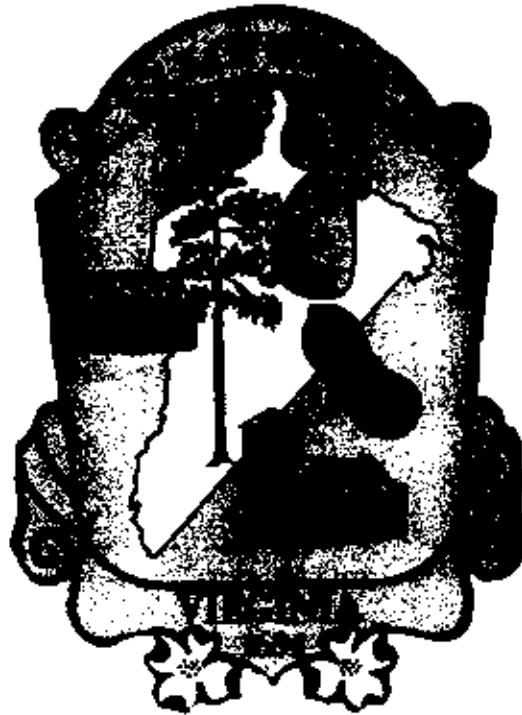


*County of Isle of Wight, Virginia
Comprehensive Annual Financial Report
Fiscal Year Ended
June 30, 2009*



Prepared by:

Isle of Wight County Budget and Finance Department

Goodman
 & COMPANY

Certified Public Accountants
Specialized Services
Business Solutions

County of Isle of Wight, Virginia

Table of Contents

Page

Introductory Section

Table of Contents	i - iii
Principal Officials	iv
Isle of Wight County Organizational Chart	v

Financial Section

Report of Independent Auditors	1 - 2
Management's Discussion and Analysis	3 - 12

Basic Financial Statements

Exhibit

Government-wide Financial Statements:

Statement of Net Assets	A-1	13
Statement of Activities	A-2	14

Fund Financial Statements

Governmental Funds:

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

Proprietary Fund

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

Fiduciary Funds

Statement of Assets and Liabilities	A-8	22
-------------------------------------	-----	----

Notes to Basic Financial Statements	23 - 48
-------------------------------------	---------

Required Supplementary Information

Schedule of Revenues and Expenditures - Budget and Actual -

General Fund	B-1	49 - 54
Schedule of Funding Progress for Defined Benefit Pension Plans	B-2	55
Schedule of Employer Contributions for Defined Benefit Pension Plans	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 - 90
 Statistical Section		
<i>Statistical Section Overview</i>		91
<i>Net Assets by Component</i>	C-1	92
<i>Change in Net Assets</i>	C-2	93 - 94
<i>Fund Balances - Governmental Funds</i>	C-3	95
<i>Changes in Fund Balance - Governmental Funds</i>	C-4	96
<i>Assessed Value and Estimated Actual Value of Taxable Property</i>	C-5	97
<i>Assessed Value of Taxable Property</i>	C-6	98
<i>Property Tax Rates</i>	C-7	99
<i>Principal Property Taxpayers</i>	C-8	100
<i>Property Tax Levies and Collections</i>	C-9	101
<i>Taxable Sales by Category</i>	C-10	102
<i>Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita</i>	C-11	103
<i>Legal Debt Margin</i>	C-12	104
<i>Demographic Statistics</i>	C-13	105
<i>Full-time Equivalent County Government Employees by Function/Program</i>	C-14	106 - 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, 2009***

Board of Supervisors

James B. Brown, Jr., Chairman
Phillip A. Bradshaw, Vice Chairman
Stan D. Clark
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

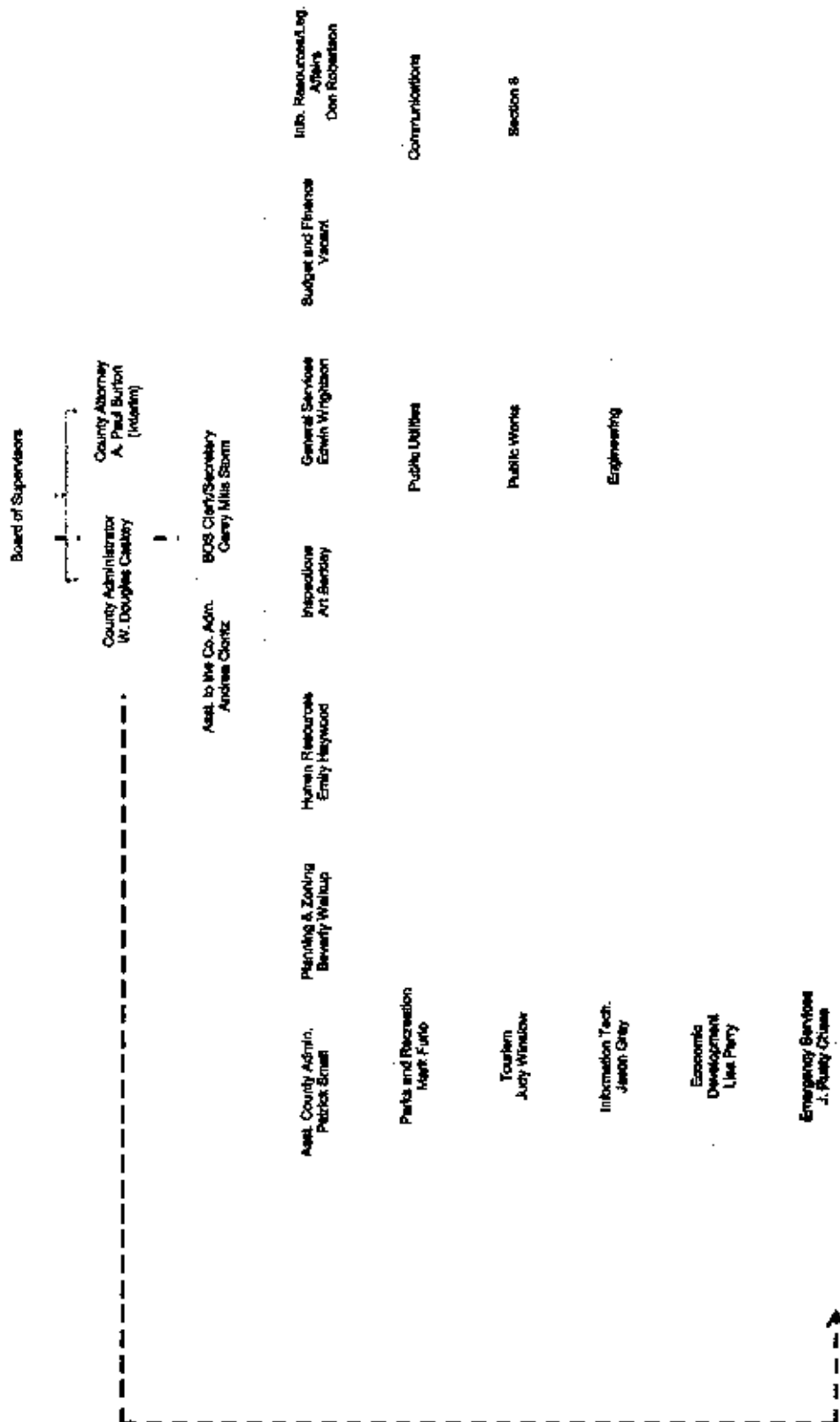
Gloria Wilson, Chairman
Kristin Wilda, Vice Chairman
James B. Brown, Jr.
Panice Clark
Patty Flemming

Other Officials

County Administrator
Assistant County Administrator
Treasurer
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
L. Wayne Farmer
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



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Financial Section

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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, 2009, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2010, 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 should be considered in 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.

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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
February 16, 2010

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, 2009. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

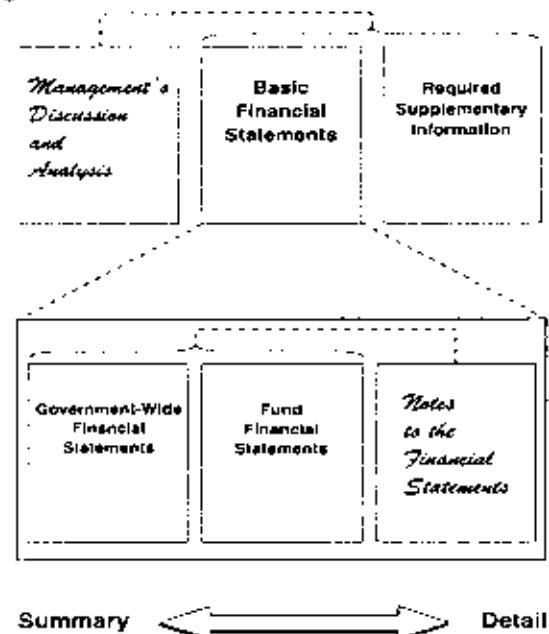
- The net assets of the County's governmental activities were \$39,324,930 as of June 30, 2009, a 9.7% decrease from the previous fiscal year.
- In support of the County's primary governmental activities, revenues were generated in the amount of \$59,610,889 of which 76% consisted of local taxes, 13% from the Commonwealth of Virginia, 11% in operating grants and 3% from charges for service and cost recovery. Expenditures from County operations were \$59,448,119 or a 6% increase from the previous year.
- In addition to operating revenues and expenses, the County's General Fund balance is impacted by any new long term debt and by transfers into or out of the General Fund (e.g. to Public Utilities, Social Services etc.) The net impact of this activity resulted in a net outflow of \$5,801,325 and a reduction in the fund balance from \$22.3 million to \$16.4 million.
- The County's tax rate on real estate remained unchanged at \$0.52 per \$100 of assessed value. This is currently the lowest tax rate in the Hampton Roads area.
- The County issued \$25,000,000 in general obligation bonds for various capital projects. It also refunded portions of its 1997 A & B bonds and its 1996 bond to lower its cost of interest.

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 revenue/expense 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 2009.

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 \$41,809,182 an 18% decrease from the previous year as illustrated in Table A-1.

Table A-1	Governmental Activities		Business-Type Activities		Total Primary Government		"b" Change
	2009	2008	2009	2008	2009	2008	
Current assets							
Cash and cash equivalents	\$ 49,515,923	\$ 39,692,872	\$ 1,924,396	\$ 2,027,257	\$ 51,440,319	\$ 41,720,129	23%
Other current assets	2,306,042	2,917,340	264,047	66,691	2,570,089	2,984,031	(14%)
Total current assets	\$ 51,821,965	\$ 42,610,212	\$ 2,188,443	\$ 2,093,948	\$ 54,010,408	\$ 44,704,160	21%
Noncurrent assets							
Nondepreciable assets	12,442,442	14,704,708	690,895	3,475,807	13,133,337	18,180,515	(28%)
Depreciable assets-net	55,649,799	51,285,505	15,385,197	13,100,895	71,034,996	64,386,400	10%
Other long-term receivables	735,281	735,788	1,178,530	1,195,040	1,913,811	1,930,828	(1%)
Total noncurrent assets	68,827,522	66,726,001	17,254,622	17,771,742	86,082,144	84,497,743	2%
Total assets	\$ 120,649,487	\$ 109,336,213	\$ 19,443,065	\$ 19,865,690	\$ 140,092,552	\$ 129,201,903	8%
Current liabilities							
Accounts payable	\$ 2,133,807	\$ 3,097,928	\$ 396,575	\$ 1,047,033	\$ 2,530,382	\$ 4,144,961	(39%)
Other current liabilities	5,647,414	4,884,304	183,243	121,377	5,830,657	5,005,681	16%
Total current liabilities	7,781,221	7,982,232	579,818	1,168,410	8,361,039	9,150,642	(9%)
Noncurrent liabilities							
Due within one year	3,868,969	4,566,505	167,328	747,786	4,036,297	5,314,291	(24%)
Due more than one year	69,674,367	53,258,842	16,211,667	10,605,899	85,886,034	63,864,741	35%
Total noncurrent liabilities	73,543,336	57,825,347	16,378,995	11,353,685	89,922,331	69,179,032	30%
Total liabilities	81,324,557	65,807,579	16,958,813	12,522,095	98,283,370	78,329,674	26%
Net assets							
Invested in capital assets net of related debt	7,629,388	9,382,768	864,915	6,425,436	8,494,303	15,808,204	(47%)
Restricted for capital projects	27,436,029	14,816,245	1,619,337	918,159	29,055,366	15,734,404	85%
Unrestricted	4,259,513	19,329,621	-	-	4,259,513	19,329,621	(78%)
Total net assets	39,324,930	43,528,634	2,484,252	7,343,595	41,809,182	50,872,229	(18%)
Total liabilities and net assets	\$ 120,649,487	\$ 109,336,213	\$ 19,443,065	\$ 19,865,690	\$ 140,092,552	\$ 129,201,903	9%

The \$4,259,513 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, 2009, the general fund's undesignated fund balance represented approximately 13.9% of the fiscal year 2009-10 general operating budget. County policy requires an undesignated fund balance to be a minimum of 10% of the subsequent year's operating budget.

Governmental Activities

- The County's total revenues for governmental activities were \$59,610,889 of which a significant portion, 76%, comes from local taxes.
- General Property taxes and other local taxes increased 6.2% or \$2,658,651.
- Operating grants consist of state and federal revenues received to offset the cost of various programs. However, the reimbursements do not necessarily represent 100% of expenditures as illustrated in Table A-2.
- Operating grants decreased approximately 9% from the prior fiscal year. Total grants decreased 9% due to the completion of work on a project funded by a Community Development Block Grant.

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

Table A-2 Net Cost of County Functions	Total Cost of Services			Net Cost of Services		
	2009	2008	% Change	2009	2008	% Change
General government administration	\$ 3,410,733	\$ 6,182,728	(45%)	\$ 2,571,743	\$ 5,536,817	(53%)
Judicial administration	1,034,595	857,697	21%	201,691	71,340	182%
Public safety	8,966,721	6,053,668	48%	6,446,893	3,509,041	84%
General Services	6,810,610	5,145,769	32%	6,753,892	5,066,657	33%
Health and welfare	5,143,058	5,025,666	2%	2,027,903	1,985,663	2%
Education	24,360,654	26,964,798	(10%)	24,326,592	26,892,849	(9%)
Parks, recreation and cultural	3,526,076	1,279,128	176%	2,952,798	941,840	213%
Community development	3,902,800	2,332,420	67%	3,516,010	1,094,450	221%
Interest on long-term debt	2,292,872	2,186,412	5%	2,292,872	2,186,412	5%
Total expenses	\$ 59,448,119	\$ 56,028,286	6.1%	\$ 51,090,394	\$ 47,285,069	8%

- The cost of all *governmental* activities this year was \$59,448,119 a 6% increase from the previous year. The increase in 2009 was primarily driven by added costs in the areas of Public Safety, Community Development and Parks and Recreation. Capital projects were the largest contributor in 2009. They were primarily caused by new construction and acquisition of land for economic development.
- Costs of General Government were minimized in 2009 as a result of the County not having to bear the expense of the biannual reassessment (last completed in FY2008). In the past this has raised the cost of General Government by as much as 14%.
- Education continues to be one of the County's highest priorities and commitments representing 41% of total costs and 48% of total net costs.
- The cost of debt service increased \$551,819 (9%) consistent with the County capital outlays and its long range plan to expand utility infrastructure in an effort to attract new industry.
- Expenditures associated with Comprehensive Services for at-risk youth and families, categorized under Health and Welfare, have escalated over the past two years due to more difficult cases and the need for more expensive and intensified services required.

Business-type Activities

Revenues of the County's business-type activities for the operation of water and sewer systems remained steady, however expenditures increased 12%, resulting in an operating deficit of nearly \$3.8 million. The increase in expenditures is due largely to increased interest cost on long term debt, and an increase in both engineering and construction costs associated with new infrastructure projects.

Net Cost of Public Utilities	Total Cost of Services			Net Cost of Services		
	2009	2008	% Change	2009	2008	% Change
Public Utilities	\$ 6,273,275	\$ 5,581,285	12%	\$ 3,649,040	\$ 3,188,874	14%

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 \$1.7 million as a fixed capacity charge during fiscal year 2009. Additionally, the County contributed approximately \$542,000 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 \$1,237,000 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, 2009, the total amount of transfers due to the General Government fund was \$6,284,778.

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 \$44,418,842, of which 30% or \$13,420,701 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 \$16,450,952 of which \$13,036,057 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, 2009, the unreserved fund balance represented approximately 24% 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 \$27,436,029, consisting of funds encumbered for contracts in process or designated for subsequent years' expenditures.
- **Proprietary funds.** The County's proprietary fund consists of its water and sewer operations and provides the same type of information found in the government-wide financial statements, but in more detail. The net assets of the proprietary funds at the end of the current fiscal year were \$2,484,252 representative of capital assets net of related debt and encumbrances as of June 30, 2009. Net assets balance as of June 30, 2008, was \$7,343,595.
- **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, 2009, the combined fund balances were \$531,861.

General Fund Budgetary Highlights

The County's annual budget is prepared on an operating basis and includes estimated revenues and annual appropriations for operations. Over the course of the year, the County revised its budget to incorporate \$1.87 million in various grants. Excluding transfers between funds, actual expenditures were \$4,030,141 below final budget amounts, of which approximately \$288,000 will carry over to fiscal year 2010 for the completion of projects that cross fiscal years.

On the other hand, resources available, excluding bond proceeds, were \$1,578,519 below the final budgeted amount of which \$1,459,017 represents grants that cross fiscal years and will be carried forward into FY-2010. Total taxes were 78% of the General Fund budget. While revenue from property taxes actually increased by 5% over the prior fiscal year, sales and use taxes, permits, fees, licensures and interest on invested funds decreased consistent with the slowdown in the economy.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2009, the County had invested \$84,168,333, net of accumulated depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.)

