

***Comprehensive Annual  
Financial Report  
Fiscal Year Ended  
June 30, 2007***



***Prepared by:***

***Liesl R. DeVary  
Director of Budget and Finance***

***Goodman***  
**& COMPANY**

Certified Public Accountants  
Financial Planning  
Specialized Services

# County of Isle of Wight, Virginia

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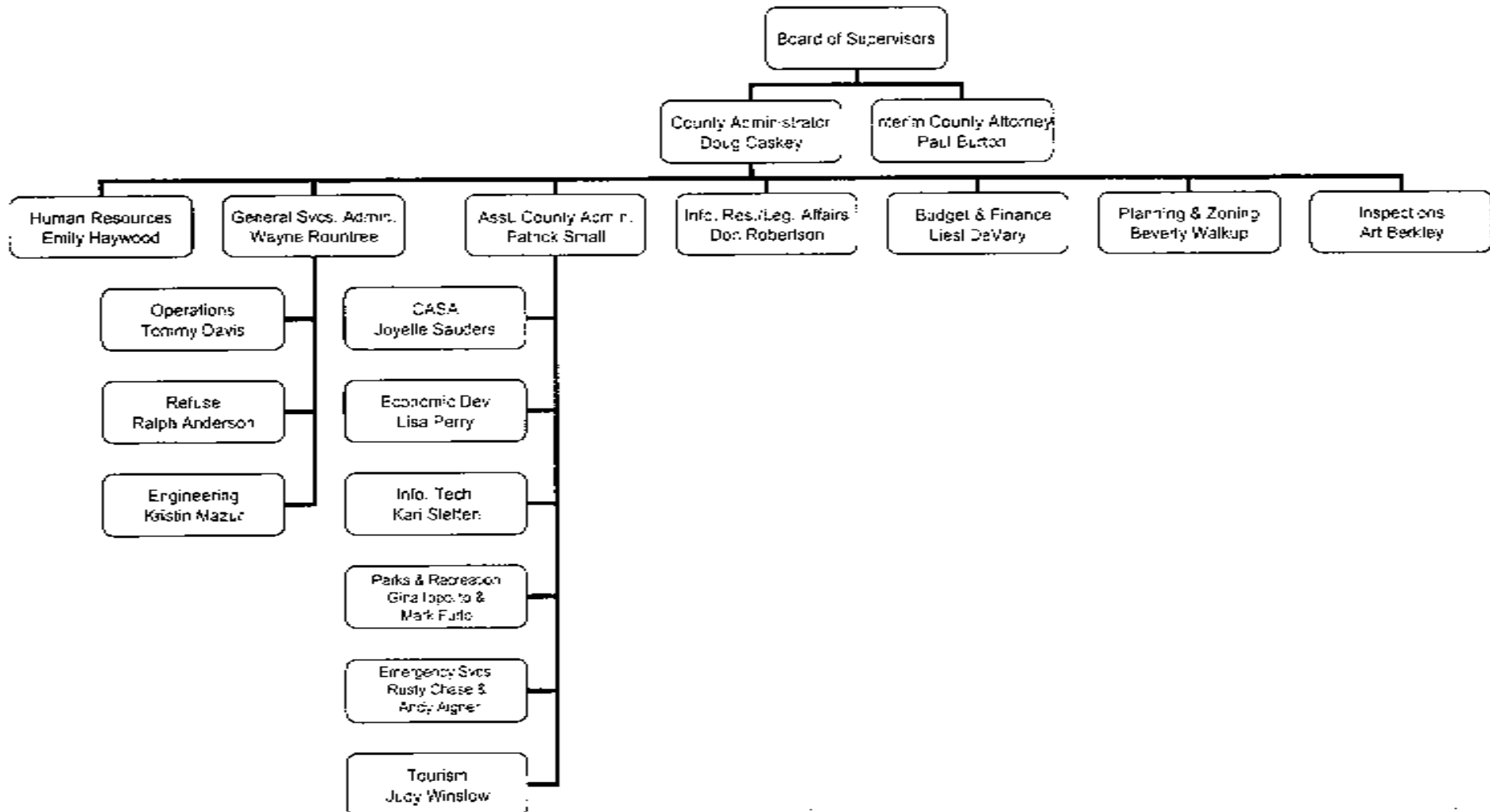
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# Isle of Wight County Organizational Chart



*County of Isle of Wight, Virginia*  
*Principal Officials*  
*June 30, 2007*

*Board of Supervisors*

Thomas R. Ivy, Chairman  
Stan D. Clark, Vice Chairman  
Phillip A. Bradshaw  
James B. Brown, Jr.  
Thomas J. Wright, III

*County School Board*

J. Kevin Duck, Chairman  
Kenneth M. Bunch, Vice Chairman  
Dr. George A. Bradby  
Herbert DeGroff  
Barbara B. Olin

*Board of Social Services*

Gloria Wilson, Chairman  
Kristin Wilda, Vice Chairman  
Phillip A. Bradshaw  
Panice Clark  
Patty Flemming

*Other Officials*

County Administrator  
Assistant County Administrator  
Treasurer  
Commonwealth's Attorney  
Commissioner of the Revenue  
Sheriff  
Clerk of the Circuit Court  
Chief Judge of the Circuit Court  
Judge of the General District Court  
Judge of the Juvenile and Domestic Relations Court  
Superintendent of Schools  
Interim County Attorney

W. Douglas Caskey  
Patrick Small  
Judith C. Wells  
Parker Council  
Gerald Gwaltney  
Charles Phelps  
William Laine, Jr.  
The Honorable Westbrook J. Parker  
The Honorable Robert B. Edwards  
The Honorable William R. Moore, Jr.  
Dr. Michael W. McPherson  
A. Paul Burton

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## *Financial Section*



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## *Report of Independent Auditors*

Certified Public Accountants  
Specialized Services  
Business Solutions

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 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, 2007, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the 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, 2007, and the respective changes in financial position and cash flows, where applicable, 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 February 15, 2008, 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 law, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, the budgetary comparison information, and schedules of other required supplementary information (presented on pages 3 through 12, 42 through 47, and 48 through 50, respectively) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Board of Supervisors  
*County of Isle of Wight, Virginia*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *County of Isle of Wight, Virginia's* basic financial statements. The introductory section, the other supplementary information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The compliance section, including the 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 basic financial statements. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

*Goodman & Company, L.L.P.*

Newport News, Virginia  
February 15, 2008

## *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, 2007. Please read it in conjunction with the County's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

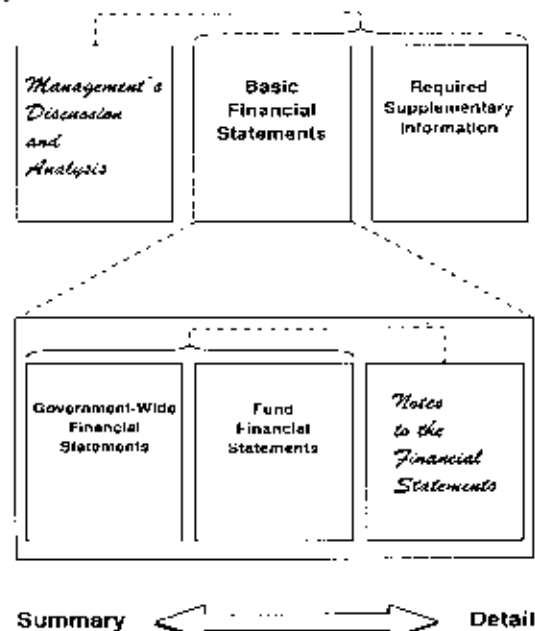
- The net assets of the County's governmental activities were \$46,624,891 as of June 30, 2007, an 11% increase from the previous fiscal year.
- In support of the County's primary governmental activities, revenues were generated in the amount of \$56,946,926, of which 72% consisted of local taxes, 15% from the Commonwealth of Virginia, 5% in operating grants and 8% from other revenue, whereas expenditures were \$49,255,808, or a 9% increase from the previous year.
- The County's General Fund reported expenditures in excess of revenues and other financing sources by \$2,442,620, resulting in an undesignated fund balance of \$13,448,031. This is a direct result of funding capital projects with fund balance.
- The County experienced a 35% increase in the overall tax base as a result of the 2006 biennial reassessment of real estate. General property taxes and other local taxes increased \$3,534,072, or 9%, reflective of a 10% tax increase.

### **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 which present different views of the County:

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

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



The basic financial statements also include notes explaining some of the information in the financial statements and provide more detailed data. The basic financial statements are followed by a section of *required supplementary information* which further explains and supports the information in the basic 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 nonfinancial factors such as changes in the County's tax base.

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

- **Governmental Activities** Most of the County's basic services are reported here including general government, judicial, public safety, public works, education, health and welfare, parks, recreation and cultural and economic and community development. Property taxes, other local taxes, and state and federal grants finance most of these activities.

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 cash flows	* Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities 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 hold in 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

- **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 are groupings of related accounts 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 Basic Financial Statements and Required Supplementary 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 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 a subsequent page, which explains the relationship (or reconciles the 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 a statement of 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 2007.

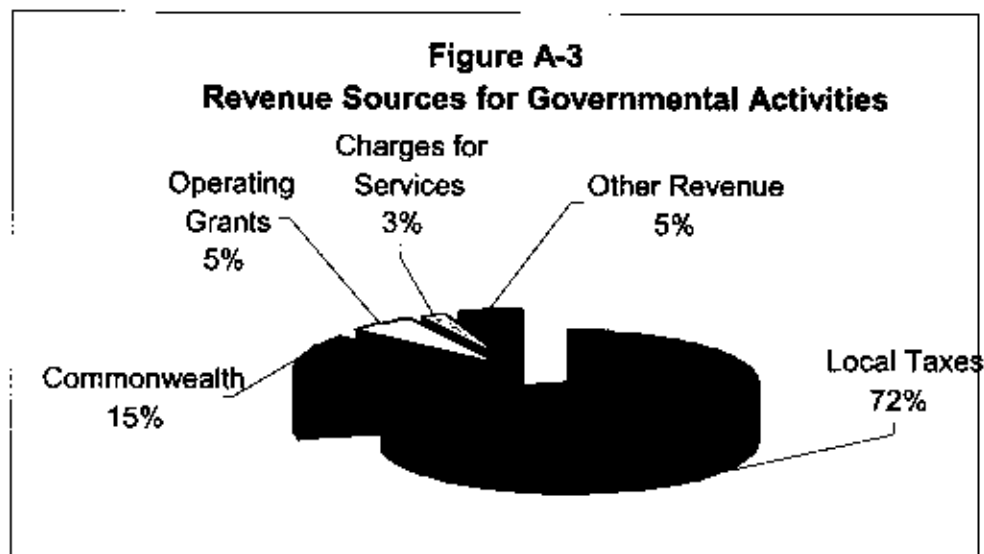
### **FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

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 \$51,895,856, a 5% increase from the previous year as illustrated in Table A-1.

# Statement of Net Assets

Table A-1	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2007	2006	2007	2006	2007	2006	
<b>Current assets</b>							
Cash and cash equivalents	\$ 36,640,698	\$ 31,117,879	\$ 1,533,674	\$ 4,382,145	\$ 38,174,372	\$ 35,500,024	8%
Other current assets	2,947,725	2,766,655	187,011	170,653	3,134,736	2,937,308	7%
<b>Total current assets</b>	<b>39,588,423</b>	<b>33,884,534</b>	<b>1,720,685</b>	<b>4,552,798</b>	<b>41,309,108</b>	<b>38,437,332</b>	<b>7%</b>
<b>Noncurrent assets</b>							
Nondepreciable assets	9,444,809	9,458,906	930,541	255,003	10,375,350	9,713,909	7%
Depreciable assets-net	53,804,397	56,241,694	13,896,403	14,044,391	67,700,800	70,286,085	(4%)
Other long-term receivables	653,363	710,908	1,280,400	1,365,760	1,933,763	2,076,668	(7%)
<b>Total noncurrent assets</b>	<b>63,902,569</b>	<b>66,411,508</b>	<b>16,107,344</b>	<b>15,665,154</b>	<b>80,009,913</b>	<b>82,076,662</b>	<b>(3%)</b>
<b>Total assets</b>	<b>\$103,490,992</b>	<b>\$100,296,042</b>	<b>\$17,828,029</b>	<b>\$20,217,952</b>	<b>\$121,319,021</b>	<b>\$120,513,994</b>	<b>1%</b>
<b>Current liabilities</b>							
Accounts payable	\$ 2,146,140	\$ 722,301	\$ 354,415	\$ 95,691	\$ 2,500,555	\$ 817,992	206%
Other current liabilities	2,981,149	1,397,435	111,568	118,337	3,092,717	1,515,772	104%
<b>Total current liabilities</b>	<b>5,127,289</b>	<b>2,119,736</b>	<b>465,983</b>	<b>214,028</b>	<b>5,593,272</b>	<b>2,333,764</b>	<b>140%</b>
<b>Noncurrent liabilities</b>							
Due within one year	4,102,235	4,824,638	717,144	520,348	4,819,379	5,344,986	(10%)
Due more than one year	47,636,577	51,405,695	11,373,937	12,098,008	59,010,514	63,503,703	(7%)
<b>Total noncurrent liabilities</b>	<b>51,738,812</b>	<b>56,230,333</b>	<b>12,091,081</b>	<b>12,618,356</b>	<b>63,829,893</b>	<b>68,848,689</b>	<b>(7%)</b>
<b>Total liabilities</b>	<b>56,866,101</b>	<b>58,350,069</b>	<b>12,557,064</b>	<b>12,832,384</b>	<b>69,423,165</b>	<b>71,182,453</b>	<b>(2%)</b>
<b>Net assets</b>							
Invested in capital assets net of related debt	12,936,538	10,905,026	4,030,507	3,321,270	16,967,045	14,226,296	19%
Restricted for capital projects	11,393,907	6,685,306	859,724	911,938	12,253,631	7,597,244	61%
Unrestricted	22,294,446	24,355,641	380,734	3,152,360	22,675,180	27,508,001	(18%)
<b>Total net assets</b>	<b>46,624,891</b>	<b>41,945,973</b>	<b>5,270,965</b>	<b>7,385,568</b>	<b>51,895,856</b>	<b>49,331,541</b>	<b>5%</b>
<b>Total liabilities and net assets</b>	<b>\$103,490,992</b>	<b>\$100,296,042</b>	<b>\$17,828,029</b>	<b>\$20,217,952</b>	<b>\$121,319,021</b>	<b>\$120,513,994</b>	<b>1%</b>

The \$22,675,180 of unrestricted net assets represents resources available to fund obligations of the County next year. This decrease from the previous fiscal year is a result of the County funding capital projects with fund balance. As of June 30, 2007, the general fund's undesignated fund balance represented approximately 10% of the 2007-08 general operating and capital budget as required by County policy.



#### Governmental Activities

- The County's total revenues for governmental activities were \$56,946,926 of which a significant portion, 72%, comes from local taxes.
- General Property taxes and other local taxes increased 9.4%, or \$3,534,072, primarily attributable to a 10% increase in real estate taxes. The County's assessed value of real property increased by 35% as a result of the biennial reassessment.
- 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.

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

Table A-2	Total Cost of Services			Net Cost of Services		
	2007	2006	% Change	2007	2006	% Change
General government administration	\$ 4,794,578	\$ 5,800,635	(17%)	\$ 4,216,880	\$ 5,425,430	(22%)
Judicial administration	878,317	866,371	1%	112,747	100,326	12%
Public safety	6,166,925	5,632,965	9%	4,024,452	3,585,488	12%
Public works	4,400,738	3,903,265	13%	4,350,348	3,889,390	12%
Health and welfare	4,894,622	4,340,638	13%	2,022,610	4,159,575	(51%)
Education	21,036,346	19,336,608	9%	21,036,346	19,336,608	9%
Parks, recreation and cultural	1,856,803	1,494,482	24%	1,575,990	1,188,975	33%
Community development	3,083,356	1,548,527	99%	2,663,415	991,715	169%
Interest on long-term debt	2,144,123	2,243,574	(4%)	2,144,123	2,243,574	(4%)
<b>Total expenses</b>	<b>\$ 49,255,808</b>	<b>\$ 45,167,065</b>	<b>9%</b>	<b>\$ 42,146,911</b>	<b>\$ 40,921,081</b>	<b>3%</b>

- The cost of all governmental activities this year was \$49,255,808, a 9% increase from the previous year. This increase is reflective of the County's commitment to public safety, community development and health and welfare



- Education continues to be one of the County's highest priorities with commitments representing 43% of total costs and 50% of total net costs.
- The net cost of General Government Administration decreased by 22% primarily due to the reclassification of expenditures for Economic Development and Tourism. Beginning in fiscal year 2007, Economic Development and Tourism expenditures are accounted for under community development. The net decrease in General Government was approximately 1%.
- The increase in the costs for Public Works is reflective of the addition of an Engineering Division and increase costs for refuse disposal.
- Expenditures associated with Comprehensive Services for at-risk youth and families, categorized under Health & Welfare, have escalated over the past two years due to more difficult cases and the need for more expensive and intensified services required.
- During fiscal year 2007, the County incurred additional costs for Parks & Recreation though the operation of the local skating rink, development of various county parks and expanded activities of the Historic Resources Division.

### **Business-Type Activities**

Revenues of the County's business-type activities for the operation of water and sewer systems decreased 34% primarily due to a decrease in one time connection fees; however, user fees increased 6% representing 34% of total expenditures. Expenditures increased nearly 58% primarily due to increased costs associated with the Western Tidewater Water Authority (WTWA).

In February 2006, the County revised its agreement with WTWA establishing a reserved capacity charge. The County paid in excess of \$1 million as a fixed capacity charge during fiscal year 2007. Additionally, the County contributed approximately \$815,000 to WTWA for its share of capital costs. The County will be conducting a water and sewer rate study in fiscal year 2008 to address the operating needs of public utilities.

For a third year in a row, the County did not transfer funds from the General Government fund to support 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 General Government fund for previous operating transfers. As of June 30, 2007, the total amount of transfers due to the General Government fund was \$4,613,098.

## **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 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 \$34,963,091, of which 39% or \$13,712,139 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 \$23,368,120 of which \$13,448,031 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 unreserved fund balance and total fund balance to total fund expenditures. As of June 30, 2007, the unreserved fund balance represented 52% of the total 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 \$11,177,979, 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 totaled \$5,270,963 of which 7% or \$380,734 was unrestricted.
- **Nonmajor Governmental Funds.** The County accounts for other programs and services in different funds. These funds include the Department of Social Services, Comprehensive Services, the E-911 funds, Section 8, Asset Forfeiture, the County Fair and the Museum Fund. As of June 30, 2007, the combined fund balances were \$416,992.

#### **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 nearly \$3.5 million in various grants. Excluding transfers between funds, actual expenditures were \$4,730,811 below final budget amounts, of which \$1,150,854 will carry over to fiscal year 2008 for the completion of projects and grants that cross fiscal years.

On the other hand, resources available were \$2,284,361 above the final budgeted amount. While the overall tax base increased by nearly 35% as a result of the biennial reassessment, the County is required to reduce the real estate tax rate by a proportionate amount in order to be revenue neutral. Accordingly, the tax rate on real estate was reduced by fifteen cents per \$100 of assessed value.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

##### **Capital Assets**

At the end of fiscal year 2007, the County had invested \$63,249,206 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 year Capital Improvement Plan with a five 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 members from the Planning Commission and two 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.

## County's Capital Assets

Table A-3	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2007	2006	2007	2006	2007	2006	
Nondepreciable assets							
Land	\$ 4,640,594	\$ 4,343,237	\$ 157,240	\$ 157,240	\$ 4,797,834	\$ 4,500,477	7%
Construction in progress	4,804,215	5,115,669	773,301	97,763	5,577,516	5,213,432	7%
Total nondepreciable assets	9,444,809	9,458,906	930,541	255,003	10,375,350	9,713,909	7%
Depreciable assets							
Land improvements	908,375	888,183	11,897,393	11,401,736	12,805,768	12,289,919	4%
Buildings	59,585,268	61,592,657	8,045,327	8,031,327	67,630,595	69,623,984	(3%)
Equipment	3,312,691	2,975,089	502,980	373,221	3,815,671	3,348,310	14%
Vehicles	3,084,396	2,640,824	240,492	246,053	3,324,888	2,886,877	15%
Total at historical cost	66,890,730	68,096,753	20,686,192	20,052,337	87,576,922	88,149,090	(1%)
Total accumulated depreciation	(13,086,333)	(11,855,059)	(6,789,789)	(6,007,946)	(19,876,122)	(17,863,005)	11%
Net capital assets	\$63,249,206	\$65,700,600	\$14,826,944	\$14,299,394	\$78,076,150	\$79,999,994	(2%)

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

- The continued development of the Heritage Park Fairground site.
- Various equipment purchases for Volunteer Fire and Rescue Squads.
- Improvements to various water systems throughout the County.
- The continued development of the Shirley T. Holland Commerce Park.
- Development of Fort Huger Park
- Demolition and reconstruction of Isle of Wight County Museum

### Long-Term Debt

At year-end the County had \$62,013,810 in bonds, loans, notes and capital leases outstanding and \$683,944 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. As of June 30, 2007, 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.

