

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR 2019-2020





Acknowledgments

The preparation of this report has been accomplished by the efficient and dedicated services of the staff of the Department of Finance, the Treasurer's Office and various departments.

The following Finance Department employees were instrumental in the preparation of this report:

Isle of Wight County

Teresa Morgan, Comptroller
Nancy Mayo, Senior Accountant
Donna Proffitt, Senior Accountant
Kay McKee, Payroll Coordinator
Amanda McAdams, Financial Analyst

Isle of Wight County Schools

Rachel Trollinger, Executive Director
Nancy Hopkins, Finance Coordinator

It is also appropriate to thank Randy Keaton, County Administrator, Donald Robertson, assistant County Administrator, our Department Heads and Constitutional Officers, and the Board of Supervisors for making possible the excellent financial position of the County through their interest and support in planning and conducting the financial affairs of the County.

Stephanie Humphries
Chief Financial Officer

County of Isle of Wight, Virginia

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November 30, 2020

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the County of Isle of Wight, Virginia for the fiscal year ended June 30, 2020. This report is intended to provide informative and relevant financial data for the residents of the County, Board of Supervisors, investors, creditors, and any other interested readers.

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

PB Mares, LLP, a certified public accounting firm, audited the County's basic financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements and assessing the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's basic financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP with noted

emphasis in the independent auditors report as presented in the first component of the financial section of this report. The independent audit of the financial statements of the County is part of a broader, federal and state mandated “Single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government’s internal controls and compliance with legal requirements, with additional emphasis on the administration of federal and state awards.

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

Profile of the Government

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

Isle of Wight County has a rich history that pre-dates its formal establishment in 1634. The County provided fertile farmland and hunting opportunities for its Native American inhabitants prior to the first English settlement in 1619. It still provides an excellent quality of life for over 37,000 residents while balancing its rural history with a future focused on quality commercial and residential growth.

The County has a Council-Manager form of government. The five members of the Board of Supervisors (Council) are elected from districts and serve staggered four-year terms. The Board of Supervisors is the policy-making and legislative authority for the County. They are also responsible for adopting an annual budget and appointing a County Administrator (Manager). The Administrator is responsible for implementing policies, managing daily operations, and appointing County employees. The County provides a wide array of services to citizens. Major programs include Public Safety, Health and Welfare, Parks and Recreation, and Community Development. The financial reporting for the County covers all these major areas, as well as the County Public Schools.

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

The **Health and Welfare** services program for the County was vastly improved by acquiring a facility formerly utilized as a family medical practice to serve as the location for the Isle of Wight County Health Department. The property was offered to the County at half of its appraised value and after extensive renovations were completed, it serves the community well by allowing the Health Department to significantly expand its public health services. Other Health & Welfare services are provided by our Department of Social Services as well as various community partnerships that are provided funding annually such as Western Tidewater Community Services Board and Western Tidewater Free Clinic.

Parks and Recreation programs are essential to the quality of life of County residents. The Isle of Wight County Fair has become one of the community's signature events. Held at Heritage Park, it provides great family entertainment and highlights the County's rural roots, attracting over 30,000 visitors annually from all over the Commonwealth of Virginia.

The County is also home to Windsor Castle Park located in the heart of downtown Smithfield. It is a 210-acre riverside park that features a woodland trail system, picnic and play areas, a dog park, kayak and canoe launch, scenic overlook, and the Windsor Castle Historic Site. Windsor Castle Farm was originally part of a 1,450-acre parcel patented in 1637 by Arthur Smith and is situated on a knoll overlooking the Pagan River. The site preserves the rich historic heritage of the Castle, as well as providing a passive public park on the estate grounds.

The Parks and Recreation department also provides a multitude of program for citizens of all ages through the year. The Senior Program, the youth athletics and the community recreation programs allow for various sources of activities for community participation. Planning for maintenance and expansion of parks, playgrounds and trails throughout the community is developed annually through the Capital Improvement Plan.

Community Development continues to be an extremely important focus of the Board of Supervisors in that it provides an opportunity for the County to preserve its natural beauty while simultaneously promoting smart growth. The Community Development Department and the Economic Development Department both contribute efforts to promote county-wide economic development and residential development planning and growth. The County's Comprehensive Future Land Use Plan is designed to encourage manageable residential and commercial growth in specific areas of the County while preserving farmland and forestry in an effort to maintain the County's rural character and natural beauty.

As part of its community-wide vision, the County has designated three strategic growth areas called Development Service Districts, or DSDs. The three DSDs are located around and close to the existing population centers of Carrollton, Windsor, and Camptown. The benefits of these strategic growth areas include:

- Existing and planned public water and sewer facilities;
- Ready access to the region's transportation network, including Route 17, Route 258, Route 460, and Route 58 as well as two rail lines, which provide direct connections to the Virginia Ports;

- Proximity to the nearby population centers of Smithfield, Windsor, Franklin, Newport News, and Hampton as well as the rest of the Hampton Roads region; and
- Planned, future growth opportunities including a mix of residential, commercial, and industrial land uses.

Even with its historic, low-density land use pattern, the County has maintained a healthy population growth rate for nearly thirty years. Since the 1990 US Census, the County has grown an average of approximately 1.7% per year, which is higher than the State's average growth rate of 1.3% over the same time period as well as the Hampton Roads Region's average growth rate of 0.7%. The Weldon Cooper Center projects 43,400 persons by 2035, representing a 23% increase over 2010 for an approximate average annual growth rate of 0.9% over the twenty-five year period. This average growth rate is the same projected average annual growth rate for the State for the same time period. This slowing of average growth rate is attributed to the wider trend of a slowdown of birthrates and the general aging of the population as well as the general economic turndown that began in 2008. While the economy had been in an expansion phase for several years, the Coronavirus pandemic caused many communities to have a decline in permitting. The County has not seen the same reduction in permits, especially residential.

The County's **Public Schools** are operated by a legally distinct governing body and the County provides a significant portion of the funding for a school system recognized for excellence.

Isle of Wight County Schools implement research-based instructional strategies to provide rigorous and engaging learning experiences that ensure student success. The division educates almost 5,500 students in grades PreK-12 at nine schools: five elementary schools, two middle schools, and two high schools.

All nine schools remain fully accredited by the Virginia Department of Education. Isle of Wight County Schools earned an on-time graduation rate of 92.5 percent for the Class of 2020, according to data released by the Virginia Department of Education. 54 percent of the graduates earned an advanced studies diploma. The Isle of Wight County Schools' on-time graduation rate continues to exceed the state average.

The Coronavirus pandemic brought a new level of difficulty to educating youth. The initial impact began with closure of all schools in the County in March of 2020. As the pandemic continued, it quickly became clear that an alternative to in-school instruction was needed. Along with schools across the country, our school system began planning to provide virtual instruction. The school year ended without seeing schools revert to normal operations.

Economic Overview

Isle of Wight County remains a community of choice for homeowners and businesses alike because of its rural aesthetics, affordable tax rates and convenient commuting times to the region's employment centers. Despite the emergence of the Coronavirus pandemic and its interruptions to business, especially, the County experienced increases in certain types of tax

revenues in FY 2020 compared to other localities in the region. Sales tax revenue increased by 14.45% from FY 2019, and Machinery & Tools by 4.05%. Commercial real estate tax revenue increased by 1.26%, and business equipment assessments increased by 3.46%. In addition, the County realized an 0.86% increase in business license revenue.

In response to Coronavirus impacts on small businesses in the last quarter of FY 2020, Isle of Wight County and the Towns of Smithfield and Windsor quickly established the COVID-19 Business Interruption Small Business Grant Program to help them recover and reopen. The program was funded by federal CARES Act dollars, with grants of up to \$4,000 made available. Over 300 businesses benefited from the program and the County injected nearly \$1,300,000 into the business community.

Even in the midst trying and unexpected economic conditions, maintaining and improving the quality of life for residential and commercial residents requires a continued commitment to long-term strategies for economic development. County leadership, for example, embarked on an update to its Strategic Economic Development Plan in January 2020 to create a five-year economic roadmap. Staff will continue developing this strategy, and numerous other strategies will continue from previous years, including significant investments in the County's Shirley T. Holland Intermodal Park.

Strategically located for port-related businesses, the 1,200-acre Intermodal Park provides affordable acreage close to The Port of Virginia. Businesses in the park can easily access the Port using U.S. Route 460 or U.S. Route 58 or by rail on the adjacent Norfolk Southern Heartland Corridor. Available land in the Intermodal Park is actively marketed by the Economic Development Department with an emphasis on these and many other attributes that are attractive to companies and developers.

The Intermodal Park is located within Foreign Trade Zone #20. In 2020, its designation within an Enterprise Zone was reaffirmed by the Commonwealth, so it continues for another five years to offer eligibility for federal, state and local incentive programs for firms that locate or expand there. The County is currently working with the Commonwealth on a major expansion to the Enterprise Zone to include hundreds of new acres along the U.S. 460 corridor.

The Port of Virginia also offers the Economic and Infrastructure Development Zone Grant Program for Port users. The Intermodal Park is home to three nationally recognized companies that use Port facilities: Keurig Dr Pepper, Safco Products Company and Cost Plus World Market, a subsidiary of Bed, Bath & Beyond. Together these facilities employ over 700 people.

Design and engineering work were completed, and erosion and sediment control plans were approved in 2019 for up to 310,000 square feet of building space on a new 44-acre site in Phase II of the Intermodal Park. Established "permit-readiness," especially on publicly owned land, is highly attractive to clients that need to build and begin operations quickly. Permit-readiness reduces developer risks, eliminates much of the up-front costs associated with the type of large projects this site can accommodate and it reduces project completion time, saving money. A total of 307 available acres owned by the Economic Development Authority in Phase II are recognized and cooperatively marketed by regional and Commonwealth economic development

professionals as high-value land assets ready for major capital and jobs investments. In June 2020, the County applied for GoVA grant funding to conduct targeted site characterization studies of these available acres under the auspices of the Hampton Roads Planning District Commission's Business Ready Sites Program. (Grant award was received in FY 2021).

International Paper is a major economic driver in the region, providing more than 330 jobs at the Franklin Mill. The company added 30 jobs in 2020 to help meet increasing demand for its pulp fluff product. The annual production averages more than 950 tons of fluff pulp daily and the mill exports nearly 100 percent of its product. The fluff pulp is shipped to customers who make super-absorbent products such as baby diapers, adult incontinence and feminine hygiene products and wipes.

In late 2019, M&M Milling, a toll processor specializing in grinding, blending and sizing of agricultural materials, established its first East Coast location in Isle of Wight County. The firm is adding to existing operations in Arkansas, Mississippi and Tennessee as it expands its corporate footprint and engages more customers in the wood products industry in the Eastern United States. The company purchased a dormant industrial facility that ceased operations over a decade ago near the City of Franklin, and is situated within a Virginia Enterprise Zone, as well as a revenue sharing district with Franklin. The new Isle of Wight operation represents more than \$2.35 million in capital investment, will employ at least 15 people when fully operational and will purchase hundreds of thousands of bushels of shelled corn from local farmers each year as part of its production processes.

Woodland Solar, Isle of Wight County's first solar farm, powered up in December 2016 and features 79,648 panels on more than 100 leased acres. Since Woodland Solar's installation, the County has approved three additional solar facilities with 1,650 acres in panels, or roughly two percent of the County's agricultural land.

In November 2019, Triad Electrical Solutions purchased and established operations in a dormant 5,000 square-foot medical office center, one of three buildings at 15221 Carrollton Boulevard. Triad, which provides electrical construction for highway, industrial and government projects, plans to invest \$300,000 and employ up to 50 people over the next three years.

Isle Stor-It, the first climate-controlled, self-storage facility in the County, opened a 7,500-square-foot building in Isle of Wight Industrial Park in February 2019. In June 2020, the company started construction on a second 10,000-square-foot building. Riverside Pest Control, a home-based business in Smithfield, purchased a two-acre site in the park in 2019 and plans to construct a 3,500-square-foot building to relocate and expand operations.

Reflecting its capability to host larger aircraft with its 5,000-foot runway, the County's municipal airport was renamed the Franklin Regional Airport in 2019. The City of Franklin owns the airport and more than 60 adjacent, industrial-zoned acres jointly marketed with Isle of Wight County.

Permits for new single-family houses totaled 200 compared to 195 in FY 2019. The value of new single-family construction went from \$36.3 million to \$42.3 million, a 16.6% increase. Although

decreased from the previous year, new commercial construction value totaled \$2.3 million. Altogether, the total value of new construction and renovations in the County was \$113.7 million, versus \$98.8 million in the prior year. In FY 2020, construction began on two new, mixed-use developments in the Newport Development Service District. The Crossings will include 210 condos and Brewer's Station Phase I will include 162 apartments. In total, there are approximately 4,400 residential units approved or under review in Isle of Wight County and the Towns of Smithfield and Windsor.

Financial Guidelines

The County prepares an annual Operating Budget that balances revenues and expenditures within available resources to ensure the sustainability of day-to-day operations and essential services for its citizenry.

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

The Capital Improvement Program Committee plans for and recommends funding for the County's capital needs in advance of the annual budget preparation through review and submission of the CIP. The CIP represents a fiscally responsible approach in its level of reliance on long-term financing for general County improvement projects. The CIP will utilize debt financing as a funding source only after it has been determined that the County can afford to service this debt and the associated operating expenses in subsequent years.

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

- The County's tax-supported debt service will not exceed 12 percent of general governmental expenditures. Tax-supported debt service shall include any debt service on general obligation bonds which are not self-supporting from a user fee revenue stream (i.e. water and sewer fee). A self-supporting revenue stream is defined as a revenue stream that provides coverage of all debt service obligations without general fund support. Any long-term financing lease obligations which may be subject to annual appropriation by the County will also be included in calculations of tax-supported debt service.
- The County's tax-supported debt will not exceed 4 percent of the assessed value of taxable real and personal property in the County.

Major Initiatives and Accomplishments

The County entered into an agreement with the Towns of Smithfield and Windsor to provide Technology services to both towns. Sharing of Information Technology (“IT”) services will avoid duplication of efforts, reduce costs and maximize the efficiency for both the County and Towns’ Information Technology departments.

Standard & Poor’s upgraded the County’s bond rating from AA to AA+. This is the third ratings upgrade that the County has received from Standard & Poor’s since 2008.

The Board of Supervisors and the School Board jointly agreed to construct two new schools to replace Hardy Elementary School and Westside Elementary School. Hardy will be built on the site of the existing school and Westside will be built on a new location. Both schools will be larger than the existing buildings to accommodate growth.

A task force for adults with special needs was appointed by the Board consisting of people from the community as active participants and oversight provided by two of the Board members. The Special Needs Task Force was developed to identify resources and create opportunities for recreation and socialization for adults with physical and/or mental disabilities.

The Board of Supervisors adopted the County's new Comprehensive Plan, *Envisioning the Isle*. The Plan development process began on June 1, 2017, with a joint meeting between the Planning Commission and the Board of Supervisors. Since that time, the County held forty community meetings and conducted three public input surveys as well as a host of other presentations to civic organizations, neighborhood associations, and school groups. The plan represented a community led effort to ensure the new Plan accurately reflected the priorities of the County's residents and businesses. The Plan was created based on the feedback of over 714 meeting participants, 1,625 survey respondents, and with the guidance of the Citizens Task Force, the Planning Commission, and the Board of Supervisors.

Responding to the COVID-19 Pandemic dominated the second half of the fiscal year. County offices were closed to the public for over 2 months, many businesses had restrictions placed on their hours and occupancy, and social gatherings were severely limited. The County received \$3.2 million in CARES Act funding to assist businesses and provide funding to County departments to protect employees and the public from the pandemic.

Awards

In recognition of its Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2019, a Certificate of Achievement for Excellence in Financial Reporting was awarded to Isle of Wight County by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and reporting, and its attainment represents a significant accomplishment by a government and its management.

The Isle of Wight County Treasurer's office received its accreditation from the Treasurer's Association of Virginia on May 19, 2020. As part of the accreditation process, offices must successfully pass an outside audit with no findings of material weakness.

The County also received the GFOA's Distinguished Budget Presentation Award for its budget for the Fiscal Year Beginning July 1, 2019.

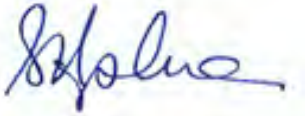
Acknowledgement

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

Respectfully submitted,



Randy R. Keaton
County Administrator



Stephanie Humphries
Chief Financial Officer

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**Isle of Wight County, Virginia Officials
June 30, 2020**

Primary Government Officials

BOARD OF SUPERVISORS

Joel C. Acree, Chairman.....	Windsor District
Richard L. “Dick” Grice, Vice-Chairman.....	Smithfield District
Don G. Rosie, III.....	Carrsville District
William M. McCarty.....	Newport District
Rudolph Jefferson.....	Hardy District

CONSTITUTIONAL OFFICERS

Georgette C. Phillips.....	Commonwealth’s Attorney
Gerald H. Gwaltney.....	Commissioner of the Revenue
Kathleen S. Torrence.....	Clerk of Circuit Court
James R. Clarke, Jr.	Sheriff
Judith C. Wells.....	Treasurer

ADMINISTRATIVE OFFICERS

Randy R. Keaton.....	County Administrator
Donald T. Robertson.....	Assistant County Administrator
Stephanie M. Humphries.....	Chief Financial Officer
Robert W. Jones, Jr.....	County Attorney

School Board Officials

SCHOOL BOARD

Jacqueline "Jackie" W. Carr, Chairman.....	Carrsville District
Julia W. Perkins, Vice-Chairman.....	Windsor District
Victoria "Vicky" Hulick.....	Newport District
Denise Tynes.....	Smithfield District
Alvin Wilson.....	Hardy District

ADMINISTRATIVE OFFICERS

Dr. James “Jim” Thornton.....	Superintendent
Rachel Trollinger.....	Executive Director of Budget & Finance
Stacy Haney, Haney Phinyowattanachip PLLC.....	School Attorney
Patrick T. Andriano, Reed Smith LLP.....	School Attorney

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Isle of Wight
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

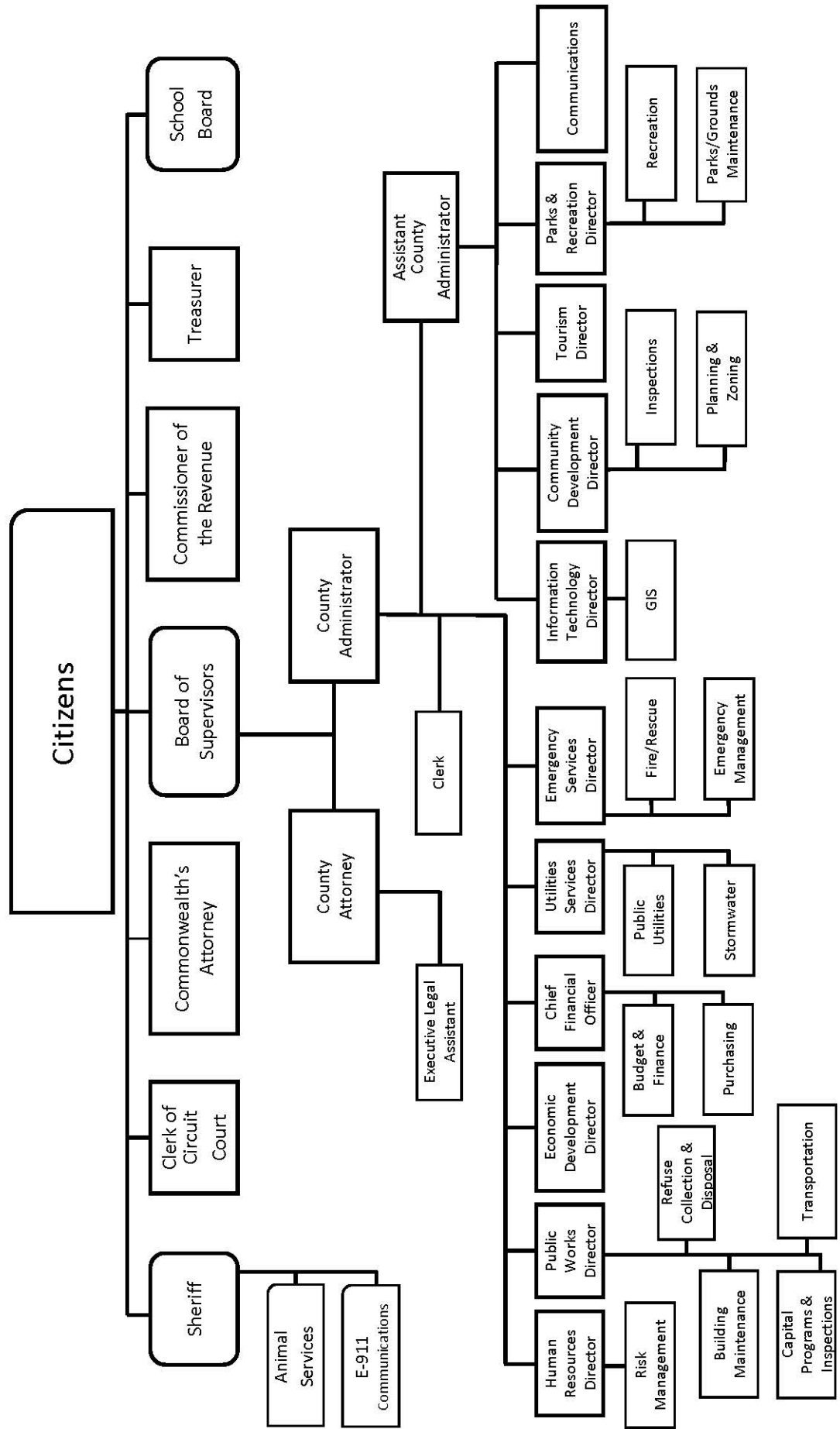
Christopher P. Morrell

Executive Director/CEO

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County of Isle of Wight, Virginia

Organizational Chart



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Financial Section

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 (County), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 5-16 and 130-170, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedules listed in the table of contents as introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PBmarus, LLP

Harrisonburg, Virginia
December 2, 2020

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Management's Discussion & Analysis

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Introduction

This section of the County of Isle of Wight, Virginia's (County) annual financial report presents our discussion and analysis of the County's financial performance for the fiscal year ended June 30, 2020. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The net position of the County, excluding the component units as of June 30, 2020 was \$21.7 million a 72.3% increase from the previous fiscal year mostly attributable to an increase in the Net Investment in Capital Assets. Of the total net position, \$5.7 million is restricted for capital projects, while \$47.9 million is unrestricted.
- The County's net position for the governmental activities was \$27.9 million, a 34.8% increase from FY 2019. \$2.8 million of the governmental net position is restricted for capital projects and \$39.1 million remains unrestricted.
- The net position of business activities was a deficit of \$6.2 million resulting from a deficit in net investment in capital assets of \$18.0 million. This is 23.7% better than the previous year. Business activities has \$2.9 million net position restricted for capital assets and \$8.8 million unrestricted.
- The County's General Fund reported a net increase in fund balance of \$4.1 million, with a total fund balance of \$29.0 million. Of this amount, \$20.4 million is unassigned while the remainder is nonspendable, restricted or committed. The increase is due to the County's management of expenses and implementation of cost containment measures throughout the fiscal year.
- The County's long-term debt (bonds, loans and capital leases) at June 30, 2020 was \$145.6 million, a decrease of 5.4% due to the paydown of outstanding debt.
- The County's tax rate on real estate did not increase from the prior year rate of \$0.85 per \$100 of assessed value.

OVERVIEW OF THE FINANCIAL STATEMENTS

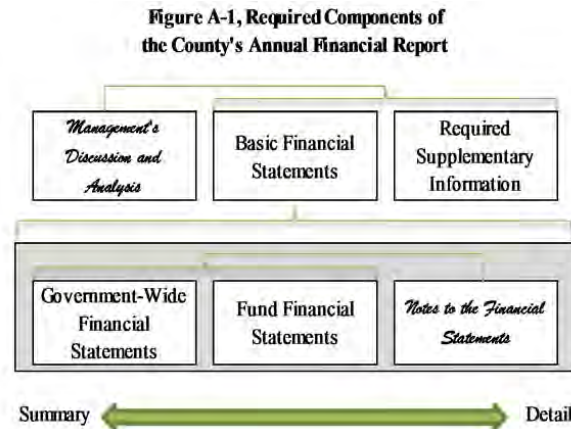
This annual report consists of three parts - *Management's Discussion and Analysis* (this section), the *basic financial statements*, and *required and other supplementary information*. The basic financial statements include two statements presenting different views of the County:

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required and other supplementary information* that further explains and supports the information in the financial statements.

Components of Financial Report

Figure A-1 shows how the required parts of this annual report are arranged and related to one another.



Statements

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.

	Type of 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 position Statement of activities	Balance sheet Statement of revenues, expenditures & changes in fund balances	Statement of net position Statement of revenues, expenses and changes in fund net position Statement of cash flows	Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the County's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Management's Discussion & Analysis

Government-wide Statements

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

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

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

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

- **Governmental activities** - Most of the County's basic services are reported here including general government, judicial administration, public safety, 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, sewer and stormwater 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 Economic Development Authority of the County of Isle of Wight. While legally separate, the County is financially accountable and provides operating and capital funding to these component units.

Fund Financial Statements

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

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

Management's Discussion & Analysis

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 public utilities enterprise fund accounts for the operation of its water and sewer systems while the stormwater enterprise fund accounts for the operation of its stormwater system.

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 2020.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

NET POSITION

Table A-1 summarizes the Statement of Net Position at June 30, 2020 and 2019.

Table A-1

	Governmental Activities		Business - Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 55,698,841	\$ 52,593,803	\$ 15,161,925	\$ 15,069,514	\$ 70,860,766	\$ 67,663,317
Capital assets	90,779,162	91,312,182	16,795,126	14,112,671	107,574,288	105,424,853
Total assets	146,478,003	143,905,985	31,957,051	29,182,185	178,435,054	173,088,170
Deferred outflows of resources	7,615,969	7,886,076	1,310,845	1,574,194	8,926,814	9,460,270
Current liabilities	13,495,119	11,863,702	3,696,842	2,493,477	17,191,961	14,357,179
Long-term liabilities	111,313,960	117,410,620	35,638,551	36,230,270	146,952,511	153,640,890
Total liabilities	124,809,079	129,274,322	39,335,393	38,723,747	164,144,472	167,998,069
Deferred inflows of resources	1,388,562	1,815,705	110,700	129,677	1,499,262	1,945,382
Net Investment in capital assets	(14,604,210)	(16,230,336)	(17,996,594)	(15,814,155)	(32,600,804)	(32,044,491)
Restricted	3,407,069	5,218,666	3,016,665	5,282,900	6,423,734	10,501,566
Unrestricted	39,093,472	31,713,704	8,801,732	2,434,210	47,895,204	34,147,914
Total net position	\$ 27,896,331	\$ 20,702,034	\$ (6,178,197)	\$ (8,097,045)	\$ 21,718,134	\$ 12,604,989

As described earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the fiscal year, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$21.7 million, a 72.3% increase from the previous year. Total assets increased by \$5.3 million when compared to June 30, 2019.

The largest portion of the County's net position at June 30, 2020 is unrestricted net position which increased slightly from the prior year. The restricted net position of the County in FY 2020 was \$6.4 million, which represents 29.6% of total net position.

County of Isle of Wight, Virginia

Management's Discussion & Analysis

Changes in Net Position (Statement of Activities)

Governmental Activities

Of the total net position of the County, \$27.9 million can be attributed to governmental activities. This is a \$7.2 million or 34.8% increase from the prior year resulting from a significant decrease in total liabilities. This was largely due to debt principal payments.

Business-Type Activities

The Public Utilities and Stormwater Funds had a negative net position of \$6.2 million, which is \$1.9 million better than the prior year. The net position includes \$8.8 million which is unrestricted and \$2.9 million restricted for capital projects. A deficit of \$18.0 million in net investment in capital assets largely contributes to the negative net position resulting from existing debt obligations and depreciation of infrastructure assets. Total liabilities increased slightly by \$0.6 million compared to FY19 related to an increase in cash bonds held in escrow.

