

*County of Isle of Wight, Virginia
Comprehensive Annual Financial Report
Fiscal Year Ended
June 30, 2008*



Prepared by:

*Liesl R. DeVary
Director of Budget and Finance*

County of Isle of Wight, Virginia
Table of Contents

Page

Introductory Section

<i>Table of Contents</i>	i - iii
<i>Principal Officials</i>	iv
<i>Isle of Wight County Organizational Chart</i>	v
<i>Letter of Transmittal</i>	vi - ix

Financial Section

<i>Report of Independent Auditors</i>	1 - 2
<i>Management's Discussion and Analysis</i>	3 - 12

Basic Financial Statements

Exhibit

Government-wide Financial Statements:

<i>Statement of Net Assets</i>	A-1	13
<i>Statement of Activities</i>	A-2	14

Fund Financial Statements

Governmental Funds:

<i>Balance Sheet</i>	A-3	15
<i>Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Assets</i>	A-3	16
<i>Statement of Revenues, Expenditures, and Changes in Fund Balances</i>	A-4	17
<i>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities</i>	A-4	18

Proprietary Fund

<i>Statements of Net Assets</i>	A-5	19
<i>Statements of Revenues, Expenses, and Changes in Fund Net Assets</i>	A-6	20
<i>Statements of Cash Flows</i>	A-7	21

Fiduciary Funds

<i>Statement of Assets and Liabilities</i>	A-8	22
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<i>Notes to Basic Financial Statements</i>	23 - 48
--	---------

Required Supplementary Information

<i>Schedule of Revenues and Expenditures - Budget and Actual - General Fund</i>	B-1	49 - 54
<i>Schedule of Funding Progress for Defined Benefit Pension Plans</i>	B-2	55
<i>Schedule of Employer Contributions for Defined Benefit Pension Plans</i>	B-3	56

County of Isle of Wight, Virginia
Table of Contents
(Continued)

	Exhibit	Page
<i>Other Supplementary Information</i>		
<i>Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Fund</i>	B-4	57
<i>Nonmajor Governmental Funds:</i>		
<i>Combining Balance Sheets</i>	B-5	58
<i>Combining Statements of Revenues, Expenditures, and Changes in Fund Balances</i>	B-6	59
<i>Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual</i>	B-7	60 - 64
<i>Component Unit - School Board</i>		
<i>Combining Balance Sheets - Governmental Funds</i>	B-8	65
<i>Reconciliation of the Balance Sheets of the School Board Funds to the Statement of Net Assets - Governmental Funds</i>	B-9	66
<i>Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</i>	B-10	67
<i>Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances - School Board Funds to the Statement of Activities - Governmental Funds</i>	B-11	68
<i>Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Governmental Funds</i>	B-12	69 - 70
<i>Statement of Net Assets - Proprietary Fund</i>	B-13	71
<i>Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund</i>	B-14	72
<i>Statement of Cash Flows - Proprietary Fund</i>	B-15	73
<i>Fiduciary Funds</i>		
<i>Combining Statements of Assets and Liabilities</i>	B-16	74
<i>Combining Statements Changes in Assets and Liabilities</i>	B-17	75
<i>Component Unit - Industrial Development Authority</i>		
<i>Statements of Net Assets</i>	B-18	76
<i>Statements of Revenues, Expenses, and Changes in Fund Net Assets</i>	B-19	77
<i>Statements of Cash Flows</i>	B-20	78
Compliance Section:		
<i>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</i>	B-21	79 - 80
<i>Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133</i>	B-22	81 - 82
<i>Report of Independent Auditors on Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants</i>	B-23	83 - 84

County of Isle of Wight, Virginia
Table of Contents
(Continued)

	Exhibit	Page
<i>Schedule of Expenditures of Federal Awards</i>	B-24	85 - 86
<i>Notes to Schedule of Expenditures of Federal Awards</i>	B-25	87
<i>Schedule of Findings and Questioned Costs</i>	B-26	88 - 91
 <i>Statistical Section</i>		
<i>Statistical Section Overview</i>		92
<i>Net Assets by Component</i>	C-1	93
<i>Change in Net Assets</i>	C-2	94 - 95
<i>Fund Balances - Governmental Funds</i>	C-3	96
<i>Changes in Fund Balance - Governmental Funds</i>	C-4	97
<i>Assessed Value and Estimated Actual Value of Taxable Property</i>	C-5	98
<i>Assessed Value of Taxable Property</i>	C-6	99
<i>Property Tax Rates</i>	C-7	100
<i>Principal Property Taxpayers</i>	C-8	101
<i>Property Tax Levies and Collections</i>	C-9	102
<i>Taxable Sales by Category</i>	C-10	103
<i>Ratio of Net General Bonded Debt to Assessed Value and Net</i>		
<i>Bonded Debt Per Capita</i>	C-11	104
<i>Legal Debt Margin</i>	C-12	105
<i>Demographic Statistics</i>	C-13	106
<i>Full-time Equivalent County Government Employees by Function/Program</i>	C-14	107
<i>Operating Indicators by Function/Program</i>	C-15	108
<i>Capital Asset Statistics by Function/Program</i>	C-16	109

***County of Isle of Wight, Virginia
Principal Officials
June 30, 2008***

Board of Supervisors

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

County School Board

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

Board of Social Services

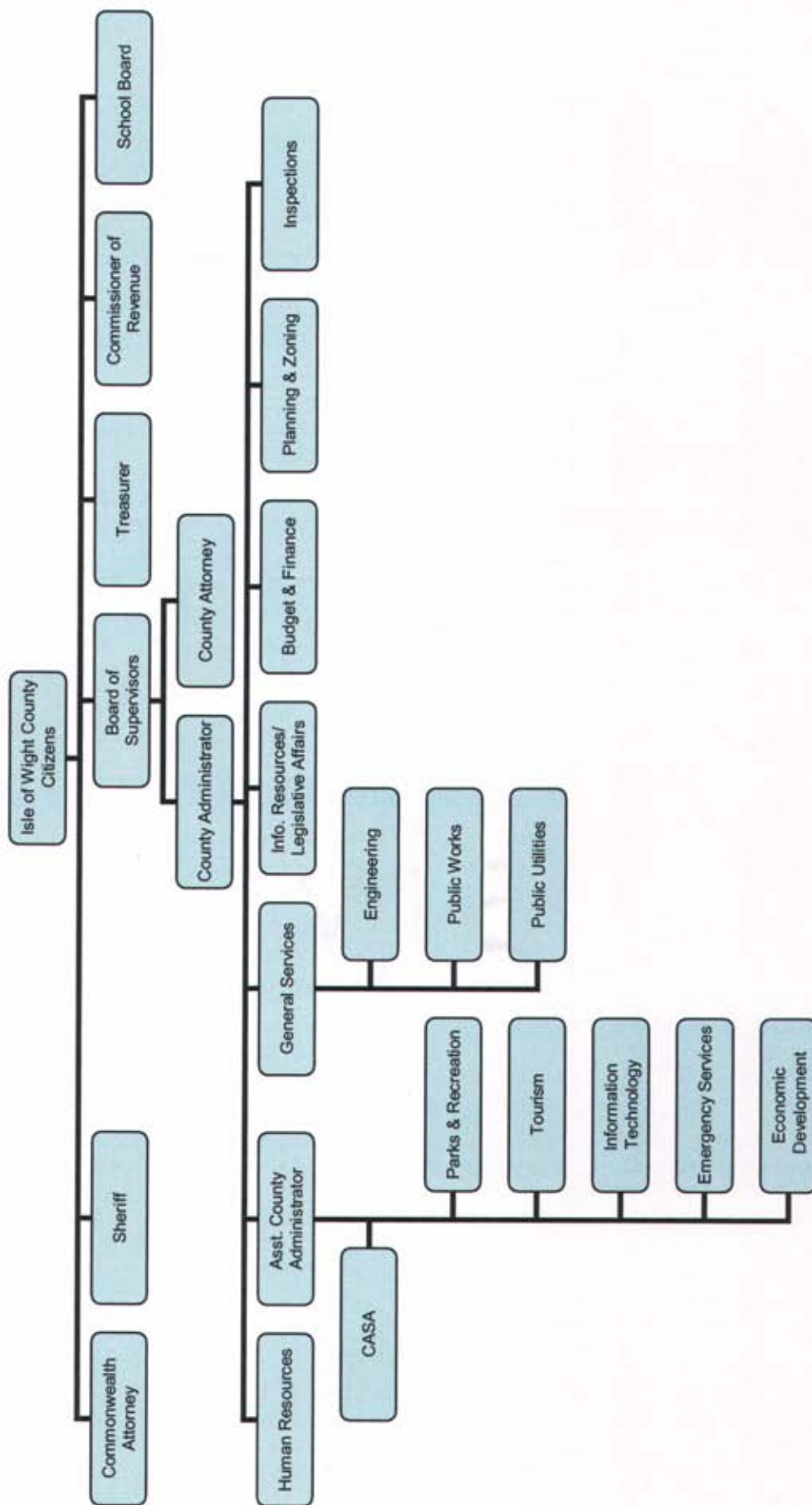
Gloria Wilson, Chairman
Kristin Wilda, Vice Chairman
James B. Brown, Jr.
Panice Clark
Patty Flemming

Other Officials

County Administrator
Assistant County Administrator
Treasurer
Interim 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
Georgette Phillips
Gerald Gwaltney
Charles Phelps
Sharon Jones
The Honorable Westbrook J. Parker
The Honorable W. Parker Council
The Honorable Alfreda Talton-Harris
Dr. Michael W. McPherson
A. Paul Burton

Isle of Wight County Organizational Chart





COUNTY of ISLE OF WIGHT

THE COURTHOUSE

December 18, 2008

To the Honorable Board of Supervisors and Citizens of the County of Isle of Wight:

We are pleased to submit to you the Comprehensive Annual Financial Report for the County of Isle of Wight for the fiscal year ended June 30, 2008. An audited financial report is required in accordance with state code and is prepared in accordance with the financial reporting requirements prescribed by the Governmental Accounting Standards Board (GASB) and the Auditor of Public Accounts of the Commonwealth of Virginia.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. Management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Goodman & Co. LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County of Isle of Wight financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair representation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports are available under the Compliance Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of County of Isle of Wight

The County is located in southeastern Virginia and has an area of 319 square miles with approximately 23 miles of shoreline on the James River. It is considered a part of the Tidewater area of Virginia and the Norfolk-Virginia Beach-Newport News Metropolitan Statistical Area, which includes the Virginia Counties of Isle of Wight, York, James City and Gloucester, the North Carolina Counties of Matthews and Currituck, and the Virginia Cities of Norfolk, Hampton, Newport News, Virginia Beach, Chesapeake, Suffolk, Poquoson and Portsmouth. The County estimates its current population at 34,620. There are two incorporated towns in the County: Windsor and Smithfield. The County seat is located at Isle of Wight. The County has taxing power within the boundaries of incorporated towns within the County.

The County government is organized under the traditional form of government under Virginia law. The governing body of the County is the Board of Supervisors (the "Board of Supervisors" or the "Board"), which establishes policies for the administration of the County. The Board is composed of five members with one member elected from each of five election districts. A member must be a resident of the district which he serves. Members are elected for four-year terms. Each year the Board elects a chairman and vice chairman from among its members. The Board appoints a County Administrator to act as the administrative head of the County. The County Administrator serves at the pleasure of the Board, carries out the policies established by the Board, directs business and administrative procedures and makes appointments of personnel. Other elected officials operate independently and equally with the Board. These officials are the Sheriff, Commonwealth Attorney, Clerk of the Circuit Court, Commissioner of Revenue and Treasurer.

The County provides a broad scope of services to its citizens, operating through various organizational entities ranging from elected departments (constitutional offices) to administrative departments to appointed commissions. The County provides a full range of services, including public safety, social services, public utilities, public education, public libraries, refuse collection and disposal and parks and recreation.

The County is financially accountable for the public school system which is under the jurisdiction of the School Board. The School Board members are elected with four-year staggered terms. The School Board is fiscally dependent upon the County because the County provides significant funding to operate the public schools since the School Board does not have separate taxing authority. The financial statements of the School Board are reported separately within the County's financial statements as a discretely presented component unit. Presently, the County has five public elementary schools, two middle schools and two public high schools in support of approximately 5,300 students.

Local Economy

Isle of Wight is one the fastest growing communities in Hampton Roads in addition to having the lowest real estate tax rate in the area. For the fiscal year ending June 30, 2008, the County estimates its population to be approximately 34,620. The County's per capita personal income was \$33,543 and ranked 28th in the State, with an unemployment rate of 3%. Approximately 40

percent of the County's labor force is employed in the manufacturing sector of the economy. Major industries include free paper products, lumber, meat processing, information systems, farm and seafood products, building materials, logging tractors, manufacturing and equipment assembly. Headquarters for Smithfield Foods, Inc., Smithfield Packing and Gwaltney are located within the County. Smithfield Foods employs more than 5,000 in its Gwaltney and Smithfield packing divisions and maintains its international headquarters in the County. The company has recently completed an approximately \$10 million expansion of its corporate offices.

Agriculture and forestry are significant parts of life and the economy of Isle of Wight. The County ranks third among Virginia counties in cotton and peanut production and its swine production industry ranks second in the state. Summerwind Vineyard and Montague Farms are new agriculture ventures in the County, which indicates that Isle of Wight is fast becoming the agriculture hub for Southeast Virginia.

Financial Planning

The annual budget serves as the foundation for the County's financial planning and control. 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. Public hearings are conducted to obtain citizen comments and the budget is legally enacted through passage of an Appropriations Resolution by June 30. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General, Special Revenue, Capital Projects, and Proprietary funds of the Primary Government and Component Unit – School Board.

Additionally, the Board of Supervisors adopts a five (5) year Capital Improvement Plan with a five (5) year horizon. The funding stream, consisting of operating revenues, reserves and bonded debt is also reviewed in connection with the requests.

Major Initiatives

The County is developing a 3,500-acre intermodal industrial complex along U.S. Route 460 and the Norfolk Southern mainline in the central development service district. To date, the County has acquired more than 1,000 acres and improved over 450 acres of that area at a cost of approximately \$15 million. The investment has resulted in more than 1.7 million square feet of Class A distribution space for employers such as the national retailer Cost Plus World Market and office products supplier SAFCO. The total private investment in these facilities exceeds \$100 million. The developments have resulted in more than 200 new jobs and annual direct tax revenues of nearly \$1 million per year. The project is expected to result in approximately 20,000 jobs over the next 30 years and more than \$20 billion in private investment.

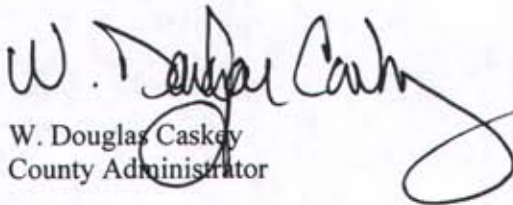
In an effort to preserve the agriculture and forestry nature of the County, the Board of Supervisors formally established the Purchase of Agriculture and Forestal Conservation Easements (PACE) Program. The PACE Program is a voluntary program whereby landowners sell their development rights to the County. In exchange for such development rights, the County places a conservation easement on the land in perpetuity. As of June 30, 2008, the County had made offers on approximately 930 acres for a total cost of approximately \$4.5 million. The County intends to enter into installment purchase agreements with landowners whereby the County pays tax-free interest payments for a period of 30 years on the principal amount with the principal amount being paid in lump sum at the end of 30 years. The County will fund this program with U.S.

Treasury Strips and potential State grants. In fiscal year 2008, the County was awarded over \$400,000 in matching state grants for the PACE program.

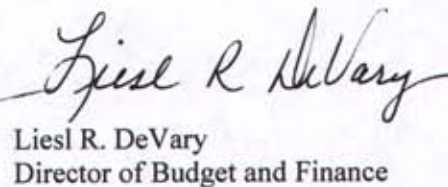
As part of its adopted five year capital improvement program, the County is in the design stage of a new courts/clerk building at an estimated cost of approximately \$23.6 million and a new fire station in the Town of Smithfield in support of one of five voluntary fire associations. Additionally, the County has committed to renovating the building that houses one of its three voluntary rescue associations. The estimated cost of the fire and rescue construction projects is approximately \$7 million.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Budget and Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of the County of Isle of Wight's finances.

Respectfully submitted,



W. Douglas Caskey
County Administrator



Liesl R. DeVary
Director of Budget and Finance

Financial Section



Certified Public Accountants
Specialized Services
Business Solutions

Report of Independent Auditors

Board of Supervisors
County of Isle of Wight, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Isle of Wight, Virginia*** as of and for the year ended June 30, 2008, 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 management of the ***County of Isle of Wight, Virginia***. Our responsibility is to express our opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial 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, 2008, 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 December 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.

Management's Discussion and Analysis, the budgetary comparison information, and schedules of other required supplementary information (presented on pages 3 through 12, 49 through 54, and 55 through 56, 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.

Our audit was conducted for the purpose of forming an opinion 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
December 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, 2008. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

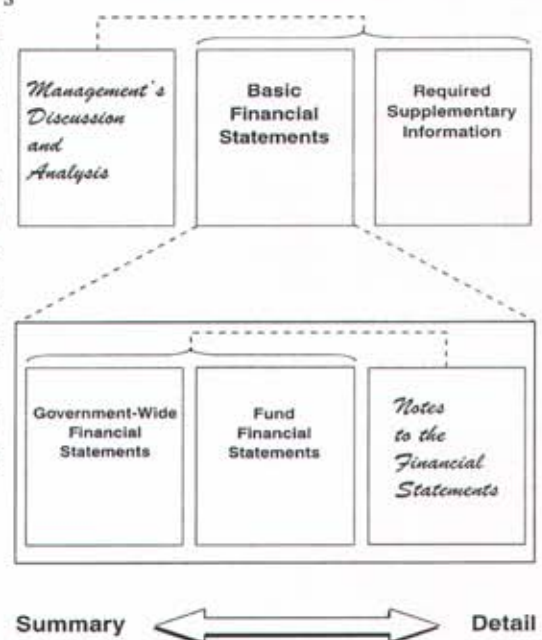
- The net assets of the County's governmental activities were \$43,528,634 as of June 30, 2008, a 7% decrease from the previous fiscal year.
- In support of the County's primary governmental activities, revenues were generated in the amount of \$58,183,794, of which 74% consisted of local taxes, 9% from the Commonwealth of Virginia, 13% in operating grants and 4% from other revenue, whereas expenditures were \$56,028,286, or a 14% increase from the previous year.
- The County's General Fund reported expenditures in excess of revenues and other financing sources by \$1,115,843, resulting in an undesignated fund balance of \$13,343,356. This is primarily a result of paying cash for several capital projects.
- The County reduced its tax rate on real estate by 1 cent to \$0.52 per \$100 of assessed value, resulting in the lowest tax rate in the Hampton Roads area.
- The County issued \$10,000,000 in general obligation funds for various capital projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in more detail than the government-wide statements.
- The *governmental funds* statement tells how *general government* services were financed in the *short-term* as well as what remains for future spending.

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



- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as public utilities.
- *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong, such as Special Welfare.