#### Bond Ratings

The County's bonds presently carry "A+" rating from Standard & Poor's and "A2" from Moody's Investor Services.

<b>Table A-4</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>		<b>% Change</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	
<b>General Obligation Bonds</b>							
Series of 1996	\$ 1,587,051	\$ 1,884,894	\$ -	\$ -	\$ 1,587,051	\$ 1,884,894	(16%)
Series A of 1997	-	-	1,475,000	1,925,000	1,475,000	1,925,000	(23%)
Series of 2003	7,480,000	7,820,000	-	-	7,480,000	7,820,000	(4%)
Series of 2005	-	-	10,366,077	10,433,036	10,366,077	10,433,036	(1%)
<b>Bonds for Schools</b>							
Series of 1987	25,000	50,000	-	-	25,000	50,000	(50%)
Series of 1995	-	400,000	-	-	-	400,000	(100%)
Series of 1996	3,927,948	4,665,106	-	-	3,927,948	4,665,106	(16%)
Series B of 1997	855,000	1,120,000	-	-	855,000	1,120,000	(24%)
Series of 2003	3,470,000	4,890,000	-	-	3,470,000	4,890,000	(29%)
Series of 2004	26,165,000	27,040,000	-	-	26,165,000	27,040,000	(3%)
Series of 2005	3,248,953	3,276,993	-	-	3,248,953	3,276,993	(1%)
<b>Literary Loans</b>							
Series of 1999	3,250,000	3,500,000	-	-	3,250,000	3,500,000	(7%)
<b>Notes Payable</b>							
Pruden VPSA Note	40,011	47,277	-	-	40,011	47,277	(15%)
<b>Capital Leases</b>							
Equipment Lease 1992	5,389	36,484	-	-	5,389	36,484	(85%)
Equipment Lease 2004	118,381	168,991	-	-	118,381	168,991	(30%)
<b>Total long-term debt</b>	<b>\$50,172,733</b>	<b>\$54,899,745</b>	<b>\$11,841,077</b>	<b>\$12,358,036</b>	<b>\$62,013,810</b>	<b>\$67,257,781</b>	<b>(8%)</b>

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

- The County's per capita personal income, as of the latest data available, was \$31,495 and ranked 33<sup>rd</sup> in the state, 84% of the state average and 91% of the national average.
- Real estate tax rates decreased to \$0.52 per \$100 of assessed value.
- Revenues generated from all general property and other local taxes are budgeted at \$42.7 million, a 10% increase over the fiscal year 2007 budget.
- Increase in the consumer utility tax on electric and gas which equates to a maximum increase of \$36 per year for a residential customer
- Increased funding for schools, including a 10% increase in the local contribution over the fiscal year 2007 budget
- Addition of three school resource officers and two additional road deputies

These indicators were taken into account when adopting the general operating and capital budget for 2007-08. Amounts available for appropriation in the general operating budget are \$94,517,531, or a 12% increase from the previous fiscal year, and includes a 1 cent reduction in the real estate tax rate. The capital budget reflects a \$29,452,008 increase which is primarily driven by the proposed cost of constructing a new courts building and a new Smithfield fire station. The County continues to provide a strong economy with positive demographic trends. Management remains progressive and proactive with solid financial policies and conservative debt borrowing 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 2007, 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 2007-2009***

- 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 (IWCS) provides educational services to over 5,300 students from preschool through grade 12. The mission of IWCS is to provide rigorous academic programs in a safe school environment that fosters high levels of student achievement. To that end, the school district operates nine schools: five elementary schools, two middle schools, and two high schools. All schools are fully accredited by the Virginia Department of Education and by the Southern Association of Colleges and Schools. The school division met all requirements of No Child Left Behind for the last five consecutive years.

IWCS excels in providing educational opportunities for all children in Isle of Wight County. Results from the most recent state assessment (Virginia Standards of Learning Tests) indicate that over 90% of IWCS students are proficient in writing. Between 70% and 96% of students passed state assessments in Reading, English, Mathematics, History, and Science. The number of students scoring advanced on state assessments continues to climb each year.

Major challenges for IWCS include closing the achievement gap between majority and minority students and recruiting and retaining high quality instructors. Results from state assessments indicate the district continues to narrow the gap between groups of students. The School Board in conjunction with the Board of Supervisors has made significant progress in raising teacher pay so that it is competitive with neighboring school divisions.

#### **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.

## *Basic Financial Statements*

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## County of Isle of Wight, Virginia

## Statement of Net Assets

June 30, 2007

Assets	Discretely Presented Component Units				
	Governmental Activities	Business-Type Activities	Total	School Board	Industrial Development Authority
Cash and cash equivalents	\$ 36,600,822	\$ 1,533,674	\$ 38,134,496	\$ 4,631,156	\$ 1,556,531
Restricted cash	39,876	-	39,876	-	60,000
Receivables - net	2,830,243	157,713	2,987,956	38,681	41,200
Due from primary government	-	-	-	2,014,619	-
Due from other governments	95,805	-	95,805	820,389	-
Inventory	21,677	29,298	50,975	43,468	-
Deferred charges	347,390	1,280,400	1,627,790	-	-
Capital lease receivable	-	-	-	-	294,897
Notes receivable	305,973	-	305,973	-	-
Capital assets:					
Nondepreciable	9,444,809	930,541	10,375,350	1,752,457	3,915,252
Depreciable - net	53,804,397	13,896,403	67,700,800	20,414,640	-
<b>Total assets</b>	<b>\$ 103,490,992</b>	<b>\$ 17,828,029</b>	<b>\$121,319,021</b>	<b>\$29,715,410</b>	<b>\$ 5,867,880</b>
<b>Liabilities</b>					
Accounts payable and other current liabilities	\$ 2,146,140	\$ 354,415	\$ 2,500,555	\$ 4,850,100	\$ 202,524
Due to other governments	27,381	-	27,381	-	-
Due to component unit	2,014,619	-	2,014,619	-	-
Amounts held for others	-	88,091	88,091	-	60,000
Accrued interest payable	932,603	23,477	956,080	-	-
Deferred revenues	6,546	-	6,546	258,475	-
Noncurrent liabilities:					
Due within one year	4,102,235	717,144	4,819,379	51,679	20,630
Due in more than one year - net	47,636,577	11,373,937	59,010,514	465,110	246,569
<b>Total liabilities</b>	<b>56,866,101</b>	<b>12,557,064</b>	<b>69,423,165</b>	<b>5,625,364</b>	<b>529,723</b>
<b>Net Assets</b>					
Invested in capital assets - net of related debt	12,936,538	4,030,507	16,967,045	22,167,097	-
Restricted:					
Capital projects	11,354,031	859,724	12,213,755	-	-
Other purposes	39,876	-	39,876	1,641,335	-
Unrestricted	22,294,446	380,734	22,675,180	281,614	5,338,157
<b>Total net assets</b>	<b>46,624,891</b>	<b>5,270,965</b>	<b>51,895,856</b>	<b>24,090,046</b>	<b>5,338,157</b>
<b>Total liabilities and net assets</b>	<b>\$ 103,490,992</b>	<b>\$ 17,828,029</b>	<b>\$121,319,021</b>	<b>\$29,715,410</b>	<b>\$ 5,867,880</b>

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



## County of Isle of Wight, Virginia

## Statement of Activities

Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets				
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Governmental Activities	Business-Type Activities	Total	School Board	Industrial Development Authority
<b>Primary Government</b>									
Government activities:									
General government administration	\$ 4,794,578	\$ 242,088	\$ 335,612	\$ -	\$ (4,216,850)	\$ -	\$ (4,216,850)	\$ -	\$ -
Judicial administration	573,517	101,048	664,522	-	(112,747)	-	(112,747)	-	-
Public safety	6,166,925	704,337	1,438,136	-	(4,024,452)	-	(4,024,452)	-	-
Public works	4,400,738	3,480	46,210	-	(4,350,348)	-	(4,350,348)	-	-
Health and welfare	4,894,622	75,030	2,796,552	-	(2,022,610)	-	(2,022,610)	-	-
Education	21,016,346	-	-	-	(21,016,346)	-	(21,016,346)	-	-
Parks, recreation and cultural	1,855,903	260,831	19,352	-	(1,575,990)	-	(1,575,990)	-	-
Community development	5,032,356	140,302	279,635	-	(2,652,415)	-	(2,652,415)	-	-
Interest on long-term debt	2,144,123	-	-	-	(2,144,123)	-	(2,144,123)	-	-
<b>Total governmental activities</b>	<b>49,255,808</b>	<b>1,522,114</b>	<b>5,381,782</b>	<b>-</b>	<b>(42,346,911)</b>	<b>-</b>	<b>(42,346,911)</b>	<b>-</b>	<b>-</b>
Business-type activities:									
Public utility	5,137,966	1,755,893	96,200	-	-	(3,285,893)	(3,285,893)	-	-
<b>Total business-type activities</b>	<b>5,137,966</b>	<b>1,755,893</b>	<b>96,200</b>	<b>-</b>	<b>-</b>	<b>(3,285,893)</b>	<b>(3,285,893)</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 54,393,774</b>	<b>\$ 3,278,007</b>	<b>\$ 5,477,982</b>	<b>\$ -</b>	<b>(42,146,911)</b>	<b>(3,285,893)</b>	<b>(45,432,804)</b>	<b>-</b>	<b>-</b>
<b>Component Units</b>									
School Board	\$ 55,005,126	\$ 947,136	\$ 31,051,023	\$ -	-	-	-	(21,966,867)	-
Industrial Development Authority	37,207	19,424	-	-	-	-	-	-	(17,377)
<b>Total component units</b>	<b>\$ 55,042,333</b>	<b>\$ 966,560</b>	<b>\$ 31,051,023</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,966,867)</b>	<b>(17,377)</b>
<b>General Revenues</b>									
General property taxes					35,199,045	-	35,199,045	-	-
Other local taxes					6,080,555	-	6,080,555	-	-
Permits, privilege fees and regulatory licenses					705,195	-	705,195	-	-
Fees and forfeitures					47,500	-	47,500	-	-
Revenues from use of money and property					1,758,751	-	1,758,751	127,376	61,369
Miscellaneous					58,555	32,000	90,555	52,570	-
Connection fees					-	1,164,378	1,164,378	-	-
Recovered costs					224,213	-	224,213	3,811,165	-
Revenue from the primary government					-	-	-	19,975,164	-
Intergovernmental:									
Commonwealth					5,763,882	-	5,763,882	-	-
Federal					-	-	-	-	-
Transfers					(1,012,290)	(25,958)	(1,038,289)	5,006,099	11,200
<b>Total general revenues, transfers and miscellaneous</b>					<b>46,825,829</b>	<b>(1,171,293)</b>	<b>45,654,536</b>	<b>26,974,854</b>	<b>92,569</b>
<b>Change in net assets</b>					<b>4,508,628</b>	<b>(3,114,600)</b>	<b>1,394,028</b>	<b>4,007,993</b>	<b>75,192</b>
<b>Net assets - beginning of year</b>					<b>41,945,973</b>	<b>7,335,568</b>	<b>49,281,541</b>	<b>26,082,049</b>	<b>5,262,963</b>
<b>Net assets - end of year</b>					<b>\$ 46,454,601</b>	<b>\$ 4,220,968</b>	<b>\$ 50,675,569</b>	<b>\$ 30,090,042</b>	<b>\$ 5,338,155</b>

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

*County of Isle of Wight, Virginia***Balance Sheet - Governmental Funds****June 30, 2007**

<b>Assets</b>	<b>General</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and cash equivalents	\$ 24,857,621	\$ 11,354,031	\$ 389,170	\$ 36,600,822
Restricted cash	-	39,876	-	39,876
Receivables - net of allowance for uncollectibles:				
Taxes	1,134,962	-	-	1,134,962
Accounts	1,119,642	171,032	384,381	1,675,055
Notes/lease	267,200	38,773	-	305,973
Due from other funds	-	-	479,588	479,588
Due from other governments	-	-	95,805	95,805
Inventory	-	-	21,677	21,677
<b>Total assets</b>	<b>\$ 27,379,425</b>	<b>\$ 11,603,712</b>	<b>\$ 1,370,621</b>	<b>\$ 40,353,758</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,067,474	\$ 125,037	\$ 953,629	\$ 2,146,140
Due to other funds	479,588	-	-	479,588
Due to component unit	1,713,923	300,696	-	2,014,619
Due to other governments	27,381	-	-	27,381
Deferred revenues	722,939	-	-	722,939
<b>Total liabilities</b>	<b>4,011,305</b>	<b>425,733</b>	<b>953,629</b>	<b>5,390,667</b>
<b>Fund Balances</b>				
<b>Fund balances</b>				
Reserved:				
Inventory	-	-	21,677	21,677
Unreserved:				
Board designated	9,920,089	11,177,979	131,207	21,229,275
Undesignated	13,448,031	-	264,108	13,712,139
<b>Total fund balances</b>	<b>23,368,120</b>	<b>11,177,979</b>	<b>416,992</b>	<b>34,963,091</b>
<b>Total liabilities and fund balances</b>	<b>\$ 27,379,425</b>	<b>\$ 11,603,712</b>	<b>\$ 1,370,621</b>	<b>\$ 40,353,758</b>

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

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

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**June 30, 2007**

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

<b>Total fund balances - governmental funds</b>	<b>\$ 34,963,091</b>
Amount reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation.	63,249,206
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.	736,619
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(52,324,025)</u>
<b>Total net assets - governmental activities</b>	<b><u>\$ 46,624,891</u></b>

*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, 2007

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
General property taxes	\$ 34,738,809	\$ -	\$ -	\$ 34,738,809
Other local taxes	5,816,380	-	264,208	6,080,588
Permits, privilege fees and regulatory licenses	705,195	-	-	705,195
Fines and forfeitures	47,800	-	-	47,800
Revenues from use of money and property	1,759,348	5,465	-	1,764,813
Charges for services	834,908	-	90,408	925,316
Miscellaneous	181,691	26,279	32,276	240,246
Recovered costs	458,791	-	224,213	683,004
Intergovernmental:				
Commonwealth	8,166,953	213,552	1,015,510	9,396,015
Federal	173,062	-	1,737,904	1,910,966
<b>Total revenues</b>	<b>52,882,937</b>	<b>245,296</b>	<b>3,364,519</b>	<b>56,492,752</b>
<b>Expenditures</b>				
Current:				
General government administration	4,240,227	40,946	-	4,281,173
Judicial administration	878,317	-	-	878,317
Public safety	4,950,198	430,000	726,696	6,106,894
Public works	4,064,393	170,251	-	4,234,644
Health and welfare	846,477	66,571	3,985,306	4,898,354
Education	18,701,537	1,275,626	-	19,977,163
Parks, recreation and cultural	1,685,243	894,112	186,185	2,765,540
Community development	1,777,156	1,307,729	-	3,084,885
Nondepartmental	1,133,400	-	-	1,133,400
Debt service:				
Principal retirement	4,645,307	-	81,706	4,727,013
Interest and other charges	2,227,676	-	8,544	2,236,220
<b>Total expenditures</b>	<b>45,149,931</b>	<b>4,185,235</b>	<b>4,988,437</b>	<b>54,323,603</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>7,733,006</b>	<b>(3,939,939)</b>	<b>(1,623,918)</b>	<b>2,169,149</b>
<b>Other financing sources (uses)</b>				
Operating transfers in	-	9,235,058	1,301,568	10,536,626
Operating transfers out	(10,175,626)	(391,000)	-	(10,566,626)
<b>Total other financing sources (uses)</b>	<b>(10,175,626)</b>	<b>8,844,058</b>	<b>1,301,568</b>	<b>(30,000)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>(2,442,620)</b>	<b>4,904,119</b>	<b>(322,350)</b>	<b>2,139,149</b>
<b>Fund balances - beginning of year</b>	<b>25,810,740</b>	<b>6,273,860</b>	<b>739,342</b>	<b>32,823,942</b>
<b>Fund balances - end of year</b>	<b>\$ 23,368,120</b>	<b>\$ 11,177,979</b>	<b>\$ 416,992</b>	<b>\$ 34,963,091</b>

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*

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**Year Ended June 30, 2007**

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**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds to the Statement of Activities**

<b>Net change in fund balances - governmental funds</b>	<b>\$ 2,139,149</b>
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. This is the amount by which depreciation and transfer to component unit exceeds capital outlays.	(2,451,394)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	4,795,689
Landfill closure costs are recorded on the accrual basis of accounting in the statement of activities but on the modified accrual basis in the governmental funds. This is the net difference in the current year.	(228,462)
Revenues in the statement of activities that are not reported as revenues in the governmental funds because they do not provide current financial resources.	460,236
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.	(36,300)
<b>Change in net assets of governmental activities</b>	<b><u>\$ 4,678,918</u></b>

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

*County of Isle of Wight, Virginia**Statement of Net Assets - Proprietary Fund*

June 30, 2007

<b>Assets</b>		<b>Public Utilities</b>
<b>Current assets</b>		
Cash and cash equivalents		\$ 1,533,674
Receivables - net		157,713
<b>Total current assets</b>		<u>1,691,387</u>
<b>Noncurrent assets</b>		
Inventory		29,298
Fixed assets - net of accumulated depreciation		14,826,944
Deferred charges - issuance and refunding costs		1,280,400
<b>Total noncurrent assets</b>		<u>16,136,642</u>
<b>Total assets</b>		<u>\$ 17,828,029</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable		\$ 354,415
Accrued interest payable		23,477
Amounts held for others		88,091
Bonds payable - current portion		713,372
Compensated absences - current portion		3,772
<b>Total current liabilities</b>		<u>1,183,127</u>
<b>Noncurrent liabilities</b>		
General obligation bonds payable - less current portion		11,127,705
Compensated absences - less current portion		33,949
Deferred charges - premium		212,283
<b>Total noncurrent liabilities</b>		<u>11,373,937</u>
<b>Total liabilities</b>		<u>12,557,064</u>
<b>Net Assets</b>		
Invested in capital assets - net of related debt		4,030,507
Restricted for capital projects		859,724
Unrestricted		380,734
<b>Total net assets</b>		<u>5,270,965</u>
<b>Total liabilities and net assets</b>		<u>\$ 17,828,029</u>

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

*County of Isle of Wight, Virginia**Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund***Year Ended June 30, 2007**

	<u>Public Utilities</u>
<b>Operating revenues</b>	
Charges for services	\$ 1,755,893
<b>Total operating revenues</b>	<u>1,755,893</u>
<b>Operating expenses</b>	
Current:	
Personnel services	403,380
Fringe benefits	145,340
Contractual services	297,506
Purchases	2,630,773
Other charges	315,755
Depreciation	822,309
<b>Total operating expenses</b>	<u>4,615,063</u>
<b>Operating loss</b>	<u>(2,859,170)</u>
<b>Nonoperating revenues (expenses)</b>	
Connection fees	1,164,379
EPA Grant	96,200
Transfers	(25,089)
Contributions	32,000
Interest and fiscal charges	(451,715)
Amortization of deferred charges	(71,208)
<b>Total nonoperating revenues</b>	<u>744,567</u>
<b>Change in net assets</b>	<u>(2,114,603)</u>
<b>Net assets - beginning of year</b>	<u>7,385,568</u>
<b>Net assets - end of year</b>	<u>\$ 5,270,965</u>

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

*County of Isle of Wight, Virginia**Statement of Cash Flows - Proprietary Fund***Year Ended June 30, 2007**

	<u>Public Utilities</u>
<b>Cash flows from operating activities</b>	
Received from customers and users	\$ 1,730,328
Payments to suppliers for goods and services	(2,967,417)
Payments to employees	(544,884)
<b>Net cash from operating activities</b>	<u>(1,781,973)</u>
<b>Cash flows from capital and related financing activities</b>	
Purchases of capital assets	(1,349,860)
Payments on bond principal	(516,959)
Interest paid on notes and bonds payable	(467,169)
Transfers/contributions	6,911
EPA Grant Revenue	96,200
Connection fees received	1,164,379
<b>Net cash from capital and related financing activities</b>	<u>(1,066,498)</u>
<b>Change in cash and cash equivalents</b>	(2,848,471)
<b>Cash and cash equivalents - beginning of year</b>	<u>4,382,145</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 1,533,674</u>
<b>Reconciliation of operating loss to net cash</b>	
<b>from operating activities</b>	
Operating loss	\$ (2,859,170)
Adjustments to reconcile to net cash from operating activities:	
Depreciation	822,309
Change in:	
Accounts receivable	(34,250)
Inventory	17,893
Amounts held for others	258,724
Accounts payable and accrued liabilities	12,521
<b>Net cash from operating activities</b>	<u>\$ (1,781,973)</u>

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



*County of Isle of Wight, Virginia**Statement of Net Assets - Fiduciary Funds*June 30, 2007

		Special Welfare Agency Fund
<b>Assets</b>		
Cash		\$ 44,452
<b>Total assets</b>		<b>\$ 44,452</b>

<b>Liabilities</b>		
Amounts held for others		\$ 44,452
<b>Total liabilities</b>		<b>\$ 44,452</b>

		School Activity Agency Funds
<b>Assets</b>		
Cash		\$ 235,873
<b>Total assets</b>		<b>\$ 235,873</b>

<b>Liabilities</b>		
Amounts held for others		\$ 235,873
<b>Total liabilities</b>		<b>\$ 235,873</b>

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

*Notes to Basic Financial Statements*

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## *County of Isle of Wight, Virginia*

### *Notes to Basic Financial Statements*

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June 30, 2007

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

The financial statements presented for the *County of Isle of Wight, Virginia* (County) are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant policies:

##### **A. Government-Wide and Fund Financial Statements**

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.