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

Table A-3	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2009	2008	2009	2008	2009	2008	
Nondepreciable assets							
Land	\$ 8,851,448	\$ 7,720,055	\$ 181,240	\$ 181,240	\$ 9,032,688	\$ 7,901,295	14%
Construction in progress	3,590,994	6,984,653	509,655	3,294,567	4,100,649	10,279,220	(60%)
Total nondepreciable assets	12,442,442	14,704,708	690,895	3,475,807	13,133,337	18,180,515	(28%)
Depreciable assets							
Land improvements	6,458,551	1,712,802	12,324,903	11,952,093	18,783,454	13,664,895	37%
Buildings	56,841,570	56,426,835	10,749,568	8,045,327	67,591,138	64,472,162	5%
Equipment	3,998,245	3,486,751	502,980	502,980	4,501,225	3,989,731	13%
Vehicles	3,238,038	2,870,973	238,422	218,992	3,476,460	3,089,965	13%
Total at historical cost	70,536,404	64,497,361	23,815,873	20,719,392	94,352,277	85,216,753	11%
Total accumulated depreciation	(14,886,605)	(13,211,856)	(8,430,676)	(7,618,497)	(23,317,281)	(20,830,353)	12%
Net capital assets	\$68,092,241	\$65,990,213	\$16,076,092	\$16,576,702	\$84,168,333	\$82,566,915	(2%)

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

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

Long-Term Liabilities

At year-end the County had \$87,353,971 in bonds, loans, notes and capital leases outstanding and \$1,115,469 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, 2009, 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
	2009	2008	2009	2008	2009	2008	
General Obligation Bonds							
Series of 1996	\$ 282,014	\$ 1,277,699	\$ -	\$ -	\$ 282,014	\$ 1,277,699	(78%)
Series A of 1997	-	-	-	1,005,000	-	1,005,000	(100%)
Series of 2003	6,770,000	7,130,000	-	-	6,770,000	7,130,000	(5%)
Series of 2005	-	-	9,867,705	10,122,705	9,867,705	10,122,705	(3%)
Series A of 2008	4,832,500	10,000,000	2,512,900	-	7,345,400	10,000,000	(23%)
Series B of 2008	21,780,000	-	3,220,000	-	25,000,000	-	100%
Series of 2009	705,834	-	543,271	-	1,249,105	-	100%
Bonds for Schools							
Series of 1996	697,986	3,162,301	-	-	697,986	3,162,301	(78%)
Series B of 1997	-	580,000	-	-	-	580,000	(100%)
Series of 2003	2,125,000	2,815,000	-	-	2,125,000	2,815,000	(24%)
Series of 2004	24,330,000	25,260,000	-	-	24,330,000	25,260,000	(3%)
Series of 2005	2,527,295	2,902,323	-	-	2,527,295	2,902,323	(13%)
Series A of 2008	2,319,600	-	-	-	2,319,600	-	100%
Series of 2009	2,055,522	-	-	-	2,055,522	-	100%
Literary Loans							
Series of 1999	2,750,000	3,000,000	-	-	2,750,000	3,000,000	(8%)
Notes Payable							
Pruden VPSA Note	24,792	32,521	-	-	24,792	32,521	(13%)
Capital Leases							
Equipment Lease 2004	9,552	65,276	-	-	9,552	65,276	(85%)
Total outstanding debt	\$71,210,095	\$56,225,120	\$16,143,876	\$11,127,705	\$87,353,971	\$67,352,825	30%
Compensated absences	1,066,532	730,531	48,937	27,849	1,115,469	758,380	47%
Landfill closure costs	880,513	466,579	-	-	880,513	466,579	89%
Deferred charged - bond premiums	386,196	403,117	186,182	198,131	572,378	601,248	(5%)
Total long-term debt	\$73,543,336	\$57,825,347	\$16,378,995	\$11,353,685	\$89,922,331	\$69,179,032	30%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The County's per capita personal income, as of the latest data available, was \$36,654 and ranked 28th in the Commonwealth, 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 5%.
- Decreased funding for schools of approximately 9% (offset, in part, by restructured debt service)
- Increase in costs for Virginia Retirement System of approximately 14%.
- Increase in health care costs of approximately 5%.
- Added 3 school resource officers.

These indicators were taken into account when adopting the general operating and capital budget for fiscal year 2009-10. Amounts available for appropriation in the general operating budget are \$104,151,405, of which \$94,143,505 is for operating and \$10,107,900 is available for capital improvements. The operating budget increased approximately 4.4%, primarily driven by increases in debt service, a significant increase in waste disposal costs and the cost of capital projects. The County is experiencing a slowdown in "growth" related revenues. The slowdown in the real estate and new construction market is apparent with the projected reduction in building permits and real estate transfers. Management remains progressive and proactive with solid financial policies.

OTHER FACTORS TO CONSIDER

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

During fiscal year 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 excel 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 Isle of Wight County Schools' students are proficient in reading. Between 87% and 92% of students pass state assessments in writing, 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 Isle of Wight County Schools 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 in reading and mathematics.

Results from state assessments also indicate the School Board 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

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County of Isle of Wight, Virginia

Statement of Net Assets

June 30, 2009

Assets	Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Units	
				School Board	Industrial Development Authority
Cash and cash equivalents	\$ 30,031,717	\$ 1,924,396	\$ 31,956,113	\$ 3,057,684	\$ 1,425,448
Restricted cash	19,484,206	-	19,484,206	2,459,497	61,101
Receivables - net	1,232,655	203,564	1,436,219	15,931	317,339
Prepaid expenses	4,344	-	4,344	-	-
Due from primary government	-	-	-	3,883,935	-
Due from other governments	815,077	-	815,077	980,094	-
Inventory	29,441	60,483	89,924	33,670	-
Deferred charges	636,181	1,178,530	1,814,711	-	-
Capital lease receivable	-	-	-	-	248,885
Notes receivable	323,625	-	323,625	-	-
Capital assets					
Nondepreciable	12,442,442	690,895	13,133,337	1,625,896	10,485,663
Depreciable - net	55,649,799	15,385,197	71,034,996	24,802,398	54,450
Total assets	\$ 120,649,487	\$ 19,443,065	\$ 140,092,552	\$ 36,859,105	\$ 12,592,886
Liabilities					
Accounts payable and other current liabilities	2,133,807	396,575	2,530,382	\$ 7,309,867	\$ 28,922
Due to component unit	3,883,935	-	3,883,935	-	-
Customer deposits payable	-	119,524	119,524	-	60,000
Accrued interest payable	867,429	59,649	927,078	-	-
Deferred revenues	782,146	-	782,146	310,504	-
OPEB liability payable	113,904	4,070	117,974	664,183	-
Noncurrent liabilities					
Due within one year	3,868,969	167,328	4,036,297	65,323	23,556
Due in more than one year - net	69,674,367	16,211,667	85,886,034	587,906	200,969
Total liabilities	81,324,557	16,958,813	98,283,370	8,937,783	313,447
Net Assets					
Invested in capital assets - net of related debt	7,629,388	864,915	8,494,303	26,428,294	10,315,588
Restricted:					
Capital projects	27,436,029	1,619,337	29,055,366	8,602	-
Other purposes	-	-	-	1,509,427	-
Unrestricted	4,259,513	-	4,259,513	(25,001)	1,963,851
Total net assets	39,324,930	2,484,252	41,809,182	27,921,322	12,279,439
Total liabilities and net assets	\$ 120,649,487	\$ 19,443,065	\$ 140,092,552	\$ 36,859,105	\$ 12,592,886

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

County of Isle of Wight, Virginia
Statement of Activities

Exhibit A-2

Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
Primary Government								
Government activities								
General government administration	\$ 3,410,733	\$ 11,167	\$ 827,828	\$ -	\$ (2,571,743)	\$ -	\$ (2,571,743)	\$ -
Judicial administration	1,034,595	91,288	741,616	-	(201,691)	-	(201,691)	-
Public safety	8,966,721	833,366	1,559,288	127,174	(6,446,893)	-	(6,446,893)	-
General services	6,810,610	4,080	52,638	-	(6,753,892)	-	(6,753,892)	-
Health and welfare	5,143,658	-	3,115,155	-	(2,027,903)	-	(2,027,903)	-
Education	24,360,654	-	-	34,062	(24,326,592)	-	(24,326,592)	-
Parks, recreation and cultural	3,526,076	357,218	216,060	-	(2,952,798)	-	(2,952,798)	-
Community development	3,902,800	281,552	105,238	-	(3,516,010)	-	(3,516,010)	-
Interest on long-term debt	2,392,872	-	-	-	(2,392,872)	-	(2,392,872)	-
Total government activities	59,448,819	1,578,666	6,617,823	161,236	(51,090,394)	-	(51,090,394)	-
Business-type activities								
Public utility	6,373,275	2,014,246	-	609,989	-	(3,649,040)	(3,649,040)	-
Total business-type activities	6,373,275	2,014,246	-	609,989	-	(3,649,040)	(3,649,040)	-
Total primary government	\$ 65,821,394	\$ 3,592,912	\$ 6,617,823	\$ 771,225	(51,090,394)	(3,649,040)	(54,739,434)	-
Component Units								
School Board	\$ 63,248,908	\$ 5,479,497	\$ 34,219,723	\$ -	-	-	(23,549,688)	(23,549,688)
Industrial Development Authority	(60,386)	(21,190)	-	-	-	-	-	(39,190)
Total component units	\$ 63,309,294	\$ 5,500,682	\$ 34,219,723	\$ -	-	-	(23,549,688)	(39,190)
General property taxes					39,178,206	-	39,178,206	-
Other local taxes					6,248,462	-	6,248,462	-
Investment earnings					562,017	-	562,017	40,755
Miscellaneous					45,572	-	45,572	16,974
Revenue from the primary government					-	-	-	-
Intergovernmental, unrestricted					5,218,907	-	5,218,907	-
Claim on sale of assets					-	-	-	-
Transfers - net					44,366,474	(1,210,303)	(5,576,777)	138,250
Total general revenues, transfers and miscellaneous					46,886,690	(1,210,303)	45,676,387	5,755,282
Change in net assets					(4,203,704)	(4,859,343)	(9,063,047)	5,716,586
Net assets - beginning of year					43,528,634	7,343,595	50,872,229	27,732,470
Net assets - end of year					\$ 39,324,930	\$ 2,484,252	\$ 41,809,182	\$ 33,449,056

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

County of Isle of Wight, Virginia

Balance Sheet - Governmental Funds

June 30, 2009

Assets	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 21,391,528	\$ 8,460,719	\$ 179,470	\$ 30,031,717
Restricted cash	-	19,421,771	62,435	19,484,206
Receivables - net of allowance for uncollectibles:				
Taxes	1,095,216	-	-	1,095,216
Accounts	123,093	-	14,346	137,439
Notes	-	-	99,100	99,100
Prepaid expenses	-	-	4,344	4,344
Due from other funds	224,525	-	419,678	644,203
Due from other governments	553,605	-	261,472	815,077
Inventory	-	-	29,441	29,441
Total assets	\$ 23,387,967	\$ 27,882,490	\$ 1,070,286	\$ 52,340,743
Liabilities				
Accounts payable	\$ 1,214,415	\$ 395,803	\$ 523,589	\$ 2,133,807
Due to other funds	419,678	-	-	419,678
Due to component unit	3,833,277	50,658	-	3,883,935
Deferred revenues	1,469,645	-	14,836	1,484,481
Total liabilities	6,937,015	446,461	538,425	7,921,901
Fund Balances				
Fund balances				
Reserved				
Inventory	-	-	29,441	29,441
Unreserved, designated for, reported in:				
General Fund	3,414,895	-	-	3,414,895
Capital Projects Fund	-	27,436,029	-	27,436,029
Special Revenue Funds	-	-	117,776	117,776
Unreserved, undesignated reported in				
General Fund	13,036,057	-	-	13,036,057
Special Revenue Funds	-	-	384,644	384,644
Total fund balances	16,450,952	27,436,029	531,861	44,418,842
Total liabilities and fund balances	\$ 23,387,967	\$ 27,882,490	\$ 1,070,286	\$ 52,340,743

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

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

June 30, 2009

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

Total fund balances - governmental funds	\$ 44,418,842
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.	68,092,241
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.	702,335
Long-term liabilities, such as bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(73,888,488)</u>
Total net assets - governmental activities	<u>\$ 39,324,930</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, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
General property taxes	\$ 39,132,235	\$ -	\$ -	\$ 39,132,235
Other local taxes	6,171,270	-	77,192	6,248,462
Permits, privilege fees and regulatory licenses	426,074	-	-	426,074
Fines and forfeitures	65,772	-	21,225	86,997
Revenues from use of money and property	398,341	163,666	10	562,017
Charges for services	900,530	-	143,134	1,043,664
Miscellaneous	91,260	-	45,571	136,831
Recovered costs	735,398	-	20,082	755,480
Intergovernmental				
Commonwealth	7,910,088	-	1,535,782	9,445,870
Federal	215,063	-	1,512,226	1,727,289
Total revenues	56,046,031	163,666	3,355,222	59,564,919
Expenditures				
General government administration	4,603,518	1,237,728	-	5,841,246
Judicial administration	1,034,595	-	-	1,034,595
Public safety	6,249,659	1,134,421	957,481	8,341,561
General services	6,175,015	184,817	-	6,359,832
Health and welfare	1,009,976	25,000	4,070,522	5,105,498
Education	23,474,607	33,913	-	23,508,520
Parks, recreation and cultural	2,062,997	1,941,698	292,398	4,297,093
Community development	1,861,655	1,772,700	194,395	3,828,750
Nondepartmental	1,338,618	-	-	1,338,618
Debt service				
Principal retirement	4,260,599	-	55,724	4,316,323
Interest and other charges	2,405,230	-	1,927	2,407,157
Total expenditures	54,476,469	6,330,277	5,572,447	66,379,193
Excess (deficiency) of revenues over expenditures	1,569,562	(6,166,611)	(2,217,225)	(6,814,274)
Other financing sources (uses)				
Operating transfers in	-	28,787,718	2,097,281	30,884,999
Operating transfers out	(32,121,391)	(7,587,789)	-	(39,709,180)
Proceeds from bond issuance	25,102,717	-	-	25,102,717
Cost of bond issuance	(352,213)	-	-	(352,213)
Total other financing sources (uses)	(7,370,887)	21,199,929	2,097,281	15,926,323
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(5,801,325)	15,033,318	(119,944)	9,112,049
Fund balances - beginning of year	22,252,277	12,402,711	651,805	35,306,793
Fund balances - end of year	\$ 16,450,952	\$ 27,436,029	\$ 531,861	\$ 44,418,842

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, 2009

**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	\$ 9,112,049
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	4,001,661
Depreciation expense	(1,899,632)
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	(27,760,100)
Repayment of debt principal	12,775,125
Deferred charges - net	270,777
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	45,970
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.	
Accrued interest (net change)	114,285
Compensated absences	(336,001)
Other post retirement benefits	(113,904)
Landfill closure costs	(413,934)
Change in net assets of governmental activities	\$ (4,203,704)

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,		Public Utilities	
	Assets	2009	2008
Current assets			
Cash and cash equivalents		\$ 1,924,396	\$ 2,027,257
Receivables - net		203,564	35,763
Total current assets		<u>2,127,960</u>	<u>2,063,020</u>
Noncurrent assets			
Inventory		60,483	30,928
Deferred charges - issuance and refunding costs		1,178,530	1,195,040
Capital assets			
Nondepreciable		690,895	3,475,807
Depreciable- net		15,385,197	13,100,895
Total noncurrent assets		<u>17,315,105</u>	<u>17,802,670</u>
Total assets		<u>\$ 19,443,065</u>	<u>\$ 19,865,690</u>
	Liabilities		
Current liabilities			
Accounts payable		\$ 396,575	\$ 1,047,033
Accrued interest payable		59,649	20,469
Customer deposits payable		119,524	100,908
Other post-employment retirement benefits payable		4,070	-
Bonds payable - current portion		148,475	745,001
Compensated absences - current portion		4,894	2,785
Deferred charges - current portion		13,959	14,937
Total current liabilities		<u>747,146</u>	<u>1,931,133</u>
Noncurrent liabilities			
General obligation bonds payable - less current portion		15,995,401	10,382,705
Compensated absences - less current portion		44,043	25,063
Deferred charges - less current portion		172,223	183,194
Total noncurrent liabilities		<u>16,211,667</u>	<u>10,590,962</u>
Total liabilities		<u>16,958,813</u>	<u>12,522,095</u>
	Net Assets		
Invested in capital assets - net of related debt		864,915	6,425,436
Restricted for capital projects		1,619,337	918,159
Total net assets		<u>2,484,252</u>	<u>7,343,595</u>
Total liabilities and net assets		<u>\$ 19,443,065</u>	<u>\$ 19,865,690</u>

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	
	2009	2008
Operating revenues		
Charges for services	\$ 2,014,246	\$ 1,750,406
Total operating revenues	<u>2,014,246</u>	<u>1,750,406</u>
Operating expenses		
Current		
Personnel services	421,466	422,475
Fringe benefits	156,079	162,497
Contractual services	555,528	507,687
Purchases	3,619,402	3,045,534
Other charges	255,544	242,956
Depreciation	812,179	850,208
Total operating expenses	<u>5,820,198</u>	<u>5,231,357</u>
Operating loss	<u>(3,805,952)</u>	<u>(3,480,951)</u>
Nonoperating revenues (expenses)		
Interest and fiscal charges	(350,237)	(278,720)
Amortization of deferred charges	(102,840)	(71,208)
Gain on sale of asset	-	2,025
Total nonoperating expenses	<u>(453,077)</u>	<u>(347,903)</u>
Loss before contributions and transfers	<u>(4,259,029)</u>	<u>(3,828,854)</u>
Capital contributions	72,451	74,700
Capital contributions - connection fees	537,538	567,305
Transfers - net	(1,210,303)	4,282,478
Total contributions and transfers	<u>(600,314)</u>	<u>4,924,483</u>
Change in net assets	<u>(4,859,343)</u>	<u>1,095,629</u>
Net assets - beginning of year	7,343,595	6,247,966
Net assets - end of year	<u>\$ 2,484,252</u>	<u>\$ 7,343,595</u>

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	
	2009	2008
Cash flows from operating activities		
Received from customers and users	\$ 1,865,061	\$ 1,885,173
Payments to suppliers for goods and services	(5,110,487)	(3,105,190)
Payments to employees	(552,386)	(594,845)
Net cash from operating activities	(3,797,812)	(1,814,862)
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(311,569)	(1,622,964)
Capital contributions - connection fees received	537,538	567,305
Proceeds - bonds payable	6,363,273	-
Principal payments, net, on bond principal	(1,445,382)	(713,371)
Interest paid on notes and bonds payable	(311,057)	(281,728)
Transfers/contributions	(1,137,852)	4,359,203
Net cash from capital and related financing activities	3,694,951	2,308,445
Change in cash and cash equivalents	(102,861)	493,583
Cash and cash equivalents - beginning of year	2,027,257	1,533,674
Cash and cash equivalents - end of year	\$ 1,924,396	\$ 2,027,257
Reconciliation of operating loss to net cash from operating activities		
Operating loss	\$ (3,805,952)	\$ (3,480,951)
Adjustments to reconcile to net cash from operating activities:		
Allowance for doubtful accounts	(6,690)	8,310
Depreciation	812,179	850,208
Change in:		
Accounts receivable	(161,111)	113,640
Inventory	(29,555)	(1,630)
Customer deposits payable	18,616	12,817
Accounts payable and accrued liabilities	(625,299)	682,744
Net cash from operating activities	\$ (3,797,812)	\$ (1,814,862)

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, 2009**

		<u>Agency Funds</u>
	Assets	
Cash and cash equivalents		<u>\$ 319,586</u>
Total assets		<u>\$ 319,586</u>
	Liabilities	
Amounts held for social services clients		\$ 13,053
Amounts held for others		<u>306,533</u>
Total liabilities		<u>\$ 319,586</u>

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

Notes to Basic Financial Statements

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County of Isle of Wight, Virginia

Notes to Basic Financial Statements

June 30, 2009

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

The fund financial statements are provided to separately present governmental funds, proprietary funds and fiduciary funds (the latter being excluded from the government-wide financial statements, as noted above). Major individual governmental funds and major individual enterprise funds are reported separately in the fund financial statements with all other, 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 when earned and expenses are recognized when a liability is incurred. The fiduciary fund statements presented are agency funds and therefore have no measurement focus but utilize the accrual basis of accounting.

