550	120,000	169,246	149,223	20,023	-	-	-	-
Operations and maintenance	5,412,548	5,377,256	4,610,250	767,006	-	-	-	-	-	-	-	-
School food services	-	-	-	-	-	-	-	-	-	-	-	-
Pupil transportation	3,342,681	3,448,294	2,867,896	580,398	-	-	-	-	-	-	-	-
Technology	3,917,008	2,050,040	1,906,171	173,869	-	-	-	-	-	-	-	-
Capital projects	-	908,349	661,062	247,287	-	-	-	-	300,000	550,731	8,602	542,149
Debt service	-	-	4,095,549	(4,095,549)	-	-	-	-	300,000	550,731	8,602	542,149
Total expenditures	54,895,389	55,999,185	56,481,508	(482,323)	120,000	169,246	149,223	20,023	300,000	550,731	8,602	542,149
Excess (deficiency) of revenues over expenditures	120,100	458,206	(426,686)	325,110	(120,000)	(169,246)	(149,223)	20,023	-	(8,602)	(8,602)	-
Other financing sources (uses)												
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers out	(129,000)	(169,246)	(149,763)	(59,483)	120,000	169,246	109,763	(59,483)	-	-	-	-
Other financing sources (uses)	(129,000)	(169,246)	(149,763)	(59,483)	120,000	169,246	109,763	(59,483)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(351,042)	(366,449)	(364,591)	-	-	419,460	(39,460)	-	(8,602)	(8,602)	-
Fund balances - beginning of year	751,042	751,042	751,042	-	51,074	51,074	53,074	(39,460)	8,602	8,602	8,602	-
Fund balances - end of year	\$ 751,042	\$ -	\$ 384,593	\$ 1,864,593	\$ 51,074	\$ 51,074	\$ 11,614	\$ 139,460	\$ 8,602	\$ -	\$ -	\$ -

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, 2010

	School Cafeteria Fund				Totals			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Revenues from use of money and property	\$ 4,896	\$ 4,896	\$ 1,196	\$ 13,700	\$ 74,896	\$ 74,896	\$ 84,052	\$ 9,156
Charges for services	1,036,862	1,036,862	940,090	196,772	1,174,362	1,174,362	1,079,407	194,955
Miscellaneous	-	-	-	-	34,800	34,800	55,717	40,917
Reimbursements	-	-	-	-	77,800	77,800	28,976	148,824
Revenue from the primary government	-	-	-	-	22,419,831	22,860,080	25,054,021	2,193,943
Intergovernmental								
Community health	29,743	29,743	25,965	3,778	28,228,035	27,146,295	26,549,213	1,678,782
Federal	964,225	964,225	939,792	24,433	5,564,491	6,646,131	5,280,477	1,365,654
Total revenues	2,035,726	2,035,726	1,907,043	1,228,683	57,554,315	57,995,264	58,133,865	136,601
Expenditures								
Current								
Administration, attendance and health	-	-	-	-	1,986,177	2,225,853	2,164,737	61,116
Instructional services	-	-	-	-	42,339,975	42,128,639	40,325,666	1,813,336
Operations and maintenance	-	-	-	-	5,432,548	5,377,256	4,610,250	767,006
School food services	2,035,726	2,035,630	1,783,033	270,597	2,035,726	2,035,630	1,783,033	270,597
Public transportation	-	-	-	-	3,342,681	3,448,294	2,867,896	580,398
Technology	-	-	-	-	1,917,008	2,090,040	1,916,171	173,869
Capital projects	-	-	-	-	500,000	1,459,100	669,664	789,436
Debt service	-	-	-	-	-	-	4,195,549	(4,195,549)
Total expenditures	2,035,726	2,035,630	1,783,033	270,597	57,554,315	58,772,812	58,422,366	350,446
Excess (deficiency) of revenues over expenditures	-	-	124,010	143,914	-	(777,548)	(290,501)	487,047
Other financing sources (uses)								
Operating transfers in	-	-	-	-	120,000	169,246	104,763	159,483
Operating transfers out	-	-	-	-	(120,000)	(169,246)	(104,763)	59,483
Other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	-	124,010	143,914	-	(777,548)	(290,501)	487,047
Fund balances - beginning of year	490,295	490,295	490,295	-	1,301,013	1,301,013	1,301,013	-
Fund balances - end of year	\$ 490,295	\$ 472,391	\$ 614,305	\$ 141,914	\$ 1,301,013	\$ 523,465	\$ 1,010,512	\$ 487,047

*County of Isle of Wight, Virginia**Statement of Net Assets - Proprietary Fund - Component Unit - School Board***June 30, 2010**

	Assets	School Health Benefits Fund
Current assets		
Cash and cash equivalents - restricted		<u>\$ 2,211,790</u>
	Liabilities	
Current liabilities		
Accounts payable		<u>\$ 656,612</u>
Deferred revenue		<u>262,901</u>
Total current liabilities		919,513
	Net Assets	
Net assets		<u>1,292,277</u>
Total liabilities and net assets		<u>\$ 2,211,790</u>

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

Year Ended June 30, 2010	
	School Health Benefits Fund
Operating revenues	
Recovered costs	\$ 4,063,085
Operating expenses	
Healthcare benefits	<u>4,286,771</u>
Operating income	(223,686)
Nonoperating revenue	
Revenue from use of money and property	<u>6,536</u>
Net income	(217,150)
Net assets - beginning of year	<u>1,509,427</u>
Net assets - end of year	<u><u>\$ 1,292,277</u></u>

*County of Isle of Wight, Virginia**Statement of Cash Flows - Proprietary Fund - Component Unit - School Board***Year Ended June 30, 2010**

	<u>School Health Benefits Fund</u>
Cash flows from operating activities	
Received from customers and users	\$ 4,028,188
Payments to suppliers for goods and services	<u>(4,160,035)</u>
Net cash from operating activities	(131,847)
Cash flows from investing activities	
Interest income	<u>6,536</u>
Change in cash and cash equivalents	(125,311)
Cash and cash equivalents - beginning of year	<u>2,337,101</u>
Cash and cash equivalents - end of year	<u>\$ 2,211,790</u>
Reconciliation of operating loss to net cash from operating activities	
Operating income	\$ (223,686)
Adjustments to reconcile to net cash from operating activities	
Change in:	
Accounts payable and accrued liabilities	126,736
Deferred revenue	<u>(34,897)</u>
Net cash from operating activities	<u>\$ (131,847)</u>

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

Year Ended June 30, 2010			
	Special Welfare Funds	Student Activity Funds	Totals Agency Funds
Assets			
Cash and cash equivalents	\$ 41,343	\$ 332,246	\$ 373,589
Liabilities			
Amounts held for social services clients	\$ 41,343	\$ -	\$ 41,343
Amounts held for others	-	332,246	332,246
Total liabilities	\$ 41,343	\$ 332,246	\$ 373,589

*County of Isle of Wight, Virginia**Combining Statements of Changes in Assets and Liabilities - Fiduciary Funds*

Year Ended June 30, 2010					
	Balance Beginning of Year	Additions	Deletions	Balance End of Year	
Special Welfare					
Assets					
Cash and cash equivalents	\$ 13,053	\$ 383,891	\$ 355,601	\$ 41,343	
Liabilities					
Amounts held for social services clients	\$ 13,053	\$ 383,891	\$ 355,601	\$ 41,343	
Student Activities					
Assets					
Cash and cash equivalents	\$ 306,533	\$ 1,976,308	\$ 1,950,595	\$ 332,246	
Liabilities					
Amounts held for others	\$ 306,533	\$ 1,976,308	\$ 1,950,595	\$ 332,246	

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

June 30,	2010	2009
Assets		
Current assets		
Cash and cash equivalents	\$ 1,369,977	\$ 1,425,448
Cash - restricted	-	61,101
Receivables	301,525	317,339
 Total current assets	1,671,502	1,803,888
Noncurrent assets		
Capital lease receivable	223,488	248,885
Capital assets		
Nondepreciable	10,604,526	10,485,663
Depreciable	53,350	54,450
 Total noncurrent assets	10,881,364	10,788,998
 Total assets	\$ 12,552,866	\$ 12,592,886
Liabilities		
Current liabilities		
Accounts payable	\$ -	\$ 28,922
Escrow payable	1,000	60,000
 Total current liabilities	1,000	88,922
Noncurrent liabilities		
Note payable	200,968	224,525
 Total liabilities	201,968	313,447
Net Assets		
Invested in capital assets - net of related debt	10,456,908	10,315,588
Designated for encumbrances	16,725	176,231
Undesignated	1,877,265	1,787,620
 Total net assets	12,350,898	12,279,439
 Total liabilities and net assets	\$ 12,552,866	\$ 12,592,886