There are two basic government-wide statements, the statement of net assets and the statement of activities, which report information on all of the nonfiduciary activities of the County and its component units. These two statements report governmental activities, which are normally supported by taxes and intergovernmental revenues, and, separately, business-type activities, which rely primarily on fees and charges for services. Fiduciary activities are not reported in the government-wide statements because their resources are not available to support government programs. In addition to separately presenting business-type activities from governmental activities, the government-wide financial statements present a consolidated total column for the primary government, and, accordingly, the effect of interfund activity has been eliminated from these totals. However, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses of a function and the program revenues related to that function. Direct expenses are those that are specifically associated with a specific function or segment. Program revenues include a) fees, fines and charges paid by the recipients of goods or services offered by the function or segment and b) grants and contributions that are restricted to meet the operating or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are presented 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, smaller funds presented as combined totals.

##### **B. Reporting Entity**

The County's financial statements present the County and its component units as required by GASB Statement No. 14, *The Financial Reporting Entity*. That statement established standards for defining a financial reporting entity. A financial reporting entity consists of a primary government (County) and any legally separate organization (component unit) for which that primary government is financially accountable. Financial accountability is defined in Statement No. 14 as (a) the ability to appoint the component unit's governing board, (b) the component unit's fiscal dependence upon the primary government, and (c) the potential that exclusion of such a component unit would result in misleading financial reporting. Therefore, the County includes the Isle of Wight School Board (School Board) and the Industrial Development Authority of Isle of Wight County (Authority or IDA) as separate and discretely presented component units of the County's reporting entity.

The School Board 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 Isle of Wight County Industrial Development Authority holds certain real property that is being developed into an industrial park. The land was purchased by the County for the Authority. The Authority does not issue a separate financial report. The financial statements of the Authority are also presented as a discrete presentation within the County's financial statements.

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

The government-wide financial statements and the proprietary and fiduciary 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 as they are earned and expenses are recognized when a liability is incurred.

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. Real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible accounts. 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 in the month 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. Expenditures, other than interest on long-term debt, are recorded as the related fund liabilities are incurred. Interest on long-term debt is recognized when due, except for interest due on July 1, which is accrued.

With the fund financial statements, two reconciliations are provided to explain the difference between the fund financial statements and the government-wide financial statements caused by these differences in measurement focus and basis of accounting.

The County and its component units report the following major governmental funds:

#### **General Fund**

General Funds are the general operating funds of the County and the School Board. These funds account for all revenues and expenditures of the County and School Board that are not accounted for in the other funds.

#### **Capital Projects Funds**

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

The County and its component units report the following nonmajor governmental funds:

**Special Revenue Funds**

Special Revenue Funds account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes.

The County reports the following proprietary fund:

**Public Utilities Fund**

The Public Utilities Fund accounts for water and sewer operations that are 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.

The County, including its component units, reports the following additional fund types:

**Internal Service Fund**

The Internal Service Fund of the School Board accounts for the financing of healthcare benefits to School Board employees on a cost-reimbursement basis.

**Agency Funds**

These funds are custodial in nature and do not involve measurement of results of operations.

**D. Cash and Cash Equivalents**

For purposes of the statements of cash flows, cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and investments with original maturities of 90 days or less, and, in accordance with the *Code of Virginia*, all certificates of deposit. Accordingly, certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

**E. Investments**

Investments are stated at fair value.

**F. Property Taxes**

Real property is assessed at its value on July 1. Real estate taxes are payable the following December 5<sup>th</sup> and June 5<sup>th</sup>. 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 5<sup>th</sup>.

**G. Allowance For Uncollectible Accounts**

Provision for uncollectible property taxes is based upon a historical percentage of accounts written off applied to the total levies of all years carried in taxes receivable and, in certain cases, specific account analysis. An allowance is also provided for accounts receivable of the Public Utilities Fund based on historical data. At June 30, 2007, the allowance for property taxes was \$1,548,478 and \$53,450 for the accounts receivable of the Public Utilities Fund.

#### **H. Inventory**

Inventory consists of materials and supplies held for future use and is stated using the first-in, first-out cost method.

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

Capital assets include land and land improvements, buildings and building improvements, equipment, and vehicles. Any asset or group of assets acquired by the County that has a useful life in excess of two years and an acquisition cost (or fair market value when received) of at least \$5,000 are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

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. Capital assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	Years
Buildings and building improvements	50
Land improvements	20
Equipment	5 - 15
Vehicles	5 - 8

#### **J. 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 funds' 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.

#### **K. Fund Equity**

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

#### **L. 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 that affect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

#### **M. Credit Risk**

While the assessed value of real estate for the County's ten largest taxpayers comprises 9.15% 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.

## 2. Investments

### 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 corporation; 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.

### 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 Investor's Service. Bankers' acceptances must be rated no lower than "B/C" by Keefe, Bruyette and Woods.

### Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the County's 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 investment portfolio may not exceed 12 months.

Proceeds from 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.

As of June 30, 2007, the carrying values of the County's investments along with its cash on hand and deposit accounts, all of which are considered cash and cash equivalents, were as follows:

#### Deposits

Demand deposits	\$ 8,043,651
Cash on hand	13,390

#### Investments

Virginia LGIP	30,077,455
U. S. Treasury bills	<u>39,876</u>

#### Total deposits and investments

\$ 38,174,372

#### Reconciliation to Statement of Net Assets

Cash and cash equivalents	38,134,496
Restricted cash	<u>39,876</u>
	<u>\$ 38,174,372</u>



### 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 Federal Deposit Insurance Corporation 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.

### 3. Interfund Transactions

#### A. Due From Other Governments

	Primary Government	Component Unit - School Board	Totals
Commonwealth of Virginia	\$ 12,737	\$ 500,794	\$ 513,531
Federal government	-	270,029	270,029
Town of Windsor	19,861	-	19,861
Town of Smithfield	63,207	-	63,207
P.D. Pruden Center	-	49,566	49,566
<b>Totals</b>	<b>\$ 95,805</b>	<b>\$ 820,389</b>	<b>\$ 916,194</b>

#### B. Due To/From Other Funds and Primary Government/Component Units

Primary Government	Due from Other Funds	Due to Other Funds
General Fund		
Special Revenue Fund	\$ -	\$ 479,588
Special Revenue Fund		
General Fund	479,588	-
<b>Total</b>	<b>\$ 479,588</b>	<b>\$ 479,588</b>
Component Unit	Due from Primary Government	Due to Component Unit
Primary Government - General Fund	\$ -	\$ 1,713,923
Primary Government - Capital Projects Fund	-	300,696
Component Unit - School Operating Fund	1,713,923	-
Component Unit - School Capital Projects Fund	300,696	-
<b>Total</b>	<b>\$ 2,014,619</b>	<b>\$ 2,014,619</b>

### C. Interfund Transactions

#### Interfund Operating Transfers

The following interfund operating transfers occurred during the year ended June 30, 2007:

Primary Government	Transfers In	Transfers Out
General Fund	\$ -	\$ 10,175,626
Capital Projects Fund	9,235,058	391,000
Special Revenue Funds:		
Social Services	610,902	-
Comprehensive Services	214,614	-
Section 8	41,939	-
County Fair	19,630	-
E-911	414,463	-
<b>Total primary government</b>	<b>10,536,626</b>	<b>10,566,626</b>
<b>Component Unit - Industrial Development Authority</b>	<b>30,000</b>	<b>-</b>
	<b>\$ 10,566,626</b>	<b>\$ 10,566,626</b>

#### Transfers between Primary Government and Component Units

The following shows all transfers that took place between the primary government and its component units during the year ended June 30, 2007:

	Transfers In	Transfers Out
<b>Primary Government</b>		
General Fund	\$ -	\$ 18,732,737
Capital Projects Fund	-	1,275,626
	-	20,008,363
<b>Discretely Presented Component Units</b>		
School Board:		
School Operating Fund	18,701,537	-
School Capital Projects Fund	1,275,626	-
	19,977,163	-
Industrial Development Authority	31,200	-
	<b>\$ 20,008,363</b>	<b>\$ 20,008,363</b>

### 4. 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, 2007, is \$267,200.

#### 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 for the fiscal year ended June 30, 2007:

Rehabilitation notes receivable at July 1, 2006	\$ 66,917
Additional loans during 2007	18,781
Principal repayments	<u>(46,925)</u>
Rehabilitation notes receivable at June 30, 2007	<u>\$ 38,773</u>

These notes are included in "notes receivable" of the Capital Projects Fund.

## 5. Lease Receivable

The IDA leases the office building discussed in Note 4. 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:

2008	\$ 41,184
2009	41,184
2010	41,184
2011	41,184
2012	41,184
2013-2017	<u>195,628</u>
Total minimum lease payments	401,548
Less - amount representing interest	<u>(106,651)</u>
Present value of future payments (principal)	<u>\$ 294,897</u>

## 6. Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007
<b>Primary Government</b>				
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 4,343,237	\$ 298,557	\$ 1,200	\$ 4,640,594
Construction in progress	5,115,669	1,418,641	1,730,095	4,804,215
<b>Total capital assets not being depreciated</b>	<u>9,458,906</u>	<u>1,717,198</u>	<u>1,731,295</u>	<u>9,444,809</u>
Capital assets being depreciated:				
Buildings	61,592,657	1,609,780	3,617,169	59,585,268
Land improvements	888,183	20,192	-	908,375
Equipment	2,975,089	337,602	-	3,312,691
Vehicles	2,640,824	496,662	53,090	3,084,396
<b>Total capital assets being depreciated</b>	<u>68,096,753</u>	<u>2,464,236</u>	<u>3,670,259</u>	<u>66,890,730</u>
Less - accumulated depreciation				
Buildings	9,086,696	1,307,968	607,455	9,787,209
Land improvements	487,212	40,397	-	527,609
Equipment	521,681	200,538	-	722,219
Vehicles	1,759,470	336,854	47,028	2,049,296
<b>Total accumulated depreciation</b>	<u>11,855,059</u>	<u>1,885,757</u>	<u>654,483</u>	<u>13,086,333</u>
<b>Total capital assets being depreciated - net</b>	<u>56,241,694</u>	<u>578,479</u>	<u>3,015,776</u>	<u>53,804,397</u>
<b>Governmental activities capital assets - net</b>	<u>\$ 65,700,600</u>	<u>\$ 2,295,677</u>	<u>\$ 4,747,071</u>	<u>\$ 63,249,206</u>

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$ 157,240	\$ -	\$ -	\$ 157,240
Construction in progress	97,763	773,301	97,763	773,301
<b>Total capital assets not being depreciated</b>	<b>255,003</b>	<b>773,301</b>	<b>97,763</b>	<b>930,541</b>
Capital assets being depreciated:				
Buildings	8,031,327	14,000	-	8,045,327
Land improvements	11,401,736	495,657	-	11,897,393
Equipment	373,221	129,759	-	502,980
Vehicles	246,053	59,994	65,555	240,492
<b>Total capital assets being depreciated</b>	<b>20,052,337</b>	<b>699,410</b>	<b>65,555</b>	<b>20,686,192</b>
Less - accumulated depreciation				
Buildings	1,609,936	160,656	-	1,770,592
Land improvements	4,092,817	582,588	-	4,675,405
Equipment	138,296	56,873	-	195,169
Vehicles	166,897	22,192	40,466	148,623
<b>Total accumulated depreciation</b>	<b>6,007,946</b>	<b>822,309</b>	<b>40,466</b>	<b>6,789,789</b>
<b>Total capital assets being depreciated - net</b>	<b>14,044,391</b>	<b>(122,899)</b>	<b>25,089</b>	<b>13,896,403</b>
<b>Business-type activities capital assets - net</b>	<b>\$ 14,299,394</b>	<b>\$ 650,402</b>	<b>\$ 122,852</b>	<b>\$ 14,826,944</b>

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

<b>Governmental activities</b>	
General government administration	\$ 126,175
Public safety	326,555
Public works	167,809
Health and welfare	42,880
Parks, recreation and culture	130,968
Community development	32,187
Education	1,059,183
<b>Total depreciation expense - governmental activities</b>	<b>\$ 1,885,757</b>
<b>Business-type activities</b>	
Administration	\$ 64,805
Water	369,968
Sewer	387,536
<b>Total depreciation expense - business-type activities</b>	<b>\$ 822,309</b>

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007
<b>Discretely Presented Component</b>				
<b>Units - School Board</b>				
Capital assets not being depreciated:				
Land	\$ 1,619,726	\$ -	\$ -	\$ 1,619,726
Construction in progress	541,033	132,731	541,033	132,731
<b>Total capital assets not being depreciated</b>	<b>2,160,759</b>	<b>132,731</b>	<b>541,033</b>	<b>1,752,457</b>
Capital assets being depreciated:				
Buildings	24,219,046	4,462,156	-	28,681,202
Land improvements	1,302,335	37,802	-	1,340,137
Equipment	5,833,093	762,289	-	6,595,382
Vehicles	4,937,631	524,021	463,024	4,998,628
<b>Total capital assets being depreciated</b>	<b>36,292,105</b>	<b>5,786,268</b>	<b>463,024</b>	<b>41,615,349</b>
Less - accumulated depreciation				
Buildings	12,058,023	1,300,611	-	13,358,634
Land improvements	904,201	43,784	-	947,985
Equipment	2,369,530	739,346	-	3,108,876
Vehicles	3,961,555	286,683	463,024	3,785,214
<b>Total accumulated depreciation</b>	<b>19,293,309</b>	<b>2,370,424</b>	<b>463,024</b>	<b>21,200,709</b>
<b>Total capital assets being depreciated - net</b>	<b>16,998,796</b>	<b>3,415,844</b>	<b>-</b>	<b>20,414,640</b>
<b>School Board capital assets - net</b>	<b>\$ 19,159,555</b>	<b>\$ 3,548,575</b>	<b>\$ 541,033</b>	<b>\$ 22,167,097</b>
<b>Industrial Development Authority</b>				
Capital assets not being depreciated:				
Land	\$ 1,031,856	\$ 1,200	\$ 1,200	\$ 1,031,856
Construction in progress	2,415,845	467,551	-	2,883,396
<b>Total capital assets not being depreciated - net</b>	<b>\$ 3,447,701</b>	<b>\$ 468,751</b>	<b>\$ 1,200</b>	<b>\$ 3,915,252</b>

<b>Construction Commitments</b>	Spent-to-date	Remaining Commitment
CDSD Industrial Project - STH Phase II	\$ 5,314,405	\$ 805,787
Emergency Radio System	1,392,545	51,381
New Courts/Clerk Building	682	249,318
Heritage Park - Fairgrounds	2,895,565	95,591
Camp Washington	107,687	42,135
Isle of Wight Museum	160,457	57,293
Fluoride Removal	1,793,987	140,656
Camptown/Carrsville Public Utilities Improvements	38,295	461,705
Carrsville Water System	477,581	9,366
Old Jail Renovation	7,704	185,296
Hardy Park	12,850	432,150
Fort Huger Park	375,854	449,146
	<b>\$ 12,577,612</b>	<b>\$ 2,979,824</b>

## 7. Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities during the year ended June 30, 2007:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 51,146,993	\$ -	\$ 4,388,041	\$ 46,758,952	\$ 3,631,629
Literary loans	3,500,000	-	250,000	3,250,000	250,000
Capital leases	205,475	-	81,705	123,770	58,494
Note payable	47,277	-	7,266	40,011	7,490
Compensated absences	609,923	59,166	22,866	646,223	64,622
Closure costs	259,007	283,805	55,343	487,469	90,000
Deferred charges - bond premiums	461,658	-	29,271	432,387	-
<b>Total Governmental Activities</b>	<b>\$ 56,230,333</b>	<b>\$ 342,971</b>	<b>\$ 4,834,492</b>	<b>\$ 51,738,812</b>	<b>\$ 4,102,235</b>
<b>Business-Type Activities</b>					
General obligation bonds	\$ 12,358,036	\$ -	\$ 516,959	\$ 11,841,077	\$ 713,372
Compensated absences	33,885	3,836	-	37,721	3,772
Deferred charges - bond premiums	226,435	-	14,152	212,283	-
<b>Total Business-Type Activities</b>	<b>\$ 12,618,356</b>	<b>\$ 3,836</b>	<b>\$ 531,111</b>	<b>\$ 12,091,081</b>	<b>\$ 717,144</b>
<b>Discretely Presented Component Units</b>					
<b>School Board</b>					
Compensated absences	\$ 460,918	\$ 55,871	\$ -	\$ 516,789	\$ 51,679
<b>Industrial Development Authority</b>					
Note payable	\$ 286,507	\$ -	\$ 19,308	\$ 267,199	\$ 20,630

### A. General Obligation Bonds

General Obligation Bonds are backed by the full faith and credit of the County. There are no sinking fund requirements.

In August 2005, the primary government issued \$13,880,000 of General Obligation Bonds at a premium of \$316,290, with interest calculated at 3.00% to 5.00% per annum. Principal payments are due in annual installments and interest payments are made in semi-annual installments. The bonds will mature in 2022. The premium is being amortized over the life of the bond and is included in the related debt in the statement of net assets. The proceeds were used for the purpose of advance refunding of a portion of the outstanding balance of 1995 and 1997 Series Bonds. The net proceeds from the refunding portion of this General Obligation Bond was deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the 1995 and 1997 Series Bonds. As a result, that portion of the 1995 and 1997 Series Bonds was considered to be defeased and the liability for those bonds was removed from the General Obligation Bonds outstanding. As of June 30, 2007, the remaining outstanding balance of the defeased bonds was \$13,235,000. The defeasance resulted in net present value savings of \$737,720, or 5.574% of the par amount of the refunded bond.

In May 2004, the primary government issued \$28,870,000 of General Obligation Bonds at a premium of \$332,520, with interest calculated at 3.00% to 5.00% per annum. Principal payments are due in annual installments and interest payments are made in semi-annual installments. The bonds will mature in 2024. The premium is being amortized over the life of the bonds and is included in the related debt in the statement of net assets. Of this bond issue, \$23,700,000 was 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 net proceeds from the refunding portion of this General Obligation Bond was deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the 1995 Series Bond. As a result, the 1995 Series Bond was considered to be defeased and the liability for this bond was removed from the General Obligation Bonds outstanding. As of June 30, 2007, the remaining outstanding balance of the defeased bonds was approximately \$5,000,000. The defeasance resulted in net present value savings of \$168,650, or 4.381% of the par amount of the refunded bonds.

In February 2003, the primary government issued \$18,140,000 of General Obligation Bonds at a premium of \$136,420, with interest calculated at 2.00% to 4.5% per annum. Principal payments are made in annual installments and interest payments are made in semi-annual installments. The bonds will mature in 2023. The premium will be amortized over the life of the bonds and is included with the related debt in the statement of net assets. 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 net proceeds from the refunding portion of these General Obligation Bonds were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on \$9,050,000 of the \$10,100,000 1991, 1993, and 1994 Series Bonds. As a result, \$9,050,000 of the 1991, 1993, and 1994 Series Bonds were considered to be defeased and the liability for these bonds was removed from the General Obligation Bonds outstanding. The remaining \$1,050,000 was paid out from July 1, 2003 to June 30, 2004. Each of the three defeased bonds have now been retired. The defeasance resulted in a reduction of total debt service payments by an average of \$39,000 per year.

Other General Obligation Bonds outstanding as of June 30, 2007, are:

\$7,860,000 General Obligation Refunding Bond, issued December 15, 1996, bonds bearing interest varying from 4.05% to 5.15%, maturing December 15, 2010. (Debt service allocated between the primary government - \$2,279,400 and the Component Unit - School Board - \$5,580,600).

\$1,305,000 Refunding Series 1987B, bonds bearing interest at 7.54%, maturing December 15, 2008, (\$75,000 annually until final 4 years, then \$25,000 annually).

\$7,860,000 General Obligation Bond Refunding, issued December 15, 1996, bonds bearing interest varying from 4.05% to 5.15%, maturing December 15, 2010, with semi-annual principal payments varying from \$150,000 to \$700,000 (debt service allocated between primary government - \$2,261,875 and the Component Unit - School Board - \$5,598,125).

\$5,800,000 issued December 1, 1997, bonds bearing interest at 4.70% to 5.75%, maturing each June 1 and December 1 through 2017, with semi-annual principal payments varying from \$200,000 to \$400,000.

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

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 3,631,629	\$ 2,125,007	\$ 713,372	\$ 281,728
2009	3,754,999	1,996,840	745,001	245,632
2010	4,072,525	1,668,638	572,475	396,328
2011	4,239,775	1,542,834	635,225	335,125
2012	4,164,276	1,368,289	655,725	311,961
2013-2017	11,204,183	5,055,701	3,640,844	1,169,010
2018-2022	10,051,565	2,601,968	3,998,435	560,141
2023-2025	5,640,000	410,513	880,000	17,600
	<u>\$ 46,758,952</u>	<u>\$ 16,769,790</u>	<u>\$ 11,841,077</u>	<u>\$ 3,317,525</u>

#### B. 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
2008	\$ 250,000	\$ 97,500
2009	250,000	90,000
2010	250,000	82,500
2011	250,000	75,000
2012	250,000	67,500
2013-2017	1,250,000	225,000
2018-2020	750,000	45,000
	<u>\$ 3,250,000</u>	<u>\$ 682,500</u>

#### C. Compensated Absences

Compensated absences are typically liquidated by the County's general fund for governmental activities and the operating fund for the School Board.