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

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

Government-wide Statements

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

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

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

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

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

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

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

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

Fund Financial Statements

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

- **Governmental funds** – Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's services. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, which explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The County's enterprise fund (one type of proprietary fund) is used to report the same functions presented as business-type activities in the government-wide financial statements, but the fund financial statements provide more detail and additional information, such as cash flows. The County's only enterprise fund accounts for the operation of its water and sewer systems.
- **Fiduciary Funds** – The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's services. The accounting used for fiduciary funds is similar to that of the proprietary funds. The County maintained Special Welfare and School Activity Agency Funds in fiscal year 2008.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

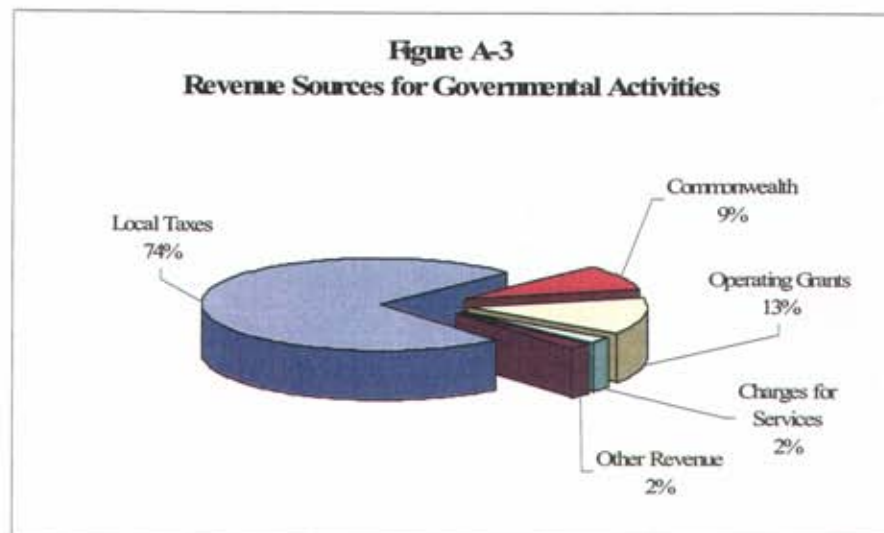
As described earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the fiscal year, the County's assets exceeded its liabilities by \$50,872,229, a 2% decrease from the previous year as illustrated in Table A-1.

Table A-1	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2008	2007	2008	2007	2008	2007	
Current assets							
Cash and cash equivalents	\$ 39,692,872	\$ 36,640,698	\$ 2,027,257	\$ 1,533,674	\$ 41,720,129	\$ 38,174,372	9%
Other current assets	2,917,340	2,947,725	66,691	187,011	2,984,031	3,134,736	(5%)
Total current assets	42,610,212	39,588,423	2,093,948	1,720,685	44,704,160	41,309,108	8%
Noncurrent assets							
Nondepreciable assets	14,704,708	9,444,809	3,475,807	930,541	18,180,515	10,375,350	75%
Depreciable assets-net	51,285,505	53,804,397	13,100,895	13,896,403	64,386,400	67,700,800	(5%)
Other long-term receivables	735,788	653,363	1,195,040	1,280,400	1,930,828	1,933,763	0%
Total noncurrent assets	66,726,001	63,902,569	17,771,742	16,107,344	84,497,743	80,009,913	6%
Total assets	\$109,336,213	\$103,490,992	\$19,865,690	\$17,828,029	\$129,201,903	\$121,319,021	6%
Current liabilities							
Accounts payable	\$ 3,097,928	\$ 2,146,140	\$ 1,047,033	\$ 354,415	\$ 4,144,961	\$ 2,500,555	66%
Other current liabilities	4,884,304	2,981,149	121,377	111,568	5,005,681	3,092,717	62%
Total current liabilities	7,982,232	5,127,289	1,168,410	465,983	9,150,642	5,593,272	64%
Noncurrent liabilities							
Due within one year	4,566,505	4,102,235	747,786	717,144	5,314,291	4,819,379	10%
Due more than one year	53,258,842	47,636,577	10,605,899	11,373,937	63,864,741	59,010,514	8%
Total noncurrent liabilities	57,825,347	51,738,812	11,353,685	12,091,081	69,179,032	63,829,893	8%
Total liabilities	65,807,579	56,866,101	12,522,095	12,557,064	78,329,674	69,423,165	13%
Net assets							
Invested in capital assets net of related debt	9,382,768	12,936,538	6,425,436	4,030,507	15,808,204	16,967,045	(7%)
Restricted for capital projects	14,816,245	11,393,907	918,159	859,724	15,734,404	12,253,631	28%
Unrestricted	19,329,621	22,294,446	-	380,734	19,329,621	22,675,180	(15%)
Total net assets	43,528,634	46,624,891	7,343,595	5,270,965	50,872,229	51,895,856	(2%)
Total liabilities and net assets	\$109,336,213	\$103,490,992	\$19,865,690	\$17,828,029	\$129,201,903	\$121,319,021	6%

The \$19,329,621 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, 2008, the general fund's undesignated fund balance represented approximately 13% of the fiscal year 2008-09 general operating and capital budget. County policy requires an undesignated fund balance to be a minimum of 10% of the subsequent year's operating budget.

Governmental Activities

- The County's total revenues for governmental activities were \$58,183,794 of which a significant portion, 74%, comes from local taxes.
- General Property taxes and other local taxes increased 3.6% or \$1,488,384.
- Operating grants consist of state and federal revenues received to offset the cost of various programs. However, the reimbursements do not necessarily represent 100% of expenditures as illustrated in Table A-2.



Operating grants increased approximately 30% from the prior fiscal year primarily due to reclassification of general revenues.

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

Net Cost of County Functions	Total Cost of Services			Net Cost of Services		
	2008	2007	% Change	2008	2007	% Change
Table A-2						
General government administration	\$ 6,182,728	\$ 4,794,578	29%	\$ 5,536,817	\$ 4,216,880	3%
Judicial administration	857,697	878,317	(2%)	71,340	112,747	(37%)
Public safety	6,053,668	6,166,925	(2%)	3,509,041	4,024,452	(13%)
Public works	5,145,769	4,400,738	17%	5,066,657	4,350,348	16%
Health and welfare	5,025,666	4,894,622	3%	1,985,663	2,022,610	(2%)
Education	26,964,798	21,036,346	28%	26,892,849	21,036,346	28%
Parks, recreation and cultural	1,279,128	1,856,803	(31%)	941,840	1,575,990	(40%)
Community development	2,332,420	3,083,356	(24%)	1,094,450	2,663,415	(59%)
Interest on long-term debt	2,186,412	2,144,123	2%	2,186,412	2,144,123	2%
Total expenses	\$ 56,028,286	\$ 49,255,808	14%	\$ 47,285,069	\$ 42,146,911	12%

- The cost of all *governmental* activities this year was \$56,028,286, a 14% increase from the previous year. This increase is primarily driven by increased costs in education and costs for refuse disposal.
- Education continues to be one of the County's highest priorities and commitments representing 48% of total costs and 57% of total net costs.
- The County conducts a biennial reassessment of real estate values. Accordingly, the cost of General Government Administration increased by 14% primarily by the cost of such reassessment. The County incurred costs in fiscal year 2008 in an effort to increase public awareness, by broadcasting the Board of Supervisors meeting on the local cable channel. Additionally, the County began distribution of a quarterly newsletter to citizens
- The cost for refuse disposal increased 50% in fiscal year 2008 or \$675,000.
- Expenditures associated with Comprehensive Services for at-risk youth and families, categorized under Health and Welfare, have escalated over the past two years due to more difficult cases and the need for more expensive and intensified services required.
- Decreases in the cost of public safety, parks, recreation and cultural and community development are directly related to increases in capital outlay which are capitalized and reflected in net assets.

Business-type Activities

Revenues of the County's business-type activities for the operation of water and sewer systems remained steady, however expenditures increased 9%, resulting in an operating deficit of nearly \$3.5 million. The increase in expenditures is due largely to increased costs for the purchase of water. One time connection fees continue to decline as the slowdown in new construction continues.

Net Cost of Public Utilities	Total Cost of Services			Net Cost of Services		
	2008	2007	% Change	2008	2007	% Change
Public Utilities	\$ 5,581,285	\$ 5,137,986	9%	\$ 3,188,874	\$ 3,285,893	(3%)

In February 2006, the County revised its agreement with Western Tidewater Water Authority (WTWA) establishing a reserved capacity charge. The County paid in excess of \$1 million as a fixed capacity charge during fiscal year 2008. Additionally, the County contributed approximately \$864,000 to WTWA for its share of capital costs incurred by the authority. The County initiated a water and sewer rate study to address the operating needs of public utilities, which should become effective in calendar year 2009.

The County transferred approximately \$438,000 from its General Fund to support the operations of the Public Utilities fund. As the operations of the water and sewer systems are expected to continue to grow, it is the intent of the County to establish a repayment schedule to the General Government fund for previous operating transfers. As of June 30, 2008, the total amount of transfers due to the General Government fund was \$5,048,236.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds. The primary purpose of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information assists in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$35,306,793, of which 38% or \$13,343,356 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 \$22,252,277 of which \$13,343,356 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, 2008, the unreserved fund balance represented 44% 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 \$12,402,711, 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 \$7,343,595, representative of capital assets net of related debt and encumbrances as of June 30, 2008.
- **Non-Major Governmental Funds.** The County accounts for other programs and services in different funds. These funds include the Department of Social Services, Comprehensive Services, E-911 Funds, Community Development Block Grant Funds, Section 8, Asset Forfeiture, the County Fair and the Museum Fund. As of June 30, 2008, the combined fund balances were \$651,805.

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 \$1.2 million in various grants. Excluding transfers between funds, actual expenditures were \$3,732,114 below final budget amounts, of which approximately \$1,064,327 will carry over to fiscal year 2009 for the completion of projects and grants that cross fiscal years.

On the other hand, resources available, excluding bond proceeds, were \$1,707,668 below the final budgeted amount, of which approximately \$575,000 represents grant awards that cross fiscal years and will be carried forward to fiscal year 2009. Total property taxes were 99.6% of budget, whereas the County has experienced a slow down in "growth" related revenues such as building permits and grantors tax

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2008, the County had invested \$82,566,915 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.)

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

Table A-3	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2008	2007	2008	2007	2008	2007	
Nondepreciable assets							
Land	\$ 7,720,055	\$ 4,640,594	\$ 181,240	\$ 157,240	\$ 7,901,295	\$ 4,797,834	65%
Construction in progress	6,984,653	4,804,215	3,294,567	773,301	10,279,220	5,577,516	84%
Total nondepreciable assets	14,704,708	9,444,809	3,475,807	930,541	18,180,515	10,375,350	75%
Depreciable assets							
Land improvements	1,712,802	908,375	11,952,093	11,897,393	13,664,895	12,805,768	7%
Buildings	56,426,835	59,585,268	8,045,327	8,045,327	64,472,162	67,630,595	(5%)
Equipment	3,486,751	3,312,691	502,980	502,980	3,989,731	3,815,671	5%
Vehicles	2,870,973	3,084,396	218,992	240,492	3,089,965	3,324,888	(7%)
Total at historical cost	64,497,361	66,890,730	20,719,392	20,686,192	85,216,753	87,576,922	(3%)
Total accumulated depreciation	(13,21,1856)	(13,086,333)	(7,618,497)	(6,789,789)	(7,406,628)	(19,876,122)	5%
Net capital assets	\$79,413,938	\$63,249,206	\$16,576,702	\$14,826,944	\$95,990,640	\$78,076,150	6%

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

- Major drainage improvements at the fairgrounds at Heritage Park.
- A new courts/clerk building in progress.
- A new fire station for the Smithfield Voluntary Fire Department is in the design stage.
- Improvements to various water and sewer systems throughout the County.

Bond Ratings

The County's bonds presently carry "AA-" rating from Standard & Poor's "A1" from Moody's Investor Services, and "AA-" from Fitch.

Long-Term Debt

At year-end the County had \$67,352,825 in bonds, loans, notes and capital leases outstanding and \$758,380 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, 2008, the County's debt ratio to assessed value was approximately 2% demonstrating the County's conservative debt borrowing policy and management approach. More detailed information about the County's debt is presented in the notes to the financial statements.

Table A-4	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2008	2007	2008	2007	2008	2007	
General Obligation Bonds							
Series of 1996	\$ 1,277,699	\$ 1,587,051	\$ -	\$ -	\$ 1,277,699	\$ 1,587,052	(19%)
Series A of 1997	-	-	1,005,000	1,475,000	1,005,000	1,475,000	(32%)
Series of 2003	7,130,000	7,480,000	-	-	7,130,000	7,480,000	(5%)
Series of 2005	-	-	10,122,705	10,366,077	10,122,705	10,366,077	(2%)
Series of 2008	10,000,000	-	-	-	10,000,000	-	100%
Bonds for Schools							
Series of 1987	-	25,000	-	-	-	25,000	(100%)
Series of 1996	3,162,301	3,927,948	-	-	3,162,301	3,927,948	(19%)
Series B of 1997	580,000	855,000	-	-	580,000	855,000	(32%)
Series of 2003	2,815,000	3,470,000	-	-	2,815,000	3,470,000	(19%)
Series of 2004	25,260,000	26,165,000	-	-	25,260,000	26,165,000	(3%)
Series of 2005	2,902,323	3,248,953	-	-	2,902,323	3,248,953	(11%)
Literary Loans							
Series of 1999	3,000,000	3,250,000	-	-	3,000,000	3,250,000	(8%)
Notes Payable							
Pruden VPSA Note	32,521	40,011	-	-	32,521	40,011	(19%)
Capital Leases							
Equipment Lease 1992	-	5,389	-	-	-	5,389	(100%)
Equipment Lease 2004	65,276	118,381	-	-	65,276	118,381	(45%)
Total outstanding debt	\$56,225,120	\$50,172,733	\$11,127,705	\$11,841,077	\$67,352,825	\$62,013,811	(9%)
Compensated absences	730,531	609,923	27,849	37,721	758,380	647,644	17%
Landfill closure costs	466,579	487,469	-	-	466,579	487,469	(4%)
Deferred charged - bond premiums	403,117	432,387	198,131	212,283	601,248	644,670	(7%)
Total long-term debt	\$57,825,347	\$51,702,512	\$11,353,685	\$12,091,081	\$69,179,032	\$63,793,594	8%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The County's per capita personal income, as of the latest data available, was \$33,543 and ranked 28th in the State, 85% of the state average and 91% of the national average.
- All tax rates remained unchanged including the Real Estate Tax Rate of \$0.52 per \$100 of assessed value.
- Revenues generated from all local sources increased by approximately 2%.
- Increased funding for schools of approximately 1.7%
- Increase in costs for Virginia Retirement System of approximately 14%
- Increase in health care costs of approximately 5%.
- Addition of 3 school resource officers

These indicators were taken into account when adopting the general operating and capital budget for fiscal year 2008-09. Amounts available for appropriation in the general operating budget are \$99,722,371, of which \$96,322,371 is for operating and \$3,400,000 is available for capital. The operating budget increased approximately 1.8%, primarily driven by increases in debt service, associated with the capital improvement plan. The County is experiencing a slowdown in "growth" related revenues. The slow down in the real estate and new construction market is apparent with the projected reduction in building permits and real estate transfers. Management remains progressive and proactive with solid financial policies 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 five 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.*
- 5. Energy conservation and management.*

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 accredited by the Virginia Department of Education and by the Southern Association of Colleges and Schools. The school division met all requirements of the "No Child Left Behind Act" in five of the last six 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 90% of IWCS students are proficient in writing. Between 83% and 90% 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 indicating the district's commitment to student achievement.

Major challenges for IWCS include closing the achievement gap between majority and minority students and recruiting and retaining high quality instructors. The most recent state assessments indicate that improvements are required in the performance of students with disabilities and disadvantaged students in language arts and mathematics, respectively. Results from state assessments also indicate the district is narrowing 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

*County of Isle of Wight, Virginia**Statement of Net Assets*

June 30, 2008					
Assets	Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Units	
				School Board	Industrial Development Authority
Cash and cash equivalents	\$ 32,667,082	\$ 2,027,257	\$ 34,694,339	\$ 5,379,913	\$ 997,782
Restricted cash	7,025,790	-	7,025,790	-	60,170
Receivables - net	1,253,829	35,763	1,289,592	138,016	317,339
Prepaid expenses	9,536	-	9,536	-	-
Due from primary government	-	-	-	3,364,421	-
Due from other governments	1,644,794	-	1,644,794	923,519	-
Inventory	9,181	30,928	40,109	39,533	-
Deferred charges	382,325	1,195,040	1,577,365	-	-
Capital lease receivable	-	-	-	-	272,654
Notes receivable	353,463	-	353,463	-	-
Capital assets					
Nondepreciable	14,704,708	3,475,807	18,180,515	2,463,422	4,194,698
Depreciable - net	51,285,505	13,100,895	64,386,400	22,543,379	1,031,856
Total assets	\$ 109,336,213	\$ 19,865,690	\$ 129,201,903	\$ 34,852,203	\$ 6,874,499
Liabilities					
Accounts payable and other current liabilities	\$ 3,097,928	\$ 1,047,033	\$ 4,144,961	\$ 6,181,923	\$ 5,077
Due to component unit	3,364,421	-	3,364,421	-	-
Customer deposits payable	-	100,908	100,908	-	60,000
Accrued interest payable	981,714	20,469	1,002,183	-	-
Deferred revenues	538,169	-	538,169	284,830	-
Noncurrent liabilities					
Due within one year	4,566,505	747,786	5,314,291	65,298	22,045
Due in more than one year - net	53,258,842	10,605,899	63,864,741	587,682	224,524
Total liabilities	65,807,579	12,522,095	78,329,674	7,119,733	311,646
Net Assets					
Invested in capital assets - net of related debt	9,382,768	6,425,436	15,808,204	25,006,801	5,252,639
Restricted:					
Capital projects	14,816,245	918,159	15,734,404	-	-
Other purposes	-	-	-	2,965,149	-
Unrestricted	19,329,621	-	19,329,621	(239,480)	1,310,214
Total net assets	43,528,634	7,343,595	50,872,229	27,732,470	6,562,853
Total liabilities and net assets	\$ 109,336,213	\$ 19,865,690	\$ 129,201,903	\$ 34,852,203	\$ 6,874,499

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

County of Isle of Wight, Virginia

Statement of Activities

Year Ended June 30, 2008

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
Primary Government									
Government activities									
General government administration	\$ 6,182,728	\$ 1,693	\$ 644,218	\$ -	\$ (5,536,817)	\$ -	\$ (5,536,817)	\$ -	\$ -
Judicial administration	857,697	201,653	584,704	-	(71,340)	-	(71,340)	-	-
Public safety	6,053,668	721,630	1,718,814	104,183	(3,509,041)	-	(3,509,041)	-	-
General services	5,145,769	2,520	74,082	2,510	(5,066,657)	-	(5,066,657)	-	-
Health and welfare	5,025,666	-	3,040,003	-	(1,985,663)	-	(1,985,663)	-	-
Education	26,964,798	-	-	71,949	(26,892,849)	-	(26,892,849)	-	-
Parks, recreation and cultural	1,279,128	263,158	69,110	5,020	(941,840)	-	(941,840)	-	-
Community development	2,332,420	76,791	1,161,179	-	(1,094,450)	-	(1,094,450)	-	-
Interest on long-term debt	2,186,412	-	-	-	(2,186,412)	-	(2,186,412)	-	-
Total governmental activities	56,028,286	1,267,445	7,292,110	183,662	(47,285,069)	-	(47,285,069)	-	-
Business-type activities									
Public utility	5,581,285	1,750,406	-	642,005	-	(3,188,874)	(3,188,874)	-	-
Total business-type activities	5,581,285	1,750,406	-	642,005	-	(3,188,874)	(3,188,874)	-	-
Total primary government	\$ 61,609,571	\$ 3,017,851	\$ 7,292,110	\$ 825,667	(47,285,069)	(3,188,874)	(50,473,943)	-	-
Component Units									
School Board	\$ 56,903,739	\$ 2,285,797	\$ 31,936,765	\$ -	-	-	-	(22,603,377)	-
Industrial Development Authority	102,233	21,191	-	317,340	-	-	-	-	236,298
Total component units	\$ 57,005,972	\$ 2,306,988	\$ 31,936,765	\$ 317,340	-	-	-	(22,603,377)	236,298
General property taxes					36,374,761	-	36,374,761	-	-
Other local taxes					6,393,256	-	6,393,256	-	-
Investment earnings					1,161,393	-	1,161,393	119,295	19,111
Miscellaneous					133,040	-	133,040	14,807	-
Revenue from the primary government					-	-	-	26,111,699	-
Intergovernmental, unrestricted					5,372,245	-	5,372,245	-	-
Gain on sale of assets					5,882	2,025	7,907	-	-
Transfers					(5,251,765)	4,282,478	(969,287)	-	969,287
Total general revenues, transfers and miscellaneous					44,188,812	4,284,503	48,473,315	26,245,801	988,398
Change in net assets					(3,096,257)	1,095,629	(2,000,628)	3,642,424	1,224,696
Net assets - beginning of year					46,624,891	6,247,966	52,872,857	24,090,046	5,338,157
Net assets - end of year					\$ 43,528,634	\$ 7,343,595	\$ 50,872,229	\$ 27,732,470	\$ 6,562,853