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

Years Ended June 30,	2010	2009
Operating revenues		
Charges for services	\$ 19,167	\$ 21,190
Operating expenses		
Operations	2,284	42,243
Compensation	3,975	1,859
Depreciation	1,101	550
Total operating expenses	7,360	44,652
Operating income (loss)	11,807	(23,462)
Nonoperating revenues (expenses)		
Property rental	35,541	39,824
Gain of sale of property	-	138,250
Transfer of capital assets from general fund	-	5,576,777
Interest revenue	333	931
Interest and fiscal charges	(14,222)	(15,734)
Recovered costs	60,000	-
Transfers to the general fund	(22,000)	-
Total nonoperating revenues	59,652	5,740,048
Change in net assets	71,459	5,716,586
Net assets - beginning of year	12,279,439	6,562,853
Net assets - end of year	\$ 12,350,898	\$ 12,279,439

*County of Isle of Wight, Virginia**Statements of Cash Flows - Component Unit - Industrial Development Authority*

Years Ended June 30,	2010	2009
Cash flows from operating activities		
Received from customers and users	\$ 34,982	\$ 338,529
Payments to suppliers for goods and services	(90,206)	(18,398)
Payments to employees	(3,975)	(1,859)
Net cash from operating activities	(59,199)	318,272
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(80,865)	(54,671)
Principal payments on notes and bonds payable	(23,557)	(22,044)
Interest paid on notes and bonds payable	(14,222)	(15,734)
Net cash from capital and related financing activities	(118,644)	(92,449)
Cash flows from investing activities		
Interest income	29,554	40,755
Principal collections on capital lease receivable	25,397	23,769
Proceeds from sale of property	-	138,250
Net cash from investing activities	54,951	202,774
Change in cash and cash equivalents	(122,892)	428,597
Cash and cash equivalents - beginning of year	1,486,549	1,057,952
Cash and cash equivalents - end of year	\$ 1,363,657	\$ 1,486,549
Reconciliation of operating loss to net cash from operating activities		
Operating income	\$ 11,807	\$ (23,462)
Adjustments to reconcile to net cash from operating activities		
Depreciation expense	1,101	550
Change in:		
Receivables	15,815	317,339
Accounts payable	(28,922)	23,845
Amounts held for others	(59,000)	-
Net cash from operating activities	\$ (59,199)	\$ 318,272
Supplemental disclosure		
Capital contribution of construction related to various projects under development	\$ -	\$ 5,576,777
Cash and cash equivalents is shown in the accompanying statements of net assets		
Cash and cash equivalents	\$ 1,363,657	\$ 1,425,448
Cash - restricted	-	61,101
	\$ 1,363,657	\$ 1,486,549



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***Independent Auditors Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards***

Board of Supervisors
County of Isle of Wight, Virginia

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Isle of Wight, Virginia*, as of and for the year ended June 30, 2010, which collectively comprise the *County of Isle of Wight, Virginia's* basic financial statements and have issued our report thereon dated March 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the *County of Isle of Wight, Virginia's* internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *County of Isle of Wight, Virginia's* internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and another deficiency we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider these deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: Findings 2010-3, 2010-4, and 2010-5.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider these deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies: Finding 2010-1 and 2010-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the *County of Isle of Wight, Virginia's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the *County of Isle of Wight, Virginia's* Board of Supervisors, School Board members, management, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Goodman & Company, L.L.P.

Newport News, Virginia
March 30, 2011



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***Independent Auditors Report on Compliance with Requirements that
Could Have a Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133***

Board of Supervisors
County of Isle of Wight, Virginia

Compliance

We have audited the ***County of Isle of Wight, Virginia's*** compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The ***County of Isle of Wight, Virginia's*** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of the ***County of Isle of Wight, Virginia's*** management. Our responsibility is to express an opinion on the ***County of Isle of Wight, Virginia's*** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about the ***County of Isle of Wight, Virginia's*** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the ***County of Isle of Wight, Virginia's*** compliance with those requirements.

In our opinion, the ***County of Isle of Wight, Virginia*** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010.

Internal Control over Compliance

The management of the *County of Isle of Wight, Virginia* is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the *County of Isle of Wight, Virginia's* internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the *County of Isle of Wight, Virginia's* internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of significant deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors, School Board members, others within the entity, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Goodman & Company, L.L.P.

Newport News, Virginia
March 30, 2011



Certified Public Accountants
Specialized Services
Business Solutions

***Report of Independent Auditors on Compliance
with Commonwealth of Virginia Laws,
Regulations, Contracts and Grants***

Board of Supervisors
County of Isle of Wight, Virginia

We have audited the financial statements of the *County of Isle of Wight, Virginia* as of and for the year ended June 30, 2010, and have issued our report thereon dated March 30, 2011.

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 *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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with Commonwealth of Virginia laws, regulations, contracts and grants applicable to the *County of Isle of Wight, Virginia* is the responsibility of the management of the *County of Isle of Wight, Virginia*. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the *County of Isle of Wight, Virginia's* compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Following is a summary of the Commonwealth of Virginia's laws, regulations, contracts and grants for which we performed tests of compliance:

Code of Virginia

- Budget and Appropriation Laws
- Cash and Investments
- Conflicts of Interest
- Debt Provisions
- Retirement Systems
- Procurement
- Unclaimed Property

State Agency Requirements

- Education
- Social Services

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Newport News VA 23606

The results of our tests disclosed two instances of noncompliance with the provisions referred to in the preceding paragraph. These instances are discussed in the Schedule of Findings and Questioned Costs as Findings 2010-6 and 2010-7. With respect to items not tested, nothing came to our attention that caused us to believe that the *County of Isle of Wight, Virginia* had not complied, in all material respects, with those provisions.

This report is intended solely for the information and use of the *County of Isle of Wight, Virginia's* Board of Supervisors, School Board members, management, the Auditor of Public Accounts and all applicable state agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Goodman & Company, L.L.P.

Newport News, Virginia
March 30, 2011

County of Isle of Wight, Virginia

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010			
Federal Grantor/State Pass Through Grantor/Program Title	Catalogue of Federal Domestic Assistance Number	Total Expenditures	
Department of Agriculture			
Pass-Through Payments			
Department of Education:			
School Breakfast Program	10.553	\$	227,587
National School Lunch Program	10.555		701,419
USDA Government Commodities	10.555		10,787
Department of Social Services			
State Administrative Matching Grants for Food Stamp Program	10.561		626,892
Total Department of Agriculture			<u>1,566,685</u>
Department of Housing and Urban Development			
Pass-Through Payments			
Department of Housing and Community Development:			
HOME Investment Partnerships	14.239		15,500
Total Department of Housing and Urban Development			<u>15,500</u>
Department of Criminal Justice Services			
Pass-Through Payments			
Department of Criminal Justice Services			
Crime Victim Assistance	16.575		47,345
Byrne Formula Grant Program	16.579		43,667
Violence Against Women	16.588		21,010
Bulletproof Vest Grant	16.607		2,760
COPS 2008 Technology Grant	16.710		14,909
COPS 2008 Schools Technology Grant	16.710		6,290
Byrne JAG Grant (LLEBG)	16.738		912
JAG Recovery Act 2009	16.804		15,143
Total Department of Criminal Justice Services			<u>152,036</u>
Department of Transportation			
Pass-Through Payments			
DMV Law Enforcement Traffic Safety	20.601		10,758
DMV Law Enforcement Traffic Safety	20.607		6,894
Total Department of Transportation			<u>17,652</u>
Environmental Protection Agency			
Pass-Through Payments			
Department of Conservation and Recreation:			
Chesapeake Bay Implementation	66.466		4,920
Total Department of Transportation			<u>4,920</u>