#### D. 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.

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:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 7,490	\$ 2,384
2009	7,729	1,885
2010	7,985	1,368
2011	8,258	834
2012	8,549	281
	<u>\$ 40,011</u>	<u>\$ 6,752</u>

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Component Unit</u> <u>Industrial Development Authority</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 20,630	\$ 17,148
2009	22,045	15,733
2010	23,556	14,222
2011	25,171	12,606
2012	26,897	10,881
2013-2017	148,900	24,251
	<u>\$ 267,199</u>	<u>\$ 94,841</u>

## 8. Leases

The County leases equipment under a capital lease agreement. A summary of future minimum lease payments under the capital lease together with the present value of the total minimum lease payments as of June 30, 2007, is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Governmental</u> <u>Activities</u>
2008	\$ 63,084
2009	57,652
2010	9,609
Total minimum lease payments	130,345
Less amount representing interest	(6,575)
Present value principal	<u>\$ 123,770</u>

The recorded cost of capital assets under the capital lease agreement is \$393,827. Accumulated depreciation on these capital assets at June 30, 2007, is \$211,808.

## **9. 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 - LEO's) 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. 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 that report may be 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 recommended contribution rate for the year ended June 30, 2007, was 5.98% and 9.41%, respectively, of annual covered payroll. The School Board's required employer contributions to the teacher cost-sharing pool for all professional employees for the fiscal years ended June 30, 2007, 2006, and 2005, were \$3,719,126, \$2,628,625 and, \$2,335,982, respectively. The School Board contributed 100% of required contributions to the pool for the fiscal year ended June 30, 2007, and each of the two preceding fiscal years.

### C. Annual Pension Cost

For the fiscal year ended June 30, 2007, the County and School Board's annual pension costs of \$1,059,391 and \$205,392, 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, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return, (b) projected salary increases of 3.50% 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 30 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	2007	\$ 1,059,391	100.00 %	\$ -
	2006	\$ 515,137	100.00 %	\$ -
	2005	\$ 468,725	100.00 %	\$ -
School Board nonprofessional employees	2007	\$ 205,392	100.00 %	\$ -
	2006	\$ 197,971	100.00 %	\$ -
	2005	\$ 199,867	100.00 %	\$ -

### E. Schedules of Funding Progress

	Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Over (Under) Funded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Over (Under) Funded Liability as Percentage of Payroll
County employees	06/30/06	\$ 18,648,597	\$ 19,633,698	\$ (985,101)	94.98%	\$ 8,280,343	(11.90%)
	06/30/05	\$ 17,425,682	\$ 19,283,630	\$ (1,857,948)	90.37%	\$ 7,332,113	(25.34%)
	06/30/04	\$ 16,822,166	\$ 16,276,480	\$ 545,686	103.35%	\$ 6,425,477	8.49%
School Board nonprofessional employees	06/30/06	\$ 3,182,650	\$ 3,852,599	\$ (669,949)	82.61%	\$ 1,340,449	(49.98%)
	06/30/05	\$ 2,970,946	\$ 3,955,050	\$ (984,104)	75.12%	\$ 1,412,766	(69.66%)
	06/30/04	\$ 2,859,269	\$ 3,716,570	\$ (857,301)	76.93%	\$ 1,313,565	(65.27%)

#### **F. Notes to Schedule of Employer Contributions and Funding Progress**

The information presented in the schedules of employer contributions and funding progress was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Payroll growth rate	2.50%
Remaining amortization period	20 Years
Asset valuation method	Modified Market
Actuarial assumptions:	
Investment rate of return *	7.50%
Projected salary increases: *	
Non-LEO	3.75% to 5.60%
LEO employees	3.50% to 4.75%
Cost of living adjustment	2.50%
* Includes inflation of 2.50%	

#### **10. 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 laws and regulations, and, therefore, is only liable for post-closure monitoring for a limited period. During fiscal year 2005, 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 total cost of the post-closure monitoring and maintenance of \$487,469 is based on the expected cost for all equipment, facilities and services required to monitor and maintain the former landfill. Because the County is subject to ground water monitoring, the County provided additional financial assurance in the amount of \$1,000,000. However, the actual cost of post-closure monitoring and maintenance may be higher due to inflation, changes in technology or changes in landfill laws and regulations. For the year ended June 30, 2007, the County expended \$55,343 in post-closure costs. It is estimated the remaining balance of the estimated costs will be recognized as post-closure costs between June 30, 2007, and the date post-closure requirements expire.

##### **B. 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 \$409,540 for incurred but not reported claims.

### C. 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.

## 11. 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

## 12. Jointly Governed Organizations

The County, in conjunction with other localities, has created the Western Tidewater Water Authority (Authority), the Western Tidewater Regional Jail Authority, the Blackwater Regional Library (Library) and the Western Tidewater Community Services Board (CSB). The governing bodies of these organizations are appointed by the governing bodies of the participating jurisdictions. During the fiscal year ended June 30, 2007, the County contributed \$151,200 to the operations of the CSB and \$429,468 to the Library.

In February 2006, the County amended its agreement with the Authority primarily for the purposes of extending the Crittenden well and pipeline, to expand Suffolk's water treatment facilities and to acquire additional water sources beyond 2015 to meet public demand. The amended agreement also established a reserved capacity charge for which the County paid the Authority \$1,050,804 for fiscal year 2007. Additionally, the County contributed approximately \$815,000 to the Authority for its share of capital costs incurred by the Authority.

**13. Annexation Agreement**

The County has entered into an agreement with the City of Franklin (City) whereby the City waived any and all of its rights and power to seek the annexation of the County's territory within a designated area adjacent to the City. In return, the County agreed to share with the City all local tax revenues collected by the County within the designated area using a predetermined formula.

For the year ended June 30, 2007, the payment made to the City of Franklin totaled \$1,107,450.

**14. 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, 2007, deferred revenues totaled \$722,939. Of this amount, \$716,393 represents uncollected tax billings not available for funding of current expenditures and \$6,546 represents the receipt of payments on a tax assessment not yet due.

**15. 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 provided a predetermined fixed dollar amount to the County based on the 2005 tax collections of \$5,267,011.

As the County's population continues to grow, the amount of tax relief provided by this fixed dollar amount will decrease, whereby placing the tax burden on the taxpayer. The County estimates the percent of relief provided by this fixed dollar amount for fiscal year 2008 will be 56%.

**16. Public Utilities**

To subsidize the operations of the Public Utilities Fund, the General Fund has been providing operating transfers to the Public Utilities Fund from 1994 through 2004. As of June 30, 2007, such transfers have amounted to \$4,613,098. While no repayment schedule has been established, it is the intentions of the County to have the Public Utilities Fund reimburse the General Fund for these transfers at such time as the operations of the Public Utilities Fund enable it to do so.

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*Required Supplementary Information*



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## County of Isle of Wight, Virginia

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

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Primary Government</b>				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property	\$ 19,500,000	\$ 19,500,000	\$ 20,212,259	\$ 712,259
Real and personal public service corporation property	1,400,000	1,400,000	962,676	(437,324)
Personal property	5,384,110	5,384,110	6,283,479	899,369
Boat	-	-	203,071	203,071
Mobile home	184,000	184,000	110,560	(73,440)
Machinery and tools	6,400,000	6,400,000	6,547,435	147,435
Penalties	200,000	200,000	295,804	95,804
Interest and other costs	100,000	100,000	123,525	23,525
<b>Total general property taxes</b>	<b>33,168,110</b>	<b>33,168,110</b>	<b>34,738,809</b>	<b>1,570,699</b>
Other local taxes:				
Local sales and use	1,750,000	1,750,000	1,969,722	219,722
Consumer's utility	860,000	860,000	705,405	(154,595)
Communications sales and use	-	-	655,620	655,620
Lodging	28,000	28,000	25,692	(2,308)
Business license	445,000	445,000	480,499	35,499
Motor vehicle licenses	465,000	465,000	514,680	49,680
Franchise licenses (cable)	110,000	110,000	117,587	7,587
Recordation and wills	650,000	650,000	804,809	154,809
Consumption	496,000	496,000	324,495	(171,505)
Bank franchise tax	-	-	3,990	3,990
Meals tax	170,000	170,000	213,881	43,881
<b>Total other local taxes</b>	<b>4,974,000</b>	<b>4,974,000</b>	<b>5,816,380</b>	<b>842,380</b>
Permits, fees and licenses:				
Animal licenses	13,000	13,000	10,370	(2,630)
Transfer fees	1,500	1,500	1,487	(13)
Zoning and subdivision fees	160,000	160,000	133,825	(26,175)
Building permits	500,000	500,000	331,177	(168,823)
Concealed weapon permits	5,000	5,000	2,714	(2,286)
Inspection fees	80,000	80,000	39,715	(40,285)
Cash proffers	500,000	500,000	185,907	(314,093)
<b>Total permits, fees and licenses</b>	<b>1,259,500</b>	<b>1,259,500</b>	<b>705,195</b>	<b>(554,305)</b>
Fines and forfeitures	45,000	45,000	47,800	2,800
<b>Total fines and forfeitures</b>	<b>45,000</b>	<b>45,000</b>	<b>47,800</b>	<b>2,800</b>
Revenues from use of money and property:				
Revenues from use of money	725,000	725,000	1,686,566	961,566
Revenues from use of property	90,000	90,000	72,782	(17,218)
	<b>815,000</b>	<b>815,000</b>	<b>1,759,348</b>	<b>944,348</b>
Miscellaneous:				
Miscellaneous	337,100	337,100	155,984	(181,116)
Gifts and donations	25,000	25,000	25,707	707
<b>Total miscellaneous</b>	<b>362,100</b>	<b>362,100</b>	<b>181,691</b>	<b>(180,409)</b>

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Primary Government (Continued)</b>				
General fund: (Continued)				
Charges for services:				
Court costs	56,700	56,700	31,553	(25,147)
Charges for Commonwealth's Attorney	1,200	1,200	1,350	150
Charges for sanitation and waste removal	4,000	4,000	3,480	(520)
Charges for parks and recreation	267,005	315,755	169,621	(146,134)
Charges for building construction court fee	-	-	16,949	16,949
Charges for law enforcement and other protection	2,500	2,500	4,015	1,515
Charges for Emergency Medical Services	500,000	500,000	607,635	107,635
Charges for tourism	-	-	305	305
<b>Total charges for services</b>	<b>831,405</b>	<b>880,155</b>	<b>834,908</b>	<b>(45,247)</b>
Recovered costs:				
Town of Smithfield - tourism and fire and rescue	200,000	200,000	200,302	302
Indirect cost allocation	65,000	65,000	75,030	10,030
Court costs	-	40,000	52,065	12,065
Other	71,379	79,860	131,394	51,534
<b>Total recovered costs</b>	<b>336,379</b>	<b>384,860</b>	<b>458,791</b>	<b>73,931</b>
<b>Total revenues from local sources</b>	<b>41,791,494</b>	<b>41,888,725</b>	<b>44,542,922</b>	<b>2,654,197</b>
Revenue from the Commonwealth				
Noncategorical aid:				
State personal property tax relief	5,115,890	5,115,890	5,267,011	151,121
<b>Total noncategorical aid</b>	<b>5,115,890</b>	<b>5,115,890</b>	<b>5,267,011</b>	<b>151,121</b>
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	258,000	258,000	268,617	10,617
Sheriff	1,260,000	1,260,000	1,185,714	(74,286)
Commissioner of the Revenue	150,000	182,927	141,432	(41,495)
Treasurer	135,000	150,000	129,555	(20,445)
Medical examiner	200	200	60	(140)
Registrar/electoral board	51,500	51,500	58,180	6,680
Clerk of the Circuit Court	228,000	228,000	395,905	167,905
<b>Total shared expenses</b>	<b>2,082,700</b>	<b>2,130,627</b>	<b>2,179,463</b>	<b>48,836</b>
Other categorical aid:				
Fire program funds	47,000	51,075	51,075	-
Two for life	26,000	28,509	28,509	-
SRO - Smithfield	-	24,280	23,790	(490)
Court Appointed Services Advocate	-	20,890	20,223	(667)
Litter control	-	6,350	6,350	-
Victim witness	-	47,345	47,288	(57)
Virginia Port Authority	-	39,850	-	(39,850)
Hazard mitigation	-	157,477	4,904	(152,573)
Other	-	57,650	41,469	(16,181)
<b>Total other categorical aid</b>	<b>73,000</b>	<b>433,426</b>	<b>223,608</b>	<b>(209,818)</b>
<b>Total categorical aid</b>	<b>2,155,700</b>	<b>2,564,053</b>	<b>2,403,071</b>	<b>(160,982)</b>

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Primary Government (Continued)</b>				
<i>General fund: (Continued)</i>				
Other revenue from the Commonwealth	440,000	440,000	496,871	56,871
<b>Total revenues from the Commonwealth</b>	<b>7,711,590</b>	<b>8,119,943</b>	<b>8,166,953</b>	<b>47,010</b>
Home Program	-	259,807	30,905	(228,902)
Hazard Mitigation	-	178,860	30,278	(148,582)
Buffer Zone Protection	-	5,448	-	(5,448)
Bullet Proof Vest	-	7,875	7,875	-
COPS Technology	-	49,877	38,707	(11,170)
Juvenile Accountability	10,000.00	10,000	9,916	(84)
DMV Selective Enforcement	-	20,405	9,487	(10,918)
V-STOP	-	31,108	19,366	(11,742)
Homeland Security	-	24,219	24,219	-
Other	-	2,309	2,309	-
<b>Total revenues from the federal government</b>	<b>10,000</b>	<b>589,908</b>	<b>173,062</b>	<b>(416,846)</b>
<b>Total general fund revenues</b>	<b>\$ 49,513,084</b>	<b>\$ 50,598,576</b>	<b>\$ 52,882,937</b>	<b>\$ 2,284,361</b>
<b>General government administration:</b>				
<b>Legislative:</b>				
Board of Supervisors	\$ 237,583	\$ 367,359	\$ 357,959	\$ 9,400
<b>General and financial administration:</b>				
Communications	53,550	65,550	56,889	8,661
County Administrator	706,967	713,904	708,942	4,962
County Attorney	334,705	452,120	438,519	43,601
Commissioner of the Revenue	463,203	500,430	472,512	27,918
Budget and finance	451,463	447,706	357,266	90,440
Insurance	191,000	202,495	200,856	1,639
GIS operations	282,697	297,894	97,465	200,429
Treasurer	431,536	446,536	434,144	12,392
Information technology	575,762	811,024	717,190	93,834
Real estate assessment	11,430	14,230	13,710	520
Human resources	243,576	251,576	224,993	26,583
<b>Total general and financial administration</b>	<b>3,745,889</b>	<b>4,233,465</b>	<b>3,722,486</b>	<b>510,979</b>
<b>Board of elections:</b>				
Registrar/electoral board and officials	155,045	163,291	159,782	3,509
<b>Total board of elections</b>	<b>155,045</b>	<b>163,291</b>	<b>159,782</b>	<b>3,509</b>
<b>Total general government administration</b>	<b>4,138,517</b>	<b>4,764,115</b>	<b>4,240,227</b>	<b>523,888</b>

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Primary Government (Continued)</b>				
General fund: (Continued)				
Judicial administration:				
Courts:				
Circuit Court	36,220	36,220	28,060	8,160
Circuit Court Records Preservation Grant	-	6,385	6,385	-
General District Court	6,940	7,205	6,963	242
Fifth District Court services unit	180,040	130,040	122,410	7,630
Juvenile and Domestic Relations District Court	10,250	10,450	10,298	152
Clerk of the Circuit Court	379,637	395,597	392,822	2,775
<b>Total courts</b>	<b>613,087</b>	<b>585,897</b>	<b>566,938</b>	<b>18,959</b>
Commonwealth's Attorney	311,643	311,643	311,379	264
<b>Total Commonwealth's Attorney</b>	<b>311,643</b>	<b>311,643</b>	<b>311,379</b>	<b>264</b>
<b>Total judicial administration</b>	<b>924,730</b>	<b>897,540</b>	<b>878,317</b>	<b>19,223</b>
Public safety:				
Law enforcement and traffic control:				
Sheriff	2,495,021	2,752,030	2,629,711	122,319
Sheriff auxiliary	7,000	6,000	5,195	805
<b>Total law enforcement and traffic control</b>	<b>2,502,021</b>	<b>2,758,030</b>	<b>2,634,906</b>	<b>123,124</b>
Fire and rescue services:				
Emergency services	830,849	973,518	935,780	137,738
Volunteer fire department	284,740	311,740	311,740	-
Ambulance and rescue service	263,685	263,685	262,121	1,564
<b>Total fire and rescue services</b>	<b>1,379,274</b>	<b>1,548,943</b>	<b>1,409,641</b>	<b>139,302</b>
Inspections - building	483,548	484,125	441,364	42,761
<b>Total inspections - building</b>	<b>483,548</b>	<b>484,125</b>	<b>441,364</b>	<b>42,761</b>
Other protection:				
Animal control	219,484	236,484	232,706	3,778
Emergency management (civil defense)	13,806	14,349	8,735	5,614
Two for life	26,000	28,509	28,509	-
Fire prevention	47,000	51,075	51,075	-
DMV selective enforcement	-	20,405	9,487	10,918
SRO - Windsor/Smithfield	-	38,867	38,225	642
COPS technology	-	49,877	38,707	11,170
Homeland Security/Terrorism Prevention Program	-	24,219	23,409	810
Buffer Zone Protection	-	5,448	5,448	-
Other protection	4,579	32,393	27,986	4,407
<b>Total other protection</b>	<b>310,869</b>	<b>501,626</b>	<b>464,287</b>	<b>37,339</b>
<b>Total public safety</b>	<b>4,675,712</b>	<b>5,292,724</b>	<b>4,950,198</b>	<b>342,526</b>
Public works:				
Administration:				
General administration	142,858	103,587	62,532	41,055
Engineering division	276,150	276,150	258,291	17,859
<b>Total administration</b>	<b>419,008</b>	<b>379,737</b>	<b>320,823</b>	<b>58,914</b>

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Primary Government (Continued)</b>				
<i>General fund: (Continued)</i>				
Maintenance of highways, streets, bridges and sidewalks:				
Roadway beautification	11,500	23,121	20,770	2,351
Road improvements	1,000,000	1,100,000	-	1,100,000
<b>Total maintenance of highways, streets, bridges and sidewalks</b>	<b>1,011,500</b>	<b>1,123,121</b>	<b>20,770</b>	<b>1,102,351</b>
Sanitation and waste removal:				
Refuse collection	915,479	915,479	848,737	66,742
Refuse disposal	1,260,000	1,370,300	1,370,297	3
<b>Total sanitation and waste removal</b>	<b>2,175,479</b>	<b>2,285,779</b>	<b>2,219,034</b>	<b>66,745</b>
Maintenance of general buildings and grounds:				
General properties	1,151,761	1,432,566	1,376,320	56,246
Transportation/maintenance	146,000	128,400	120,438	7,962
Litter control	-	8,573	7,008	1,565
<b>Total maintenance of general buildings and grounds</b>	<b>1,297,761</b>	<b>1,569,539</b>	<b>1,503,766</b>	<b>65,773</b>
<b>Total public works</b>	<b>4,903,748</b>	<b>5,358,176</b>	<b>4,064,393</b>	<b>1,293,783</b>
Health and welfare:				
Health:				
Supplement to local health department	415,722	415,722	415,722	-
<b>Total health</b>	<b>415,722</b>	<b>415,722</b>	<b>415,722</b>	<b>-</b>
Mental health and mental retardation:				
Western Tidewater Community Services Board	151,200	151,200	151,200	-
<b>Total mental health and mental retardation</b>	<b>151,200</b>	<b>151,200</b>	<b>151,200</b>	<b>-</b>
Welfare:				
Youth services	107,628	32,436	28,899	3,537
STOP Organization	7,051	7,051	7,051	-
Senior Services of Southeastern Hampton Roads	32,545	32,545	32,545	-
Surry Area Free Clinic	5,150	5,150	5,150	-
Independence Center of Tidewater	5,000	5,000	5,000	-
Genieve Shelter	10,000	10,000	10,000	-
Victim witness	6,000.00	53,345	51,887	1,458
State and local hospitalization	14,000	14,030	14,030	-
Suffolk Homeless Shelter	8,000	8,000	8,000	-
Court Appointed Special Advocate	30,000.00	53,690	51,830	1,860
V-STOP	-	31,108	19,365	11,743
Commission on Aging	1,000.00	1,000	966	34
Juvenile Accountability Program	-	50,495	41,440	9,055
Other	-	14,637	3,392	11,245
<b>Total welfare</b>	<b>226,374</b>	<b>318,487</b>	<b>279,555</b>	<b>38,932</b>
<b>Total health and welfare</b>	<b>793,296</b>	<b>885,409</b>	<b>846,477</b>	<b>38,932</b>