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

*County of Isle of Wight, Virginia**Balance Sheet - Governmental Funds***June 30, 2008**

Assets	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 24,470,275	\$ 7,841,640	\$ 355,167	\$ 32,667,082
Restricted cash	-	6,974,605	51,185	7,025,790
Receivables - net of allowance for uncollectibles:				
Taxes	1,013,084	-	-	1,013,084
Accounts	221,631	-	-	221,631
Notes/lease	246,569	-	106,894	353,463
Prepaid expenses	4,837	-	4,699	9,536
Due from other funds	-	-	256,144	256,144
Due from other governments	889,521	-	755,273	1,644,794
Inventory	-	-	9,181	9,181
Total assets	\$ 26,845,917	\$ 14,816,245	\$ 1,538,543	\$ 43,200,705
Liabilities				
Accounts payable	\$ 1,696,973	\$ 514,217	\$ 886,738	\$ 3,097,928
Due to other funds	256,144	-	-	256,144
Due to component unit	1,465,104	1,899,317	-	3,364,421
Deferred revenues	1,175,419	-	-	1,175,419
Total liabilities	4,593,640	2,413,534	886,738	7,893,912
Fund Balances				
Fund balances				
Reserved				
Inventory	-	-	9,181	9,181
Unreserved, designated for, reported in:				
General Fund	8,908,921	-	-	8,908,921
Capital Projects Fund	-	12,402,711	-	12,402,711
Special Revenue Funds	-	-	444,289	444,289
Unreserved, undesignated reported in				
General Fund	13,343,356	-	-	13,343,356
Special Revenue Funds	-	-	198,335	198,335
Total fund balances	22,252,277	12,402,711	651,805	35,306,793
Total liabilities and fund balances	\$ 26,845,917	\$ 14,816,245	\$ 1,538,543	\$ 43,200,705

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

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

June 30, 2008

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

Total fund balances - governmental funds	\$ 35,306,793
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation.	65,990,213
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.	656,364
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>(58,424,736)</u>
Total net assets - governmental activities	<u>\$ 43,528,634</u>

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

*County of Isle of Wight, Virginia**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds***Year Ended June 30, 2008**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
General property taxes	\$ 36,455,016	\$ -	\$ -	\$ 36,455,016
Other local taxes	6,393,256	-	-	6,393,256
Permits, privilege fees and regulatory licenses	422,715	-	-	422,715
Fines and forfeitures	101,443	-	655	102,098
Revenues from use of money and property	1,177,188	31,708	1,081	1,209,977
Charges for services	797,332	-	29,617	826,949
Miscellaneous	229,900	100,000	92,907	422,807
Recovered costs	533,405	-	47,520	580,925
Intergovernmental				
Commonwealth	7,878,552	-	2,277,333	10,155,885
Federal	227,431	-	1,509,692	1,737,123
Total revenues	54,216,238	131,708	3,958,805	58,306,751
Expenditures				
Current				
General government administration	4,776,697	720,072	-	5,496,769
Judicial administration	857,697	-	-	857,697
Public safety	5,716,101	375,073	864,595	6,955,769
General services	5,131,709	98,283	-	5,229,992
Health and welfare	897,688	-	4,071,826	4,969,514
Education	21,788,354	1,946,468	-	23,734,822
Parks, recreation and cultural	1,946,627	2,903,324	79,891	4,929,842
Community development	1,995,899	1,665,172	1,572,939	5,234,010
Nondepartmental	1,249,397	-	-	1,249,397
Debt service				
Principal retirement	3,889,119	-	58,494	3,947,613
Interest and other charges	2,224,891	-	4,117	2,229,008
Total expenditures	50,474,179	7,708,392	6,651,862	64,834,433
Excess (deficiency) of revenues over expenditures	3,742,059	(7,576,684)	(2,693,057)	(6,527,682)
Other financing sources (uses)				
Operating transfers in	-	12,399,714	2,095,648	14,495,362
Operating transfers out	(14,810,502)	(2,766,076)	-	(17,576,578)
Proceeds from bond issuance	10,000,000	-	-	10,000,000
Cost of bond issuance	(47,400)	-	-	(47,400)
Total other financing sources (uses)	(4,857,902)	9,633,638	2,095,648	6,871,384
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,115,843)	2,056,954	(597,409)	343,702
Fund balances - beginning of year	23,368,120	10,345,757	1,249,214	34,963,091
Fund balances - end of year	\$ 22,252,277	\$ 12,402,711	\$ 651,805	\$ 35,306,793

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, 2008****Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities**

Net change in fund balances - governmental funds	\$ 343,702
Amount reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	4,363,937
Depreciation expense	(1,565,134)
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.	
Bond proceeds	(10,000,000)
Repayment of debt principal	3,947,613
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(122,957)
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.	
Compensated absences	(84,308)
Landfill closure costs	20,890
Change in net assets of governmental activities	\$ (3,096,257)

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

*County of Isle of Wight, Virginia**Statements of Net Assets - Proprietary Fund***June 30,**

	Assets	Public Utilities	
		2008	2007 (A)
Current assets			
Cash and cash equivalents		\$ 2,027,257	\$ 1,533,674
Receivables - net		35,763	157,713
Total current assets		<u>2,063,020</u>	<u>1,691,387</u>
Noncurrent assets			
Inventory		30,928	29,298
Deferred charges - issuance and refunding costs		1,195,040	1,280,400
Capital assets			
Non-depreciable		3,475,807	1,907,542
Depreciable- net		13,100,895	13,896,403
Total noncurrent assets		<u>17,802,670</u>	<u>17,113,643</u>
Total assets		<u>\$ 19,865,690</u>	<u>\$ 18,805,030</u>
	Liabilities		
Current liabilities			
Accounts payable		\$ 1,047,033	\$ 354,415
Accrued interest payable		20,469	23,477
Customer deposits payable		100,908	88,091
Bonds payable - current portion		745,001	713,372
Compensated absences - current portion		2,785	3,772
Total current liabilities		<u>1,916,196</u>	<u>1,183,127</u>
Noncurrent liabilities			
General obligation bonds payable - less current portion		10,382,705	11,127,705
Compensated absences - less current portion		25,063	33,949
Deferred charges - premium		198,131	212,283
Total noncurrent liabilities		<u>10,605,899</u>	<u>11,373,937</u>
Total liabilities		<u>12,522,095</u>	<u>12,557,064</u>
	Net Assets		
Invested in capital assets - net of related debt		6,425,436	5,007,508
Restricted for capital projects		918,159	859,724
Unrestricted		-	380,734
Total net assets		<u>7,343,595</u>	<u>6,247,966</u>
Total liabilities and net assets		<u>\$ 19,865,690</u>	<u>\$ 18,805,030</u>

(A) As restated*The accompanying notes are an integral part of these financial statements.*

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

	Public Utilities	
	2008	2007 (A)
Operating revenues		
Charges for services	\$ 1,750,406	\$ 1,755,893
Total operating revenues	<u>1,750,406</u>	<u>1,755,893</u>
Operating expenses		
Current		
Personnel services	422,475	403,380
Fringe benefits	162,497	145,340
Contractual services	507,687	297,506
Purchases	3,045,534	2,630,773
Other charges	242,956	315,755
Depreciation	850,208	822,309
Total operating expenses	<u>5,231,357</u>	<u>4,615,063</u>
Operating loss	<u>(3,480,951)</u>	<u>(2,859,170)</u>
Nonoperating revenues (expenses)		
EPA grant	-	96,200
Interest and fiscal charges	(278,720)	(451,715)
Amortization of deferred charges	(71,208)	(71,208)
Gain on sale of asset	2,025	-
Total nonoperating revenues (expenses)	<u>(347,903)</u>	<u>(426,723)</u>
Income (expense) before contributions and transfers	<u>(3,828,854)</u>	<u>(3,285,893)</u>
Capital contributions	74,700	32,000
Capital contributions- connection fees	567,305	1,164,379
Transfers in	4,282,478	951,912
Total contributions and transfers	<u>4,924,483</u>	<u>2,148,291</u>
Change in net assets	<u>1,095,629</u>	<u>(1,137,602)</u>
Net assets - beginning of year	6,247,966	7,385,568
Net assets - end of year	<u>\$ 7,343,595</u>	<u>\$ 6,247,966</u>

(A) As restated

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

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

	Public Utilities	
	2008	2007 (A)
Cash flows from operating activities		
Received from customers and users	\$ 1,885,173	\$ 1,730,328
Payments to suppliers for goods and services	(3,105,190)	(2,967,417)
Payments to employees	(594,845)	(544,884)
Net cash from operating activities	(1,814,862)	(1,781,973)
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(1,622,964)	(1,349,860)
Capital contributions - connection fees received	567,305	1,164,379
EPA grant revenue	-	96,200
Interest paid on notes and bonds payable	(281,728)	(467,169)
Principal payments on bond principal	(713,371)	(516,959)
Transfers/contributions	4,359,203	6,911
Net cash from capital and related financing activities	2,308,445	(1,066,498)
Change in cash and cash equivalents	493,583	(2,848,471)
Cash and cash equivalents - beginning of year	1,533,674	4,382,145
Cash and cash equivalents - end of year	\$ 2,027,257	\$ 1,533,674
Reconciliation of operating loss to net cash from operating activities		
Operating loss	\$ (3,480,951)	\$ (2,859,170)
Adjustments to reconcile to net cash from operating activities:		
Allowance for doubtful accounts	8,310	10,667
Depreciation	850,208	822,309
Change in:		
Accounts receivable	113,640	(44,917)
Inventory	(1,630)	17,893
Customer deposits payable	12,817	258,724
Accounts payable and accrued liabilities	682,744	12,521
Net cash from operating activities	\$ (1,814,862)	\$ (1,781,973)

(A) As restated

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

*County of Isle of Wight, Virginia**Statement of Assets and Liabilities - Fiduciary Funds***June 30, 2008**

		<u>Agency Funds</u>
	Assets	
Cash and cash equivalents		<u>\$ 358,268</u>
Total assets		<u>\$ 358,268</u>
	Liabilities	
Amounts held for social services clients		\$ 35,541
Amounts held for others		<u>322,727</u>
Total liabilities		<u>\$ 358,268</u>

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

Notes to Basic Financial Statements

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The County of Isle of Wight, Virginia (primary government) is a municipal corporation governed by five elected supervisors. The accompanying financial statements present the government and its component units (that is, entities for which the government is considered to be financially accountable). Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. Accordingly, the County includes the Isle of Wight County School Board (School Board) and the Industrial Development Authority of Isle of Wight County (IDA) as discretely presented component units of the County's reporting entity. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government.

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

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

B. Government-Wide and Fund Financial Statements

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

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

June 30, 2008

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

June 30, 2008

Note 1. Summary of Significant Accounting Policies (Continued)

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

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 reports the following major governmental funds:

The **General Fund** is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and, interest income. A significant portion of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

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

The County reports the following major proprietary fund:

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

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

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

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 1. Summary of Significant Accounting Policies (*Continued*)

The County reports the following nonmajor governmental funds:

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

Fiduciary Funds - Agency Funds

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

Component Unit - School Board

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

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

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

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

Component Unit - Industrial Development Fund

The Isle of Wight County Industrial Development Authority (IDA) is responsible for industrial and commercial development in the County. The IDA Board, appointed by the Board of Supervisors, approves and adopts its annual budget. The IDA does not issue a separate financial report. The financial statements of the IDA are presented as a discretely presented component unit of the County's financial statements

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 1. Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

E. Investments

Investments for the government, as well as for its component units, are reported at fair value.

F. Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data 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, 2008, the allowance for property taxes was \$1,608,186. The allowance for the Public Utilities Fund was \$61,760 and \$53,450 for the years ended June 30, 2008 and 2007, respectively.

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

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

G. Inventory and Prepaid Items

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

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 1. Summary of Significant Accounting Policies (Continued)

H. Deferred Charges

Deferred charges represent deferred issuance and refunding costs associated with debt issues which are amortized over the life of the respective bonds. As of June 30, 2008, the primary government had the following:

	Issuance Costs	Refunding Charges	Totals
Governmental Activities			
2003 G.O. Bonds	\$ 59,681	\$ 204,597	\$ 264,278
2004 G.O. Bonds	237,794	244,713	482,507
2005 G.O. Bonds	33,054	(442,544)	(409,490)
2008 G.O. Bonds	45,030	-	45,030
	375,559	6,766	382,325
Business-type Activities			
2005 G.O. Bonds	112,462	1,082,578	1,195,040
Totals	\$ 488,021	\$ 1,089,344	\$ 1,577,365

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 having 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. The County does not have any infrastructure in its capital assets since roads, street, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There is no capitalized interest for the year ended June 30, 2008.

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

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 1. Summary of Significant Accounting Policies (Continued)

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 not available for appropriation or are legally restricted by outside parties.

"Designations" of fund balances represent tentative management plans subject to change. Designation of fund balance by specific purpose is as follows:

Designated for:	General Fund	Capital Projects Fund	Other Governmental
Encumbrances	\$ 339,644	\$ 3,417,889	\$ 444,289
Cash proffers	917,743	-	-
Chesapeake Bay violations	18,150	-	-
VDOT revenue sharing	2,736,270	-	-
Future expenditures	154,051	8,984,822	-
School operations	631,063	-	-
FY 2009 budget appropriations	4,112,000	-	-
Totals	\$ 8,908,921	\$ 12,402,711	\$ 444,289

L. Connection Fees

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

M. Estimates

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

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 1. Summary of Significant Accounting Policies *(Continued)*

N. Reclassifications

In the financial statements disclosing the activity of the proprietary fund and IDA, certain reclassifications have been made to the 2007 financial statements to conform to the 2008 financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

Note 2. Stewardship, Compliance, and Accountability

- A. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain citizen comments.
- C. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- D. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
- E. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General, Special Revenue, Capital Projects, and Proprietary funds of the Primary Government and Component Unit - School Board.
- F. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- G. Appropriations 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.

Expenditures did not exceed appropriations in any fund at June 30, 2008.

June 30, 2008

Note 3. Deposits and Investments

A. Deposits

All cash of the primary government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. Seq. of the *Code of Virginia* or covered by the Federal Depository Insurance, Corporation (FDIC). Under the Act, financial institutions, holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

B. Investment Policy

In accordance with the *Code of Virginia* and other applicable law and regulations, the County's investment policy (Policy) permits investments in obligations of the U.S. Government, an agency thereof, or government sponsored corporations; high quality commercial paper and bankers' acceptances; repurchase agreements and certificates of deposit of Virginia banks and savings institutions; and the State Treasurer's Local Government Investment Pool (Virginia LGIP, a 2a-7 like pool) and State Non-Arbitrage Program. The maximum percentage of the portfolio permitted in commercial paper is 35% and not more than 5% can be in commercial paper issued by one corporation.

C. Credit Risk

As required by state statute, the Policy requires commercial paper have a debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's, Duff and Phelps, Inc., Standard & Poor's, and Fitch Investor's Service. Bankers' acceptances must be rated no lower than "B/C" by Keefe, Bruyette and Woods. As of June 30, 2008, there were no investments in commercial paper.

D. 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.

The carrying values of the County's investments, all of which are considered cash and cash equivalents, were as follows:

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 3. Deposits and Investments (Continued)

Deposits

Demand deposits	\$ 17,535,997
Cash on hand	12,940

Investments

Virginia LGIP	24,120,007
U. S. Treasury bills	51,185

Total deposits and investments

\$ 41,720,129

Reconciliation to Statement of Net Assets

Cash and cash equivalents	\$ 34,694,339
Restricted cash	7,025,790

\$ 41,720,129

E. Custodial Credit Risk

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

Note 4. Due To/From Other Governments

The County had receivables from other governments as follows:

	Primary Government	Component Unit - School Board	Totals
<u>Amounts Due From:</u>			
Commonwealth of Virginia			
Operating grants	\$ 548,885	\$ 468,323	\$ 1,017,208
Social Services department	16,700	-	16,700
Comprehensive Services	172,106	-	172,106
Supreme Court	9,263	-	9,263
E911 Wireless funds	25,260	-	25,260
Compensation Board	242,389	-	242,389
Sales and Use tax	405,622	-	405,622
Noncategorical aid	95,602	-	95,602
Federal government			
Operating grants	84,979	418,950	503,929
Social Services department	14,976	-	14,976
P. D. Pruden Center	-	36,246	36,246
Town of Windsor	6,553	-	6,553
Town of Smithfield	22,459	-	22,459
Isle of Wight County	-	3,364,421	3,364,421
Totals	<u>\$ 1,644,794</u>	<u>\$ 4,287,940</u>	<u>\$ 5,932,734</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 5. Interfund Receivables, Payables and Transfers

Primary Government	Due from Other Funds	Due to Other Funds
General Fund	\$ -	\$ 256,144
Special Revenue Funds:		
Social Services	208,299	-
E911	47,845	-
Total	\$ 256,144	\$ 256,144

The following interfund operating transfers occurred:

Primary Government	Transfers In	Transfers Out
General Fund	\$ -	\$ 15,749,787
Capital Projects Fund	12,399,714	2,766,076
Special Revenue Funds:		
Social Services	961,357	-
Comprehensive Services	249,237	-
Museum Gift Shop	18,680	-
Section 8	42,603	-
County Fair	14,345	-
Community Development Block grant	150,000	1,231,264
E-911	659,426	-
Total primary government	14,495,362	19,747,127
Proprietary Fund - Public Utilities	4,282,478	-
Component Unit - Industrial Development Authority	969,287	-
	\$ 19,747,127	\$ 19,747,127

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies. The transfer to Public Utilities represents a \$435,138 cash contribution from the General Fund, a \$2,616,076 transfer from bond proceeds and \$1,231,264 of construction in progress on capital assets. The component unit - IDA transfer represents a \$30,000 budgeted cash contribution and \$939,287 of Construction in Progress from the General Fund.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 6. Notes Receivable

A. Acquisition Notes

The County agreed to loan the IDA \$358,000 to finance the acquisition of an office building by the IDA. Interest on the outstanding principal balance of the note is due at a rate of 7% per annum. The outstanding principal balance of the note receivable at June 30, 2008 and 2007, is \$246,569 and \$267,200, respectively.