County of Isle of Wight, Virginia

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010		
Federal Grantor/State Pass Through Grantor/Program Title	Catalogue of Federal Domestic Assistance Number	Total Expenditures
Department of Education		
Pass-Through Payments		
Department of Education:		
Universal Services - ERATE	11.000	159,377
JROTC	12.000	68,689
Adult Education	84.002	26,041
Title I - Grants to Local Educational Agencies	84.010	574,769
Special Education - Grants to States	84.027	1,168,411
Impact Aid	84.041	34,662
Vocational Education - Basic Grants to States	84.048	80,414
Special Education - Preschool Grants	84.173	3,544
Safe and Drug-Free Schools and Communities - State Grants	84.186	14,605
Innovative Education Program Strategies	84.298	1,471
Education Technology State Grants	84.318	12,315
Reading First	84.357	44,076
Title III, Part A - Language Acquisition State Grant	84.365	2,847
Improving Teacher Quality State Grants	84.367	211,618
ARRA Title II- Education Technology Recovery Act	84.386	9,192
ARRA Title I- Local Education Recovery Act	84.389	44,770
ARRA State Fiscal Stabilization Fund	84.394	717,153
ARRA State Fiscal Stabilization Fund-Basic Aid Offset	84.394	1,081,740
ARRA- McKinney - Vento	84.UNKNOWN	1,532
Total Department of Education		4,257,226
Department of Health and Human Services		
Pass-Through Payments		
Department of Social Services:		
Adoption Recruitment	93.556	24,950
Temporary Assistance to Needy Families (TANF)	93.558	533,198
Refugee and Entrant Assistance State Administered Plans	93.566	909
Low-Income Home Energy Assistance Block Grant	93.568	34,916
Child Care and Development Block Grant	93.575	109,223
CCDF At Risk Daycare	93.596	260,294
Chafee Education and Training Vouchers Program	93.599	884
Child Welfare Services State Grants	93.645	1,894
Foster Care - Title IV-E	93.658	401,265
Adoption Assistance	93.659	62,013
Social Services Block Grant	93.667	598,756
Chafee Foster Care Independence Program	93.674	9,532
ARRA Child Care and Development Block Grant	93.713	37,252
FAMIS	93.767	20,681
Medical Assistance Program (Medicaid, Title XIX)	93.778	369,646
Total Department of Health and Human Services		2,465,413

*County of Isle of Wight, Virginia**Schedule of Expenditures of Federal Awards*

Year Ended June 30, 2010		
Federal Grantor/State Pass Through Grantor/Program Title	Catalogue of Federal Domestic Assistance Number	Total Expenditures
Department of Homeland Security		
Pass-Through Payments		
Port Security Program	97.056	37,500
Total Department of Homeland Security		<u>37,500</u>
Total Expenditures of Federal Awards		<u>\$ 8,516,932</u>

*County of Isle of Wight, Virginia**Notes to Schedule of Expenditures of Federal Awards*

Year Ended June 30, 2010

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the *County of Isle of Wight, Virginia*. The *County of Isle of Wight, Virginia's* reporting entity is defined in Note 1 to the County's basic financial statements.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

* * * * *

*County of Isle of Wight, Virginia**Schedule of Findings and Questioned Costs*

Year Ended June 30, 2010

1. Summary of Auditors' Results

- a) The auditors' report expresses an unqualified opinion on the financial statements of the County.
- b) There were material weaknesses and significant deficiencies noted in internal control over financial reporting.
- c) There were no instances of noncompliance material to the financial statements of the County, which would be required to be reported in accordance with *Government Auditing Standards*, noted during the audit.
- d) There were no significant deficiencies noted during the audit of internal control over major federal programs.
- e) The type of report issued on compliance for major programs was unqualified for all major programs.
- f) The audit did not disclose questioned costs and findings required to be reported under Section 510(a) of OMB Circular A-133.
- g) The major programs are:
 - i. Title 1- Grants to Local Education (CFDA Number 84.010 and 84.389)
 - ii. Special Education Cluster (CFDA Number 84.027 and 84.173)
 - iii. State Fiscal Stabilization Fund (CFDA Number 84.394)
 - iv. Child Care and Development Block Grant (CFDA Number 93.575, 93.596 and 93.713)
 - v. Medical Assistance Program (CFDA Number 93.778)
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) The auditee did not qualify as a low-risk auditee. In one of the preceding two years, there were findings considered material weaknesses in internal controls over compliance as well as known or likely questioned costs exceeding 5% of the total federal awards expended for a Type A program.

2. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with *Government Auditing Standards*.**Finding 2010-1**

Criteria: Adjustments to reconciled bank account - any changes to bank reconciliations should be reviewed and approved by the Treasurer. The Treasurer must ensure these changes are reasonable and appropriate.

Condition: After the June 30, 2010, school board operating bank account had been reconciled by the County treasurer, the previous School Board Director of Finance directed the County Treasurer to reclassify July 2010 disbursements as June 2010, disbursements thereby understating June 30, 2010, cash and accounts payables. Although the Treasurer was aware that the changes were inappropriate, the entries were made regardless.

*County of Isle of Wight, Virginia**Schedule of Findings and Questioned Costs***Year Ended June 30, 2010**

Effect: A material audit adjustment was made to reverse the error; cash was restored to the proper reconciled June 30, 2010, balance and accounts payable for the year ended June 30, 2010, were increased to include payables related to fiscal year 2010.

Recommendation: The Treasurer should alert an appropriate County official when discrepancies cannot be resolved with the Director of Finance of the School Board.

Management's Response: We (County and School Board) agree with the audit finding. Due to the Director of Budget and Finance position being vacant at the time of the infraction, the Treasurer was unsure from whom to seek guidance on how to resolve the issue. It was noted that the County Administrator would be the person to notify initially. If not available, review the issue with the Director of Budget and Finance.

Finding 2010-2

Criteria: Insuring capital assets belonging to the County - all capital assets belonging to the County should be including in property insurance policies.

Condition: During testing of capital asset additions, it was noted an asset had been inadvertently excluded from the property insurance policy.

Effect: Capital assets underinsured for potential loss.

Recommendation: Procedure be put in place to ensure all assets acquired and disposed of are properly included or deleted from related insurance policies as acquired or disposed. Also, another review of the property listing should take place prior to the beginning of the renewal period.

Management's Response: We agree with the audit finding and will implement procedures to ensure insurance policies are updated with asset additions and dispositions.

Finding 2010-3

Criteria: Accounting and Reporting of Fund Balance - Fund balance is made up of several components, including encumbrances and undesignated fund balance. Encumbrances should represent valid unperformed (executor) contracts for good or services. Undesignated fund balance represents unexpended funds that are normally required to be returned to the County. Fund balance should be reconciled at year end to ensure the proper disclosure of the components of fund balance is presented to those charged with governance.

Condition: The School Board finance office staff in place at the time of June 30, 2010, year end closing and reporting was unfamiliar with the basic knowledge of encumbrance and fund balance accounting and reporting.

*County of Isle of Wight, Virginia**Schedule of Findings and Questioned Costs***Year Ended June 30, 2010**

Effect: The original encumbrance amount was approved by the School Board as a budget carryover to fiscal year 2011 and became public information. During the audit, it was noted that the encumbrances included blanket purchase orders that should have been closed out at year end which resulted in overstating the original 2011 budget carryover and understating June 30, 2010, undesignated fund balance.

The June 30, 2010, unaudited, undesignated fund balance was reported as unexpended state funds to the School Board members and, subsequently to, the County's Board of Supervisors. Upon further review, it was determined the undesignated fund balance was not state funds but County funds and therefore was required to be returned to the County. A material audit adjustment was recorded reducing revenues received from the County and reducing due from the County.

Recommendation: Encumbrances should be examined at year end to ensure all represent unperformed contracts for goods or services. Undesignated fund balance should be reconciled to determine the source - county or state and recorded/reported appropriately.

Management's Response: We (Director of Finance of the School Board as of November 2010 and his staff) agree with the audit finding and will implement procedures to ensure proper recording and reporting of encumbrances and undesignated fund balance.

Finding 2010-4

Criteria: Checks and balances - journal entries - to ensure proper checks and balances, journal entries and the general ledger accounts affected, should be reviewed by a staff person other than the one posting the entry. If the Director of Finance posts the entry, the review would be performed by a member of management or governance.

Condition: The previous Director of Finance for the school board approved journal entries prior to posting to the general ledger by a staff person. After the Director resigned, the new Director in place as of June 30, 2010, prepared and posted the journal entries, without any oversight from another member of School Board management or governance.

Effect: This led to erroneous postings such as indicated in Finding 2010-1.

Recommendation: Journal entries should be prepared by an appropriate staff person and approved by the Accounting Manager or Director of Finance (as appropriate).

Management's Response: We (Director of Finance of the School Board as of November 2010 and his staff) agree with the audit finding and have already instituted procedures for journal entry posting checks and balances.

County of Isle of Wight, Virginia**Schedule of Findings and Questioned Costs****Year Ended June 30, 2010****Finding 2010-5**

Criteria: Sub ledger reconciliations - certain financial activity require reconciling on a monthly basis in order to record, report, and track the year to date activity. This includes capital asset activity as well as accrued expenses.

Condition: The school board accounting staff as of June 30, 2010, did not perform such financial/accounting functions.

Effect: The reconciliations were prepared several months subsequent to year end and material audit adjustments were posted as a result.

Recommendation: Capital asset activity, such as additions and deletions, and accrued expenses should be reconciled on a monthly basis, as part of normal month end close.