The following summarizes the County's changes in net position for the years ended June 30, 2020 and 2019:

Table A-2

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 4,177,473	\$ 3,432,960	\$ 7,769,192	\$ 6,640,576	\$ 11,946,665	\$ 10,073,536
Operating grants and contribution	7,840,352	4,758,736	-	-	7,840,352	4,758,736
Capital grants and contribution	1,548,678	2,964,205	-	285,844	1,548,678	3,250,049
General Revenue:						
Taxes	65,912,474	65,399,505	-	-	65,912,474	65,399,505
Intergovernmental, non-categorical aid	5,396,075	5,375,993	-	-	5,396,075	5,375,993
Others	2,812,491	3,556,639	126,281	177,703	2,938,772	3,734,342
Total revenues	<u>87,687,543</u>	<u>85,488,038</u>	<u>7,895,473</u>	<u>7,104,123</u>	<u>95,583,016</u>	<u>92,592,161</u>
Expenses						
General government administration	6,942,584	6,752,097	-	-	6,942,584	6,752,097
Judicial administration	1,575,825	1,624,282	-	-	1,575,825	1,624,282
Public safety	15,651,837	15,638,826	-	-	15,651,837	15,638,826
Public Works	6,097,278	4,706,389	-	-	6,097,278	4,706,389
Health and welfare	4,796,012	3,914,717	-	-	4,796,012	3,914,717
Education	30,148,936	32,008,845	-	-	30,148,936	32,008,845
Parks, recreation and cultural	3,679,176	3,197,767	-	-	3,679,176	3,197,767
Community development	3,488,247	4,266,517	-	-	3,488,247	4,266,517
Interest on long-term debt	4,308,156	4,501,668	-	-	4,308,156	4,501,668
Public utility	-	-	8,783,282	8,432,300	8,783,282	8,432,300
Stormwater	-	-	998,538	1,058,641	998,538	1,058,641
Total expenses	<u>76,688,051</u>	<u>76,611,108</u>	<u>9,781,820</u>	<u>9,490,941</u>	<u>86,469,871</u>	<u>86,102,049</u>
Excess (deficiency) before transfers	<u>10,999,492</u>	<u>8,876,930</u>	<u>(1,886,347)</u>	<u>(2,386,818)</u>	<u>9,113,145</u>	<u>6,490,112</u>
Transfers	(3,805,195)	(3,300,000)	3,805,195	3,300,000	-	-
Change in net position	<u>7,194,297</u>	<u>5,576,930</u>	<u>1,918,848</u>	<u>913,182</u>	<u>9,113,145</u>	<u>6,490,112</u>
Net position (deficit)- beginning of year	20,702,034	15,125,104	(8,097,045)	(9,010,227)	12,604,989	6,114,877
Net position (deficit)- end of year	<u>\$ 27,896,331</u>	<u>\$ 20,702,034</u>	<u>\$ (6,178,197)</u>	<u>\$ (8,097,045)</u>	<u>\$ 21,718,134</u>	<u>\$ 12,604,989</u>

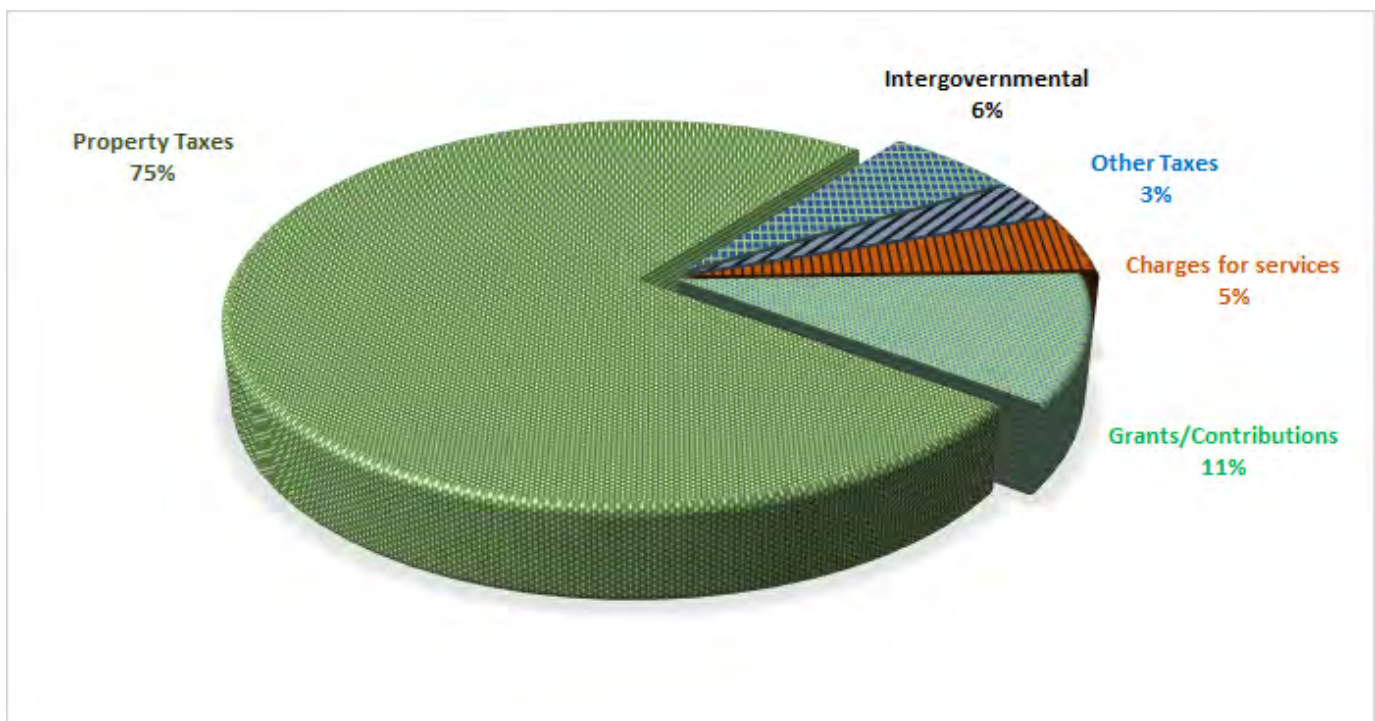
REVENUES

The total revenue of the County was \$95.6 million in the year ended June 30, 2020, which is \$3.0 million more than the prior year while the total expenses of all programs and services was \$86.5 million which is \$0.4 million more than FY 2019. A more detailed explanation of the changes in both governmental and business-type activities is given below.

Governmental Activities

The County's total revenues for governmental activities were \$87.7 million, of which a significant portion, 75.2% comes from local taxes. Expenses of all governmental programs and services was \$76.7 million. Charges for services for FY 2020 were \$4.2 million an increase of \$0.7 million. Revenues from operating grants increased \$3.1 million from the prior year. Capital grants and contributions decreased in FY 2020 by \$1.4 million. Tax revenues for the governmental funds increased minimally from the prior year.

Figure A-3 Government-wide Revenues



Business-Type Activities

Total revenues increased from the prior year. Overall, the Public Utilities Fund Net Position improved when compared to FY 2019 at a \$1.5 million increase. County management continues to seek ways to diversify and expand the Public Utilities revenue sources. The Utility System customer base is not large enough to allow the Public Utility activity to be self-sufficient. The Stormwater function has sufficient revenue sources to support its function.

Management's Discussion & Analysis

EXPENSES

The total cost of County activities this year was \$86.5 million. A breakdown of expenses by both governmental and business-type activities is presented below.

Governmental Activities

Education continues to be one of the County's highest priorities and commitments representing 39.3% of total costs and 38.8% of General Fund expenditures. The cost of all *governmental* activities this year was \$76.7 million, a modest 0.1% increase from the previous year.

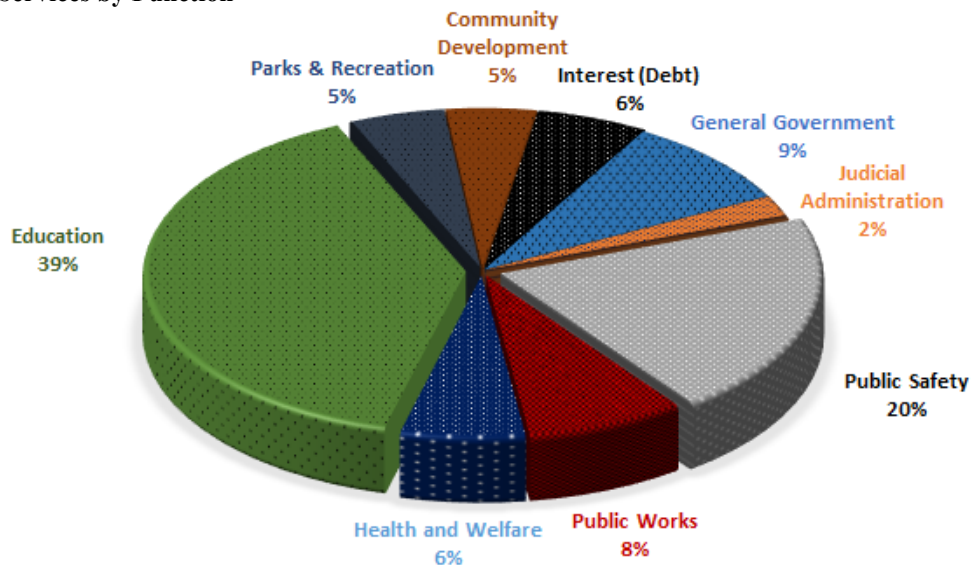
Table A-3a presents the cost of each of the County's governmental functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid).

Table A-3a

	Total Cost of Services			Net Cost of Services		
	2020	2019	% Change	2020	2019	% Change
Governmental Activities:						
General government administration	\$ 6,942,584	\$ 6,752,097	2.8%	\$ 3,234,703	\$ 3,987,940	-18.9%
Judicial administration	1,575,825	1,624,282	-3.0%	966,567	1,025,186	-5.7%
Public safety	15,651,837	15,638,826	0.1%	12,866,684	12,549,662	2.5%
Public works	6,097,278	4,706,389	29.6%	4,851,489	4,706,389	3.1%
Health and welfare	4,796,012	3,914,717	22.5%	71,052	1,220,352	-94.2%
Education	30,148,936	32,008,845	-5.8%	30,148,936	32,008,845	-5.8%
Parks, recreation and cultural	3,679,176	3,197,767	15.1%	3,206,830	1,231,879	160.3%
Community development	3,488,247	4,266,517	-18.2%	3,467,131	4,223,286	-17.9%
Interest on long-term debt	4,308,156	4,501,668	-4.3%	4,308,156	4,501,668	-4.3%
Total expenses	<u>\$ 76,688,051</u>	<u>\$ 76,611,108</u>	0.1%	<u>\$ 63,121,548</u>	<u>\$ 65,455,207</u>	-3.6%

Figure A-4 presents each of the County's governmental functions as a percentage of total cost.

Figure A-4 Cost of Services by Function



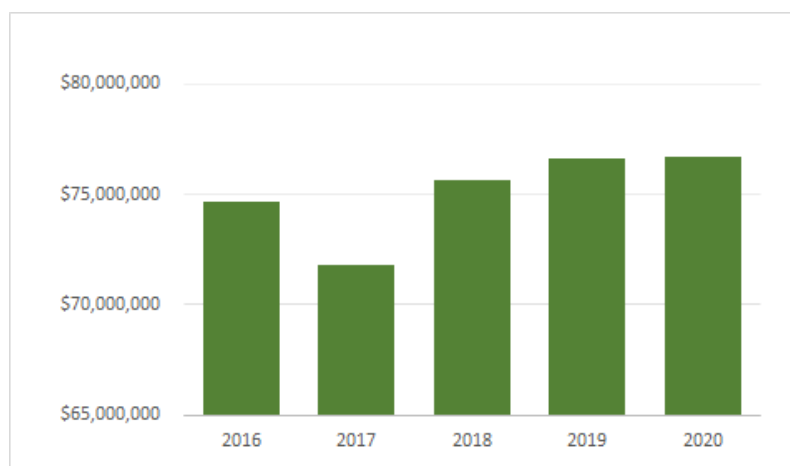
County of Isle of Wight, Virginia

Management's Discussion & Analysis

Governmental Activities (continued)

Expenses for governmental activities have increased 2.8% over the last five fiscal years which is relative to the rate of inflation for the same period. Fiscal Year 2020 remained flat in expenditures over Fiscal Year 2019 due to efforts to control spending. Health and Wellness saw a spike in expenditures in response to the pandemic but the total cost of providing the services were supported by CARES Act funding. The increase in Public Works spending was related to Transportation expenditures. The Total Cost of providing Parks & Recreation activities increased due to cancellation of revenue generating activities in response to the Pandemic. Figure A-5 presents the County's governmental activities expenses year over year for the current and last four fiscal years.

Figure A-5 Total Governmental Expenses



Business-type Activities

Expenses for business-type activities had a modest increase over FY 2019.

Table A-3b presents the cost of each of the County's business-type functions as well as each function's net cost (total cost less fees generated by the activities). A positive number indicates insufficient revenue to cover cost of providing services.

Table A-3b

	Total Cost of Services			Net Cost of Services		
	2020	2019	% Change	2020	2019	% Change
Business-type Activities:						
Public Utilities	\$ 8,783,282	\$ 8,432,300	4.2%	\$ 2,452,435	\$ 3,246,148	-24.5%
Stormwater	998,538	1,058,641	-5.7%	(439,807)	(681,627)	-35.5%
Total expense	\$ 9,781,820	\$ 9,490,941	3.1%	\$ 2,012,628	\$ 2,564,521	-21.5%

The net cost of services for the Public Utilities Fund was 24.5% less than the previous year. The Stormwater Fund had a net cost of services of \$(0.4) million.

In FY 2020, the General Fund transferred \$3.8 million to support the operations of the Public Utilities fund which has been the practice in prior fiscal years. This is approximately 15% more than was transferred in the previous fiscal year however the increase was for infrastructure improvements indicating there was no increase in reliance on the general fund for operating support. The operation of Public Utilities is expected to continue to grow and it is the intent of the County to establish a repayment schedule to the Governmental Funds for previous operating transfers.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds

The primary purpose of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information assists in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$37.4 million, of which \$20.3 million or 54.3% is unassigned.

- **General Fund.** The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance was \$20.4 million or 25.6% higher than FY 2019. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total current expenditures. At June 30, 2020, the unassigned fund balance represented approximately 29.2% of the total General Fund expenditures. For FY 2020, the general fund had a total fund balance of \$29.0 million, or 16.3% higher than the previous year. The committed fund balance was more than FY 2019 at \$7.4 million. Of this amount, \$3.3 million is committed for the Purchase Agricultural Conservation Easement Program (PACE) and \$1.7 million is earmarked for commitments for the Economic Development Incentive Program. \$1m for Franklin Revenue Share and \$1.2m for Pandemic Response have also been committed. The assigned fund balance is \$0.6 million while the remaining fund balance component is in the nonspendable category (\$0.4 million).
- **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 \$7.7 million, a decrease of \$3.5 million or 31.2% less than FY 2019. The decrease is primarily due to expenditures related to the completion of the E911 Communications Project as well as the completion of the Schools CTE program expenditures. The restricted fund balance was \$2.8 million which is restricted for School and County capital projects.
- **Non-Major Governmental Funds.** The County accounts for other programs and services in different funds. These funds include the Department of Social Services, Children's Services Fund, E-911 Funds, Community Development Block Grant Funds, the County Fair, the Grants Fund and the Heritage Park Concert Fund. At June 30, 2020, the combined fund balances were \$0.4 million.

Proprietary funds

The County's proprietary funds consist of the Public Utilities and Stormwater Fund. More detailed information can be found in the government-wide financial statements.

- **Public Utility Fund.** The net position of the Public Utility Fund at the end of the current fiscal year was a deficit of \$12.2 million, of which a deficit of \$19.8 million is representative of net investment in capital assets and \$3.0 million is restricted for Utility infrastructure projects. Additionally, \$4.6 million in unrestricted net position declined compared to FY 2019 due to spending of restricted cash to complete infrastructure projects. Future economic growth within the County will continue to increase the customer base and consequently increase revenue which would reduce the dependence of the Public Utility Fund on the contributions provided by the General Fund.
- **Stormwater Fund.** The net position of the Stormwater Fund for FY 2020 was \$6.0 million which is a 8.0% increase over the prior year. The net investment in capital assets for the Stormwater Fund at the end of the current fiscal year was \$1.8 million and the unrestricted net position was \$4.2 million representing an increase of 15.0% from FY 2019.

Management's Discussion & Analysis**General Fund Budgetary Highlights**

The County's annual budget is prepared on an operating basis and includes estimated revenues and annual appropriations for operations. Actual general fund revenues (excluding other financing sources) were \$1.0 million less than the final budget primarily due to real estate tax revenue. The difference between the original budget for FY 2020 and the final budget was \$4.4 million. This increase was primarily due to rollover funds and CARES funding. Actual General Fund expenditures, excluding interfund transfers and debt service costs, were \$57.8 million. This is approximately \$.9 million more than the prior year mostly due to an increase in Education (\$.8 million), Health and Welfare (\$.8 million) and other departments (\$.1 million) offset by decreases in Community Development (\$.8 million).

Capital Assets

At the end of fiscal year 2020, the County had invested \$107.6 million, net of accumulated depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

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 subcommittee, comprised of three (3) members from the Planning Commission and two (2) members from the Board of Supervisors. The funding stream, consisting of operating revenues, reserves and bonded debt is also reviewed in connection with the requests. The proposed plan is then presented to the Planning Commission for discussion and review and subsequently presented to the Board of Supervisors for adoption. More detailed information on the County's capital assets are presented in Note 6 to the basic financial statements.

Table A-4

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Nondepreciable assets						
Land	\$ 12,752,332	\$ 12,899,648	\$ 463,012	\$ 463,012	\$ 13,215,344	\$ 13,362,660
Intangibles	4,338,512	4,338,512	-	-	4,338,512	4,338,512
Construction in progress	6,553,591	3,932,782	5,120,505	2,031,073	11,674,096	5,963,855
Total nondepreciable assets	23,644,435	21,170,942	5,583,517	2,494,085	29,227,952	23,665,027
Depreciable assets						
Land improvements	14,358,567	14,540,871	15,613,330	15,613,330	29,971,897	30,154,201
Buildings	66,288,155	67,498,617	11,645,449	11,645,449	77,933,604	79,144,066
Equipment	13,596,057	12,914,009	1,190,444	1,102,107	14,786,501	14,016,116
Vehicles	4,911,180	4,862,692	669,826	542,954	5,581,006	5,405,646
Total depreciable assets	99,153,959	99,816,189	29,119,049	28,903,840	128,273,008	128,720,029
Total accumulated depreciation	(32,019,232)	(29,674,949)	(17,907,440)	(17,285,254)	(49,926,672)	(46,960,203)
Net capital assets	\$ 90,779,162	\$ 91,312,182	\$ 16,795,126	\$ 14,112,671	\$ 107,574,288	\$ 105,424,853

County of Isle of Wight, Virginia

Management's Discussion & Analysis

Long-Term Debt

At year-end the County had \$145.6 million in bonds, loans, and capital leases as shown in Table A-5. The Commonwealth of Virginia limits the amount of debt outstanding to 10% of the localities assessed value of real property. At June 30, 2020, the County's debt ratio to assessed value was approximately 2.08% demonstrating the County's conservative debt borrowing policy and management approach. The County also issued \$0.65 million as part of the Master Lease Program to purchase vehicles and equipment for the County. More detailed information on the County's long-term debt is presented in Note 7 to the basic financial statements.

Table A-5

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 98,137,888	\$ 105,174,490	\$ 32,506,688	\$ 32,863,324	\$ 130,644,576	\$ 138,037,814
Bond premium	6,047,682	6,636,571	3,208,622	3,655,867	9,256,304	10,292,438
Subtotal	104,185,570	111,811,061	35,715,310	36,519,191	139,900,880	148,330,252
Installment purchase agreements - PACE	4,326,512	4,326,512	-	-	4,326,512	4,326,512
Capital leases	1,234,124	1,154,305	129,246	53,368	1,363,370	1,207,673
Total long-term debt	\$ 109,746,206	\$ 117,291,878	\$ 35,844,556	\$ 36,572,559	\$ 145,590,762	\$ 153,864,437

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Recent reviews of fiscal performance by external agencies resulted in both stable and improved bond ratings. County Bond ratings are reviewed periodically by multiple agencies such as Fitch, Standard & Poor's and Moody's. The reviews analyze economic indicators and the performance of the County's financial management. These positive ratings reflect continued economic growth in the County, strong financial management, and conservative budgeting practices all of which allow the County to continue its commitment to protect the financial resources of the citizens of Isle of Wight.

- The County's per capita personal income, as of the latest data available, was \$35,344.
- The unemployment rate for Isle of Wight County for 2020 is 6.3% compared to 2019 which was 2.9%.
- Property tax rates remained at \$0.85 for real estate, \$1.75 for Machinery & Tools, and \$4.50 for personal property.

These indicators were taken into account when adopting the operating and capital budget for fiscal year 2019-2020. The adopted budget includes the following highlights.

- Level FY21 over FY20 budget to exclude any relevant revenue projection increases due to pandemic uncertainties.
- No general wage increase due to revenue uncertainties. Allowed only critical FTE position additions in EMS.
- Operationally critical needs that received additional funding required adjustments to non-critical service funding to keep FY21 budget level over FY20.
- The largest uses of County funds are for Education (\$27.5 million), Public Safety (\$11.9 million), and Debt Service (\$11.8 million).

OTHER FACTORS TO CONSIDER

Isle of Wight County

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

The Board of Supervisors' strategic plan incorporates a Values Statement, Mission Statement and four primary strategic directions as follows:

Isle of Wight Values Statement

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

Isle of Wight County Mission Statement

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

Isle of Wight County Slogan

A COMMUNITY OF CHOICE committed to excellence.

Isle of Wight County's Strategic Direction/Agenda

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

Isle of Wight County Schools

Isle of Wight County Schools (IWCS) is committed to preparing our students for excellence in the 21st century by ensuring that they are provided with the knowledge and skills needed to be successful in pursuit of college, careers and citizenship in the global world community. Annually, IWCS educates almost 5500 students in a comprehensive Pre-Kindergarten through twelfth grade instructional program; consisting of five elementary, two middle and two high schools. All IWC schools are fully accredited by the Virginia Department of Education and by the Southern Association of Colleges and Schools.

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 Finance at 757-365- 6273.

Basic Financial Statements

*County of Isle of Wight, Virginia**Statement of Net Position***June 30, 2020**

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority
Assets					
Cash and cash equivalents	\$ 16,933,647	\$ 11,110,872	\$ 28,044,519	\$ 8,536,203	\$ 651,068
Restricted cash and cash equivalents	3,032,069	2,946,665	5,978,734	-	-
Investments	15,637,037	-	15,637,037	-	-
Receivables - net	16,008,772	1,005,918	17,014,690	118,753	9,736
Due from primary government	-	-	-	24,072	-
Due from other governments	2,306,289	-	2,306,289	1,428,238	-
Due from component units - School Board	1,405,390	-	1,405,390	-	-
Inventories and prepaid items	-	28,470	28,470	-	-
Deposits	637	70,000	70,637	-	-
Advance to component unit	375,000	-	375,000	-	-
Land held for resale	-	-	-	-	9,011,625
Net pension asset	-	-	-	92,572	-
Capital assets:					
Nondepreciable	23,644,435	5,583,517	29,227,952	1,619,726	376,537
Depreciable - net	67,134,727	11,211,609	78,346,336	62,282,379	2,189,180
Total assets	146,478,003	31,957,051	178,435,054	74,101,943	12,238,146
Deferred Outflows of Resources					
Deferred losses on refundings	4,496,751	1,052,836	5,549,587	-	-
Pension	2,790,302	225,540	3,015,842	11,922,477	-
OPEB	328,916	32,469	361,385	2,661,952	-
Total deferred outflows of resources	7,615,969	1,310,845	8,926,814	14,584,429	-

*County of Isle of Wight, Virginia**Statement of Net Position***June 30, 2020**

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority
Liabilities					
Accounts payable	\$ 1,868,740	\$ 1,097,012	\$ 2,965,752	\$ 2,042,876	\$ 2,244
Accrued liabilities	241,150	3,487	244,637	5,818,480	-
Amounts held in escrow	142,864	721,759	864,623	-	-
Due to primary government	-	-	-	1,405,390	-
Due to component unit	24,072	-	24,072	-	-
Customer deposits payable	-	357,285	357,285	-	-
Accrued interest payable	1,604,671	688,545	2,293,216	55,748	-
Due to other governments	61,273	-	61,273	-	-
Unearned revenues	1,356,280	70	1,356,350	-	9,737
Long-term obligations:					
Due within one year	8,196,069	828,684	9,024,753	700,598	375,000
Due in more than one year	105,008,965	35,100,080	140,109,045	6,851,012	-
Net pension liabilities	4,193,931	338,995	4,532,926	48,904,223	-
Net OPEB liabilities	2,111,064	199,476	2,310,540	12,627,290	-
Total liabilities	124,809,079	39,335,393	164,144,472	78,405,617	386,981
Deferred Inflows of Resources					
Deferred gains on refundings	133,923	-	133,923	-	-
Pension	819,281	66,223	885,504	4,756,240	-
OPEB	435,358	44,477	479,835	573,575	-
Total deferred inflows of resources	1,388,562	110,700	1,499,262	5,329,815	-
Net Position					
Net investment in capital assets	(14,604,210)	(17,996,594)	(32,600,804)	56,961,415	2,565,717
Restricted:					
Capital projects	2,785,370	2,946,665	5,732,035	633,135	-
Other	621,699	70,000	691,699	303,868	-
Unrestricted (deficit)	39,093,472	8,801,732	47,895,204	(52,947,478)	9,285,448
Total net position (deficit)	\$ 27,896,331	\$ (6,178,197)	\$ 21,718,134	\$ 4,950,940	\$ 11,851,165

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

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County of Isle of Wight, Virginia

Statement of Activities

For the Fiscal Year Ended June 30, 2020

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority
Functions:									
Primary Government:									
Governmental Activities:									
General government administration	\$ 6,942,584	\$ 842,074	\$ 1,752,965	\$ 1,112,842	\$ (3,234,703)	\$ -	\$ (3,234,703)	\$ -	\$ -
Judicial administration	1,575,825	289,269	319,989	-	(966,567)	-	(966,567)	-	-
Public safety	15,651,837	1,058,829	1,290,488	435,836	(12,866,684)	-	(12,866,684)	-	-
Public works	6,097,278	1,245,789	-	-	(4,851,489)	-	(4,851,489)	-	-
Health and welfare	4,796,012	248,050	4,476,910	-	(71,052)	-	(71,052)	-	-
Education	30,148,936	-	-	-	(30,148,936)	-	(30,148,936)	-	-
Parks, recreation and cultural	3,679,176	472,346	-	-	(3,206,830)	-	(3,206,830)	-	-
Community development	3,488,247	21,116	-	-	(3,467,131)	-	(3,467,131)	-	-
Interest on long-term debt	4,308,156	-	-	-	(4,308,156)	-	(4,308,156)	-	-
Total governmental activities	76,688,051	4,177,473	7,840,352	1,548,678	(63,121,548)	-	(63,121,548)	-	-
Business-type Activities:									
Public utility	8,783,282	6,330,847	-	-	-	(2,452,435)	(2,452,435)	-	-
Stormwater	998,538	1,438,345	-	-	-	439,807	439,807	-	-
Total Business-type Activities	9,781,820	7,769,192	-	-	-	(2,012,628)	(2,012,628)	-	-
Total Primary Government	86,469,871	11,946,665	7,840,352	1,548,678	(63,121,548)	(2,012,628)	(65,134,176)	-	-
Component Units:									
School Board	66,736,025	644,469	38,016,853	-	-	-	-	(28,074,703)	-
Economic Development Authority	340,313	127,842	-	-	-	-	-	-	(212,471)
Total Component Units	67,076,338	772,311	38,016,853	-	-	-	-	(28,074,703)	(212,471)
General Revenues:									
Taxes:									
General property taxes					57,854,621	-	57,854,621	-	-
Local sales and use tax					2,675,566	-	2,675,566	-	-
Consumer utility tax					971,143	-	971,143	-	-
Other local taxes					4,411,144	-	4,411,144	-	-
Revenue from use of property & money					1,409,372	120,047	1,529,419	193,277	-
Miscellaneous					1,403,119	6,234	1,409,353	392,203	-
Payment from the Primary Government					-	-	-	26,700,940	-
Intergovernmental, non-categorical aid					5,396,075	-	5,396,075	-	-
Transfers					(3,805,195)	3,805,195	-	-	-
Total General Revenues and Transfers					70,315,845	3,931,476	74,247,321	27,286,420	-
Change in net position (deficit)					7,194,297	1,918,848	9,113,145	(788,283)	(212,471)
Net position - beginning of year (deficit)					20,702,034	(8,097,045)	12,604,989	5,739,223	12,063,636
Net position - end of year (deficit)					\$ 27,896,331	\$ (6,178,197)	\$ 21,718,134	\$ 4,950,940	\$ 11,851,165

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

*County of Isle of Wight, Virginia**Balance Sheets - Governmental Funds***June 30, 2020**

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 9,247,105	\$ 5,014,101	\$ 324,768	\$ 1,804,184	\$ 16,390,158
Restricted cash and cash equivalents	246,699	2,785,370	-	-	3,032,069
Investments	15,637,037	-	-	-	15,637,037
Receivables - net of allowance for uncollectibles:					
Taxes	15,423,374	-	-	-	15,423,374
Accounts receivable	555,920	26,581	-	-	582,501
Due from other funds	229,855	-	-	-	229,855
Due from component unit	1,405,390	-	-	-	1,405,390
Due from other governments	982,902	822,589	-	500,798	2,306,289
Advance to component unit	375,000	-	-	-	375,000
Total assets	\$ 44,103,282	\$ 8,648,641	\$ 324,768	\$ 2,304,982	\$ 55,381,673
Liabilities					
Accounts payable	\$ 616,258	\$ 915,835	\$ -	\$ 265,316	\$ 1,797,409
Accrued liabilities	201,015	12,597	-	27,495	241,107
Amounts held in escrow	72,580	-	-	70,284	142,864
Due to other funds	-	-	-	229,855	229,855
Due to component unit	24,072	-	-	-	24,072
Unearned revenues	64,081	156	-	1,292,018	1,356,255
Due to other governments	50,676	-	-	10,597	61,273
Total liabilities	1,028,682	928,588	-	1,895,565	3,852,835
Deferred Inflows of Resources					
Unavailable revenue-property taxes	14,100,530	-	-	-	14,100,530
Total deferred inflows of resources	14,100,530	-	-	-	14,100,530
Fund Balances					
Nonspendable	375,000	-	-	-	375,000
Restricted	246,699	2,785,370	-	-	3,032,069
Committed	7,389,502	-	-	-	7,389,502
Assigned	572,753	4,934,683	324,768	467,751	6,299,955
Unassigned	20,390,116	-	-	(58,334)	20,331,782
Total fund balances	28,974,070	7,720,053	324,768	409,417	37,428,308
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,103,282	\$ 8,648,641	\$ 324,768	\$ 2,304,982	\$ 55,381,673

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

*County of Isle of Wight, Virginia****Reconciliation of the Governmental Funds' Balance Sheets to the Statement of Net Position*****June 30, 2020****Total fund balances - governmental funds**

Amount reported for governmental activities in the Statement of Net Position are different because: \$ 37,428,308

Internal service funds are used to charge the costs of equipment and risk management to individual funds. The assets and liabilities of internal service funds are reported with governmental activities in the statement of net position

Net Position	\$ 363,811	
Adjustments for items included in governmental activities below:		
Depreciable capital assets	(159,248)	
Deferred outflows - pension	(118,168)	
Deferred outflows - OPEB	(13,755)	
Deferred inflows - pension	34,696	
Deferred inflows - OPEB	13,094	
Capital lease	25,000	
Compensated absences	78,408	
Net Pension Liability	177,611	
Net OPEB Liabilities	<u>74,175</u>	
		475,624

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

Nondepreciable capital assets	23,644,435	
Depreciable capital assets, including \$159,248 reported in internal service fund	<u>67,134,727</u>	
Capital assets, net		90,779,162

Revenues not collected soon enough to pay for current-period expenditures.		14,100,530
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Deferred outflows of resources:

Losses on refundings		4,496,751
Pension		2,790,302
OPEB		328,916

Deferred inflows:

Gains on refundings		(133,923)
Pension		(819,281)
OPEB		(435,358)

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

Bonds and PACE obligations		(108,512,082)
Capital leases		(1,234,124)
Compensated absences		(1,796,445)
Net Pension Liability		(4,193,931)
Net OPEB Liabilities		(2,111,064)
Landfill closure costs		(1,662,383)
Accrued interest and other		<u>(1,604,671)</u>

Total net position - governmental activities		<u><u>\$ 27,896,331</u></u>
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The accompanying notes are an integral part of these financial statements.