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

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

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major proprietary fund:

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

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

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

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

The County reports the following nonmajor governmental funds:

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

Fiduciary Funds - Agency Funds

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

Component Unit - School Board

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

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

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

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

Component Unit - Industrial Development Fund

The IDA is responsible for industrial and commercial development in the County. The IDA Board approves and adopts its annual budget. The IDA does not issue a separate financial report.

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".

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. The allowance for the General Fund was \$1,645,901 for the year ended June 30, 2009. The allowance for the Public Utilities Fund was \$55,070 and \$61,760 for the years ended June 30, 2009 and 2008, respectively.

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

While the assessed value of real estate for the County's ten largest taxpayers comprises 7.75% 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 statements.

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, 2009, the primary government had the following:

	Issuance Costs	Refunding Charges	Totals
Governmental Activities			
2003 G.O. Bonds	\$ 183,829	\$ 54,910	\$ 238,739
2004 G.O. Bonds	238,753	248,498	487,251
2005 G.O. Bonds	36,018	(518,246)	(482,228)
2008 G.O. Bonds	327,579	-	327,579
2009 G.O. Bonds	64,840	-	64,840
	851,019	(214,838)	636,181
Business-type Activities			
2005 G.O. Bonds	101,152	1,022,755	1,123,907
2008 G.O. Bonds	41,832	-	41,832
2009 G.O. Bonds	12,791	-	12,791
	155,775	1,022,755	1,178,530
Totals	\$ 1,006,794	\$ 807,917	\$ 1,814,711

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 extending asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There is no capitalized interest for the year ended June 30, 2009.

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

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. Designations of fund balances by specific purpose are as follows:

Designated for:	General Fund	Capital Projects Fund	Nonmajor Governmental Funds
Encumbrances	\$ 240,490	\$ 1,769,820	\$ 117,776
Cash proffers	266,865	-	-
Chesapeake Bay violations	18,150	-	-
Grants	112,817	-	-
VDOT revenue sharing	2,776,573	-	-
Capital projects	-	20,986,742	-
School capital projects	-	593,224	-
Economic development incentives	-	1,200,900	-
PACE program	-	2,110,118	-
Land preservation	-	770,225	-
Erosion and sediment control	-	5,000	-
Totals	\$ 3,414,895	\$ 27,436,029	\$ 117,776

L. Connection Fees

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

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.

N. Reclassifications

Certain reclassifications have been made to those 2008 financial statements presented herein to conform to the 2009 financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

O. New Accounting Principles

Effective with the financial report for the fiscal year ending June 30, 2009, the County has adopted the following statements of the Governmental Accounting Standards Board (GASB):

- GASB 45 - *Accounting and Financial Reporting by Employers Postemployment Benefits Other Than Pensions*. The impact of this pronouncement has been disclosed both on the face of the statements and the accompanying footnotes.
- GASB 49 - *Accounting for Financial Reporting for Pollution Remediation Obligations*. The impact of this pronouncement is disclosed in the *Commitment and Contingencies* footnote.

P. Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through February 16, 2010, the date the financial statements were available to be issued.

2. Stewardship, Compliance, and Accountability

- A. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain citizen comments.
- C. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- D. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

- E. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General, Special Revenue, Capital Projects, and Proprietary funds of the Primary Government and Component Unit - School Board.
- F. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- G. Appropriations 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.

3. Deposits and Investments

A. Deposits

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

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, 2009, 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 the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities.

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

Deposits	
Demand deposits	\$ 28,892,547
Cash on hand	13,240
Investments	
Virginia LGIP	22,472,097
U. S. Treasury bills	62,435
Total deposits and investments	\$ 51,440,319
Reconciliation to Statement of Net Assets	
Cash and cash equivalents	\$ 31,956,113
Restricted cash	19,484,206
	\$ 51,440,319

E. Custodial Credit Risk

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

4. Due To/From Other Governments

The County had receivables from other governments as follows:

	Primary Government	Component Unit - School Board	Totals
<u>Amounts Due From:</u>			
Commonwealth of Virginia			
Operating grants	\$ 154,283	\$ 651,688	\$ 805,971
Social Services department	11,294	-	11,294
Comprehensive Services	138,655	-	138,655
Supreme Court	126	-	126
Community Development Block Grant	10,431	-	10,431
Sales and Use tax	359,310	-	359,310
Noncategorical aid	39,887	-	39,887
Federal government			
Operating grants	-	304,495	304,495
Social Services department	23,900	-	23,900
P. D. Pruden Center	-	23,911	23,911
Town of Windsor	17,929	-	17,929
Town of Smithfield	56,027	-	56,027
Other	3,235	-	3,235
Isle of Wight County	-	3,883,935	3,883,935
Totals	\$ 815,077	\$ 4,864,029	\$ 5,679,106

5. Interfund Receivables, Payables and Transfers

	Due from Other Funds	Due to Other Funds
Primary Government		
General Fund	\$ -	\$ 419,478
Special Revenue Funds:		
Social Services	2,631	-
E911	417,047	-
Total	\$ 419,678	\$ 419,478

The following interfund operating transfers occurred:

	Transfers In	Transfers Out
Primary Government		
General Fund	\$ -	\$ 27,663,684
Capital Projects Fund	28,787,718	7,587,789
Special Revenue Funds:		
Social Services	962,142	-
Comprehensive Services	288,335	-
Section 8	45,712	-
County Fair	95,275	-
E-911	705,817	-
Total primary government	30,884,999	35,251,473
Proprietary Fund - Public Utilities	2,620,282	3,830,585
Component Unit - Industrial Development Authority	5,576,777	-
	\$ 39,082,058	\$ 39,082,058

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

6. Notes Receivable

A. Acquisition Notes

The County agreed to loan the IDA \$358,000 to finance the acquisition of an office building by the IDA. Interest on the outstanding principal balance of the note is due at a rate of 7% per annum. The outstanding principal balance of the note receivable at June 30, 2009 and 2008, is \$224,525 and \$246,569, 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, 2008	\$ 106,894
Additional loans during 2009	3,447
Principal repayments	(11,241)
Rehabilitation notes receivable at June 30, 2009	<u>\$ 99,100</u>

7. Lease Receivable

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

2010	\$	41,184
2011		41,184
2012		41,184
2013		41,184
2014		41,184
2015-2017		113,260
Total minimum lease payments		319,180
Less - amount representing interest		(70,295)
Present value of future payments (principal)	\$	248,885

Although International Paper intends to close its Franklin facility (see note 19) the Company has been actively engaged in marketing the facility. Nothing in its public statements or actions since the closure announcement would lead the County to conclude that International Paper will default on this lease.

8. Capital Assets

The following is a summary of changes in capital assets:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009
Primary Government				
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,720,055	\$ 6,708,170	\$ 5,576,777	\$ 8,851,448
Construction in progress	6,984,653	2,133,724	5,527,383	3,590,994
Total capital assets not being depreciated	14,704,708	8,841,894	11,104,160	12,442,442
Capital assets being depreciated				
Buildings - County	11,610,206	582,338	97,700	12,094,844
Buildings - jointly owned assets	44,816,629	-	69,903	44,746,726
Land improvements	1,712,802	4,745,749	-	6,458,551
Equipment	3,486,751	612,594	101,100	3,998,245
Vehicles	2,870,973	393,148	26,083	3,238,038
Total capital assets being depreciated	64,497,361	6,333,829	294,786	70,536,404
Less - accumulated depreciation				
Buildings - County	2,876,563	318,277	97,700	3,097,140
Buildings - jointly owned assets	7,064,513	852,134	-	7,916,647
Land improvements	567,945	85,016	-	652,961
Equipment	896,211	308,509	101,100	1,103,620
Vehicles	1,806,624	335,696	26,083	2,116,237
Total accumulated depreciation	13,211,856	1,899,632	224,883	14,886,605
Total capital assets being depreciated - net	51,285,505	4,434,197	69,903	55,649,799
Governmental activities capital assets - net	\$ 65,990,213	\$ 13,276,091	\$ 11,174,063	\$ 68,092,241

Discretely Presented Component Unit - School Board	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009
Capital assets not being depreciated				
Land	\$ 1,619,726	\$ -	\$ -	\$ 1,619,726
Construction in progress	843,696	6,170	843,696	6,170
Total capital assets not being depreciated	2,463,422	6,170	843,696	1,625,896
Capital assets being depreciated				
Buildings	32,156,090	2,052,738	(9,903)	34,218,731
Land improvements	7,776,225	1,763,453	(60,000)	9,599,678
Equipment	1,379,716	46,593	-	1,426,309
Vehicles	5,134,703	693,073	19,885	5,807,891
Total capital assets being depreciated	46,446,734	4,555,857	(50,018)	51,052,609
Less - accumulated depreciation				
Buildings	15,137,478	928,230	-	16,065,708
Land improvements	3,943,037	1,067,617	-	5,010,654
Equipment	993,279	46,566	-	1,039,845
Vehicles	3,829,561	317,036	12,593	4,134,004
Total accumulated depreciation	23,903,355	2,359,449	12,593	26,250,211
Total capital assets being depreciated - net	22,543,379	2,196,408	(62,611)	24,802,398
School Board capital assets - net	\$ 25,006,801	\$ 2,202,578	\$ 781,085	\$ 26,428,294

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

Governmental activities	
General government administration	\$ 232,950
Public safety	512,451
Public works	108,608
Health and welfare	37,560
Parks, recreation and culture	120,712
Community development	35,216
Education	852,135
Total depreciation expense - governmental activities	\$ 1,899,632
Component Unit - School Board	\$ 2,359,449

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, 2009, is that school financed assets net of accumulated depreciation in the amount of \$36,830,079 are reported in the primary government as "jointly owned assets" for financial reporting purposes.

Proprietary Funds	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009
Business-type activities				
Capital assets not being depreciated				
Land	\$ 181,240	\$ -	\$ -	\$ 181,240
Construction in progress	3,294,567	196,991	2,981,903	509,655
Total capital assets not being depreciated	3,475,807	196,991	2,981,903	690,895
Capital assets being depreciated				
Buildings	8,045,327	2,704,241	-	10,749,568
Land improvements	11,952,093	372,810	-	12,324,903
Equipment	502,980	-	-	502,980
Vehicles	218,992	19,430	-	238,422
Total capital assets being depreciated	20,719,392	3,096,481	-	23,815,873
Less - accumulated depreciation				
Buildings	1,931,206	160,534	-	2,091,740
Land improvements	5,287,801	609,206	-	5,897,007
Equipment	252,951	25,057	-	278,008
Vehicles	146,539	17,382	-	163,921
Total accumulated depreciation	7,618,497	812,179	-	8,430,676
Total capital assets being depreciated - net	13,100,895	2,284,302	-	15,385,197
Business-type activities capital assets - net	\$ 16,576,702	\$ 2,481,293	\$ 2,981,903	\$ 16,076,092

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

Business-type activities	
Administration	\$ 20,523
Water	405,360
Sewer	386,296
Total depreciation expense - business-type activities	\$ 812,179

Discretely Presented Component Unit

Industrial Development Authority (IDA)	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009
Capital assets not being depreciated				
Land	\$ 1,031,856	\$ 10,052,946	\$ 599,139	\$ 10,485,663
Construction in progress	4,194,698	-	4,194,698	-
Total capital assets not being depreciated	\$ 5,226,554	\$ 10,052,946	\$ 4,793,837	\$ 10,485,663
Capital assets being depreciated				
Building	-	55,000	-	55,000
Less - accumulated depreciation	-	550	-	550
Total capital assets being depreciated - net	-	54,450	-	54,450
IDA capital assets - net	\$ 5,226,554	\$ 10,107,396	\$ 4,793,837	\$ 10,540,113

Construction Commitments	Spent-to-date	Remaining Commitment
Industrial Park	\$ 6,022,890	\$ 568,323
New Courts/Clerk Building	1,896,382	21,730,618
Rushmere Volunteer Fire Department - expansion	64,675	635,325
Smithfield Volunteer Fire Department - new	403,309	4,604,691
Heritage Park- Fairgrounds	5,637,800	80,688
Isle of Wight Museum- Renovations	449,358	2,546
Nike Park- Soccer Fields	198,332	21,668
Animal Shelter- New Expansion	30,338	1,527,162
Camptown/Carrsville Public Utilities Improvements	291,581	2,708,419
Carrisbrooke Water System	51,796	373,204
Rt. 58 Water/ Sewer Extension	158,548	3,191,452
CSX/ Sewer Force Main	45,099	454,901
	<u>\$ 15,250,108</u>	<u>\$ 35,898,997</u>

9. Long-Term Liabilities

The following is a summary of changes in noncurrent liabilities:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 53,127,323	\$ 27,760,100	\$ 12,461,672	\$ 68,425,751	\$ 3,139,510
Literary loans	3,000,000	-	250,000	2,750,000	250,000
Capital leases	65,276	-	55,724	9,552	9,552
Note payable	32,521	-	7,729	24,792	7,985
Compensated absences	730,531	865,880	529,879	1,066,532	106,653
Closure costs	466,579	573,238	159,304	880,513	317,793
Deferred charges - bond premiums	403,117	20,210	37,131	386,196	37,476
Total Governmental Activities	<u>\$ 57,825,347</u>	<u>\$ 29,219,428</u>	<u>\$ 13,501,439</u>	<u>\$ 73,543,336</u>	<u>\$ 3,868,969</u>
Business-Type Activities					
General obligation bonds	\$ 11,127,706	\$ 6,363,273	\$ 1,347,103	\$ 16,143,876	\$ 148,475
Compensated absences	27,848	45,362	24,273	48,937	4,894
Deferred charges - bond premiums	198,131	2,988	14,937	186,182	13,959
Total Business-Type Activities	<u>\$ 11,353,685</u>	<u>\$ 6,411,623</u>	<u>\$ 1,386,313</u>	<u>\$ 16,378,995</u>	<u>\$ 167,328</u>
Discretely Presented Component Units					
School Board					
Compensated absences	\$ 652,980	\$ 414,689	\$ 414,440	\$ 653,229	\$ 65,323
Industrial Development Authority					
Note payable	\$ 246,569	\$ -	\$ 22,044	\$ 224,525	\$ 23,556

A. General Obligation Bonds

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

	<u>Amount Outstanding</u>
<i>General Obligation Bonds of 2009A</i> - \$3,304,600 dated April, 2009, principal is payable in various annual installments through 2020. Interest is payable semi-annually at a fixed rate of 3.5%. The bond's purpose was to refund substantially all of the County's outstanding general obligation series 1996, 1997A and 1997B.	\$ 3,304,627
<i>General Obligation Bonds of 2008B</i> - \$25,000,000 dated December 2008, principal is payable in various annual installments through 2032. Interest payable semi-annually at a rate that varies from 4% to 6% over the life of the bond. The bonds are being used to finance continuation of public utility improvements begun under the Series 2008A bond, various economic development projects, a new County courts building, and other public safety and fire/rescue construction and renovation projects.	25,000,000
<i>General Obligation Bonds of 2008A</i> - \$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.	9,665,000
<i>General Obligation Bonds of 2005</i> - \$13,880,000 dated August 2005, principal payable in various annual installments through 2022, interest payable semi-annually at coupon rates from 3% to 5%. The proceeds were used for the purpose of an advance refunding of a portion of the outstanding balance of the 1995 and 1997 Series Bonds. The bonds were issued at a \$316,290 premium which is being amortized over the life of the bonds. The repayment of the bonds is allocated between governmental and business-type activities.	12,395,000
<i>General Obligation Bonds of 2004</i> - \$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.	24,330,000
Total (carried forward)	\$ 74,694,627

Total (brought forward)

\$ 74,694,627

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

8,895,000

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%. This bond was partially refunded by GOB 2009A.

980,000

Total General Obligation Bonds Outstanding as of June 30, 2009

\$ 84,569,627

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

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 3,139,510	\$ 3,168,573	\$ 148,475	\$ 681,263	\$ 3,287,985	\$ 3,849,836
2011	3,319,875	3,065,491	730,125	625,471	4,050,000	3,690,962
2012	4,445,476	2,910,514	754,525	598,521	5,200,001	3,509,035
2013	3,907,252	2,715,622	936,948	567,343	4,844,200	3,282,965
2014	4,010,211	2,560,986	972,089	532,070	4,982,300	3,093,056
2015-2019	17,181,320	10,542,230	5,351,380	2,099,179	22,532,700	12,641,409
2020-2024	17,422,060	6,387,276	4,853,340	1,104,110	22,275,400	7,491,386
2025-2029	10,308,360	2,683,130	1,666,640	431,053	11,975,000	3,114,183
2030-2032	4,691,687	437,321	730,354	64,654	5,422,041	501,975
	<u>\$ 68,425,751</u>	<u>\$ 34,471,143</u>	<u>\$ 16,143,876</u>	<u>\$ 6,703,664</u>	<u>\$ 84,569,627</u>	<u>\$ 41,174,807</u>

B. Literary Loans

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

The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2010	\$ 250,000	\$ 82,500
2011	250,000	75,000
2012	250,000	67,500
2013	250,000	60,000
2014	250,000	52,500
2015-2019	1,250,000	150,000
2020	250,000	7,500
	<u>\$ 2,750,000</u>	<u>\$ 495,000</u>

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.