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Primary Government (Continued)</b>				
General fund: (Continued)				
Education:				
Transfers	19,379,893	19,483,675	18,701,537	782,138
<b>Total education</b>	<u>19,379,893</u>	<u>19,483,675</u>	<u>18,701,537</u>	<u>782,138</u>
Parks, recreation and cultural:				
Skating rink	-	95,926	84,643	11,283
Virginia Port Authority	-	39,850	-	39,850
Parks and recreation	931,718	975,943	866,761	109,182
Other parks and recreation	-	16,298	16,298	-
<b>Total parks and recreation</b>	<u>931,718</u>	<u>1,128,017</u>	<u>967,702</u>	<u>160,315</u>
Cultural enrichment:				
Historic Resources Division:	268,545	284,210	270,573	13,637
Cultural Arts Organizations	6,000	11,000	11,000	-
<b>Total cultural enrichment</b>	<u>274,545</u>	<u>295,210</u>	<u>281,573</u>	<u>13,637</u>
Library:				
Community College	6,500	6,500	6,500	-
Library administration	429,468	429,468	429,468	-
<b>Total library</b>	<u>435,968</u>	<u>435,968</u>	<u>435,968</u>	<u>-</u>
<b>Total parks, recreation and cultural</b>	<u>1,642,231</u>	<u>1,859,195</u>	<u>1,685,243</u>	<u>173,952</u>
Community development:				
Planning and community development:				
Planning	770,483	1,064,411	890,679	173,732
Economic development	442,681	507,681	394,861	112,820
Tourism	345,167	360,457	342,146	18,311
Community development	-	665,846	55,425	610,421
Chamber of Commerce	18,500	18,500	18,500	-
Pesticide recycling	-	3,750	1,875	1,875
Other	7,900	10,400	10,400	-
<b>Total planning</b>	<u>1,584,731</u>	<u>2,631,045</u>	<u>1,713,886</u>	<u>917,159</u>
Environmental management:	18,000	18,000	18,000	-
<b>Total environmental management</b>	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Cooperative extension program	53,930	53,930	45,270	8,660
<b>Total cooperative extension program</b>	<u>53,930</u>	<u>53,930</u>	<u>45,270</u>	<u>8,660</u>
<b>Total planning and community development</b>	<u>1,656,661</u>	<u>2,702,975</u>	<u>1,777,156</u>	<u>925,819</u>
Nondepartmental:				
Annexation settlement payment	1,150,000	1,150,000	1,107,450	42,550
Other	728,176	613,950	25,950	588,000
<b>Total nondepartmental</b>	<u>1,878,176</u>	<u>1,763,950</u>	<u>1,133,400</u>	<u>630,550</u>
Debt service:				
Principal retirement	4,645,307	4,645,307	4,645,307	-
Interest and other charges	2,227,676	2,227,676	2,227,676	-
<b>Total debt service</b>	<u>6,872,983</u>	<u>6,872,983</u>	<u>6,872,983</u>	<u>-</u>
<b>Total general fund expenditures</b>	<u>\$ 46,865,947</u>	<u>\$ 49,880,742</u>	<u>\$ 45,149,931</u>	<u>\$ 4,730,811</u>

*County of Isle of Wight, Virginia**Schedule of Funding Progress for Defined Pension Plans***Year Ended June 30, 2007**

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Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Over (Under) Funded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Over (Under) Funded Liability as Percentage of Payroll
County Employees						
6/30/2006	\$ 18,648,597	\$ 19,633,698	\$ (985,101)	94.98%	\$ 8,280,343	-11.90%
6/30/2005	\$ 17,425,682	\$ 19,283,630	\$ (1,857,948)	90.37%	\$ 7,332,113	-25.34%
6/30/2004	\$ 16,822,166	\$ 16,276,480	\$ 545,686	103.35%	\$ 6,425,477	8.49%
6/30/2003	\$ 16,388,230	\$ 14,261,218	\$ 2,127,012	114.91%	\$ 6,022,188	35.32%
6/30/2002	\$ 16,014,815	\$ 13,281,302	\$ 2,733,513	120.58%	\$ 5,584,564	48.95%
School Board - Nonprofessional Employees						
6/30/2006	\$ 3,182,650	\$ 3,852,599	\$ (669,949)	82.61%	\$ 1,340,449	-49.98%
6/30/2005	\$ 2,970,946	\$ 3,955,050	\$ (984,104)	75.12%	\$ 1,412,766	-69.66%
6/30/2004	\$ 2,859,269	\$ 3,716,570	\$ (857,301)	76.93%	\$ 1,313,565	-65.27%
6/30/2003	\$ 2,783,080	\$ 3,455,183	\$ (672,103)	80.55%	\$ 1,286,537	-52.24%
6/30/2002	\$ 2,772,676	\$ 3,399,450	\$ (626,774)	81.56%	\$ 1,235,995	-50.71%



*County of Isle of Wight, Virginia**Schedule of Employer Contributions for Defined Benefit Pension Plans***Year Ended June 30, 2007**

<u>Fiscal Year Ended June 30,</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>
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**County Employees**

2007	\$ 1,059,391	100%
2006	\$ 515,137	100%
2005	\$ 468,725	100%

**School Board Nonprofessional Employees**

2007	\$ 205,392	100%
2006	\$ 197,971	100%
2005	\$ 199,867	100%

*County of Isle of Wight, Virginia**Notes to Required Supplementary Information*

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June 30, 2007

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**I. Budgets and Budgetary Accounting**

- 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 county departments; however, the School Board is authorized to transfer budgeted amounts within all the school system's categories.
- E. Budgets are formally integrated for all funds and component units and are employed as management control devices.
- F. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- G. Appropriations lapse on June 30 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.

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*Other Supplementary Information*

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## County of Isle of Wight, Virginia

Combining Balance Sheets -  
Nonmajor Governmental Funds

June 30, 2007

	DSS	Comprehensive Services Fund	E-911 Fund	Section 8	Asset Forfeiture Fund	County Fair Fund	Museum Fund	Totals
<b>Assets</b>								
Cash and investments	\$ 50	\$ -	\$ 338,119	\$ 2,195	\$ 2,522	\$ -	\$ 46,284	\$ 389,170
Receivables - net of allowance for uncollectibles	207,320	177,061	-	-	-	-	-	384,381
Due from other governmental units	-	-	95,805	-	-	-	-	95,805
Due from general fund	479,588	-	-	-	-	-	-	479,588
Inventory	-	-	-	-	-	-	21,677	21,677
<b>Total assets</b>	<b>\$ 686,958</b>	<b>\$ 177,061</b>	<b>\$ 433,924</b>	<b>\$ 2,195</b>	<b>\$ 2,522</b>	<b>\$ -</b>	<b>\$ 67,961</b>	<b>\$ 1,370,621</b>
<b>Liabilities and Fund Balances</b>								
Accounts payable	\$ 686,958	\$ 177,061	\$ 9,314	\$ 2,195	\$ -	\$ 77,700	\$ 401	\$ 953,629
<b>Total liabilities</b>	<b>686,958</b>	<b>177,061</b>	<b>9,314</b>	<b>2,195</b>	<b>-</b>	<b>77,700</b>	<b>401</b>	<b>953,629</b>
<b>Fund balances</b>								
Reserved - inventory	-	-	-	-	-	-	21,677	21,677
Unreserved - board designated	-	-	128,685	-	2,522	-	-	131,207
Unreserved	-	-	295,925	-	-	(77,700)	45,883	264,108
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>424,610</b>	<b>-</b>	<b>2,522</b>	<b>(77,700)</b>	<b>67,560</b>	<b>416,992</b>
<b>Total liabilities and fund balances</b>	<b>\$ 686,958</b>	<b>\$ 177,061</b>	<b>\$ 433,924</b>	<b>\$ 2,195</b>	<b>\$ 2,522</b>	<b>\$ -</b>	<b>\$ 67,961</b>	<b>\$ 1,370,621</b>

## County of Isle of Wight, Virginia

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

Year Ended June 30, 2007

	DSS	Comprehensive Services Fund	E-911 Fund	Section 8	Asset Forfeiture Fund	County Fair Fund	Museum Fund	Totals
<b>Revenues</b>								
Other local taxes	\$ -	\$ -	\$ 264,208	\$ -	\$ -	\$ -	\$ -	\$ 264,208
Charges for services	-	-	-	-	-	85,257	5,151	90,408
Fines and forfeitures	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	30,804	1,472	32,276
Recovered costs	-	-	83,068	141,145	-	-	-	224,213
Intergovernmental:								
Commonwealth	688,352	273,322	53,836	-	-	-	-	1,015,510
Federal	1,737,904	-	-	-	-	-	-	1,737,904
<b>Total revenues</b>	<b>2,426,256</b>	<b>273,322</b>	<b>401,112</b>	<b>141,145</b>	<b>-</b>	<b>116,061</b>	<b>6,623</b>	<b>3,364,519</b>
<b>Expenditures</b>								
Public safety	-	-	726,696	-	-	-	-	726,696
Health and welfare	3,314,266	487,936	-	183,104	-	-	-	3,985,306
Parks, recreation and cultural	-	-	-	-	-	174,563	11,622	186,185
Debt service:								
Principal retirement	-	-	81,706	-	-	-	-	81,706
Interest and other charges	-	-	8,544	-	-	-	-	8,544
<b>Total expenditures</b>	<b>3,314,266</b>	<b>487,936</b>	<b>816,946</b>	<b>183,104</b>	<b>-</b>	<b>174,563</b>	<b>11,622</b>	<b>4,988,437</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(888,010)</b>	<b>(214,614)</b>	<b>(415,834)</b>	<b>(41,959)</b>	<b>-</b>	<b>(58,502)</b>	<b>(4,999)</b>	<b>(1,623,918)</b>
<b>Other financing sources</b>								
Operating transfers in	619,902	214,614	414,463	41,959	-	19,630	-	1,301,568
<b>Total other financing sources</b>	<b>619,902</b>	<b>214,614</b>	<b>414,463</b>	<b>41,959</b>	<b>-</b>	<b>19,630</b>	<b>-</b>	<b>1,301,568</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>(277,108)</b>	<b>-</b>	<b>(1,371)</b>	<b>-</b>	<b>-</b>	<b>(38,872)</b>	<b>(4,999)</b>	<b>(322,350)</b>
<b>Fund balances (accumulated deficit) - beginning of year</b>	<b>277,108</b>	<b>-</b>	<b>425,981</b>	<b>-</b>	<b>2,522</b>	<b>(38,828)</b>	<b>72,559</b>	<b>739,342</b>
<b>Fund balances (accumulated deficit) - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 424,610</b>	<b>\$ -</b>	<b>\$ 2,522</b>	<b>\$ (77,700)</b>	<b>\$ 67,560</b>	<b>\$ 416,992</b>

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, 2007

	DSS				Comprehensive Services Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	1,821,018	1,821,018	688,352	(1,132,666)	175,000	293,104	273,122	(19,782)
Federal	1,180,311	1,180,211	1,737,904	557,593	-	-	-	-
<b>Total revenues</b>	<b>3,001,329</b>	<b>3,001,329</b>	<b>2,426,256</b>	<b>(575,073)</b>	<b>175,000</b>	<b>293,104</b>	<b>273,122</b>	<b>(19,782)</b>
<b>Expenditures</b>								
Public safety	-	-	-	-	-	-	-	-
Health and welfare	3,915,039	3,915,039	3,314,266	600,773	275,000	515,000	487,936	27,064
Parks, recreation and cultural	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,915,039</b>	<b>3,915,039</b>	<b>3,314,266</b>	<b>600,773</b>	<b>275,000</b>	<b>515,000</b>	<b>487,936</b>	<b>27,064</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(913,710)</b>	<b>(913,710)</b>	<b>(888,010)</b>	<b>25,700</b>	<b>(100,000)</b>	<b>(221,896)</b>	<b>(214,614)</b>	<b>7,282</b>
<b>Other financing sources</b>								
Operating transfers in:	913,710	913,710	610,902	(302,808)	100,000	221,896	214,614	(7,282)
<b>Total other financing sources</b>	<b>913,710</b>	<b>913,710</b>	<b>610,902</b>	<b>(302,808)</b>	<b>100,000</b>	<b>221,896</b>	<b>214,614</b>	<b>(7,282)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	<b>-</b>	<b>-</b>	<b>(277,108)</b>	<b>(277,108)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (accumulated deficit) - beginning of year</b>	<b>277,108</b>	<b>277,108</b>	<b>277,108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (accumulated deficit) - end of year</b>	<b>\$ 277,108</b>	<b>\$ 277,108</b>	<b>\$ -</b>	<b>\$ (277,108)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



## 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, 2007

	E911 Fund				Section 8			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>								
Other local taxes	\$ 529,620	\$ 529,620	\$ 264,208	\$ (265,412)	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	110,784	110,784	83,068	(27,716)	99,774	128,880	141,145	12,265
Intergovernmental:								
Commonwealth	-	53,836	53,836	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>640,404</b>	<b>694,240</b>	<b>401,112</b>	<b>(293,128)</b>	<b>99,774</b>	<b>128,880</b>	<b>141,145</b>	<b>12,265</b>
<b>Expenditures</b>								
Public safety	775,078	997,998	726,695	271,302	-	-	-	-
Health and welfare	-	-	-	-	119,914	186,588	183,104	3,484
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	81,706	81,706	81,706	-	-	-	-	-
Interest and other charges	8,544	8,544	8,544	-	-	-	-	-
<b>Total expenditures</b>	<b>865,328</b>	<b>1,088,248</b>	<b>816,946</b>	<b>271,302</b>	<b>119,914</b>	<b>186,588</b>	<b>183,104</b>	<b>3,484</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(224,924)</b>	<b>(394,008)</b>	<b>(415,834)</b>	<b>(21,826)</b>	<b>(20,140)</b>	<b>(57,708)</b>	<b>(41,959)</b>	<b>15,749</b>
<b>Other financing sources</b>								
Operating transfers in	224,924	233,509	414,463	180,954	20,140	57,708	41,959	(15,749)
<b>Total other financing sources</b>	<b>224,924</b>	<b>233,509</b>	<b>414,463</b>	<b>180,954</b>	<b>20,140</b>	<b>57,708</b>	<b>41,959</b>	<b>(15,749)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	<b>-</b>	<b>(160,499)</b>	<b>(1,371)</b>	<b>159,128</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (accumulated deficit) - beginning of year</b>	<b>425,981</b>	<b>425,981</b>	<b>425,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (accumulated deficit) - end of year</b>	<b>\$ 425,981</b>	<b>\$ 265,482</b>	<b>\$ 424,610</b>	<b>\$ 159,128</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## 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, 2007

	Asset Forfeitures Fund				County Fair Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	131,195	131,195	85,237	(45,958)
Miscellaneous	-	-	-	-	37,300	37,300	30,804	(6,496)
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
<b>Total revenues</b>	-	-	-	-	168,495	168,495	116,041	(52,454)
<b>Expenditures</b>								
Public safety	-	2,522	-	2,522	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	168,495	188,125	174,563	(13,562)
<b>Total expenditures</b>	-	2,522	-	2,522	168,495	188,125	174,563	(13,562)
<b>Excess (deficiency) of revenues over expenditures</b>	-	(2,522)	-	2,522	-	(19,630)	(58,502)	(38,872)
<b>Other financing sources</b>								
Operating transfers in	-	-	-	-	-	19,630	19,630	-
<b>Total financing sources</b>	-	-	-	-	-	19,630	19,630	-
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	-	(2,522)	-	2,522	-	-	(38,872)	(38,872)
<b>Fund balances (accumulated deficit) - beginning of year</b>	2,522	2,522	2,522	-	(38,828)	(38,828)	(38,828)	-
<b>Fund balances (accumulated deficit) - end of year</b>	\$ 2,522	\$ -	\$ 2,522	\$ 2,522	\$ (38,828)	\$ (38,828)	\$ (77,700)	\$ (38,872)

## 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, 2007

	Museum Fund				Totals			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ 529,629	\$ 529,620	\$ 264,208	\$ (265,412)
Charges for services	17,500	17,500	5,151	(12,349)	148,695	148,695	90,408	(58,287)
Miscellaneous	-	-	1,472	1,472	37,300	37,300	32,276	(5,024)
Recovered costs	-	-	-	-	210,558	239,664	224,213	(15,451)
Intergovernmental:								
Commonwealth	-	-	-	-	1,996,018	2,167,958	1,015,510	(1,152,448)
Federal	-	-	-	-	1,180,311	1,180,311	1,737,904	557,593
<b>Total revenues</b>	<b>17,500</b>	<b>17,500</b>	<b>6,623</b>	<b>(10,877)</b>	<b>4,102,502</b>	<b>4,393,548</b>	<b>3,364,519</b>	<b>(939,029)</b>
<b>Expenditures</b>								
Public safety	-	-	-	-	775,378	1,000,520	726,696	273,824
Health and welfare	-	-	-	-	4,309,953	4,616,627	3,985,306	631,321
Parks, recreation and cultural	27,000	27,388	11,622	15,766	195,495	215,513	186,185	29,328
Debt service:								
Principal retirement	-	-	-	-	81,706	81,706	81,706	-
Interest and other charges	-	-	-	-	8,544	8,544	8,544	-
<b>Total expenditures</b>	<b>27,000</b>	<b>27,388</b>	<b>11,622</b>	<b>15,766</b>	<b>5,370,776</b>	<b>5,922,910</b>	<b>4,988,437</b>	<b>934,473</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(9,500.00)</b>	<b>(9,888)</b>	<b>(4,999)</b>	<b>4,889</b>	<b>(1,268,274)</b>	<b>(1,619,362)</b>	<b>(1,623,918)</b>	<b>(4,556)</b>
<b>Other financing sources</b>								
Operating transfers in	-	-	-	-	1,258,774	1,446,453	1,301,568	(144,885)
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,258,774</b>	<b>1,446,453</b>	<b>1,301,568</b>	<b>(144,885)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	<b>(9,500)</b>	<b>(9,888)</b>	<b>(4,999)</b>	<b>4,889</b>	<b>(9,500)</b>	<b>(172,909)</b>	<b>(322,350)</b>	<b>(149,441)</b>
<b>Fund balances (accumulated deficit) - beginning of year</b>	<b>72,559</b>	<b>72,559</b>	<b>72,559</b>	<b>-</b>	<b>739,342</b>	<b>739,342</b>	<b>739,342</b>	<b>-</b>
<b>Fund balances (accumulated deficit) - end of year</b>	<b>\$ 63,059</b>	<b>\$ 62,671</b>	<b>\$ 67,560</b>	<b>\$ 4,889</b>	<b>\$ 729,842</b>	<b>\$ 566,433</b>	<b>\$ 416,992</b>	<b>\$ (149,441)</b>

*County of Isle of Wight, Virginia**Combining Balance Sheets - Capital Projects Funds***June 30, 2007**

	General Capital Improvements Fund	CDBG Fund	Totals
<b>Assets</b>			
Cash and investments	\$ 10,761,373	\$ 592,658	\$ 11,354,031
Restricted cash	-	39,876	39,876
Accounts receivable	-	171,032	171,032
Notes receivable	-	38,773	38,773
<b>Total assets</b>	<b>\$ 10,761,373</b>	<b>\$ 842,339</b>	<b>\$ 11,603,712</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 114,920	\$ 10,117	\$ 125,037
Due to component unit - School Board	300,696	-	300,696
<b>Total liabilities</b>	<b>415,616</b>	<b>10,117</b>	<b>425,733</b>
<b>Fund balances</b>			
Board designated	10,345,757	832,222	11,177,979
<b>Total fund balances</b>	<b>10,345,757</b>	<b>832,222</b>	<b>11,177,979</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,761,373</b>	<b>\$ 842,339</b>	<b>\$ 11,603,712</b>

*County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -  
Capital Projects Funds***Year Ended June 30, 2007**

	General Capital Improvements Fund	CDBG Fund	Totals
<b>Revenues</b>			
Revenues from use of money and property	\$ -	\$ 5,465	\$ 5,465
Community Development Block Grant	-	213,552	213,552
Miscellaneous	-	26,279	26,279
<b>Total revenues</b>	-	245,296	245,296
<b>Expenditures</b>			
Current:			
General government administration	40,946	-	40,946
Public safety	430,000	-	430,000
Public works	170,251	-	170,251
Health and welfare	66,571	-	66,571
Community development	328,287	979,442	1,307,729
Education	1,275,626	-	1,275,626
Parks, recreation and cultural	894,112	-	894,112
<b>Total expenditures</b>	3,205,793	979,442	4,185,235
<b>Deficiency of revenues under expenditures</b>	(3,205,793)	(734,146)	(3,939,939)
<b>Other financing sources (uses)</b>			
Transfers in	7,859,844	1,375,214	9,235,058
Transfers out	(391,000)	-	(391,000)
<b>Total other financing sources (uses)</b>	7,468,844	1,375,214	8,844,058
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>	4,263,051	641,068	4,904,119
<b>Fund balances - beginning of year</b>	6,082,706	191,154	6,273,860
<b>Fund balances - end of year</b>	\$ 10,345,757	\$ 832,222	\$ 11,177,979