*County of Isle of Wight, Virginia**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds***For the Fiscal Year Ended June 30, 2020**

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
General property taxes	\$ 57,026,717	\$ -	\$ -	\$ -	\$ 57,026,717
Other local taxes	7,558,120	-	-	482,618	8,040,738
Permits, privilege fees and regulatory licenses	625,097	323,904	-	-	949,001
Fines and forfeitures	137,069	-	-	-	137,069
Revenues from use of money and property	1,313,614	81,409	371	13,978	1,409,372
Charges for services	1,234,737	-	-	293,358	1,528,095
Miscellaneous	1,236,556	-	-	42,663	1,279,219
Recovered costs	339,468	-	-	-	339,468
Intergovernmental:					
Commonwealth of Virginia	7,708,733	-	-	1,549,326	9,258,059
Federal	35,857	1,780,278	-	3,870,471	5,686,606
Local	18,776	990,583	-	178,821	1,188,180
Total revenues	77,234,744	3,176,174	371	6,431,235	86,842,524
Expenditures					
Current:					
General government administration	4,343,637	-	-	-	4,343,637
Judicial administration	1,527,731	-	-	-	1,527,731
Public safety	11,338,543	-	-	1,607,122	12,945,665
Public works	4,479,862	-	-	7,641	4,487,503
Health and welfare	890,963	-	-	3,762,380	4,653,343
Education	27,054,406	1,635,213	-	-	28,689,619
Parks, recreation and cultural	2,758,202	-	-	430,910	3,189,112
Community development	3,236,525	-	-	150,748	3,387,273
Nondepartmental	2,208,471	-	-	-	2,208,471
Capital outlay	-	5,605,813	-	-	5,605,813
Debt Service	11,912,284	-	-	-	11,912,284
Total expenditures	69,750,624	7,241,026	-	5,958,801	82,950,451
Excess (deficiency) of revenues over (under) expenditures	7,484,120	(4,064,852)	371	472,434	3,892,073
Other financing sources (uses)					
Transfers in	1,808,799	563,738	-	1,431,089	3,803,626
Transfers out	(5,792,631)	-	-	(1,838,310)	(7,630,941)
Issuance of debt	471,623	-	-	-	471,623
Proceeds from sale of property	87,690	-	-	-	87,690
Total other financing sources (uses), net	(3,424,519)	563,738	-	(407,221)	(3,268,002)
Net change in fund balance	4,059,601	(3,501,114)	371	65,213	624,071
Fund balances - beginning of year	24,914,469	11,221,167	324,397	344,204	36,804,237
Fund balances - end of year	\$ 28,974,070	\$ 7,720,053	\$ 324,768	\$ 409,417	\$ 37,428,308

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

*County of Isle of Wight, Virginia****Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities*****For the Fiscal Year Ended June 30, 2020**

Net change in fund balances - governmental funds	\$ 624,071
Amount reported for governmental activities in the Statement of Activities are different because:	
Internal service funds are used to charge the costs of technology and risk management to individual funds. The net revenues (expenses) of certain activities of internal service funds are reported with governmental activities	(105,993)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. Transfers of capital assets to the school board are recorded as additional expenses related to education.	
Capital outlay	3,989,461
Depreciation expense	(2,790,706)
Joint activity - transfer of capital assets, net	(1,459,317)
Miscellaneous transactions involving capital assets	(272,458)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of net position.	
Bond and capital lease proceeds, including premiums	(471,623)
Repayment of debt principal	7,453,406
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	845,019
Some expenses reported in the Statement of Activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Accrued interest	105,673
Compensated absences	(136,727)
Pension	(570,222)
OPEB	(4,562)
Landfill closure costs	(56,774)
Amortization of bond premiums	588,889
Amortization of deferred gain on refunding	44,641
Amortization of deferred loss on refunding	(588,481)
Change in net position of governmental activities	\$ 7,194,297

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

*County of Isle of Wight, Virginia**Statements of Net Position - Proprietary Funds***June 30, 2020**

	Enterprise Funds			Governmental Activities- Internal Service Funds
	Public Utilities	Stormwater	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 6,100,246	\$ 5,010,626	\$ 11,110,872	\$ 543,489
Restricted cash and cash equivalents	2,946,665	-	2,946,665	-
Receivables - net of allowance	916,922	88,996	1,005,918	2,897
Inventories	28,470	-	28,470	-
Deposits	70,000	-	70,000	637
Total current assets	10,062,303	5,099,622	15,161,925	547,023
Noncurrent assets				
Capital assets:				
Nondepreciable	5,451,293	132,224	5,583,517	-
Depreciable - net	9,511,493	1,700,116	11,211,609	159,248
Total noncurrent assets	14,962,786	1,832,340	16,795,126	159,248
Total assets	25,025,089	6,931,962	31,957,051	706,271
Deferred outflows of resources				
Deferred losses on bond refundings	1,052,836	-	1,052,836	-
Pension plan	131,766	93,774	225,540	118,168
Other post-employment benefits	20,794	11,675	32,469	13,755
Total deferred outflows of resources	1,205,396	105,449	1,310,845	131,923

*County of Isle of Wight, Virginia**Statements of Net Position - Proprietary Funds***June 30, 2020**

	Enterprise Funds			Governmental Activities- Internal Service Funds
	Public Utilities	Stormwater	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 1,093,520	\$ 3,462	\$ 1,096,982	\$ 71,331
Accrued liabilities	3,517	-	3,517	-
Amount held in escrow	-	721,759	721,759	-
Accrued interest payable	688,545	-	688,545	43
Customer deposits payable	357,285	-	357,285	-
Unearned revenue	70	-	70	25
General obligation bonds payable	788,135	-	788,135	-
Capital leases	32,127	-	32,127	4,898
Compensated absences	5,703	2,718	8,421	7,841
Total current liabilities	2,968,902	727,939	3,696,841	84,138
Noncurrent liabilities				
General obligation bonds payable	34,927,175	-	34,927,175	-
Noncurrent capital leases	97,119	-	97,119	20,102
Compensated absences	51,327	24,460	75,787	70,567
Other post-employment benefits	131,288	68,188	199,476	74,175
Net pension liability	198,049	140,946	338,995	177,611
Total noncurrent liabilities	35,404,958	233,594	35,638,552	342,455
Total liabilities	38,373,860	961,533	39,335,393	426,593
Deferred inflows of resources				
Pension plan	38,689	27,534	66,223	34,696
Other post-employment benefits	30,787	13,690	44,477	13,094
Total deferred inflows of resources	69,476	41,224	110,700	47,790
Net Position				
Net investment in capital assets	(19,828,934)	1,832,340	(17,996,594)	134,248
Restricted - Capital projects	3,016,665	-	3,016,665	637
Unrestricted (deficit)	4,599,418	4,202,314	8,801,732	228,926
Total net position (deficit)	\$ (12,212,851)	\$ 6,034,654	\$ (6,178,197)	\$ 363,811

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

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*County of Isle of Wight, Virginia**Statements of Revenues, Expenses, and Changes in Net Position - Proprietary Funds***For the Fiscal Year Ended June 30, 2020**

	Enterprise Funds			Governmental Activities- Internal Service Funds
	Public Utilities	Stormwater	Total	
Operating revenues				
Charges for services	\$ 5,310,411	\$ 1,438,345	\$ 6,748,756	\$ 1,867,981
Connection fees	970,100	-	970,100	-
Other revenue	88,510	-	88,510	-
Total operating revenues	6,369,021	1,438,345	7,807,366	1,867,981
Operating expenses:				
Personnel services	803,119	454,905	1,258,024	584,775
Fringe benefits	428,072	207,450	635,522	229,735
Contractual services	56,485	86,963	143,448	577,993
Purchases	4,786,763	-	4,786,763	-
Other charges	954,760	147,598	1,102,358	494,762
Depreciation	520,577	101,609	622,186	28,187
Total operating expenses	7,549,776	998,525	8,548,301	1,915,452
Operating income (loss)	(1,180,755)	439,820	(740,935)	(47,471)
Nonoperating revenues (expenses)				
Interest income	83,789	4,318	88,107	-
Interest and fiscal charges	(1,233,507)	(12)	(1,233,519)	(301)
Total nonoperating revenues (expenses), net	(1,149,718)	4,306	(1,145,412)	(301)
Transfers in	3,799,950	5,245	3,805,195	22,120
Changes in net position	1,469,477	449,371	1,918,848	(25,652)
Net position (deficit) - beginning of year	(13,682,328)	5,585,283	(8,097,045)	389,463
Net position (deficit) - end of year	\$ (12,212,851)	\$ 6,034,654	\$ (6,178,197)	\$ 363,811

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

*County of Isle of Wight, Virginia**Statements of Cash Flows – Proprietary Funds***For the Fiscal Year Ended June 30, 2020**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Public Utilities	Stormwater	Total	
Cash flows from operating activities				
Received from customers and users	\$ 6,405,257	\$ 1,793,036	\$ 8,198,293	\$ 1,867,334
Payments to suppliers for goods and services	(5,366,330)	435,511	(4,930,819)	(1,025,623)
Payments to employees	(1,169,987)	(647,004)	(1,816,991)	(776,764)
Net cash provided by (used in) operating activities	(131,060)	1,581,543	1,450,483	64,947
Cash flows from non-capital financing activities				
Transfers in	3,799,950	5,245	3,805,195	22,120
Net cash provided by non-capital financing activities	3,799,950	5,245	3,805,195	22,120
Cash flows from capital and related financing activities				
Acquisition of capital assets	(3,304,641)	-	(3,304,641)	(146,534)
Principal payments on bonds	(356,636)	-	(356,636)	-
Proceeds from capital lease	95,000	-	95,000	-
Principal payments on capital leases	(16,200)	(2,923)	(19,123)	25,000
Interest and fiscal charges paid on bonds and capital leases	(1,384,917)	(24)	(1,384,941)	(258)
Net cash used in capital and related financing activities	(4,967,394)	(2,947)	(4,970,341)	(121,792)
Cash flows from investing activities				
Interest received	83,789	4,318	88,107	-
Net cash provided by investing activities	83,789	4,318	88,107	-
Change in cash and cash equivalents	(1,214,715)	1,588,159	373,444	(34,725)
Cash and cash equivalents - beginning of year	10,261,626	3,422,467	13,684,093	578,214
Cash and cash equivalents - end of year	\$ 9,046,911	\$ 5,010,626	\$ 14,057,537	\$ 543,489

The accompanying notes are an integral part of these financial statements

*County of Isle of Wight, Virginia**Statements of Cash Flows – Proprietary Funds (Continued)***For the Fiscal Year Ended June 30, 2020**

	Enterprise Funds			Governmental Activities - Internal Service
	Public Utilities	Stormwater	Total	Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (1,180,755)	\$ 439,819	\$ (740,936)	\$ (47,471)
Adjustments to reconcile to net cash provided by (used in) operating activities:				
Depreciation	520,577	101,609	622,186	28,187
Pension and OPEB expense	80,485	40,369	120,854	48,229
Change in:				
Accounts receivable	(12,157)	(35,774)	(47,931)	(10)
Inventory material & supplies	707	-	707	-
Deposits	(62,206)	-	(62,206)	(637)
Accounts payable and amounts held in escrow	493,148	673,798	1,166,946	46,872
Due from other governments	-	390,465	390,465	-
Customer deposits payable	48,393	-	48,393	-
Unearned revenue	-	-	-	-
Accrued expenses and other liabilities	29	(3,726)	(3,697)	-
Deferred outflows of resources	(28,886)	(23,815)	(52,701)	(22,578)
Compensated absences	9,605	(1,203)	8,402	12,355
Net cash provided by (used in) operating activities	\$ (131,060)	\$ 1,581,542	\$ 1,450,482	\$ 64,947

The accompanying notes are an integral part of these financial statements

*County of Isle of Wight, Virginia**Statement of Net Position - Fiduciary Funds***June 30, 2020**

		<u>Agency Funds</u>
	Assets	
Cash and cash equivalents		\$ 491,843
Accounts Receivable		<u>1,468</u>
Total assets		<u><u>\$ 493,311</u></u>
	Liabilities	
Amounts held for social services clients		\$ 34,135
Amounts held for others		<u>459,176</u>
Total liabilities		<u><u>\$ 493,311</u></u>

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

***Notes to the
Basic Financial Statements***

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June 30, 2020

Note 1 – Summary of Significant Accounting Policies

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

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

A. Financial Reporting Entity

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

Discretely Presented Component Units

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

The *Economic Development Authority of Isle of Wight County* (EDA) was created by the Board of Supervisors and is responsible for industrial and commercial development in the County. The EDA consists of seven members appointed by the primary government's Board of Supervisors. The EDA is fiscally dependent on the County creating a financial benefit/burden relationship. The County Board of Supervisors can impose its will on the Authority. The financial statements of the EDA are presented as a discretely presented component of the County financial statements. The EDA does not issue a separate financial report.

B. Financial Reporting Model and basis of Presentation

Government-wide Financial Statements – The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the County, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the County. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Financial Reporting Model and basis of Presentation (Continued)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are other charges between the County's public utility function and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

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

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

The County reports the following major governmental funds:

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

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

Debt Service – Accounts for resources to be used for repayments of principal and interest on the general long-term debt of the County.

The County reports two major proprietary funds, the Enterprise **Public Utilities Fund**, which provides water and sewer services for the County and the **Stormwater Fund** which provides stormwater services for the County.

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Financial Reporting Model and basis of Presentation (Continued)

The County reports two Internal Service Funds, the **Information Technology**, which provides implementation and maintenance of the technology infrastructure and the **Risk Management Fund**, which finances property, workers' compensation, auto and general liability coverage.

Additionally, the County reports an **Agency Fund**, which is custodial and accounts for amounts held for special welfare and school activities.

C. Basis of Accounting

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

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

D. Accounting Changes

Accounting changes in accordance with GASB Standards due to be implemented in Fiscal Year ended June 30, 2020 were postponed by GASB due to the Coronavirus pandemic. Isle of Wight adopted GASB Statement No. 95, *Postponement of The Effective Dates of Certain Authoritative Guidance* (GASB 95), which provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. GASB 95 postponed the effective date of certain provisions in the Statements and Implementation Guides that first become effective or were scheduled to become effective for periods beginning after June 15, 2018, and later.

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents

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

F. Prepaid Items

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

G. Investments

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

H. Property Taxes

All property tax receivables are shown net of an allowance for uncollectible accounts. The County calculates its allowance for uncollectible accounts using historical collection data, specific account analysis and management's judgment.

The County bills and collects taxes and recognizes such taxes as revenues, when measurable and available in the governmental funds financial statements and for the period in which they are levied for, in the government-wide financial statements property taxes, net of allowance for uncollectible amounts, not collected within 45 days after year end, are reflected as deferred inflow of resources in the governmental fund financial statements. Real property taxes are budgeted and billed to fund operations occurring within the year they are required to be paid. The County in 2015 changed the billing cycle for personal property tax to April with the first payment due June 5 and second payment due on December 5. The County bills and collects its own property taxes.

	<u>Real property</u>	<u>Personal property</u>
Levy date	July 1	January 1
Due date and collection date	June 5/December 5	December 5/June 5
Lien date for delinquent taxes	90 days after due date	90 days after due date

While the assessed value of real estate for the County's ten largest taxpayers comprises 6.61% 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.

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Property Taxes (Continued)

The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first \$20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passed Senate Bill 5005. The bill provides for the Commonwealth to reimburse a portion of the tangible personal property tax levied bases on a fixed relief amount. The fixed relief amount was capped at \$950,000,000 in total for all localities with the County's share capped at \$5,115,890, which the County received during the year ended June 30, 2020. The Commonwealth requires localities to record the revenue from PPTRA as received from other governments, not as property taxes.

I. Connection Fees

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

J. Unbilled Utility Receivables

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

K. Internal and Intra-entity Activity

The County has the following types of interfund transactions:

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

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

Reimbursements – Repayments are from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

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

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Inventory

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

M. Capital Assets

Capital assets include land and land improvements, buildings and building improvements, equipment, vehicles and intangibles assets. Any asset or group of assets acquired by the County are considered capital assets if they have an estimated useful life in excess of two years and an acquisition cost (or fair market value when received) of at least \$5,000. Such assets are recorded at historical cost (or estimated historical cost) if constructed or purchased. Donated capital assets are recorded at acquisition value at the date of donation. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Accumulated depreciation and amortization are reported as reductions of capital assets. At June 30, 2020, the recorded intangibles have lives into perpetuity and, therefore, are not amortized. There were no impaired capital assets at June 30, 2020.

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. 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	15-50
Land improvements	15-40
Equipment	5-20
Vehicles	5-16

N. Compensated Absences

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

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Expenditure Recognition

The County uses the purchase method to account for health insurance payments. The July premiums are included in the current fiscal year's operating budget. Therefore, the July employer's portion of premiums submitted in June are reported as expenditures for the current period.

Some payments for costs applicable to next fiscal year are recorded as prepaid items.

P. Bond Premiums, Discounts, and Deferred Gains and Losses on Refunding

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

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an expense or expenditure until that time. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as revenue until that time.

R. Pension

The Virginia Retirement System (VRS) County and School Board Non-Professional Plan is a multiple-employer agent plan. The VRS School Board Professional Retirement Plan is a multiple-employer cost-sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County and School Board's Retirement Plans and the additions to/deductions from the County and School Board's Retirement Plans net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Other Postemployment Benefit Plans

Medical Insurance Programs

The County and the IOW County Public Schools Medical Insurance Plans are single-employer plans administered by the County and the Schools. Experience gains or losses are amortized over the average working lifetime of all participants, which for the current period is six years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

Group Life Insurance Program

The VRS Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the total GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Health Insurance Credit Program

The County plan is a single employer plan for political subdivisions. The School Board professional HIC Program is a multiple employer, cost-sharing plan. The HIC programs were established pursuant to Section 51.1-1400 et seq. of the *Code of Virginia* as amended, and which provide the authority under which benefit terms are established or may be amended. For purposes of measuring the HIC Programs' total OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC Programs' OPEB, and the HIC Programs' OPEB expense, information about the fiduciary net position of the HIC Programs, and the additions to/deductions from the HIC Programs' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Virginia Local Disability Program

The County has three Virginia Local Disability Programs (VLDP). The first and second plans are the County and School Board non-professional plans, which are political subdivision employee plans. The third plan is the School Board professional plan, which is a teacher employee plan. The plans are multiple-employer, cost-sharing plans. For purposes of measuring the net VLDP OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB expenses, information about the fiduciary net position of the VLDP, and the additions to/deductions from the VLDPs' net fiduciary positions have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Net Position

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

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

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

Unrestricted – This consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

U. Fund Balance

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

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

Restricted – This component consists of amounts constrained to specific purposes by their providers (e.g. creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation.

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

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

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

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

U. Fund Balance (Continued)

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

V. Estimates

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

W. Subsequent Events

The County has evaluated subsequent events through December 2, 2020, the date on which the financial statements were available to be issued.

X. Pending GASB Statements

At June 30, 2020, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No.84 were to be effective for fiscal years beginning after December 15, 2018. This effective date was deferred for 12 months due to the Coronavirus pandemic.

GASB Statement No. 87, *Leases*, will increase the usefulness of the County's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 was to be effective for fiscal years beginning after December 15, 2019. This effective date was deferred for 18 months due to the Coronavirus pandemic.

GASB Statement No. 90, *Majority Equity Interests*, is intended to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Statement No. 90 was to be effective for fiscal years beginning after December 15, 2018. This effective date was deferred for 12 months due to the Coronavirus pandemic.

GASB Statement No. 91, *Conduit Debt Obligations* clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. Implementation of this statement is effective fiscal year 2023.

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

X. Pending GASB Statements (Continued)

GASB Statement No. 92, *Omnibus 2020* aims to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and include specific provisions about individual statements including Statement No. 87, *Leases*, Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 84, *Fiduciary Activities*. Implementation of this statement is effective fiscal year 2022.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. Implementation of this statement is effective fiscal year 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangement* improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). Implementation of this statement is effective fiscal year 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Implementation of this statement is effective fiscal year 2023.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Implementation of this statement is effective fiscal year 2022.

Management has not determined the effects these new Statements may have on prospective financial statements.

June 30, 2020

Note 2 – Deposits and Investments

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

A summary of deposits and investments held by the Primary Government at June 30, 2020 is as follows:

Deposits	
Demand deposits	\$ 24,143,530
Cash on hand	2,000
Investments	
LGIP	4,145,688
Zero coupon bond	3,353,019
SNAP	5,732,035
VIP Short Term	12,202,704
VIP Long Term	81,314
Total deposits and investments	<u>\$ 49,660,290</u>
 Reconciliation to Statements of Net Position	
Government-wide:	
Cash and cash equivalents	\$ 28,044,519
Restricted cash and cash equivalents	5,978,734
Investments	15,637,037
Total deposits and investments	<u>\$ 49,660,290</u>

A. Deposits

All cash of the Primary Government and discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (Act), a multiple financial institution collateral pool, Section 2.2-4400 et. Seq. of the *Code of Virginia* or covered by the Federal Depository Insurance Corporation (FDIC). Under the Act, financial institutions, holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board, while savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board can assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by financial institutions. All funds, unless otherwise classified as restricted, are deposited into pooled bank accounts; the major account defined as the General Fund concentration account. As disbursements are made from the payroll, budget, and social services bank accounts, funds from the general fund concentration account are automatically transferred to those bank accounts to cover those disbursements on a daily basis. All cash classified as restricted is related to grantor or debtor requirements.

June 30, 2020

Note 2 - Deposits and Investments (Continued)

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 Local Government Investment Pool (LGIP) and State Non-Arbitrage Program. The maximum percentage of the portfolio permitted in commercial paper is 35% and not more than 5% can be in commercial paper issued by one corporation.

The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission. Pursuant to the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The LGIP values portfolio securities by the amortized cost method and on a monthly basis this valuation is compared to current market to monitor any variance. The LGIP is in compliance with the requirements of GASB Statement 79 and elects to measure its investments at amortized cost for financial reporting. Therefore, participants (the County) in the LGIP should also measure their investments in the LGIP at amortized cost for financial reporting. The maturity of the LGIP is less than one year and classified as cash and cash equivalents.

According to GASB 72 investments in the LGIP and SNAP should be excluded from measurement at Fair Value and thus exempt from the Fair Value Hierarchy Classifications.

The Virginia State Non-Arbitrage Program's (SNAP) Fund is a commingled investment program that operates in compliance with GASB 79 and that was authorized by the Government Non-Arbitrage Act in 1989 (*Code of Virginia* Section 2.2-4700 et. seq.). Virginia SNAP and the SNAP Fund are administered by the Treasury Board of the Commonwealth of Virginia. Virginia SNAP offers several investment options, including the SNAP Fund, and arbitrage rebate reporting services that are specifically designed for the investment of tax-exempt bond proceeds.

The Virginia Investment Pool (VIP) is a commingled investment program organized as an external local government investment pool with oversight provided by a shareholder elected board of trustees. VIP offers a short-term daily liquidity pool (NAV), and a 1-3 Year High Quality Bond Fund (HQB) designed for the investment of longer-term monies that are not necessary for near term disbursement. VIP-NAV has a bond fund rating from S&P of AAAM. VIP-HQB has a bond fund rating from S&P of AAF/S1.

Notes to the Basic Financial Statements

June 30, 2020

Note 2 - Deposits and Investments (Continued)

C. Credit Risk

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

The Primary Government's investments are rated by Standard & Poor's as follows:

	AAA _m	AA ⁺	AA	Total
Zero coupon bond	\$ -	\$ 3,353,019	\$ -	\$ 3,353,019
SNAP (*)	5,732,035	-	-	5,732,035
VIP Investments	12,202,704	-	81,314	12,284,018
LGIP (*)	4,145,688	-	-	4,145,688
	<u>\$ 22,080,427</u>	<u>\$ 3,353,019</u>	<u>\$ 81,314</u>	<u>\$ 25,514,760</u>

* Restricted cash and cash equivalents

D. Interest Rate Risk

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

Custodial Credit Risk (Investments): This is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5 percent of total investments, there must be a disclosure for the amount and issuer. Investments issued or explicitly guaranteed by the U. S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement, therefore, concentration of credit risk does not apply to the LGIP or SNAP.

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 2 - Deposits and Investments (Continued)

D. Interest Rate Risk (Continued)

The Primary Government had the following investments and maturities:

	Fair Value	Less than 1 year	More than 1 year
Zero coupon bond	\$ 3,353,019	\$ -	\$ 3,353,019
VIP Short Term	12,202,704	12,202,704	-
VIP Long Term	81,314	-	81,314
	<u>\$ 15,637,037</u>	<u>\$ 12,202,704</u>	<u>\$ 3,434,333</u>

* Restricted cash and cash equivalents

E. Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County has the following recurring fair value measurement as of June 30, 2020.

- U.S. Treasury Zero Coupon bond of \$3,353,019 is valued using a matrix pricing model (Level 2 inputs).
- VIP Short Term and Long Term of \$12,284,018 is valued using quoted market price (Level 1 inputs).

Note 3 - Due from Other Governments

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

	Primary Government				Component Unit School Board
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total	
<u>Amounts Due From:</u>					
Commonwealth of Virginia:					
Operating grants	\$ 42,260	\$ -	\$ 47,044	\$ 89,304	\$ -
Compensation Board	215,682	-	-	215,682	-
Social Services	-	-	26,784	26,784	-
Children's Services	-	-	120,031	120,031	-
Communication tax	115,140	-	66,059	181,199	-
Sales and Use Sales Tax	327,840	-	-	327,840	826,712
Mobile Home Titling Tax	12,191	-	-	12,191	-
Travel Reimbursement	1,286	-	-	1,286	-
Car Rental Tax	1,390	-	-	1,390	-
Federal government	166,563	822,433	166,963	1,155,959	601,526
Town of Windsor	-	-	3,326	3,326	-
Town of Smithfield	100,535	-	68,864	169,399	-
Other	15	156	1,727	1,898	-
Totals	<u>\$ 982,902</u>	<u>\$ 822,589</u>	<u>\$ 500,798</u>	<u>\$ 2,306,289</u>	<u>\$ 1,428,238</u>

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 4 – Interfund Balances and Activity

The following balance at June 30, 2020 represents amounts due to/from other funds:

Receivable Fund	Payable Fund	Amount
	Other Nonmajor Governmental	
General Fund	Funds	<u>\$ 229,855</u>

Note: Represents the reclass of cash deficits in the nonmajor governmental funds to Due to the General Fund and a reduction of cash in the General Fund.

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

Interfund transfers for the year ended June 30, 2020 were as follows:

Transfers to Other Funds	Transfer from Other Funds		
	General Fund	Nonmajor Governmental funds	Total
General Fund	\$ -	\$ 1,808,799	\$ 1,808,799
Capital Projects Fund	563,738	-	563,738
Public Utilities fund	3,770,439	29,511	3,799,950
Stormwater	5,245	-	5,245
Nonmajor Governmental funds	1,431,089	-	1,431,089
Internal Service funds	22,120	-	22,120
Total	\$ 5,792,631	\$ 1,838,310	\$ 7,630,941

Transfers are used as follows: (1) to move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them (2) to use unrestricted revenues collected in the General Fund to finance various grants, projects or programs accounted for in other funds in accordance with budgetary authorization (3) to provide funding for capital expenditures or budgeted subsidies for operations and (4) transfer programs to Grants Fund.

Note 5 – Note Receivable

Industrial Development Authority (EDA)

On September 2012, the County advanced \$500,000 to the Industrial Development Authority to purchase parcels of land for future development. In January 2014, a payment of \$125,000 was made towards the outstanding receivable by Johnson Development Associates. Repayment of this note was to be made within 30 days of the sale of any property owned by the IDA (now EDA). However, no property has been sold by the EDA as repayment. The County is not anticipating the collection of any payments from the EDA. The outstanding principal balance of the note as of June 30, 2020 is \$375,000.