Management's Response: We (Director of Finance of the School Board as of November 2010 and his staff) agree with the audit finding and have already instituted procedures to perform such reconciliations and subsequent ledger postings.

3. Findings and Questioned Costs Relating to Federal Awards.

None

4. Findings and Questioned Costs Related to Commonwealth of Virginia Laws, Regulations, Contracts and Grants**Finding 2010-6**

Criteria: Sheriff Office Internal Controls - all fees collected by or for every sheriff shall be paid by him into the treasury of the County for which he is elected or appointed, on or before the tenth day of the month next succeeding that in which the fees are collected.

Condition: Two instances were noted in which funds were not remitted to the Treasurer by the 10th of the following month. Funds for September 2009 and April 2010 were remitted after the 10th of the applicable succeeding month.

Effect: The County is not in compliance with the *Code of Virginia*, section 15.2-1609.3.

Recommendation: The Sheriff must remit all receipts to the Treasurer in a timely manner in order to be in compliance with the *Code of Virginia*.

*County of Isle of Wight, Virginia**Schedule of Findings and Questioned Costs***Year Ended June 30, 2010**

Management's Response: We agree with the audit finding and will implement procedures to adhere to state requirements.

Finding 2010-7

Criteria: Section 3-5 - Conflicts of Interest: The State and Local Government Conflict of Interests Act require local government offices to file a statement of economic interests with the clerk of the governing body annually. Per the instructions for the statement, the annual filing deadline is January 15th of each year and the "affirmation" by all filers on the statement must be notarized.

Condition: Two such statements were not filed on time with the clerk of the governing body.

Effect: The County is not in compliance with the Commonwealth of Virginia State and Local Conflict of Interest Act.

Recommendation: Local officials submitting the form should review the instructions and complete and submit the form to the clerk by January 15th.

Management's Response: We agree with the audit finding and will implement procedures to adhere to state requirements.

5. Summary Schedule of Prior Year Audit Findings**Prior Year Federal Audit Findings**

None

Prior Year State Audit Findings**Finding 2009-01**

Criteria: Sheriff Office Internal Controls - all fees collected by or for every sheriff shall be paid by him into the treasury of the County for which he is elected or appointed, on or before the tenth day of the month next succeeding that in which the fees are collected.

Condition: There was one instance in which funds were not remitted to the County Treasurer by the 10th of the month.

Resolution: For the year ended June 30, 2010, we noted two similar instances, see **Finding 2010-1**.

*County of Isle of Wight, Virginia**Schedule of Findings and Questioned Costs*

Year Ended June 30, 2010

Finding 2009-02

Criteria: Sheriff Office Internal Controls: All sheriffs are responsible for having sufficient controls and procedures in place to satisfy statutory requirements and prevent fraud, misuse, or loss of funds and assets. Per the Virginia Sheriff's Accounting Manual, the sheriff should deposit funds not remitted to the Treasurer directly into a bank account by the end of the next banking day.

Condition: An instance was noted in which funds were not deposited into the bank account in a timely manner.

Resolution: For the year ended June 30, 2010, we noted no instance of the same finding.

* * * * *

County of Isle of Wight, Virginia

Statistical Section Overview

Year Ended June 30, 2010

This part of the County of Isle of Wight's comprehensive annual financial report presents detailed information as a context for understanding what 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.

C-13

Operating Information

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

C-14 through C-16

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

County of Isle of Wight, Virginia

Net Assets by Component

Last Eight Fiscal Years	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities								
Invested in capital assets - net of related debt	\$ (5,119,903)	\$ 7,629,388	\$ 9,382,768	\$ 12,936,538	\$ 10,905,026	\$ 11,362,753	\$ 5,461,013	\$ 11,412,982
Restricted	22,703,988	27,436,029	14,816,245	11,393,907	6,685,306	13,409,255	31,068,805	16,300,124
Unrestricted	17,675,588	4,259,513	19,329,621	22,294,446	24,355,641	12,294,399	(6,722,608)	(425,458)
Total governmental activities net assets	\$ 35,259,673	\$ 39,324,930	\$ 43,528,634	\$ 46,624,891	\$ 41,945,973	\$ 37,066,407	\$ 29,807,210	\$ 27,287,648
Business-type activities								
Invested in capital assets - net of related debt	\$ 88,152	\$ 864,915	\$ 6,425,436	\$ 4,030,507	\$ 3,321,270	\$ 3,447,385	\$ 4,867,521	\$ 4,738,611
Restricted	631,542	1,619,337	918,159	859,724	911,938	1,093,386	372,373	706,407
Unrestricted	-	-	-	380,734	3,152,360	1,615,721	999,282	100,487
Total business-type activities net assets	\$ 719,694	\$ 2,484,252	\$ 7,343,595	\$ 5,270,965	\$ 7,385,568	\$ 6,156,492	\$ 6,239,176	\$ 5,545,505
Primary government								
Invested in capital assets - net of related debt	\$ (5,031,751)	\$ 8,494,303	\$ 15,808,204	\$ 16,967,045	\$ 14,226,296	\$ 14,810,138	\$ 10,328,534	\$ 16,151,593
Restricted	23,335,530	29,055,366	15,734,404	12,253,631	7,597,244	14,502,641	31,441,178	16,300,124
Unrestricted	17,675,588	4,259,513	19,329,621	22,675,180	27,508,001	13,910,120	(5,723,326)	(324,971)
Total primary government net assets	\$ 35,979,367	\$ 41,809,182	\$ 50,872,229	\$ 51,895,856	\$ 49,331,541	\$ 43,222,899	\$ 36,046,386	\$ 32,126,746

County of Isle of Wight, Virginia

Change in Net Assets

Last Eight Fiscal Years	2010	2009	2008	2007	2006	2005	2004	2003
Expenses								
Governmental activities								
General government	\$ 4,721,064	\$ 3,410,733	\$ 6,182,728	\$ 4,794,578	\$ 5,800,635	\$ 4,897,964	\$ 5,339,611	\$ 6,318,976
Judicial administration	1,407,192	1,034,595	857,697	878,317	866,371	794,478	705,828	619,458
Public safety	8,228,634	8,966,721	6,053,668	6,166,925	5,632,965	5,155,185	4,619,949	3,211,937
General services	6,479,386	6,810,610	5,145,769	4,400,738	3,903,265	3,711,511	7,534,024	2,801,151
Health and welfare	5,062,126	5,143,058	5,025,666	4,894,622	4,540,638	3,824,681	3,456,212	3,507,654
Education	25,724,901	24,360,654	26,964,798	21,076,346	19,336,608	18,249,151	19,294,869	15,707,407
Parks, recreation and cultural	2,724,759	3,526,076	1,279,128	1,856,863	1,494,482	1,339,854	1,363,077	1,249,694
Community development	2,898,788	3,902,800	2,332,420	3,083,356	1,548,527	1,210,072	2,106,361	1,971,116
Nondepartmental	1,351,357	-	-	-	-	-	-	315
Forfeited assets	-	-	-	-	-	-	-	315
Interest on long-term debt	2,619,271	2,292,872	2,186,412	2,144,123	2,243,574	2,170,135	-	-
Total governmental activities expenses	60,827,478	59,448,119	56,028,286	49,255,808	45,167,065	41,333,031	44,419,931	35,388,023
Business-type activities								
Public utilities	6,986,865	6,273,275	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441	2,795,248
Total business-type activities expenses	6,986,865	6,273,275	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441	2,795,248
Total primary government expenses	\$ 67,814,343	\$ 65,721,394	\$ 61,609,571	\$ 54,393,794	\$ 48,414,125	\$ 44,829,902	\$ 47,564,372	\$ 38,183,271
Program revenue								
Governmental activities								
Charges for services:								
General government	\$ 25,863	\$ 11,162	\$ 1,693	\$ 242,086	\$ 66,864	\$ 342,958	\$ 652,345	\$ 64,463
Judicial administration	147,275	91,288	201,653	101,048	116,445	105,898	101,155	54,845
Public safety	637,668	833,366	721,630	704,337	520,015	563	501	539,029
General services	4,744	4,080	2,520	3,480	4,320	4,620	3,999	3,660
Health and welfare	-	-	-	75,030	77,925	-	-	58,407
Parks, recreation and cultural	394,328	357,218	263,158	260,831	258,788	404,313	314,248	371,934
Community development	387,414	281,552	76,791	140,302	2,314	1,543	744	613
Fines and forfeitures	-	-	-	47,800	64,469	46,051	40,374	1,496
Operating grants and contributions	5,655,377	6,617,823	7,292,110	5,581,783	3,199,313	7,716,360	10,018,189	4,164,547
Capital grants and contributions	1,618,901	161,236	183,662	-	-	-	-	-
Total governmental activities program revenues	8,871,570	8,357,725	8,743,217	7,156,697	4,310,453	8,622,306	11,331,555	5,258,994