## County of Isle of Wight, Virginia

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual - Capital Projects Funds

Year Ended June 30, 2007

	General Capital Improvements Fund				CDBG Fund				Totals			
	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)
<b>Revenues</b>												
Revenues from use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,465	\$ 5,465	\$ -	\$ -	\$ 5,465	\$ 5,465
Miscellaneous	-	-	-	-	-	-	26,279	26,279	-	-	26,279	26,279
Community development Block Grant	-	-	-	-	-	1,356,113	213,552	(1,142,561)	-	1,356,113	213,552	(1,142,561)
<b>Total revenues</b>	-	-	-	-	-	1,356,113	245,296	(1,110,817)	-	1,356,113	245,296	(1,110,817)
<b>Expenditures</b>												
Current:												
General government administration	481,492	382,365	40,546	361,419	-	-	-	-	481,492	382,365	40,546	361,419
Public safety	660,000	607,483	430,000	177,483	-	-	-	-	660,000	607,483	430,000	177,483
Public works	571,500	492,558	170,251	322,307	-	-	-	-	571,500	492,558	170,251	322,307
Health and welfare	60,000	66,571	66,571	-	-	-	-	-	60,000	66,571	66,571	-
Community development	4,125,000	4,566,525	328,287	4,238,238	-	2,884,226	979,442	1,904,784	4,125,000	7,450,751	1,307,729	6,143,122
Education	700,000	1,458,391	1,275,626	182,765	-	-	-	-	700,000	1,458,391	1,275,626	182,765
Parks, recreation and cultural	985,000	1,926,573	894,112	1,032,461	-	-	-	-	985,000	1,926,573	894,112	1,032,461
Nondepartmental	100,000	10,458	-	10,458	-	-	-	-	100,000	10,458	-	10,458
<b>Total expenditures</b>	7,582,992	9,431,324	3,285,793	6,225,531	-	2,884,226	979,442	1,904,784	7,582,992	12,115,550	4,185,335	8,130,315
<b>Excess (deficiency) of revenues over expenditures</b>	(7,582,992)	(9,431,324)	(3,285,793)	6,225,531	-	(1,528,113)	(734,146)	793,967	(7,582,992)	(10,959,437)	(3,939,339)	7,019,498
<b>Other financing sources (uses)</b>												
Transfers in	7,632,992	7,627,593	7,859,844	231,852	-	1,375,214	1,375,214	-	7,632,992	9,002,806	9,235,058	231,852
Transfers out	-	(391,000)	(391,000)	-	-	-	-	-	-	(391,000)	(391,000)	-
Proceeds from Bond Issuance	250,000	250,000	-	(250,000)	-	-	-	-	250,000	250,000	-	(250,000)
<b>Total other financing sources (uses)</b>	7,882,992	7,486,593	7,468,844	(18,148)	-	1,375,214	1,375,214	-	7,882,992	8,862,306	8,844,058	1,33,146)
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	-	(1,944,332)	4,283,051	6,307,383	-	(152,999)	641,068	793,967	-	(2,097,231)	4,904,119	7,001,350
<b>Fund balances - beginning of year</b>	6,082,706	6,082,706	5,382,706	-	191,154	191,154	191,154	-	6,273,860	6,273,860	6,273,860	-
<b>Fund balances - end of year</b>	\$6,082,706	\$4,138,374	\$10,345,757	\$ 6,207,383	\$ 191,154	\$ 38,155	\$ 822,222	\$ 793,967	\$6,273,860	\$ 4,176,629	\$11,177,979	\$ 7,001,350

## County of Isle of Wight, Virginia

## Combining Balance Sheets - Component Unit - School Board

June 30, 2007

Assets	Governmental Funds				Totals
	School Operating Fund	School Textbook Fund	School Capital Projects Fund	School Cafeteria Fund	
Cash and investments	\$ 1,941,143	\$ -	\$ -	\$ 1,077,749	\$ 3,018,892
Accounts receivable - net of allowances for uncollectibles	37,645	536	-	-	38,181
Inventory	-	18,082	-	25,386	43,468
Due from primary government	1,713,923	-	300,696	-	2,014,619
Due from other funds	693,741	-	-	-	693,741
Due from other governmental units	820,389	-	-	-	820,389
<b>Total assets</b>	<b>\$ 5,206,841</b>	<b>\$ 18,618</b>	<b>\$ 300,696</b>	<b>\$ 1,103,135</b>	<b>\$ 6,629,290</b>
Liabilities					Totals
Accounts payable	\$ 333,922	\$ -	\$ 41,057	\$ 14,080	\$ 389,059
Accrued liabilities	4,051,501	-	-	-	4,051,501
Deferred revenue	3,475	-	-	-	3,475
Due to other funds	-	9,833	-	683,908	693,741
<b>Total liabilities</b>	<b>4,388,898</b>	<b>9,833</b>	<b>41,057</b>	<b>697,988</b>	<b>5,137,776</b>
Fund Equity					Totals
Fund balances:					
Reserved:					
Inventory	-	18,082	-	25,386	43,468
Encumbrances	817,943	-	259,639	13,924	1,091,506
Unreserved:					
Undesignated	-	(9,297)	-	365,837	356,540
<b>Total fund equity</b>	<b>817,943</b>	<b>8,785</b>	<b>259,639</b>	<b>405,147</b>	<b>1,491,514</b>
<b>Total liabilities and fund equity</b>	<b>\$ 5,206,841</b>	<b>\$ 18,618</b>	<b>\$ 300,696</b>	<b>\$ 1,103,135</b>	<b>\$ 6,629,290</b>

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

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**June 30, 2007**

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

<b>Total fund balances - School Board - governmental funds</b>	<b>\$ 1,491,514</b>
Amount 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.	22,167,097
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(\$16,789)
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.	948,224
<b>Total net assets - School Board - governmental activities</b>	<b><u>\$ 24,090,046</u></b>



## County of Isle of Wight, Virginia

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

Year Ended June 30, 2007

	Governmental Funds				Total
	School Operating Fund	School Textbook Fund	School Capital Projects Fund	School Cafeteria Fund	
<b>Revenues</b>					
Revenues from use of money and property	\$ 69,030	\$ 2,470	\$ -	\$ 9,065	\$ 80,565
Charges for services	170,894	673	-	775,669	947,236
Miscellaneous	22,435	2,784	-	27,352	52,571
Recovered costs	77,800	-	-	-	77,800
Revenue from the primary government	18,701,538	-	1,275,626	-	19,977,164
Intergovernmental					
Commonwealth	27,581,959	-	-	25,886	27,607,845
Federal	2,607,181	-	-	875,997	3,483,178
<b>Total revenues</b>	<b>49,230,837</b>	<b>5,927</b>	<b>1,275,626</b>	<b>1,713,969</b>	<b>52,226,359</b>
<b>Expenditures</b>					
Current:					
Administration	2,061,494	-	-	-	2,061,494
School food services	-	-	-	1,615,312	1,615,312
Facility improvements	28,946	-	-	-	28,946
Instructional services	38,687,465	635,499	-	-	39,322,964
Operations and maintenance	4,389,640	-	-	-	4,389,640
Pupil transportation	2,916,665	-	-	-	2,916,665
Capital projects	-	-	1,015,987	-	1,015,987
Debt service	1,536	-	-	-	1,536
<b>Total expenditures</b>	<b>48,085,746</b>	<b>635,499</b>	<b>1,015,987</b>	<b>1,615,312</b>	<b>51,352,544</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,145,091</b>	<b>(629,572)</b>	<b>259,639</b>	<b>98,657</b>	<b>873,815</b>
<b>Other financing sources (uses)</b>					
Operating transfers in	-	430,930	-	-	430,930
Operating transfers out	(430,930)	-	-	-	(430,930)
<b>Total other financing sources (uses)</b>	<b>(430,930)</b>	<b>430,930</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>714,161</b>	<b>(198,642)</b>	<b>259,639</b>	<b>98,657</b>	<b>873,815</b>
<b>Fund equity - beginning of year</b>	<b>103,782</b>	<b>207,427</b>	<b>-</b>	<b>306,490</b>	<b>617,699</b>
<b>Fund equity - end of year</b>	<b>\$ 817,943</b>	<b>\$ 8,785</b>	<b>\$ 259,639</b>	<b>\$ 405,147</b>	<b>\$ 1,491,514</b>

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

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**June 30, 2007**

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

<b>Net change in fund balances - School Board - governmental funds</b>	<b>\$ 873,815</b>
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Amount 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 from primary government exceeded depreciation.	2,895,057
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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.	56,614
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The internal service fund is used by management to charge the cost of health benefits. The net income of the internal service fund is reported with governmental activities in the statement of activities.	182,511
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<b>Change in net assets of School Board - governmental activities</b>	<b>\$ 4,007,997</b>
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## County of Isle of Wight, Virginia

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

Year Ended June 30, 2007

	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)
<b>Revenues</b>												
Revenues from use of money and property	\$ 25,000	\$ 25,000	\$ 69,030	\$ 44,030	\$ 2,000	\$ 2,000	\$ 2,470	\$ 470	\$ -	\$ -	\$ -	\$ -
Charges for services	96,400	96,400	170,394	74,494	1,000	1,000	673	(327)	-	-	-	-
Miscellaneous	33,350	33,350	22,473	(10,875)	-	-	-	-	-	-	-	-
Recovered costs	77,800	77,800	77,800	-	-	-	2,784	2,784	-	-	-	-
Revenue from the primary government	19,379,894	19,379,894	18,701,538	(678,356)	-	-	-	-	700,000	1,458,391	1,275,626	(182,765)
Intergovernmental:												
Commonwealth	27,667,650	27,764,940	27,581,599	(183,341)	-	-	-	-	-	-	-	-
Federal	2,515,500	2,418,210	2,607,181	188,971	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>49,798,994</b>	<b>49,798,494</b>	<b>49,250,521</b>	<b>(548,553)</b>	<b>3,000</b>	<b>3,000</b>	<b>3,627</b>	<b>2,927</b>	<b>700,000</b>	<b>1,458,391</b>	<b>1,275,626</b>	<b>(182,765)</b>
<b>Expenditures</b>												
Current:												
Administration, attendance and health	1,320,160	1,319,691	2,061,494	158,793	-	-	-	-	-	-	-	-
Facility improvements	43,500	43,500	28,945	(14,554)	-	-	-	-	-	-	-	-
Instructional services	13,964,153	19,155,111	18,697,465	467,646	700,000	700,000	635,499	(64,501)	-	-	-	-
Operations and maintenance	4,901,356	4,927,414	4,359,640	(567,774)	-	-	-	-	-	-	-	-
School food services	-	-	-	-	-	-	-	-	-	-	-	-
Pupil transportation	1,132,994	1,120,228	2,916,665	203,563	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	700,000	1,458,391	1,015,957	442,404
Debt service	5,001	5,001	1,576	(3,425)	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>49,765,164</b>	<b>49,476,946</b>	<b>48,085,746</b>	<b>(1,385,200)</b>	<b>700,000</b>	<b>700,000</b>	<b>635,499</b>	<b>(64,501)</b>	<b>700,000</b>	<b>1,458,391</b>	<b>1,015,957</b>	<b>442,404</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>430,930</b>	<b>321,548</b>	<b>1,145,091</b>	<b>520,543</b>	<b>(697,000)</b>	<b>(697,000)</b>	<b>(629,572)</b>	<b>67,428</b>	<b>-</b>	<b>-</b>	<b>259,639</b>	<b>259,639</b>
<b>Other financing sources (uses)</b>												
Operating transfers in	-	-	-	-	430,930	430,930	430,930	-	-	-	-	-
Operating transfers out	(430,930)	(430,930)	(430,930)	-	-	-	-	-	-	-	-	-
<b>Other financing sources (uses)</b>	<b>(430,930)</b>	<b>(430,930)</b>	<b>(430,930)</b>	<b>-</b>	<b>430,930</b>	<b>430,930</b>	<b>430,930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>-</b>	<b>(109,382)</b>	<b>714,161</b>	<b>520,543</b>	<b>(266,070)</b>	<b>(266,070)</b>	<b>(198,642)</b>	<b>67,428</b>	<b>-</b>	<b>-</b>	<b>259,639</b>	<b>259,639</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>-</b>	<b>103,782</b>	<b>103,782</b>	<b>108,133</b>	<b>108,133</b>	<b>207,427</b>	<b>38,294</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ (109,382)</b>	<b>\$ 817,943</b>	<b>\$ 924,325</b>	<b>\$ (157,937)</b>	<b>\$ (157,937)</b>	<b>\$ 8,785</b>	<b>\$ 105,722</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 259,639</b>	<b>\$ 259,639</b>

County of Isle of Wight, Virginia

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

Year Ended June 30, 2007

					Totals			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>								
Revenues from use of money and property	\$ 5,200	\$ 1,685	\$ 5,065	\$ 735	\$ 36,200	\$ 28,585	\$ 30,565	\$ 5,880
Charges for services	764,500	745,010	775,569	27,659	561,050	845,410	947,230	130,826
Miscellaneous	-	19,025	27,352	1,677	35,850	62,275	49,751	(11,483)
Recovered costs	-	-	-	-	77,800	77,800	80,554	2,754
Revenue from the primary government	-	-	-	-	20,079,894	30,458,285	1,977,154	(851,121)
Intergovernmental:								
Commonwealth	25,100	25,100	25,556	756	27,563,950	27,790,040	27,607,545	(182,155)
Federal	820,000	798,236	875,557	77,717	3,335,500	3,216,490	3,483,175	265,585
<b>Total revenues</b>	<b>1,620,000</b>	<b>1,602,100</b>	<b>1,713,980</b>	<b>111,880</b>	<b>52,731,094</b>	<b>52,558,985</b>	<b>52,226,159</b>	<b>(632,626)</b>
<b>Expenditures</b>								
Current:								
Administration, attendance and health	-	-	-	-	2,320,160	2,215,692	2,061,494	158,198
Facility Improvements	-	-	-	-	41,590	41,590	23,946	14,554
Instructional services	-	-	-	-	39,664,155	39,855,111	39,122,964	532,147
Operations and maintenance	-	-	-	-	4,907,356	4,927,414	4,139,640	537,774
School food services	1,685,250	1,685,280	1,615,312	69,558	1,685,240	1,685,228	1,515,312	69,958
Pupil transportation	-	-	-	-	3,132,594	3,120,128	2,976,665	203,563
Capital projects	-	-	-	-	700,000	1,458,391	1,015,987	442,404
Debt service	-	-	-	-	5,001	5,001	1,336	3,465
<b>Total expenditures</b>	<b>1,685,250</b>	<b>1,685,280</b>	<b>1,615,312</b>	<b>69,568</b>	<b>52,452,444</b>	<b>53,214,517</b>	<b>51,352,544</b>	<b>1,962,073</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(65,250)</b>	<b>(83,180)</b>	<b>98,657</b>	<b>181,517</b>	<b>(331,150)</b>	<b>(415,632)</b>	<b>573,815</b>	<b>1,129,447</b>
<b>Fund balances - beginning of year</b>	<b>144,249</b>	<b>154,617</b>	<b>306,490</b>	<b>(152,473)</b>	<b>413,382</b>	<b>323,150</b>	<b>617,650</b>	<b>254,549</b>
<b>Fund balances - end of year</b>	<b>\$ 178,999</b>	<b>\$ 70,837</b>	<b>\$ 405,147</b>	<b>\$ 29,564</b>	<b>\$ 82,032</b>	<b>\$ (132,482)</b>	<b>\$ 1,491,514</b>	<b>\$ 1,523,996</b>

*County of Isle of Wight, Virginia**Statement of Net Assets - Proprietary Fund - Component Unit - School Board***June 30, 2007**

	<b>Assets</b>	<b>School Health Benefits Fund</b>
<b>Current assets</b>		
Cash and cash equivalents		\$ 1,612,264
Receivables - net		500
<b>Total current assets</b>		<b>\$ 1,612,764</b>
	<b>Liabilities</b>	
<b>Current liabilities</b>		
Accounts payable		\$ 409,540
Deferred revenue		255,000
<b>Total current liabilities</b>		<b>664,540</b>
	<b>Net Assets</b>	
<b>Retained Earnings</b>		948,224
<b>Total net assets</b>		<b>948,224</b>
<b>Total liabilities and net assets</b>		<b>\$ 1,612,764</b>

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

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**Year Ended June 30, 2007**

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	School Health Benefits Fund
<b>Operating revenues</b>	
Revenue from use of money and property	\$ 47,311
Charges for services	3,733,365
<b>Total operating revenues</b>	<u>3,780,676</u>
<b>Operating expenses</b>	
Healthcare benefits	<u>3,598,165</u>
<b>Total operating expenses</b>	<u>3,598,165</u>
<b>Operating income</b>	<u>182,511</u>
<b>Net assets - beginning of year</b>	<u>765,713</u>
<b>Net assets - end of year</b>	<u>\$ 948,224</u>

*County of Isle of Wight, Virginia**Statement of Cash Flows - Proprietary Fund - Component Unit - School Board***Year Ended June 30, 2007**

	<u>School Health Benefits Fund</u>
<b>Cash flows from operating activities</b>	
Received from customers and users	\$ 3,805,348
Payments to suppliers for goods and services	<u>(3,548,865)</u>
<b>Net cash from operating activities</b>	<u>256,483</u>
<b>Cash flows from noncapital financing activity</b>	
Transfers In	<u>282,298</u>
<b>Change in cash and cash equivalents</b>	538,781
<b>Cash and cash equivalents - beginning of year</b>	<u>1,073,483</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 1,612,264</u>
<b>Reconciliation of operating loss to net cash from operating activities</b>	
Operating income	\$ 182,511
Adjustments to reconcile to net cash from operating activities:	
Change in:	
Accounts receivable	2,672
Deferred revenue	22,000
Accounts payable and accrued liabilities	<u>49,300</u>
<b>Net cash from operating activities</b>	<u>\$ 256,483</u>

*County of Isle of Wight, Virginia**Statement of Cash Flows - Component Unit - Industrial Development Authority***Year Ended June 30, 2007**

<b>Cash flows from operating activities</b>	
Received from customers and users	\$ (86,376)
Payments to suppliers for goods and services	90,173
Payments to employees	(2,925)
<b>Net cash from operating activities</b>	<u>872</u>
<b>Cash flows from noncapital financing activities</b>	
Operating transfers in - net	31,200
<b>Net cash from noncapital financing activities</b>	<u>31,200</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(467,552)
Principal payments on notes and bonds payable	(19,306)
Interest paid on notes and bonds payable	(18,471)
<b>Net cash from capital and related financing activities</b>	<u>(505,329)</u>
<b>Cash flows from investing activities</b>	
Interest income	20,368
Capital lease	20,815
Sale of property	41,000
<b>Net cash from investing activities</b>	<u>82,183</u>
<b>Change in cash and cash equivalents</b>	(391,074)
<b>Cash and cash equivalents - beginning of year</b>	<u>2,007,605</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 1,616,531</u>
<b>Reconciliation of operating loss to net cash from operating activities</b>	
Operating income	\$ 1,094
Adjustments to reconcile to net cash from operating activities:	
Change in:	
Amounts held for others	(65,000)
Receivables - net	(41,200)
Accounts payable and other current liabilities	105,978
<b>Net cash from operating activities</b>	<u>\$ 872</u>



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## *Compliance Section*

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***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 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, 2007, which collectively comprise the *County of Isle of Wight, Virginia's* basic financial statements, and have issued our report thereon dated February 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the *County of Isle of Wight, Virginia'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.

A control deficiency 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 significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the *County of Isle of Wight, Virginia's* internal control.

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Board of Supervisors  
*County of Isle of Wight, Virginia*

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this report and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that would be considered to be material weaknesses. However, we consider the three deficiencies described in the accompanying Schedule of Findings and Questioned Costs and identified as Findings 2007-1, 2007-2 and 2007-3 to be material weaknesses in internal control over financial reporting.

*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*.

The *County of Isle of Wight, Virginia's* responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the *County of Isle of Wight, Virginia's* responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of *County of Isle of Wight, Virginia's* Board of Supervisors, 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  
February 15, 2008



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***Report on Compliance with Requirements Applicable  
to 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 compliance of the *County of Isle of Wight, Virginia* 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, 2007. The *County of Isle of Wight, Virginia's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the management of the *County of Isle of Wight, Virginia*. 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 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 for the year ended June 30, 2007.

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Board of Supervisors  
*County of Isle of Wight, Virginia*

*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 requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the *County of Isle of Wight, Virginia's* internal control over compliance with 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the *County of Isle of Wight, Virginia's* internal control over compliance.

A control deficiency in the *County of Isle of Wight, Virginia's* internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the *County of Isle of Wight, Virginia's* ability to administer a federal program such that there is more than a remote likelihood that a noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the *County of Isle of Wight, Virginia's* internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the *County of Isle of Wight, Virginia's* internal control.

Our consideration of internal control over compliance 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. 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 the *County of Isle of Wight, Virginia's* Board of Supervisors, 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  
February 15, 2008



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***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, 2007, and have issued our report thereon dated February 15, 2008.