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 6 – Capital Assets

The following is a summary of changes in capital assets:

Primary Government	Balance July 1, 2019	Additions	Deletions & Reclassifications	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 12,899,648	\$ -	\$ 147,316	\$ 12,752,332
Intangibles	4,338,512	-	-	4,338,512
Construction in progress	3,932,782	2,702,240	81,431	6,553,591
Total capital assets not being depreciated:	21,170,942	2,702,240	228,747	23,644,435
Capital assets being depreciated:				
Buildings - County	41,778,742	85,934	-	41,864,676
Buildings - jointly owned assets	25,719,875	-	1,296,396	24,423,479
Land improvements	12,382,808	21,250	-	12,404,058
Land improvements - jointly owned assets	2,158,063	-	203,554	1,954,509
Equipment	12,914,009	848,821	166,773	13,596,057
Vehicles	4,862,692	331,216	282,728	4,911,180
Total capital assets being depreciated	99,816,189	1,287,221	1,949,451	99,153,959
Less - accumulated depreciation:				
Buildings - County	9,889,612	802,970	-	10,692,582
Buildings - jointly owned assets	8,586,428	-	29,920	8,556,508
Land improvements	4,298,835	557,028	-	4,855,863
Land improvements - jointly owned assets	198,501	-	10,713	187,788
Equipment	3,544,513	973,126	164,461	4,353,178
Vehicles	3,157,060	457,582	241,329	3,373,313
Total accumulated depreciation	29,674,949	2,790,706	446,423	32,019,232
Total capital assets being depreciated - net	70,141,240	(1,503,485)	1,503,028	67,134,727
Governmental activities capital assets - net	\$ 91,312,182	\$ 1,198,755	\$ 1,731,775	\$ 90,779,162

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

Governmental activities	
General Government	\$ 481,443
Public safety	1,415,272
Public works	196,415
Health and welfare	45,759
Parks, recreation and cultural	584,866
Community development	38,764
Internal Service Fund	28,187
Total depreciation expense - governmental activities	\$ 2,790,706

June 30, 2020

Note 6 – Capital Assets (Continued)

	Balance July 1, 2019	Additions	Deletions & Reclassifications	Balance June 30, 2020
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 463,012	\$ -	\$ -	\$ 463,012
Construction in progress	2,031,073	3,089,432	-	5,120,505
Total capital assets not being depreciated	2,494,085	3,089,432	-	5,583,517
Capital assets being depreciated:				
Buildings	11,645,449	-	-	11,645,449
Land improvements	15,613,330	-	-	15,613,330
Equipment	1,102,107	88,337	-	1,190,444
Vehicles	542,954	126,872	-	669,826
Total capital assets being depreciated	28,903,840	215,209	-	29,119,049
Less - accumulated depreciation:				
Buildings	4,240,155	211,780	-	4,451,935
Land improvements	12,017,415	297,079	-	12,314,494
Equipment	679,242	59,527	-	738,769
Vehicles	348,442	53,800	-	402,242
Total accumulated depreciation	17,285,254	622,186	-	17,907,440
Total capital assets being depreciated - net	11,618,586	(406,977)	-	11,211,609
Business-type activities capital assets - net	\$ 14,112,671	\$ 2,682,455	\$ -	\$ 16,795,126

Depreciation expense was charged to Public Utility and Stormwater as follows:

Business-type activities	
Public Utility	\$ 520,577
Stormwater	101,609
Total depreciation expense - Business-type activities	\$ 622,186

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 6 – Capital Assets (Continued)

Discretely Presented Component

Unit - School Board	Balance July 1, 2019	Additions	Deletions & Reclassifications	Adjustments - Jointly Owned	Balance June 30, 2020
Capital assets not being depreciated					
Land	\$ 1,619,726	\$ -	\$ -	\$ -	\$ 1,619,726
Construction in Progress	816,847	315,341	1,132,188	-	-
Total capital assets not being depreciated	2,436,573	315,341	1,132,188	-	1,619,726
Capital assets being depreciated:					
Buildings and improvements	88,225,892	333,915	-	1,296,396	89,856,203
Land improvements	2,739,250	-	-	203,554	2,942,804
Equipment	19,491,925	133,393	637,696	-	18,987,622
Vehicles	7,357,856	-	126,266	-	7,231,590
Total capital assets being depreciated	117,814,923	467,308	763,962	1,499,950	119,018,219
Less - accumulated depreciation:					
Buildings and improvements	36,029,638	2,475,810	-	29,920	38,535,368
Land improvements	2,039,976	180,367	-	10,713	2,231,056
Equipment	11,110,510	830,008	627,806	-	11,312,712
Vehicles	4,352,689	430,281	126,266	-	4,656,704
Total accumulated depreciation	53,532,813	3,916,466	754,072	40,633	56,735,840
Total capital assets being depreciated - net	64,282,110	(3,449,158)	9,890	1,459,317	62,282,379
School Board capital assets - net	\$ 66,718,683	\$ (3,133,817)	\$ 1,142,078	\$ 1,459,317	\$ 63,902,105

Depreciation expense was charged to functions of the School Board as follows:

Discretely Presented Component Unit - School Board

Instructional services	\$ 3,486,185
Pupil Transportation	430,281
Total depreciation expense - school board	\$ 3,916,466

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, 2020, is that school financed assets, net of accumulated depreciation, in the amount of \$ 17,633,692 reported in the primary government as “jointly owned assets” for financial reporting purposes.

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 6 – Capital Assets (Continued)

Discretely Presented Component Unit

<u>Economic Development Authority</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2020</u>
Capital assets not being depreciated:				
Land	\$ 376,537	\$ -	\$ -	\$ 376,537
Total capital assets not being depreciated	376,537	-	-	376,537
Capital assets being depreciated				
Buildings	55,000	-	21,000	34,000
Land improvements	4,760,735	-	-	4,760,735
Total capital assets being depreciated	4,815,735	-	21,000	4,794,735
Less - accumulated depreciation				
Buildings	11,550	820	4,550	7,820
Land improvements	2,359,272	238,463	-	2,597,735
Total accumulated depreciation	2,370,822	239,283	(4,550)	2,605,555
Total capital assets being depreciated - net	2,444,913	(239,283)	16,450	2,189,180
EDA capital assets - net	\$ 2,821,450	\$ (239,283)	\$ 16,450	\$ 2,565,717

June 30, 2020**Note 6 – Capital Assets (Continued)**

The following construction commitments were entered into by the County with various vendors for infrastructure and building improvements in the areas of general government administration, public safety, education, parks, recreation and cultural and public utility as follows:

Construction Commitments:	Spent - to - date	Remaining
Public Safety Facility Assessment	\$ 30,409	\$ 34,410
STH Intermodal Park	13,331,994	448,912
Building Capital Maintenance	1,199,447	660,385
E911 Radio Upgrade	7,585,109	478,418
Registrar Mold Remediation	22,203	10,797
Old Clerks Office Renovation	4,905	40,095
Asbestos Abatements-IT Bldg	29,820	3,370
Public Facility Improvements	-	350,000
Bradby Park Development	-	100,000
Jones Creek Dock	-	200,000
Nike Park Tennis Courts Restoration	-	29,000
Tyler's Beach Marina	-	110,000
DSS Air Conditioner	292,974	28,000
Smithfield Library Roof	5,263	51,322
WSES Sidewalk	58,154	71,969
Heritage Pk Restrooms/Rodeo	56,934	295,852
Nike Park Pavement	40,588	29,412
Tyler's Beach Dredging	158,505	21,495
Parks & Recreation Maintenance	504,110	69,189
Park to Park Trail	6,348,774	2,229,232
Capital Projects Schools	183,947	11,001,389
Schools Capital Maintenance Projects	2,596,222	350,000
Route 10 Water Infrastructure Project	2,536,463	1,524,435
Water Capital Projects	499,249	835,428
Lawnes Pt Ext Rushmere Shores	544,210	205,790
Water Sewer Telemetry Upgrade	-	250,000
Stormwater Capital Maintenance	45,997	50,000
SLAF Grant FY15	846,383	250,000
Sewer Capital Maintenance	4,813	140,747
Route 460 Pump Station	170,800	28,800
	<u>\$ 37,097,273</u>	<u>\$ 19,898,447</u>

Notes to the Basic Financial Statements

June 30, 2020

Note 7 – Long-Term Obligations

The following is a summary of changes in long-term obligations during the year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 105,174,490	\$ -	\$ (7,036,602)	\$ 98,137,888	\$ 7,053,354
Bond premiums	6,636,571	-	(588,889)	6,047,682	588,888
Subtotal	111,811,061	-	(7,625,491)	104,185,570	7,642,242
PACE program	4,326,512	-	-	4,326,512	-
Capital leases	1,154,305	496,623	(416,804)	1,234,124	374,182
Compensated absences	1,659,718	1,120,330	(983,603)	1,796,445	179,645
Net OPEB liability	2,145,683	-	(34,619)	2,111,064	-
Landfill closure costs	1,605,609	147,814	(91,040)	1,662,383	-
Net pension liability	2,883,651	1,310,280	-	4,193,931	-
Total Governmental Activities	<u>\$ 125,586,539</u>	<u>\$ 3,075,047</u>	<u>\$ (9,151,557)</u>	<u>\$ 119,510,029</u>	<u>\$ 8,196,069</u>
Business-Type Activities					
General obligation bonds	\$ 32,863,324	\$ -	\$ (356,636)	\$ 32,506,688	\$ 340,890
Bond premiums	3,655,867	-	(447,245)	3,208,622	447,245
Subtotal	36,519,191	-	(803,881)	35,715,310	788,135
Capital leases	53,368	95,000	(19,122)	129,246	32,127
Compensated absences	75,806	86,579	(78,177)	84,208	8,421
Net OPEB liability	190,873	8,603	-	199,476	-
Net pension liability	221,615	117,380	-	338,995	-
Total Business-Type Activities	<u>\$ 37,060,853</u>	<u>\$ 307,562</u>	<u>\$ (901,180)</u>	<u>\$ 36,467,235</u>	<u>\$ 828,683</u>
Discretely Presented Component Units					
School Board					
Capital leases	\$ 7,950,200	\$ -	\$ (1,009,510)	\$ 6,940,690	\$ 639,506
Compensated absences	561,390	623,015	(573,485)	610,920	61,092
Net OPEB liability	10,460,656	2,166,634	-	12,627,290	-
Net pension liability	43,318,672	5,585,551	-	48,904,223	-
Total School Board	<u>\$ 62,290,918</u>	<u>\$ 8,375,200</u>	<u>\$ (1,582,995)</u>	<u>\$ 69,083,123</u>	<u>\$ 700,598</u>

The County's outstanding bonds, PACE Program and capital leases related to governmental activities and business type activities of \$109,746,206 and \$35,844,556 respectively, contain an event of default clause that changes the timing of repayment of outstanding amounts to become immediately due if the County is unable to make payment or does not make payment either by refusal or non-appropriation.

The School Board's outstanding capital leases related to educational activities of \$6,940,690, contain an event of default clause that changes the timing of repayment of outstanding amounts to become immediately due if the School Board is unable to make payment or does not make payment either by refusal or non-appropriation.

June 30, 2020

Note 7 – Long-Term Obligations (Continued)

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. No Sinking fund covenants currently exist. General obligation bonds currently outstanding are as follows:

	<u>Amount Outstanding</u>
<i>General Obligation Public Improvement Refunding Bonds, Series 2017B</i>	\$ 30,700,000
On September 21, 2017, the County issued \$30,700,000 in General Obligation Public Improvement Refunding Bonds to advance refund Series 2010D and a portion of Series 2011A & 2012. Interest is payable semiannually commencing on January 1, 2018 at a rate which varies from 3.00-5.00%. These bonds were issued at a premium of \$4,324,168 which is being amortized over the life of the bonds.	
<i>VRA Refunding of Isle of Wight BABs Series 2010C, Series 2017C</i>	9,260,000
On November 15, 2017, the Virginia Resources Authority (VRA) issued \$9,260,000 of bonds to refund the Series 2010C (Taxable - Build America Bonds). A portion of the proceeds was used to purchase the Restricted Escrow Fund Securities and to provide the cash that will be placed in various escrow funds to refund the bonds. Interest is payable semiannually commencing on July 1, 2018 at a rate which varies from 4.43% to 5.13%. These bonds were issued at a premium of \$1,804,027 which is being amortized over the life of the bonds.	
<i>General Obligation Public Improvement Bonds Series 2017B</i>	6,297,480
On May 5, 2017, the County issued \$7,900,000 in General Obligation Public Improvement Bonds to finance various capital projects related to career and technical education for Isle of Wight County Schools. Interest on the bonds is due semiannually at a rate of 2.4% until maturity.	
<i>General Obligation Public Improvement Bonds Series 2016</i>	5,737,096
On July 29, 2016, the County issued \$8,000,000 in General Obligation Public Improvement Bonds, Series 2016 with a semi-annual interest payable at a rate of 1.651% over the life of the bond. The bonds were issued to finance the acquisition, construction and equipping of facilities and equipment related to public safety purposes and uses and to pay the cost of issuance.	
<i>General Obligation Refunding Bonds of 2015 (tax exempt bonds)</i>	15,630,000
On June 9, 2015, the County issued \$17,395,000 in General Obligation Refunding Bonds with principal payable in various annual installments through 2031. Interest is payable semi-annually at a rate of 2.79% over the life of the bond. The bonds were used to advance refund prior issues.	

June 30, 2020

Note 7 – Long-Term Obligations (Continued)

A. General Obligation Bonds (Continued)

General Obligation Refunding Bonds of 2014B (taxable bonds)

\$12,290,000 dated July 2014 with principal payable in various annual installments through 2040. Interest is payable semi-annually at a rate of 4.50% over the life of the bond. The bonds were used to advance refund prior issues. \$ 12,290,000

General Obligation Refunding Bonds of 2014A (tax exempt bonds)

\$24,730,000 dated July 2014 with principal payable in various annual installments through 2037. Interest is payable semi-annually at a rate that varies from 3.00% to 5.00% over the life of the bond. The bonds were used to advance refund prior issues. The bonds were issued at a premium of \$2,752,653, which is being amortized over the life of the bonds. 24,730,000

General Obligation Bonds Series 2013

\$2,145,000 dated June 2013, principal payable in various annual installments through 2021, interest payable semi-annually at a coupon rate of 2.07%. The principal was used to refund \$790,000 and \$1,105,000 of outstanding 2004 and 2008B Series Bonds, respectively. 655,000

General Obligation Bonds Series 2012

\$48,465,000 dated September 2012, principal payable in various annual installments through 2043, interest payable semi-annually at coupon rates from 3% to 5%. Of this bond issue, \$3,494,846 was borrowed to finance various capital improvements. The remaining \$33,680,000 was used to current refund \$7,685,000 of outstanding 2010 Series Bonds and advance refund \$6,460,000 of the outstanding 2011 Bond Anticipation Note, and \$19,535,000 of the outstanding 2003 and 2004 bonds. The bonds were issued at a \$6,774,843 premium, which is being amortized over the life of the bonds. 18,330,000

General Obligation Bonds Series 2011A (tax exempt bonds)

\$17,630,000 dated June 2011 with principal payable in various annual installments through 2031. Interest is payable semi-annually at a rate that varies from 2.00% to 4.00% over the life of the bond. The bonds were used to finance general obligation public improvements and to advance refund prior issues. The bonds were issued at a premium of \$235,938, which is being amortized over the life of the bonds. In September 2017, \$8,785,000 of these bonds were refunded by the Series 2017B General Obligation Refunding Bonds. 2,665,000

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 7 – Long-Term Obligations (Continued)

A. General Obligation Bonds (Continued)

General Obligation Bonds of 2011 VPSA (tax exempt bonds) \$ 4,350,000
\$7,500,000 dated June 2011 with principal payable in various annual installments beginning June 2014 through June 2027. These bonds were obtained through the Virginia Public School Authority pooled Qualified School Construction Bonds (QSCB). The QSCBs are tax credit bonds such that the interest component of the bond is subject entirely to the federal subsidy reimbursement which offsets completely the interest on these bonds. The bonds are being used for the school construction and renovation projects.

Total General Obligation Bonds Outstanding \$ 130,644,576

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
2021	\$ 7,053,354	\$ 3,487,837	\$ 340,890	\$ 1,370,137	\$ 7,394,244	\$ 4,857,974
2022	6,620,899	3,262,510	864,875	1,349,122	7,485,774	4,611,632
2023	6,812,252	3,059,626	910,591	1,319,237	7,722,843	4,378,863
2024	6,719,779	2,836,651	1,200,689	1,276,746	7,920,468	4,113,397
2025	6,928,757	2,614,522	1,254,901	1,221,193	8,183,658	3,835,715
2026-2030	32,178,870	9,535,193	7,813,716	5,100,802	39,992,586	14,635,995
2031-2035	19,810,256	4,379,841	5,599,744	3,728,417	25,410,000	8,108,258
2036-2040	9,936,033	1,374,872	11,713,967	2,104,590	21,650,000	3,479,462
2041-2044	2,077,688	126,777	2,807,315	228,423	4,885,003	355,200
Total	<u>\$ 98,137,888</u>	<u>\$ 30,677,829</u>	<u>\$ 32,506,688</u>	<u>\$ 17,698,667</u>	<u>\$ 130,644,576</u>	<u>\$ 48,376,496</u>

B. Refunded Debt

Defeased Obligations

In prior years, the County defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 2020, the outstanding balance of the defeased debt, including current year defeased debt, is \$28,614,861.

C. Purchase Agricultural Conservation Easement Program

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

June 30, 2020

Note 7 – Long-Term Obligations (Continued)

C. Purchase Agricultural Conservation Easement Program (Continued)

The County acquires development rights by executing installment purchase agreements with the landowners. These agreements provide for the payment of the principal balance to be paid in a single installment due approximately thirty years after execution of the agreement. Interest on the unpaid principal balance is payable semi-annually and interest expense was \$209,836 for June 30, 2020.

These obligations are constituted within the meaning of Article VII, Section 10 of the Virginia Constitution and are general obligations of the County, pledging the full faith and credit and unlimited taxing power of the County. By policy, interest will be paid from a dedicated portion of real estate taxes with principal payments being made from a maturing zero coupon Treasury securities purchased from the dedicated portion of real estate taxes. At June 30, 2020, two installment purchase agreements totaling 619.08 acres at a total purchase price of \$4,326,512 are outstanding.

The following is a summary of the repayment schedules:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ -	\$ 209,836
2022	-	209,836
2023	-	209,836
2024	-	209,836
2025	-	209,836
2026-2030	-	1,049,179
2031-2035	-	1,049,179
2036-2040	-	1,154,098
2041-2044	4,326,512	-
	<u>\$ 4,326,512</u>	<u>\$ 4,301,636</u>

D. Primary Government Leases

During the fiscal year 2020, the County entered into a non-cancellable lease purchase agreement for equipment in the amount of \$591,623. The cost of equipment put in service during the year was \$332,745. At June 30, 2020, the accumulated depreciation on this equipment was \$24,646. In addition, the County has non-cancellable operating lease agreements for communications equipment for multiple years. The future minimum capital and operating lease payments and the present value of minimum capital lease payments for the Primary Government as of June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Governmental Activities	Business-type Activities
2021	\$ 399,572	\$ 34,448
2022	350,004	34,254
2023	285,858	27,024
2024	153,685	19,792
2025	102,419	19,593
Total minimum lease payments	1,291,538	135,111
less amounts representing interest	(57,414)	(5,865)
Present value of minimum lease payments	<u>\$ 1,234,124</u>	<u>\$ 129,246</u>

June 30, 2020

Note 7 – Long-Term Obligations (Continued)

E. School Board Capital Leases

During fiscal year 2014, the School Board entered into a non-cancellable equipment lease purchase agreement to finance the costs to acquire, construct and install certain energy savings. The cost of the asset placed in service was in the amount of \$6,599,173. At June 30, 2020, the accumulated depreciation was in the amount of \$1,754,697.

The future minimum capital and operating lease payments and the present value of minimum capital lease payments for school Board capital leases as of June 30, 2020 are as follows:

Fiscal Year Ending June 30,	
2021	\$ 483,381
2022	500,256
2023	517,110
2024	535,828
2025	554,353
Thereafter	5,194,232
Total minimum lease payments	7,785,160
less amounts representing interest	(1,815,160)
Present value of minimum lease payments	<u>\$ 5,970,000</u>

During the fiscal year 2016, the School Board entered into a master equipment lease purchase agreement to finance the purchase of technology equipment, school buses, and food service equipment in the amount of \$1,240,000, \$860,000, and \$620,000, respectively. The cost of items meeting the County's capitalization threshold totaled \$1,480,000. At June 30, 2020, the accumulated depreciation was in the amount of \$515,974.

Future minimum lease purchase payments are as follows:

Fiscal Year Ending June 30,	
2021	\$ 196,175
2022	196,175
2023	67,188
2024	67,188
2025	67,188
Thereafter	-
Total minimum lease payments	593,914
less amounts representing interest	(23,213)
Present value of minimum lease payments	<u>\$ 570,701</u>

June 30, 2020

Note 7 – Long-Term Obligations (Continued)

E. School Board Capital Leases (Continued)

During the fiscal year 2019, the School Board entered into a master equipment lease purchase agreement to finance the purchase of vehicles and school buses in the amount of \$49,993 and \$754,749 respectively. As of June 30, 2020, the accumulated depreciation was in the amount of \$121,195.

Future minimum lease purchase payments are as follows:

Fiscal Year	
<u>Ending June 30,</u>	
2021	\$ 209,184
2022	209,184
Total minimum lease payments	<u>418,368</u>
less amounts representing interest	<u>(18,379)</u>
Present value of minimum lease payments	<u><u>\$ 399,989</u></u>

June 30, 2020

Note 8 – Pension Plan

A. Plan Description

All full-time, salaried permanent employees of the County of Isle of Wight, Virginia and the County of Isle of Wight, Virginia School Board (School Board), are automatically covered by the VRS Retirement Plan or the VRS Teacher Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

Plan 1	Plan 2	Hybrid Retirement Plan
<p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p>About Plan 2</p> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none">• The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

June 30, 2020

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty-covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 2 or ORP.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees.* • School division employees (teachers). • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

June 30, 2020

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Same as Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members contribute to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Service Credit Same as Plan 1.</p>	<p>Service Credit <i>Defined Benefit Component:</i> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. <i>Defined Contribution Component:</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

June 30, 2020

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <i>Defined Benefit Component:</i> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contribution Component:</i> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distributions not required, except as governed by law.</p>

June 30, 2020

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <i>Defined Benefit Component:</i> See definition under Plan 1. <i>Defined Contribution Component:</i> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013	Service Retirement Multiplier <i>Defined Benefit Component:</i> The retirement multiplier for the defined benefit component is 1.00%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	Sheriffs and regional jail superintendents: Same as Plan 1.	Sheriffs and regional jail superintendents: Not applicable.
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Not applicable.

June 30, 2020

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Normal Retirement Age Age 65. Political subdivision hazardous duty employees: Age 60.	Normal Retirement Age Normal Social Security retirement age. Political subdivision hazardous duty employees: Same as Plan 1.	Normal Retirement Age <i>Defined Benefit Component:</i> Same as Plan 2. Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	Earliest Unreduced Retirement Eligibility Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equal 90.	Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component:</i> Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90 Political subdivision hazardous duty employees: Not applicable.
Political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. Political subdivision hazardous duty employees: Age 50 with at least five years of service credit.	Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of service credit. Political subdivision hazardous duty employees: Same as Plan 1.	Earliest Reduced Retirement Eligibility <i>Defined Benefit Component:</i> Age 60 with at least five years (60 months) of service credit. Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

June 30, 2020

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><i>Eligibility:</i> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><i>Exceptions to COLA</i> <i>Effective Dates:</i> School Division (Teachers) and Political Subdivision Employees: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013 • The member retires on disability. The member is involuntarily separated from employment for or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. 	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.</p> <p><i>Eligibility:</i> Same as Plan 1.</p> <p><i>Exceptions to COLA</i> <i>Effective Dates:</i> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p> <p><i>Eligibility:</i> Same as Plan 1 and Plan 2.</p> <p><i>Exceptions to COLA</i> <i>Effective Dates:</i> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1 and Plan 2.</p>

June 30, 2020

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement (Continued) <i>Exceptions to COLA Effective Dates: (Continued)</i> School Division (Teachers) and Political Subdivision Employees (continued): <ul style="list-style-type: none">• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.• Political subdivision employees: The member retires directly from short-term or long-term disability.		
Disability Coverage Political subdivision employees: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Political subdivision employees: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.	Disability Coverage Employees of political subdivisions and school divisions (teachers), including Plan 1 and Plan 2 opt-ins, participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception: <ul style="list-style-type: none">• Hybrid Retirement Plan members are ineligible for ported service. <i>Defined Contribution Component:</i> Not applicable.

B. Employees Covered by Benefit Terms

County Plan

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit term of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>178</u>
Inactive members:	
Vested inactive members	50
Non-vested inactive members	71
Active elsewhere in VRS	<u>131</u>
Total inactive members	<u>252</u>
Active members	<u>278</u>
Total covered employees	<u><u>708</u></u>

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 8 - Pension Plan (Continued)

B. Employees Covered by Benefit Terms (Continued)

School Board Non-Professional Plan (Agent Plan)

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	63
Inactive members:	
Vested	12
Non-vested	49
Active elsewhere in VRS	24
Total inactive members	<u>85</u>
Active members	<u>85</u>
Total covered employees	<u><u>233</u></u>

June 30, 2020

Note 8 - Pension Plan (Continued)

C. Contributions

County (Agent Plan)

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required contribution rate for the year ended June 30, 2020, was 9.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,345,344 and \$1,306,667 for the years ended June 30, 2020, and 2019, respectively.

School Board Non-Professional Plan (Agent Plan)

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The School Board non-professional's contractually required contribution rate for the year ended June 30, 2020, was 7.53% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were \$149,840 and \$152,872 for the years ended June 30, 2020, and 2019, respectively.

June 30, 2020

Note 8 - Pension Plan (Continued)

C. Contributions (Continued)

School Board Professional Plan (Cost-Sharing Plan)

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. The School Board professional's contractually required contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the professional plan were \$6,422,404 and \$5,671,601 for the years ended June 30, 2020, and June 30, 2019, respectively.

D. Net Pension Liability

County and School Board Non-Professional Plans (Agent Plans)

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

School Board Professional Plan (Cost-Sharing Plan)

At June 30, 2020, the School Board reported a liability for the professional plan of \$48,996,795 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the School Board's proportion was 0.37230% as compared to 0.36836% at June 30, 2018.

June 30, 2020

Note 8 - Pension Plan (Continued)

D. Net Pension Liability (Continued)

School Board Professional Plan (Cost-Sharing Plan)

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position.

As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows:

	Teacher Employee Retirement Plan
Total pension liability	\$ 49,683,336,000
Plan fiduciary net position	<u>36,522,769,000</u>
Employers' net pension liability	<u>\$ 13,160,567,000</u>

Plan fiduciary net position as a percentage of the total pension liability	73.51%
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The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

E. Actuarial Assumptions

County and School Board Non-Professional Plans (Agent Plans)

General Employees

The total pension liability for General Employee's in the County's retirement plan and the total pension liability for the General Employees in the School Board non-professional retirement plan were based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

June 30, 2020

Note 8 - Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

Mortality Rates	15% of deaths are assumed to be service-related
- Pre-Retirement	RP-2014 Employee Rates to age 80, healthy Annuitant Rates at 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
- Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.
- Post-Disablement	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

County Plan (Agent Plan)

Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's retirement plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

June 30, 2020

Note 8 - Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality Rates	45% of deaths are assumed to be service-related.
- Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at 81 and older projected with scale BB to 2020; males 90% of rates; females set forward one year.
- Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward one year, 1.0% increase compounded from ages 70 to 90; females set forward three years.
- Post-Disablement	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years; unisex using 100% males

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

School Board Professional Plan (Cost-Sharing Plan)

The total pension liability for the VRS Teacher retirement plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

June 30, 2020

Note 8 - Pension Plan (Continued)

School Board Professional Plan (Cost-Sharing Plan) (Continued)

E. Actuarial Assumptions (Continued)

Mortality Rates

- Pre-Retirement RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020
- Post-Retirement RP-2014 White Collar Employee Rates to age 40, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020, males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
- Post-Disablement RP-2014 Disability Mortality Rates projected with scale BB to 2020, 115% of rates for males and females

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

June 30, 2020**Note 8 - Pension Plan (Continued)****F. Long-Term Expected Rate of Return****County and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)**

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Mult-Asset Public Strategies	6.000%	3.52%	0.21%
PIP - Private Investment Partnership	3.000%	6.29%	0.19%
Total	100.000%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

June 30, 2020

Note 8 - Pension Plan (Continued)

G. Discount Rate

County and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)

The discount rate used to measure the total pension liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liabilities.