County of Isle of Wight, Virginia
Change in Net Assets

Last Eight Fiscal Years	2010	2009	2008	2007	2006	2005	2004	2003
Business-type activities								
Charges for services	2,708,017	2,014,246	1,750,406	1,755,893	1,661,105	1,461,352	1,332,726	1,196,163
Operating grants and contributions	-	-	-	96,200	-	-	-	-
Capital grants and contributions	585,994	609,989	642,005	-	-	-	-	-
Total business-type activities program revenues	3,294,011	2,624,235	2,392,411	1,852,093	1,661,105	1,461,352	1,332,726	1,196,163
Total primary government program revenues	\$ 12,165,581	\$ 10,981,960	\$ 11,135,628	\$ 9,008,790	\$ 5,971,558	\$ 10,083,658	\$ 12,464,281	\$ 6,455,157
Net expense - governmental activities	\$ 51,955,908	\$ 51,090,394	\$ 47,285,069	\$ 42,099,111	\$ 40,856,612	\$ 32,710,725	\$ 33,288,376	\$ 30,128,714
Net expense - business-type activities	3,692,854	3,649,040	3,188,874	3,285,893	1,585,955	2,035,519	1,811,715	1,599,085
Total primary government net expense	\$ 55,648,762	\$ 54,739,434	\$ 50,473,943	\$ 45,385,004	\$ 42,442,567	\$ 34,746,244	\$ 35,100,091	\$ 31,727,799
General revenues and other changes in net assets								
Taxes								
Property taxes	\$ 38,081,388	\$ 38,665,135	\$ 36,374,761	\$ 35,199,045	\$ 31,333,628	\$ 30,088,119	\$ 27,504,428	\$ 25,523,450
Permits, fees and licenses	-	426,074	-	705,195	1,567,278	1,222,849	697,762	690,848
Fines and forfeitures	-	86,997	-	-	411	703	1,212	37,389
Other taxes	5,898,162	6,248,462	6,393,256	6,080,588	6,411,933	5,706,731	4,746,873	3,407,260
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	4,977,174
Recovered costs	-	-	-	224,213	127,074	144,867	113,252	174,072
Investment earnings	627,179	562,017	1,161,393	1,758,751	1,222,794	885,272	504,441	345,240
Miscellaneous	74,328	45,572	133,040	58,555	33,403	10,144	58,066	209,094
Gain on sale of assets	-	-	5,882	-	-	-	-	-
Transfers	(1,906,296)	(4,366,474)	(5,251,765)	(3,012,200)	(2,928,799)	(283,197)	(391,045)	(594,747)
Total governmental activities	47,890,651	46,886,600	44,188,812	46,778,029	45,736,178	39,969,922	35,807,938	34,769,780
Business-type activities								
Investment earnings	-	-	-	-	21,383	21,000	21,000	123,521
Connection fees	-	-	-	1,164,379	2,740,662	3,188,875	1,542,337	962,689
Gain on sale of assets	-	-	2,025	-	-	-	-	-
Miscellaneous	-	-	-	32,000	2,986	9,448	551,004	462,444
Transfers	1,928,296	(1,210,303)	4,282,478	(25,089)	-	283,197	391,045	1,711,866
Total business-type activities	1,928,296	(1,210,303)	4,284,503	1,171,290	2,815,031	3,502,520	2,505,386	3,260,520
Total primary government	\$ 49,818,947	\$ 45,676,297	\$ 48,473,315	\$ 47,949,319	\$ 48,551,209	\$ 43,472,442	\$ 38,313,324	\$ 38,030,300
Change in net assets								
Governmental activities	\$ (4,065,257)	\$ (4,203,704)	\$ (3,096,257)	\$ 4,678,918	\$ 4,879,566	\$ 7,259,197	\$ 2,519,562	\$ 4,641,066
Business-type activities	(1,764,558)	(4,859,343)	1,095,629	(2,114,603)	1,229,076	1,467,001	693,671	1,661,435
Total primary government	\$ (5,829,815)	\$ (9,063,047)	\$ (2,000,628)	\$ 2,564,315	\$ 6,108,642	\$ 8,726,198	\$ 3,213,233	\$ 6,302,501

County of Isle of Wight, Virginia

Fund Balances - Governmental Funds

Last Ten Fiscal Years	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General fund										
Designated	\$ 2,518,642	\$ 3,414,895	\$ 8,908,921	\$ 9,920,089	\$ 10,828,260	\$ 7,480,540	\$ 2,883,297	\$ 3,347,183	\$ 3,693,060	\$ 3,869,578
Undesignated	17,045,858	13,036,057	13,343,356	13,448,031	14,982,480	15,632,282	11,533,426	7,242,816	7,882,512	8,315,931
Total general fund	\$ 19,564,500	\$ 16,450,952	\$ 22,252,277	\$ 23,368,120	\$ 25,810,740	\$ 23,112,822	\$ 14,416,723	\$ 10,589,999	\$ 11,575,572	\$ 12,185,509
All other governmental funds										
Reserved	\$ 31,574	\$ 29,441	\$ 9,181	\$ 21,677	\$ 28,940	\$ 18,672	\$ 26,514	\$ 28,934	\$ 193,503	\$ 30,306
Unreserved, reported in										
Special revenue funds	298,329	502,420	642,624	395,315	710,402	711,619	880,482	1,072,580	762,115	375,213
Capital projects funds	22,703,988	27,436,029	12,402,711	11,177,979	6,273,860	8,304,865	31,239,994	13,816,429	3,091,715	2,659,840
Total all other governmental funds	\$ 23,033,891	\$ 27,967,890	\$ 13,054,516	\$ 11,594,971	\$ 7,013,202	\$ 9,035,156	\$ 32,146,990	\$ 14,911,943	\$ 4,047,333	\$ 3,065,359

County of Isle of Wight, Virginia

Changes in Fund Balance - Governmental Funds

Last Ten Fiscal Years	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
General property taxes	\$ 18,385,098	\$ 39,132,235	\$ 36,455,016	\$ 34,738,809	\$ 31,455,053	\$ 30,000,161	\$ 27,692,549	\$ 25,761,345	\$ 23,771,002	\$ 23,356,378
Other local taxes	5,898,162	6,248,462	6,193,256	6,080,588	5,925,247	5,328,825	4,746,873	3,939,916	3,920,875	3,418,355
Permits, fees and licenses	407,410	426,074	422,715	705,195	1,567,278	1,222,849	714,128	600,848	197,380	420,625
Fines and forfeitures	60,345	86,997	102,098	47,800	64,880	46,754	41,586	38,885	57,828	57,828
Revenue from use of property	623,179	562,017	1,209,977	1,764,813	1,222,794	985,272	504,441	345,241	791,984	862,331
Charges for services	1,091,500	1,043,664	826,949	925,316	646,836	273,278	315,932	117,509	418,941	419,198
Miscellaneous	122,347	136,831	422,807	240,246	112,016	244,164	251,608	402,453	247,782	312,796
Recovered costs	595,391	755,480	580,925	683,044	507,199	520,139	660,407	234,353	240,783	224,446
Intergovernmental	12,392,619	11,171,159	11,893,008	11,706,081	11,591,021	10,367,083	12,591,138	9,141,223	10,375,799	8,423,967
Total revenues	59,570,131	59,564,919	58,306,751	56,493,752	53,093,324	48,787,465	47,518,662	40,872,273	40,210,388	37,495,944
Expenditures										
General governmental administration	4,822,494	5,841,246	4,776,697	4,540,227	4,653,439	3,464,790	3,391,721	2,658,278	2,191,695	1,894,010
Judicial administration	1,017,192	1,034,595	857,697	878,317	866,371	796,197	791,587	616,124	662,414	602,738
Public safety	6,844,969	8,341,561	6,580,696	5,676,894	4,748,296	4,593,177	3,657,814	3,655,498	2,735,290	2,729,425
General Services	5,918,395	6,359,832	5,131,704	4,064,393	3,780,746	3,738,631	7,104,667	2,765,997	2,717,593	2,105,083
Health and welfare	5,019,248	5,105,498	4,969,514	4,831,783	4,198,322	3,689,141	3,425,313	3,470,791	3,216,992	3,079,466
Education	25,058,724	23,598,520	21,788,354	18,701,537	16,654,576	14,870,161	14,735,310	14,746,030	13,819,073	14,530,477
Parks, recreation and cultural	2,482,008	4,297,093	2,026,518	1,871,428	1,453,266	1,401,348	1,201,224	1,257,616	1,348,362	1,068,906
Community development	1,797,791	3,828,750	3,568,818	1,777,156	1,503,480	1,038,563	867,043	1,254,335	2,621,198	2,777,219
Nondepartmental	1,151,357	1,338,618	1,249,397	1,133,400	1,534,907	1,051,501	1,019,465	2,116,857	1,999,809	2,174,916
Capital projects	20,491,939		7,708,392	4,165,235	5,765,123	22,384,972	8,300,618	2,674,793	1,241,156	1,434,260
Debt service										
Principal	1,534,551	4,316,323	3,947,613	4,727,013	4,529,512	3,740,228	3,710,835	3,023,902	2,830,894	2,720,604
Interest	1,750,465	2,407,157	2,239,008	2,236,220	2,313,585	2,170,134	1,716,557	1,765,229	1,908,792	2,047,649
Issuance costs	253,168	352,213	47,400	42,970	2,875	2,875	317,058	85,258		
Total expenditures	78,362,321	66,731,406	64,881,833	54,323,603	52,102,613	63,225,718	50,147,152	39,490,708	37,113,468	37,165,433
Excess of revenues over (under) expenditures	(18,792,190)	(7,166,487)	(6,575,082)	2,169,149	988,711	(14,438,253)	(2,628,490)	1,381,565	3,096,920	330,511
Other financing sources (uses)										
Transfers in	1,607,891	30,804,999	14,495,362	10,536,626	6,810,406	4,686,313	11,172,630	14,600,015	5,225,361	4,896,229
Transfers out	(3,514,187)	(39,709,180)	(17,576,578)	(10,366,626)	(7,181,826)	(4,919,477)	(11,763,675)	(15,194,165)	(8,023,857)	(6,564,659)
Proceeds from borrowing	18,878,035	25,102,717	10,000,000		58,675	255,683	28,252,590	18,433,994		
Payments to escrow agent							(4,176,284)	(9,342,282)		
Total other financing sources (uses)	16,971,739	16,278,536	6,918,784	130,000	(312,745)	22,517	23,690,261	8,497,472	(2,798,496)	(1,668,430)
Net change in fund balances	(1,820,451)	9,112,049	143,702	2,139,149	675,966	(14,415,736)	21,061,771	9,879,037	298,424	(1,337,919)
Prior period adjustment									73,613	197,699
Net change in fund balance	\$ 11,820,451	\$ 9,112,049	\$ 343,702	\$ 2,139,149	\$ 675,966	\$ 114,415,736	\$ 21,061,771	\$ 9,879,037	\$ 372,037	\$ (1,140,220)
Debt service as a percentage of noncapital expenditures	6%	11%	11%	14%	15%	14%	14%	13%	13%	13%