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
2010	\$ 7,985	\$ 1,368
2011	8,258	834
2012	8,549	281
	<u>\$ 24,792</u>	<u>\$ 2,483</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
2010	\$ 23,556	\$ 14,222
2011	25,171	12,606
2012	26,897	10,881
2013	28,742	9,036
2014	30,712	7,066
2015-2017	89,447	8,150
	<u>\$ 224,525</u>	<u>\$ 61,961</u>

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
2010	\$ 9,599
Less amount representing interest	(47)
Present value principal	<u>\$ 9,552</u>

The recorded cost of capital assets under the capital lease agreement is \$255,681. Accumulated depreciation on these capital assets at June 30, 2009, is \$148,355.

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 for deputies (1.85% for eligible law enforcement officers, sheriffs, and firefighters). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation.

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

The VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the VRS. A copy of the report is available on our web site at <http://www.varetire.org/Pdf/Publications/2008annurept.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, 2009, was 8.80% and 10.21%, 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, 2009, 2008, and 2007, were \$4,069,066, \$4,256,470, and \$3,719,126 respectively. The School Board contributed 100% of required contributions to the pool for the fiscal year ended June 30, 2009, and each of the two preceding fiscal years.

C. Annual Pension Cost

For the fiscal year ended June 30, 2009, the County and School Board's annual pension costs of \$1,350,248 and \$410,546, 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, 2008, 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		
2009	\$ 1,350,248	100.00 %
2008	\$ 1,122,421	100.00 %
2007	\$ 1,059,391	100.00 %
School Board Nonprofessional Employees		
2009	\$ 410,546	100.00 %
2008	\$ 398,798	100.00 %
2007	\$ 205,392	100.00 %

E. Notes to Schedule of Employer Contributions

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	6/30/2008
Actuarial cost method	Entry Age Normal
Amortization method	Level, Percent, Open
Payroll growth rate	3.0%
Amortization period	20 Years From Valuation Date
Asset valuation method	Five-Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return *	7.50%
Projected salary increases: *	
1.) Non-LEO	3.75% to 5.60%
2.) LEO employees	3.50% to 4.75%
Cost of living adjustment	2.50%

* Includes inflation of 2.50%

12. Other Post Employment Benefit (OPEB) Plans

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

A. Plan Provisions

In addition to providing the pension benefits described in Note 11, the County and Public Schools provide postemployment health care (OPEB) for qualifying retired employees who are not yet eligible for Medicare through single-employer defined benefit plans. The benefits, benefit levels, employee contributions and employer contributions are governed by the County and Public Schools and can be amended through their personnel manuals.

B. Funding Policy

The County and Public Schools do not intend to establish a trust to pre-fund this liability. The anticipated growth in the net OPEB obligation is based on contributions to the benefit plan on a pay-as-you-go cost basis. The actuarial study used the fresh start method of amortization for the unfunded actuarial accrued liability each year for this projection. The data has been projected into the future based on the assumption the current active population remains constant. In addition, the estimated contributions are based on the implicit rate subsidy payments made during the year by the retirees.

C. Plan Description

Currently, covered full-time active employees who retire directly from the County, are eligible to receive an early or regular retirement benefit from the VRS and have at least 15 years of service (or have retired due to line-of-duty injuries) are eligible to receive post retirement health care benefits. Each year, retirees participating in the County's sponsored plans will be given the opportunity to change plans or drop coverage during an open enrollment period. The pre-Medicare retirees have a choice of two plans: Key Care and Health Keepers Plans. Post-Medicare retirees and spouses of retirees are not eligible to participate. Dental plans are available at the retiree's cost and it is assumed for both the County and the Schools that participant dental contributions cover any dental claims that may occur. Therefore, there is no GASB 45 liability for dental plan coverage in retirement. There were 5 County participants at the time of the actuarial study. Since the retirees contribute towards their health insurance premiums based on a blended rate, the County has an implicit liability.

For Public Schools, the retiree must also retire directly from the Schools and be eligible to receive an early or regular retirement benefit from the VRS. Post-Medicare retirees are not eligible to participate. Spouses of retirees may participate until they are eligible for Medicare. The Public Schools provide a single-employer defined benefit medical plan that covers retirees until they are eligible for Medicare. There is no coverage provided for retirees or their spouses once they reach the age of 65 and are eligible for Medicare. Both plans were established under the authority of the Isle of Wight County School Board and any amendments to the plans must be approved by the School Board. The Public Schools' current membership is 23.

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

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

Employees may retire with a reduced pension benefit at either age 50 and 10 years of service or age 55 and 5 years of service.

D. Annual OPEB Costs and Net OPEB Obligations

The net OPEB obligation as of June 30, 2009, was calculated as follows:

Governmental Activities

Discount Rate	4.00%
Annual required contribution (ARC)	\$ 139,490
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB Cost	<u>139,490</u>
Estimated Pay-As-You-Go Annual Employer Contribution	<u>(25,586)</u>
Net OPEB Obligation, June 30, 2009	<u>\$ 113,904</u>

Business-Type Activities

Discount Rate	4.00%
Annual required contribution (ARC)	\$ 4,984
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB Cost	<u>4,984</u>
Estimated Pay-As-You-Go Annual Employer Contribution	<u>(914)</u>
Net OPEB Obligation, June 30, 2009	<u>\$ 4,070</u>

Component Unit - Public Schools

Discount Rate	4.00%
Annual required contribution (ARC)	\$ 828,983
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB Cost	<u>828,983</u>
Estimated Pay-As-You-Go Annual Employer Contribution	<u>(164,800)</u>
Net OPEB Obligation, June 30, 2009	<u>\$ 664,183</u>

E. Actuarial Methods and Assumptions

Valuation Methods

The Entry Age Normal actuarial cost method was used to calculate all of the expense amounts and the funded status of the plan. The calculations were performed in accordance with the methodologies set forth in GASB Statement No. 45. This method assigns the plan's total actuarial present value of future benefits to various periods. The actuarial accrued liability is assigned to years prior to the valuation, and the normal cost is assigned to the year following the valuation. The remaining costs are assigned to future years.

Employees Included in the Calculations

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

Actuarial Assumptions

In the July 1, 2008, actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included calculations based on a discount rate of 4.0% for the unfunded liability and amortization of the initial unfunded actuarial liability over 30 years based on a level percent of payroll method. The actuarial accrued liability was \$881,822 and \$6,503,857 for the County and the Public Schools, respectively. Future increases for the cost of medical benefits were assumed to range from 5.0% to 9.0% with the larger increases in the early years and gradually decreasing to 5.0% in 2014 and beyond. It should be noted actuarial calculations reflect a long-term perspective and, therefore, actuarially determined amounts are subject to revision as results are compared to past expectations and new estimates are made about the future.

F. Schedule of Funding Progress

Actuarial valuation date July 1, 2008	Actuarial value of assets	Actuarial accrued liability (AAL) project unit credit	Unfunded actuarial accrued liability (UAAL)	Funding Ratio	Covered Payroll	UAAL, as a percentage of covered payroll
Governmental activities	\$ -	\$ 853,578	\$ 853,578	-	\$10,252,769	8.3%
Business-type activities	\$ -	\$ 28,244	\$ 28,244	-	\$ 395,051	7.1%
Component Unit - Public Schools	\$ -	\$ 6,503,857	\$ 6,503,857	-	\$32,689,896	19.9%

G. Schedule of Employer Contributions

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

13. Commitments and Contingent Liabilities

A. Post Closure Landfill Costs

State and federal laws and regulations require the County to perform certain continuing maintenance and monitoring functions subsequent to the closure of a landfill site. The County ceased accepting solid waste at its landfill in 1987 and completed initial closure measures in that same year. The County closed its landfill prior to the date mandated by state and federal law and regulation, and, therefore, was only liable for post-closure monitoring. During fiscal year 2006, the County was deemed to be in violation of the Virginia Solid Waste Management Regulations and the approved Closure Plan. The County submitted a corrective action plan to the Department of Environmental Quality. The estimated total cost of the post-closure monitoring and maintenance is \$880,513 based on the expected cost for all equipment, facilities and services required to monitor and maintain the former landfill. This represents an increase over 2008 due to increased costs of state permits, increased laboratory fees, addition of a Post-Closure consulting contract and the need to contract for repairs to the landfill cap. During 2008, the County provided for additional financial assurance in the amount of \$1,000,000. For the year ended June 30, 2009, the County expended \$159,304 in post-closure costs.

B. Underground Storage Tank

In January 2001, petroleum contamination was encountered on the western edge of the County complex in Isle of Wight. This was traced to a leaking 1,000 gallon underground storage tank containing heating oil. The tank was closed and an investigation conducted to delineate the extent of contamination. Although contamination appeared to be confined to the immediate vicinity, two 4 inch recovery wells and ten 2 inch monitoring wells were installed on the site. On July 2, 2003, the Department of Environmental Quality (DEQ) approved a Corrective Action Plan (CAP) calling for removal of free product by Fluid Vapor Recovery and passive skimmers and, periodic sampling of groundwater and tap water. The endpoint for this CAP is a free product thickness of less than 0.01 feet in all wells maintained for six consecutive months. The County must continue to recover free product on a monthly basis and submit CAP Implementation reports on a quarterly basis until this endpoint is met. A total of 1,265 gallons of free product have been recovered to date and the free product appears to be confined to only two wells. The county expends approximately \$28,000 per year on recovery and expects to be doing so for the next three to five years.

C. Risk Management

The County and School Board are exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. For worker's compensation, the County participates with other localities through the Virginia Municipal League in a public entity risk pool. The County pays an annual premium to the pool for its share of the cost of the insurance. The County and School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

The School Health Benefits Internal Service Fund was established to account for the School Board's group health insurance. The School Board provides insurance benefits from this fund through its third-party administrator. The School Board pays the basic premiums for the employees' coverage into the fund and allows employees to select additional benefits for themselves and their dependents with premiums paid by the employees for such additional benefits. Contracted insurance providers receive disbursements from the fund based on monthly enrollment and premium calculations. All funds are available to pay claims, claim reserves and administrative costs of the program. The medical claims liability includes an estimate of \$409,540 for incurred but not reported claims.

D. Contingencies

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

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

14. 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

15. 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, 2009, the County contributed \$160,272 to the operations of the WTCSB and \$603,748 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 \$1,774,907 for fiscal year 2009. Additionally in fiscal year 2009, the County contributed approximately \$542,000 to the Authority for its share of capital costs incurred by the Authority.

16. 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, 2009, the payment made to the City of Franklin were \$1,274,706.

17. 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, 2009, deferred revenues were \$1,484,481. Of this amount, \$702,335 represents uncollected tax billings not available for funding of current expenditures and \$767,310 represents the receipt of payments on a tax assessment not yet due. The balance of \$14,836 represents advance payment of fees for parks and recreation programs.

18. Personal Property Tax Relief Act of 1998

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

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

19. Subsequent Events

Impending Closure of International Paper Plant

On October 22, 2009, International Paper announced that it would close its paper mill in the County near the City of Franklin. The mill employs approximately 1100 people and is the largest single property taxpayer in the County. The plant (and related businesses) account for 6.4% of the County's total revenue. Approximately \$985,000 in revenue losses are expected to occur in FY 2011 and approximately \$6.2 million in revenue losses during FY 2012. When closure is complete, the revenue loss will be partially offset by a reduction in the County's revenue sharing payment to the City of Franklin of approximately \$1 million (see Note 16).

Board Resolution

On July 2, 2009, the County Board of Supervisors resolved to acquire, construct and equip various capital improvements as approved in the Fiscal Year 2009-10 Capital Budget, and resolved to advance funds from the General or Capital Projects Funds to pay for these capital improvements prior to incurring new indebtedness and to receive reimbursement for such expenditures from the proceeds of such future tax-exempt and/or taxable bonds.

Construction Contract

On July 2, 2009, the County authorized a construction contract for \$816,000 for the construction of an elevated water storage tank for the County court building.

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Required Supplementary Information

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

Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Primary Government				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property	\$ 21,269,000	\$ 21,269,000	\$ 22,320,411	\$ 1,051,411
Real and personal public service corporation property	1,160,000	1,160,000	1,059,316	(100,684)
Personal property	7,400,000	7,400,000	7,568,469	168,469
Boat	190,000	190,000	236,551	46,551
Mobile home	120,000	120,000	112,703	(7,297)
Machinery and tools	7,000,000	7,000,000	7,363,782	363,782
Penalties	200,000	200,000	309,339	109,339
Interest and other costs	100,000	100,000	161,664	61,664
Total general property taxes	37,439,000	37,439,000	39,132,235	1,693,235
Other local taxes:				
Local sales and use	2,035,000	2,035,000	2,019,600	(15,400)
Consumer's utility	904,000	904,000	841,343	(62,657)
Communications sales and use	1,556,000	1,556,000	1,389,159	(166,841)
Lodging	25,000	25,000	20,958	(4,042)
Business license	423,000	423,000	364,827	(58,173)
Motor vehicle licenses	514,000	514,000	557,858	43,858
Recordation and wills	550,000	550,000	590,811	40,811
Consumption	165,000	165,000	141,951	(23,049)
Bank franchise tax	-	-	6,657	6,657
Meals tax	258,000	258,000	238,106	(19,894)
Total other local taxes	6,430,000	6,430,000	6,171,270	(258,730)
Permits, fees and licenses:				
Annual licenses	15,000	15,000	22,859	7,859
Transfer fees	1,500	1,500	1,121	(379)
Zoning and subdivision fees	125,000	125,000	61,558	(63,442)
Building permits	300,000	300,000	219,957	(80,043)
Concealed weapon permits	5,000	5,000	9,170	4,170
Inspection fees	80,000	80,000	5,700	(74,300)
Cash proffers	500,000	500,000	105,709	(394,291)
Total permits, fees and licenses	1,026,500	1,026,500	426,074	(600,426)
Fines and forfeitures	45,000	45,000	65,772	20,772
Total fines and forfeitures	45,000	45,000	65,772	20,772
Revenues from use of money and property:				
Revenues from use of money	1,300,000	1,300,000	319,417	(980,583)
Revenues from use of property	74,000	74,000	78,924	4,924
	1,374,000	1,374,000	398,341	(975,659)
Miscellaneous:				
Miscellaneous	69,733	69,733	69,160	(573)
Gifts and donations	50,000	72,000	22,100	(49,900)
Total miscellaneous	119,733	141,733	91,260	(50,473)

County of Isle of Wight, Virginia

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

Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Charges for services:				
Court costs	80,000	80,000	76,380	(3,620)
Charges for Commonwealth's attorney	5,700	5,700	3,170	(2,530)
Charges for sanitation and waste removal	4,000	4,000	4,080	80
Charges for parks and recreation	242,116	242,116	215,434	(26,682)
Charges for building construction court fee	20,000	20,000	19,220	(780)
Charges for law enforcement and other protection	4,700	4,700	3,920	(780)
Charges for emergency medical services	675,000	675,000	570,363	(104,637)
Charges for maps	1,500	1,500	7963	6,463
Total charges for services	1,033,016	1,033,016	900,530	(132,486)
Recovered costs:				
IOWAA, Camp Foundation, Park & Rec	328,770	328,770	372,554	43,784
Indirect cost allocation	80,000	80,000	82,441	2,441
Court costs	35,000	35,000	116,397	81,397
Other	38,830	38,830	164,006	125,176
Total recovered costs	482,600	482,600	735,398	252,798
Other funding sources:				
Proceeds from bond issuance	850,000	36,348,247	25,102,717	(11,245,530)
Total other funding sources	850,000	36,348,247	25,102,717	(11,245,530)
Total revenues from local sources	48,799,849	84,320,096	73,023,597	(11,296,499)
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	360,000	259,713	103,017	(156,696)
Total noncategorical aid	5,475,890	5,375,603	5,218,907	(156,696)
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	290,000	362,500	323,680	(38,820)
Sheriff	1,274,475	1,274,475	1,227,449	(47,026)
Commissioner of the Revenue	152,752	152,752	150,876	(1,876)
Treasurer	146,900	146,900	144,007	(2,893)
Medical examiner	200	200	-	(200)
Registrar/electoral board	58,000	58,000	55,110	(2,890)
Clerk of the Circuit Court	300,000	300,000	287,981	(12,019)
Total shared expenses	2,222,327	2,294,827	2,189,103	(105,724)
Other categorical aid:				
Fire program funds	47,000	57,303	57,303	-
Fire program training	-	9,138	-	(9,138)
Four for life	28,500	37,137	37,137	-
Court appointed services advocate	40,000	43,250	43,250	-
SRO - Smithfield	-	40,810	25,722	(15,088)
Litter control	-	9,599	9,599	-
Victim witness	-	43,557	43,557	-
Virginia Port Authority	-	44,000	-	(44,000)
Purchase of agriculture development rights	-	453,119	-	(453,119)
Bicycle/pedestrian trail	-	647,000	543	(646,457)
Technology trust fund	-	49,680	49,680	-
DEQ litter recycling	-	28,000	19,600	(8,400)
Plastic bag/litter education	-	2,000	2,000	-
Other	-	219,400	213,687	(5,713)
Total other categorical aid	115,500	1,683,993	502,078	(1,181,915)
Total categorical aid	2,337,827	3,978,820	2,691,181	(1,287,639)
Total revenues from the Commonwealth	7,813,717	9,354,423	7,910,088	(1,444,335)

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

Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue from the federal government				
Home Program	-	81,342	80,253	(1,089)
COPS Technology	-	130,012	98,426	(31,586)
DMV Selective Enforcement	-	22,314	2,667	(19,647)
V-STOP	-	27,632	25,073	(2,559)
Other	-	36,978	8,644	(28,334)
Total revenues from the federal government	-	298,278	215,063	(83,215)
Total general fund revenues	\$ 56,613,566	\$ 93,972,797	\$ 81,148,748	\$ (12,824,049)
General government administration				
Legislative				
Board of supervisors	\$ 273,603	\$ 296,558	\$ 308,374	\$ (11,816)
General and financial administration				
Budget and finance	489,866	501,960	443,572	58,388
Commissioner of the revenue	557,944	579,003	578,224	779
Communications	126,067	137,867	120,894	6,973
County administrator	625,727	628,834	628,242	592
County attorney	430,103	506,603	509,318	(2,715)
Human resources	283,798	338,689	272,101	66,588
Information technology/ GIS	716,557	830,156	720,379	109,777
Insurance	266,750	266,750	293,711	(26,961)
Real estate assessment	12,030	12,030	28,129	(16,099)
Treasurer	521,124	532,061	513,453	18,608
Total general and financial administration	4,029,966	4,323,953	4,108,023	215,930
Board of elections				
Registrar/electoral board and officials	185,124	185,727	187,121	(1,394)
Total board of elections	185,124	185,727	187,121	(1,394)
Total general government administration	4,488,693	4,806,238	4,603,518	202,720
Judicial administration:				
Courts:				
Circuit Court	36,220	36,760	30,923	5,837
General District Court	7,250	7,250	4,082	3,168
Fifth District Court services unit	114,134	219,134	208,768	10,366
Juvenile and Domestic Relations District Court	11,025	11,025	9,854	1,171
Clerk of the Circuit Court	405,168	405,469	388,163	17,306
Technology Trust Fund	-	49,680	-	49,680
Total courts	573,797	729,318	641,790	87,528
Commonwealth's Attorney	337,586	439,686	392,805	46,881
Total Commonwealth's Attorney	337,586	439,686	392,805	46,881
Total judicial administration	911,383	1,169,004	1,034,595	134,409