H. Changes in the Net Pension Liability (Asset)

County Plan (Agent Plan)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 47,590,717	\$ 44,485,451	\$ 3,105,266
Changes for the Year:			
Service cost	1,568,075	-	1,568,075
Interest	3,251,497	-	3,251,497
Change of assumptions	1,475,910	-	1,475,910
Difference between expected and actual experience	63,445	-	63,445
Contributions - employer	-	1,306,667	(1,306,667)
Contributions - employee	-	684,102	(684,102)
Net investment income	-	2,971,352	(2,971,352)
Benefit payments, including refunds of employee contributions	(2,281,527)	(2,281,527)	-
Administrative expense	-	(28,973)	28,973
Other changes	-	(1,881)	1,881
Net changes	4,077,400	2,649,740	1,427,660
Balances at June 30, 2019	\$ 51,668,117	\$ 47,135,191	\$ 4,532,926

Notes to the Basic Financial Statements

June 30, 2020

Note 8 - Pension Plan (Continued)

H. Changes in the Net Pension Liability (Asset) (Continued)

School Board Non-Professional Plan (Agent Plan)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 6,015,229	\$ 6,020,170	\$ (4,941)
Charges for the Year:			
Service cost	166,758	-	166,758
Interest	408,944	-	408,944
Changes of assumptions	153,119	-	153,119
Difference between expected and actual experience	(166,696)	-	(166,696)
Contributions - employer	-	152,872	(152,872)
Contributions - employee	-	100,355	(100,355)
Net investment income	-	400,739	(400,739)
Benefit payments, including refunds of employee contributions	(346,353)	(346,353)	-
Administrative expense	-	(3,958)	3,958
Other changes	-	(252)	252
Net changes	215,772	303,403	(87,631)
Balances at June 30, 2019	\$ 6,231,001	\$ 6,323,573	\$ (92,572)

I. Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

County and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)

The following presents the net pension liabilities of the County, the School Board non-professional plan, and the School Board professional plan, using the discount rate of 6.75%, as well as what the County and the District, the School Board non-professional plan, and the School Board professional plan's net pension liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower 5.75% or 1-percentage-point higher 7.75% than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
County net pension liability (asset)	\$ 11,071,702	\$ 4,532,926	\$ (681,592)
School Board non-professional net pension liability (asset)	564,796	(92,572)	(621,420)
School Board professional net pension liability	73,761,463	48,996,795	28,521,002

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 8 - Pension Plan (Continued)

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

County Plan (Agent Plan)

For the year ended June 30, 2020, the County recognized pension expense of \$1,968,468. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>County</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 183,340	\$ -
Changes in assumptions	999,810	(3,426)
Net differences between projected and actual earnings on pension plan investments	487,348	(882,078)
Employer contribution subsequent to the measurement date	<u>1,345,344</u>	<u>-</u>
Total	<u>\$ 3,015,842</u>	<u>\$ (885,504)</u>

The \$1,345,344 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 614,936
2022	102,525
2023	41,259
2024	<u>26,274</u>
	<u>\$ 784,994</u>

Notes to the Basic Financial Statements

June 30, 2020

Note 8 - Pension Plan (Continued)

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

School Board Non-Professional Plan (Agent Plan)

For the year ended June 30, 2020, the School Board recognized pension expense related to its non-professional plan of \$85,680. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 628	\$ (76,590)
Changes in assumption	70,352	-
Net difference between projected and actual earnings on pension plan investments	-	(54,571)
Employer contributions subsequent to the measurement date	149,840	-
Total	\$ 220,820	\$ (131,161)

The \$149,840 reported as deferred outflows of resources related to pensions resulting from the School Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Amount
2021	\$ (6,028)
2022	(56,207)
2023	(1,400)
2024	3,454
	<u>\$ (60,181)</u>

Notes to the Basic Financial Statements

June 30, 2020

Note 8 - Pension Plan (Continued)

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
(Continued)

School Board Professional Plan (Cost-Sharing)

For the year ended June 30, 2020, the School Board recognized pension expense related to the professional plan of \$4,521,756. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (3,137,472)
Net difference between projected and actual earnings on pension plan investments	-	(1,075,853)
Changes in assumptions	4,851,831	-
Changes in proportionate share	427,442	(411,754)
Employer contributions subsequent to the measurement date	6,422,404	-
Total	\$ 11,701,677	\$ (4,625,079)

The \$6,422,404 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30	Amount
2021	\$ (134,804)
2022	(1,006,963)
2023	465,426
2024	898,696
2025	431,839
	<u>\$ 654,194</u>

June 30, 2020

Note 8 - Pension Plan (Continued)

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at varetire.org/pdf/publications/2019-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

June 30, 2020

Note 9 – Other Post Employment Benefits Medical Insurance Program

A. Plan Description

The County and the Isle of Wight County School Board (School Board) have defined benefit other postemployment benefit (OPEB) – medical insurance plans that provide OPEB for all permanent full-time employees of the County and the School Board. The plans have separate plan provisions. The plans were established by the respective Boards and any amendments to the plans must be approved by the Boards. These plans are single-employer defined benefit OPEB plan administered by the County and School Board. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. These plans do not issue stand-alone financial reports.

The specific information for Medical Insurance Program’s OPEB, including eligibility, is set out in the tables below:

County

Isle of Wight County employees are eligible for retiree health benefits until Medicare eligibility once they meet Virginia Retirement System (VRS) pension eligibility requirements and have 15 years of service. Retirees are required to contribute 100% of the health benefit premium. Spouses are not eligible for retiree health care benefits.

Schoolboard

Isle of Wight County School Board employees are eligible for retiree health benefits until Medicare eligibility once they meet Virginia Retirement System (VRS) pension eligibility requirements and have 15 years of service. Spouses are eligible to participate in the plan while the retiree is eligible for coverage by paying full cost of coverage. Coverage ends when retiree reaches Medicare age or passes away.

B. Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

County

	<u>Number</u>
Active Participants	276
Retiree participants	<u>1</u>
Total	<u><u>277</u></u>

June 30, 2020

Note 9 – Other Post Employment Benefits Medical Insurance Program (Continued)

B. Employees Covered by Benefit Terms (Continued)

School Board

	Number
Active participants	649
Retiree participants	19
Spouses	1
Total	669

C. Total Medical Insurance Program OPEB Liability

The County’s total Medical Insurance OPEB liability of \$1,047,293 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019. The School Board’s total Medical Insurance OPEB liability of \$5,010,160 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

D. Actuarial Assumptions and Other Inputs

The total Medical Insurance Program OPEB liabilities were based on an actuarial valuation as of July 1, 2019, using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%	
Salary increases	3.50%	per annum
Discount rate	2.21%	per annum
Healthcare cost trend rates	8.50%	graded down to 4.5% over 10 years

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 9 - Other Postemployment Benefits – Medical Insurance Program (Continued)

E. Changes in the Total Medical Insurance OPEB Liability

County

	Total Medical Insurance OPEB Liability
Balance at June 30, 2019	<u>\$ 1,151,866</u>
Charges for the year:	
Service cost	139,510
Interest	45,025
Change in assumptions	(286,514)
Differences between expected and actual experience	14,748
Benefits paid	<u>(17,342)</u>
Net changes	<u>(104,573)</u>
Balance at June 30, 2020	<u><u>\$ 1,047,293</u></u>

School Board

	Total Medical Insurance OPEB Liability
Balance at June 30, 2019	<u>\$ 3,303,656</u>
Changes for the year:	
Service cost	209,882
Interest	120,191
Changes in assumptions	403,709
Differences between expected and actual experience	1,152,848
Benefits paid	<u>(180,126)</u>
Net changes	<u>1,706,504</u>
Balance at June 30, 2020	<u><u>\$ 5,010,160</u></u>

June 30, 2020

Note 9 - Other Postemployment Benefits – Medical Insurance Program (Continued)

F. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in the Discount Rate

The following presents the total OPEB liabilities of the County and the School Board calculated using the stated discount rate, as well as what the County's and the School Board's total Medical Insurance OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate (2.21%):

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
County	\$ 1,131,552	\$ 1,047,293	\$ 966,846
School Board	5,329,890	5,010,160	4,697,988

G. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in Healthcare Cost Trend Rate

The following represents the total Medical Insurance OPEB liabilities of the County and the School Board calculated using the stated discount rate, as well as what the County's and the School Board's total Medical Insurance OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Current Trend Rate	1% Increase
County	\$ 882,180	\$ 1,047,293	\$ 1,244,578
School Board	4,439,614	5,010,160	5,682,061

H. Medical Insurance OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical Insurance OPEB

For the year ended June 30, 2020, the County and the School Board recognized Medical Insurance OPEB expense of \$96,445 and \$492,203, respectively.

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 9 - Other Postemployment Benefits – Medical Insurance Program (Continued)

At June 30, 2020, the County and School Board recognized deferred inflows and outflows of resources from the following sources:

	County		School Board	
	Deferred Outflows of Resource	Deferred Inflows of Resources	Deferred Outflows of Resource	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,017	\$ (144,997)	\$ 1,003,127	\$ (275,108)
Changes in assumptions	26,921	(233,456)	466,299	-
	<u>\$ 38,938</u>	<u>\$ (378,453)</u>	<u>\$ 1,469,426</u>	<u>\$ (275,108)</u>

Amounts recognized as deferred inflows and outflows of resources will be recognized in the Medical Insurance OPEB expense in future reporting periods as follows:

Fiscal Year Ending June 30,	County	School Board
2021	\$ (88,090)	\$ 162,130
2022	(88,090)	162,130
2023	(88,089)	162,130
2024	(55,115)	162,126
2025	(20,131)	202,151
Thereafter	-	343,651
	<u>\$ (339,515)</u>	<u>\$ 1,194,318</u>

I. Medical OPEB Expense Detail

June 30, 2020

Note 10 - Other Postemployment Benefits – Group Life Insurance Program

A. Plan Description

All full-time, salaried permanent employees of the County and the School Board non-professional and the School Board professional employees are automatically covered by the VRS Group Life Insurance Program (GLI) upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none">• Natural Death Benefit: The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• Accidental Death Benefit: The accidental death benefit is double the natural death benefit.• Other Benefit Provisions: In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">o Accidental dismemberment benefito Safety belt benefito Repatriation benefito Felonious assault benefito Accelerated death benefit option

June 30, 2020

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (continued)

A. Plan Description

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the County and School Board for the years ended June 30, 2020 and June 30, 2019 were as follows.

		2020	2019
County	\$	76,554	\$ 73,368
School Board Non-Professional		8,851	11,236
School Board Professional		169,390	161,875

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2020, the participating employers' reported liabilities for its proportionate share of the net GLI OPEB liability as follows:

		2020	2019
County	\$	1,171,000	\$ 1,085,000
School Board Non-Professional		179,324	128,000
School Board Professional		2,584,099	2,369,000

June 30, 2020**Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)****C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)**

The net GLI OPEB liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, comparisons of the participating employers' proportions to June 30, 2018 are as follows:

	2019	2018
County	0.07197%	0.07142%
School Board Non-Professional	0.01102%	0.00842%
School Board Professional	0.15880%	0.15596%

For the year ended June 30, 2020, the County, School Board non-professional, and School Board professional employees recognized GLI OPEB expense (benefit) of \$33,000, 9,653, and \$62,207, respectively. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employers reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

County

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,000	\$ (15,000)
Net difference between projected and actual earnings on	-	(24,000)
GLI OPEB program investments	-	-
Change in assumptions	74,000	(35,000)
Changes in proportion	27,000	-
Employer contributions subsequent to the measurement date	76,554	-
Total	\$ 255,554	\$ (74,000)

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The \$76,554 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 10,000
2022	10,000
2023	20,000
2024	30,000
2025	27,000
Thereafter	<u>8,000</u>
Total	<u>\$ 105,000</u>

School Board Non-Professional

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of of Resources</u>
Differences between expected and actual experience	\$ 11,926	\$ (2,328)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(3,683)
Change in assumptions	11,322	(5,407)
Changes in proportion	34,686	(3,993)
Employer contributions subsequent to the measurement date	<u>8,851</u>	<u>-</u>
Total	<u>\$ 66,785</u>	<u>\$ (15,411)</u>

June 30, 2020

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The \$8,851 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30	Amount
2021	\$ 6,143
2022	6,144
2023	7,704
2024	9,372
2025	9,988
Thereafter	<u>3,172</u>
Total	<u><u>\$ 42,523</u></u>

School Board Professional

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 171,858	\$ (33,518)
Net difference between projected and actual earnings on		
GLI OPEB program investments	-	(53,079)
Change in assumptions	163,145	(77,922)
Changes in proportion	37,888	(19,267)
Employer contributions subsequent to the measurement date	<u>169,390</u>	<u>-</u>
	<u><u>\$ 542,281</u></u>	<u><u>\$ (183,786)</u></u>

June 30, 2020

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The \$169,390 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 11,633
2022	11,636
2023	34,117
2024	55,499
2025	59,079
Thereafter	<u>17,141</u>
Total	<u>\$ 189,105</u>

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	
Teachers	3.50% - 5.95%
Locality - general employees	3.50% - 5.35%
Locality - hazardous duty employees	3.50% - 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

June 30, 2020

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

School Board Professional

Mortality Rates – Teachers

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

June 30, 2020

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

County and School Board Non-Professional

Mortality Rates – General Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward three years; females 1.0% increase compounded from age 70 to 90.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 3 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality Rates – Hazardous Duty Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward one year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement: RP-2014 Disability Life Mortality Rate projected with scale BB to 2020; males set forward 2 years; unisex 100% male.

June 30, 2020

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

County and School Board Non-Professional (Continued)

Mortality Rates – Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date June 30, 2019, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,390,238
Plan fiduciary net position	<u>1,762,972</u>
Employers' net GLI OPEB liability	<u>\$ 1,627,266</u>
Plan fiduciary net position as a percentage of the total GLI OPEB liability	52.00%

Notes to the Basic Financial Statements

June 30, 2020

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

E. Net GLI OPEB Liability (Continued)

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

F. Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
	Inflation		2.50%
	Expected arithmetic nominal return*		7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund allocation.

June 30, 2020

Note 10 - Other Postemployment Benefits – Group Life Insurance Program (Continued)

G. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the participating employers for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

H. Sensitivity of the Participating Employers' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the participating employers' proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the participating employers' proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75)%	Current Discount Rate (6.75)%	1% Increase (7.75)%
County	\$ 1,538,558	\$ 1,171,000	\$ 873,180
School Board Non-Professional	235,583	179,324	133,700
School Board Professional	3,394,790	2,584,099	1,926,650

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's fiduciary net position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website varetire.org/Pdf/Publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

June 30, 2020

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program

A. Plan Description

County and School Board Professional Plans

The County has two types of Health Insurance Credit Program (HIC) OPEB plans. A single-employer plan for political subdivisions (County) and a cost-sharing employer plan for VRS teacher employees (School Board professional plan). For the County plan, all full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program (HIC) upon employment. For the School Board professional Plan, all full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. These plans are administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

County Plan

The specific information about the County Health Insurance Credit (HIC) OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HIC PLAN PROVISIONS
<p><i>Eligible Employees</i> The Political Subdivision Retiree HIC was established July 1, 1993, for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees are enroll automatically upon employment. They include: Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.</p>
<p><i>Benefit Amounts</i> The political subdivision's Retiree HIC provides the following benefits for eligible employees: At Retirement: For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. Disability Retirement: For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.</p>
<p><i>Health Insurance Credit Program Notes</i> The monthly HIC benefit cannot exceed the individual premium amount. No HIC for premiums paid and qualified under Line of Duty Act (LODA); however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.</p>

June 30, 2020

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

A. Plan Description (Continued)

School Board Professional Plan

The specific information for the Teacher Employee HIC OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HIC PLAN PROVISIONS
<p><i>Eligible Employees</i> The Teacher Employee Retiree HIC was established July 1, 1993, for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enroll automatically upon employment. They include: Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</p>
<p><i>Benefit Amounts</i> The Teacher Employee Retiree HIC provides the following benefits for eligible employees: At Retirement - for teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. disability under the Virginia Local Disability Program (VLDP), the monthly benefit is Disability Retirement - for teacher and other professional school employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</p>
<p><i>Health Insurance Credit Program Notes</i> The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.</p>

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

B. Employees Covered by Benefit Terms

County Plan

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan.

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	39
Inactive members	-
Vested	-
Non-Vested	-
Active Elsewhere in VRS	-
Total inactive members	<u>39</u>
Active members	<u>151</u>
Total covered employees	<u><u>190</u></u>

C. Contributions

County and School Board Professional Plans

The contribution requirement for active employees is governed by Section 51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. For the year ended June 30, 2020, the contractually required employer contribution rates for the School Board non-professional and School Board professional was 0.20% and 1.20%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC Program from the participating employers for the years ended June 30, 2020, and June 30, 2019, were as follows:

	<u>2020</u>	<u>2019</u>
County	\$ 16,645	\$ 15,469
School Board Professional	389,938	372,275

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

D. Net HIC OPEB Liability

County Plan

The County plan's net HIC OPEB liability was measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

School Board Professional Plan

The net OPEB liability (NOL) for the Teacher Employee HIC represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC are as follows:

	Teacher Employee HIC OPEB Plan
Total teacher employee HIC OPEB liability	\$ 1,438,114,000
Plan fiduciary net position	129,016,000
Teacher employee net HIC OPEB liability	<u>\$ 1,309,098,000</u>
Plan fiduciary net position as a percentage of the total teacher employee HIC OPEB liability	8.97%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

June 30, 2020

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

E. Actuarial Assumptions

County and School Board Professional Plans

The total HIC OPEB liabilities were based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation:	
Locality-general employees	3.50%-5.35%
Teacher employees	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

County Plan

Mortality Rates – General Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

June 30, 2020

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

E. Actuarial Assumptions (Continued)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

School Board Professional Plan

Mortality Rates – Teachers

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

June 30, 2020

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

June 30, 2020

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

F. Long-Term Expected Rate of Return

County and School Board Professional Plans

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

June 30, 2020

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

G. Discount Rate

County and School Board Professional Plans

The discount rate used to measure the total HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the School Board non-professional and School Board professional plans for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019, on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

H. Changes in Net HIC OPEB Liability

County Plan

	Increase (Decrease)		
	Total HIC OPEB Liability	Plan Fiduciary Net Position	Net HIC OPEB Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2018	\$ 272,621	\$ 180,931	\$ 91,690
Changes for the year:			
Service cost	6,822	-	6,822
Interest	18,494	-	18,494
Changes of assumptions	6,129	-	6,129
Difference between expected and actual experience	(24,287)	-	(24,287)
Contributions-employer	-	15,467	(15,467)
Net investment income	-	11,590	(11,590)
Benefit payments, including refunds of employee contributions	(16,834)	(16,834)	-
Administrative expenses	-	(254)	254
Other changes	-	(14)	14
Net changes	(9,676)	9,955	(19,631)
Balance at June 30, 2019	\$ 262,945	\$ 190,886	\$ 72,059

June 30, 2020**Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)****I. Sensitivity of the HIC Net OPEB Liabilities to Changes in the Discount Rate****County and School Board Professional Plans**

The following presents the net HIC OPEB liabilities using the discount rate of 6.75%, as well as what the net HIC OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75)%	Current Discount Rate (6.75)%	1% Increase (7.75)%
School Board Professional	\$ 5,418,828	\$ 4,841,827	\$ 4,351,666
County	99,134	72,059	48,886

J. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB**County Plan**

For the year ended June 30, 2020, the County plan recognized HIC OPEB expense of \$ 9,561. At June 30, 2020, the County plan reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,701	\$ (20,286)
Net difference between projected and actual earnings on investments	814	(3,067)
Change in assumptions	5,119	(2,481)
Employer contributions subsequent to the measurement date	16,645	-
Total	\$ 29,279	\$ (25,834)

June 30, 2020

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

J. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB(Continued)

The \$16,645 reported as deferred outflows of resources related to the HIC OPEB resulting from the County plan's contributions subsequent to the measurement date will be recognized as a reduction of the total HIC OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows (amounts expressed in the thousands):

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ (3,415)
2022	(3,414)
2023	(1,971)
2024	(1,197)
2025	(2,991)
Thereafter	<u>(212)</u>
Total	<u><u>\$ (13,200)</u></u>

June 30, 2020

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

- J. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB (Continued)

School Board Professional Plan

At June 30, 2020, the School Board professional plan reported a liability of \$4,841,827 for its proportionate share of the Teacher Employee HIC total OPEB liability. The total Teacher Employee HIC OPEB liability was measured as of June 30, 2019 and the total Teacher Employee HIC OPEB liability used to calculate the total Teacher Employee HIC OPEB liability was determined by an actuarial valuation as of that date. The School Board professional plan's proportion of the total Teacher Employee HIC OPEB liability was based on the School Board professional plan's actuarially determined employer contributions to the Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the School Board professional plan's proportion of the Teacher Employee HIC was 0.36986% as compared to 0.36619% at June 30, 2018.

For the year ended June 30, 2020, the School Board professional plan recognized Teacher Employee HIC OPEB expense of \$396,682. Since there was a change in proportionate share between measurement dates a portion of the Teacher Employee HIC net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the School Board professional plan reported deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (27,425)
Net difference between projected and actual earnings on HIC OPEB program investments	306	-
Change in assumptions	112,692	(33,644)
Changes in proportionate share	40,975	(36,993)
Employer contributions subsequent to the measurement date	389,938	-
Total	\$ 543,911	\$ (98,062)

June 30, 2020

Note 11 - Other Postemployment Benefits – Health Insurance Credit Program (Continued)

J. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB (Continued)

School Board Professional Plan (Continued)

The \$389,938 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the School Board professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the total Teacher Employee HIC OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ending June 30	Amount
2021	\$ 2,782
2022	2,777
2023	4,899
2024	4,189
2025	9,393
Thereafter	<u>31,871</u>
Total	<u>\$ 55,911</u>

K. Health Insurance Credit Program Plan Data

Detailed information about the VRS County and School Board Health Insurance Credit is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website varetire.org/Pdf/Publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

June 30, 2020

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program

Plan Description

The County has three types of Virginia Local Disability Programs (VLDP) OPEB plans. The first two plans, the County and School Board non-professional plans, are single-employer plans for political subdivisions. The third plan, the School Board professional plan, is a multiple-employer, cost-sharing employer plan for VRS teacher employees. For the County and School Board non-professional plans, all full-time, salaried general employees, including local law enforcement officers, firefighters, or emergency medical technicians of the County and School Board non-professional plans who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee VLDP. For the School Board professional plan, all full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee VLDP. These plans are administered by the System, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. These plans are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the VLDP.

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

POLITICAL SUBDIVISION AND TEACHER EMPLOYEE VLDP PLAN PROVISIONS
County and School Board Non-Professional Plans
<i>Eligible Employees</i> The Political Subdivision Employee VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include: <ul style="list-style-type: none">• Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.
School Board Professional Plan
<i>Eligible Employees</i> The Teacher Employee Virginia Local Disability Program was implemented January 1, 2014, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include: <ul style="list-style-type: none">• Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.

June 30, 2020

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

Plan Description (Continued)

<p>Benefit Amounts</p> <p>The Political Subdivision VLDP provides the following benefits for eligible employees:</p> <p><i>Short-Term Disability:</i></p> <ul style="list-style-type: none">• The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation.• During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability.• Once the five-year eligibility period is satisfied, employees are eligible for higher income replacement levels. <p><i>Long-Term Disability:</i></p> <ul style="list-style-type: none">• The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work or are working fewer than 20 hours per week.• Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.
<p>Virginia Local Disability Program Notes</p> <ul style="list-style-type: none">• Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.• VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

June 30, 2020

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

Contributions

The contribution requirement for active hybrid plan employees is governed by Section 51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the County, School Board non-professional, and School Board professional plans by the Virginia General Assembly. For the year ended June 30, 2020, the contractually required employer contribution rates of covered employee compensation for employees in the VLDP for the County, School Board non-professional, and School Board professional plans were 0.72%, 0.72%, and 0.41%, respectively. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the VLDP from the County, School Board non-professional plan, and School Board professional plan to the VLDP from the participating employers for the years ended June 30, 2020, and June 30, 2019 were as follows:

	2020	2019
County	\$ 26,840	\$ 19,092
School Board Non-Professional	2,863	4,121
School Board Professional	32,206	25,443

VLDP OPEB Liability, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VLDP OPEB

At June 30, 2020, the County, School Board non-professional, and School Board professional plans reported liabilities of \$20,188, \$4,357 and \$7,523, respectively for their proportionate share of their VLDP net OPEB liabilities. The VLDP net OPEB liabilities were measured as of June 30, 2019, and the total VLDP OPEB liabilities used to calculate the VLDP net OPEB liabilities were determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The County, School Board non-professional, and School Board professional plans' proportions of the VLDP net OPEB liabilities were based on the County, School Board non-professional, and School Board professional plans' actuarially determined employer contributions to their VLDP OPEB plans for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, comparisons of the participating employers' proportions to June 30, 2018 are as follows:

	2019	2018
County	0.99652%	1.01654%
School Board Non-Professional	0.21506%	0.12581%
School Board Professional	1.29409%	1.27169%

For the year ended June 30, 2020, the County, School Board non-professional, and School Board professional plans recognized VLDP OPEB expenses of \$23,695, \$5,261 and \$22,761, respectively. Since there was a change in proportionate share between measurement dates, a portion of the VLDP net OPEB expenses were related to deferred amounts from changes in proportion.

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

County Plan

At June 30, 2020, the County plan reported deferred outflows of resources and deferred inflows of resource related to VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,126	\$ (621)
Net difference between projected and actual earnings on investments	69	-
Changes in proportion	-	(154)
Change in assumptions	579	(773)
Employer contributions subsequent to the measurement date	26,840	-
Total	<u>\$ 37,614</u>	<u>\$ (1,548)</u>

The \$26,840 reported as deferred outflows of resources related to the VLDP OPEB resulting from the County plan's contributions subsequent to the measurement date will be recognized as a reduction of the net VLDP OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 1,917
2022	1,904
2023	1,893
2024	1,914
2025	1,832
Thereafter	<u>(234)</u>
Total	<u>\$ 9,226</u>

June 30, 2020

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

School Board Non-Professional Plan

At June 30, 2020, the School Board non-professional reported deferred outflows of resources and deferred inflows of resource related to VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,185	\$ (134)
Net difference between projected and actual earnings on investments	15	-
Changes in proportion	688	-
Change in assumptions	125	(167)
Employer contributions subsequent to the measurement date	2,863	-
Total	<u>\$ 5,876</u>	<u>\$ (301)</u>

The \$2,863 reported as deferred outflows of resources related to the VLDP OPEB resulting from the School Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net VLDP OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

Year Ending June 30	Amount
2021	\$ 561
2022	558
2023	555
2024	560
2025	529
Thereafter	<u>(51)</u>
Total	<u>\$ 2,712</u>

June 30, 2020

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

School Board Professional Plan

At June 30, 2020, the School Board professional plan reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (907)
Net difference between projected and actual earnings on investments	29	-
Changes in proportion	154	-
Change in assumptions	1,284	-
Employer contributions subsequent to the measurement date	32,206	-
Total	\$ 33,673	\$ (907)

The \$32,206 reported as deferred outflows of resources related to the VLDP OPEB resulting from the School Board professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net VLDP OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

Year Ending June 30	Amount
2021	\$ 51
2022	51
2023	31
2024	1
2025	30
Thereafter	396
Total	\$ 560

June 30, 2020

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

Actuarial Assumptions

The total VLDP OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation:	
Political subdivision employees	3.50%-5.35%
Teacher employees	3.50%-5.95%
Investment rate of return	6.75%, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

County and School Board Non-Professional Plan

Mortality Rates – Non-Largest Ten Locality Employers – General and Non-Hazardous Duty Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward one year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years; unisex using 100% male.

June 30, 2020

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year, age and service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

School Board Professional Plan

Mortality Rates – Teachers

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

Notes to the Basic Financial

Statements

June 30, 2020

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year, age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Net VLDP OPEB Liability

The net OPEB liabilities (NOL) for the County, School Board non-professional and School Board professional plans VLDP represents the programs' total OPEB liabilities determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the County, School Board non-professional and School Board professional plans VLDP is as follows:

	County and School Board	
	Non-Professional Plans	School Board Professional Plan
	VLDP OPEB Plans	
Total Employee VLDP OPEB liability	\$ 3,989,000	\$ 2,241,000
Plan fiduciary net position	1,962,000	1,661,000
Employers' net VLDP OPEB liability	\$ 2,027,000	\$ 580,000
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	49.19%	74.12%

The total VLDP OPEB liabilities are calculated by the System's actuary, and the plan's fiduciary net positions are reported in the System's financial statements. The net VLDP OPEB liabilities are disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to financial statements and required supplementary information.

June 30, 2020**Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)*****Long-Term Expected Rate of Return***

The long-term expected rate of return on VRS System investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by the County and School Board non-professional and professional plans for the VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019, on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the School Board non-professional and School board professional plans VLDP OPEB plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total School Board non-professional School Board professional plans VLDP OPEB liabilities.

June 30, 2020

Note 12 - Other Postemployment Benefits – Virginia Local Disability Program (Continued)

Sensitivity of the VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net VLDP OPEB liabilities using the discount rate of 6.75%, as well as what the proportionate share of the net VLDP OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County	\$ 23,216	\$ 20,188	\$ 17,540
School Board Non-Professional	5,010	4,357	3,785
School Board Professional	11,052	7,523	4,476

VLDP OPEB Fiduciary Net Position

Detailed information about the School Board non-professional plan VLDP's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at varetire.org/Pdf/Publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

June 30, 2020

Note 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, the County is only liable for post-closure monitoring. During fiscal year 2006, the County was deemed to be in violation of the Virginia Solid Waste Management Regulations and the approved Closure Plan. The County submitted a corrective action plan to the Commonwealth's Department of Environmental Quality. During 2008, the County provided for additional financial assurance in the amount of \$1,000,000. This amount was reduced to the actual cost of implementation of the CAP, upon approval of VDEQ. The current estimated future annual total cost of the post-closure monitoring and maintenance is \$1,662,383 based on the expected cost for all equipment, facilities and services required to monitor and maintain the landfill post-closure. During the fiscal year ended June 30, 2020, the County expended \$91,040 in post-closure costs. The current costs of landfill closure and post-closure care is an estimate subject to changes resulting from inflation, technology or change in applicable laws or regulations.