County of Isle of Wight, Virginia

Assessed Value and Estimated Actual Value of Taxable Property

Fiscal Year	Commercial / Industrial Property				Less:		(1)		Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial / Industrial Property	Agriculture Property	Tax Exempt Property	Tax Exempt Property	Total Taxable Assessed Value	Total Taxable Assessed Value	Value			
2010	\$ 3,505,342,600	\$ 508,946,700	\$ 666,436,200	\$ 270,027,500	\$ 270,027,500	\$ 4,410,698,000	\$ 4,410,698,000	\$	0.52	\$ 4,410,698,000	100%
2009	\$ 3,483,983,000	\$ 622,787,400	\$ 684,778,700	\$ 265,716,300	\$ 265,716,300	\$ 4,525,832,800	\$ 4,525,832,800	\$	0.52	\$ 4,525,832,800	100%
2008	\$ 3,305,409,700	\$ 565,071,500	\$ 465,626,600	\$ 248,327,700	\$ 248,327,700	\$ 4,087,780,100	\$ 4,087,780,100	\$	0.52	\$ 4,087,780,100	100%
2007	\$ 3,101,569,900	\$ 513,599,500	\$ 491,224,800	\$ 251,617,200	\$ 251,617,200	\$ 3,854,777,000	\$ 3,854,777,000	\$	0.53	\$ 3,854,777,000	100%
2006	\$ 2,013,888,400	\$ 387,838,300	\$ 394,450,700	\$ 183,834,800	\$ 183,834,800	\$ 2,612,342,600	\$ 2,612,342,600	\$	0.68	\$ 2,612,342,600	100%
2005	\$ 1,924,066,025	\$ 358,005,900	\$ 403,887,900	\$ 181,187,400	\$ 181,187,400	\$ 2,504,772,425	\$ 2,504,772,425	\$	0.68	\$ 2,504,772,425	100%
2004	\$ 1,525,431,300	\$ 300,236,400	\$ 339,773,600	\$ 144,767,800	\$ 144,767,800	\$ 2,020,673,500	\$ 2,020,673,500	\$	0.75	\$ 2,020,673,500	100%
2003	\$ 1,456,424,700	\$ 288,136,400	\$ 343,635,000	\$ 144,598,900	\$ 144,598,900	\$ 1,943,597,200	\$ 1,943,597,200	\$	0.75	\$ 1,943,597,200	100%
2002	\$ 1,189,774,875	\$ 242,571,317	\$ 282,697,300	\$ 82,682,300	\$ 82,682,300	\$ 1,632,361,192	\$ 1,632,361,192	\$	0.77	\$ 1,632,361,192	100%
2001	\$ 1,143,649,026	\$ 238,451,700	\$ 280,748,100	\$ 82,261,500	\$ 82,261,500	\$ 1,580,587,326	\$ 1,580,587,326	\$	0.72	\$ 1,580,587,326	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
2010	\$ 4,410,701,000	\$ 313,455,361	\$ 22,572,521	\$ 768,126,945	\$ 216,191,065	\$ 5,731,046,892
2009	\$ 4,359,684,973	\$ 319,490,754	\$ 21,850,013	\$ 768,109,446	\$ 199,316,241	\$ 5,668,451,427
2008	\$ 3,968,971,300	\$ 295,835,165	\$ 26,153,828	\$ 744,812,445	\$ 218,043,560	\$ 5,253,816,298
2007	\$ 3,879,182,779	\$ 283,389,074 (5)	\$ 22,902,248	\$ 688,302,371	\$ 177,306,412	\$ 5,051,082,884
2006	\$ 2,626,671,100	\$ 239,166,064	\$ 26,328,256	\$ 676,290,770	\$ 202,190,306	\$ 3,770,646,496
2005	\$ 2,480,667,825	\$ 236,549,885	\$ 27,337,298	\$ 641,083,966	\$ 190,291,597	\$ 3,575,930,571
2004	\$ 2,047,366,488	\$ 213,355,172	\$ 26,941,289	\$ 596,034,772	\$ 226,837,648	\$ 3,110,535,369
2003	\$ 1,918,017,998	\$ 181,323,406	\$ 26,669,054	\$ 580,524,899	\$ 210,416,633	\$ 2,916,951,990
2002	\$ 1,715,143,492	\$ 167,909,785	\$ 21,183,401	\$ 650,111,217	\$ 93,657,641	\$ 2,648,005,536
2001	\$ 1,545,692,326	\$ 175,663,989	\$ 29,547,598	\$ 670,903,315	\$ 89,691,102	\$ 2,511,498,330

(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
2010	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2009	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2008	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
2007	\$ 0.53	\$ 4.40	\$ 0.53	\$ 0.95	\$ 1.00/1.00
2006	\$ 0.68	\$ 4.40	\$ 0.68	\$ 0.95	\$ 1.00/1.00
2005	\$ 0.68	\$ 4.40	\$ 0.68	\$ 0.95	\$ 1.00/1.00
2004	\$ 0.75	\$ 4.40	\$ 0.75	\$ 0.95	\$ 1.00/1.00
2003	\$ 0.75	\$ 4.40	\$ 0.75	\$ 0.95	\$ 1.00/1.00
2002	\$ 0.77	\$ 4.40	\$ 0.77	\$ 0.95	\$ 1.00/1.00
2001	\$ 0.72	\$ 4.40	\$ 0.72	\$ 0.95	\$ 1.00/1.00