County of Isle of Wight, Virginia

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

Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety				
Law enforcement and traffic control:				
Sheriff	3,113,553	3,136,457	3,021,148	115,309
Sheriff auxiliary	5,000	2,000	2,071	(71)
Total law enforcement and traffic control	3,118,553	3,138,457	3,023,219	115,238
Fire and rescue services:				
Emergency services	1,420,819	1,715,175	1,585,934	129,241
Volunteer fire department	299,017	299,017	299,017	-
Ambulance and rescue service	286,432	288,432	289,330	(898)
Total fire and rescue services	2,006,268	2,302,624	2,174,281	128,343
Inspections - building	510,352	512,618	486,995	25,623
Total inspections - building	510,352	512,618	486,995	25,623
Other protection:				
Animal control	219,491	227,388	229,538	(2,150)
Emergency management (civil defense)	10,506	11,059	8,040	3,019
Four for life	-	50,736	50,719	17
Fire prevention	28,500	37,137	37,136	1
DMV selective enforcement	47,000.00	66,441	57,303	9,138
SRO - Windsor/Smithfield	-	22,314	14,551	7,763
COPS technology	-	40,810	43,818	(3,008)
Homeland Security/Terrorism Prevention Program	-	86,878	67,065	19,813
Western Tidewater Regional Jail	65,581.00	65,581	32,791	32,790
Other protection	8,579	50,557	24,203	26,354
Total other protection	379,657	658,901	565,164	93,737
Total public safety	6,014,830	6,612,600	6,249,659	362,941
General services:				
General administration	121,307	121,652	123,958	(2,306)
Engineering division	608,238	606,637	480,404	126,233
Total administration	721,545	728,289	604,362	123,927
General services:				
Maintenance of highways, streets, bridges and sidewalks:				
Roadway beautification	11,750	16,123	14,590	1,533
Road improvements	-	494,929	494,929	-
Total maintenance of highways, streets, bridges and sidewalks	11,750	511,052	509,519	1,533
Sanitation and waste removal:				
Refuse collection	992,324	994,528	946,529	47,999
Refuse disposal	2,012,210	2,416,210	2,407,254	8,956
Total sanitation and waste removal	3,004,534	3,410,738	3,353,783	56,955
Maintenance of general buildings and grounds:				
General properties	1,339,170	1,381,016	1,551,734	(170,718)
Transportation/maintenance	146,000	136,772	122,264	14,508
Litter control	-	9,599	5,607	3,992
DEQ oil tank clean up	-	18,991	27,746	(8,755)
Total maintenance of general buildings and grounds	1,485,170	1,546,378	1,707,351	(160,973)
Total general services	5,222,999	6,196,457	6,175,015	21,442

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

Year Ended June 30, 2009

	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	-	2,685	2,400	285
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	14,596	58,153	59,148	(995)
State and local hospitalization	15,210	15,210	12,864	2,346
Suffolk Homeless Shelter	8,500	8,500	8,500	-
Court Appointed Special Advocate	67,590	107,582	97,465	10,117
Juvenile Accountability Program	44,183	49,512	47,246	2,266
V-STOP	3,405	33,595	21,431	12,164
Commission on Aging	1,700	1,700	1,700	-
Western Tidewater Free Clinic	5,150	5,150	5,150	-
Obichaster Obesity Reduction Program	-	31,263	3,692	27,571
Early Childhood Council	31,250	31,250	31,250	-
Other	2,780	108,025	61,829	46,196
Total health and welfare	851,665	1,109,926	1,070,976	99,950
Education:				
Local contribution	24,529,990	25,161,053	23,474,607	1,686,446
Total education	24,529,990	25,161,053	23,474,607	1,686,446
Parks, recreation and cultural:				
Parks and recreation	922,850	980,782	890,292	90,490
Skating rink	117,448	118,001	97,527	20,474
Virginia Port Authority	-	44,000	-	44,000
Bicycle/pedestrian trail	-	647,000	1,211	645,789
Parks and recreation programs	225,655	232,683	158,252	74,431
Other parks and recreation	-	-	-	-
Total parks and recreation	1,265,953	2,022,466	1,147,282	875,184
Cultural enrichment:				
Historic Resources Division	270,051	328,323	294,467	33,856
Cultural Arts Organizations	6,000	11,000	11,000	-
Total cultural enrichment	276,051	339,323	305,467	33,856
Library:				
Community College	6,500	6,500	6,500	-
Library administration	603,748	603,748	603,748	-
Total library	610,248	610,248	610,248	-
Total parks, recreation and cultural	2,152,252	2,972,037	2,062,997	909,040
Community development:				
Planning				
Planning	848,170	890,697	866,483	24,214
Economic development	423,058	423,058	418,276	4,782
Tourism	373,909	401,083	399,106	1,977
Chamber of Commerce	16,000	16,000	16,000	-
Purchase of agriculture development rights	-	453,119	-	453,119
Other	-	150,385	98,843	51,542
Total planning	1,661,137	2,334,342	1,798,708	535,634

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

Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Environmental management	27,500	29,460	29,460	-
Total environmental management	27,500	29,460	29,460	-
Cooperative extension program	59,962	59,962	31,759	28,203
Pesticide recycling program	-	1,875	1,728	147
Total cooperative extension program	59,962	61,837	33,487	28,350
Total community development	1,748,599	2,425,639	1,861,655	563,984
Nondepartmental				
Annexation settlement payment	1,150,000	1,275,000	1,274,706	294
Other	156,350	112,827	63,912	48,915
Total nondepartmental	1,306,350	1,387,827	1,338,618	49,209
Debt service:				
Principal retirement	4,260,599	4,260,599	4,260,599	-
Interest and other charges	2,405,230	2,405,230	2,405,230	-
Total debt service	6,665,829	6,665,829	6,665,829	-
Other financing uses:				
Transfers to Capital Projects Funds	3,400,000	38,248,164	28,787,718	9,460,446
Transfers to Special Revenue Funds	2,009,880	2,170,174	2,097,131	73,043
Transfers to Public Utilities Fund	923,096	1,157,921	1,236,542	(78,621)
Bond issuance costs	-	-	352,213	(352,213)
Transfers to reserves	500,000	500,000	-	500,000
Total other financing uses	6,832,976	42,076,259	32,473,604	9,602,655
Total general fund expenditures	\$ 64,725,566	\$ 100,582,869	\$ 86,950,073	\$ 13,632,796
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (4,112,000)	\$ (6,610,072)	\$ (5,801,325)	\$ 808,747
Fund balance- beginning of year	22,252,277	22,252,277	22,252,277	-
Fund balance- end of year	\$ 18,140,277	\$ 15,642,205	\$ 16,450,952	\$ 808,747

Unaudited - see accompanying report of independent auditors.

County of Isle of Wight, Virginia

Schedule of Funding Progress for Defined Benefit Pension Plans

Year Ended June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets	Over (Under)			Funded Ratio	Annual Covered Payroll	Over (Under) Funded Liability as Percentage of Payroll
		Actuarial Accrued Liability	Funded Actuarial Accrued Liability	Funded Ratio			
County Employees							
6/30/2008	\$	23,701,941	\$	25,763,980	\$	(2,062,039)	
6/30/2007	\$	21,234,939	\$	21,912,243	\$	(677,304)	(20.57%)
6/30/2006	\$	18,648,597	\$	19,633,698	\$	(985,101)	(7.53%)
6/30/2005	\$	17,425,682	\$	19,283,630	\$	(1,857,948)	(11.90%)
6/30/2004	\$	16,822,166	\$	16,276,480	\$	545,686	(25.34%)
						103.35%	8.49%
School Board - Nonprofessional Employees							
6/30/2008	\$	4,082,487	\$	4,844,914	\$	(762,427)	
6/30/2007	\$	3,551,672	\$	4,237,483	\$	(685,811)	(24.26%)
6/30/2006	\$	3,182,650	\$	3,852,599	\$	(669,949)	(46.55%)
6/30/2005	\$	2,970,946	\$	3,955,050	\$	(984,104)	(49.98%)
6/30/2004	\$	2,859,269	\$	3,716,570	\$	(857,301)	(69.66%)
						76.93%	(65.27%)

Unaudited - see accompanying report of independent auditors.

*County of Isle of Wight, Virginia**Schedule of Employer Contributions for Defined Benefit Pension Plans***Year Ended June 30, 2009**

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

County Employees

2009	\$ 1,350,248	100%
2008	\$ 1,122,421	100%
2007	\$ 1,059,391	100%
2006	\$ 515,137	100%
2005	\$ 468,725	100%

School Board Nonprofessional Employees

2009	\$ 410,546	100%
2008	\$ 398,798	100%
2007	\$ 205,392	100%
2006	\$ 197,971	100%
2005	\$ 199,867	100%

Unaudited - see accompanying report of independent auditors.

Other Supplementary Information

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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, 2009

	Capital Projects			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenue from use of property	\$ -	\$ -	\$ 163,666	\$ 163,666
Total revenues	-	-	163,666	163,666
Expenditures				
General government administration	25,000	19,868,346	1,237,728	18,630,618
Public safety	1,930,000	9,794,147	1,134,421	8,659,726
General services	220,000	188,580	184,817	3,763
Health and Welfare	-	-	25,000	(25,000)
Education	25,000	25,000	33,913	(8,913)
Parks, recreation and cultural	-	677,889	1,941,698	(1,263,809)
Community development	-	2,645,172	1,772,700	872,472
Nondepartmental	250,000	8,633,131	-	8,633,131
Total expenditures	2,450,000	41,832,265	6,330,277	35,501,988
Excess (deficiency) of revenues over expenditures	(2,450,000)	(41,832,265)	(6,166,611)	35,665,654
Other financing sources (uses)				
Operating transfers in	3,400,000	46,061,564	28,787,718	(17,273,846)
Operating transfers out	(454,985)	(454,985)	(7,587,789)	(7,132,804)
Total other financing sources	2,945,015	45,606,579	21,199,929	(24,406,650)
Excess of revenues and other financing sources over expenditures and other financing uses	495,015	3,774,314	15,033,318	11,259,004
Fund balances - beginning of year	10,345,757	10,345,757	12,402,711	2,056,954
Fund balances - end of year	\$ 10,840,772	\$ 14,120,071	\$ 27,436,029	\$ 13,315,958

County of Isle of Wight, Virginia

Combining Balance Sheets -
Nonmajor Governmental Funds

June 30, 2009

	DSS	Comprehensive Services Fund	E-911 Fund	Community Development Block Grant	Section 8	Asset Forfeitures Fund	County Fair Fund	Museum Fund	Totals
Assets									
Cash and investments	\$ -	\$ -	\$ -	\$ 118,870	\$ -	\$ 24,402	\$ -	\$ 36,198	\$ 179,470
Restricted cash	-	-	-	62,435	-	-	-	-	62,435
Accounts receivable	-	-	-	-	13,846	-	500	-	14,346
Due from other governments	35,194	138,655	77,192	10,431	-	-	-	-	261,472
Due from other funds	2,631	-	417,047	-	-	-	-	-	419,678
Prepaid expenses	-	-	-	-	-	-	4,344	-	4,344
Notes receivable	-	-	-	99,100	-	-	-	-	99,100
Inventory	-	-	-	-	-	-	-	29,441	29,441
Total assets	\$ 37,825	\$ 138,655	\$ 494,239	\$ 290,836	\$ 13,846	\$ 24,402	\$ 4,844	\$ 65,639	\$ 1,070,286
Liabilities and Fund Balances									
Accounts payable	\$ 37,825	\$ 138,655	\$ 228,441	\$ -	\$ 13,846	\$ -	\$ 104,776	\$ 46	\$ 523,589
Deferred revenues	-	-	-	-	-	-	14,836	-	14,836
Total liabilities	37,825	138,655	228,441	-	13,846	-	119,612	46	538,425
Fund balances									
Reserved - inventory	-	-	-	-	-	-	-	29,441	29,441
Designated for encumbrances	-	-	32,741	66,522	-	-	18,513	-	117,776
Undesignated	-	-	233,057	224,314	-	24,402	(133,281)	36,152	384,644
Total fund balances	-	-	265,798	290,836	-	24,402	(114,768)	65,593	531,861
Total liabilities and fund balances	\$ 37,825	\$ 138,655	\$ 494,239	\$ 290,836	\$ 13,846	\$ 24,402	\$ 4,844	\$ 65,639	\$ 1,070,286

County of Isle of Wight, Virginia

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

Year Ended June 30, 2009

	Comprehensive		Community		Asset		County		Totals
	DSS	Services Fund	E-911 Fund	Development Block Grant	Section 8 Fund	Forfeitures Fund	Fair Fund	Museum Fund	
Revenues									
Other local taxes	\$ -	\$ -	\$ 77,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,192
Charges for services	-	-	-	-	-	-	134,338	8,796	143,134
Fines and forfeitures	-	-	-	-	-	21,225	-	-	21,225
Revenue from use of property	-	-	-	10	-	-	-	-	10
Miscellaneous	-	-	-	22,653	-	-	19,950	3,868	45,571
Recovered costs	-	-	20,482	-	-	-	-	-	20,482
Intergovernmental-									
Commonwealth	829,917	420,060	127,174	-	158,631	-	-	-	1,535,782
Federal	1,365,725	-	-	146,501	-	-	-	-	1,512,226
Total revenues	2,195,642	420,060	224,448	169,164	158,631	21,225	153,388	12,664	3,355,232
Expenditures									
Public safety	-	-	957,481	-	-	-	-	-	957,481
Health and welfare	3,157,784	708,395	-	-	204,343	-	-	-	4,070,522
Parks, recreation and cultural	-	-	-	-	-	-	272,827	19,571	292,398
Community development	-	-	-	194,395	-	-	-	-	194,395
Debt service:									
Principal retirement	-	-	55,724	-	-	-	-	-	55,724
Interest and other charges	-	-	1,927	-	-	-	-	-	1,927
Total expenditures	3,157,784	708,395	1,015,132	194,395	204,343	-	272,827	19,571	5,572,447
Excess (deficiency) of revenues over expenditures	(962,142)	(288,335)	(790,684)	(25,231)	(45,712)	21,225	(119,439)	(6,907)	(2,217,223)
Other financing sources									
Operating transfers in	962,142	288,335	705,817	-	45,712	-	95,275	-	2,097,281
Total other financing sources	962,142	288,335	705,817	-	45,712	-	95,275	-	2,097,281
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	-	(84,867)	(25,231)	-	21,225	(24,164)	(6,907)	(119,944)
Fund balances (accumulated deficit) - beginning of year	-	-	350,665	316,467	-	3,177	(90,604)	72,500	651,805
Fund balances (accumulated deficit) - end of year	\$ -	\$ -	\$ 265,798	\$ 290,836	\$ -	\$ 24,402	\$ (114,768)	\$ 65,593	\$ 531,861

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, 2009

	1988				Comprehensive Services Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Revenue from use of property	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	1,152,316	1,152,316	829,917	(322,399)	422,100	422,100	420,060	(2,040)
Federal	1,826,670	1,826,669	1,365,725	(460,944)	-	-	-	-
Total revenues	2,978,986	2,978,985	2,195,642	(783,343)	422,100	422,100	420,060	(2,040)
Expenditures								
Public safety	-	-	-	-	-	-	-	-
Health and welfare	3,947,518	3,947,517	3,157,784	789,733	670,000	710,435	708,395	2,040
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total expenditures	3,947,518	3,947,517	3,157,784	789,733	670,000	710,435	708,395	2,040
Excess (deficiency) of revenues over expenditures	(968,532)	(968,532)	(962,142)	6,390	(247,900)	(288,335)	(288,335)	-
Other financing sources								
Operating transfers in	968,532	968,532	962,142	(6,390)	247,900	288,335	288,335	-
Total other financing sources	968,532	968,532	962,142	(6,390)	247,900	288,335	288,335	-
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-
Fund balances (accumulated deficit) - beginning of year	-	-	-	-	-	-	-	-
Fund balances (accumulated deficit) - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Year Ended June 30, 2009

	[5911 Fund			Community Development Block Grant			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
Revenues							
Other local taxes	\$ -	\$ -	\$ 77,192	\$ -	\$ -	\$ -	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Revenue from use of property	55,164	55,164	-	-	-	10	10
Miscellaneous	-	-	-	-	-	22,653	22,653
Recovered costs	-	-	20,082	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Commonwealth	120,460	146,271	127,174	-	-	-	-
Federal	-	-	-	-	320,480	146,501	(173,979)
Total revenues	175,164	201,435	224,448	-	320,480	169,164	(151,316)
Expenditures							
Public safety	909,567	1,021,763	957,481	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Debt service:	-	-	-	-	461,292	194,495	266,897
Principal retirement	-	55,724	55,724	-	-	-	-
Interest and other charges	-	1,927	1,927	-	-	-	-
Total expenditures	909,567	1,079,354	1,015,132	-	461,292	194,395	266,897
Excess (deficiency) of revenues over expenditures	(734,403)	(877,919)	(790,684)	-	(140,812)	(25,231)	115,581
Other financing sources							
Operating transfers in	734,403	877,919	705,817	-	140,812	-	(140,812)
Total other financing sources	734,403	877,919	705,817	-	140,812	-	(140,812)
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	(84,867)	-	-	(25,231)	(45,231)
Fund balances (accumulated deficit) - beginning of year	424,610	235,926	350,665	832,222	832,222	316,067	(516,155)
Fund balances (accumulated deficit) - end of year	\$ 424,610	\$ 235,926	\$ 265,798	\$ 832,222	\$ 832,222	\$ 290,836	\$ 451,380