B. Southeastern Public Service Authority (SPSA)

The County is a member of the Southeastern Public Authority ("SPSA"), together with the Cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, Virginia Beach and the County of Southampton. SPSA operates a regional system for the reception, transfer, processing and disposal of solid waste. Under intergovernmental contracts with SPSA ("Use and Support Agreements"), each member government is required to dispose of 95% of the waste generated within its jurisdiction and to pay SPSA's costs through "tipping fees" payments. Due to certain in-kind contributions, Suffolk is not subject to these tipping fees, and Virginia Beach's tipping fee payment obligations are capped. The effect of this structure is that Chesapeake, Franklin, Isle of Wight, Norfolk, Portsmouth and Southampton are contractually obligated to provide for the break-even operations of SPSA's solid waste system, based on relative population.

C. Risk Management

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

The School Board's workers' compensation coverage is \$500,000 and the School board has additional excess liability coverage and there have not been any reductions in insurance coverage for the County or the School Board from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Notes to the Basic Financial Statements

June 30, 2020

Note 13 – Commitments and Contingent Liabilities (Continued)

C. Risk Management (Continued)

The School Board's workers' compensation coverage is \$500,000 and the School board has additional excess liability coverage and there have not been any reductions in insurance coverage for the County or the School Board from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

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

The changes in medical claims liability for the three years ended June 30, 2020 are as follows:

	2020	2019	2018
Claims liabilities, beginning of year	\$ 480,350	\$ 330,194	\$ 202,036
Current year claims	6,389,513	5,166,709	4,576,765
Change in prior year claims	(521,655)	1,159,233	512,919
Claim payments	(4,676,902)	(5,238,786)	(4,184,433)
Legal, administrative and other expenses	(1,154,314)	(937,000)	(777,093)
Claims liabilities, end of year	<u>\$ 516,992</u>	<u>\$ 480,350</u>	<u>\$ 330,194</u>

D. Encumbrances

Outstanding encumbrances at year end represent the estimated amount of the expenditures required to complete contracts, purchase orders and other commitments in process of completion at fiscal year end. Encumbrances are reflected in the financial statements as a part of Assigned Fund Balance. Outstanding encumbrances as of June 30, 2020 for the County are as follows:

<u>Governmental Funds</u>	
General Fund	\$ 429,753
Capital Projects	2,523,409
Total	<u>\$ 2,953,162</u>

*Notes to the Basic Financial Statements***June 30, 2020****Note 13 – Commitments and Contingent Liabilities (Continued)*****E. Pension and Other Post Employment Benefits***

Pension and Other Post Employment Benefits (OPEB) are long term liabilities created by a commitment to provide benefits to employees post employment. The Net Pension Liability and Net OPEB Liability are determined by an actuarial assessment and presented on the face of the financial statements. Amounts for deferred inflows and deferred outflows are also presented on the face of the financial statements. Details about the actuarial assessment and inflows and outflows are presented in the Pension and OPEB note disclosures. Individual plan expenses are also presented in those notes. Aggregate amounts of the recognized pension expense and OPEB expense for the Fiscal Year ended June 30, 2020 are presented below.

Aggregate Pension Expense Recognized for the Fiscal Year ended June 30, 2020

	County	School Professional	School Non-Professional	Total
Pension Expense	\$ 1,968,468	\$ 85,680	\$ 4,521,756	\$ 6,575,904

Aggregate Other Post Employment Benefits Expense Recognized as of June 30, 2020

	County	School Professional	School Non-Professional	Total
Medical Insurance	\$ 96,445	-	\$ 492,203	\$ 588,648
Group Life	33,000	9,653	62,207	104,860
Health Insurance Credit	9,561	-	396,682	406,243
Disability Program	23,695	5,261	22,761	51,717
	\$ 162,701	\$ 14,914	\$ 973,853	\$ 1,151,468

F. 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.

G. Litigation

The County is a defendant in litigation filed by a party alleging unconstitutional taxation. The County is vigorously defending the case. Since the outcome is equally likely to be favorable or unfavorable, no contingency has been recognized in the financial statements. The possible outcome ranges from a gain of \$592,264.94 to a loss of \$5,400,000 plus 10% interest per anum.

June 30, 2020

Note 14 – Joint Ventures

In September 2009, the County amended its agreement with the Western Tidewater Water Authority which provides for construction of the Western Branch Pipeline used to convey purchased raw water. The amendment to the contract contains provisions for the Authority to negotiate a water supply agreement between the Cities of Suffolk and Norfolk and the County. The County pays a fixed charge to the Western Tidewater Water Authority for access to the City of Norfolk water supply reservoir. In addition, the County pays a fixed charge as an outside customer to the City of Suffolk to reserve capacity for additional water resource requirements. In fiscal year 2020, the County contributed approximately \$1,016,297 to the Authority and \$2,195,231 to the City of Suffolk. The County also contributed \$29,274 during the year for its share of costs incurred by the Authority.

Note 15 – Annexation Agreement

The County has entered into an agreement with the City of Franklin (City) whereby the City waived any and all of its rights and power to seek the annexation of the County's territory within a designated area adjacent to the City. In return, the County agreed to share with the City all local tax revenues collected by the County within the designated area using a predetermined formula. For the year ended June 30, 2020, the payments made to the City were \$1,037,173.

Note 16 - Tax Abatements

Isle of Wight County negotiates performance agreements on an individual basis with private entities to stimulate investments and job creation. There were no tax abatements in fiscal year 2020.

County of Isle of Wight, Virginia

Notes to the Basic Financial Statements

June 30, 2020

Note 17 – Fund Balances

The County has the following fund balance classifications at June 30, 2020:

	General	Capital Projects	Debt Service	Other Governmental	Total
Nonspendable					
Advance to component unit	\$ 375,000	\$ -	\$ -	\$ -	\$ 375,000
Restricted for:					
Lease proceeds	232,476	-	-	-	232,476
Fire & Rescue ATL Funds	7,086	-	-	-	7,086
Capital Projects	-	2,785,370	-	-	2,785,370
Four 4 Life Funds	7,137	-	-	-	7,137
Committed for:					
Pandemic Response	1,200,000	-	-	-	1,200,000
Technology Fees	25,151	-	-	-	25,151
Debt service - PACE	3,353,019	-	-	-	3,353,019
Franklin Revenue Share	1,054,852	-	-	-	1,054,852
Economic Development	1,756,480	-	-	-	1,756,480
Assigned to:					
Revaluation Assessment Reserve	90,000	-	-	-	90,000
Capital Projects	-	4,934,683	-	-	4,934,683
General Administration	459,753	-	324,768	467,751	1,252,272
Sheriff - Storage Facility Project	23,000	-	-	-	23,000
Unassigned	20,390,116	-	-	(58,334)	20,331,782
	<u>\$ 28,974,070</u>	<u>\$ 7,720,053</u>	<u>\$ 324,768</u>	<u>\$ 409,417</u>	<u>\$ 37,428,308</u>

Note 18 - Subsequent Events

On October 27, 2020, the County issued \$32,020,000 of Tax-Exempt General Obligation Bonds, Series 2020A. The proceeds will be used to pay the cost of various capital improvement projects.

On October 27, 2020, the County issued \$54,405,000 of Taxable General Obligation Refunding Bonds, Series 2020B. The proceeds of the 2020B Bonds will be used to refund certain County general obligation notes.

Note 19 - Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. The COVID-19 outbreak and measures implemented to contain its spread have altered, and continue to alter, business operations and citizens’ behavior in a manner that is having negative effects on the global and local economies, including the County’s. The Governor issued a stay-at-home order in March 2020 that included a ban of indoor and outdoor gatherings of 10 or more people, closed dining establishments except for take-out services, closed public access to recreational and entertainment businesses, and ordered K-12 schools, public and private, and higher education institutions to stop all in-person instruction for the

June 30, 2020

Note 19 - Risks and Uncertainties (Continued)

remainder of the 2019-2020 school year. The Governor authorized the transition to Phase Two beginning on June 5, 2020 and announced on June 23, 2020, that the Commonwealth would transition to Phase Three on July 1, 2020. Under Phase Three, social gatherings of up to 250 people are permitted, restaurants and non-essential retail businesses are allowed to operate at full capacity (provided they maintain physical distancing), swimming pools, indoor gyms and fitness centers are allowed to operate at 75% capacity and entertainment venues are permitted to open at 50% capacity (with a cap of 1,000 people at outdoor venues). Phase Three continues certain features of Phases One and Two, such as requiring face coverings for indoor spaces and encouraging social distancing and teleworking. There can be no assurance that additional executive orders and mandates will not be issued in order to continue to mitigate the effects of the pandemic.

In fiscal year 2020, when the pandemic began, the County projected a revenue decline of \$3.1 million and in response instituted an immediate spending freeze on all non-essential items, including a freeze on all non-essential capital expenditures. Reflected in the Fiscal Year 2020 revenues is \$3.2 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding that allowed the County to offset the costs of responding to the Pandemic. To date, the County has not seen the decline in revenues that have been experienced in many other jurisdictions, mostly because of our minimal reliance on commercial activity. The stay-at-home orders ultimately had the reverse affect for the County as retail transactions were deflected to at-home purchases providing an unexpected increase in sales tax revenue.

In developing the fiscal year 2021 budget, the County anticipated that the sales, meals and lodging tax revenue streams were the most likely to be adversely affected by the COVID-19 outbreak. On March 16, 2020, Council was presented with a proposed fiscal year 2021 General Fund budget of \$196.6 million (or a 4.1%) increase over the fiscal year 2020 General Fund budget. However, in response to the expected financial impacts of COVID-19, the budget proposal was amended to a reduced budget of \$191.2 million, which was adopted on June 16, 2020. The reductions were achieved by level funding of departments at fiscal year 2020 budget amounts. In addition, on June 15, 2020, the Board of Supervisors voted to accept a second round of CARES Act funding which will further lessen the impact of the cost of pandemic response. The projected impacts of the COVID-19 pandemic on the County's financial condition and operations are preliminary and subject to change. No assurance can be given that the actual impacts of the COVID-19 pandemic on the County's financial condition and operations will not be materially different from historic results or current budget expectations. County staff and the County Board of Supervisors will continue to monitor the financial and operating effects of the COVID-19 pandemic and evaluate the need for future adjustments to the fiscal year 2021 budget.

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Required Supplementary Information

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*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund***For the Fiscal Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Primary Government				
General fund:				
Revenues and Other Financing Sources				
Revenue from local sources:				
General property taxes:				
Real property	\$ 40,040,000	\$ 40,040,000	\$ 38,801,929	\$ (1,238,071)
Real and personal public service corporation property	1,417,000	1,417,000	1,493,974	76,974
Personal property	8,950,000	8,950,000	9,109,616	159,616
Boat/Airplane	96,000	96,000	107,208	11,208
Mobile home	159,000	159,000	132,299	(26,701)
Machinery and tools	4,882,000	4,882,000	4,986,892	104,892
Equipment	1,780,000	1,780,000	1,857,481	77,481
Penalties	420,000	420,000	372,898	(47,102)
Interest and other costs	190,000	190,000	164,420	(25,580)
Total general property taxes	57,934,000	57,934,000	57,026,717	(907,283)
Other local taxes:				
Local sales and use	2,600,000	2,600,000	2,675,566	75,566
Communications sales and use	707,000	707,000	711,278	4,278
Consumer's utility	1,000,000	1,000,000	971,143	(28,857)
Consumption	135,000	135,000	122,518	(12,482)
Business license	895,000	895,000	815,733	(79,267)
Motor vehicle licenses	1,125,000	1,125,000	995,345	(129,655)
Recordation and wills	650,000	650,000	677,761	27,761
Lodging	64,000	64,000	65,571	1,571
Meals tax	553,000	553,000	502,646	(50,354)
Bank franchise	9,000	9,000	11,950	2,950
Local penalties	7,000	7,000	6,060	(940)
Local interest	4,000	4,000	2,549	(1,451)
Total other local taxes	7,749,000	7,749,000	7,558,120	(190,880)
Permits, fees and licenses:				
Animal licenses	45,000	45,000	35,557	(9,443)
Land use application and transfer fees	1,000	1,000	1,548	548
Zoning and subdivision fees	70,000	70,000	89,955	19,955
Building permits	375,000	375,000	420,648	45,648
Concealed weapon permits	25,000	25,000	31,255	6,255
Misc permits/fees	40,000	40,000	46,134	6,134
Total permits, fees and licenses	556,000	556,000	625,097	69,097
Fines and forfeitures	165,000	165,000	137,069	(27,931)
Total fines and forfeitures	165,000	165,000	137,069	(27,931)

See accompanying Notes to Required Supplementary Information

Continued

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund***For the Fiscal Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues from use of money and property:				
Revenues from use of money	\$ 350,000	\$ 350,000	\$ 1,130,398	\$ 780,398
Revenues from use of property	180,000	180,000	183,216	3,216
Total revenues from use of money and property	530,000	530,000	1,313,614	783,614
Charges for services:				
Charges for Commonwealth's Attorney	11,400	11,400	13,082	1,682
Charges for parks and recreation	255,500	255,500	146,725	(108,775)
Charges for building construction court fee	44,000	44,000	38,146	(5,854)
Charges for law enforcement and other protections	105,000	105,000	100,972	(4,028)
Charges for emergency medical services	900,000	900,000	845,497	(54,503)
Charges for other services	130,000	130,000	90,315	(39,685)
Total charges for services	1,445,900	1,445,900	1,234,737	(211,163)
Miscellaneous:				
Miscellaneous	893,706	929,563	886,821	(42,742)
Farmers market	78,150	78,150	39,063	(39,087)
Recovered costs:				
Indirect cost allocation	593,146	593,146	310,672	(282,474)
Recovered costs	350,175	380,942	339,468	(41,474)
Total miscellaneous	1,915,177	1,981,801	1,576,024	(405,777)
Other local sources:				
Salty Southern Route	27,500	27,500	18,776	(8,724)
Total other local sources	27,500	27,500	18,776	(8,724)
Other financing sources:				
Interfund transfers	-	1,808,799	1,808,799	-
Issuance of debt	680,000	680,000	471,623	(208,377)
Proceeds from sale of assets	10,000	10,000	87,690	77,690
Appropriated Fund Balance	325,000	2,821,142	-	(2,821,142)
Total other financing sources	1,015,000	5,319,941	2,368,112	(2,951,829)
Total revenues from local sources	71,337,577	75,709,142	71,858,266	(3,850,876)
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	250,000	250,000	280,185	30,185
Total noncategorical aid	5,365,890	5,365,890	5,396,075	30,185
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	401,673	401,673	398,392	(3,281)
Sheriff	1,327,745	1,327,745	1,114,363	(213,382)
Commissioner of the Revenue	148,928	148,928	147,990	(938)
Treasurer	127,013	127,013	124,258	(2,755)
Registrar/electoral board	42,000	42,000	71,474	29,474
Clerk of the Circuit Court	277,688	277,688	293,914	16,226
Technology Trust Fund	10,446	10,446	26,075	15,629
Total shared expenses	2,335,493	2,335,493	2,176,466	(159,027)

See accompanying Notes to Required Supplementary Information

Continued

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund***For the Fiscal Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other categorical aid:				
State grants	\$ 128,500	\$ 133,000	\$ 136,192	\$ 3,192
Total other categorical aid	128,500	133,000	136,192	3,192
Total categorical aid	2,463,993	2,468,493	2,312,658	(155,835)
Total revenues from the Commonwealth	7,829,883	7,834,383	7,708,733	(125,650)
Revenue from the federal government:				
Homeland security	-	-	35,857	35,857
Total revenues from the federal government	-	-	35,857	35,857
Total General Fund revenues and other financing sources	79,167,460	83,543,525	79,602,856	(3,940,669)
Expenditures and Other Financing Uses				
General government administration				
Legislative:				
Board of Supervisors	311,256	371,441	326,003	45,438
Total legislative	311,256	371,441	326,003	45,438
General and financial administration:				
Budget and finance	766,641	769,788	658,654	111,134
Admin - Commissioner of the Revenue	695,098	695,098	676,354	18,744
County Administrator	469,320	474,745	467,184	7,561
County Attorney	762,711	762,711	653,289	109,422
Human resources	332,109	333,290	299,295	33,995
Communication	76,072	88,464	73,858	14,606
Purchasing	98,437	98,437	97,161	1,276
Real estate assessment	113,100	113,100	15,322	97,778
Admin - Treasurer	862,643	863,912	790,796	73,116
Total general and financial administration	4,176,131	4,199,545	3,731,913	467,632
Board of Elections:				
Registrar/electoral board and officials	297,655	297,966	285,721	12,245
Total Board of Elections	297,655	297,966	285,721	12,245
Total general government administration	4,785,042	4,868,952	4,343,637	525,315
Judicial administration:				
Courts:				
Circuit Court	77,733	77,733	75,671	2,062
General District Court	14,561	14,561	8,327	6,234
Fifth District Court services unit	233,032	233,032	100,990	132,042
Juvenile and Domestic Relations District Court	36,062	33,677	10,211	23,466
Expenses - Clerk of the Circuit Court	554,244	567,103	527,971	39,132
Total courts	915,632	926,106	723,170	202,936
Commonwealth's Attorney	814,124	814,124	804,561	9,563
Total Commonwealth's Attorney	814,124	814,124	804,561	9,563
Total judicial administration	1,729,756	1,740,230	1,527,731	212,499

See accompanying Notes to Required Supplementary Information

Continued

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund***For the Fiscal Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,838,020	\$ 5,470,146	\$ 4,640,992	\$ 829,154
Total law enforcement and traffic control	4,838,020	5,470,146	4,640,992	829,154
Fire and rescue services:				
Emergency services	475,991	442,792	419,488	23,304
Fire and rescue response	4,255,998	4,831,620	4,222,719	608,901
Total fire and rescue services	4,731,989	5,274,412	4,642,207	632,205
Inspections - building	524,605	543,809	453,480	90,329
Total inspections - building	524,605	543,809	453,480	90,329
Other protection:				
Animal control	587,064	584,180	527,449	56,731
Western Tidewater Regional Jail	1,074,415	1,074,415	1,074,415	-
Total other protection	1,661,479	1,658,595	1,601,864	56,731
Total public safety	11,756,093	12,946,962	11,338,543	1,608,419
Public works:				
Administration:				
General Administration	301,154	301,154	296,094	5,060
Transportation	271,479	286,412	254,755	31,657
Total administration	572,633	587,566	550,849	36,717
Sanitation and waste removal:				
Programs and inspections	78,378	84,073	81,046	3,027
Refuse collection	2,634,920	2,661,013	2,477,478	183,535
Total sanitation and waste removal	2,713,298	2,745,086	2,558,524	186,562
Maintenance of general buildings and grounds:				
General Properties (Bldg&Grds)	1,402,480	1,462,645	1,370,489	92,156
Total maintenance of general buildings and grounds	1,402,480	1,462,645	1,370,489	92,156
Total public works	4,688,411	4,795,297	4,479,862	315,435
Health and welfare:				
Court Appointed Special Advocate	20,000	20,000	20,000	-
Genieve Shelter	11,000	11,000	11,000	-
Endependence Center of Tidewater	5,000	5,000	5,000	-
IOW Christian Outreach	10,000	20,000	20,000	-
Senior Services of Southeastern Hampton Roads	55,192	55,192	55,192	-
Western Tidewater Health District	530,000	530,000	530,000	-
Western Tidewater Community Service Board	184,771	184,771	184,771	-
Western Tidewater Free Clinic	50,000	65,000	65,000	-
Total health and welfare	865,963	890,963	890,963	-
Education:				
Education	27,470,840	28,459,795	27,054,406	1,405,389
Total education	27,470,840	28,459,795	27,054,406	1,405,389

See accompanying Notes to Required Supplementary Information

Continued

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund***For the Fiscal Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Parks, recreation and cultural:				
Parks and recreation	\$ 361,548	\$ 367,129	\$ 350,121	\$ 17,008
Parks and recreation programs	756,332	729,953	586,114	143,839
Parks and gateways	1,044,183	1,052,259	975,185	77,074
Total parks and recreation	2,162,063	2,149,341	1,911,420	237,921
Cultural enrichment:				
Isle of Wight Arts	4,500	9,000	9,000	-
Total cultural enrichment	4,500	9,000	9,000	-
Library:				
Library administration	843,648	840,648	837,782	2,866
Total library	843,648	840,648	837,782	2,866
Total parks, recreation and cultural	3,010,211	2,998,989	2,758,202	240,787
Community development:				
Planning:				
Planning & Zoning	953,488	1,079,505	918,412	161,093
Economic Development	649,570	2,342,577	534,508	1,808,069
Tourism	575,945	646,551	572,646	73,905
Farmer's market	78,150	-	-	-
Other Public Service Organizations	124,332	112,872	102,871	10,001
Annexation settlement payment	1,050,000	1,078,131	1,037,173	40,958
Total planning	3,431,485	5,259,636	3,165,610	2,094,026
Cooperative extension program	75,934	75,934	70,915	5,019
Total cooperative extension program	75,934	75,934	70,915	5,019
Total community development	3,507,419	5,335,570	3,236,525	2,099,045
Nondepartmental	3,341,028	3,432,216	2,208,471	1,223,745
Debt Service	11,991,388	11,991,388	11,912,284	79,104
Other financing uses:				
Transfers out	6,021,309	6,083,163	5,792,631	290,532
Total other financing uses	6,021,309	6,083,163	5,792,631	290,532
Total General Fund expenditures and other financing uses	79,167,460	83,543,525	75,543,255	8,000,270
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	4,059,601	4,059,601
Fund balance-beginning of year	-	-	24,914,469	24,914,469
Fund balance-end of year	\$ -	\$ -	\$ 28,974,070	\$ 28,974,070

See accompanying Notes to Required Supplementary Information

Required Supplementary Information

June 30, 2020

Notes to Budget and Actual Required Supplementary Information

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

1. On or before April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The General and Capital Projects Fund budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments. However, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General, Special Revenue, Capital Projects, and Proprietary funds of the Primary Government and Component Unit - School Board.
6. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.
7. Appropriations lapse on June 30 for all County units with the exception of funds, contracts, projects that have been restricted, committed or assigned may be carried over ("ROLLED OVER") annually. This process is authorized by the annual budget ordinance Section 10 and meets the budget and appropriation requirements mandated by state law. All unexpended appropriations of the School Board revert back to the County at the end of each fiscal year.
8. The Primary Government has assigned fund balance for prior years' encumbrances unless the encumbrances relate to restricted or committed resources.

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*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of Changes in County Net Pension Liability and Related Ratios**Virginia Retirement System***June 30, 2020**

County	Evaluation Date June 30					
	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 1,568,075	\$ 1,568,714	\$ 1,541,242	\$ 1,495,249	\$ 1,458,672	\$ 1,417,914
Interest	3,251,497	3,051,817	2,826,947	2,716,218	2,533,894	2,390,589
Differences between expected and actual experience	63,445	341,990	928,085	(818,238)	306,482	-
Changes of assumptions	1,475,910	-	(131,919)	-	-	-
Benefit payments, including refunds of employee contributions	(2,281,527)	(1,938,384)	(1,965,461)	(1,657,309)	(1,731,525)	(1,791,060)
Net change in total pension liability	4,077,400	3,024,137	3,198,894	1,735,920	2,567,523	2,017,443
Total pension liability - beginning	47,590,717	44,566,580	41,367,686	39,631,766	37,064,243	35,046,800
Total pension liability - ending (a)	\$ 51,668,117	\$ 47,590,717	\$ 44,566,580	\$ 41,367,686	\$ 39,631,766	\$ 37,064,243
Pension fiduciary net position						
Contributions - employer	\$ 1,306,667	\$ 1,153,033	\$ 1,103,715	\$ 1,232,527	\$ 1,131,871	\$ 1,354,797
Contributions - employee	684,102	701,159	623,563	615,182	568,417	663,795
Net investment income	2,971,352	3,075,982	4,543,101	645,055	1,604,942	4,757,268
Benefit payments, including refunds of employee contributions	(2,281,527)	(1,938,384)	(1,965,461)	(1,657,309)	(1,731,525)	(1,791,060)
Administrative expense	(28,973)	(26,131)	(25,913)	(22,272)	(21,686)	(25,127)
Other changes	(1,881)	(2,761)	(4,058)	(272)	(340)	251
Net change in plan fiduciary net position	2,649,740	2,962,898	4,274,947	812,911	1,551,679	4,959,924
Plan fiduciary net position - beginning	44,485,451	41,522,553	37,247,606	36,434,695	34,883,016	29,923,092
Plan fiduciary net position - ending (b)	\$ 47,135,191	\$ 44,485,451	\$ 41,522,553	\$ 37,247,606	\$ 36,434,695	\$ 34,883,016
County's net pension liability - ending (a)-(b)	\$ 4,532,926	\$ 3,105,266	\$ 3,044,027	\$ 4,120,080	\$ 3,197,071	\$ 2,181,227
Plan fiduciary net position as a percentage of the total pension liability	91.23%	93.48%	93.17%	90.04%	91.93%	94.12%
Covered payroll	\$ 13,512,585	\$ 13,087,775	\$ 12,527,980	\$ 11,803,972	\$ 11,257,635	\$ 10,876,942
County's net pension liability as a percentage of covered payroll	33.55%	23.73%	24.30%	34.90%	28.40%	20.05%

* Note to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

County of Isle of Wight, Virginia

Required Supplementary Information

Schedule of Changes in School Board Non-Professional Net Pension Liability and Related Ratios

Virginia Retirement System

June 30, 2020

School Board Non-Professional

Fiscal Year June 30

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 166,758	\$ 176,448	\$ 176,414	\$ 184,282	\$ 191,347	\$ 220,250
Interest	408,944	392,476	379,508	375,141	382,347	371,046
Differences between expected and actual experience	(166,696)	18,586	(11,537)	(159,890)	(328,165)	-
Changes of assumptions	153,119	-	(6,991)	-	-	-
Benefit payments, including refunds of employee contributions	(346,353)	(358,161)	(346,120)	(328,182)	(362,980)	(515,046)
Net change in total pension liability	215,772	229,349	191,274	71,351	(117,640)	76,673
Total pension liability - beginning	6,015,229	5,785,880	5,594,606	5,523,255	5,640,895	5,564,222
Total pension liability - ending (a)	<u>\$ 6,231,001</u>	<u>\$ 6,015,229</u>	<u>\$ 5,785,880</u>	<u>\$ 5,594,606</u>	<u>\$ 5,523,255</u>	<u>\$ 5,640,895</u>
Pension fiduciary net position						
Contributions - employer	\$ 152,872	\$ 94,286	\$ 95,514	\$ 135,297	\$ 136,787	\$ 183,059
Contributions - employee	100,355	74,828	81,403	77,177	78,445	80,042
Net investment income	400,739	422,832	640,604	91,464	237,020	723,316
Benefit payments, including refunds of employee contributions	(346,353)	(358,161)	(346,120)	(328,182)	(362,980)	(515,146)
Administrative expense	(3,958)	(3,734)	(3,788)	(3,342)	(3,349)	(4,085)
Other changes	(252)	(374)	(566)	(39)	(49)	38
Net change in plan fiduciary net position	303,403	229,677	467,047	(27,625)	85,874	467,324
Plan fiduciary net position - beginning	6,020,170	5,790,493	5,323,446	5,351,071	5,265,197	4,797,873
Plan fiduciary net position - ending (b)	<u>\$ 6,323,573</u>	<u>\$ 6,020,170</u>	<u>\$ 5,790,493</u>	<u>\$ 5,323,446</u>	<u>\$ 5,351,071</u>	<u>\$ 5,265,197</u>
School Board non-professional net pension liability (asset) - ending (a)-(b)	<u>\$ (92,572)</u>	<u>\$ (4,941)</u>	<u>\$ (4,613)</u>	<u>\$ 271,160</u>	<u>\$ 172,184</u>	<u>\$ 375,698</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.49%	100.08%	100.08%	95.15%	96.88%	93.34%
Covered payroll	\$ 1,670,732	\$ 1,496,603	\$ 1,516,095	\$ 1,602,936	\$ 1,595,356	\$ 2,121,914
School Board non-professional net pension liability (asset) as a percentage of covered payroll	(5.54)%	(0.33)%	(0.30)%	16.91%	10.79%	17.71%

* Note to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

County of Isle of Wight, Virginia**Required Supplementary Information****Schedule of County Pension Contributions - Virginia Retirement System****June 30, 2020**

County	Fiscal Year June 30						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution (CRC)	\$ 1,345,344	\$ 1,306,667	\$ 1,153,033	\$ 1,103,715	\$ 1,232,527	\$ 1,307,818	\$ 1,354,797
Contribution in relation to the CRC	(1,345,344)	(1,306,667)	(1,153,033)	(1,103,715)	(1,232,527)	(1,307,818)	(1,354,797)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 13,912,554	\$ 13,512,585	\$ 13,087,775	\$ 12,527,980	\$ 11,803,972	\$ 11,257,635	\$ 10,876,942
Contributions as a percentage of covered payroll	9.67%	9.67%	8.81%	8.81%	10.44%	11.62%	12.46%

***Note to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of School Board Non-Professional Pension Contributions - Virginia Retirement System***June 30, 2020**

School Board Non-Professional	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution (CRC)	\$ 149,840	\$ 152,872	\$ 94,286	\$ 95,514	\$ 135,297	\$ 238,553	\$ 183,059
Contributions in relation to the CRC	(149,840)	(152,872)	(94,286)	(95,514)	(135,297)	(238,553)	(183,059)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,685,917	\$ 1,670,732	\$ 1,496,603	\$ 1,516,095	\$ 1,602,936	\$ 1,595,356	\$ 2,121,914
Contributions as a percentage of covered payroll	8.89%	9.15%	6.30%	6.30%	8.44%	14.95%	8.63%

***Note to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of School Board Professional Net Pension Liability - Proportionate Share of Cost Sharing Plan
Teacher Retirement - Virginia Retirement System***June 30, 2020**