B. Rehabilitation Notes

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

Rehabilitation notes receivable at July 1, 2007	\$	38,773
Additional loans during 2008		78,349
Principal repayments		<u>(10,228)</u>
Rehabilitation notes receivable at June 30, 2008	\$	<u>106,894</u>

Note 7. Lease Receivable

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

2009	\$	41,184
2010		41,184
2011		41,184
2012		41,184
2013		41,184
2014-2017		<u>154,444</u>
Total minimum lease payments		360,364
Less - amount representing interest		<u>(87,710)</u>
Present value of future payments (principal)	\$	<u>272,654</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 8. Capital Assets

The following is a summary of changes in capital assets:

Primary Government	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,640,594	\$ 3,079,461	\$ -	\$ 7,720,055
Construction in progress	4,804,215	3,482,051	1,301,613	6,984,653
Total capital assets not being depreciated	9,444,809	6,561,512	1,301,613	14,704,708
Capital assets being depreciated				
Buildings - County	11,473,685	136,521	-	11,610,206
Buildings - jointly owned assets	48,111,583	-	3,294,954	44,816,629
Land improvements	908,375	804,427	-	1,712,802
Equipment	3,312,691	179,860	5,800	3,486,751
Vehicles	3,084,396	345,012	558,435	2,870,973
Total capital assets being depreciated	66,890,730	1,465,820	3,859,189	64,497,361
Less - accumulated depreciation				
Buildings - County	2,657,719	218,844	-	2,876,563
Buildings - jointly owned assets	7,129,490	853,101	918,078	7,064,513
Land improvements	527,609	40,336	-	567,945
Equipment	722,219	175,113	1,121	896,211
Vehicles	2,049,296	277,740	520,412	1,806,624
Total accumulated depreciation	13,086,333	1,565,134	1,439,611	13,211,856
Total capital assets being depreciated - net	53,804,397	(99,314)	2,419,578	51,285,505
Governmental activities capital assets - net	\$ 63,249,206	\$ 6,462,198	\$ 3,721,191	\$ 65,990,213

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 8. Capital Assets *(Continued)*

Discretely Presented Component Units - School Board	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008
Capital assets not being depreciated				
Land	\$ 1,619,726	\$ -	\$ -	\$ 1,619,726
Construction in progress	132,731	742,172	31,207	843,696
Total capital assets not being depreciated	1,752,457	742,172	31,207	2,463,422
Capital assets being depreciated				
Buildings	28,681,202	179,935	(3,294,953)	32,156,090
Land improvements	1,340,137	39,579	-	1,379,716
Equipment	6,595,382	1,180,844	-	7,776,226
Vehicles	4,998,628	399,140	263,065	5,134,703
Total capital assets being depreciated	41,615,349	1,799,498	(3,031,888)	46,446,735
Less - accumulated depreciation				
Buildings	13,358,634	860,764	(918,080)	15,137,478
Land improvements	947,985	45,294	-	993,279
Equipment	3,108,876	834,161	-	3,943,037
Vehicles	3,785,214	300,709	256,361	3,829,562
Total accumulated depreciation	21,200,709	2,040,928	(661,719)	23,903,356
Total capital assets being depreciated - net	20,414,640	(241,430)	(2,370,169)	22,543,379
School Board capital assets - net	\$ 22,167,097	\$ 500,742	\$ (2,338,962)	\$ 25,006,801

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

Governmental activities

General government administration	\$ 133,683
Public safety	318,900
Public works	107,699
Health and welfare	39,951
Parks, recreation and culture	77,582
Community development	34,218
Education	853,101

Total depreciation expense - governmental activities \$ 1,565,134

Component Unit - School Board \$ 2,040,928

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 8. Capital Assets (Continued)

In accordance with Section 15.2-1800.1 of the *Code of Virginia*, 1950, as amended, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the *County of Isle of Wight, Virginia* for the year ended June 30, 2008, is that school financed assets net of accumulated depreciation in the amount of \$37,752,116 are reported in the primary government as “jointly owned assets” for financial reporting purposes.

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008
Proprietary Funds				
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 157,240	\$ 24,000	\$ -	\$ 181,240
Construction in progress	1,750,302	1,544,265	-	3,294,567
Total capital assets not being depreciated	1,907,542	1,568,265	-	3,475,807
Capital assets being depreciated:				
Buildings	8,045,327	-	-	8,045,327
Land improvements	11,897,393	54,700	-	11,952,093
Equipment	502,980	-	-	502,980
Vehicles	240,492	-	21,500	218,992
Total capital assets being depreciated	20,686,192	54,700	21,500	20,719,392
Less - accumulated depreciation				
Buildings	1,770,592	160,614	-	1,931,206
Land improvements	4,675,405	612,396	-	5,287,801
Equipment	195,169	57,782	-	252,951
Vehicles	148,623	19,416	21,500	146,539
Total accumulated depreciation	6,789,789	850,208	21,500	7,618,497
Total capital assets being depreciated - net	13,896,403	(795,508)	-	13,100,895
Business-type activities capital assets - net	\$ 15,803,945	\$ 772,757	\$ -	\$ 16,576,702

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 8. Capital Assets (Continued)

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

Business-type activities

Administration	\$	54,590
Water		406,730
Sewer		388,888

Total depreciation expense - business-type activities	\$	850,208
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Discretely Presented Component Unit

Industrial Development Authority

Capital assets not being
depreciated

Land	\$	1,031,856	\$	-	\$	-	\$	1,031,856
Construction in progress		2,883,396		1,311,302		-		4,194,698

Total capital assets not being depreciated - net	\$	3,915,252	\$	1,311,302	\$	-	\$	5,226,554
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Construction Commitments

	Spent-to-date	Remaining Commitment
Industrial Park	\$ 5,686,420	\$ 433,773
New Courts/Clerk Building	683,654	22,943,346
Rushmere Volunteer Fire Department - expansion	2,890	147,110
Smithfield Volunteer Fire Department - new	70,223	4,437,777
Heritage Park- Fairgrounds	5,079,938	95,591
Isle of Wight Museum- Renovations	354,414	33,264
Nike Park- Soccer Fields	12,025	237,976
Flouride Removal	1,836,183	140,656
Camptown/Carrsville Public Utilities Improvements	230,070	2,769,929
Carrisbrooke Water System	15,594	49,406
Rt. 58 Water/ Sewer Extension	46,532	303,468
CSX/ Sewer Force Main	37,602	62,397
	\$ 14,055,545	\$ 31,654,693

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 9. Long-Term Liabilities

The following is a summary of changes in noncurrent liabilities:

Governmental Activities	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
General obligation bonds	\$ 46,758,952	\$ 10,000,000	\$ 3,631,629	\$ 53,127,323	\$ 4,089,999
Literary loans	3,250,000	-	250,000	3,000,000	250,000
Capital leases	123,770	-	58,494	65,276	55,724
Note payable	40,011	-	7,490	32,521	7,729
Compensated absences	646,223	552,558	468,250	730,531	73,053
Closure costs	487,469	63,507	84,397	466,579	90,000
Deferred charges - bond premiums	432,387	-	29,270	403,117	-
Total Governmental Activities	\$ 51,738,812	\$ 10,616,065	\$ 4,529,530	\$ 57,825,347	\$ 4,566,505
Business-Type Activities					
General obligation bonds	\$ 11,841,077	\$ -	\$ 713,371	\$ 11,127,706	\$ 745,001
Compensated absences	37,721	11,912	21,785	27,848	2,785
Deferred charges - bond premiums	212,283	-	14,152	198,131	-
Total Business-Type Activities	\$ 12,091,081	\$ 11,912	\$ 749,308	\$ 11,353,685	\$ 747,786
Discretely Presented Component Units					
School Board					
Compensated absences	\$ 516,789	\$ 474,453	\$ 338,262	\$ 652,980	\$ 65,298
Industrial Development Authority					
Note payable	\$ 267,200	\$ -	\$ 20,631	\$ 246,569	\$ 22,045

A. General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities and are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 20-year serial bonds with varied amounts of principal maturing each year. There are no sinking fund requirements. General obligation bonds currently outstanding are as follows:

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 9. Long-Term Liabilities (Continued)

	<u>Amount Outstanding</u>
General Obligation Bonds of 2008 - \$10,000,000 dated March 2008, principal payable in various annual installments through 2028, interest payable semi-annually at a fixed rate of 3.99%. The bonds are being used to finance drainage improvements at the Heritage Park Fairgrounds, land acquisitions for economic development, the replacement of the roofs at Hardy Elementary School and Smithfield High School and various public utility improvements.	\$ 10,000,000
General Obligation Bonds of 2005 - \$13,880,000 dated August 2005, principal payable in various annual installments through 2022, interest payable semi-annually at coupon rates from 3% to 5%. The proceeds were used for the purpose of an advance refunding of a portion of the outstanding balance of the 1995 and 1997 Series Bonds. The bonds were issued at a \$316,290 premium of which is being amortized over the life of the bonds. The repayment of the bonds is allocated between governmental and business-type activities.	13,025,028
General Obligation Bonds of 2004 - \$27,870,000 dated May 2004, principal payable in various annual installments through 2024, interest payable semi-annually at coupon rates from 3% to 5% per annum. Of this bond issue, \$23,700,000 is being used to finance construction of a new school building. The remaining portion was issued for the purpose of advance refunding the outstanding balance of a 1995 Series Bond. The bonds were issued at a \$332,520 premium of which is being amortized over the life of the bonds.	25,260,000
General Obligations Bonds of 2003 - of \$18,140,000 dated February 2003, principal payable in various annual installments through 2023, interest payable semi-annually at coupon rates from 2% to 5%. Of this bond issue, \$8,815,000 was used to finance various capital improvements. The remaining \$9,325,000 was issued for the purpose of advance refunding \$9,050,000 of outstanding 1991, 1993, and 1994 Series Bonds. The bonds were issued at a \$136,420 premium of which is being amortized over the life of the bonds.	9,945,000
General Obligation Bonds of 1997, Series A - \$14,250,000 dated December 15, 1996, principal payable in various annual installments through 2010, interest payable semi-annually at coupon rates from 5.125% to 6%.	1,005,000
General Obligation Bonds of 1997, Series B - \$5,800,000 dated December 1996, principal payable in various annual installments through 2010, interest payable semi-annually at coupon rates from 4.75% to 5.25%.	580,000
General Obligation Bonds of 1996 - \$7,860,000 dated December 1996, principal payable in various annual installments through 2010, interest payable semi-annually at coupon rates from 4.05% to 5.15%.	<u>4,440,000</u>
Total General Obligation Bonds Outstanding as of June 30, 2008	<u>\$ 64,255,028</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 9. Long-Term Liabilities (Continued)

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

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 4,089,999	\$ 2,399,165	\$ 745,001	\$ 245,632	\$ 4,835,000	\$ 2,644,797
2010	4,422,525	2,054,271	572,475	396,328	4,995,000	2,450,599
2011	4,604,775	1,914,502	635,225	335,125	5,240,000	2,249,627
2012	4,544,276	1,725,395	655,725	311,961	5,200,001	2,037,356
2013	3,043,649	1,545,126	676,351	287,733	3,720,000	1,832,859
2014-2018	12,897,099	6,027,639	3,772,928	1,039,618	16,670,027	7,067,257
2019-2023	12,825,000	3,108,457	4,070,000	419,400	16,895,000	3,527,857
2024-2028	6,700,000	575,368	-	-	6,700,000	575,368
	\$ 53,127,323	\$ 19,349,923	\$ 11,127,705	\$ 3,035,797	\$ 64,255,028	\$ 22,385,720

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
2009	\$ 250,000	\$ 90,000
2010	250,000	82,500
2011	250,000	75,000
2012	250,000	67,500
2013	250,000	60,000
2014-2018	1,250,000	187,500
2019-2021	500,000	22,500
	\$ 3,000,000	\$ 585,000

C. Compensated Absences

Compensated absences are typically liquidated by the County's general fund for governmental activities, public utilities fund for business-type activities and the operating fund for the School Board.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 9. Long-Term Liabilities (Continued)

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.

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2009	\$ 7,729	\$ 1,885
2010	7,985	1,368
2011	8,258	834
2012	8,549	281
	<u>\$ 32,521</u>	<u>\$ 4,368</u>

The note payable of the IDA is the note to the general fund used to finance the construction of the office building leased by the IDA to International Paper. This note is payable in annual installments plus interest at 7% per annum. The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Component Unit	
	Industrial Development Authority	
	Principal	Interest
2009	\$ 22,045	\$ 15,733
2010	23,556	14,222
2011	25,171	12,606
2012	26,897	10,881
2013	28,742	9,036
2014-2017	120,158	15,216
	<u>\$ 246,569</u>	<u>\$ 77,694</u>

Note 10. 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 is as follows:

Fiscal Year Ending June 30,	Governmental Activities
2009	\$ 57,652
2010	9,599
Total minimum lease payments	67,251
Less amount representing interest	(1,975)
Present value principal	<u>\$ 65,276</u>

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 10. Leases (Continued)

The recorded cost of capital assets under the capital lease agreement is \$393,827. Accumulated depreciation on these capital assets at June 30, 2008, is \$252,608.

Note 11. Defined Pension Benefit Obligation

A. Plan Description

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

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

Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the VRS. A copy of the report is available on our web site at <http://www.varetire.org/Pdf/Publications/2007annurept.pdf> or obtained by writing to the VRS at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. This 5% member contribution has been assumed by both the County and School Board. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by statute and approved by the VRS Board of Trustees. The County and School Board's contribution rate for the year ended June 30, 2008, was 5.32% and 10.3%,

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 11. Defined Pension Benefit Obligation (Continued)

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, 2008, 2007, and 2006, were \$4,256,470, \$3,719,126, and \$2,625,625 respectively. The School Board contributed 100% of required contributions to the pool for the fiscal year ended June 30, 2008, and each of the two preceding fiscal years.

C. Annual Pension Cost

For the fiscal year ended June 30, 2008, the County and School Board's annual pension costs of \$1,122,421 and \$398,798, 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, 2007, 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 3.75% to 5.60%, and (c) 2.50% per year cost-of-living adjustment. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on an open basis within a period of 20 years or less.

D. Schedules of Employer Contributions

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed
County Employees		
2008	\$ 1,122,421	100.00 %
2007	\$ 1,059,391	100.00 %
2006	\$ 515,137	100.00 %
School Board Nonprofessional Employees		
2008	\$ 398,798	100.00 %
2007	\$ 205,392	100.00 %
2006	\$ 197,971	100.00 %

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 11. Defined Pension Benefit Obligation (Continued)

E. Schedules of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Over (Under) Funded Actuarial Liability	Funded Ratio	Annual Covered Payroll	Over (Under) Funded Liability as Percentage of Payroll
County Employees						
06/30/07	\$ 21,234,939	\$ 21,912,243	\$ (677,304)	96.91%	\$ 8,998,150	(7.53%)
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%)
School Board Nonprofessional Employees						
06/30/07	\$ 3,551,672	\$ 4,237,483	\$ (685,811)	83.82%	\$ 1,473,136	(46.55%)
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%)

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:

Valuation date	6/30/2007
Actuarial cost method	Entry Age Normal
Amortization method	Level, Percent, Open
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%

June 30, 2008

Note 12. Commitments and Contingent Liabilities

A. Post Closure Landfill Costs

State and federal laws and regulations require the County to perform certain continuing maintenance and monitoring functions subsequent to the closure of a landfill site. The County ceased accepting solid waste at its landfill in 1987 and completed initial closure measures in that same year. The County closed its landfill prior to the date mandated by state and federal laws and regulations, and, therefore, is only liable for post-closure monitoring for a limited period. During fiscal year 2006, the County was deemed to be in violation of the Virginia Solid Waste Management Regulations and the approved Closure Plan. The County submitted a corrective action plan to the Department of Environmental Quality. The estimated total cost of the post-closure monitoring and maintenance of \$466,579 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, 2008, the County expended \$84,397 in post-closure costs. It is estimated the remaining balance of the estimated costs will be recognized as post-closure costs between June 30, 2008, 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.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 13. Surety Bonds

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

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

Virginia Risk 2 Pool:

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

Note 14. Jointly Governed Organizations

The County, in conjunction with other localities, has created the Western Tidewater Water Authority (Authority), the Western Tidewater Regional Jail Authority, the Blackwater Regional Library (Library) and the Western Tidewater Community Services Board (WTCSB). The governing bodies of these organizations are appointed by the governing bodies of the participating jurisdictions. During the fiscal year ended June 30, 2008, the County contributed \$160,272 to the operations of the WTCSB and \$573,119 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 \$1,246,720 for fiscal year 2008. Additionally, the County contributed approximately \$864,141 to the Authority for its share of capital costs incurred by the Authority.

Note 15. Annexation Agreement

The County has entered into an agreement with the City of Franklin (City) whereby the City waived any and all of its rights and power to seek the annexation of the County's territory within a designated area adjacent to the City. In return, the County agreed to share 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, 2008, the payment made to the City of Franklin totaled \$1,212,507.

County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2008

Note 16. Deferred Revenues

Deferred revenues in the fund financial statements represent amounts for which, under the modified accrual basis of accounting used for those financial statements, asset recognition criteria have been met, but for which revenue recognition criteria have not been met (i.e., such amounts are measurable, but not available). At June 30, 2008, deferred revenues totaled \$1,175,419. Of this amount, \$637,250 represents uncollected tax billings not available for funding of current expenditures and \$526,165 represents the receipt of payments on a tax assessment not yet due. The balance of \$12,004 represents advance payment of fees for parks and recreation programs.

Note 17. Personal Property Tax Relief Act of 1998

The Commonwealth of Virginia enacted the Personal Property Tax Relief Act in 1998. The effect of the legislation has been a decline in local personal property tax revenues with a corresponding increase in intergovernmental revenues from the Commonwealth of Virginia. Effective in fiscal year 2007, the Commonwealth of Virginia provided a predetermined fixed dollar amount to the County based on the 2005 tax collections 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 2009 will be 56% versus 70% previously provided by the Commonwealth of Virginia.

Note 18. 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. As of June 30, 2008, such transfers have amounted to \$5,048,236. 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. In fiscal year 2008, the County implemented a water and sewer rate study.

Note 19. Prior Period Adjustment

At June 30, 2007, capital assets for the business-type activities were understated by \$977,001, representative of construction in progress of infrastructure assets expensed in fiscal year 2007. The 2007 financial statements have been restated to recognize this increase in capital assets and corresponding increase in net assets of \$977,001.

* * * * *

Required Supplementary Information

County of Isle of Wight, Virginia

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

Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Primary Government				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property	\$ 20,795,000	\$ 20,795,000	\$ 20,654,803	\$ (140,197)
Real and personal public service corporation property	1,110,000	1,110,000	1,159,175	49,175
Personal property	7,100,000	7,100,000	6,814,963	(285,037)
Boat	200,000	200,000	227,441	27,441
Mobile home	100,000	100,000	102,301	2,301
Machinery and tools	7,000,000	7,000,000	7,081,096	81,096
Penalties	200,000	200,000	287,180	87,180
Interest and other costs	100,000	100,000	128,057	28,057
Total general property taxes	36,605,000	36,605,000	36,455,016	(149,984)
Other local taxes:				
Local sales and use	1,895,000	1,895,000	2,058,157	163,157
Consumer's utility	765,000	765,000	866,181	101,181
Communications sales and use	1,228,500	1,228,500	1,528,918	300,418
Lodging	32,000	32,000	19,472	(12,528)
Business license	520,000	520,000	367,687	(152,313)
Motor vehicle licenses	514,000	514,000	496,789	(17,211)
Franchise licenses (cable)	120,000	120,000	1,933	(118,067)
Recordation and wills	650,000	650,000	652,445	2,445
Consumption	165,000	165,000	136,402	(28,598)
Bank franchise tax	-	-	7,139	7,139
Meals tax	228,000	228,000	258,133	30,133
Total other local taxes	6,117,500	6,117,500	6,393,256	275,756
Permits, fees and licenses:				
Animal licenses	13,000	13,000	20,050	7,050
Transfer fees	1,500	1,500	1,997	497
Zoning and subdivision fees	170,000	170,000	74,794	(95,206)
Building permits	500,000	500,000	226,064	(273,936)
Concealed weapon permits	5,000	5,000	8,293	3,293
Inspection fees	80,000	80,000	7,855	(72,145)
Cash proffers	500,000	500,000	83,662	(416,338)
Total permits, fees and licenses	1,269,500	1,269,500	422,715	(846,785)
Fines and forfeitures	45,000	45,000	101,443	56,443
Total fines and forfeitures	45,000	45,000	101,443	56,443
Revenues from use of money and property:				
Revenues from use of money	1,300,000	1,300,000	1,103,516	(196,484)
Revenues from use of property	90,000	90,000	73,672	(16,328)
	1,390,000	1,390,000	1,177,188	(212,812)
Miscellaneous:				
Miscellaneous	70,700	109,393	227,900	118,507
Gifts and donations	100,000	102,000	2,000	(100,000)
Total miscellaneous	170,700	211,393	229,900	18,507