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, 2009

	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								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	20,785	21,225	440
Revenue from use of property	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	-	-	-	-	-	3,178	-	(3,178)
Intergovernmental:								
Commonwealth	156,600	156,000	158,631	2,631	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	156,600	156,000	158,631	2,631	-	23,963	21,225	(2,738)
Expenditures								
Public safety	-	-	-	-	-	23,963	-	23,963
Health and welfare	205,570	206,231	204,343	1,888	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total expenditures	205,570	206,231	204,343	1,888	-	23,963	-	23,962
Excess (deficiency) of revenues over expenditures	(49,570)	(50,231)	(45,712)	4,519	-	-	21,225	21,225
Other financing sources								
Operating transfers in	49,570	50,231	45,712	(4,519)	-	-	-	-
Total financing sources	49,570	50,231	45,712	(4,519)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	-	-	-	-	21,225	21,225
Fund balances (accumulated deficit) - beginning of year	-	-	-	-	-	-	3,177	3,177
Fund balances (accumulated deficit) - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,402	\$ 24,402

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

Year Ended June 30, 2009

	County Fair Fund				Museum Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	174,150	219,150	134,338	(84,812)	10,000	10,000	8,796	(1,204)
Fines and forfeitures	-	-	-	-	-	-	-	-
Revenue from use of property	-	-	-	-	-	-	-	-
Miscellaneous	68,900	23,900	19,050	(4,850)	-	-	3,868	3,868
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	243,050	243,050	153,388	(89,662)	10,000	10,000	12,664	2,664
Expenditures								
Public safety	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation and cultural	252,525	338,325	272,827	65,498	10,000	38,210	19,571	(18,639)
Community development	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total expenditures	252,525	338,325	272,827	65,498	10,000	38,210	19,571	(18,639)
Excess (deficiency) of revenues over expenditures	(9,475)	(95,275)	(119,439)	(24,164)	-	(28,210)	(6,907)	21,303
Other financing sources								
Operating transfers in	9,475	95,275	95,275	-	-	28,210	-	(28,210)
Total other financing sources	9,475	95,275	95,275	-	-	28,210	-	(28,210)
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	(24,164)	(24,164)	-	-	(6,907)	46,907
Fund balances (accumulated deficit) - beginning of year	(168,304)	(77,700)	(90,004)	(12,904)	157,422	67,500	72,501	4,941
Fund balances (accumulated deficit) - end of year	\$ (168,304)	\$ (77,700)	\$ (114,768)	\$ (37,068)	\$ 157,422	\$ 67,500	\$ 65,593	\$ 11,967

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, 2009

	Totals				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual		
Revenues					
Other local taxes	\$ -	\$ -	\$ 77,192	\$ 77,192	
Charges for services	184,150	229,150	143,134	186,016	
Fines and forfeitures	-	20,785	21,225	440	
Revenue from use of property	55,164	55,164	10	(55,154)	
Miscellaneous	68,990	23,900	45,571	23,671	
Recovered costs	-	3,178	20,082	16,904	
Intergovernmental:					
Commonwealth	1,850,416	1,876,687	1,535,782	(340,905)	
Federal	1,826,670	2,147,149	1,512,326	(634,923)	
Total revenues	3,985,300	4,356,013	3,355,322	(1,000,791)	
Expenditures					
Public safety	909,567	1,045,666	957,481	88,185	
Health and welfare	4,823,088	4,864,183	4,070,522	793,661	
Parks, recreation and cultural	262,525	376,535	292,398	84,137	
Community development	-	461,292	194,305	266,987	
Debt service:					
Principal retirement	-	55,724	55,724	-	
Interest and other charges	-	1,927	1,927	-	
Total expenditures	5,995,180	6,805,327	5,572,447	1,332,880	
Excess (deficiency) of revenues over expenditures	(2,009,880)	(2,449,314)	(2,217,225)	232,089	
Other financing sources					
Operating transfers in	2,009,880	2,449,314	2,097,281	(352,033)	
Total other financing sources	2,009,880	2,449,314	2,097,281	(352,033)	
Excess (deficiency) of revenues and other financing sources over expenditures					
			(119,944)	(119,944)	
Fund balances (accumulated deficit) - beginning of year	651,805	651,805	651,805	-	
Fund balances (accumulated deficit) - end of year	\$ 651,805	\$ 651,805	\$ 531,861	\$ (119,944)	

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

June 30, 2009

	Governmental Funds				
	School Operating Fund	School Textbook Fund	School Capital Projects Fund	School Cafeteria Fund	Totals
Assets					
Cash and investments	\$ 2,267,917	\$ -	\$ -	\$ 789,767	\$ 3,057,684
Restricted cash	122,396	-	-	-	122,396
Accounts receivable - net of allowances for uncollectibles	9,895	-	-	6,036	15,931
Inventory	-	6,374	-	27,296	33,670
Due from primary government	3,833,277	-	50,658	-	3,883,935
Due from other funds	725,750	46,046	-	-	771,796
Due from other governmental units	980,094	-	-	-	980,094
Total assets	\$ 7,939,329	\$ 52,420	\$ 50,658	\$ 823,099	\$ 8,865,506
Liabilities					
Accounts payable	\$ 917,113	\$ 1,346	\$ 42,056	\$ 13,315	\$ 973,830
Accrued liabilities	5,818,854	-	-	-	5,818,854
Deferred revenue	13	-	-	-	13
Due to other funds	452,307	-	-	319,489	771,796
Total liabilities	7,188,287	1,346	42,056	332,804	7,564,493
Fund Equity					
Fund balances					
Reserved					
Inventory	-	6,374	-	27,296	33,670
Encumbrances	751,042	44,700	8,602	17,904	822,248
Unreserved					
Undesignated	-	-	-	445,095	445,095
Total fund equity	751,042	51,074	8,602	490,295	1,301,013
Total liabilities and fund equity	\$ 7,939,329	\$ 52,420	\$ 50,658	\$ 823,099	\$ 8,865,506

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

June 30, 2009

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

Total fund balances - School Board - governmental funds	\$ 1,301,013
Amounts reported for government activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation.	26,428,294
Long-term liabilities, including compensated absences and the OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(1,317,412)
The internal service fund is used by management to charge the cost of health benefits. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	<u>1,509,427</u>
Total net assets - School Board - governmental activities	<u>\$ 27,921,322</u>

County of Isle of Wight, Virginia

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

Year Ended June 30, 2009

	Governmental Funds				Total
	School Operating Fund	School Textbook Fund	School Capital Projects Fund	School Cafeteria Fund	
Revenues					
Revenues from use of money and property	\$ 95,846	\$ -	\$ -	\$ 2,383	\$ 98,229
Charges for services	138,195	-	-	962,120	1,100,315
Miscellaneous	16,974	-	-	-	16,974
Recovered costs	77,800	-	-	-	77,800
Revenue from the primary government	23,514,959	-	33,913	-	23,548,872
Intergovernmental:					
Commonwealth	30,287,690	-	-	27,213	30,314,903
Federal	2,946,328	-	-	958,492	3,904,820
Total revenues	57,077,792	-	33,913	1,950,208	59,061,913
Expenditures					
Current					
Instructional services	42,728,217	99,351	-	-	42,827,568
Administration	2,185,751	-	-	-	2,185,751
School food services	40,737	-	-	1,889,144	1,929,881
Operations and maintenance	5,294,909	-	-	-	5,294,909
Pupil transportation	3,659,354	-	-	-	3,659,354
Technology	2,436,734	-	-	-	2,436,734
Capital projects	242,623	-	1,230,843	-	1,473,466
Debt service	1,500	-	-	-	1,500
Total expenditures	56,589,825	99,351	1,230,843	1,889,144	59,809,163
Excess (deficiency) of revenues over expenditures	487,967	(99,351)	(1,196,930)	61,064	(747,250)
Other financing sources (uses)					
Operating transfers in	-	145,426	-	-	145,426
Operating transfers out	(145,426)	-	-	-	(145,426)
Total other financing sources (uses)	(145,426)	145,426	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	342,541	46,075	(1,196,930)	61,064	(747,250)
Fund equity - beginning of year	408,501	4,999	1,205,532	429,231	2,048,263
Fund equity - end of year	\$ 751,042	\$ 51,074	\$ 8,602	\$ 490,295	\$ 1,301,013

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

June 30, 2009

**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	\$ (747,250)
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and transfers exceed depreciation expense.	1,421,493
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.	(664,432)
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.	179,041
Change in net assets of School Board - governmental activities	\$ 188,852

County of Isle of Wight, Virginia

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

Year Ended June 30, 2009

	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	\$ 50,000	\$ 50,000	\$ 95,846	\$ 45,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	169,000	169,000	138,195	(30,805)	-	-	-	-	-	-	-	-
Miscellaneous	22,000	27,000	16,974	(10,026)	-	-	-	-	-	-	-	-
Recovered costs	77,800	77,800	77,800	-	-	-	-	-	-	-	-	-
Revenue from the primary government	24,366,269	24,410,104	23,514,959	(895,145)	-	-	-	-	-	677,889	33,913	1943,976
Intergovernmental:												
Commonwealth	30,370,828	30,378,449	30,287,090	(90,759)	-	-	-	-	-	-	-	-
Federal	2,712,817	2,654,364	2,946,328	291,967	-	-	-	-	-	-	-	-
Total revenues	57,466,714	57,766,714	57,077,792	(689,022)	-	-	-	-	-	677,889	33,913	(642,976)
Expenditures												
Current:												
Administration, attendance and health	2,326,702	2,296,061	2,385,751	110,310	-	-	-	-	-	-	-	-
Instructional services	42,958,683	42,949,336	42,728,217	221,119	300,000	146,000	99,351	46,649	-	-	-	-
Operations and maintenance	5,440,395	5,551,547	5,294,909	256,638	-	-	-	-	-	-	-	-
School food services	-	40,910	40,737	173	-	-	-	-	-	-	-	-
Pupil transportation	4,008,860	3,930,752	3,659,354	271,398	-	-	-	-	-	-	-	-
Technology	2,242,846	2,641,589	2,436,734	204,855	-	-	-	-	-	-	-	-
Capital projects	479,000	608,791	242,623	366,168	-	-	-	-	-	1,863,421	1,730,843	62,578
Debt service	10,228	10,228	1,500	8,728	-	-	-	-	-	-	-	-
Total expenditures	57,466,714	58,029,214	56,589,325	(1,439,389)	300,000	146,000	99,351	46,649	-	1,863,421	1,730,843	62,578
Excess (deficiency) of revenues over expenditures	300,000	(262,500)	487,967	750,467	(300,000)	(146,000)	(99,351)	46,649	-	(1,205,532)	(1,196,930)	8,602
Other financing sources (uses)												
Operating transfers in	-	-	-	-	300,000	146,000	145,426	(574)	-	-	-	-
Operating transfers out	(300,000)	(146,000)	(145,426)	(574)	-	-	-	-	-	-	-	-
Other financing sources (uses)	(300,000)	(146,000)	(145,426)	(574)	300,000	146,000	145,426	(574)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(408,500)	342,541	(751,041)	-	-	46,075	46,075	-	(1,205,532)	(1,196,930)	8,602
Fund balances - beginning of year	-	408,501	408,501	-	-	4,999	4,999	4,999	-	1,205,532	1,205,532	-
Fund balances - end of year	\$ -	\$ -	\$ 751,042	\$ (751,041)	\$ -	\$ 4,999	\$ 51,074	\$ 46,075	\$ -	\$ -	\$ 8,602	\$ 8,602

County of Isle of Wight, Virginia

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

Year Ended June 30, 2009

	School Category Fund				Totals		
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Variance with Final Budget Positive (Negative)
Revenues							
Revenues from use of money and property	\$ 4,800	\$ 4,800	\$ 2,383	\$ (2,417)	\$ 54,800	\$ 54,800	\$ 99,229
Charges for services	1,056,532	1,056,532	962,120	(94,412)	1,225,532	1,225,532	1,100,315
Miscellaneous	-	-	-	-	22,000	27,000	16,974
Recovered costs	-	-	-	-	77,800	77,800	77,800
Revenue from the primary government	-	-	-	-	24,364,269	25,087,993	23,548,872
Intergovernmental:							
Commonwealth	29,743	29,743	27,213	(2,530)	30,400,571	30,400,192	30,314,903
Federal	946,199	946,199	958,492	12,293	3,659,056	3,640,560	3,904,820
Total revenues	2,017,274	2,017,274	1,950,208	(67,066)	59,803,988	60,483,877	59,061,913
Expenditures							
Current							
Administration, attendance and health	-	-	-	-	2,326,702	2,296,061	2,185,751
Instructional services	-	-	-	-	43,258,683	43,695,336	42,827,568
Operations and maintenance	-	-	-	-	5,440,395	5,551,547	5,294,909
School food services	2,037,274	2,030,536	1,889,144	161,382	2,037,274	2,091,436	1,929,881
Pupil transportation	-	-	-	-	4,008,860	3,930,752	3,659,354
Technology	-	-	-	-	2,342,846	2,641,589	2,436,734
Capital projects	-	-	-	-	479,000	2,492,212	1,473,466
Debt service	-	-	-	-	10,328	10,228	1,500
Total expenditures	2,017,274	2,050,526	1,889,144	161,382	59,803,988	62,109,163	59,809,163
Excess (deficiency) of revenues over expenditures	-	(13,252)	61,064	74,316	-	(1,627,284)	(747,250)
Other financing sources (uses)							
Other financing sources (uses)	-	-	-	-	300,000	146,000	145,426
Operating transfers in	-	-	-	-	430,000	(146,000)	(145,426)
Operating transfers out	-	-	-	-	-	-	-
Other financing sources (uses)	-	(13,252)	61,064	74,316	-	(1,627,284)	(747,250)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(13,252)	61,064	74,316	-	(1,627,284)	(747,250)
Fund balances - beginning of year	279,935	429,231	429,231	-	279,935	2,048,263	2,048,263
Fund balances - end of year	\$ 279,935	\$ 415,979	\$ 490,295	\$ 74,316	\$ 279,935	\$ 420,979	\$ 1,301,013
							\$ 880,034

*County of Isle of Wight, Virginia**Statement of Net Assets - Proprietary Fund - Component Unit - School Board*June 30, 2009

	Assets	School Health Benefits Fund
Current assets		
Cash and cash equivalents		\$ 2,337,101
Total current assets		<u>\$ 2,337,101</u>
	Liabilities	
Current liabilities		
Accounts payable		\$ 58,934
Deferred revenue		297,798
Other liabilities		<u>470,942</u>
Total current liabilities		827,674
	Net Assets	
Net assets		<u>1,509,427</u>
Total liabilities and net assets		<u><u>\$ 2,337,101</u></u>

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

Year Ended June 30, 2009		School Health Benefits Fund
Operating revenues		
Recovered costs	\$	4,301,382
Operating expenses		
Healthcare benefits		<u>4,134,193</u>
Operating income		167,189
Nonoperating revenue		
Revenue from use of money and property		<u>11,852</u>
Net income		179,041
Net assets - beginning of year		<u>1,330,386</u>
Net assets - end of year	\$	<u>1,509,427</u>

*County of Isle of Wight, Virginia**Statement of Cash Flows - Proprietary Fund - Component Unit - School Board***Year Ended June 30, 2009**

	School Health Benefits Fund
Cash flows from operating activities	
Received from customers and users	\$ 4,413,409
Payments to suppliers for goods and services	<u>(4,022,817)</u>
Net cash from operating activities	390,592
Cash flows from investing activities	
Interest income	<u>11,852</u>
Change in cash and cash equivalents	402,444
Cash and cash equivalents - beginning of year	<u>1,934,657</u>
Cash and cash equivalents - end of year	<u>\$ 2,337,101</u>
Reconciliation of operating loss to net cash from operating activities	
Operating income	\$ 167,189
Adjustments to reconcile to net cash from operating activities	
Change in:	
Accounts receivable	83,729
Accounts payable and accrued liabilities	28,298
Deferred revenue	<u>111,376</u>
Net cash from operating activities	<u>\$ 390,592</u>

*County of Isle of Wight, Virginia**Combining Statements of Assets and Liabilities - Fiduciary Funds***Year Ended June 30, 2009**

	Special Welfare Funds	Student Activity Funds	Totals Agency Funds
Assets			
Cash and cash equivalents	\$ 13,053	\$ 306,533	\$ 319,586
Total assets	\$ 13,053	\$ 306,533	\$ 319,586
Liabilities			
Amounts held for social services clients	\$ 13,053	\$ -	\$ 13,053
Amounts held for others	-	306,533	306,533
Total liabilities	\$ 13,053	\$ 306,533	\$ 319,586

*County of Isle of Wight, Virginia**Combining Statements of Changes in Assets and Liabilities - Fiduciary Funds***Year Ended June 30, 2009**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare				
Assets				
Cash and cash equivalents	\$ 35,541	\$ 80,981	\$ 103,469	\$ 13,053
Liabilities				
Amounts held for social services clients	\$ 35,541	\$ -	\$ 22,488	\$ 13,053
Student Activities				
Assets				
Cash and cash equivalents	\$ 322,727	\$ 2,064,002	\$ 2,080,196	\$ 306,533
Liabilities				
Amounts held for others	\$ 322,727	\$ 2,064,002	\$ 2,080,196	\$ 306,533

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

June 30,	2009	2008
Assets		
Current assets		
Cash and cash equivalents	\$ 1,425,448	\$ 997,782
Cash - restricted	61,101	60,170
Receivables	317,339	317,339
Total current assets	1,803,888	1,375,291
Noncurrent assets		
Capital lease receivable	248,885	272,654
Capital assets		
Nondepreciable	10,485,663	4,194,698
Depreciable	54,450	1,031,856
Total noncurrent assets	10,788,998	5,499,208
Total assets	\$ 12,592,886	\$ 6,874,499
Liabilities		
Current liabilities		
Accounts payable	\$ 28,922	\$ 5,077
Escrow payable	60,000	60,000
Total current liabilities	88,922	65,077
Noncurrent liabilities		
Note payable	224,525	246,569
Total liabilities	\$ 313,447	\$ 311,646
Net Assets		
Invested in capital assets - net of related debt	\$ 10,315,588	\$ 4,979,985
Designated for encumbrances	176,231	322,389
Undesignated	1,787,620	987,825
Total net assets	12,279,439	6,290,199
Total liabilities and net assets	\$ 12,592,886	\$ 6,601,845

*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,	2009	2008
Operating revenues		
Charges for services	\$ 21,190	\$ 21,191
Contribution from primary government	-	30,000
Total operating revenues	21,190	51,191
Operating expenses		
Operations	42,243	83,435
Compensation	1,859	1,650
Depreciation	550	-
Total operating expenses	44,652	85,085
Operating loss	(23,462)	(33,894)
Nonoperating revenues (expenses)		
Property rental	39,824	18,941
Gain of sale of property	138,250	-
Transfer of capital assets from general fund	5,576,777	939,287
Interest revenue	931	170
Interest and fiscal charges	(15,734)	(17,148)
Recovered costs	-	317,340
Total nonoperating revenues	5,740,048	1,258,590
Change in net assets	5,716,586	1,224,696
Net assets - beginning of year	6,562,853	5,338,157
Net assets - end of year	\$ 12,279,439	\$ 6,562,853

County of Isle of Wight, Virginia

Statements of Cash Flows - Component Unit - Industrial Development Authority

Years Ended June 30,	2009	2008
Cash flows from operating activities		
Received from customers and users	\$ 338,529	\$ 92,391
Payments to suppliers for goods and services	(18,398)	(280,881)
Payments to employees	(1,859)	(1,650)
Net cash from operating activities	318,272	(190,140)
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(54,671)	(372,014)
Principal payments on notes and bonds payable	(22,044)	(20,631)
Interest paid on notes and bonds payable	(15,734)	(17,148)
Net cash from capital and related financing activities	(92,449)	(409,793)
Cash flows from investing activities		
Interest income	40,755	19,111
Principal collections on capital lease receivable	23,769	22,243
Proceeds from sale of property	138,250	-
Net cash from investing activities	202,774	41,354
Change in cash and cash equivalents	428,597	(558,579)
Cash and cash equivalents - beginning of year	1,057,952	1,616,531
Cash and cash equivalents - end of year	\$ 1,486,549	\$ 1,057,952
Reconciliation of operating loss to net cash from operating activities		
Operating loss	\$ (23,462)	\$ (33,894)
Adjustments to reconcile to net cash from operating activities		
Depreciation expense	550	-
Change in:		
Receivables	317,339	41,200
Accounts payable	23,845	(197,446)
Net cash from operating activities	\$ 318,272	\$ (190,140)
Supplemental disclosure		
Capital contribution of construction related to various projects under development	\$ 5,576,777	\$ 939,288
Cash and cash equivalents is shown in the accompanying statements of net assets as follows:		
Cash and cash equivalents	\$ 1,425,448	\$ 997,782
Cash - restricted	61,101	60,170
	\$ 1,486,549	\$ 1,057,952

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, 2009, which collectively comprise the *County of Isle of Wight, Virginia's* basic financial statements, and have issued our report thereon dated February 16, 2010. 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
February 16, 2010



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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, 2009. 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.