	2019	2018	2017	2016	2015	2014
School Board's proportion of the net pension liability	0.37230%	0.36836%	0.36865%	0.37766%	0.37104%	0.37652%
School Board's proportionate share of the net pension liability	\$ 48,996,795	\$ 43,318,672	\$ 45,337,000	\$ 51,998,000	\$ 47,534,000	\$ 45,501,000
School Board's covered payroll	\$ 36,170,924	\$ 38,245,518	\$ 33,773,247	\$ 28,290,036	\$ 25,481,507	\$ 24,619,814
School Board's proportionate share of the net pension liability as a percentage of its covered payroll	135.46%	113.26%	134.24%	183.80%	186.54%	184.81%
Plan fiduciary net position as a percentage of the total pension liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Note to schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

*County of Isle of Wight, Virginia**Required Supplementary Information**Schedule of School Board Professional Pension Contributions – Virginia Retirement System***June 30, 2020**

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution (CRC)	\$ 6,422,404	\$ 5,671,601	\$ 5,606,793	\$ 4,951,158	\$ 3,977,579	\$ 6,114,064	\$ 3,210,607
Contributions in relation to the CRC	(6,422,404)	(5,671,601)	(5,606,793)	(4,951,158)	(3,977,579)	(6,114,064)	(3,210,607)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Board's covered payroll	\$ 40,959,209	\$ 36,170,924	\$ 38,245,518	\$ 33,773,247	\$ 28,290,036	\$ 25,481,507	\$ 24,619,814
Contributions as a percentage of covered payroll	15.68%	15.68%	14.66%	14.66%	14.06%	23.99%	13.04%

Note to schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

County of Isle of Wight, Virginia

Notes to Required Supplementary Information Virginia Retirement System

June 30, 2020

Note 1. Change of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of assumptions: The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

County and School Board Non-Professional:

Non-LEOS:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

LEO:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

County of Isle of Wight, Virginia

Notes to Required Supplementary Information
Virginia Retirement System

June 30, 2020

School Board Professional:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

*County of Isle of Wight, Virginia**Schedule of Changes in County Net OPEB Liability and Related Ratios - Medical Insurance*

	Fiscal Year June 30		
	2020	2019	2018
Total Medical Insurance OPEB liability:			
Service cost	\$ 139,510	\$ 74,762	\$ 86,867
Interest	45,025	44,404	44,679
Differences between expected and actual experience	14,748	(59,249)	(210,999)
Changes in assumptions	(286,514)	30,516	13,156
Benefit payments	(17,342)	(22,183)	(22,304)
Net change in total OPEB liability	(104,573)	68,250	(88,601)
Total Medical Insurance OPEB liability - beginning	1,151,866	1,083,616	1,172,217
County total Medical Insurance OPEB liability - ending	<u>\$ 1,047,293</u>	<u>\$ 1,151,866</u>	<u>\$ 1,083,616</u>
Plan fiduciary net position as a percentage of the total Medical Insurance OPEB liability	0.00%	0.00%	0.00%
Covered payroll	\$ 14,219,222	\$ 14,150,662	\$ 13,728,179
Total OPEB liability as a percentage of covered payroll	7.37%	8.14%	7.98%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

*County of Isle of Wight, Virginia**Schedule of County OPEB Contributions - Medical Insurance*

	Fiscal Year June 30		
	2020	2019	2018
Contractually required contribution (CRC)	\$ 17,342	\$ 22,183	\$ 22,304
Contributions in relation to the CRC	(17,342)	(22,183)	(22,304)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 14,219,222	\$ 14,150,662	\$ 13,728,179
Contributions as a percentage of covered payroll	0.12%	0.16%	0.16%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

*County of Isle of Wight, Virginia**Schedule of Changes in School Board Net OPEB Liability and Related Ratios - Medical Insurance*

	Fiscal Year June 30		
	2020	2019	2018
Total Medical Insurance OPEB liability:			
Service cost	\$ 209,882	\$ 238,851	\$ 223,772
Interest	120,191	134,560	113,449
Changes in assumptions	403,709	80,182	107,739
Differences between expected and actual experience	1,152,848	(350,492)	(72,529)
Benefit payments	(180,126)	(74,462)	(84,490)
Net change in total OPEB liability	1,706,504	28,639	287,941
Total Medical Insurance OPEB liability - beginning	3,303,656	3,275,017	2,987,076
School Board total Medical Insurance OPEB liability - ending	<u>\$ 5,010,160</u>	<u>\$ 3,303,656</u>	<u>\$ 3,275,017</u>
Plan fiduciary net position as a percentage of the total	0.00%	0.00%	0.00%
Medical Insurance OPEB liability			
Covered payroll	\$ 31,436,981	\$ 38,276,178	\$ 31,256,259
Total OPEB liability as a percentage of covered payroll	15.94%	8.63%	10.48%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

*County of Isle of Wight, Virginia**Schedule of School Board OPEB Contributions - Medical Insurance*

	Fiscal Year June 30		
	2020	2019	2018
Contractually required contribution (CRC)	\$ 180,126	\$ 74,462	\$ 84,490
Contributions in relation to the CRC	(180,126)	(74,462)	(84,490)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 31,436,981	\$ 38,276,178	\$ 31,256,259
Contributions as a percentage of covered payroll	0.57%	0.19%	0.27%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

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*County of Isle of Wight, Virginia**Schedule of Employer Share of Net OPEB Liability - Group Life Insurance*

	Evaluation Date June 30		
	2019	2018	2017
County:			
Employer's proportion of the net GLI OPEB liability	0.07197%	0.07142%	0.06975%
Employer's proportionate share of the net GLI OPEB liability	\$ 1,171,000	\$ 1,085,000	\$ 1,049,000
Employer's covered payroll	14,091,398	13,578,462	12,865,047
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.30%	7.99%	8.15%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	52.00%	51.22%	48.86%
School Board Non-Professional:			
Employer's proportion of the net GLI OPEB liability	0.01102%	0.00842%	0.00871%
Employer's proportionate share of the net GLI OPEB liability	\$ 179,324	\$ 128,000	\$ 131,000
Employer's covered payroll	2,160,740	1,600,657	1,606,998
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.30%	8.00%	8.15%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	52.00%	51.22%	48.86%
School Board Professional:			
Employer's proportion of the net GLI OPEB liability	0.15880%	0.15596%	0.15715%
Employer's proportionate share of the net GLI OPEB liability	\$ 2,584,099	\$ 2,369,000	\$ 2,365,000
Employer's covered payroll	31,129,745	29,655,602	28,986,478
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	52.00%	51.22%	48.86%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County, the School Board non-professional, and the School Board professional will present information for those years for which information is available.

*County of Isle of Wight, Virginia**Schedule of Employer OPEB Contributions - Group Life Insurance*

	Fiscal Year Ended June 30				
	2020	2019	2018	2017	2016
County:					
Contractually required contribution (CRC)	\$ 76,554	\$ 73,368	\$ 70,608	\$ 66,898	\$ 60,109
Contributions in relation to the CRC	76,554	73,368	70,608	66,898	60,109
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 14,712,526	\$ 14,091,398	\$ 13,578,462	\$ 12,865,047	\$ 12,522,770
Contributions as a percentage of covered payroll	0.52%	0.52%	0.52%	0.52%	0.48%
School Board Non-Professional:					
Contractually required contribution (CRC)	\$ 8,851	\$ 11,236	\$ 8,323	\$ 8,356	\$ 7,730
Contributions in relation to the CRC	8,851	11,236	8,323	8,356	7,730
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,702,088	\$ 2,160,740	\$ 1,600,657	\$ 1,606,998	\$ 1,610,420
Contributions as a percentage of covered payroll	0.52%	0.52%	0.52%	0.52%	0.48%
School Board Professional:					
Contractually required contribution (CRC)	\$ 169,390	\$ 161,875	\$ 154,209	\$ 150,730	\$ 136,004
Contributions in relation to the CRC	169,390	161,875	154,209	150,730	136,004
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 32,574,973	\$ 31,129,745	\$ 29,655,602	\$ 28,986,478	\$ 28,334,241
Contributions as a percentage of covered payroll	0.52%	0.52%	0.52%	0.52%	0.48%

*County of Isle of Wight, Virginia**Schedule of Employer OPEB Contributions - Group Life Insurance*

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
County:					
Contractually required contribution (CRC)	\$ 54,945	\$ 55,687	\$ 54,219	\$ 29,224	\$ 28,820
Contributions in relation to the CRC	54,945	55,687	54,219	29,224	28,820
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 11,446,842	\$ 11,601,386	\$ 11,295,569	\$ 10,437,063	\$ 10,293,007
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.28%	0.28%
School Board Non-Professional:					
Contractually required contribution (CRC)	\$ 7,861	\$ 7,808	\$ 9,438	\$ 5,726	\$ 5,549
Contributions in relation to the CRC	7,861	7,808	9,438	5,726	5,549
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,637,741	\$ 1,626,702	\$ 1,966,159	\$ 2,045,128	\$ 1,981,954
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.28%	0.28%
School Board Professional:					
Contractually required contribution (CRC)	\$ 135,062	\$ 132,709	\$ 144,550	\$ 80,546	\$ 79,893
Contributions in relation to the CRC	135,062	132,709	144,550	80,546	79,893
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 28,137,894	\$ 27,647,631	\$ 30,114,580	\$ 28,766,511	\$ 28,533,094
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.28%	0.28%

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*County of Isle of Wight, Virginia****Schedule of Changes in County Net OPEB Liability and Related Ratios - Health Insurance Credit***

	Evaluation Date June 30		
	2019	2018	2017
Total HIC OPEB liability:			
Service cost	\$ 6,822	\$ 6,588	\$ 6,296
Interest	18,494	17,356	17,128
Differences between expected and actual experience	(24,287)	10,069	-
Changes in assumptions	6,129	-	(4,905)
Benefit payments	(16,834)	(18,665)	(11,866)
Net change in total OPEB liability	(9,676)	15,348	6,653
Total HIC OPEB liability - beginning	272,621	257,273	250,620
Total HIC OPEB liability - ending (a)	\$ 262,945	\$ 272,621	\$ 257,273
Plan Fiduciary Net Position:			
Contributions - employer	\$ 15,467	\$ 11,235	\$ 10,645
Net investment income	11,590	12,396	18,362
Benefit payments, including refunds of employee contributions	(16,834)	(18,665)	(11,866)
Administrative expense	(254)	(284)	(295)
Other changes	(14)	(934)	934
Net change in plan fiduciary net position	9,955	3,748	17,780
Plan fiduciary net position - beginning	180,931	177,183	159,403
Plan fiduciary net position - ending (b)	\$ 190,886	\$ 180,931	\$ 177,183
County Net HIC OPEB Liability - ending (a) - (b)	\$ 72,059	\$ 91,690	\$ 80,090
Plan fiduciary net position as a percentage of the total HIC OPEB liability	72.60%	66.37%	68.87%
Covered payroll	\$ 7,724,797	\$ 7,470,170	\$ 7,097,196
Net OPEB liability as a percentage of covered payroll	0.93%	1.23%	1.13%

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Non-Professional Plan will present information for those years which information is available.

*County of Isle of Wight, Virginia**Schedule of County OPEB Contributions - Health Insurance Credit*

	Fiscal Year June 30				
	2020	2019	2018	2017	2016
Contractually required contribution (CRC)	\$ 16,645	\$ 15,469	\$ 11,235	\$ 10,645	\$ 9,671
Contributions in relation to the CRC	16,645	15,469	11,235	10,645	9,671
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 8,240,953	\$ 7,724,797	\$ 7,470,170	\$ 7,097,196	\$ 6,908,014
Contributions as a percentage of covered payroll	0.20%	0.20%	0.15%	0.15%	0.14%

*County of Isle of Wight, Virginia**Schedule of County OPEB Contributions - Health Insurance Credit*

	Fiscal Year June 30				
	2015	2014	2013	2012	2011
Contractually required contribution (CRC)	\$ 8,735	\$ 7,670	\$ 13,505	\$ 12,523	\$ 12,379
Contributions in relation to the CRC	8,735	7,670	13,505	12,523	12,379
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 6,239,478	\$ 6,392,014	\$ 11,254,257	\$ 10,436,109	\$ 10,315,611
Contributions as a percentage of covered payroll	0.14%	0.12%	0.12%	0.12%	0.12%

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*County of Isle of Wight, Virginia****Schedule of School Board Professional Net OPEB Liability - Proportionate Share of Cost Sharing Plan Health Insurance Credit***

	Evaluation Date June 30		
	2019	2018	2017
Employer's proportion of the net HIC OPEB liability	0.36986%	0.36619%	0.36624%
Employer's proportionate share of the net HIC OPEB liability	\$ 4,841,827	\$ 4,649,000	\$ 4,646,000
Employer's covered payroll	31,022,917	29,615,591	28,903,680
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	15.60%	15.70%	16.07%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	8.97%	8.08%	7.04%

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Professional Plan will present information for those years which information is available.

*County of Isle of Wight, Virginia**Schedule of School Board Professional OPEB Contributions - Health Insurance Credit***Last Ten Fiscal Years**

	Fiscal Year June 30				
	2020	2019	2018	2017	2016
Contractually required contribution (CRC) \$	389,938	\$ 372,275	\$ 364,272	\$ 320,831	\$ 299,874
Contributions in relation to the CRC	389,938	372,275	364,272	320,831	299,874
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 32,494,868	\$ 31,022,917	\$ 29,615,591	\$ 28,903,680	\$ 28,290,038
Contributions as a percentage of covered payroll	1.20%	1.20%	1.23%	1.11%	1.06%

*County of Isle of Wight, Virginia**Schedule of School Board Professional OPEB Contributions - Health Insurance Credit***Last Ten Fiscal Years**

	Fiscal Year June 30				
	2015	2014	2013	2012	2011
Contractually required contribution (CRC)	\$ 297,635	\$ 305,641	\$ 333,957	\$ 171,973	\$ 170,368
Contributions in relation to the CRC	297,635	305,641	333,957	171,973	170,368
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	-
Employer's covered payroll	\$ 28,078,735	\$ 27,535,220	\$ 30,086,223	\$ 28,662,129	\$ 28,394,735
Contributions as a percentage of covered payroll	1.06%	1.11%	1.11%	0.60%	0.60%

*County of Isle of Wight, Virginia**Schedule of County Share of Net OPEB Liability - Virginia Local Disability Program*

	Evaluation Date June 30		
	2019	2018	2017
Employer's proportion of the net VLDP OPEB liability	0.99652%	1.01654%	1.07225%
Employer's proportionate share of the net VLDP OPEB liability	\$ 20,188	\$ 8,000	\$ 6,000
Employer's covered payroll	\$ 2,651,667	\$ 2,468,217	\$ 1,968,960
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	0.76%	0.32%	0.30%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	49.19%	51.39%	38.40%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Professional Plan will present information for those years which information is available.

County of Isle of Wight, Virginia**Schedule of County OPEB Contributions - Virginia Local Disability Program**

	Fiscal Year June 30							
	2020	2019	2018	2017	2016	2015	2014	
Contractually required contribution (CRC)	\$ 26,840	\$ 19,092	\$ 14,810	\$ 11,814	\$ 8,197	\$ 3,899	\$ 36	
Contributions in relation to the CRC	26,840	19,092	14,810	11,814	8,197	3,899	36	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered payroll	\$ 3,727,778	\$ 2,651,667	\$ 2,468,217	\$ 1,968,960	\$ 1,366,240	\$ 649,779	\$ 5,919	
Contributions as a percentage of covered payroll	0.72%	0.72%	0.60%	0.60%	0.60%	0.60%	0.61%	

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

*County of Isle of Wight, Virginia**Schedule of School Board Non-Professional Share of Net OPEB Liability -
Virginia Local Disability Program*

	Evaluation Date June 30		
	2019	2018	2017
Employer's proportion of the net VLDP OPEB liability	0.21506%	0.12581%	0.14372%
Employer's proportionate share of the net VLDP OPEB liability	\$ 4,357	\$ 1,000	\$ -
Employer's covered payroll	\$ 572,631	\$ 305,472	\$ 263,907
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	0.76%	0.33%	0.00%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	49.21%	51.39%	38.40%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Professional Plan will present information for those years which information is available.

*County of Isle of Wight, Virginia**Schedule of School Board Non-Professional OPEB Contributions - Virginia Local Disability Program*

	Fiscal Year June 30							
	2020	2019	2018	2017	2016	2015	2014	
Contractually required contribution (CRC)	\$ 2,863	\$ 4,121	\$ 1,833	\$ 1,583	\$ 1,466	\$ 884	\$ 42	
Contributions in relation to the CRC	2,863	4,121	1,833	1,583	1,466	884	42	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered payroll	\$ 397,699	\$ 572,631	\$ 305,472	\$ 263,907	\$ 244,357	\$ 147,331	\$ 6,946	
Contributions as a percentage of covered payroll	0.72%	0.72%	0.60%	0.60%	0.60%	0.60%	0.60%	

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

*County of Isle of Wight, Virginia**Schedule of School Board Professional Share of Net OPEB Liability -
Virginia Local Disability Program*

	Evaluation Date Year June 30		
	2019	2018	2017
Employer's proportion of the net VLDP OPEB liability	1.29409%	1.27169%	1.02846%
Employer's proportionate share of the net VLDP OPEB liability	\$ 7,523	\$ 10,000	\$ 6,000
Employer's covered payroll	\$ 6,205,524	\$ 4,741,727	\$ 2,902,316
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	0.12%	0.21%	0.21%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	74.12%	46.18%	31.96%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Professional Plan will present information for those years which information is available.

County of Isle of Wight, Virginia**Schedule of School Board Professional OPEB Contributions - Virginia Local Disability Program**

	Fiscal Year June 30							
	2020	2019	2018	2017	2016	2015	2014	
Contractually required contribution (CRC)	\$ 32,206	\$ 25,443	\$ 14,699	\$ 8,997	\$ 5,607	\$ 2,342	\$ 95	
Contributions in relation to the CRC	32,206	25,443	14,699	8,997	5,607	2,342	95	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered payroll	\$ 7,855,161	\$ 6,205,524	\$ 4,741,727	\$ 2,902,316	\$ 1,933,512	\$ 807,459	\$ 32,889	
Contributions as a percentage of covered payroll	0.41%	0.41%	0.31%	0.31%	0.29%	0.29%	0.29%	

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

Notes to Required Supplementary Information
OPEB (Other Post Employment Benefits)

June 30, 2020

I. Medical Insurance Programs

Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation

Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period presented:

2019 2.21%

II. Group Life Insurance Program

Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

Changes of Assumptions

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

School Board Professional

Teachers

Mortality Rates (pre-retirement, post retirement healthy, and disabled)	Updated to a more current mortality table - RP 2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

***Notes to Required Supplementary Information
OPEB (Other Post Employment Benefits)***

June 30, 2020

County and School Board Non-Professional Plans

General Employees

Mortality Rates	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

III. Health Insurance Credit Program

Changes to Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

Changes of Assumptions

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

County of Isle of Wight, Virginia

Notes to Required Supplementary Information OPEB (Other Post Employment Benefits)

June 30, 2020

County and School Board Non-Professional Plan

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

School Board Professional Plan

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

IV. Virginia Local Disability Program

Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

Changes of Assumptions

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

County of Isle of Wight, Virginia

Notes to Required Supplementary Information *OPEB (Other Post Employment Benefits)*

June 30, 2020

County and School Board Non-Professional Plan

Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees

Mortality Rates	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

School Board Professional Plan

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

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Other Supplementary Information
Major Governmental Funds

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June 30, 2020

The following funds are presented with other supplementary information:

- The ***Capital Projects Fund*** accounts for revenues and expenditures related to capital projects undertaken by the County as a governmental function. Financial statements have been presented in the Financial Section. This section provides additional budgetary data not presented elsewhere. This fund receives local, state and federal funding depending on the nature of the capital project.
- The ***Debt Service Fund*** accounts for resources to be used for repayments of principal and interest on the long-term debt of the County when a separate fund is required by debt covenants or management desires to build debt reserves. This Fund also records the transactions for debt refundings. Financial statements have been presented in the Financial Section. This section provides additional budgetary data not presented elsewhere.

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*County of Isle of Wight, Virginia**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Capital Projects***For the Fiscal Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Permits, privilege fees and regulatory licenses	\$ -	\$ -	\$ 323,904	\$ 323,904
Revenues from use of money and property	-	-	81,409	81,409
Miscellaneous	18,750	18,750	-	(18,750)
Intergovernmental:				
Federal	-	3,660,224	1,780,278	(1,879,946)
Local	-	1,431,233	990,583	(440,650)
Total revenues	18,750	5,110,207	3,176,174	(1,934,033)
Expenditures				
Education	1,950,000	3,512,553	1,635,213	1,877,340
Capital outlay	1,311,200	12,841,720	5,605,813	7,235,907
Total expenditures	3,261,200	16,354,273	7,241,026	9,113,247
Deficiency of revenues under expenditures	(3,242,450)	(11,244,066)	(4,064,852)	7,179,214
Other financing sources (uses)				
Transfers in	3,242,450	8,455,154	563,738	(7,891,416)
Transfers out	-	(88,180)	-	88,180
Issuance of debt	-	2,877,092	-	(2,877,092)
Total other financing sources, net	3,242,450	11,244,066	563,738	(10,680,328)
Net change in fund balance	-	-	(3,501,114)	(3,501,114)
Fund balances - beginning of year	-	-	11,221,167	11,221,167
Fund balances - end of year	\$ -	\$ -	\$ 7,720,053	\$ 7,720,053

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*County of Isle of Wight, Virginia**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Debt Service***For the Fiscal Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Revenues from use of money and property	\$ -	\$ -	\$ 371	\$ 371
Total revenues	-	-	371	371
Net change in fund balance	-	-	371	371
Fund balances - beginning of year	-	-	324,397	324,397
Fund balances - end of year	\$ -	\$ -	\$ 324,768	\$ 324,768

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Other Supplementary Information
Nonmajor Governmental Funds

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County of Isle of Wight, Virginia

Other Supplementary Information
Nonmajor Governmental Funds

June 30, 2020

The following is a brief description of the nonmajor governmental funds reported by the County:

- The ***Department of Social Services Fund*** accounts for revenues and expenditures related to services provided to citizens in the community. Revenues are derived from state and federal funding.
- The ***Children's Services Fund*** accounts for revenues and expenditures related to services provided to the youth of the County. Revenues are derived from state and local funding.
- The ***E-911 Fund*** accounts for revenues and expenditures related to operation of the Emergency Communications Center, which supports all Public Safety Response Agencies of the county. Revenues are derived from local and state collected E911 wireless taxes and recovered costs from the County and the towns of Smithfield and Windsor.
- The ***Community Development Block Grant Fund*** accounts for revenues and expenditures related to management of the Federal rehabilitation loan program for individuals.
- The ***County Fair Fund*** accounts for revenues and expenditures related to services provided to the community to provide entertainment activities emphasizing the agriculture industry of the county. Revenues are derived from charges for services and local funding.
- The ***Grants Fund*** accounts for special revenues that are legally restricted to expenditures for specified purposes. The Grants Fund provides accounting for certain federal and state grants awarded to the County.
- The ***Heritage Park Fund*** accounts for special revenues that increase the utilization of Heritage Park while enhancing program opportunities that provide work-class entertainment for the citizens of Isle of Wight County.

*County of Isle of Wight, Virginia**Combining Balance Sheets -
Nonmajor Governmental Funds***June 30, 2020**

	Department of Social Services Fund	Children's Services Fund	E-911 Fund	Community Development Block Grant Fund
Assets				
Cash and cash equivalents	\$ 145,472	\$ -	\$ 10,230	\$ 140,871
Due from other governments	136,019	121,758	148,616	-
Total assets	\$ 281,491	\$ 121,758	\$ 158,846	\$ 140,871
Liabilities				
Accounts payable	\$ -	\$ 75,525	\$ 143,194	\$ -
Accrued liabilities	17,615	-	5,055	-
Amounts held in escrow	-	-	-	-
Due to other funds	-	46,233	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	10,597	-
Total liabilities	17,615	121,758	158,846	-
Fund Balances				
Assigned	263,876	-	-	-
Unassigned	-	-	-	140,871
Total fund balances	263,876	-	-	140,871
Total liabilities and fund balances	\$ 281,491	\$ 121,758	\$ 158,846	\$ 140,871

(Continued)

*County of Isle of Wight, Virginia**Combining Balance Sheets -
Nonmajor Governmental Funds (Continued)***June 30, 2020**

	County Fair Fund	Grants Fund	Heritage Park Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ -	\$ 1,507,611	\$ -	\$ 1,804,184
Due from other governments	-	94,405	-	500,798
Total assets	\$ -	\$ 1,602,016	\$ -	\$ 2,304,982
Liabilities				
Accounts payable	\$ 15,583	\$ 31,014	\$ -	\$ 265,316
Accrued liabilities	-	4,825	-	27,495
Amounts held in escrow	-	70,284	-	70,284
Due to other funds	137,789	-	45,833	229,855
Unearned revenues	-	1,292,018	-	1,292,018
Due to other governments	-	-	-	10,597
Total liabilities	153,372	1,398,141	45,833	1,895,565
Fund Balances				
Assigned	-	203,875	-	467,751
Unassigned	(153,372)	-	(45,833)	(58,334)
Total fund balances	(153,372)	203,875	(45,833)	409,417
Total liabilities and fund balances	\$ -	\$ 1,602,016	\$ -	\$ 2,304,982

*County of Isle of Wight, Virginia****Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds*****For the Fiscal Year Ended June 30, 2020**

	Department of Social Services Fund	Children's Services Fund	E-911 Fund	Community Development Block Grant Fund
Revenues				
Other local taxes	\$ -	\$ -	\$ 482,618	\$ -
Revenues from use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	13	-	5,000	-
Intergovernmental:				
Commonwealth of Virginia	825,031	248,080	298,407	-
Federal	1,706,280	-	-	-
Local	-	-	177,775	-
Total revenues	2,531,324	248,080	963,800	-
Expenditures				
Public safety	-	-	1,420,935	-
Public works	-	-	-	-
Health and welfare	3,221,071	404,509	-	-
Parks, recreation and cultural	-	-	-	-
Community development	-	-	-	-
Total expenditures	3,221,071	404,509	1,420,935	-
Excess (deficiency) of revenues over (under) expenditures	(689,747)	(156,429)	(457,135)	-
Other financing sources (uses)				
Transfers in	755,825	156,429	457,135	-
Transfers out	-	-	-	-
Total other financing sources (uses), net	755,825	156,429	457,135	-
Net change in fund balance	66,078	-	-	-
Fund balances (deficit) - beginning of year	197,798	-	-	140,871
Fund balances (deficit) - end of year	\$ 263,876	\$ -	\$ -	\$ 140,871

(Continued)

*County of Isle of Wight, Virginia****Combining Statements of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds (Continued)*****For the Fiscal Year Ended June 30, 2020**

	County Fair Fund	Grants Fund	Heritage Park Fund	Total Governmental Funds
Revenues				
Other local taxes	\$ -	\$ -	\$ -	\$ 482,618
Revenues from use of money and property	13,978	-	-	13,978
Charges for services	293,358	-	-	293,358
Miscellaneous	33,436	4,214	-	42,663
Intergovernmental:				
Commonwealth of Virginia	-	177,808	-	1,549,326
Federal	-	2,164,191	-	3,870,471
Local	-	1,046	-	178,821
Total revenues	340,772	2,347,259	-	6,431,235
Expenditures				
Public safety	-	186,187	-	1,607,122
Public works	-	7,641	-	7,641
Health and welfare	-	136,800	-	3,762,380
Parks, recreation and cultural	427,695	3,215	-	430,910
Community development	-	150,748	-	150,748
Total expenditures	427,695	484,591	-	5,958,801
Excess (deficiency) of revenues over (under) expenditures	(86,923)	1,862,668	-	472,434
Other financing sources (uses)				
Transfers in	61,700	-	-	1,431,089
Transfers out	-	(1,838,310)	-	(1,838,310)
Total other financing sources (uses), net	61,700	(1,838,310)	-	(407,221)
Net change in fund balance	(25,223)	24,358	-	65,213
Fund balances (deficit) - beginning of year	(128,149)	179,517	(45,833)	344,204
Fund balances (deficit) - end of year	\$ (153,372)	\$ 203,875	\$ (45,833)	\$ 409,417

County of Isle of Wight, Virginia

***Statements of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Nonmajor Governmental Funds
Department of Social Services Fund***

For the Fiscal Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$ -	\$ -	\$ 13	\$ 13
Intergovernmental				
Commonwealth of Virginia	1,324,610	1,324,609	825,031	(499,578)
Federal	1,769,841	1,769,841	1,706,280	(63,561)
Local	297,752	297,753	-	(297,753)
Total revenues	3,392,203	3,392,203	2,531,324	(860,879)
Expenditures				
Health and welfare	4,483,836	4,483,836	3,221,071	1,262,765
Total expenditures	4,483,836	4,483,836	3,221,071	1,262,765
Excess (deficiency) of revenues over (under) expenditures	(1,091,633)	(1,091,633)	(689,747)	401,886
Other financing sources (uses)				
Transfers in	1,091,633	1,091,633	755,825	(335,808)
Total other financing sources (uses), net	1,091,633	1,091,633	755,825	(335,808)
Net change in fund balance	-	-	66,078	66,078
Fund balances - beginning of year	-	-	197,798	197,798
Fund balances - end of year	\$ -	\$ -	\$ 263,876	\$ 263,876

(Continued)

*County of Isle of Wight, Virginia****Statements of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Nonmajor Governmental Funds
Children's Services Fund*****For the Fiscal Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental				
Commonwealth of Virginia	\$ 211,162	\$ 211,162	\$ 248,080	\$ 36,918
Total revenues	211,162	211,162	248,080	36,918
Expenditures				
Health and welfare	404,568	404,568	404,509	59
Total expenditures	404,568	404,568	404,509	59
Excess (deficiency) of revenues over (under) expenditures	(193,406)	(193,406)	(156,429)	36,977
Other financing sources (uses)				
Transfers in	193,406	193,406	156,429	(36,977)
Total other financing sources (uses), net	193,406	193,406	156,429	(36,977)
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -

(Continued)

*County of Isle of Wight, Virginia****Statements of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Nonmajor Governmental Funds
E-911 Fund*****For the Fiscal Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Other local taxes	\$ 491,000	\$ 491,000	\$ 482,618	\$ (8,382)
Miscellaneous	5,000	5,000	5,000	-
Intergovernmental				
Commonwealth of Virginia	229,161	229,161	298,407	69,246
Local	221,411	221,411	177,775	(43,636)
Total revenues	946,572	946,572	963,800	17,228
Expenditures				
Public safety	1,515,916	1,517,454	1,420,935	96,519
Total expenditures	1,515,916	1,517,454	1,420,935	96,519
Excess (deficiency) of revenues over (under) expenditures	(569,344)	(570,882)	(457,135)	113,747
Other financing sources (uses)				
Transfers in	569,344	570,882	457,135	(113,747)
Total other financing sources (uses), net	569,344	570,882	457,135	(113,747)
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -

(Continued)

*County of Isle of Wight, Virginia****Statements of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Nonmajor Governmental Funds
County Fair Fund*****For the Fiscal Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Revenues from use of property	\$ 35,700	\$ 35,700	\$ 13,978	\$ (21,722)
Charges for services	298,450	298,450	293,358	(5,092)
Miscellaneous	33,000	33,000	33,436	436
Total revenues	367,150	367,150	340,772	(26,378)
Expenditures				
Parks, recreation and cultural	428,850	431,033	427,695	3,338
Total expenditures	428,850	431,033	427,695	3,338
Excess (deficiency) of revenues over (under) expenditures	(61,700)	(63,883)	(86,923)	(23,040)
Other financing sources (uses)				
Transfers in	61,700	63,883	61,700	(2,183)
Total other financing sources (uses), net	61,700	63,883	61,700	(2,183)
Net change in fund balance	-	-	(25,223)	(25,223)
Fund balances - beginning of year	-	-	(128,149)	(128,149)
Fund balances - end of year	\$ -	\$ -	\$ (153,372)	\$ (153,372)

(Continued)

*County of Isle of Wight, Virginia****Statements of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Nonmajor Governmental Funds
Grants Fund*****For the Fiscal Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$ -	\$ 96,059	\$ 4,214	\$ (91,845)
Intergovernmental				
Commonwealth of Virginia	-	185,090	177,808	(7,282)
Federal	-	3,928,361	2,164,191	(1,764,170)
Local	-	10,734	1,046	(9,688)
Total revenues	-	4,220,244	2,347,259	(1,872,985)
Expenditures				
Public safety	-	381,028	186,187	194,841
Public works	-	7,641	7,641	-
Health and welfare	-	1,237,156	136,800	1,100,356
Parks, recreation and cultural	42,000	653,385	3,215	650,170
Community development	-	230,370	150,748	79,622
Total expenditures	42,000	2,509,580	484,591	2,024,989
Excess (deficiency) of revenues over (under) expenditures	(42,000)	1,710,664	1,862,668	152,004
Other financing sources (uses)				
Transfers in	42,000	127,646	-	(127,646)
Transfers out	-	(1,838,310)	(1,838,310)	-
Total other financing sources (uses), net	42,000	(1,710,664)	(1,838,310)	(127,646)
Net change in fund balance	-	-	24,358	24,358
Fund balances - beginning of year	-	-	179,517	179,517
Fund balances - end of year	\$ -	\$ -	\$ 203,875	\$ 203,875

Other Supplementary Information
Internal Service Funds

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County of Isle of Wight, Virginia

Other Supplementary Information
Internal Service Funds

June 30, 2020

The following is a brief description of the Internal Service Funds reported by the County:

- The *Information Technology Fund* - provides implementation and maintenance of the technology infrastructure.
- The *Risk Management Fund* - finances property, workers' compensation, auto and general liability insurance coverage.