County of Isle of Wight, Virginia

Principal Property Taxpayers

June 30, 2010

Taxpayer	2010			2009		
	Assessed Valuation Real Estate	Rank	Percent of Total Assessed Valuation Real Estate	Assessed Valuation Real Estate	Rank	Percent of Total Assessed Valuation Real Estate
International Paper	\$117,845,700	1	2.52%	\$117,845,700	1	2.97%
Inland RI Holdings I.L.C. etals	49,490,800	2	1.06%	50,845,200	2	1.28%
Smithfield Foods	42,858,400	3	0.92%	42,858,400	3	1.08%
Gwaltney of Smithfield, Ltd.	24,410,700	4	0.52%	24,410,700	4	0.62%
Eagle Harbor Apartments, LP	22,615,700	5	0.48%	22,615,700	5	0.57%
Eagle Harbor LLC	18,002,800	6	0.38%	20,755,500	6	0.52%
Smithfield Packing	17,424,500	7	0.37%	17,424,700	7	0.44%
Sentara Healthcare	17,067,000	8	0.36%	-	-	-
LDI Virginia LLC	15,456,500	9	0.33%	15,456,500	8	0.39%
Isle of Wight Industrial Properties	13,917,200	10	0.30%	13,917,200	9	0.35%
Eagle Harbor Shopping Center, LLC	-	-	-	11,869,400	10	0.30%
	<u>\$339,089,300</u>		<u>7.24%</u>	<u>\$337,999,000</u>		<u>8.52%</u>
Taxpayer	2010			2009		
	Assessed Valuation Personal Property		Percent of Total Assessed Valuation Personal Property (1)	Assessed Valuation Personal Property		Percent of Total Assessed Valuation Personal Property (1)
International Paper	\$609,515,319	1	55.20%	\$594,863,074	1	55.76%
Gwaltney of Smithfield Ltd.	57,250,394	2	5.18%	72,900,919	2	6.83%
Smithfield Packing	53,503,272	3	4.85%	52,999,824	3	4.97%
ATC Panels Inc.	16,757,945	4	1.52%	16,573,470	4	1.55%
Specialty Minerals, Inc.	8,213,001	5	0.74%	8,218,483	5	0.77%
Smithfield Foods	14,990,480	6	1.36%	5,991,210	6	0.56%
Franklin Equipment Company	2,936,633	7	0.27%	5,483,273	7	0.51%
Cost Plus, Inc.	4,966,674	8	0.45%	4,884,252	8	0.46%
Bloom/Food Lion	2,410,364	9	0.22%	2,460,106	9	0.23%
Charter Communications	2,309,625	10	0.21%	2,283,121	10	0.21%
	<u>\$772,853,707</u>		<u>70.00%</u>	<u>\$766,657,732</u>		<u>71.87%</u>

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

County of Isle of Wight, Virginia

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total (3) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1)(2) Tax Collections	(4) Total Tax Collections	Percent of	
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1) Percent of Delinquent Taxes to Tax Levy
2010	\$ 38,229,341	\$ 37,103,403	97.05%	\$ 1,125,938	\$ 38,463,274	100.61%	\$ 2,021,149 5.29%
2009	\$ 39,119,371	\$ 37,700,668	96.37%	\$ 1,431,558	\$ 39,132,235	100.03%	\$ 2,236,992 5.72%
2008	\$ 36,629,733	\$ 35,338,546	96.48%	\$ 1,116,470	\$ 36,455,016	99.52%	\$ 2,115,219 5.77%
2007	\$ 34,875,852	\$ 33,657,328	96.51%	\$ 1,081,481	\$ 34,738,809	99.61%	\$ 1,931,984 5.54%
2006	\$ 31,158,439	\$ 30,241,183	97.06%	\$ 1,213,870	\$ 31,455,053	100.95%	\$ 1,240,956 3.98%
2005	\$ 29,480,328	\$ 28,801,462	97.70%	\$ 1,198,654	\$ 30,000,116	101.76%	\$ 1,000,200 3.39%
2004	\$ 26,952,962	\$ 26,270,420	97.47%	\$ 1,014,471	\$ 27,284,891	101.23%	\$ 682,541 2.53%
2003	\$ 29,938,835	\$ 28,469,747	95.09%	\$ 1,187,196	\$ 29,656,943	99.06%	\$ 1,436,545 4.80%
2002	\$ 26,950,184	\$ 26,612,066	98.75%	\$ 814,475	\$ 27,426,541	101.77%	\$ 1,864,982 6.92%
2001	\$ 25,681,100	\$ 24,185,676	94.18%	\$ 889,540	\$ 25,075,216	97.64%	\$ 1,350,104 5.26%

(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	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Apparel stores	\$ 2,556,980	\$ 3,758,328	\$ 3,184,117	\$ 2,150,512	\$ 3,410,503	\$ 2,463,372	\$ 2,343,395	\$ 131,294	\$ 41,108	\$ 56,579
General merchandise	14,918,672	12,228,829	16,115,703	18,559,292	13,163,881	13,713,028	12,137,182	9,494,967	9,769,455	10,713,878
Food stores	74,800,531	60,905,257	61,264,656	54,501,587	48,032,908	55,664,066	61,960,182	53,597,062	53,979,892	52,344,242
Liquor and drinking establishments	32,607,044	23,713,146	21,443,858	21,019,435	19,887,741	21,033,780	19,456,091	16,452,368	15,322,039	15,071,571
Home furnishings and appliances	2,481,550	2,306,325	2,672,545	3,379,379	3,635,937	3,994,726	4,128,173	3,924,363	3,229,165	3,420,595
Building materials and farm loads	11,615,775	11,676,999	10,693,285	9,891,751	7,049,986	10,007,550	9,288,298	9,415,654	11,032,567	11,447,237
Auto dealers and supplies	5,287,732	3,263,926	4,272,627	4,538,516	4,518,819	2,766,818	2,505,619	2,456,053	2,417,098	2,335,819
Service stations	15,614,464	14,641,823	10,221,368	8,343,933	6,723,241	9,839,101	9,607,969	8,950,551	8,030,734	8,166,190
Other retail stores	9,613,885	20,802,164	57,032,191	51,903,227	45,761,268	44,447,762	41,151,707	28,926,140	33,403,843	30,462,117
All other outlets	74,411,889	15,581,876	18,866,150	22,965,139	20,992,350	16,325,974	15,114,705	16,154,509	13,713,360	13,994,107
	\$ 243,908,572	\$ 168,278,673	\$ 205,706,500	\$ 197,252,771	\$ 173,176,634	\$ 180,256,177	\$ 177,733,321	\$ 149,502,961	\$ 150,939,261	\$ 148,912,535

County of Isle of Wight, Virginia

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

Fiscal Year	Population	Assessed Value	(1)		Less Debt Payable from Enterprise Revenues	Net Bonded 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							
2010	36,729	\$5,731,046,892	\$ 102,459,627		\$ 23,680,401	\$ 78,779,226	0.0137		6.2%	\$ 2,145
2009	35,659	\$5,668,451,427	\$ 84,569,627		\$ 16,143,876	\$ 71,210,095	0.0126		5.4%	\$ 1,997
2008	34,620	\$5,253,816,298	\$ 67,352,825		\$ 11,127,705	\$ 56,225,120	0.0107		4.6%	\$ 1,624
2007	34,057	\$5,051,082,884	\$ 62,013,810		\$ 11,841,077	\$ 50,172,733	0.0099		4.3%	\$ 1,473
2006	33,065	\$3,770,646,496	\$ 67,052,307		\$ 12,358,036	\$ 54,694,271	0.0145		4.9%	\$ 1,654
2005	32,417	\$3,575,930,571	\$ 71,414,333		\$ 11,670,000	\$ 59,744,333	0.0167		5.7%	\$ 1,843
2004	31,600	\$3,110,535,369	\$ 75,503,903		\$ 12,085,000	\$ 63,418,903	0.0204		6.5%	\$ 2,007
2003	30,419	\$2,916,951,990	\$ 55,637,300		\$ 12,485,000	\$ 43,152,300	0.0148		4.7%	\$ 1,419
2002	30,100	\$2,648,005,536	\$ 49,357,300		\$ 12,865,000	\$ 36,492,300	0.0138		4.2%	\$ 1,212
2001	29,728	\$2,511,498,330	\$ 52,416,000		\$ 13,230,000	\$ 39,186,000	0.0156		4.7%	\$ 1,318

(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	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total assessed valuation of real estate from land book	\$ 4,680,728,500	\$ 4,359,684,973	\$ 3,908,971,300	\$ 3,879,182,779	\$ 2,626,671,100	\$ 2,480,667,825	\$ 2,047,360,488	\$ 1,918,017,998	\$ 1,715,443,492	\$ 1,545,692,326
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Debt limitation	468,072,850	435,968,497	390,897,130	387,918,278	262,667,110	248,066,783	204,736,049	191,801,800	171,544,349	154,569,233
Total debt of the County	162,459,627	84,560,627	64,255,029	58,680,029	67,052,307	71,414,333	75,503,903	55,560,279	49,357,300	52,416,000
Total debt of the Town of Smithfield	4,476,754	4,924,960	5,380,722	5,977,452	6,604,383	3,509,671	2,080,805	3,756,763	-	-
Total debt of the Town of Windsor	763,140	773,226	782,874	792,091	800,079	810,489	817,310	-	-	-
Total	167,699,521	90,267,813	70,418,622	65,369,572	74,456,769	75,734,493	78,322,018	59,326,042	49,357,300	52,416,000
Amount by which legal debt margin exceeds total debt	\$ 360,373,329	\$ 345,700,684	\$ 326,478,508	\$ 322,548,706	\$ 188,210,341	\$ 172,332,290	\$ 126,414,631	\$ 132,475,758	\$ 122,157,049	\$ 102,153,233