In our opinion, the *County of Isle of Wight, Virginia* complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

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
February 16, 2010



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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, 2009, and have issued our report thereon dated February 16, 2010.

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

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

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

Code of Virginia

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

State Agency Requirements

- Education
- Social Services

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 2009-1 and 2009-2. With respect to items not tested, nothing came to our attention that caused us to believe that the *County of Isle of Wight, Virginia* had not complied, in all material respects, with those provisions.

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

Goodman & Company, L.L.P.

Newport News, Virginia
February 16, 2010

*County of Isle of Wight, Virginia**Schedule of Expenditures of Federal Awards***Year Ended June 30, 2009**

Federal Grantor/State Pass Through Grantor/Program Title	Catalogue of Federal Domestic Assistance Number	Total Expenditures
Department of Agriculture		
Pass-Through Payments		
Department of Education:		
School Breakfast Program	10.553	\$ 198,174
National School Lunch Program	10.555	624,337
USDA Government Commodities	10.555	135,981
Fresh Fruits and Vegetables	10.582	40,737
Department of Social Services		
State Administrative Matching Grants for Food Stamp Program	10.561	515,923
Total Department of Agriculture		<u>1,515,152</u>
Department of Housing and Urban Development		
Pass-Through Payments		
Department of Housing and Community Development:		
HOME Investment Partnerships	14.239	80,253
Total Department of Housing and Urban Development		<u>80,253</u>
Department of Criminal Justice Services		
Pass-Through Payments		
Department of Criminal Justice Services		
Crime Victim Assistance	16.575	43,557
Byrne Formula Grant Program	16.579	43,818
Violence Against Women	16.588	20,937
Bulletproof Vest Grant	16.607	6,240
COPS 2006 Technology Grant	16.710	2,701
COPS 2008 Technology Grant	16.710	64,364
COPS 2008 Schools Technology Grant	16.710	34,062
Byrne JAG Grant (LLEBG)	16.738	1,675
Total Department of Criminal Justice Services		<u>217,354</u>
Department of Transportation		
Pass-Through Payments		
DMV Law Enforcement Traffic Safety	20.607	11,094
DMV Selective Enforcement	20.607	3,456
Total Department of Transportation		<u>14,550</u>

County of Isle of Wight, Virginia

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

Federal Grantor/State Pass Through Grantor/Program Title	Catalogue of Federal Domestic Assistance Number	Total Expenditures
Department of Education		
Pass-Through Payments		
Department of Education:		
Universal Services - ERATE	11.000	201,371
JROTC	12.000	59,835
Adult Education	84.002	28,539
Title I - Grants to Local Educational Agencies	84.010	579,323
Special Education - Grants to States	84.027	1,343,272
Impact Aid	84.041	36,893
Vocational Education - Basic Grants to States	84.048	69,665
Special Education - Preschool Grants	84.173	14,772
Safe and Drug-Free Schools and Communities - State Grants	84.186	23,921
Innovative Education Program Strategies	84.298	1,375
Education Technology State Grants	84.318	11,005
Reading First	84.357	181,628
Title III, Part A - Language Acquisition State Grant	84.365	5,079
Improving Teacher Quality State Grants	84.367	245,568
Total Department of Education		2,802,246
Department of Health and Human Services		
Pass-Through Payments		
Department of Social Services:		
Adoption Recruitment	93.556	31,096
Temporary Assistance to Needy Families (TANF)	93.558	502,799
Refugee and Entrant Assistance State Administered Plans	93.566	2,530
Low-Income Home Energy Assistance Block Grant	93.568	27,209
Child Care and Development Block Grant	93.575	173,561
CCDF At Risk Daycare	93.596	283,796
Adoption Incentive Payments	93.603	528
Child Welfare Services State Grants	93.645	3,346
Foster Care - Title IV-E	93.658	476,379
Adoption Assistance	93.659	63,908
Social Services Block Grant	93.667	721,087
Chafee Foster Care Independence Program	93.674	12,947
ARRA Child Care and Development Block Grant	93.713	791
FAMIS	93.767	27,655
Medicaid Reimbursement	93.767	112,401
Medical Assistance Program (Medicaid, Title XIX)	93.778	348,409
Total Department of Health and Human Services		2,788,442
Total Expenditures of Federal Awards		\$ 7,417,997

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

Year Ended June 30, 2009

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, 2009

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.
- f) The audit did not disclose questioned costs and findings required to be reported under Section 510(a) of OMB Circular A-133.
- g) The major programs are:
 - i. National School Breakfast and Lunch Programs (CFDA Number 10.553 and 10.555)
 - ii. State Administrative Matching Grants for Food Stamp Program (CFDA Number 10.561)
 - iii. Temporary Assistance for Needy Families (CFDA Number 93.558)
 - iv. Child Care and Development Block Grant (CFDA Number 93.575)
 - v. Foster Care – Title IV-E (CFDA Number 93.658)
 - vi. Social Services Block Grant (CFDA 93.667)
 - vii. Medical Assistance Program (CFDA Number 93.778)
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) The auditee did not qualify as a low-risk auditee.

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 Relating to Federal Awards.

None

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

Year Ended June 30, 2009

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

Finding 2009-1

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

Condition: An instance was noted in which funds were not remitted to the Treasurer by the 10th of the following month. Funds for January 2009 were remitted February 15, 2009.

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*.

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

Finding 2009-2

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

Condition: An instance was noted in which funds were not deposited into the bank account in a timely manner. Funds received on May 7, 2009 were not deposited until May 18, 2009.

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.

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

Year Ended June 30, 2009

5. Summary Schedule of Prior Year Audit Findings**Prior Year Federal Audit Findings****Finding 2008-01**

Criteria: OMB Circular A-87 - Compensation charged to a program should be solely of employees who devote time to the program, and who are certified and identified specifically to the performance of those programs.

Condition: Personnel costs were charged to the Special Education program for one employee who was not certified for and did not work on the Special Education program.

Resolution: For the year ended June 30, 2009, we noted no instance of the same finding.

Prior Year State Audit Findings**Finding 2008-02**

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

Condition: There were 2 instances in which funds were not remitted to the County Treasurer by the 10th of the month.

Resolution: For the year ended June 30, 2009, we noted a similar instance - see *Finding 2009-2*.

Finding 2008-03

Criteria: Chapter 2-8 - Sheriff Office Internal Controls: 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.

Resolution: For the year ended June 30, 2009, we noted a similar instance - see *Finding 2009-3*

Statistical Section

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County of Isle of Wight, Virginia

Statistical Section Overview

Year Ended June 30, 2009

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

Contents

Exhibits

Financial Trends

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

C-1 through C-4

Revenue Capacity

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

C-5 through C-10

Debt Capacity

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

C-11 through C-12

Demographic and Economic Information

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

C-13

Operating Information

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

C-14 through C-16

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

County of Isle of Wight, Virginia

Net Assets by Component

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

County of Isle of Wight, Virginia

Change in Net Assets

Last Seven Fiscal Years	2009	2008	2007	2006	2005	2004	2003
Expenses							
Governmental activities							
General government	\$ 3,410,733	\$ 6,182,728	\$ 4,794,578	\$ 5,800,633	\$ 4,897,964	\$ 5,339,611	\$ 6,318,976
Judicial administration	1,034,595	857,697	878,317	866,371	794,478	705,828	619,458
Public safety	8,966,721	6,053,668	6,166,925	5,632,965	5,135,185	4,619,949	3,211,937
General services	6,810,610	5,145,769	4,400,738	3,903,265	3,711,511	7,534,024	2,801,151
Health and welfare	5,143,058	5,035,666	4,894,622	4,340,638	3,834,681	3,456,212	3,507,654
Education	24,360,654	26,964,798	21,036,346	19,336,608	18,249,151	19,294,869	15,707,407
Parks, recreation and cultural	3,526,076	1,279,128	1,856,803	1,494,482	1,339,854	1,363,077	1,249,694
Community development	3,902,800	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	2,292,872	2,186,412	2,144,123	2,243,574	2,170,135	-	-
Total governmental activities expenses	59,448,119	56,028,286	49,255,808	45,167,065	41,333,031	44,419,931	35,387,708
Business-type activities							
Public utilities	6,273,275	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441	2,795,248
Total business-type activities expenses	6,273,275	5,581,285	5,137,986	3,247,060	3,496,871	3,144,441	2,795,248
Total primary government expenses	\$ 65,721,394	\$ 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	\$ 11,162	\$ 1,693	\$ 242,086	\$ 66,864	\$ 342,958	\$ 652,345	\$ 64,463
Judicial administration	91,288	201,653	101,048	116,445	105,898	101,155	54,845
Public safety	833,366	721,630	704,337	520,015	563	501	539,029
General services	4,080	2,520	3,480	4,320	4,620	3,999	3,660
Health and welfare	-	-	75,030	77,925	-	-	58,407
Parks, recreation and cultural	357,218	263,158	260,831	258,788	404,313	314,248	371,934
Community development	281,552	76,791	140,302	2,314	1,543	744	613
Fines and forfeitures	-	-	47,800	64,469	46,051	40,374	1,496
Operating grants and contributions	6,617,823	7,292,110	5,581,783	3,199,513	7,716,360	10,018,189	4,164,547
Capital grants and contributions	161,236	183,662	-	-	-	-	-
Total governmental activities program revenues	8,357,225	8,743,217	7,156,697	4,310,453	8,622,306	11,131,553	5,258,994

County of Isle of Wight, Virginia

Change in Net Assets

Last Seven Fiscal Years	2009	2008	2007	2006	2005	2004	2003
Business-type activities							
Charges for services	2,014,246	1,750,406	1,755,893	1,661,105	1,461,352	1,532,726	1,196,163
Operating grants and contributions	-	-	96,200	-	-	-	-
Capital grants and contributions	609,989	642,005	-	-	-	-	-
Total business-type activities program revenues	2,624,235	2,392,411	1,852,093	1,661,105	1,461,352	1,532,726	1,196,163
Total primary government program revenues	\$ 10,981,960	\$ 11,135,628	\$ 9,608,790	\$ 5,971,558	\$ 10,083,658	\$ 12,464,281	\$ 6,455,157
Net expense - governmental activities	\$ 51,090,394	\$ 47,285,069	\$ 42,099,111	\$ 40,856,612	\$ 32,710,725	\$ 33,288,576	\$ 30,128,714
Net expense - business-type activities	3,649,040	3,188,874	3,285,893	1,585,955	2,035,519	1,811,715	1,599,085
Total primary government net expense	\$ 54,739,434	\$ 50,473,943	\$ 45,385,004	\$ 42,442,567	\$ 34,746,244	\$ 35,100,091	\$ 31,727,799
General revenues and other changes in net assets							
Governmental activities							
Taxes							
Property taxes	\$ 38,665,135	\$ 36,374,761	\$ 35,199,043	\$ 31,333,628	\$ 30,088,119	\$ 27,504,428	\$ 25,523,450
Permits, fees and licenses	426,074	-	705,195	1,567,278	1,223,849	697,762	690,848
Fines and forfeitures	86,997	-	-	411	703	1,212	37,389
Other taxes	6,248,462	6,393,256	6,080,588	6,411,933	5,706,731	4,746,873	3,407,260
Unreiterated grants and contributions	562,017	5,372,245	5,763,882	7,968,456	2,194,434	2,572,949	4,977,174
Recovered costs	45,572	-	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	5,218,907	133,040	58,555	33,403	10,144	58,066	209,094
Gain on sale of assets	-	5,882	-	-	-	-	-
Transfers	(4,366,474)	(5,251,765)	(3,012,200)	(2,928,799)	1283,197	(391,015)	(594,717)
Total governmental activities	46,886,690	44,188,812	46,778,029	45,756,178	39,969,922	35,807,938	34,769,780
Business-type activities							
Investment earnings	-	-	-	21,383	21,000	21,000	123,521
Connection fees	-	-	1,164,579	2,790,662	3,188,875	1,542,337	962,089
Gain on sale of assets	-	2,025	-	-	-	-	-
Miscellaneous	-	-	32,000	2,986	9,448	551,004	462,444
Transfers	(1,210,303)	4,282,478	(25,089)	-	283,197	391,045	1,711,866
Total business-type activities	(1,210,303)	4,284,503	1,171,290	2,815,031	3,502,520	2,505,386	3,260,520
Total primary government	\$ 45,676,387	\$ 48,473,315	\$ 47,949,319	\$ 48,571,209	\$ 43,472,442	\$ 38,313,324	\$ 38,030,300
Change in net assets							
Governmental activities	\$ (4,203,704)	\$ (3,096,257)	\$ 4,678,918	\$ 4,879,566	\$ 7,259,197	\$ 2,519,562	\$ 4,644,006
Business-type activities	(4,859,343)	1,095,629	(2,114,603)	1,229,076	1,467,001	693,671	1,601,435
Total primary government	\$ (9,063,047)	\$ (2,000,628)	\$ 2,564,315	\$ 6,108,642	\$ 8,726,198	\$ 3,213,233	\$ 6,245,441

County of Isle of Wight, Virginia

Fund Balances - Governmental Funds

Last Ten Fiscal Years	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General fund										
Designated	\$ 3,414,895	\$ 8,908,921	\$ 9,920,089	\$ 10,828,260	\$ 7,480,540	\$ 2,883,297	\$ 3,347,183	\$ 3,693,060	\$ 3,869,578	\$ 6,677,277
Undesignated	13,036,057	13,343,356	13,448,031	14,982,480	15,632,282	11,533,426	7,242,816	7,882,512	8,315,931	9,376,126
Total general fund	\$ 16,450,952	\$ 22,252,277	\$ 23,368,120	\$ 25,810,740	\$ 23,112,822	\$ 14,416,723	\$ 10,589,999	\$ 11,575,572	\$ 12,185,509	\$ 16,053,403
All other governmental funds										
Reserved	\$ 29,441	\$ 9,181	\$ 21,677	\$ 28,940	\$ 18,672	\$ 26,514	\$ 28,934	\$ 193,503	\$ 30,306	\$ 33,634
Unreserved, reported in										
Special revenue funds	502,420	642,624	395,315	710,402	711,619	880,482	1,072,580	762,115	375,213	179,084
Capital projects funds	27,436,029	12,402,711	11,177,979	6,273,860	8,304,865	31,239,994	13,810,429	3,093,715	2,659,840	124,967
Total all other governmental funds	\$ 27,967,890	\$ 13,054,516	\$ 11,594,971	\$ 7,013,202	\$ 9,035,156	\$ 32,146,990	\$ 14,911,943	\$ 4,047,333	\$ 3,065,359	\$ 337,685