County of Isle of Wight, Virginia

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

Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Charges for services:				
Court costs	71,000	71,000	74,695	3,695
Charges for Commonwealth's attorney	5,700	5,700	3,827	(1,873)
Charges for sanitation and waste removal	4,000	4,000	2,520	(1,480)
Charges for parks and recreation	251,150	251,150	233,539	(17,611)
Charges for building construction court fee	20,000	20,000	19,485	(515)
Charges for law enforcement and other protection	4,700	4,700	4,555	(145)
Charges for emergency medical services	675,000	675,000	457,018	(217,982)
Charges for maps	1,500	1,500	1,693	193
Total charges for services	1,033,050	1,033,050	797,332	(235,718)
Recovered costs:				
Town of Smithfield - tourism, fire and rescue, and library	271,000	271,000	278,579	7,579
Indirect cost allocation	70,000	70,000	94,011	24,011
Court costs	20,000	20,000	59,518	39,518
Other	58,500	106,366	101,297	(5,069)
Total recovered costs	419,500	467,366	533,405	66,039
Other funding sources:				
Proceeds from bond issuance	32,735,000	32,735,000	10,000,000	(22,735,000)
Total other funding sources	32,735,000	32,735,000	10,000,000	(22,735,000)
Total revenues from local sources	79,785,250	79,873,809	56,110,255	(23,763,554)
Revenue from the Commonwealth				
Noncategorical aid:				
State personal property tax relief	5,115,890	5,115,890	5,115,890	-
Other revenue from the Commonwealth	440,000	440,000	256,356	(183,644)
Total noncategorical aid	5,555,890	5,555,890	5,372,246	(183,644)
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	293,085	293,085	274,314	(18,771)
Sheriff	1,254,848	1,254,848	1,234,485	(20,363)
Commissioner of the Revenue	130,667	130,667	147,748	17,081
Treasurer	134,998	134,998	137,650	2,652
Medical examiner	200	200	-	(200)
Registrar/electoral board	52,000	52,000	66,088	14,088
Clerk of the Circuit Court	300,000	300,000	310,391	10,391
Total shared expenses	2,165,798	2,165,798	2,170,676	4,878
Other categorical aid:				
Fire program funds	47,000	55,508	55,508	-
Four for life	28,500	56,262	56,262	-
Court appointed services advocate	40,000	51,500	51,500	-
SRO - Smithfield	-	25,493	24,942	(551)
Litter control	-	9,790	9,790	-
Victim witness	-	47,345	47,345	-
Virginia Port Authority	-	44,000	-	(44,000)
Purchase of agriculture development rights	-	403,219	-	(403,219)
Other	-	52,018	90,283	38,265
Total other categorical aid	115,500	745,135	335,630	(409,505)
Total categorical aid	2,281,298	2,910,933	2,506,306	(404,627)
Total revenues from the Commonwealth	7,837,188	8,466,823	7,878,552	(588,271)

County of Isle of Wight, Virginia

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

Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue from the federal government				
Home Program	-	228,902	147,560	(81,342)
COPS Technology	-	10,654	9,047	(1,607)
DMV Selective Enforcement	-	24,535	23,001	(1,534)
V-STOP	-	27,317	20,983	(6,334)
Homeland Security	-	20,760	20,760	-
Other	-	6,106	6,080	(26)
Total revenues from the federal government	-	318,274	227,431	(90,843)
Total general fund revenues	\$ 87,622,438	\$ 88,658,906	\$ 64,216,238	\$ (24,442,668)
General government administration				
Legislative:				
Board of Supervisors	\$ 296,683	\$ 276,658	\$ 265,237	\$ 11,421
General and financial administration:				
Budget and finance	448,451	428,451	409,284	19,167
Commissioner of the Revenue	523,937	542,041	541,287	754
Communications	116,016	116,016	103,374	12,642
County administrator	699,068	647,500	604,342	43,158
County Attorney	393,743	556,697	522,703	33,994
Human resources	266,823	287,660	261,005	26,655
Information technology/ GIS	709,607	976,135	879,862	96,273
Insurance	210,000	223,550	218,409	5,141
Real estate assessment	311,430	311,430	305,762	5,668
Treasurer	451,592	499,492	494,920	4,572
Total general and financial administration	4,130,667	4,588,972	4,340,948	248,024
Board of elections:				
Registrar/electoral board and officials	166,540	188,415	170,512	17,903
Total board of elections	166,540	188,415	170,512	17,903
Total general government administration	4,593,890	5,054,045	4,776,697	277,348
Judicial administration:				
Courts:				
Circuit Court	36,220	36,220	27,802	8,418
General District Court	7,250	7,250	6,791	459
Fifth District Court services unit	105,540	105,540	105,097	443
Juvenile and Domestic Relations District Court	11,025	11,025	9,904	1,121
Clerk of the Circuit Court	412,802	417,302	387,964	29,338
Total courts	572,837	577,337	537,558	39,779
Commonwealth's Attorney	319,523	320,223	320,139	84
Total Commonwealth's Attorney	319,523	320,223	320,139	84
Total judicial administration	892,360	897,560	857,697	39,863

County of Isle of Wight, Virginia

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

Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety:				
Law enforcement and traffic control:				
Sheriff	2,984,248	2,987,789	2,890,762	97,027
Sheriff auxiliary	8,000	8,366	7,573	793
Total law enforcement and traffic control	2,992,248	2,996,155	2,898,335	97,820
Fire and rescue services:				
Emergency services	1,365,407	1,386,615	1,267,044	119,571
Volunteer fire department	299,017	299,017	299,017	-
Ambulance and rescue service	286,432	290,837	290,837	-
Total fire and rescue services	1,950,856	1,976,469	1,856,898	119,571
Inspections - building	523,671	514,054	497,185	16,869
Total inspections - building	523,671	514,054	497,185	16,869
Other protection:				
Animal control	247,791	222,791	199,882	22,909
Emergency management (civil defense)	10,506	10,889	7,008	3,881
Four for life	28,500	56,262	56,262	-
Fire prevention	47,000	55,508	55,508	-
DMV selective enforcement	-	24,535	22,736	1,799
SRO - Windsor/Smithfield	-	40,810	39,927	883
COPS technology	-	10,654	7,953	2,701
Homeland Security/Terrorism Prevention Program	-	25,160	25,135	25
Western Tidewater Regional Jail	-	31,000	31,000	-
Other protection	8,579	23,094	18,272	4,822
Total other protection	342,376	500,703	463,683	37,020
Total public safety	5,809,151	5,987,381	5,716,101	271,280
General services:				
General administration	117,729	116,229	110,600	5,629
Engineering division	578,560	680,443	383,982	296,461
Total administration	696,289	796,672	494,582	302,090
General services:				
Maintenance of highways, streets, bridges and sidewalks:				
Roadway beautification	11,750	14,101	9,729	4,372
Road improvements	1,000,000	1,100,000	-	1,100,000
Total maintenance of highways, streets, bridges and sidewalks	1,011,750	1,114,101	9,729	1,104,372
Sanitation and waste removal:				
Refuse collection	943,551	1,000,015	989,657	10,358
Refuse disposal	2,012,210	2,045,390	2,045,389	1
Total sanitation and waste removal	2,955,761	3,045,405	3,035,046	10,359
Maintenance of general buildings and grounds:				
General properties	1,342,316	1,536,199	1,408,405	127,794
Transportation/maintenance	146,000	173,228	172,592	636
Litter control	-	11,355	11,355	-
Total maintenance of general buildings and grounds	1,488,316	1,720,782	1,592,352	128,430
Total general services	6,152,116	6,676,960	5,131,709	1,545,251

County of Isle of Wight, Virginia

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

Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Health and welfare:				
Western Tidewater Community Service Board	160,272	160,272	160,272	-
Supplement to local health department	440,665	440,665	440,665	-
Youth services	15,000	1,225	1,225	-
STOP Organization	7,051.00	7,051	7,051	-
Senior Services of Southeastern Hampton Roads	33,413	33,413	33,413	-
Independence Center of Tidewater	5,300	5,300	5,300	-
Genieve Shelter	10,600	10,600	10,600	-
Victim witness	6,000	55,495	55,465	30
State and local hospitalization	13,000	13,000	12,226	774
Suffolk Homeless Shelter	8,500	8,500	8,500	-
Court Appointed Special Advocate	65,837	79,863	62,068	17,795
Juvenile Accountability Program	44,528	44,528	43,205	1,323
V-STOP	-	30,986	21,246	9,740
Commission on Aging	1,700	1,700	1,691	9
Western Tidewater Free Clinic	5,150	5,150	5,150	-
Early Childhood Council	-	15,000	15,000	-
Other	2,780	17,371	14,611	2,760
Total health and welfare	819,796	930,119	897,688	32,431
Education:				
Local contribution	22,419,417	22,419,417	21,788,354	631,063
Total education	22,419,417	22,419,417	21,788,354	631,063
Parks, recreation and cultural:				
Parks and recreation	1,066,006	1,073,691	976,653	97,038
Skating rink	112,500	123,616	123,338	278
Virginia Port Authority	-	44,000	-	44,000
Other parks and recreation	-	26,110	26,110	-
Total parks and recreation	1,178,506	1,267,417	1,126,101	141,316
Cultural enrichment:				
Historic Resources Division	267,296	269,676	229,907	39,769
Cultural Arts Organizations	6,000	11,000	11,000	-
Total cultural enrichment	273,296	280,676	240,907	39,769
Library:				
Community College	6,500	6,500	6,500	-
Library administration	573,119	573,119	573,119	-
Total library	579,619	579,619	579,619	-
Total parks, recreation and cultural	2,031,421	2,127,712	1,946,627	181,085
Community development:				
Planning and community development:				
Planning	939,209	1,031,801	909,678	122,123
Economic development	416,734	442,902	424,166	18,736
Tourism	374,775	384,440	360,395	24,045
Community development	-	52,000	51,915	85
Chamber of Commerce	21,500	21,500	21,500	-
Purchase of agriculture development rights	-	403,219	-	403,219
Other	3,000	250,552	155,971	94,581
Total planning	1,755,218	2,586,414	1,923,625	662,789

County of Isle of Wight, Virginia

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

Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Environmental management:	27,500	27,500	27,500	-
Total environmental management	27,500	27,500	27,500	-
Cooperative extension program	59,488	59,488	44,774	14,714
Total cooperative extension program	59,488	59,488	44,774	14,714
Total planning and community development	1,842,206	2,673,402	1,995,899	677,503
Nondepartmental:				
Annexation settlement payment	1,150,000	1,215,000	1,212,507	2,493
Other	106,350	110,687	36,890	73,797
Total nondepartmental	1,256,350	1,325,687	1,249,397	76,290
Debt service:				
Principal retirement	3,889,119	3,889,119	3,889,119	-
Interest and other charges	2,224,891	2,224,891	2,224,891	-
Total debt service	6,114,010	6,114,010	6,114,010	-
Other financing uses:				
Transfers to Capital Projects Funds	39,076,592	39,229,397	12,249,716	26,979,681
Transfers to Special Revenue Funds	1,951,721	2,114,971	2,095,648	19,323
Transfers to Public Utilities Fund	600,000	600,000	435,138	164,862
Transfers to Industrial Development Authority	30,000	30,000	30,000	-
Bond issuance costs	-	-	47,400	(47,400)
Transfers to reserves	500,000	500,000	-	500,000
Total other financing uses	42,158,313	42,474,368	14,857,902	27,616,466
Total general fund expenditures	\$ 94,089,030	\$ 96,680,661	\$ 65,332,081	\$ 31,348,580
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(6,466,592)	(8,021,755)	(1,115,843)	6,905,912
Fund balance- beginning of year	23,368,120	23,368,120	23,368,120	-
Fund balance- end of year	\$ 16,901,528	\$ 15,346,365	\$ 22,252,277	\$ 6,905,912

*County of Isle of Wight, Virginia**Schedule of Funding Progress for Defined Benefit Pension Plans***Year Ended June 30, 2008**

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						
6/30/2007	\$ 21,234,939	\$ 21,912,243	\$ (677,304)	96.91%	\$ 8,998,150	(7.53%)
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%
School Board - Nonprofessional Employees						
6/30/2007	\$ 3,551,672	\$ 4,237,483	\$ (685,811)	83.82%	\$ 1,473,136	(46.55%)
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%)

*County of Isle of Wight, Virginia**Schedule of Employer Contributions for Defined Benefit Pension Plans***Year Ended June 30, 2008**

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

2008	\$ 1,122,421	100%
2007	\$ 1,059,391	100%
2006	\$ 515,137	100%
2005	\$ 468,725	100%
2004	\$ 360,048	100%

School Board Nonprofessional Employees

2008	\$ 398,798	100%
2007	\$ 205,392	100%
2006	\$ 197,971	100%
2005	\$ 199,867	100%
2004	\$ 184,732	100%

Other Supplementary Information

*County of Isle of Wight, Virginia****Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Capital Projects Fund*****Year Ended June 30, 2008**

	Capital Projects			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenue from use of property	\$ -	\$ -	\$ 31,708	\$ 31,708
Miscellaneous	100,000	100,000	100,000	-
Total revenues	100,000	100,000	131,708	31,708
Expenditures				
General government administration	23,652,000	23,664,100	720,072	22,944,028
Public safety	5,158,000	5,388,186	375,073	5,013,113
General services	80,000	350,011	98,283	251,728
Education	2,441,592	2,624,357	1,946,468	677,889
Parks, recreation and cultural	3,320,000	4,529,776	2,903,324	1,626,452
Community development	3,000,000	3,328,839	1,665,172	1,663,667
Nondepartmental	100,000	16,110	-	16,110
Total expenditures	37,751,592	39,901,379	7,708,392	32,192,987
Excess (deficiency) of revenues over expenditures	(37,651,592)	(39,801,379)	(7,576,684)	32,224,695
Other financing sources (uses)				
Operating transfers in	38,976,592	41,126,379	12,399,714	(28,726,665)
Operating transfers out	(1,325,000)	(1,325,000)	(2,766,076)	(1,441,076)
Total other financing sources	37,651,592	39,801,379	9,633,638	(30,167,741)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	-	2,056,954	2,056,954
Fund balances (accumulated deficit) - beginning of year	10,345,757	10,345,757	10,345,757	-
Fund balances (accumulated deficit) - end of year	\$ 10,345,757	\$ 10,345,757	\$ 12,402,711	\$ 2,056,954

County of Isle of Wight, Virginia

Combining Balance Sheets -
Nonmajor Governmental Funds

June 30, 2008

	DSS	Comprehensive Services Fund	E-911 Fund	Community Development Block Grant	Section 8	Asset Forfeiture Fund	County Fair Fund	Museum Fund	Totals
Assets									
Cash and investments	\$ 50	\$ -	\$ 282,867	\$ -	\$ 1,084	\$ 3,177	\$ -	\$ 67,989	\$ 355,167
Restricted cash	-	-	-	51,185	-	-	-	-	51,185
Prepaid expenses	-	-	-	-	-	-	4,699	-	4,699
Due from other governments	31,675	172,106	54,272	497,220	-	-	-	-	755,273
Due from other funds	208,299	-	47,845	-	-	-	-	-	256,144
Notes receivable	-	-	-	106,894	-	-	-	-	106,894
Inventory	-	-	-	-	-	-	-	9,181	9,181
Total assets	\$ 240,024	\$ 172,106	\$ 384,984	\$ 655,299	\$ 1,084	\$ 3,177	\$ 4,699	\$ 77,170	\$ 1,538,543
Liabilities and Fund Balances									
Accounts payable	\$ 240,024	\$ 172,106	\$ 34,319	\$ 339,232	\$ 1,084	\$ -	\$ 95,303	\$ 4,670	\$ 886,738
Total liabilities	240,024	172,106	34,319	339,232	1,084	-	95,303	4,670	886,738
Fund balances									
Reserved - inventory	-	-	-	-	-	-	-	9,181	9,181
Reserved for encumbrances	-	-	72,285	316,067	-	3,177	24,550	28,210	444,289
Unreserved	-	-	278,380	-	-	-	(115,154)	35,109	198,335
Total fund balances	-	-	350,665	316,067	-	3,177	(90,604)	72,500	651,805
Total liabilities and fund balances	\$ 240,024	\$ 172,106	\$ 384,984	\$ 655,299	\$ 1,084	\$ 3,177	\$ 4,699	\$ 77,170	\$ 1,538,543

County of Isle of Wight, Virginia

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

Year Ended June 30, 2008

	DSS	Comprehensive Services Fund	E-911 Fund	Community Development Block Grant	Section 8	Asset Forfeiture Fund	County Fair Fund	Museum Fund	Totals
Revenues									
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,283	\$ 3,334	\$ 29,617
Fines and forfeitures	-	-	-	-	-	655	-	-	655
Revenue from use of property	-	-	-	1,081	-	-	-	-	1,081
Miscellaneous	-	-	-	83,622	-	-	8,964	321	92,907
Recovered costs	-	-	47,520	-	-	-	-	-	47,520
Intergovernmental:									
Commonwealth	788,023	370,657	146,315	822,081	150,257	-	-	-	2,277,333
Federal	1,509,692	-	-	-	-	-	-	-	1,509,692
Total revenues	2,297,715	370,657	193,835	906,784	150,257	655	35,247	3,655	3,958,805
Expenditures									
Public safety	-	-	864,595	-	-	-	-	-	864,595
Health and welfare	3,259,072	619,894	-	-	192,860	-	-	-	4,071,826
Parks, recreation and cultural	-	-	-	-	-	-	62,496	17,395	79,891
Community development	-	-	-	1,572,939	-	-	-	-	1,572,939
Debt service:									
Principal retirement	-	-	58,494	-	-	-	-	-	58,494
Interest and other charges	-	-	4,117	-	-	-	-	-	4,117
Total expenditures	3,259,072	619,894	927,206	1,572,939	192,860	-	62,496	17,395	6,651,862
Excess (deficiency) of revenues over expenditures	(961,357)	(249,237)	(733,371)	(666,155)	(42,603)	655	(27,249)	(13,740)	(2,693,057)
Other financing sources									
Operating transfers in	961,357	249,237	659,426	150,000	42,603	-	14,345	18,680	2,095,648
Total other financing sources	961,357	249,237	659,426	150,000	42,603	-	14,345	18,680	2,095,648
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	-	(73,945)	(516,155)	-	655	(12,904)	4,940	(597,409)
Fund balances (accumulated deficit) - beginning of year	-	-	424,610	832,222	-	2,522	(77,700)	67,560	1,249,214
Fund balances (accumulated deficit) - end of year	\$ -	\$ -	\$ 350,665	\$ 316,067	\$ -	\$ 3,177	\$ (90,604)	\$ 72,500	\$ 651,805

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, 2008

	DSS				Comprehensive Services Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	1,034,968	1,034,326	788,023	(246,303)	199,593	370,593	370,657	64
Federal	1,944,018	1,944,660	1,509,692	(434,968)	-	-	-	-
Total revenues	<u>2,978,986</u>	<u>2,978,986</u>	<u>2,297,715</u>	<u>(681,271)</u>	<u>199,593</u>	<u>370,593</u>	<u>370,657</u>	<u>64</u>
Expenditures								
Public safety	-	-	-	-	-	-	-	-
Health and welfare	3,947,518	3,947,518	3,259,072	688,446	364,000	620,000	619,894	106
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total expenditures	<u>3,947,518</u>	<u>3,947,518</u>	<u>3,259,072</u>	<u>688,446</u>	<u>364,000</u>	<u>620,000</u>	<u>619,894</u>	<u>106</u>
Excess (deficiency) of revenues over expenditures	(968,532)	(968,532)	(961,357)	7,175	(164,407)	(249,407)	(249,237)	170
Other financing sources								
Operating transfers in	968,532	968,532	961,357	(7,175)	164,407	249,407	249,237	(170)
Total other financing sources	<u>968,532</u>	<u>968,532</u>	<u>961,357</u>	<u>(7,175)</u>	<u>164,407</u>	<u>249,407</u>	<u>249,237</u>	<u>(170)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-
Fund balances (accumulated deficit) - beginning of year	-	-	-	-	-	-	-	-
Fund balances (accumulated deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2008