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 that 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 ***County of Isle of Wight, Virginia's*** management. 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
- Highway Maintenance Funds
- Social Services
- Comprehensive Services Act Funds

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Board of Supervisors  
*County of Isle of Wight, Virginia*

The results of our tests disclosed three 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 2007-4, 2007-5, and 2007-6. 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 *County of Isle of Wight, Virginia's* Board of Supervisors, 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  
February 15, 2008

## County of Isle of Wight, Virginia

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2007

Federal Grantor/State Pass Through Grantor/ Program Title (Pass Through Grantor's Number)	Catalogue of Federal Domestic Assistance Number	Total Expenditures
<b>Department of Agriculture</b>		
Pass-Through Payments		
Department of Education:		
Summer Food Service Program for Children	10.559	\$ 14,982
National School Lunch Program	10.555	595,882
School Breakfast Program	10.553	195,752
USDA Government Commodities	10.555	84,363
Department of Social Services		
State Administrative Matching Grants for Food Stamp Program	10.561	588,508
<b>Total Department of Agriculture</b>		<u>1,479,487</u>
<b>Department of Housing and Urban Development</b>		
Pass-Through Payments		
Department of Housing and Community Development:		
HOME Investment Partnerships	14.239	30,905
<b>Total Department of Housing and Urban Development</b>		<u>30,905</u>
<b>Department of Criminal Justice Services</b>		
Pass-Through Payments		
Department of Criminal Justice Services		
Juvenile Accountability	16.523	9,916
Crime Victim Assistance	16.575	51,887
Byrne Formula Grant Program	16.579	38,225
Violence Against Women	16.588	19,365
Local Law Enforcement Block Grant	16.592	2,309
Juvenile Justice and Delinquency Prevention	16.540	33,517
<b>Total Department of Criminal Justice Services</b>		<u>155,219</u>
<b>Department of Homeland Security</b>		
Pass-Through Payments		
Department of Emergency Services:		
Hazard Mitigation Grants	97.039	22,754
Buffer Zone Protection	97.078	5,448
<b>Total Department of Emergency Services</b>		<u>28,202</u>
<b>Department of Transportation</b>		
Pass-Through Payments		
State and Community Highway Safety	20.600	<u>9,487</u>

*County of Isle of Wight, Virginia**Schedule of Expenditures of Federal Awards***Year Ended June 30, 2007**

Federal Grantor/State Pass Through Grantor/ Program Title (Pass-Through Grantor's Number)	Catalogue of Federal Domestic Assistance Number	Total Expenditures
<b>Department of Education</b>		
Pass-Through Payments		
Department of Education:		
Adult Education	84.002	15,816
Title I - Grants to Local Educational Agencies	84.010	709,993
Special Education - Grants to States	84.027	912,361
Vocational Education - Basic Grants to States	84.048	80,798
Special Education - Preschool Grants	84.173	12,569
Safe and Drug-Free Schools and Communities - State Grants	84.186	19,087
Innovative Education Program Strategies	84.298	4,078
Education Technology State Grants	84.318	13,196
Reading First	84.357	192,824
Improving Teacher Quality State Grants	84.367	254,900
Impact Aid	84.041	19,338
JROTC	12.000	53,374
Medicaid Reimbursement	93.767	115,485
Universal Services - ERATE	11.000	186,399
<b>Total Department of Education</b>		<b>2,590,218</b>
<b>Department of Health and Human Services</b>		
Pass-Through Payments		
Department of Social Services:		
Adoption Recruitment	93.556	46,739
Temporary Assistance to Needy Families (TANF)	93.558	446,357
Refugee and Entrant Assistance State Administered Plans	93.566	347
Low-Income Home Energy Assistance Block Grant	93.568	41,287
Child Care and Development Block Grant	93.575	134,975
CCDF At Risk Daycare	93.596	216,135
Foster Care-Title IV-E	93.658	554,247
Adoption Assistance	93.659	68,888
Social Services Block Grant	93.667	628,061
Chafee Foster Care Independence Program	93.674	3,195
FAMIS	93.767	810
Medical Assistance Program (Medicaid, Title XIX)	93.778	511,407
<b>Total Department of Health and Human Services</b>		<b>2,652,448</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$ 6,945,966</b>

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

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**Year Ended June 30, 2007**

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**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, 2007****1. Summary of Auditors' Results**

- a) The auditor's report expresses an unqualified opinion on the financial statements of the County.
- b) There were three significant deficiencies noted in internal control over financial reporting that were considered to be material weaknesses as reported below.
- c) 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*, were noted during the audit.
- d) No significant deficiencies were noted during the audit of internal control over major federal programs.
- e) The auditor's report on compliance for the major federal programs of the County expressed an unqualified opinion.
- f) The audit did not disclose any findings required to be reported under Section 510(a) of OMB Circular A-133.
- g) The major programs are:
  - i) Child Nutrition Cluster (CFDA No. 10.553, 10.555, 10.559)
  - ii) Social Services Block Grant (CFDA No. 93.667)
  - iii) Medicaid (CFDA No. 93.778)
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) The auditee qualified as a low-risk auditee.

**2. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with *Government Auditing Standards*.****Finding 2007-1****Criteria:****Bank Reconciliations** - timeliness of monthly reconciliations.**Condition:** Bank reconciliations not completed in the subsequent month.**Effect:** Untimely bank reconciliations could result in the recording of material transactions outside of the proper reporting period.**Recommendation:** We recommend procedures be established to ensure bank reconciliations are prepared timely, including the posting of all related journal entries.**Management's Response:** We agree with the audit finding and will implement procedures to expedite the process.

*County of Isle of Wight, Virginia**Schedule of Findings and Questioned Costs***Year Ended June 30, 2007****Finding 2007-2****Criteria:****Bank Reconciliations** – timely clearing of reconciling items.**Condition:** Several instances were noted in which reconciling items per bank reconciliations were not cleared in a timely matter.**Effect:** Outstanding items could potentially represent fraudulent receipt and disbursement activity.**Recommendation:** We recommend the Treasurer take a more active role in reviewing bank reconciliations and the cause and subsequent clearing of reconciling items indicated on the bank reconciliations.**Management's Response:** We agree with the audit finding and will implement procedures to enforce County policy.**Finding 2007-3****Criteria:****Bank Accounts** - the County Treasurer is responsible for all bank and investment accounts held by the County and its component units.**Condition:** Noted one instance in which a bank account was opened without the approval of or being under the control of the County Treasurer.**Effect:** Potential fraud could occur as a result of unapproved activity being transacted in the County's name.**Recommendation:** We recommend procedures be established to ensure all staff, including those affiliated with component units, be made aware of County policy regarding oversight of bank and investment accounts held in the County's name. We also recommend establishing procedures with local financial institutions to help ensure their staffs are aware of this policy.**Management's Response:** We agree with the audit finding and will implement procedures to enforce County policy.**3. Findings and Questioned Costs Related to Federal Programs**

None

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

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Year Ended June 30, 2007

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4. Findings and Questioned Costs Related to Commonwealth of Virginia Laws, Regulations, Contracts and Grants

Finding 2007-4

**Criteria:**

**Chapter 3-5 - Conflicts of Interest:** The State and Local Government Conflict of Interests Act requires local government officials to file notarized statements of economic interests with the clerk of the governing body by January 15<sup>th</sup> of each year.

**Condition:** One statement of economic interests was not notarized and filed timely with the clerk of the governing body.

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

**Recommendation:** Local officials submitting the form should review the instructions and complete the form and have notarized as indicated in order to be in compliance with the State and Local Conflict of Interests Act.

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

Finding 2007-5

**Criteria:**

**Chapter 2-8 - 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 Virginia Code section 15.2-1615, the sheriff shall keep receipt books pertaining to the receipts of his office at all times, ready for inspection.

**Condition:** Receipt books were destroyed and not available for inspection.

**Effect:** The County is not in compliance with the Code of Virginia, section 15.2-1615.

**Recommendation:** The County should take steps to ensure that accounting personnel of the Sheriff's Office are aware of Code of Virginia compliance requirements as related to retention of receipt books.

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

*County of Isle of Wight, Virginia**Schedule of Findings and Questioned Costs***Year Ended June 30, 2007****Finding 2007-6****Criteria:**

**Chapter 2-8 - Sheriff Office Internal Controls:** All sheriffs are responsible for having sufficient controls and procedures in place to satisfy statutory requirements to help prevent fraud, misuse, or loss of funds and assets, including appropriate segregation of duties.

**Condition:** The staff member responsible for maintaining the checkbook is also the authorized signer on the checking account.

**Effect:** The County is not in compliance with the Auditor of Public Accounts Virginia Sheriffs' Accounting Manual relative to internal controls and segregation of duties.

**Recommendation:** The County should take steps to ensure that accounting personnel of the Sheriff's Office are aware of Virginia Sheriff's Accounting Manual compliance requirements as they relate to required internal controls, including segregation of duties.

**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 2006-1****Criteria:**

**Chapter 3-5 - Conflicts of Interest:** The State and Local Government Conflict of Interests Act requires local government officials 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 15<sup>th</sup> of each year and the "affirmation" by all filers on the statement must be notarized.

**Condition:** Out of the thirty-two forms filed, five were filed late and twenty-one were not notarized.

**Resolution:** For the year ended June 30, 2007, we noted one instance of the same finding. See Finding 2007-04



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

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**Year Ended June 30, 2007**

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**Finding 2006-2****Criteria:**

**Chapter 3-17 - Social Services: Special Requirements - Child Welfare Trust Accounts and Social Security Recipients:** The Treasurer is to establish separate accounts for all Child Welfare Trust funds and these trust fund accounts are not to be commingled with any other funds or accounts of the locality. Federal law requires treasurers to maintain separate dedicated accounts for certain social security payments.

**Condition:** The County commingles social security deposits with Child Welfare Trust funds in one checking account.

**Resolution:** During fiscal year June 30, 2007, the County segregated the SSI funds into a separate bank account.

**Finding 2006-3****Criteria:**

**Chapter 3-8 - Procurement - Special Requirement:** All purchases must be made in accordance with the Virginia Public Procurement Act.

**Condition:** Noted one instance in which the School Board did not obtain a bid bond for a contract greater than \$100,000, which is noncompliant with Code of Virginia Section 2.2-4336. Also another instance was noted in which the School Board did not include a non-discrimination clause in a contract which was over \$10,000, which is noncompliant with Code of Virginia Section 2.2-4311.

**Resolution:** We noted no such noncompliant activity during our testwork for the year ended June 30, 2007.

*Statistical Section*

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*County of Isle of Wight, Virginia**Net Assets by Component*

<b>Last Five Fiscal Years</b>					
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Governmental activities</b>					
Invested in capital assets - net of related debt	\$ 12,936,538	\$ 10,905,026	\$ 11,362,753	\$ 5,461,013	\$ 11,412,982
Restricted	11,393,907	6,685,306	13,409,255	31,068,805	16,300,124
Unrestricted	22,294,446	24,355,641	12,294,399	(6,722,608)	(425,458)
<b>Total governmental activities net assets</b>	<b>\$ 46,624,891</b>	<b>\$ 41,945,973</b>	<b>\$ 37,066,407</b>	<b>\$ 29,807,210</b>	<b>\$ 27,287,648</b>
<b>Business-type activities</b>					
Invested in capital assets - net of related debt	\$ 4,030,507	\$ 3,321,270	\$ 3,447,385	\$ 4,867,521	\$ 4,738,611
Restricted	859,724	911,938	1,093,386	372,373	706,407
Unrestricted	380,734	3,152,360	1,615,721	999,282	100,487
<b>Total business-type activities net assets</b>	<b>\$ 5,270,965</b>	<b>\$ 7,385,568</b>	<b>\$ 6,156,492</b>	<b>\$ 6,239,176</b>	<b>\$ 5,545,505</b>
<b>Primary government</b>					
Invested in capital assets - net of related debt	\$ 16,967,045	\$ 14,226,296	\$ 14,810,138	\$ 10,328,534	\$ 16,151,593
Restricted	12,253,631	7,597,244	14,502,641	31,441,178	16,300,124
Unrestricted	22,675,180	27,508,001	13,910,120	(5,723,326)	(324,971)
<b>Total primary government net assets</b>	<b>\$ 51,895,856</b>	<b>\$ 49,331,541</b>	<b>\$ 43,222,899</b>	<b>\$ 36,046,386</b>	<b>\$ 32,126,746</b>

## County of Isle of Wight, Virginia

## Change in Net Assets

Last Five Fiscal Years					
	2007	2006	2005	2004	2003
<b>Expenses</b>					
Governmental activities:					
General government	\$ 4,794,578	\$ 5,800,635	\$ 4,897,964	\$ 5,339,611	\$ 6,318,976
Judicial administration	878,317	866,371	794,478	705,828	619,458
Public safety	6,166,925	5,632,965	5,135,185	4,619,949	3,211,937
Public works	4,400,738	3,903,265	3,711,511	7,534,024	2,801,151
Health and welfare	4,894,622	4,340,638	3,824,681	3,456,212	3,507,654
Education	21,036,346	19,336,608	18,249,151	19,294,869	15,707,407
Parks, recreation and cultural	1,856,803	1,494,482	1,339,854	1,363,077	1,249,694
Community development	3,083,356	1,548,527	1,210,072	2,106,361	1,971,116
Forfeited assets	-	-	-	-	315
Interest on long-term debt	2,144,123	2,243,574	2,170,135	-	-
<b>Total governmental activities expenses</b>	<b>49,255,808</b>	<b>45,167,065</b>	<b>41,333,031</b>	<b>44,419,931</b>	<b>35,387,708</b>
Business-type activities:					
Public utilities	5,137,986	3,247,060	3,496,871	3,144,441	2,795,248
<b>Total business-type activities expenses</b>	<b>5,137,986</b>	<b>3,247,060</b>	<b>3,496,871</b>	<b>3,144,441</b>	<b>2,795,248</b>
<b>Total primary government expenses</b>	<b>\$54,393,794</b>	<b>\$48,414,125</b>	<b>\$44,829,902</b>	<b>\$47,564,372</b>	<b>\$38,182,956</b>
<b>Program revenue</b>					
Governmental activities:					
Charges for services:					
General government	\$ 242,086	\$ 66,864	\$ 342,958	\$ 652,345	\$ 64,463
Judicial administration	101,048	116,445	105,898	101,155	54,845
Public safety	704,337	520,015	563	501	539,029
Public works	3,480	4,320	4,620	3,999	3,660
Health and welfare	75,030	77,925	-	-	58,407
Parks, recreation and cultural	260,831	258,788	404,313	314,248	371,934
Community development	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	5,581,783	3,199,313	7,716,360	10,018,189	4,164,547
<b>Total governmental activities program revenues</b>	<b>7,156,697</b>	<b>4,310,453</b>	<b>8,622,306</b>	<b>11,131,555</b>	<b>5,258,994</b>
Business-type activities:					
Charges for services	1,755,893	1,661,105	1,461,352	1,332,726	1,196,163
Operating grants and contributions	96,200	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>1,852,093</b>	<b>1,661,105</b>	<b>1,461,352</b>	<b>1,332,726</b>	<b>1,196,163</b>
<b>Total primary government program revenues</b>	<b>\$ 9,008,790</b>	<b>\$ 5,971,558</b>	<b>\$10,083,658</b>	<b>\$12,464,281</b>	<b>\$ 6,455,157</b>
Net expense - governmental activities	\$42,099,111	\$40,856,612	\$32,710,725	\$33,288,376	\$30,128,714
Net expense - business-type activities	3,285,893	1,585,955	2,035,519	1,811,715	1,599,085
<b>Total primary government net expense</b>	<b>\$45,385,004</b>	<b>\$42,442,567</b>	<b>\$34,746,244</b>	<b>\$35,100,091</b>	<b>\$31,727,799</b>

## County of Isle of Wight, Virginia

## Change in Net Assets

Last Five Fiscal Years					
	2007	2006	2005	2004	2003
<b>General revenues and other changes in net assets</b>					
Governmental activities:					
Taxes					
Property taxes	\$35,199,045	\$31,333,628	\$30,088,119	\$27,504,428	\$25,523,450
Permits, fees and licenses	705,195	1,567,278	1,222,849	697,762	690,848
Fines and forfeitures	-	411	703	1,212	37,389
Other taxes	6,080,588	6,411,933	5,706,731	4,746,873	3,407,260
Unrestricted grants and contributions	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	1,758,751	1,222,794	885,272	504,441	345,240
Miscellaneous	58,555	33,403	10,144	58,066	209,094
Transfers	(3,012,200)	(2,928,799)	(283,197)	(391,045)	(594,747)
<b>Total governmental activities</b>	<b>46,778,029</b>	<b>45,736,178</b>	<b>39,969,922</b>	<b>35,807,938</b>	<b>34,769,780</b>
Business-type activities:					
Revenues from use of money and property	-	21,383	21,000	21,000	123,521
Connection fees	1,164,379	2,790,662	3,188,875	1,542,337	962,689
Miscellaneous	32,000	2,986	9,448	551,004	462,444
Transfers	(25,089)	-	283,197	391,045	1,711,866
<b>Total business-type activities</b>	<b>1,171,290</b>	<b>2,815,031</b>	<b>3,502,520</b>	<b>2,505,386</b>	<b>3,260,520</b>
<b>Total primary government</b>	<b>\$47,949,319</b>	<b>\$48,551,209</b>	<b>\$43,472,442</b>	<b>\$38,313,324</b>	<b>\$38,030,300</b>
<b>Change in net assets</b>					
Governmental activities	\$ 4,678,918	\$ 4,879,566	\$ 7,259,197	\$ 2,519,562	\$ 4,641,066
Business-type activities	(2,114,603)	1,229,076	1,467,081	693,671	1,661,435
<b>Total primary government</b>	<b>\$ 2,564,315</b>	<b>\$ 6,108,642</b>	<b>\$ 8,726,198</b>	<b>\$ 3,213,233</b>	<b>\$ 6,302,501</b>

## County of Isle of Wight, Virginia

## Fund Balances - Governmental Funds

Last Ten Fiscal Years										
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General fund										
Designated	\$ 9,920,089	\$10,828,260	\$ 7,480,540	\$ 2,883,297	\$ 3,347,183	\$ 3,693,060	\$ 3,869,578	\$ 6,677,277	\$ 3,827,694	\$ 2,540,194
Undesignated	13,448,031	14,982,480	15,632,282	11,533,426	7,242,816	7,882,512	8,315,931	9,376,126	11,285,459	12,618,955
<b>Total general fund</b>	<b>\$23,368,120</b>	<b>\$25,810,740</b>	<b>\$23,112,822</b>	<b>\$14,416,723</b>	<b>\$10,589,999</b>	<b>\$11,575,572</b>	<b>\$12,185,509</b>	<b>\$16,053,403</b>	<b>\$15,113,153</b>	<b>\$15,159,149</b>
All other governmental funds										
Reserved	\$ 21,677	\$ 28,940	\$ 18,672	\$ 26,514	\$ 28,934	\$ 193,503	\$ 30,306	\$ 33,634	\$ 30,601	\$ 29,756
Unreserved, reported in:										
Special revenue funds	395,315	710,402	711,619	880,482	1,072,580	762,115	375,213	179,084	237,651	121,018
Capital projects funds	13,177,979	6,273,860	8,304,865	31,239,994	13,810,429	3,091,715	2,659,840	124,967	69,975	65,217
<b>Total all other governmental funds</b>	<b>\$13,594,971</b>	<b>\$ 7,013,202</b>	<b>\$ 9,035,156</b>	<b>\$32,146,990</b>	<b>\$14,911,943</b>	<b>\$ 4,047,333</b>	<b>\$ 3,065,359</b>	<b>\$ 337,685</b>	<b>\$ 338,227</b>	<b>\$ 218,991</b>