County of Isle of Wight, Virginia

Changes in Fund Balance - Governmental Funds

Last Ten Fiscal Years	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
General property taxes	\$ 39,132,235	\$ 36,455,016	\$ 34,738,499	\$ 31,455,033	\$ 30,000,161	\$ 27,692,549	\$ 25,761,345	\$ 23,771,002	\$ 23,356,378	\$ 23,004,599
Other local taxes	6,248,462	6,393,250	6,080,558	5,925,247	5,228,845	4,246,873	3,939,916	3,920,875	3,418,355	3,401,844
Permits, fees and licenses	426,074	422,715	705,195	1,567,278	1,222,849	714,128	690,848	397,380	420,625	1,013,895
Fines and forfeitures	86,997	102,098	47,800	64,880	46,754	41,586	38,885	45,842	57,828	24,425
Revenue from sale of property	562,017	1,209,977	1,764,813	1,222,794	885,272	504,441	345,241	791,984	862,331	837,825
Charges for services	1,043,664	826,949	925,316	646,836	372,279	315,932	317,399	413,941	419,198	455,361
Miscellaneous	116,831	422,807	240,246	112,016	244,104	251,608	402,453	247,782	312,796	247,147
Recovered costs	755,480	580,925	683,004	507,199	520,139	660,407	234,353	249,783	224,446	459,957
Intergovernmental	11,173,159	11,893,068	33,306,981	11,590,021	10,707,053	12,391,138	9,141,723	10,375,799	8,423,987	6,580,495
Total revenues	\$ 59,564,919	\$ 58,306,751	\$ 56,492,752	\$ 53,091,324	\$ 48,767,465	\$ 47,518,662	\$ 40,872,273	\$ 40,210,388	\$ 37,493,944	\$ 36,153,545
Expenditures										
General governmental administration	\$ 5,841,246	\$ 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
Judicial administration	1,034,595	857,697	878,317	866,171	799,397	701,547	616,124	662,414	602,138	\$ 46,342
Public safety	8,341,561	6,580,696	5,676,894	4,748,296	4,593,477	3,652,814	3,055,498	2,735,290	2,729,425	2,071,470
General services	6,359,832	5,131,709	4,064,393	3,780,746	3,718,631	3,104,667	2,765,997	2,737,933	2,105,083	1,853,881
Health and welfare	5,105,498	4,969,514	4,831,783	4,196,322	3,689,141	3,428,313	3,470,791	3,216,992	3,079,466	3,178,617
Education	23,504,520	21,788,354	18,701,537	16,654,576	14,876,163	14,735,310	14,746,030	13,819,073	14,530,477	13,237,851
Parks, recreation and cultural	4,297,093	2,076,518	1,871,428	1,453,286	1,491,348	1,201,224	1,257,616	1,148,362	1,008,906	1,090,257
Community development	3,828,750	3,568,838	2,777,156	1,501,480	1,038,563	867,043	1,254,335	2,621,398	2,777,219	1,250,994
Nondepartmental	1,338,618	1,240,397	1,173,400	1,534,907	1,031,501	1,019,465	2,116,857	1,999,809	2,174,916	2,609,917
Capital projects	7,708,392	4,185,235	4,185,235	5,765,123	22,284,972	8,306,618	2,674,790	1,241,156	1,434,260	2,496,966
Debt service										
Principal	4,316,323	3,947,613	4,727,013	4,529,512	3,740,228	3,710,815	3,023,902	2,830,894	2,720,694	2,334,219
Interest	2,407,157	2,259,008	2,236,220	2,373,585	2,176,134	1,716,557	1,765,229	1,908,792	2,047,649	2,056,374
Insurance costs	352,213	47,490	42,970	42,970	2,875	317,088	85,258			
Total expenditures	\$ 66,731,406	\$ 64,881,813	\$ 54,323,603	\$ 52,102,613	\$ 43,225,718	\$ 50,147,152	\$ 39,499,708	\$ 37,113,468	\$ 37,163,433	\$ 33,770,747
Excess of revenues over (under) expenditures	\$ (7,166,487)	\$ (6,575,062)	\$ 2,169,149	\$ 988,711	\$ (14,458,253)	\$ (2,628,490)	\$ 1,381,565	\$ 3,096,920	\$ 330,511	\$ 2,382,801
Other financing sources (uses)										
Transfers in	\$ 30,884,999	\$ 14,495,362	\$ 10,536,626	\$ 6,810,406	\$ 4,686,313	\$ 11,372,630	\$ 14,600,015	\$ 5,225,361	\$ 4,896,239	\$ 2,190,331
Transfers out	(39,709,180)	(17,576,578)	(10,506,626)	(7,181,826)	(4,919,477)	(11,763,675)	(15,194,165)	(18,023,857)	(6,564,659)	(3,689,907)
Proceeds from borrowing	25,102,717	10,000,000		58,675	255,681	28,257,990	18,433,964			
Payments to escrow agent						(4,176,284)	(9,342,282)			
Total other financing sources (uses)	\$ 16,278,536	\$ 6,918,784	\$ (30,000)	\$ (312,745)	\$ 23,517	\$ 23,690,261	\$ 8,497,432	\$ (2,798,490)	\$ (1,668,420)	\$ 1,499,570
Net change in fund balances	\$ 9,112,039	\$ 343,702	\$ 2,139,149	\$ 675,966	\$ (14,415,736)	\$ 21,061,771	\$ 9,879,037	\$ 296,424	\$ (1,537,919)	\$ 455,225
Four period adjustment								33,613	197,609	34,453
Net change in fund balance	\$ 9,112,039	\$ 343,702	\$ 2,139,149	\$ 675,966	\$ (14,415,736)	\$ 21,061,771	\$ 9,879,037	\$ 372,037	\$ (1,140,230)	\$ 509,708
Debt service as a percentage of noncapital expenditures	11%	11%	14%	13%	14%	14%	13%	13%	13%	14%

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
		Property	Property	Property	Property	Property	Property	Value	Value				
2009	\$ 3,483,983,000	\$ 622,787,400	\$ 684,778,700	\$ 265,716,300	\$ 4,525,832,800	\$	0.52	\$ 4,525,832,800	100%				
2008	\$ 3,305,409,700	\$ 565,071,500	\$ 465,626,600	\$ 248,327,700	\$ 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%				

(1) Does not reflect land use assessments

Source: Isle of Wight County Commissioner of Revenue

County of Isle of Wight, Virginia
Assessed Value of Taxable Property (4)

Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Mobile Homes	Machinery and Tools	Public Service (2)(3)	Total
2009	\$ 4,359,684,973	\$ 319,490,754	\$ 21,850,013	\$ 768,109,446	\$ 199,316,241	\$ 5,668,451,427
2008	\$ 3,968,971,300	\$ 295,835,165	\$ 26,153,828	\$ 744,812,445	\$ 218,043,560	\$ 5,253,816,298
2007	\$ 3,879,182,779	\$ 283,389,074 (5)	\$ 22,902,248	\$ 688,302,371	\$ 177,306,412	\$ 5,051,082,884
2006	\$ 2,626,671,100	\$ 239,166,064	\$ 26,328,256	\$ 676,290,770	\$ 202,190,306	\$ 3,770,646,496
2005	\$ 2,480,667,825	\$ 236,549,885	\$ 27,337,298	\$ 641,083,966	\$ 190,291,597	\$ 3,575,930,571
2004	\$ 2,047,366,488	\$ 213,355,172	\$ 26,941,289	\$ 596,034,772	\$ 226,837,648	\$ 3,110,535,369
2003	\$ 1,918,017,998	\$ 181,323,406	\$ 26,669,054	\$ 580,524,899	\$ 210,416,633	\$ 2,916,951,990
2002	\$ 1,715,143,492	\$ 167,909,785	\$ 21,183,401	\$ 650,111,217	\$ 93,657,641	\$ 2,648,005,536
2001	\$ 1,545,692,326	\$ 175,663,989	\$ 29,547,598	\$ 670,903,315	\$ 89,691,102	\$ 2,511,498,330
2000	\$ 1,471,718,889	\$ 165,542,050	\$ 25,291,389	\$ 662,833,684	\$ 92,167,425	\$ 2,417,553,437

- (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	
2009	\$ 0.52	4.40	0.52	\$ 0.95	\$ 1.00/1.00	
2008	\$ 0.52	4.40	0.52	\$ 0.95	\$ 1.00/1.00	
2007	\$ 0.53	4.40	0.53	\$ 0.95	\$ 1.00/1.00	
2006	\$ 0.68	4.40	0.68	\$ 0.95	\$ 1.00/1.00	
2005	\$ 0.68	4.40	0.68	\$ 0.95	\$ 1.00/1.00	
2004	\$ 0.75	4.40	0.75	\$ 0.95	\$ 1.00/1.00	
2003	\$ 0.75	4.40	0.75	\$ 0.95	\$ 1.00/1.00	
2002	\$ 0.77	4.40	0.77	\$ 0.95	\$ 1.00/1.00	
2001	\$ 0.72	4.40	0.72	\$ 0.95	\$ 1.00/1.00	
2000	\$ 0.72	4.40	0.72	\$ 0.95	\$ 1.00/1.00	

County of Isle of Wight, Virginia

Principal Property Taxpayers

June 30, 2009						
Taxpayer	2009			2008		
	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 (2)	\$117,845,700	1	2.97%	\$111,302,401	1	2.87%
Inland RI Holdings LLC etals	50,845,200	2	1.28%	49,769,600	2	1.28%
Smithfield Foods	42,858,400	3	1.08%	34,329,521	3	0.88%
Gwaltney of Smithfield, Ltd.	24,410,700	4	0.62%	22,515,500	4	0.58%
Eagle Harbor Apartments, LP	22,615,700	5	0.57%	18,831,200	6	0.49%
Eagle Harbor LLC	20,755,500	6	0.52%	16,283,400	8	0.42%
Smithfield Packing	17,424,700	7	0.44%	15,758,900	9	0.41%
LDI Virginia LLC	15,456,500	8	0.39%	-	-	-
Isle of Wight Industrial Properties	13,917,200	9	0.35%	17,050,900	7	0.44%
Eagle Harbor Shopping Center, LLC	11,869,400	10	0.30%	-	-	-
Virginia Timberline LLC	-	-	-	18,877,000	5	0.49%
Carolina Cold Storage, Ltd.	-	-	-	11,952,600	10	0.31%
	\$337,999,000		8.52%	\$316,671,022		8.17%
Taxpayer	2009			2008		
	Assessed Valuation Personal Property	Rank	Percent of Total Assessed Valuation Personal Property (1)	Assessed Valuation Personal Property	Rank	Percent of Total Assessed Valuation Personal Property (1)
International Paper	\$594,863,074	1	55.76%	\$578,175,158	1	54.20%
Gwaltney of Smithfield Ltd.	72,900,919	2	6.83%	78,971,914	2	7.40%
Smithfield Packing	52,999,824	3	4.97%	52,622,044	3	4.93%
ATC Panels Inc.	16,573,470	4	1.55%	15,371,207	4	1.44%
Specialty Minerals, Inc.	8,218,483	5	0.77%	8,133,318	5	0.76%
Smithfield Foods	5,991,210	6	0.56%	8,074,093	6	0.76%
Franklin Equipment Company	5,483,273	7	0.51%	5,493,086	7	0.51%
Cost Plus, Inc.	4,884,252	8	0.46%	4,692,487	8	0.44%
Bloom/food Lion	2,460,106	9	0.23%	-	-	-
Charter Communications	2,283,121	10	0.21%	2,254,469	9	0.21%
Blackwater Transport, Inc.	-	-	-	1,981,521	10	0.19%
	\$766,657,732		71.87%	\$755,769,297		70.84%

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

(2) The real property assessed value for International Paper has been corrected for the value reported in the 2008 Comprehensive Annual Financial Report (\$174,023,461).

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		Percent of	
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Delinquent Taxes to Tax Levy	
2009	\$ 39,119,371	\$ 37,700,668	96.37%	\$ 1,431,558	\$ 39,132,235	100.03%	\$ 2,236,992	5.54%	
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%	

(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	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Apparel stores	\$ 3,758,328	\$ 3,184,117	\$ 2,150,512	\$ 3,410,503	\$ 2,463,372	\$ 2,343,395	\$ 131,294	\$ 41,108	\$ 56,579	\$ 46,025
General merchandise	12,238,829	16,115,703	18,559,292	13,163,881	13,713,028	12,137,182	9,494,967	9,769,455	10,713,878	11,143,985
Food stores	60,905,257	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
Eating and drinking establishments	23,713,146	21,443,858	21,819,435	19,887,741	21,033,780	19,456,091	16,452,368	15,322,039	15,971,571	15,572,975
Home furnishings and appliances	2,306,325	2,672,545	3,379,379	3,635,937	3,994,726	4,128,173	3,924,363	3,229,165	3,420,595	4,217,705
Building materials and farm tools	11,676,999	10,693,283	9,891,751	7,049,986	10,007,550	9,288,298	9,415,654	11,032,567	11,447,237	12,380,164
Auto dealers and supplies	3,263,926	4,272,627	4,538,516	4,518,819	2,766,818	2,505,619	2,456,053	2,417,098	2,335,819	3,543,384
Service stations	14,041,823	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
Other retail stores	20,802,164	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
All other outlets	15,581,876	18,866,150	22,965,139	20,992,350	16,325,974	15,114,705	16,154,509	13,713,360	13,994,307	13,769,854
	\$ 168,278,673	\$ 205,706,500	\$ 197,252,771	\$ 173,176,634	\$ 181,256,177	\$ 177,733,321	\$ 149,502,961	\$ 150,939,261	\$ 148,912,535	\$ 163,410,240

County of Isle of Wight, Virginia

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

Fiscal Year	Population	Assessed Value	Less		Ratio of Net General Obligation Bonded Debt to Assessed Value	(2) Percentage of Per Capita Income	Net Bonded Debt per Capita
			(1) Gross Bonded Debt	Payable from Enterprise Revenues			
2009	35,659	\$5,668,451,427	\$ 87,353,971	\$ 16,143,876	0.0126	5.4%	\$ 1,997
2008	34,620	\$5,253,816,298	\$ 67,352,825	\$ 11,127,705	0.0107	4.6%	\$ 1,624
2007	34,057	\$5,051,082,884	\$ 62,013,810	\$ 11,841,077	0.0099	4.3%	\$ 1,473
2006	33,065	\$3,770,646,496	\$ 67,052,307	\$ 12,358,036	0.0145	4.9%	\$ 1,654
2005	32,417	\$3,575,930,571	\$ 71,414,333	\$ 11,670,000	0.0167	5.7%	\$ 1,843
2004	31,600	\$3,110,535,369	\$ 75,503,903	\$ 12,085,000	0.0204	6.5%	\$ 2,007
2003	30,419	\$2,916,951,990	\$ 55,637,300	\$ 12,485,000	0.0148	4.7%	\$ 1,419
2002	30,100	\$2,648,005,536	\$ 49,357,300	\$ 12,865,000	0.0138	4.2%	\$ 1,212
2001	29,728	\$2,511,498,330	\$ 52,416,000	\$ 13,230,000	0.0156	4.7%	\$ 1,318
2000	29,700	\$2,417,553,437	\$ 56,127,090	\$ 13,585,000	0.0176	5.3%	\$ 1,432

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

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

County of Isle of Wight, Virginia

Legal Debt Margin

Last Ten Fiscal Years	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Total assessed valuation of real estate from land bank	\$ 4,359,684,973	\$ 3,968,971,300	\$ 3,879,182,770	\$ 2,626,671,100	\$ 2,480,667,825	\$ 2,447,366,488	\$ 1,918,017,998	\$ 1,715,143,492	\$ 1,545,642,326	\$ 1,471,718,889
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Debt Limitation	435,968,497	396,897,130	387,918,278	262,667,110	248,066,783	244,736,649	191,801,800	171,514,349	154,569,233	147,171,889
Total debt of the County	87,353,971	67,352,549	62,013,810	67,052,307	71,414,333	75,503,903	55,569,279	49,357,309	52,416,000	56,127,090
Total debt of the Town of Smithfield	4,924,960	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	773,226	782,871	792,091	800,079	810,489	817,310	-	-	-	-
Total	93,052,157	73,516,142	68,783,353	74,456,769	75,734,493	78,322,018	59,326,042	49,357,309	52,416,000	56,127,090
Amount by which legal debt margin exceeds total debt	\$ 3,429,163,402	\$ 3,233,809,988	\$ 3,193,449,225	\$ 1,888,210,341	\$ 1,723,322,990	\$ 1,366,414,631	\$ 1,324,751,758	\$ 1,221,570,492	\$ 1,021,552,333	\$ 91,044,799

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

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

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(1) Per Capita Income</u>	<u>Registered Voters</u>	<u>(2) Unemployment Rate</u>
2009	35,659 (3)	\$ 36,654 (3)	25,732	6.7%
2008	34,620 (3)	\$ 35,586 (3)	24,131	3.7%
2007	33,612	\$ 34,549 (3)	23,356	3.0%
2006	33,090	\$ 33,543	22,501	3.1%
2005	32,417	\$ 32,275	21,639	3.5%
2004	31,600	\$ 30,711	21,594	3.2%
2003	30,419	\$ 29,894	20,213	3.4%
2002	30,100	\$ 28,546	19,953	3.4%
2001	29,728	\$ 28,344	N/A	2.7%
2000	29,700	\$ 27,122	N/A	2.2%

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

County of Isle of Wight, Virginia

Full-time Equivalent County Government Employees by Function/Program

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

County of Isle of Wight, Virginia

Full-time Equivalent County Government Employees by Function/Program

Function/Program	Full-time Equivalent Employees as of June 30,				
	2009	2008	2007	2006	2005
Fire and Rescue					
Administrative	3.0	2.5	1.0	1.0	1.0
Firefighters/Paramedics	37.0	18.5	18.5	15.5	14.0
Total Fire and Rescue	40.0	21.0	19.5	16.5	15.0
General Services					
Administrative	1.5	1.5	2.0	2.0	2.0
Engineering	5.0	7.0	5.0	-	-
Refuse collection	19.5	21.5	19.0	19.0	17.5
Building and Grounds	12.0	11.0	11.5	9.0	8.0
Custodians	6.5	6.5	5.0	5.0	3.5
Total Public Works	44.5	47.5	42.5	35.0	31.0
Parks, Recreation and Cultural	12.5	13.5	16.5	16.5	20.0
Public Utilities	9.5	10.5	12.0	14.0	12.0
Public Schools					
Instructional Positions	555.6	549.6	534.1	501.7	445.0
Administrators	23.0	23.0	24.0	25.0	25.0
Support Personnel	245.1	247.5	247.3	242.0	236.6
Total Public Schools	823.7	820.1	805.4	768.7	706.6
Grand total	1,099.2	1,075.1	1,048.4	998.2	912.6

County of Isle of Wight, Virginia

Operating Indicators by Function/Program

Last Six Fiscal Years						
Function/Program	2009	2008	2007	2006	2005	2004
Sheriff						
Physical arrests	661	890	989	323	319	392
Traffic violations	1,047	2,677	1,383	816	1,306	1,300
Fire						
Emergency responses - Fire	1,920	1,539	1,792	2,852	2,601	2,180
Emergency responses - Rescue	4,657	4,408	3,660	3,632	3,430	3,529
Building Permits						
Residential	118	167	310	512	445	423
Residential - Value	\$ 24,255,044	\$ 35,817,165	\$ 56,519,045	\$ 111,276,167	\$ 92,052,639	\$ 63,559,903
Commercial	14	14	31	17	21	20
Commercial - Value	\$ 31,604,670	\$ 10,537,686	\$ 13,266,100	\$ 13,244,130	\$ 3,699,895	\$ 20,210,548
Refuse collection						
Refuse collected (tons per day)	53.0	56.0	56.0	55.0	55.8	56.0
Public Schools						
Cost Per Student	\$ 11,136	\$ 10,767	\$ 10,232	\$ 9,721	\$ 9,022	\$ 8,360
Average Daily Membership	5,306	5,286	5,372	5,138	5,032	4,983
Student/Teacher Ratio	12.9	13.1	13.1	13.0	13.4	13.6
Park and recreation						
Athletic field permits issued	539	158	205	29	24	26
County Fair Admissions	12,000	2,400	2,979	12,250	12,927	-
Library						
Volumes in collection	265,491	268,863	258,620	214,903	215,698	240,336
Total volumes borrowed	249,144	229,489	193,082	191,040	181,733	130,346
Water						
New connections	54	71	109	360	380	202
Average daily consumption (thousands of gallons)	0.89	0.67	0.69	0.39	0.45	0.45

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

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

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