	E911 Fund				Community Development Block Grant			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	83,622	83,622
Revenue from use of property	-	-	-	-	-	-	1,081	1,081
Recovered costs	101,529	101,529	47,520	(54,009)	-	-	-	-
Intergovernmental:								
Commonwealth	52,977	83,777	146,315	62,538	-	600,000	822,081	222,081
Federal	-	-	-	-	-	-	-	-
Total revenues	<u>154,506</u>	<u>185,306</u>	<u>193,835</u>	<u>8,529</u>	<u>-</u>	<u>600,000</u>	<u>906,784</u>	<u>306,784</u>
Expenditures								
Public safety	823,476	1,042,960	864,595	178,365	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	1,905,285	1,572,939	332,346
Debt service:								
Principal retirement	58,494	58,494	58,494	-	-	-	-	-
Interest and other charges	4,590	4,590	4,117	473	-	-	-	-
Total expenditures	<u>886,560</u>	<u>1,106,044</u>	<u>927,206</u>	<u>178,838</u>	<u>-</u>	<u>1,905,285</u>	<u>1,572,939</u>	<u>332,346</u>
Excess (deficiency) of revenues over expenditures	<u>(732,054)</u>	<u>(920,738)</u>	<u>(733,371)</u>	<u>187,367</u>	<u>-</u>	<u>(1,305,285)</u>	<u>(666,155)</u>	<u>639,130</u>
Other financing sources								
Operating transfers in	732,054	732,054	659,426	(72,628)	-	1,305,285	150,000	(1,155,285)
Total other financing sources	<u>732,054</u>	<u>732,054</u>	<u>659,426</u>	<u>(72,628)</u>	<u>-</u>	<u>1,305,285</u>	<u>150,000</u>	<u>(1,155,285)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>-</u>	<u>(188,684)</u>	<u>(73,945)</u>	<u>114,739</u>	<u>-</u>	<u>-</u>	<u>(516,155)</u>	<u>(516,155)</u>
Fund balances (accumulated deficit) - beginning of year	<u>424,610</u>	<u>424,610</u>	<u>424,610</u>	<u>-</u>	<u>832,222</u>	<u>832,222</u>	<u>832,222</u>	<u>-</u>
Fund balances (accumulated deficit) - end of year	<u>\$ 424,610</u>	<u>\$ 235,926</u>	<u>\$ 350,665</u>	<u>\$ 114,739</u>	<u>\$ 832,222</u>	<u>\$ 832,222</u>	<u>\$ 316,067</u>	<u>\$ (516,155)</u>

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, 2008

	Section 8				Asset Forfeitures Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	655	655
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	123,840	123,840	150,257	26,417	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	<u>123,840</u>	<u>123,840</u>	<u>150,257</u>	<u>26,417</u>	<u>-</u>	<u>-</u>	<u>655</u>	<u>655</u>
Expenditures								
Public safety	-	-	-	-	-	2,522	-	2,522
Health and welfare	196,224	196,224	192,860	3,364	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total expenditures	<u>196,224</u>	<u>196,224</u>	<u>192,860</u>	<u>3,364</u>	<u>-</u>	<u>2,522</u>	<u>-</u>	<u>2,522</u>
Excess (deficiency) of revenues over expenditures	(72,384)	(72,384)	(42,603)	29,781	-	(2,522)	655	3,177
Other financing sources								
Operating transfers in	72,384	72,384	42,603	(29,781)	-	-	-	-
Total financing sources	<u>72,384.00</u>	<u>72,384.00</u>	<u>42,603</u>	<u>(29,781)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	-	-	-	(2,522)	655	3,177
Fund balances (accumulated deficit) - beginning of year	-	-	-	-	-	2,522	2,522	-
Fund balances (accumulated deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,177</u>	<u>\$ 3,177</u>

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, 2008

	County Fair Fund				Museum Gift Shop Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Charges for services	\$ 32,670	\$ 32,670	\$ 26,283	\$ (6,387)	\$ 17,500	\$ 17,500	\$ 3,334	\$ (14,166)
Fines and forfeitures	-	-	-	-	-	-	-	-
Miscellaneous	23,875	23,875	8,964	(14,911)	-	-	321	321
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	56,545	56,545	35,247	(21,298)	17,500	17,500	3,655	(13,845)
Expenditures								
Public safety	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation and cultural	70,890	132,140	62,496	69,644	17,500	37,500	17,395	20,105
Community development	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total expenditures	70,890	132,140	62,496	69,644	17,500	37,500	17,395	20,105
Excess (deficiency) of revenues over expenditures	(14,345)	(75,595)	(27,249)	48,346	-	(20,000)	(13,740)	6,260
Other financing sources								
Operating transfers in	14,345	75,595	14,345	(61,250)	-	20,000	18,680	(1,320)
Total other financing sources	14,345	75,595	14,345	(61,250)	-	20,000	18,680	(1,320)
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	(12,904)	(12,904)	-	-	4,940	4,940
Fund balances (accumulated deficit) - beginning of year	(77,700)	(77,700)	(77,700)	-	67,560	67,560	67,560	-
Fund balances (accumulated deficit) - end of year	\$ (77,700)	\$ (77,700)	\$ (90,604)	\$ (12,904)	\$ 67,560	\$ 67,560	\$ 72,500	\$ 4,940

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, 2008

	Totals			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 50,170	\$ 50,170	\$ 29,617	\$ (20,553)
Fines and forfeitures	-	-	655	655
Miscellaneous	23,875	23,875	92,907	69,032
Revenue from use of property	-	-	1,081	1,081
Recovered costs	101,529	101,529	47,520	(54,009)
Intergovernmental:				
Commonwealth	1,411,378	2,212,536	2,277,333	64,797
Federal	1,944,018	1,944,660	1,509,692	(434,968)
Total revenues	3,530,970	4,332,770	3,958,805	(373,965)
Expenditures				
Public safety	823,476	1,045,482	864,595	180,887
Health and welfare	4,507,742	4,763,742	4,071,826	691,916
Parks, recreation and cultural	88,390	169,640	79,891	89,749
Community development	-	1,905,285.00	1,572,939	332,346
Debt service:				
Principal retirement	58,494	58,494	58,494	-
Interest and other charges	4,590	4,590	4,117	473
Total expenditures	5,482,692	7,947,233	6,651,862	1,295,371
Excess (deficiency) of revenues over expenditures	(1,951,722)	(3,614,463)	(2,693,057)	921,406
Other financing sources				
Operating transfers in	1,951,722	3,423,257	2,095,648	(1,327,609)
Total other financing sources	1,951,722	3,423,257	2,095,648	(1,327,609)
Excess (deficiency) of revenues and other financing sources over expenditures	-	(191,206)	(597,409)	(406,203)
Fund balances (accumulated deficit) - beginning of year	1,249,214	1,249,214	1,249,214	-
Fund balances (accumulated deficit) - end of year	\$ 1,249,214	\$ 1,058,008	\$ 651,805	\$ (406,203)

*County of Isle of Wight, Virginia**Combining Balance Sheets - Governmental Funds - Component Unit - School Board***June 30, 2008**

2

	Governmental Funds				Totals
	School Operating Fund	School Textbook Fund	School Capital Projects Fund	School Cafeteria Fund	
Assets					
Cash and investments	\$ 2,739,856	\$ -	\$ -	\$ 705,400	\$ 3,445,256
Accounts receivable - net of allowances for uncollectibles	53,343	-	-	944	54,287
Inventory	-	9,545	-	29,988	39,533
Due from primary government	1,465,104	-	1,899,317	-	3,364,421
Due from other funds	290,907	-	-	-	290,907
Due from other governmental units	923,519	-	-	-	923,519
Total assets	\$ 5,472,729	\$ 9,545	\$ 1,899,317	\$ 736,332	\$ 8,117,923
Liabilities					
Accounts payable	\$ 613,452	\$ 4,545	\$ 693,785	\$ 5,864	\$ 1,317,646
Accrued liabilities	4,445,777	-	-	-	4,445,777
Deferred revenue	5,000	-	-	10,330	15,330
Due to other funds	-	-	-	290,907	290,907
Total liabilities	5,064,229	4,545	693,785	307,101	6,069,660
Fund Equity					
Fund balances					
Reserved					
Inventory	-	5,000	-	29,988	34,988
Encumbrances	408,500	-	1,205,532	13,252	1,627,284
Unreserved					
Undesignated	-	-	-	385,991	385,991
Total fund equity	408,500	5,000	1,205,532	429,231	2,048,263
Total liabilities and fund equity	\$ 5,472,729	\$ 9,545	\$ 1,899,317	\$ 736,332	\$ 8,117,923

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

June 30, 2008

**Reconciliation of Balance Sheets - Component Unit - School Board
to the Statement of Net Assets****Total fund balances - School Board - governmental funds** \$ 2,048,263Amounts 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. 25,006,801

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. (652,980)

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. 1,330,386

Total net assets - School Board - governmental activities \$ 27,732,470

*County of Isle of Wight, Virginia****Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds - Component Unit - School Board*****Year Ended June 30, 2008**

	Governmental Funds				Total
	School Operating Fund	School Textbook Fund	School Capital Projects Fund	School Cafeteria Fund	
Revenues					
Revenues from use of money and property	\$ 78,414	\$ -	\$ -	\$ 6,220	\$ 84,634
Charges for services	134,442	-	-	909,095	1,043,537
Miscellaneous	14,807	-	-	-	14,807
Recovered costs	77,800	-	-	-	77,800
Revenue from the primary government	21,788,354	-	1,946,468	-	23,734,822
Intergovernmental:					
Commonwealth	28,362,931	-	-	28,613	28,391,544
Federal	2,653,085	-	-	892,136	3,545,221
Total revenues	53,109,833	-	1,946,468	1,836,064	56,892,365
Expenditures					
Current					
Instructional services	40,210,536	211,270	-	-	40,421,806
Administration	2,179,921	-	-	-	2,179,921
School food services	-	-	-	1,811,980	1,811,980
Operations and maintenance	4,879,960	-	-	-	4,879,960
Pupil transportation	3,637,948	-	-	-	3,637,948
Technology	2,400,925	-	-	-	2,400,925
Capital projects	-	-	1,000,575	-	1,000,575
Debt service	2,500	-	-	-	2,500
Total expenditures	53,311,790	211,270	1,000,575	1,811,980	56,335,615
Excess (deficiency) of revenues over expenditures	(201,957)	(211,270)	945,893	24,084	556,750
Other financing sources (uses)					
Operating transfers in	-	207,485	-	-	207,485
Operating transfers out	(207,485)	-	-	-	(207,485)
Total other financing sources (uses)	(207,485)	207,485	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(409,442)	(3,785)	945,893	24,084	556,750
Fund equity - beginning of year	817,942	8,785	259,639	405,147	1,491,513
Fund equity - end of year	\$ 408,500	\$ 5,000	\$ 1,205,532	\$ 429,231	\$ 2,048,263

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

June 30, 2008

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

Net change in fund balances - School Board - governmental funds	\$ 556,750
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Amounts reported for governmental activities in the statement
of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays.	2,839,703
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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.	(136,191)
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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.	<div style="border-top: 1px solid black;">382,162</div>
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Change in net assets of School Board - governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 3,642,424</div>
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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, 2008

	School Operating Fund				School Textbook Fund				School Capital Projects Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues												
Revenues from use of money and property	\$ 30,000	\$ 30,000	\$ 78,414	\$ 48,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	111,300	111,300	134,442	23,142	-	-	-	-	-	-	-	-
Miscellaneous	47,000	47,000	14,807	(32,193)	-	-	-	-	-	-	-	-
Recovered costs	77,800	77,800	77,800	-	-	-	-	-	-	-	-	-
Revenue from the primary government	22,419,417	22,419,417	21,788,354	(631,063)	-	-	-	-	2,441,592	2,624,357	1,946,468	(677,889)
Intergovernmental												
Commonwealth	28,840,502	28,958,904	28,362,931	(595,973)	-	-	-	-	-	-	-	-
Federal	2,859,076	2,968,674	2,653,085	(315,589)	-	-	-	-	-	-	-	-
Total revenues	54,385,095	54,613,095	53,109,833	(1,503,262)	-	-	-	-	2,441,592	2,624,357	1,946,468	(677,889)
Expenditures												
Current												
Administration, attendance and health	2,202,633	2,212,774	2,179,921	32,853	-	-	-	-	-	-	-	-
Instructional services	40,812,316	41,408,587	40,210,536	1,198,051	420,000	234,842	211,270	23,572	-	-	-	-
Operations and maintenance	4,970,322	5,140,067	4,879,960	260,107	-	-	-	-	-	-	-	-
School food services	-	-	-	-	-	-	-	-	-	-	-	-
Pupil transportation	3,564,417	3,712,383	3,637,948	74,435	-	-	-	-	-	-	-	-
Technology	2,412,407	2,719,384	2,400,925	318,459	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	2,441,592	2,883,996	1,000,575	1,883,421
Debt service	3,000	3,000	2,500	500	-	-	-	-	-	-	-	-
Total expenditures	53,965,095	55,196,195	53,311,790	1,884,405	420,000	234,842	211,270	23,572	2,441,592	2,883,996	1,000,575	1,883,421
Excess (deficiency) of revenues over expenditures	420,000	(583,100)	(201,957)	381,143	(420,000)	(234,842)	(211,270)	23,572	-	(259,639)	945,893	1,205,532
Other financing sources (uses)												
Operating transfers in	-	-	-	-	420,000	234,842	207,485	(27,357)	-	-	-	-
Operating transfers out	(420,000)	(234,842)	(207,485)	27,357	-	-	-	-	-	-	-	-
Other financing sources (uses)	(420,000)	(234,842)	(207,485)	27,357	420,000	234,842	207,485	(27,357)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(817,942)	(409,442)	408,500	-	-	(3,785)	(3,785)	-	(259,639)	945,893	1,205,532
Fund balances - beginning of year	817,942	817,942	817,942	-	8,785	8,785	8,785	-	259,639	259,639	259,639	-
Fund balances - end of year	\$ 817,942	\$ -	\$ 408,500	\$ 408,500	\$ 8,785	\$ 8,785	\$ 5,000	\$ (3,785)	\$ 259,639	\$ -	\$ 1,205,532	\$ 1,205,532

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, 2008

	School Cafeteria Fund				Totals			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Revenues from use of money and property	\$ 9,230	\$ 9,230	\$ 6,220	\$ (3,010)	\$ 39,230	\$ 39,230	\$ 84,634	\$ 45,404
Charges for services	802,770	802,770	909,095	106,325	914,070	914,070	1,043,537	129,467
Miscellaneous	-	-	-	-	47,000	47,000	14,807	(32,193)
Recovered costs	-	-	-	-	77,800	77,800	77,800	-
Revenue from the primary government	-	-	-	-	24,861,009	25,043,774	23,734,822	(1,308,952)
Intergovernmental								
Commonwealth	28,216	28,216	28,613	397	28,868,718	28,987,120	28,391,544	(595,576)
Federal	910,000	910,000	892,136	(17,864)	3,769,076	3,878,674	3,545,221	(333,453)
Total revenues	1,750,216	1,750,216	1,836,064	85,848	58,576,903	58,987,668	56,892,365	(2,095,303)
Expenditures								
Current								
Administration, attendance and health	-	-	-	-	2,202,633	2,212,774	2,179,921	32,853
Instructional services	-	-	-	-	41,232,316	41,643,429	40,421,806	1,221,623
Operations and maintenance	-	-	-	-	4,970,322	5,140,067	4,879,960	260,107
School food services	1,861,504	1,875,428	1,811,980	63,448	1,861,504	1,875,428	1,811,980	63,448
Pupil transportation	-	-	-	-	3,564,417	3,712,383	3,637,948	74,435
Technonology	-	-	-	-	2,412,407	2,719,384	2,400,925	318,459
Capital projects	-	-	-	-	2,441,592	2,883,996	1,000,575	1,883,421
Debt service	-	-	-	-	3,000	3,000	2,500	500
Total expenditures	1,861,504	1,875,428	1,811,980	63,448	58,688,191	60,190,461	56,335,615	3,854,846
Excess (deficiency) of revenues over expenditures	(111,288)	(125,212)	24,084	149,296	(111,288)	(1,202,793)	556,750	1,759,543
Other financing sources (uses)								
Operating transfers in	-	-	-	-	420,000	234,842	207,485	(27,357)
Operating transfers out	-	-	-	-	(420,000)	(234,842)	(207,485)	27,357
Other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(111,288)	(125,212)	24,084	149,296	(111,288)	(1,202,793)	556,750	1,759,543
Fund balances - beginning of year	405,147	405,147	405,147	-	1,491,513	1,491,513	1,491,513	-
Fund balances - end of year	\$ 293,859	\$ 279,935	\$ 429,231	\$ 149,296	\$ 1,380,225	\$ 288,720	\$ 2,048,263	\$ 1,759,543

*County of Isle of Wight, Virginia**Statement of Net Assets - Proprietary Fund - Component Unit - School Board***June 30, 2008**

	Assets	School Health Benefits Fund
Current assets		
Cash and cash equivalents		\$ 1,934,657
Receivables - net		83,729
Total current assets		\$ 2,018,386
	Liabilities	
Current liabilities		
Accounts payable		\$ 418,500
Deferred revenue		269,500
Total current liabilities		688,000
	Net Assets	
Retained Earnings		1,330,386
Total net assets		1,330,386
Total liabilities and net assets		\$ 2,018,386

*County of Isle of Wight, Virginia**Statement of Revenues, Expenses, and Changes in Fund Net Assets -
Proprietary Fund - Component Unit - School Board***Year Ended June 30, 2008**

	School Health Benefits Fund
Operating revenues	
Revenue from use of money and property	\$ 34,661
Charges for services	3,983,716
Total operating revenues	4,018,377
Operating expenses	
Healthcare benefits	3,636,215
Total operating expenses	3,636,215
Operating income	382,162
Net assets - beginning of year	948,224
Net assets - end of year	\$ 1,330,386

*County of Isle of Wight, Virginia**Statement of Cash Flows - Proprietary Fund - Component Unit - School Board***Year Ended June 30, 2008**

	<u>School Health Benefits Fund</u>
Cash flows from operating activities	
Received from customers and users	\$ 3,949,648
Payments to suppliers for goods and services	<u>(3,627,255)</u>
Net cash from operating activities	<u>322,393</u>
 Change in cash and cash equivalents	 322,393
Cash and cash equivalents - beginning of year	<u>1,612,264</u>
Cash and cash equivalents - end of year	<u>\$ 1,934,657</u>
 Reconciliation of operating loss to net cash from operating activities	
Operating income	\$ 382,162
Adjustments to reconcile to net cash from operating activities	
Change in:	
Accounts receivable	(83,229)
Accounts payable and accrued liabilities	8,960
Deferred revenue	<u>14,500</u>
Net cash from operating activities	<u>\$ 322,393</u>

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

Year Ended June 30, 2008			
	Special Welfare Funds	Student Activity Funds	Totals Agency Funds
Assets			
Cash and cash equivalents	\$ 35,541	\$ 322,727	\$ 358,268
Total assets	\$ 35,541	\$ 322,727	\$ 358,268
Liabilities			
Amounts held for social services clients	\$ 35,541	\$ -	\$ 35,541
Amounts held for others	-	322,727	322,727
Total liabilities	\$ 35,541	\$ 322,727	\$ 358,268

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

Year Ended June 30, 2008					
	Balance Beginning of Year	Additions	Deletions	Balance End of Year	
Special Welfare					
Assets					
Cash and cash equivalents	\$ 44,452	\$ 91,570	\$ 100,481	\$ 35,541	
Liabilities					
Amounts held for social services clients	\$ 44,452	\$ 808	\$ 9,719	\$ 35,541	
Student Activities					
Assets					
Cash and cash equivalents	\$ 252,175	\$ 2,177,934	\$ 2,107,382	\$ 322,727	
Liabilities					
Amounts held for others	\$ 252,175	\$ 2,177,934	\$ 2,107,382	\$ 322,727	