## County of Isle of Wight, Virginia

## Changes in Fund Balance – Governmental Funds

## Last Ten Fiscal Years

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Revenues</b>										
General property taxes	\$34,738,809	\$31,455,053	\$ 30,030,161	\$27,692,543	\$25,761,345	\$23,771,002	\$23,356,378	\$23,004,599	\$23,358,037	\$21,603,651
Other local taxes	6,080,588	5,925,247	5,228,825	4,746,873	3,929,916	3,920,875	3,418,355	3,401,544	3,155,729	3,227,589
Permits, fees and licenses	705,195	1,567,278	1,222,849	714,128	696,848	397,380	420,625	1,013,895	1,011,631	848,695
Fines and forfeitures	47,800	64,880	46,754	41,585	38,885	45,842	57,828	24,425	15,507	16,484
Revenue from use of property	1,764,813	1,222,794	885,272	594,441	345,241	791,984	562,331	817,825	878,483	1,647,874
Charges for services	925,316	646,836	272,278	315,932	317,509	418,941	419,198	255,361	368,375	170,356
Miscellaneous	240,246	112,616	244,184	251,608	402,453	247,782	512,795	247,147	314,948	453,840
Recovered costs	683,004	537,199	520,139	660,407	214,353	240,783	224,446	489,957	1,734,517	531,516
Intergovernmental	11,206,981	11,390,021	10,367,052	12,591,138	9,141,723	10,375,799	8,425,987	6,880,495	4,304,333	3,888,365
<b>Total revenues</b>	<b>\$6,492,752</b>	<b>\$3,091,324</b>	<b>\$5,787,465</b>	<b>\$7,518,662</b>	<b>\$6,872,273</b>	<b>\$6,210,388</b>	<b>\$7,495,944</b>	<b>\$6,155,548</b>	<b>\$5,162,557</b>	<b>\$2,388,370</b>
<b>Expenditures</b>										
General governmental administration	4,240,227	4,653,439	3,664,790	3,391,721	2,658,278	2,191,595	1,894,690	1,643,874	1,696,344	2,342,355
Judicial administration	878,317	856,371	750,297	701,543	616,124	662,414	602,733	546,342	604,348	511,257
Public safety	5,676,894	4,748,296	4,393,177	3,652,814	3,055,498	2,735,290	2,729,425	2,071,470	1,789,981	1,668,282
Public works	4,064,393	3,780,746	3,738,631	7,104,667	2,765,997	2,737,593	2,105,083	1,853,881	2,258,232	1,662,351
Health and welfare	4,331,782	4,598,322	3,689,141	3,428,313	1,470,791	3,216,992	3,679,465	3,178,607	3,077,244	2,904,280
Education	18,701,537	16,654,576	14,579,161	14,735,310	14,796,030	12,819,073	14,530,477	13,257,851	12,557,809	5,480,124
Parks, recreation and cultural	1,871,428	1,453,286	1,491,348	1,281,224	1,257,616	1,148,362	1,068,906	1,090,257	1,069,688	867,232
Community development	1,777,156	1,501,480	1,038,563	867,043	1,254,335	2,621,398	2,777,219	1,250,994	769,800	623,336
Nondepartmental	1,133,460	1,534,907	1,651,501	1,019,465	2,116,857	1,999,809	2,174,916	2,009,992	2,146,595	1,008,521
Capital projects	4,185,235	5,765,123	22,384,972	8,300,618	2,674,793	1,241,156	1,434,266	2,496,906	2,130,131	2,079,189
Debt service:										
Principal	4,727,013	4,529,512	3,748,228	3,710,815	1,021,502	2,850,894	2,720,604	2,354,239	2,111,459	7,756,128
Interest	2,236,220	2,375,585	2,170,134	1,716,557	1,765,229	1,638,792	2,047,649	2,056,334	2,310,444	2,377,091
Issuance costs	-	42,970	2,875	317,058	85,258	-	-	-	-	-
<b>Total expenditures</b>	<b>\$4,323,603</b>	<b>\$2,102,613</b>	<b>\$3,225,718</b>	<b>\$9,147,152</b>	<b>\$9,490,788</b>	<b>\$7,110,468</b>	<b>\$7,165,433</b>	<b>\$1,770,747</b>	<b>\$2,521,275</b>	<b>\$9,480,056</b>
<b>Excess of revenues over (under) expenditures</b>	<b>2,169,149</b>	<b>988,711</b>	<b>(14,438,253)</b>	<b>(2,628,490)</b>	<b>1,381,485</b>	<b>3,096,920</b>	<b>330,511</b>	<b>2,384,801</b>	<b>2,641,282</b>	<b>2,968,314</b>
<b>Other financing sources (uses)</b>										
Transfers in	10,526,626	6,810,406	4,686,313	11,372,630	14,600,015	5,225,351	4,896,225	2,190,331	3,153,621	1,458,296
Transfers out	(10,566,626)	(7,181,826)	(4,919,477)	(11,763,675)	(15,194,165)	(8,023,857)	(6,564,659)	(3,689,907)	(4,425,216)	(1,319,439)
Proceeds from borrowing	-	58,675	255,681	28,257,590	18,433,904	-	-	-	-	-
Payments to escrow agent	-	-	-	(4,176,284)	(9,342,282)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(30,000)</b>	<b>(312,745)</b>	<b>22,517</b>	<b>23,599,261</b>	<b>8,497,472</b>	<b>(2,798,496)</b>	<b>(1,668,430)</b>	<b>(1,499,576)</b>	<b>(1,271,595)</b>	<b>138,857</b>
<b>Net change in fund balances</b>	<b>2,139,149</b>	<b>675,966</b>	<b>(14,415,736)</b>	<b>21,361,771</b>	<b>9,879,037</b>	<b>28,424</b>	<b>(1,337,919)</b>	<b>885,225</b>	<b>1,369,687</b>	<b>3,047,171</b>
Prior period adjustment	-	-	-	-	-	73,613	197,699	54,483	(1,296,447)	126,126
<b>Net change in fund balance</b>	<b>\$ 2,139,149</b>	<b>\$ 675,966</b>	<b>\$ (14,415,736)</b>	<b>\$ 21,361,771</b>	<b>\$ 9,879,037</b>	<b>\$ 372,037</b>	<b>\$ (1,140,220)</b>	<b>\$ 939,708</b>	<b>\$ 73,240</b>	<b>\$ 3,173,297</b>
Debt service as a percentage of noncapital expenditures	14%	15%	14%	14%	13%	13%	13%	14%	15%	38%



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

Fiscal Year	Residential Property	Commercial / Industrial Property	Agriculture Property	Less: Tax Exempt Property	(1) Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2007	\$ 3,101,569,900	\$ 513,599,500	\$ 491,224,800	\$ 251,617,200	\$ 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	\$ 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	\$ 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	\$ 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	\$ 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	\$ 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	\$ 1,580,587,326	\$ 0.72	\$ 1,580,587,326	100%
2000	\$ 1,086,893,100	\$ 233,651,200	\$ 280,940,699	\$ 81,546,900	\$ 1,519,938,099	\$ 0.72	\$ 1,519,938,099	100%
1999	N/A	N/A	N/A	N/A	N/A	\$ 0.72	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A	\$ 0.72	N/A	N/A

(1) Does not reflect land use assessments

Source: Isle of Wight County Commissioner of Revenue  
Fiscal years 1999 and 1998 are not available

*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
2007	\$ 3,879,182,779	\$ 338,630,241	\$ 22,902,248	\$ 688,302,371	\$ 177,306,412	\$ 5,106,324,051
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
2000	\$ 1,471,718,889	\$ 165,542,050	\$ 25,291,389	\$ 662,833,684	\$ 92,167,425	\$ 2,417,553,437
1999	\$ 1,420,176,399	\$ 157,439,005	\$ 21,868,915	\$ 630,694,184	\$ 85,661,566	\$ 2,315,840,069
1998	\$ 1,269,268,257	\$ 151,665,281	\$ 20,200,080	\$ 565,004,236	\$ 82,694,786	\$ 2,088,832,640

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

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Boats and Aircraft/ Farm Machinery
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/.50
2000	\$ 0.72	\$ 4.40	\$ 0.72	\$ 0.95	\$ 1.00/.50
1999	\$ 0.72	\$ 4.40	\$ 0.72	\$ 0.95	\$ 1.00/.91
1998	\$ 0.72	\$ 4.40	\$ 0.72	\$ 0.95	\$ 1.00/.91

## County of Isle of Wight, Virginia

## Principal Property Taxpayers

June 30, 2007

Taxpayer	2007			2006		
	Assessed Valuation Real Estate	Rank	Percent of Total Assessed Valuation Real Estate	Assessed Valuation Real Estate	Rank	Percent of Total Assessed Valuation Real Estate
International Paper	\$111,479,200	1	2.87%	\$ 65,839,477	1	2.51%
Virginia Timberline L.L.C.	72,728,800	2	1.87%			
Cost Plus	50,014,800	3	1.29%	36,898,050	2	1.40%
Smithfield Foods Inc.	26,220,900	4	0.68%	21,947,200	3	0.84%
Gwaltney of Smithfield Ltd.	20,399,400	5	0.53%	18,383,200	4	0.70%
Eagle Harbor Apartments LP	18,531,200	6	0.49%			
Eagle Harbor L.L.C.	16,897,300	7	0.44%	8,250,301	8	0.31%
Smithfield Packing Co., Inc.	15,758,900	8	0.41%	15,861,017	5	0.60%
Carolina Cold Storage Ltd.	11,952,600	9	0.31%	10,200,500	6	0.39%
Eagle Harbor Shopping Center	10,588,600	10	0.27%	7,554,725	9	0.29%
Smithfield - Carroll's Farms				8,929,300	7	0.34%
Bradford Mews				7,119,800	10	0.27%
	<u>\$354,871,700</u>		<u>9.15%</u>	<u>\$200,983,570</u>		<u>7.65%</u>
Taxpayer	2007			2006		
	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	\$548,728,182	1	52.27%	\$535,118,662	1	56.82%
Smithfield Packing Co., Inc.	55,522,722	2	5.29%	54,854,055	2	5.82%
Gwaltney of Smithfield Ltd.	49,767,278	3	4.74%	41,175,267	3	4.37%
Aconcagua Timber Corp.	15,181,108	4	1.45%	14,987,054	4	1.59%
Specialty Minerals	6,920,839	5	0.66%	6,453,742	7	0.69%
Franklin Equipment Co.	6,441,071	6	0.61%	6,439,594	6	0.68%
Smithfield Foods	5,366,123	7	0.51%	8,755,451	5	0.93%
Cost Plus, Inc.	5,138,299	8	0.49%	4,026,922	8	0.43%
Smithfield Ham & Products Co.	2,598,275	9	0.25%	2,882,921	9	0.31%
Charter Communications	2,084,765	10	0.20%	2,134,210	10	0.23%
	<u>\$697,748,662</u>		<u>66.46%</u>	<u>\$676,827,878</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
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%
2000	\$ 24,310,535	\$ 23,234,302	95.57%	\$ 595,414	\$ 23,829,716	98.02%	\$ 1,067,239	4.39%
1999	\$ 23,191,577	\$ 22,493,493	96.99%	\$ 505,068	\$ 22,998,561	99.17%	\$ 1,380,274	5.95%
1998	\$ 21,233,643	\$ 20,340,350	95.79%	\$ 769,850	\$ 21,110,200	99.42%	\$ 1,307,264	6.16%

(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 delinquent taxes in fiscal year for all tax years.

County of Isle of Wight, Virginia

Taxable Sales by Category

Last Ten Fiscal Years	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Apparel stores	\$ 2,150,512	\$ 3,410,503	\$ 2,463,352	\$ 2,343,395	\$ 131,294	\$ 41,108	\$ 56,579	\$ 46,023	\$ 37,190	\$ 62,967
General merchandise	18,559,292	13,163,881	15,713,028	12,117,782	9,494,967	9,769,455	10,713,878	11,143,985	7,963,762	9,771,792
Food stores	54,501,587	48,032,998	55,564,066	61,966,152	53,597,062	53,979,892	52,344,242	56,772,103	39,468,401	40,121,753
Eating and drinking establishments	21,019,435	19,887,741	21,033,780	19,456,091	16,452,368	15,322,039	15,571,571	15,372,975	19,204,812	17,924,461
Home furnishings and appliances	3,279,379	3,635,937	3,994,726	4,128,173	3,924,363	3,229,165	3,420,595	4,217,705	3,162,456	3,158,064
Building materials and farm tools	9,891,751	7,049,986	10,007,559	9,288,298	9,415,654	11,032,567	11,447,237	12,380,164	12,424,786	11,373,225
Auto dealers and supplies	4,538,516	4,518,819	2,766,818	2,505,519	2,456,653	2,417,098	2,335,819	3,543,384	2,993,526	2,621,860
Service stations	8,343,933	6,723,241	9,839,101	9,667,369	8,950,351	8,050,734	8,166,190	8,205,856	7,955,645	7,307,334
Other retail stores	51,903,227	45,761,268	44,447,762	41,131,707	28,926,140	32,403,845	30,462,117	27,958,149	56,331,553	49,293,991
All other outlets	22,965,159	20,992,350	16,325,974	15,114,705	16,154,509	13,713,360	13,994,387	13,769,854	16,271,134	12,784,754
	\$197,252,771	\$173,175,634	\$180,256,177	\$177,753,321	\$149,532,961	\$150,939,261	\$148,912,535	\$163,410,240	\$145,813,289	\$134,422,201

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

Fiscal Year	Population	Assessed Value	(1) Gross Bonded Debt	Less Debt (2) Payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	(3) Percentage of Per Capita Income	Net Bonded Debt per Capita
2007	34,057	\$ 5,106,324,051	\$ 62,013,810	\$ 11,841,077	\$ 50,172,733	0.0098	4.4%	\$ 1,473
2006	33,065	\$ 3,770,646,496	\$ 67,052,307	\$ 12,358,036	\$ 54,694,271	0.0145	5.1%	\$ 1,654
2005	32,417	\$ 3,575,930,571	\$ 71,414,333	\$ 11,670,000	\$ 59,744,333	0.0167	5.9%	\$ 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	4.9%	\$ 1,419
2002	30,100	\$ 2,648,005,536	\$ 49,357,300	\$ 12,865,000	\$ 36,492,300	0.0138	4.3%	\$ 1,212
2001	29,728	\$ 2,511,498,330	\$ 52,416,000	\$ 13,230,000	\$ 39,186,000	0.0156	4.7%	\$ 1,318
2000	29,700	\$ 2,417,553,437	\$ 56,127,090	\$ 13,585,000	\$ 42,542,090	0.0176	5.3%	\$ 1,432
1999	29,100	\$ 2,315,840,069	\$ 58,801,329	\$ 13,925,000	\$ 44,876,329	0.0194	6.1%	\$ 1,542
1998	28,600	\$ 2,088,832,640	\$ 60,446,534	\$ 14,250,000	\$ 46,196,534	0.0221	6.5%	\$ 1,615

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

(2) Increase in debt payable from enterprise revenues in 1998 results from reclassification of general obligation debt.

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

## County of Isle of Wight, Virginia

## Legal Debt Margin

Last Ten Fiscal Years										
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Total assessed valuation of real estate from land book	\$3,879,352,775	\$2,625,671,100	\$2,450,957,825	\$2,647,266,485	\$1,513,517,998	\$1,715,143,492	\$1,545,692,326	\$1,471,718,889	\$1,420,176,399	\$1,269,268,257
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Debt limitation	\$387,918,278	\$262,667,110	\$245,096,783	\$264,736,649	\$151,351,800	\$171,514,349	\$154,569,233	\$147,171,889	\$142,017,640	\$126,926,825
Total debt of the County	62,013,810	67,052,307	71,414,333	75,503,503	55,559,279	49,357,300	52,415,300	56,127,090	55,801,329	60,446,514
Total debt of the Town of Smithfield	5,977,452	5,604,353	3,599,671	3,000,805	3,756,763	-	-	-	-	-
Total debt of the Town of Windsor	792,051	800,079	810,489	817,310	-	-	-	-	-	-
Total	68,783,353	74,456,769	75,734,493	79,322,618	59,316,042	49,357,300	52,415,300	56,127,090	55,801,329	60,446,514
Amount by which legal debt margin exceeds total debt	\$ 319,114,925	\$ 188,210,341	\$ 172,332,290	\$ 125,414,631	\$ 131,475,758	\$ 122,157,049	\$ 102,153,933	\$ 91,044,799	\$ 83,216,311	\$ 66,480,292

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>
2007	34,057 (3)	\$ 33,413 (3)	23,356	N/A
2006	33,065	\$ 32,440 (3)	22,501	3.1%
2005	32,417	\$ 31,495	21,639	3.5%
2004	31,600	\$ 30,692	21,594	3.3%
2003	30,419	\$ 29,084	20,213	3.4%
2002	30,100	\$ 28,260	19,953	3.2%
2001	29,728	\$ 28,205	N/A	2.8%
2000	29,700	\$ 27,122	N/A	2.2%
1999	29,100	\$ 25,480	N/A	2.7%
1998	28,600	\$ 24,939	N/A	3.1%

Source: (1) Weldon-Cooper Center for Public Service, UVA  
 (2) Virginia Employment Commission  
 (3) Estimated assuming a 3% growth rate from the prior year.

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

<b>Last Five Fiscal Years</b>					
<b>Function/Program</b>	<b>Full-time Equivalent Employees as of June 30</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>General government</b>					
County Administration	7.0	7.0	6.0	4.0	3.5
County Attorney	3.0	3.0	3.0	3.0	1.5
Commissioner of Revenue	9.5	9.5	9.5	8.5	8.5
Treasurer	7.5	7.5	7.5	7.5	7.0
Budget and Finance	6.5	6.0	6.0	5.5	5.5
Human Resources	3.0	2.0	2.0	2.0	1.5
Communications	1.0	1.0	1.0	1.5	1.5
Economic Development	3.0	3.0	3.0	2.0	2.0
Registrar	2.0	2.0	2.0	2.0	2.0
Inspections	9.0	10.0	8.0	8.0	7.0
Information Technology	6.5	6.0	5.0	4.0	4.0
Planning and Zoning	12.0	13.0	10.0	10.0	9.0
Office on Youth	1.0	1.0	1.0	1.0	1.0
Tourism	5.5	5.5	5.5	4.5	5.0
Clerk of Court	6.0	6.0	6.0	6.0	6.0
Commonwealth Attorney	4.0	4.0	4.5	5.0	5.0
<b>Total general government</b>	<b>86.5</b>	<b>86.5</b>	<b>80.0</b>	<b>74.5</b>	<b>70.0</b>
<b>Public Safety</b>					
Sheriff Deputies (including Sheriff)	42.0	37.0	35.0	33.0	29.0
Administrative	2.0	2.0	2.0	2.0	2.0
Animal Control	5.0	5.0	4.5	3.5	3.5
Emergency Communications	17.0	17.0	15.0	15.0	15.0
<b>Total Public Safety</b>	<b>66.0</b>	<b>61.0</b>	<b>56.5</b>	<b>53.5</b>	<b>49.5</b>
<b>Fire and Rescue</b>					
Administrative	1.0	1.0	1.0	1.0	1.0
Firefighters/Paramedics	18.5	15.5	15.0	14.0	13.5
<b>Total Fire and Rescue</b>	<b>19.5</b>	<b>16.5</b>	<b>16.0</b>	<b>15.0</b>	<b>14.5</b>
<b>General Services</b>					
Administrative	2.0	2.0	2.0	2.0	2.0
Engineering	5.0	-	-	-	-
Refuse collection	19.0	19.0	19.0	17.5	17.0
Building and Grounds	11.5	9.0	8.5	8.0	8.0
Custodians	5.0	5.0	3.8	3.5	3.5
<b>Total Public Works</b>	<b>42.5</b>	<b>35.0</b>	<b>33.3</b>	<b>31.0</b>	<b>30.5</b>
Parks, Recreation and Cultural	16.5	16.5	15.5	20.0	20.5
Public Utilities	12.0	14.0	12.0	12.0	12.0
<b>Public Schools</b>					
Instructional Positions	534.1	501.7	457.7	445.0	440.3
Administrators	24.0	25.0	25.0	25.0	24.0
Support Personnel	247.3	242.0	236.2	236.6	243.0
<b>Total Public Schools</b>	<b>805.4</b>	<b>768.7</b>	<b>718.9</b>	<b>706.6</b>	<b>707.3</b>
<b>Grand Total</b>	<b>1,048.4</b>	<b>998.2</b>	<b>932.2</b>	<b>912.6</b>	<b>904.3</b>

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

Last Five Fiscal Years					
Function/Program	2007	2006	2005	2004	2003
Sheriff					
Physical arrests	989	323	319	392	360
Traffic violations	1,383	816	1,306	1,300	1,248
Fire					
Emergency responses - Fire	1,792	2,852	2,601	2,180	1,421
Emergency responses - Rescue	3,660	3,632	3,430	3,529	2,704
Building Permits					
Residential	310	512	445	423	335
Residential - Value	\$ 56,519,045	\$ 111,276,167	\$ 92,052,639	\$ 65,559,903	\$ 47,753,922
Commercial	31	17	21	20	20
Commercial - Value	\$ 13,266,100	\$ 13,244,130	\$ 3,699,895	\$ 20,210,548	\$ 6,181,451
Refuse collection					
Refuse collected (tons per day)	56.0	55.0	55.8	56.0	50.8
Public Schools					
Cost Per Student	\$ 10,232	\$ 9,721	\$ 9,022	\$ 8,360	\$ 7,840
Average Daily Membership	5,372	5,138	5,032	4,983	4,967
Student/Teacher Ratio	13.1	13.0	13.4	13.6	13.7
Park and recreation					
Athletic field permits issued	205	29	24	26	8
County Fair Admissions	2,979	12,250	12,927	-	10,872
Library					
Volumes in collection	258,620	214,903	215,698	240,336	227,141
Total volumes borrowed	193,082	191,040	181,733	130,346	151,755
Water					
New connections	109	360	380	202	91
Average daily consumption (thousands of gallons)	0.69	0.39	0.45	0.45	0.57

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

<b>Last Five Fiscal Years</b>					
<b>Function/Program</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Sheriff					
Stations	1	1	1	1	1
Patrol units	41	40	31	31	30
Fire and Rescue	5	5	5	5	5
Fire Units	5	5	5	5	5
Rescue Units	4	4	4	4	2
Refuse collection					
Collection trucks	5	5	5	5	4
Public Schools					
School Facilities	9	9	8	8	8
Park and recreation					
Parks	7	7	6	6	5
Acreage	565	565	511	511	511
Playgrounds	8	8	8	8	8
Baseball/softball diamonds	4	4	4	4	4
Soccer/football fields	9	10	10	10	10
Community centers	2	2	2	2	2
Museums	2	2	2	2	1
Library Facilities	3	3	3	3	3

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