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

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

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(1) Per Capita Income</u>	<u>Registered Voters</u>	<u>(2) Unemployment Rate</u>
2010	36,729 (3)	\$ 37,754 (3)	25,675	7.7%
2009	35,659 (3)	\$ 36,654 (3)	25,732	6.7%
2008	34,620 (3)	\$ 35,586 (3)	24,131	3.7%
2007	33,612	\$ 34,549 (3)	23,356	3.0%
2006	33,090	\$ 33,543	22,501	3.1%
2005	32,417	\$ 32,275	21,639	3.5%
2004	31,600	\$ 30,711	21,594	3.2%
2003	30,419	\$ 29,894	20,213	3.4%
2002	30,100	\$ 28,546	19,953	3.4%
2001	29,728	\$ 28,344	N/A	2.7%

Source: (1) Weldon-Cooper Center for Public Service, UVA.
 (2) Virginia Employment Commission.
 (3) Estimated assuming a 3% growth rate from the prior year.
 N/A Information not available.

County of Isle of Wight, Virginia

Full-time Equivalent County Government Employees by Function/Program

Last Seven Fiscal Years	Full-time Equivalent Employees as of June 30,						
	2010	2009	2008	2007	2006	2005	2004
General government							
County Administration	4.0	5.0	6.0	7.0	7.0	6.0	4.0
County Attorney	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Commissioner of Revenue	11.5	11.5	10.5	9.5	9.5	9.5	8.5
Treasurer	9.5	10.5	8.5	7.5	7.5	7.5	7.5
Budget and Finance	7.0	7.0	7.0	6.5	6.0	6.0	5.5
Human Resources	2.0	3.0	3.0	3.0	2.0	2.0	2.0
Communications	1.0	2.0	1.0	1.0	1.0	1.0	1.5
Economic Development	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Registrar	2.5	2.0	2.0	2.0	2.0	2.0	2.0
Inspections	9.0	9.0	9.0	9.0	10.0	8.0	8.0
Information Technology	7.0	8.0	6.5	6.5	6.0	5.0	4.0
Planning and Zoning	12.0	13.0	12.0	12.0	13.0	10.0	10.0
Health & Welfare	5.0	7.0	6.0	1.0	1.0	1.0	1.0
Tourism	3.5	3.5	6.5	5.5	5.5	5.5	4.5
Clerk of Court	6.0	6.5	6.5	6.0	6.0	6.0	6.0
Commonwealth Attorney	6.0	5.5	4.0	4.0	4.0	4.5	5.0
Total general government	92.0	99.5	94.5	86.5	86.5	80.0	74.5
Public Safety							
Sheriff/Deputies (including Sheriff)	44.0	44.0	44.0	42.0	37.0	35.0	33.0
Administrative	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Animal Control	5.0	5.5	5.0	5.0	5.0	4.5	3.5
Emergency Communications	19.0	18.0	17.0	17.0	17.0	15.0	15.0
Total Public Safety	70.0	69.5	68.0	66.0	61.0	56.5	53.5

County of Isle of Wight, Virginia

Full-time Equivalent County Government Employees by Function/Program

Last Seven Fiscal Years	Full-time Equivalent Employees as of June 30,						
Function/Program	2010	2009	2008	2007	2006	2005	2004
Fire and Rescue							
Administrative	2.0	3.0	2.5	1.0	1.0	1.0	1.0
Firefighters/Paramedics	23.0	20.5	18.5	18.5	15.5	15.0	14.0
Total Fire and Rescue	25.0	23.5	21.0	19.5	16.5	16.0	15.0
General Services							
Administrative	3.0	1.5	1.5	2.0	2.0	2.0	2.0
Engineering	6.0	5.0	7.0	5.0	-	-	-
Refuse collection	19.0	19.5	21.5	19.0	19.0	19.0	17.5
Building and Grounds	5.0	12.0	11.0	11.5	9.0	8.5	8.0
Custodians	6.5	6.5	6.5	5.0	5.0	3.8	3.5
Total Public Works	39.5	44.5	47.5	42.5	35.0	33.3	31.0
Parks, Recreation and Cultural	22.5	12.5	13.5	16.5	16.5	15.5	20.0
Public Utilities	13.5	9.5	10.5	12.0	14.0	12.0	12.0
Public Schools							
Instructional Positions	539.0	555.6	549.6	534.1	501.7	457.7	445.0
Administrators	23.0	23.0	23.0	24.0	25.0	25.0	25.0
Support Personnel	207.0	245.1	247.5	247.3	242.0	236.2	236.6
Total Public Schools	769.0	823.7	820.1	805.4	768.7	718.9	706.6
Grand total	1,031.5	1,082.7	1,075.1	1,048.4	998.2	932.2	912.6

County of Isle of Wight, Virginia

Operating Indicators by Function/Program

Last Seven Fiscal Years								
Function/Program	2010	2009	2008	2007	2006	2005	2004	
Sheriff								
Physical arrests	533	661	890	989	323	319	392	
Traffic violations	1,456	1,047	2,677	1,383	816	1,306	1,340	
Fire								
Emergency responses - Fire	2,285	1,920	1,539	1,792	2,852	2,001	2,180	
Emergency responses - Rescue	3,360	4,657	4,408	3,660	3,632	3,430	3,529	
Building Permits								
Residential	169	118	167	310	512	445	423	
Residential - Value	\$ 4,121,500	\$ 24,255,044	\$ 35,817,165	\$ 56,519,045	\$ 111,276,167	\$ 92,052,639	\$ 65,559,903	
Commercial	11	14	14	31	17	21	20	
Commercial - Value	\$ 16,306,000	\$ 31,604,670	\$ 10,537,686	\$ 13,266,100	\$ 13,244,130	\$ 3,699,895	\$ 20,210,548	
Refuse collection								
Refuse collected (tons per day)	52.7	53.0	56.0	56.0	55.0	55.8	56.0	
Public Schools								
Cost Per Student	\$ 10,861	\$ 11,136	\$ 10,767	\$ 10,232	\$ 9,721	\$ 9,022	\$ 8,360	
Average Daily Membership	5,367	5,306	5,286	5,372	5,138	5,032	4,983	
Student/Teacher Ratio	12.1	12.9	13.1	13.1	13.0	13.4	13.6	
Park and recreation								
Athletic field permits issued	94	539	158	205	29	24	26	
County Fair Admissions	21,060	12,000	2,400	2,979	12,250	12,927	.	
Library								
Volumes in collection	253,402	265,491	268,863	258,620	214,903	215,698	240,336	
Total volumes borrowed	221,725	249,144	229,489	193,082	191,040	181,733	130,346	
Water								
New connections	57	54	71	109	360	380	202	
Average daily consumption (thousands of gallons)	0.56	0.89	0.67	0.69	0.39	0.45	0.45	

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

Last Seven Fiscal Years							
Function/Program	2010	2009	2008	2007	2006	2005	2004
Sheriff							
Stations	1	1	1	1	1	1	1
Patrol units	51	56	45	41	40	31	31
Fire and Rescue							
Fire Units	5	5	5	5	5	5	5
Rescue Units	4	4	4	4	4	4	4
Refuse collection							
Collection trucks	6	6	5	5	5	5	5
Public Schools							
School Facilities	9	9	9	9	9	8	8
Park and recreation							
Parks	7	7	7	7	7	6	6
Acreage	570	570	565	565	565	511	511
Playgrounds	4	4	8	8	8	8	8
Baseball-softball diamonds	4	4	4	4	4	4	4
Soccer/football fields	12	12	8	9	10	10	10
Community centers	2	2	2	2	2	2	2
Museums	2	2	2	2	2	2	2
Library Facilities	3	3	3	3	3	3	3

Acknowledgement

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- Isle of Wight County Departments
- Isle of Wight County Component Units
- Michael Terry, Budget and Finance Director
- Nancy Mayo, Budget and Finance, Accountant
- Donna Proffitt, Budget and Finance, Accountant
- Donald Robertson, Information Resources and Legislative Affairs
- Phillip Bradshaw, Isle of Wight County Schools, CFO
- Nancy Hopkins, Isle of Wight County Schools, Accounting Manager
- Other Related Organizations