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

June 30,	2008	2007
Assets		
Current assets		
Cash and cash equivalents	\$ 997,782	\$ 1,555,531
Cash - restricted	60,170	61,000
Receivables	317,339	41,200
Total current assets	1,375,291	1,657,731
Noncurrent assets		
Capital lease	272,654	294,897
Capital assets		
Nondepreciable	4,194,698	2,883,396
Depreciable	1,031,856	1,031,856
Total noncurrent assets	5,499,208	4,210,149
Total assets	\$ 6,874,499	\$ 5,867,880
Liabilities		
Current liabilities		
Accounts payable	\$ 5,077	\$ 202,523
Escrow payable	60,000	60,000
Total current liabilities	65,077	262,523
Noncurrent liabilities		
Note payable	246,569	267,200
Total noncurrent liabilities	246,569	267,200
Total liabilities	\$ 311,646	\$ 529,723
Net Assets		
Invested in capital assets - net of related debt	\$ 5,252,639	\$ 3,942,949
Reserved for encumbrances	322,389	645,481
Unrestricted	987,825	749,727
Total net assets	6,562,853	5,338,157
Total liabilities and net assets	\$ 6,874,499	\$ 5,867,880

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

Years Ended June 30,	2008	2007
Operating revenues		
Charges for services	\$ 21,191	\$ 19,824
Contribution from primary government	30,000	30,000
Total operating revenues	51,191	49,824
Operating expenses		
Current:		
Compensation	1,650	2,925
Purchases	9,239	1,235
Other charges	74,196	14,570
Total operating expenses	85,085	18,730
Operating income (loss)	(33,894)	31,094
Nonoperating revenues (expenses)		
Property rental	18,941	20,369
Sale of property	-	41,000
Transfers	939,287	1,200
Interest revenue	170	-
Interest and fiscal charges	(17,148)	(18,471)
Recovered costs	317,340	-
Total nonoperating revenues (expenses)	1,258,590	44,098
Change in net assets	1,224,696	75,192
Net assets - beginning of year	5,338,157	5,262,965
Net assets - end of year	\$ 6,562,853	\$ 5,338,157

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

Years Ended June 30,	2008	2007
Cash flows from operating activities		
Received from customers and users	\$ 92,391	\$ 8,625
Payments to suppliers for goods and services	(280,881)	25,172
Payments to employees	(1,650)	(2,925)
Net cash from operating activities	(190,140)	30,872
Cash flows from noncapital financing activities		
Operating transfers in - net	-	1,200
Net cash from noncapital financing activities	-	1,200
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(372,014)	(467,552)
Principal payments on notes and bonds payable	(20,631)	(19,306)
Interest paid on notes and bonds payable	(17,148)	(18,471)
Net cash from capital and related financing activities	(409,793)	(505,329)
Cash flows from investing activities		
Interest income	19,111	20,368
Capital lease	22,243	20,815
Sale of property	-	41,000
Net cash from investing activities	41,354	82,183
Change in cash and cash equivalents	(558,579)	(391,074)
Cash and cash equivalents - beginning of year	1,616,531	2,007,605
Cash and cash equivalents - end of year	\$ 1,057,952	\$ 1,616,531
Reconciliation of operating loss to net cash from operating activities		
Operating income (loss)	\$ (33,894)	\$ 31,094
Adjustments to reconcile to net cash from operating activities		
Change in:		
Amounts held for others	-	(65,000)
Receivables - net of capital acquisition	41,200	(41,200)
Accounts payable and other current liabilities	(197,446)	105,978
Net cash from operating activities	\$ (190,140)	\$ 30,872
Supplemental disclosure		
Capital contribution of construction related to the Industrial Development Park	\$ 939,288	\$ -
Cash and cash equivalents is shown in the accompanying statements of net assets as follows:		
Cash and cash equivalents	\$ 997,782	\$ 1,555,531
Cash - restricted	60,170	61,000
	\$ 1,057,952	\$ 1,616,531

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, 2008, which collectively comprise the *County of Isle of Wight, Virginia's* basic financial statements, and have issued our report thereon dated December 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that would be considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the *County of Isle of Wight, Virginia's* Board of Supervisors, 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
December 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, 2008. The *County of Isle of Wight, Virginia's* major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements 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.

As described in item 2008-01 in the accompanying schedule of findings and question costs, the *County of Isle of Wight, Virginia* did not comply with the requirements regarding allowable activities and costs that are applicable to its Special Education Cluster. Compliance with such requirements is necessary, in our opinion, for the *County of Isle of Wight, Virginia* to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2008.

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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 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
December 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, 2008, and have issued our report thereon dated December 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Code of Virginia

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

State Agency Requirements

- Education
- Highway Maintenance Funds
- Social Services
- Comprehensive Services Act Funds
- Economic Development Opportunity Funds

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The results of our tests disclosed two instances of noncompliance with the provisions referred to in the preceding paragraph. These instances are discussed in the Schedule of Findings and Questioned Costs as Findings 2008-02 and 2008-03. 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
December 15, 2008

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

Year Ended June 30, 2008			
	Federal Grantor/State Pass Through Grantor/ Program Title (Pass-Through Grantor's Number)	Catalogue of Federal Domestic Assistance Number	Total Expenditures
Department of Agriculture			
Pass-Through Payments			
Department of Education:			
	Summer Food Service Program for Children	10.559	\$ 26,110
	National School Lunch Program	10.555	594,115
	School Breakfast Program	10.553	194,462
	USDA Government Commodities	10.555	103,559
Department of Social Services			
	State Administrative Matching Grants for Food Stamp Program	10.561	588,821
	Total Department of Agriculture		1,507,067
Department of Housing and Urban Development			
Pass-Through Payments			
Department of Housing and Community Development:			
	HOME Investment Partnerships	14.239	147,560
	Total Department of Housing and Urban Development		147,560
Department of Criminal Justice Services			
Pass-Through Payments			
Department of Criminal Justice Services			
	Crime Victim Assistance	16.575	47,345
	Byrne Formula Grant Program	16.579	24,942
	Violence Against Women	16.588	20,136
	Local Law Enforcement Block Grant	16.592	1,706
	Total Department of Criminal Justice Services		94,129
Department of Transportation			
Pass-Through Payments			
	State and Community Highway Safety	20.600	22,736
	Total Department of Transportation		22,736

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

Year Ended June 30, 2008			
	Catalogue of Federal Domestic		
Federal Grantor/State Pass Through Grantor/ Program Title (Pass-Through Grantor's Number)	Assistance Number	Total Expenditures	
Department of Education			
Pass-Through Payments			
Department of Education:			
Adult Education	84.002	32,083	
Title I - Grants to Local Educational Agencies	84.010	641,812	
Special Education - Grants to States	84.027	1,199,036	
Vocational Education - Basic Grants to States	84.048	80,962	
Special Education - Preschool Grants	84.173	17,186	
Safe and Drug-Free Schools and Communities - State Grants	84.186	17,474	
Innovative Education Program Strategies	84.298	8,749	
Education Technology State Grants	84.318	5,626	
Reading First	84.357	187,166	
Improving Teacher Quality State Grants	84.367	245,225	
Impact Aid	84.041	31,764	
JROTC	12.000	52,849	
Medicaid Reimbursement	93.767	24,635	
Universal Services - ERATE	11.000	104,567	
Total Department of Education		2,649,134	
Department of Health and Human Services			
Pass-Through Payments			
Department of Social Services:			
Adoption Recruitment	93.556	60,087	
Temporary Assistance to Needy Families (TANF)	93.558	361,068	
Refugee and Entrant Assistance State Administered Plans	93.566	3,087	
Low-Income Home Energy Assistance Block Grant	93.568	13,316	
Child Care and Development Block Grant	93.575	132,052	
CCDF At Risk Daycare	93.596	285,946	
Foster Care - Title IV-E	93.658	514,065	
Adoption Assistance	93.659	60,450	
Social Services Block Grant	93.667	806,210	
Chafee Foster Care Independence Program	93.674	10,281	
FAMIS	93.767	27,249	
Medical Assistance Program (Medicaid, Title XIX)	93.778	450,257	
Total Department of Health and Human Services		2,724,068	
Total Expenditures of Federal Awards		\$ 7,144,694	

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

Year Ended June 30, 2008

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, 2008

1. Summary of Auditors' Results

- a) The auditors' report expresses an unqualified opinion on the financial statements of the County.
- b) There were no significant deficiencies noted in internal control over financial reporting.
- c) There were no instances of noncompliance material to the financial statements of the County, which would be required to be reported in accordance with *Government Auditing Standards*, noted during the audit.
- d) There were no significant deficiencies noted during the audit of internal control over major federal programs.
- e) The type of report issued on compliance for major programs was unqualified for all major programs except for the Special Education Cluster, which was qualified.
- f) The audit did disclose questioned costs and findings required to be reported under Section 510(a) of OMB Circular A-133.
- g) The major programs are:
 - i) Special Education (CFDA Numbers 84.027 and 84.173)
 - ii) Title 1- Grants to Local Education Agencies (CFDA Number 84.010)
 - iii) Medicaid (CFDA Number 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*.

None

3. Findings and Questioned Costs Related to Federal Programs**Finding 2008-01****Allowable Costs-** Teacher Certifications**Program-** Special Education Cluster (CFDA Numbers 84.027 and 84.173)

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

Year Ended June 30, 2008

Condition- Personnel costs for one employee charged to these programs were not certified and that employee did not specifically work on the Special Education program.

Criteria- Per OMB Circular A-87, Attachment B:

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certification that the employees worked solely on that program for the period covered by the certification. Compensation is solely for employees for the time devoted and identified specifically to the performance of those awards.

Effect- Material noncompliance with OMB Circular A-87 may result in reduced funding for these programs.

Questioned Costs- Personnel costs for the employee not certified for or working on the program was being charged to the program. The approximate salary in question is \$ 49,500.

Management's response:

We are in agreement that claims were made for a teacher who was not working in the special education program. An error occurred in the coding of payroll transactions for the employee. During FY 2008, we claimed Deborah Capps at Windsor Middle School on the Section 611 grant. We should have claimed Deborah Brown at Windsor High School. We are correcting the error in the October 2008 reimbursement request. The cost of salaries and benefits for Ms. Brown are slightly more than was claimed for Ms. Capps. Procedures will be taken to avoid similar errors in the future.

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

Finding 2008 -02

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 *Code of Virginia* section 15.2-1609.3, all fees collected by or for every sheriff shall be paid by him into the treasury of the County for which he is elected or appointed, on or before the tenth day of the month next succeeding that in which the fees are collected.

Condition: The collection of Sheriff's fees for November and December of 2007 were not remitted to the Treasurer by the 10th of the following month as required by the Sheriff's Manual

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

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

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

Year Ended June 30, 2008

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

Finding 2008 -03

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 the Virginia Sheriff's Accounting Manual, the sheriff should deposit funds not sent to the treasurer in a bank account by the end of the next banking day.

Condition: One deposit that was not made by the next business day - receipted on August 1, 2007, was not deposited until August 3, 2007.

Effect: The County is not in compliance with Virginia Sheriff's Accounting Manual.

Recommendation: The County should take steps to ensure that accounting personnel of the Sheriff's Office are aware of Virginia Sheriff's Accounting Manual as related to timeliness of deposits.

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****Finding 2007-1**

Criteria: Bank Reconciliations - timeliness of monthly reconciliations.

Condition: Bank reconciliations were not completed in the subsequent month.

Resolution: For the year ended June 30, 2008, we noted no instance of the same finding.

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.

Resolution: For the year ended June 30, 2008, we noted no instance of the same finding

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

Year Ended June 30, 2008

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.

Resolution: For the year ended June 30, 2008, we noted no instance of the same finding

Prior Year State Audit Findings**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 a statement of economic interests with the clerk of the governing body annually. Per the instructions for the statement, the annual filing deadline is January 15th of each year and the "affirmation" by all filers on the statement must be notarized.

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

Resolution: For the year ended June 30, 2008, we noted no instance of the same finding.

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.

Resolution: During fiscal year June 30, 2008, it was noted receipt books had been retained

Statistical Section

County of Isle of Wight, Virginia

Statistical Section Overview

Year Ended June 30, 2008

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

Contents

Exhibits

Financial Trends

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

C-1 through C-4

Revenue Capacity

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

C-5 through C-10

Debt Capacity

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

C-11 through C12

Demographic and Economic Information

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

C-13

Operating Information

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

C-14 through C-16

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

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

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

County of Isle of Wight, Virginia

Change in Net Assets

Last Five Fiscal Years						
	2008	2007	2006	2005	2004	2003
Expenses						
Governmental activities						
General government	\$ 6,182,728	\$ 4,794,578	\$ 5,800,635	\$ 4,897,964	\$ 5,339,611	\$ 6,318,976
Judicial administration	857,697	878,317	866,371	794,478	705,828	619,458
Public safety	6,053,668	6,166,925	5,632,965	5,135,185	4,619,949	3,211,937
General services	5,145,769	4,400,738	3,903,265	3,711,511	7,534,024	2,801,151
Health and welfare	5,025,666	4,894,622	4,340,638	3,824,681	3,456,212	3,507,654
Education	26,964,798	21,036,346	19,336,608	18,249,151	19,294,869	15,707,407
Parks, recreation and cultural	1,279,128	1,856,803	1,494,482	1,339,854	1,363,077	1,249,694
Community development	2,332,420	3,083,356	1,548,527	1,210,072	2,106,361	1,971,116
Forfeited assets	-	-	-	-	-	315
Interest on long-term debt	2,186,412	2,144,123	2,243,574	2,170,135	-	-
Total governmental activities expenses	56,028,286	49,255,808	45,167,065	41,333,031	44,419,931	35,387,708
Business-type activities						
Public utilities	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441	2,795,248
Total business-type activities expenses	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441	2,795,248
Total primary government expenses	\$ 61,609,571	\$ 54,393,794	\$ 48,414,125	\$ 44,829,902	\$ 47,564,372	\$ 38,182,956
Program revenue						
Governmental activities						
Charges for services:						
General government	\$ 1,693	\$ 242,086	\$ 66,864	\$ 342,958	\$ 652,345	\$ 64,463
Judicial administration	201,653	101,048	116,445	105,898	101,155	54,845
Public safety	721,630	704,337	520,015	563	501	539,029
General services	2,520	3,480	4,320	4,620	3,999	3,660
Health and welfare	-	75,030	77,925	-	-	58,407
Parks, recreation and cultural	263,158	260,831	258,788	404,313	314,248	371,934
Community development	76,791	140,302	2,314	1,543	744	613
Fines and forfeitures	-	47,800	64,469	46,051	40,374	1,496
Operating grants and contributions	7,292,110	5,581,783	3,199,313	7,716,360	10,018,189	4,164,547
Capital grants and contributions	183,662	-	-	-	-	-
Total governmental activities program revenues	8,743,217	7,156,697	4,310,453	8,622,306	11,131,555	5,258,994
Business-type activities						
Charges for services	1,750,406	1,755,893	1,661,105	1,461,352	1,332,726	1,196,163
Operating grants and contributions	-	96,200	-	-	-	-
Capital grants and contributions	642,005	-	-	-	-	-
Total business-type activities program revenues	2,392,411	1,852,093	1,661,105	1,461,352	1,332,726	1,196,163
Total primary government program revenues	\$ 11,135,628	\$ 9,008,790	\$ 5,971,558	\$ 10,083,658	\$ 12,464,281	\$ 6,455,157
Net expense - governmental activities	\$ 47,285,069	\$ 42,099,111	\$ 40,856,612	\$ 32,710,725	\$ 33,288,376	\$ 30,128,714
Net expense - business-type activities	3,188,874	3,285,893	1,585,955	2,035,519	1,811,715	1,599,085
Total primary government net expense	\$ 50,473,943	\$ 45,385,004	\$ 42,442,567	\$ 34,746,244	\$ 35,100,091	\$ 31,727,799

County of Isle of Wight, Virginia

Change in Net Assets

Last Five Fiscal Years						
	2008	2007	2006	2005	2004	2003
General revenues and other changes in net assets						
Governmental activities						
Taxes						
Property taxes	\$ 36,374,761	\$ 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	6,393,256	6,080,588	6,411,933	5,706,731	4,746,873	3,407,260
Unrestricted grants and contributions	5,372,245	5,763,882	7,968,456	2,194,434	2,572,949	4,977,174
Recovered costs	-	224,213	127,074	144,867	113,252	174,072
Investment earnings	1,161,393	1,758,751	1,222,794	885,272	504,441	345,240
Miscellaneous	133,040	58,555	33,403	10,144	58,066	209,094
Gain on sale of assets	5,882	-	-	-	-	-
Transfers	(5,251,765)	(3,012,200)	(2,928,799)	(283,197)	(391,045)	(594,747)
Total governmental activities	44,188,812	46,778,029	45,736,178	39,969,922	35,807,938	34,769,780
Business-type activities						
Investment earnings	-	-	21,383	21,000	21,000	123,521
Connection fees	-	1,164,379	2,790,662	3,188,875	1,542,337	962,689
Gain on sale of assets	2,025	-	-	-	-	-
Miscellaneous	-	32,000	2,986	9,448	551,004	462,444
Transfers	4,282,478	(25,089)	-	283,197	391,045	1,711,866
Total business-type activities	4,284,503	1,171,290	2,815,031	3,502,520	2,505,386	3,260,520
Total primary government	\$ 48,473,315	\$ 47,949,319	\$ 48,551,209	\$ 43,472,442	\$ 38,313,324	\$ 38,030,300
Change in net assets						
Governmental activities	\$ (3,096,257)	\$ 4,678,918	\$ 4,879,566	\$ 7,259,197	\$ 2,519,562	\$ 4,641,066
Business-type activities	1,095,629	(2,114,603)	1,229,076	1,467,001	693,671	1,661,435
Total primary government	\$ (2,000,628)	\$ 2,564,315	\$ 6,108,642	\$ 8,726,198	\$ 3,213,233	\$ 6,302,501

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

Last Ten Fiscal Years											
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	
General fund											
Designated	\$ 8,908,921	\$ 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	
Undesignated	13,343,356	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	
Total general fund	\$ 22,252,277	\$ 23,368,120	\$ 25,810,740	\$ 23,112,822	\$ 14,416,723	\$ 10,589,999	\$ 11,575,572	\$ 12,185,509	\$ 16,053,403	\$ 15,113,153	
All other governmental funds											
Reserved	\$ 9,181	\$ 21,677	\$ 28,940	\$ 18,672	\$ 26,514	\$ 28,934	\$ 193,503	\$ 30,306	\$ 33,634	\$ 30,601	
Unreserved, reported in											
Special revenue funds	642,624	395,315	710,402	711,619	880,482	1,072,580	762,115	375,213	179,084	237,651	
Capital projects funds	12,402,711	11,177,979	6,273,860	8,304,865	31,239,994	13,810,429	3,091,715	2,659,840	124,967	69,975	
Total all other governmental funds	\$ 13,054,516	\$ 11,594,971	\$ 7,013,202	\$ 9,035,156	\$ 32,146,990	\$ 14,911,943	\$ 4,047,333	\$ 3,065,359	\$ 337,685	\$ 338,227	

County of Isle of Wight, Virginia

Changes in Fund Balance - Governmental Funds

Last Ten Fiscal Years											
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	
Revenues											
General property taxes	\$ 36,455,016	\$ 34,738,809	\$ 31,455,053	\$ 30,000,161	\$ 27,692,549	\$ 25,761,345	\$ 23,771,002	\$ 23,356,378	\$ 23,004,599	\$ 23,358,037	
Other local taxes	6,393,256	6,080,588	5,925,247	5,228,825	4,746,873	3,939,916	3,920,875	3,418,355	3,401,844	3,155,729	
Permits, fees and licenses	422,715	705,195	1,567,278	1,222,849	714,128	690,848	397,380	420,625	1,013,895	1,011,631	
Fines and forfeitures	102,098	47,800	64,880	46,754	41,586	38,885	45,842	57,828	24,425	36,807	
Revenue from use of property	1,209,977	1,764,813	1,222,794	885,272	504,441	345,241	791,984	862,331	837,825	878,480	
Charges for services	826,949	925,316	646,836	272,278	315,932	317,509	418,941	419,198	255,361	368,375	
Miscellaneous	422,807	240,246	112,016	244,104	251,608	402,453	247,782	312,796	247,147	314,948	
Recovered costs	580,925	683,004	507,199	520,139	660,407	234,353	240,783	224,446	489,957	1,734,517	
Intergovernmental	11,893,008	11,306,981	11,590,021	10,367,083	12,591,138	9,141,723	10,375,799	8,423,987	6,880,495	4,304,033	
Total revenues	58,306,751	56,492,752	53,091,324	48,787,465	47,518,662	40,872,273	40,210,388	37,495,944	36,155,548	35,162,557	
Expenditures											
General governmental administration	4,776,697	4,240,227	4,653,439	3,664,790	3,391,721	2,658,278	2,191,695	1,894,690	1,643,874	1,696,344	
Judicial administration	857,697	878,317	866,371	790,197	701,547	616,124	662,414	602,738	546,342	604,348	
Public safety	6,580,696	5,676,894	4,748,296	4,593,177	3,652,814	3,055,498	2,735,290	2,729,425	2,071,470	1,789,981	
General Services	5,131,709	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	
Health and welfare	4,969,514	4,831,783	4,198,322	3,689,141	3,428,313	3,470,791	3,216,992	3,079,466	3,178,607	3,077,244	
Education	21,788,354	18,701,537	16,654,576	14,870,161	14,735,310	14,746,030	13,819,073	14,530,477	13,237,851	12,557,009	
Parks, recreation and cultural	2,026,518	1,871,428	1,453,286	1,491,348	1,201,224	1,257,616	1,148,362	1,068,906	1,090,257	1,069,688	
Community development	3,568,838	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	
Nondepartmental	1,249,397	1,133,400	1,534,907	1,051,501	1,019,465	2,116,857	1,999,809	2,174,916	2,009,992	2,146,595	
Capital projects	7,708,392	4,185,235	5,765,123	22,384,972	8,300,618	2,674,793	1,241,156	1,434,260	2,496,906	2,130,131	
Debt service											
Principal	3,947,613	4,727,013	4,529,512	3,740,228	3,710,815	3,023,902	2,830,894	2,720,604	2,334,239	2,111,459	
Interest	2,229,008	2,236,220	2,373,585	2,170,134	1,716,557	1,765,229	1,908,792	2,047,649	2,056,334	2,310,444	
Issuance costs	47,400	-	42,970	2,875	317,058	85,258	-	-	-	-	
Total expenditures	64,881,833	54,323,603	52,102,613	63,225,718	50,147,152	39,490,708	37,113,468	37,165,433	33,770,747	32,521,275	
Excess of revenues over (under) expenditures	(6,575,082)	2,169,149	988,711	(14,438,253)	(2,628,490)	1,381,565	3,096,920	330,511	2,384,801	2,641,282	
Other financing sources (uses)											
Transfers in	14,495,362	10,536,626	6,810,406	4,686,313	11,372,630	14,600,015	5,225,361	4,896,229	2,190,331	3,153,621	
Transfers out	(17,576,578)	(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)	
Proceeds from borrowing	10,000,000	-	58,675	255,681	28,257,590	18,433,904	-	-	-	-	
Payments to escrow agent	-	-	-	-	(4,176,284)	(9,342,282)	-	-	-	-	
Total other financing sources (uses)	6,918,784	(30,000)	(312,745)	22,517	23,690,261	8,497,472	(2,798,496)	(1,668,430)	(1,499,576)	(1,271,595)	
Net change in fund balances	343,702	2,139,149	675,966	(14,415,736)	21,061,771	9,879,037	298,424	(1,337,919)	885,225	1,369,687	
Prior period adjustment	-	-	-	-	-	-	73,613	197,699	54,483	(1,296,447)	
Net change in fund balance	\$ 343,702	\$ 2,139,149	\$ 675,966	\$ (14,415,736)	\$ 21,061,771	\$ 9,879,037	\$ 372,037	\$ (1,140,220)	\$ 939,708	\$ 73,240	
Debt service as a percentage of noncapital expenditures	11%	14%	15%	14%	14%	13%	13%	13%	14%	15%	

*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
2008	\$ 3,305,409,700	\$ 565,071,500	\$ 465,626,600	\$ 248,327,700	\$ 4,087,780,100	\$ 0.52	\$ 4,087,780,100	100%
2007	\$ 3,101,569,900	\$ 513,599,500	\$ 491,224,800	\$ 251,617,200	\$ 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	N/A	N/A	N/A

(1) Does not reflect land use assessments

Source: Isle of Wight County Commissioner of Revenue
Fiscal year 1999 is 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
2008	\$ 3,968,971,300	\$ 295,835,165	\$ 26,153,828	\$ 744,812,445	\$ 218,043,560	\$ 5,253,816,298
2007	\$ 3,879,182,779	\$ 283,389,074 (5)	\$ 22,902,248	\$ 688,302,371	\$ 177,306,412	\$ 5,051,082,884
2006	\$ 2,626,671,100	\$ 239,166,064	\$ 26,328,256	\$ 676,290,770	\$ 202,190,306	\$ 3,770,646,496
2005	\$ 2,480,667,825	\$ 236,549,885	\$ 27,337,298	\$ 641,083,966	\$ 190,291,597	\$ 3,575,930,571
2004	\$ 2,047,366,488	\$ 213,355,172	\$ 26,941,289	\$ 596,034,772	\$ 226,837,648	\$ 3,110,535,369
2003	\$ 1,918,017,998	\$ 181,323,406	\$ 26,669,054	\$ 580,524,899	\$ 210,416,633	\$ 2,916,951,990
2002	\$ 1,715,143,492	\$ 167,909,785	\$ 21,183,401	\$ 650,111,217	\$ 93,657,641	\$ 2,648,005,536
2001	\$ 1,545,692,326	\$ 175,663,989	\$ 29,547,598	\$ 670,903,315	\$ 89,691,102	\$ 2,511,498,330
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

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

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

	Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Boats and Aircraft/ Farm Machinery
	2008	\$ 0.52	\$ 4.40	\$ 0.52	\$ 0.95	\$ 1.00/1.00
	2007	\$ 0.53	\$ 4.40	\$ 0.53	\$ 0.95	\$ 1.00/1.00
	2006	\$ 0.68	\$ 4.40	\$ 0.68	\$ 0.95	\$ 1.00/1.00
	2005	\$ 0.68	\$ 4.40	\$ 0.68	\$ 0.95	\$ 1.00/1.00
	2004	\$ 0.75	\$ 4.40	\$ 0.75	\$ 0.95	\$ 1.00/1.00
	2003	\$ 0.75	\$ 4.40	\$ 0.75	\$ 0.95	\$ 1.00/1.00
	2002	\$ 0.77	\$ 4.40	\$ 0.77	\$ 0.95	\$ 1.00/1.00
	2001	\$ 0.72	\$ 4.40	\$ 0.72	\$ 0.95	\$ 1.00/.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

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

June 30, 2008						
Taxpayer	2008			2007		
	Assessed Valuation Real Estate	Rank	Percent of Total Assessed Valuation Real Estate	Assessed Valuation Real Estate	Rank	Percent of Total Assessed Valuation Real Estate
International Paper	\$174,023,461	1	4.38%	\$111,479,200	1	2.87%
Inland RI Holdings LLC (Cost Plus)	49,769,600	2	1.25%	50,014,800	3	1.29%
Smithfield Foods Inc.	34,329,521	3	0.86%	26,220,900	4	0.68%
Gwaltney of Smithfield Ltd.	22,515,500	4	0.57%	20,399,400	5	0.53%
Virginia Timberline L.L.C.	18,877,000	5	0.48%	72,728,800	2	1.87%
Eagle Harbor Apartments LP	18,831,200	6	0.47%	18,831,200	6	0.49%
Isle of Wight Industrial Properties	17,050,900	7	0.43%	-	-	-
Eagle Harbor L.L.C.	16,283,400	8	0.41%	16,897,300	7	0.44%
Smithfield Packing Co., Inc.	15,758,900	9	0.40%	15,758,900	8	0.41%
Carolina Cold Storage Ltd.	11,952,600	10	0.30%	11,952,600	9	0.31%
Eagle Harbor Shopping Center	-	-	-	10,588,600	10	0.27%
	\$379,392,082		9.56%	\$354,871,700		9.15%
Taxpayer						
	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	\$578,175,158	1	54.20%	\$548,728,182	1	55.17%
Gwaltney of Smithfield Ltd.	78,971,914	2	7.40%	49,767,278	3	5.00%
Smithfield Packing Co., Inc.	52,622,044	3	4.93%	55,522,722	2	5.58%
Aconcagua Timber Corp.	15,371,207	4	1.44%	15,181,108	4	1.53%
Specialty Minerals	8,133,318	5	0.76%	6,920,839	5	0.70%
Smithfield Foods	8,074,093	6	0.76%	5,366,123	7	0.54%
Franklin Equipment Co.	5,493,086	7	0.51%	6,441,071	6	0.65%
Cost Plus, Inc.	4,692,487	8	0.44%	5,138,299	8	0.52%
Charter Communications	2,254,469	9	0.21%	2,084,765	10	0.21%
Blackwater Transport, Inc.	1,981,521	10	0.19%	-	-	-
Smithfield Ham & Products Co.	-	-	-	2,598,275	9	0.26%
	\$755,769,297		70.84%	\$697,748,662		70.15%

(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
2008	\$ 36,629,733	\$ 35,338,546	96.48%	\$ 1,116,470	\$ 36,455,016	99.52%	\$ 2,115,219	5.77%
2007	\$ 34,875,852	\$ 33,657,328	96.51%	\$ 1,081,481	\$ 34,738,809	99.61%	\$ 1,931,984	5.54%
2006	\$ 31,158,439	\$ 30,241,183	97.06%	\$ 1,213,870	\$ 31,455,053	100.95%	\$ 1,240,956	3.98%
2005	\$ 29,480,328	\$ 28,801,462	97.70%	\$ 1,198,654	\$ 30,000,116	101.76%	\$ 1,000,200	3.39%
2004	\$ 26,952,962	\$ 26,270,420	97.47%	\$ 1,014,471	\$ 27,284,891	101.23%	\$ 682,541	2.53%
2003	\$ 29,938,835	\$ 28,469,747	95.09%	\$ 1,187,196	\$ 29,656,943	99.06%	\$ 1,436,545	4.80%
2002	\$ 26,950,184	\$ 26,612,066	98.75%	\$ 814,475	\$ 27,426,541	101.77%	\$ 1,864,982	6.92%
2001	\$ 25,681,100	\$ 24,185,676	94.18%	\$ 889,540	\$ 25,075,216	97.64%	\$ 1,350,104	5.26%
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%

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

(2) Does not include land redemptions.

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

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

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

Last Ten Fiscal Years										
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Apparel stores	\$ 3,184,117	\$ 2,150,512	\$ 3,410,503	\$ 2,463,372	\$ 2,343,395	\$ 131,294	\$ 41,108	\$ 56,579	\$ 46,025	\$ 37,190
General merchandise	16,115,703	18,559,292	13,163,881	13,713,028	12,137,182	9,494,967	9,769,455	10,713,878	11,143,985	7,963,762
Food stores	61,204,656	54,501,587	48,032,908	55,664,066	61,960,182	53,597,062	53,979,892	52,344,242	56,772,103	39,468,401
Eating and drinking establishments	21,443,858	21,019,435	19,887,741	21,033,780	19,456,091	16,452,368	15,322,039	15,971,571	15,372,975	19,204,812
Home furnishings and appliances	2,672,545	3,379,379	3,635,937	3,994,726	4,128,173	3,924,363	3,229,165	3,420,595	4,217,705	3,162,486
Building materials and farm tools	10,693,285	9,891,751	7,049,986	10,007,550	9,288,298	9,415,654	11,032,567	11,447,237	12,380,164	12,424,780
Auto dealers and supplies	4,272,627	4,538,516	4,518,819	2,766,818	2,505,619	2,456,053	2,417,098	2,335,819	3,543,384	2,993,526
Service stations	10,221,368	8,343,933	6,723,241	9,839,101	9,667,969	8,950,551	8,030,734	8,166,190	8,205,896	7,955,645
Other retail stores	57,032,191	51,903,227	45,761,268	44,447,762	41,131,707	28,926,140	33,403,843	30,462,117	37,958,149	36,331,553
All other outlets	18,866,150	22,965,139	20,992,350	16,325,974	15,114,705	16,154,509	13,713,360	13,994,307	13,769,854	16,271,134
	\$ 205,706,500	\$ 197,252,771	\$ 173,176,634	\$ 180,256,177	\$ 177,733,321	\$ 149,502,961	\$ 150,939,261	\$ 148,912,535	\$ 163,410,240	\$ 145,813,289

*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
2008	34,620	\$ 5,253,816,298	\$ 67,352,825	\$ 11,127,705	\$ 56,225,120	0.0107	4.6%	\$ 1,624
2007	34,057	\$ 5,106,324,051	\$ 62,013,810	\$ 11,841,077	\$ 50,172,733	0.0098	4.3%	\$ 1,473
2006	33,065	\$ 3,770,646,496	\$ 67,052,307	\$ 12,358,036	\$ 54,694,271	0.0145	4.9%	\$ 1,654
2005	32,417	\$ 3,575,930,571	\$ 71,414,333	\$ 11,670,000	\$ 59,744,333	0.0167	5.7%	\$ 1,843
2004	31,600	\$ 3,110,535,369	\$ 75,503,903	\$ 12,085,000	\$ 63,418,903	0.0204	6.5%	\$ 2,007
2003	30,419	\$ 2,916,951,990	\$ 55,637,300	\$ 12,485,000	\$ 43,152,300	0.0148	4.7%	\$ 1,419
2002	30,100	\$ 2,648,005,536	\$ 49,357,300	\$ 12,865,000	\$ 36,492,300	0.0138	4.2%	\$ 1,212
2001	29,728	\$ 2,511,498,330	\$ 52,416,000	\$ 13,230,000	\$ 39,186,000	0.0156	4.7%	\$ 1,318
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

(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										
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Total assessed valuation of real estate from land book	\$ 3,968,971,300	\$ 3,879,182,779	\$ 2,626,671,100	\$ 2,480,667,825	\$ 2,047,366,488	\$ 1,918,017,998	\$ 1,715,143,492	\$ 1,545,692,326	\$ 1,471,718,889	\$ 1,420,176,399
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Debt limitation	396,897,130	387,918,278	262,667,110	248,066,783	204,736,649	191,801,800	171,514,349	154,569,233	147,171,889	142,017,640
Total debt of the County	67,352,549	62,013,810	67,052,307	71,414,333	75,503,903	55,569,279	49,357,300	52,416,000	56,127,090	58,801,329
Total debt of the Town of Smithfield	5,380,722	5,977,452	6,604,383	3,509,671	2,000,805	3,756,763	-	-	-	-
Total debt of the Town of Windsor	782,871	792,091	800,079	810,489	817,310	-	-	-	-	-
Total	73,516,142	68,783,353	74,456,769	75,734,493	78,322,018	59,326,042	49,357,300	52,416,000	56,127,090	58,801,329
Amount by which legal debt margin exceeds total debt	\$ 323,380,988	\$ 319,134,925	\$ 188,210,341	\$ 172,332,290	\$ 126,414,631	\$ 132,475,758	\$ 122,157,049	\$ 102,153,233	\$ 91,044,799	\$ 83,216,311

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

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

Fiscal Year	(1) Population	(1) Per Capita Income	Registered Voters	(2) Unemployment Rate
2008	34,620 (3)	\$ 35,586 (3)	24,131	N/A
2007	33,612	\$ 34,549 (3)	23,356	3.0%
2006	33,090	\$ 33,543	22,501	3.1%
2005	32,417	\$ 32,275	21,639	3.5%
2004	31,600	\$ 30,711	21,594	3.2%
2003	30,419	\$ 29,894	20,213	3.4%
2002	30,100	\$ 28,546	19,953	3.4%
2001	29,728	\$ 28,344	N/A	2.7%
2000	29,700	\$ 27,122	N/A	2.2%
1999	29,100	\$ 25,480	N/A	2.7%

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

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

Last Five Fiscal Years					
Function/Program	Full-time Equivalent Employees as of June 30,				
	2008	2007	2006	2005	2004
General government					
County Administration	6.0	7.0	7.0	6.0	4.0
County Attorney	3.0	3.0	3.0	3.0	3.0
Commissioner of Revenue	10.5	9.5	9.5	9.5	8.5
Treasurer	8.5	7.5	7.5	7.5	7.5
Budget and Finance	7.0	6.5	6.0	6.0	5.5
Human Resources	3.0	3.0	2.0	2.0	2.0
Communications	1.0	1.0	1.0	1.0	1.5
Economic Development	3.0	3.0	3.0	3.0	2.0
Registrar	2.0	2.0	2.0	2.0	2.0
Inspections	9.0	9.0	10.0	8.0	8.0
Information Technology	6.5	6.5	6.0	5.0	4.0
Planning and Zoning	12.0	12.0	13.0	10.0	10.0
Health & Welfare	6.0	1.0	1.0	1.0	1.0
Tourism	6.5	5.5	5.5	5.5	4.5
Clerk of Court	6.5	6.0	6.0	6.0	6.0
Commonwealth Attorney	4.0	4.0	4.0	4.5	5.0
Total general government	94.5	86.5	86.5	80.0	74.5
Public Safety					
Sheriff Deputies (including Sheriff)	44.0	42.0	37.0	35.0	33.0
Administrative	2.0	2.0	2.0	2.0	2.0
Animal Control	5.0	5.0	5.0	4.5	3.5
Emergency Communications	17.0	17.0	17.0	15.0	15.0
Total Public Safety	68.0	66.0	61.0	56.5	53.5
Fire and Rescue					
Administrative	2.5	1.0	1.0	1.0	1.0
Firefighters/Paramedics	18.5	18.5	15.5	15.0	14.0
Total Fire and Rescue	21.0	19.5	16.5	16.0	15.0
General Services					
Administrative	1.5	2.0	2.0	2.0	2.0
Engineering	7.0	5.0	-	-	-
Refuse collection	21.5	19.0	19.0	19.0	17.5
Building and Grounds	11.0	11.5	9.0	8.5	8.0
Custodians	6.5	5.0	5.0	3.8	3.5
Total Public Works	47.5	42.5	35.0	33.3	31.0
Parks, Recreation and Cultural	13.5	16.5	16.5	15.5	20.0
Public Utilities	10.5	12.0	14.0	12.0	12.0
Public Schools					
Instructional Positions	549.6	534.1	501.7	457.7	445.0
Administrators	23.0	24.0	25.0	25.0	25.0
Support Personnel	247.5	247.3	242.0	236.2	236.6
Total Public Schools	820.1	805.4	768.7	718.9	706.6
Grand total	1,075.1	1,048.4	998.2	932.2	912.6

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

Last Five Fiscal Years					
Function/Program	2008	2007	2006	2005	2004
Sheriff					
Physical arrests	890	989	323	319	392
Traffic violations	2,677	1,383	816	1,306	1,300
Fire					
Emergency responses - Fire	1,539	1,792	2,852	2,601	2,180
Emergency responses - Rescue	4,408	3,660	3,632	3,430	3,529
Building Permits					
Residential	167	310	512	445	423
Residential - Value	\$ 35,817,165	\$ 56,519,045	\$ 111,276,167	\$92,052,639	\$ 65,559,903
Commercial	14	31	17	21	20
Commercial - Value	\$ 10,537,686	\$ 13,266,100	\$ 13,244,130	\$ 3,699,895	\$ 20,210,548
Refuse collection					
Refuse collected (tons per day)	56.0	56.0	55.0	55.8	56.0
Public Schools					
Cost Per Student	\$ 10,767	\$ 10,232	\$ 9,721	\$ 9,022	\$ 8,360
Average Daily Membership	5,286	5,372	5,138	5,032	4,983
Student/Teacher Ratio	13.1	13.1	13.0	13.4	13.6
Park and recreation					
Athletic field permits issued	158	205	29	24	26
County Fair Admissions	2,400	2,979	12,250	12,927	-
Library					
Volumes in collection	268,863	258,620	214,903	215,698	240,336
Total volumes borrowed	229,489	193,082	191,040	181,733	130,346
Water					
New connections	71	109	360	380	202
Average daily consumption (thousands of gallons)	0.67	0.69	0.39	0.45	0.45

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

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