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*County of Isle of Wight, Virginia**Combining Statements of Net Position - Internal Service Funds***June 30, 2020**

	Information Technology Fund	Risk Management Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 227,976	\$ 315,513	\$ 543,489
Receivables - net of allowance	2,897	-	2,897
Deposits	637	-	637
Total current assets	231,510	315,513	547,023
Noncurrent assets			
Capital assets			
Depreciable - net	159,248	-	159,248
Total noncurrent assets	159,248	-	159,248
Total assets	390,758	315,513	706,271
Deferred outflows of resources			
Pension plan	96,352	21,816	118,168
Other post-employment benefits	10,791	2,964	13,755
Total deferred outflows of resources	107,143	24,780	131,923
Liabilities			
Current liabilities			
Accounts payable	69,946	1,385	71,331
Accrued interest payable	43	-	43
Unearned revenue	25	-	25
Capital leases	4,898	-	4,898
Compensated absences	6,723	1,118	7,841
Total current liabilities	81,635	2,503	84,138
Noncurrent liabilities			
Noncurrent capital leases	20,102	-	20,102
Compensated absences	60,507	10,060	70,567
Other post-employment benefits	63,472	10,703	74,175
Net pension liability	144,821	32,790	177,611
Total noncurrent liabilities	288,902	53,553	342,455
Total liabilities	370,537	56,056	426,593
Deferred inflows of resources			
Pension plan	28,291	6,405	34,696
Other post-employment benefits	12,112	982	13,094
Total deferred inflows of resources	40,403	7,387	47,790
Net Position			
Net investment in capital assets	134,248	-	134,248
Restricted - Capital projects	637	-	637
Unrestricted	(47,924)	276,850	228,926
Total net position	\$ 86,961	\$ 276,850	\$ 363,811

*County of Isle of Wight, Virginia**Combining Statements of Revenues, Expenses,
and Changes in Net Position - Internal Service Funds***For the Fiscal Year Ended June 30, 2020**

	Information Technology Fund	Risk Management Fund	Total
Operating revenues			
Charges for services	\$ 1,153,117	\$ 714,864	\$ 1,867,981
Total operating revenues	<u>1,153,117</u>	<u>714,864</u>	<u>1,867,981</u>
Operating expenses:			
Personnel services	462,490	122,285	584,775
Fringe benefits	194,222	35,513	229,735
Contractual services	39,008	538,985	577,993
Other charges	465,591	29,171	494,762
Depreciation	28,187	-	28,187
Total operating expenses	<u>1,189,498</u>	<u>725,954</u>	<u>1,915,452</u>
Operating Income (loss)	(36,381)	(11,090)	(47,471)
Nonoperating revenues (expenses)			
Interest and fiscal charges	(301)	-	(301)
Total nonoperating revenues (expenses)	<u>(301)</u>	<u>-</u>	<u>(301)</u>
Net income (loss) before transfers	(36,682)	(11,090)	(47,772)
Transfers in	22,120	-	22,120
Changes in net position	<u>(14,562)</u>	<u>(11,090)</u>	<u>(25,652)</u>
Net position - beginning of year	101,523	287,940	389,463
Net position - end of year	<u>\$ 86,961</u>	<u>\$ 276,850</u>	<u>\$ 363,811</u>

*County of Isle of Wight, Virginia**Combining Statements of Cash Flows – Internal Service Funds***For The Fiscal Year Ended June 30, 2020**

	Information Technology Fund	Risk Management Fund	Total
Cash flows from operating activities			
Received from customers and users	\$ 1,152,470	\$ 714,864	\$ 1,867,334
Payments to suppliers for goods and services	(456,508)	(569,115)	(1,025,623)
Payments to employees	(633,982)	(142,782)	(776,764)
Net cash provided by operating activities	61,980	2,967	64,947
Cash flows from noncapital and related financing activities:			
Transfer from other funds	22,120	-	22,120
Net cash provided by noncapital and related financing activities	22,120	-	22,120
Cash flows from capital and related financing activities:			
Interest paid	(258)	-	(258)
Acquisition of capital assets	(146,534)	-	(146,534)
Proceeds from capital leases	25,000	-	25,000
Net cash used for capital and related financing activities	(121,792)	-	(121,792)
Change in cash and cash equivalents	(37,692)	2,967	(34,725)
Cash and cash equivalents - beginning of year	265,668	312,546	578,214
Cash and cash equivalents - end of year	\$ 227,976	\$ 315,513	\$ 543,489
Reconciliation of operating loss to net cash provided by operating activities			
Operating loss	\$ (36,381)	\$ (11,090)	\$ (47,471)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	28,187	-	28,187
Pension and OPEB expense	27,767	20,462	48,229
Change in			
Receivables	(10)	-	(10)
Deposits	(637)	-	(637)
Accounts payable and accrued liabilities	48,090	(959)	47,131
Payroll Payable	(259)	-	(259)
Deferred outflows of resources	(13,206)	(9,372)	(22,578)
Compensated absences	8,429	3,926	12,355
Net cash provided by operating activities	\$ 61,980	\$ 2,967	\$ 64,947

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Other Supplementary Information
Component Units & Fiduciary Funds

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June 30, 2020

The following is a brief description of the Component Units & Fiduciary Funds reported by the County:

- *School Board Component Unit*- provides the primary Education function for the County.
- *Fiduciary Funds* - provides for the required agency funds for the County.
- *Economic Development Authority Component Unit* - provides the function of Economic Development Authority for the County.

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Balance Sheets - Governmental Funds***June 30, 2020**

	Governmental Funds					
	School Operating Fund	School Capital Projects Fund	School Textbook Fund	School Cafeteria Fund	School Grants Fund	Totals
Assets						
Cash and investments	\$ 7,376,122	\$ -	\$ -	\$ 652,608	\$ -	\$ 8,028,730
Accounts receivable - net of allowances for uncollectibles	14,875	75,906	-	27,972	-	118,753
Due from primary government	-	24,072	-	-	-	24,072
Due from other funds	740,363	777,568	-	-	-	1,517,931
Due from other governmental units	833,167	-	-	273,244	321,827	1,428,238
Total assets	<u>\$ 8,964,527</u>	<u>\$ 877,546</u>	<u>\$ -</u>	<u>\$ 953,824</u>	<u>\$ 321,827</u>	<u>\$ 11,117,724</u>
Liabilities						
Accounts payable	\$ 963,089	\$ 244,411	\$ -	\$ 231,420	\$ -	\$ 1,438,920
Accrued liabilities	5,818,480	-	-	-	-	5,818,480
Due to primary government	1,405,390	-	-	-	-	1,405,390
Due to other funds	777,568	-	-	418,536	321,827	1,517,931
Total liabilities	<u>8,964,527</u>	<u>244,411</u>	<u>-</u>	<u>649,956</u>	<u>321,827</u>	<u>10,180,721</u>
Fund Balances						
Fund balances:						
Assigned: Capital projects	-	633,135	-	-	-	633,135
Assigned: Food Services	-	-	-	303,868	-	303,868
Total fund balances	<u>-</u>	<u>633,135</u>	<u>-</u>	<u>303,868</u>	<u>-</u>	<u>937,003</u>
Total liabilities and fund balance	<u>\$ 8,964,527</u>	<u>\$ 877,546</u>	<u>\$ -</u>	<u>\$ 953,824</u>	<u>\$ 321,827</u>	<u>\$ 11,117,724</u>

*County of Isle of Wight, Virginia**Component Unit – School Board**Reconciliation of the Governmental Funds' Balance Sheets to the Statement of Net Position***For the Fiscal Year Ended June 30, 2020**

Total fund balances - School Board - governmental funds	\$ 937,003
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Amounts reported for government activities in the Statement of Net Position are different because:

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

Non depreciable capital assets	1,619,726
Depreciable capital assets	119,018,219
Accumulated depreciation	<u>(56,735,840)</u>
Capital assets, net	<u>63,902,105</u>

The net pension asset is not an available resource and, therefore is not reported in the funds.

92,572

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

Capital leases	(6,940,690)
Compensated absences	(610,920)
OPEB liability	(12,627,290)
Net pension liability	(48,904,223)
Accrued interest	(55,748)

Deferred outflows of resources related to pension	11,922,477
Deferred outflows of resources related to OPEB	2,661,952
Deferred inflows of resources related to pension	(4,756,240)
Deferred inflows of resources related to OPEB	(573,575)

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

(96,483)

Total net position- School Board - governmental activities	\$ 4,950,940
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*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds***For The Fiscal Year Ended June 30, 2020**

	Governmental Funds					Totals
	School Operating Fund	School Capital Projects Fund	School Textbook Fund	School Cafeteria Fund	School Grants Fund	
Revenues						
Revenues from use of money and property	\$ 192,075	\$ -	\$ -	\$ 1,202	\$ -	\$ 193,277
Charges for services	113,397	-	-	531,072	-	644,469
Miscellaneous	392,203	-	-	-	-	392,203
Revenue from primary government	25,838,806	642,616	219,518	-	-	26,700,940
Intergovernmental:						
Commonwealth	32,370,451	-	333,702	40,753	398,938	33,143,844
Federal	784,451	-	-	2,118,621	1,969,937	4,873,009
Total revenues	<u>59,691,383</u>	<u>642,616</u>	<u>553,220</u>	<u>2,691,648</u>	<u>2,368,875</u>	<u>65,947,742</u>
Expenditures						
Current:						
Administration, attendance and health	2,378,316	-	-	-	-	2,378,316
Instructional services	44,920,270	-	553,220	-	1,979,835	47,453,325
Operations and maintenance	5,427,054	-	-	-	-	5,427,054
Pupil transportation	4,043,613	-	-	-	-	4,043,613
School food services	-	-	-	2,614,551	5,040	2,619,591
Facilities	-	1,097,050	-	-	100,000	1,197,050
Technology	2,455,653	-	-	-	284,000	2,739,653
Debt Service	466,477	-	-	-	-	466,477
Total expenditures	<u>59,691,383</u>	<u>1,097,050</u>	<u>553,220</u>	<u>2,614,551</u>	<u>2,368,875</u>	<u>66,325,079</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(454,434)</u>	<u>-</u>	<u>77,097</u>	<u>-</u>	<u>(377,337)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-	-
Net change in fund balance	<u>-</u>	<u>(454,434)</u>	<u>-</u>	<u>77,097</u>	<u>-</u>	<u>(377,337)</u>
Fund balance - beginning of year	<u>-</u>	<u>1,087,569</u>	<u>-</u>	<u>226,771</u>	<u>-</u>	<u>1,314,340</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ 633,135</u>	<u>\$ -</u>	<u>\$ 303,868</u>	<u>\$ -</u>	<u>\$ 937,003</u>

*County of Isle of Wight, Virginia**Component Unit – School Board****Reconciliation of the Governmental Funds' Statements of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities*****For The Fiscal Year Ended June 30, 2020**

Net change in fund balances - School Board - governmental funds	\$	(377,337)
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Amounts reported for governmental activities in the statements
of Net Position are different because:

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

Joint activity transfer		1,459,317
Capital outlay		782,649
Depreciation expense		(3,916,466)
Adjustments to capital assets		(1,142,078)

Debt proceeds provide current financial resources to governmental funds but issuing debt increases long term liabilities in the statement of net position. Repayment of principal is an expenditure of the governmental funds but the repayment reduces long term liabilities in the statement of net position.

Capital Lease proceeds		-
Repayment of debt principal		1,009,510

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.

Increase in compensated absences		(49,530)
OPEB expense		(204,098)
Pension benefit		1,113,744
Increase in accrued interest		14,351

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

		521,655
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Change in net position of School Board - governmental activities	\$	(788,283)
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*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Governmental Funds***For the Fiscal Year Ended June 30, 2020**

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenues from use of money and property	\$ 250,000	\$ 250,000	\$ 192,075	\$ (57,925)
Charges for services	41,000	41,000	113,397	72,397
Miscellaneous	237,265	337,265	392,203	54,938
Revenue from the Primary Government	27,004,272	27,244,196	25,838,806	(1,405,390)
Intergovernmental				
Commonwealth	32,045,984	32,041,500	32,370,451	328,951
Federal	319,400	682,400	784,451	102,051
Total revenues	59,897,921	60,596,361	59,691,383	(904,978)
Expenditures				
Current				
Administration, attendance and health	2,586,086	2,586,086	2,378,316	207,770
Instructional services	44,684,844	44,920,284	44,920,270	14
Operations and maintenance	5,713,382	5,713,382	5,427,054	286,328
Pupil transportation	4,300,601	4,300,601	4,043,613	256,988
Technology	2,146,531	2,609,531	2,455,653	153,878
Debt Service	466,477	466,477	466,477	-
Total expenditures	59,897,921	60,596,361	59,691,383	904,978
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

(Continued)

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Governmental Funds (Continued)***For the Fiscal Year Ended June 30, 2020**

	School Capital Projects Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenue from the Primary Government	\$ 250,000	\$ 642,616	\$ 642,616	\$ -
Total revenues	250,000	642,616	642,616	-
Expenditures				
Current				
Facilities	250,000	1,454,852	1,097,050	357,802
Total expenditures	250,000	1,454,852	1,097,050	357,802
Excess (deficiency) of revenues over (under) expenditures	-	(812,236)	(454,434)	357,802
Other Financing Sources (uses)				
Transfers in	-	812,236	-	812,236
Net change in fund balance	-	(812,236)	(454,434)	(454,434)
Fund balance - beginning of year	-	-	1,087,569	1,087,569
Fund balance - end of year	\$ -	\$ -	\$ 633,135	\$ 633,135

(Continued)

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Governmental Funds (Continued)***For the Fiscal Year Ended June 30, 2020**

	School Textbook Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenue from the Primary Government	\$ 216,568	\$ 219,518	\$ 219,518	\$ -
Intergovernmental				
Commonwealth	329,218	333,702	333,702	-
Total revenues	<u>545,786</u>	<u>553,220</u>	<u>553,220</u>	<u>-</u>
Expenditures				
Current				
Instructional services	545,786	553,220	553,220	-
Total expenditures	<u>545,786</u>	<u>553,220</u>	<u>553,220</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Governmental Funds (Continued)***For the Fiscal Year Ended June 30, 2020**

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenues from use of money and property	\$ 935	\$ 935	\$ 1,202	\$ 267
Charges for services	691,097	691,097	531,072	(160,025)
Intergovernmental				
Commonwealth	39,963	35,858	40,753	4,895
Federal	1,378,030	1,382,135	2,118,621	736,486
Total revenues	2,110,025	2,110,025	2,691,648	581,623
Expenditures				
Current				
School food services	2,110,025	2,110,025	2,614,551	(504,526)
Total expenditures	2,110,025	2,110,025	2,614,551	(504,526)
Net change in fund balance	-	-	77,097	77,097
Fund balance - beginning of year	-	-	226,771	226,771
Fund balance - end of year	\$ -	\$ -	\$ 303,868	\$ 303,868

(Continued)

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Governmental Funds (Continued)***For the Fiscal Year Ended June 30, 2020**

	School Grants Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Miscellaneous	\$ -	\$ 22,859	\$ 22,859	\$ -
Intergovernmental				
Commonwealth	290,226	344,993	340,552	(4,441)
Federal	2,435,048	2,766,587	2,122,827	(643,760)
Total revenues	2,725,274	3,134,439	2,486,238	(648,201)
Expenditures				
Current				
Administration, attendance and health	-	10,000	-	10,000
Instructional services	2,441,274	2,799,317	2,161,116	638,201
School food service	-	41,122	41,122	-
Technology	284,000	284,000	284,000	-
Total expenditures	2,725,274	3,134,439	2,486,238	648,201
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

(Continued)

*County of Isle of Wight, Virginia**Component Unit – School Board**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Governmental Funds (Continued)***For the Fiscal Year Ended June 30, 2020**

	Totals			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Revenues from use of money and property	\$ 250,935	\$ 250,935	\$ 193,277	\$ (57,658)
Charges for services	732,097	732,097	644,469	(87,628)
Miscellaneous	237,265	360,124	415,062	54,938
Recovered costs	-	-	-	-
Revenue from the Primary Government	27,470,840	28,106,330	26,700,940	(1,405,390)
Intergovernmental				
Commonwealth	32,705,391	32,756,053	33,085,458	329,405
Federal	4,132,478	4,831,122	5,025,899	194,777
Total revenues	65,529,006	67,036,661	66,065,105	(971,556)
Expenditures				
Current				
Administration, attendance and health	2,586,086	2,596,086	2,378,316	217,770
Instructional services	47,671,904	48,272,821	47,634,606	638,215
Operations and maintenance	5,713,382	5,754,504	5,468,176	286,328
Pupil transportation	4,300,601	4,300,601	4,043,613	256,988
School food services	2,110,025	2,110,025	2,614,551	(504,526)
Facilities	250,000	1,454,852	1,097,050	357,802
Technology	2,430,531	2,893,531	2,739,653	153,878
Debt Service	466,477	466,477	466,477	-
Capital outlay	-	-	-	-
Total expenditures	65,529,006	67,848,897	66,442,442	1,406,455
Excess (deficiency) of revenues over (under) expenditures	-	(812,236)	(377,337)	(2,378,011)
Other Financing Sources (uses)				
Transfers in	-	812,236	-	(812,236)
Total other financing sources (uses)	-	812,236	-	(812,236)
Net change in fund balances	-	-	(377,337)	(377,337)
Fund balances - beginning of year	-	-	1,314,340	1,314,340
Fund balances - end of year	\$ -	\$ -	\$ 937,003	\$ 937,003

*County of Isle of Wight, Virginia**Component Unit – School Board**Statement of Net Position – Internal Service Fund***June 30, 2020**

		School Health Benefits Fund
	Assets	
Current assets		
Cash and cash equivalents - restricted		\$ 507,473
Total current assets		<u>507,473</u>
	Liabilities	
Current liabilities		
Accounts payable		516,992
Claims payable		<u>86,964</u>
Total current liabilities		<u>603,956</u>
	Net Position	
Net position - unrestricted (deficit)		<u>\$ (96,483)</u>

*County of Isle of Wight, Virginia**Component Unit – School Board**Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Fund***For the Fiscal Year Ended June 30, 2020**

	School Health Benefits Fund
Operating revenues	
Recovered costs	\$ 6,389,513
Total revenues	<u>6,389,513</u>
Operating expenses	
Healthcare benefits	<u>5,867,858</u>
Total expenses	<u>5,867,858</u>
Operating income	<u>521,655</u>
Change in net position	521,655
Net position (deficit) - beginning of year	<u>(618,138)</u>
Net position (deficit) - end of year	<u><u>\$ (96,483)</u></u>

*County of Isle of Wight, Virginia**Component Unit – School Board**Statement of Cash Flows – Internal Service Fund***For The Fiscal Year Ended June 30, 2020**

	School Health Benefits Fund
Cash flows from operating activities	\$ 6,560,057
Received from customers and users	(6,058,665)
Payments to suppliers for goods and services	
Net cash provided by operating activities	<u>501,392</u>
Change in cash and cash equivalents	501,392
Cash and cash equivalents - beginning of year	6,081
Cash and cash equivalents - end of year	<u><u>\$ 507,473</u></u>
 Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 521,655
Adjustments to reconcile operating income to net cash provided by operating activities	
Change in:	
Accounts and claims payable	(190,807)
Accounts receivable	<u>170,544</u>
Net cash provided by operating activities	<u><u>\$ 501,392</u></u>

*County of Isle of Wight, Virginia**Fiduciary Funds**Combining Statements of Assets and Liabilities***June 30, 2020**

	Special Welfare Fund	Student Activities Fund	Totals Agency Funds
Assets			
Cash and cash equivalents	\$ 32,667	\$ 459,176	\$ 491,843
Accounts Receivable	1,468	-	1,468
Total assets	\$ 34,135	\$ 459,176	\$ 493,311
Liabilities			
Amounts held for social services clients	\$ 34,135	\$ -	\$ 34,135
Amounts held for others	-	459,176	459,176
Total liabilities	\$ 34,135	\$ 459,176	\$ 493,311

*County of Isle of Wight, Virginia**Fiduciary Funds**Combining Statements of Change in Assets and Liabilities***For The Fiscal Year Ended June 30, 2020**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund				
Assets				
Cash and cash equivalents	\$ 24,705	\$ 34,467	\$ (26,505)	\$ 32,667
Accounts receivable	-	1,468	-	1,468
	<u>\$ 24,705</u>	<u>\$ 35,935</u>	<u>\$ (26,505)</u>	<u>\$ 34,135</u>
Liabilities				
Amounts held for social service clients	\$ 24,705	\$ 35,935	\$ (26,505)	\$ 34,135
	<u>\$ 24,705</u>	<u>\$ 35,935</u>	<u>\$ (26,505)</u>	<u>\$ 34,135</u>
Student Activities Fund				
Assets				
Cash and cash equivalents	\$ 525,173	\$ 1,062,054	\$ (1,128,051)	\$ 459,176
Liabilities				
Amounts held for others	\$ 525,173	\$ 1,062,054	\$ (1,128,051)	\$ 459,176
	<u>\$ 525,173</u>	<u>\$ 1,062,054</u>	<u>\$ (1,128,051)</u>	<u>\$ 459,176</u>
Total				
Assets				
Cash and cash equivalents	\$ 549,878	\$ 1,096,521	\$ (1,154,556)	\$ 491,843
Liabilities				
Amounts held for social services clients	\$ 24,705	\$ 35,935	\$ (26,505)	\$ 34,135
Amounts held for others	525,173	1,062,054	(1,128,051)	459,176
	<u>\$ 549,878</u>	<u>\$ 1,097,989</u>	<u>\$ (1,154,556)</u>	<u>\$ 493,311</u>

*County of Isle of Wight, Virginia**Component Unit – Economic Development Authority
Statement of Net Position***June 30, 2020**

Assets	
Current assets	
Cash and cash equivalents	\$ 651,068
Accounts receivable	9,736
Total current assets	660,804
Noncurrent assets	
Land held for resale	9,011,625
Capital assets	
Nondepreciable	376,537
Depreciable, net	2,189,180
Total capital assets	2,565,717
Total noncurrent assets	11,577,342
Total assets	12,238,146
Liabilities	
Current liabilities	
Accounts payable	2,244
Unearned revenue	9,737
Advance from primary government	375,000
Total current liabilities	386,981
Net Position	
Net investment in capital assets	2,565,717
Unrestricted	9,285,448
Total net position	\$ 11,851,165

*County of Isle of Wight, Virginia**Component Unit – Economic Development Authority
Statement of Revenues, Expenses, and Change in Net Position***For the Fiscal Year Ended June 30, 2020**

Operating revenues		
Charges for services	\$	9,120
Other revenues		76,972
Total operating revenues		<u>86,092</u>
Operating expenses		
Operations		81,656
Compensation		2,925
Depreciation		239,283
Total operating expenses		<u>323,864</u>
Operating loss		<u>(237,772)</u>
Nonoperating revenues (expenses)		
Property rental		41,751
Loss from disposition		(16,450)
Total nonoperating revenues, net		<u>25,301</u>
Change in net position		(212,471)
Net position - beginning of year		<u>12,063,636</u>
Net position - end of year	\$	<u><u>11,851,165</u></u>

*County of Isle of Wight, Virginia**Component Unit – Economic Development Authority
Statement of Cash Flows*

For the Fiscal Year Ended June 30, 2020

Cash flows from operating activities	
Received from customers and users	\$ 86,092
Payments to suppliers for goods and services	(81,494)
Payments to employees	(2,925)
Net cash provided by operating activities	<u>1,673</u>
Cash flows from investing activities	
Rental of property	<u>41,751</u>
Net cash provided by investing activities	<u>41,751</u>
Change in cash and cash equivalents	43,424
Cash and cash equivalents - beginning of year	<u>607,644</u>
Cash and cash equivalents - end of year	<u><u>\$ 651,068</u></u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (237,772)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	239,283
Change in accounts receivable	(9,736)
Change in accounts payable	161
Change in unearned revenue	9,737
Net cash provided by operating activities	<u><u>\$ 1,673</u></u>

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Statistical Section

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County of Isle of Wight, Virginia

Statistical Section Overview

June 30, 2020

This part of the County of Isle of Wight's Comprehensive Annual Financial Report presents detailed information as context for understanding the information in the financial statements, note disclosures and required supplementary information.

Contents

Exhibits

Financial Trends

C-1 through C-4

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

Revenue Capacity

C-5 through C-10

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

Debt Capacity

C-11 through C-13

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.

Demographic and Economic Information

C-14

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.

Operating Information

C-15 through C-17

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.

Sources: Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Report for the relevant year.

*County of Isle of Wight, Virginia**Net Position (Assets) by Component*

Last Ten Fiscal Years					
	2020	2019	2018	2017*	2016
Governmental activities					
Net investment in capital assets	\$ (14,604,210)	\$ (16,230,336)	\$ (37,423,718)	\$ (13,319,241)	\$ 4,931
Restricted	3,407,069	5,218,666	10,987,940	18,689,154	5,440,119
Unrestricted	39,093,472	31,713,704	41,560,882	8,314,662	12,060,255
Total governmental activities net position	\$ 27,896,331	\$ 20,702,034	\$ 15,125,104	\$ 13,684,575	\$ 17,505,305
Business-type activities					
Net investment in capital assets	\$ (17,996,594)	\$ (15,814,155)	\$ (22,900,089)	\$ (16,643,332)	\$ (16,265,290)
Restricted	3,016,665	5,282,900	5,321,509	5,320,770	5,522,985
Unrestricted	8,801,732	2,434,210	8,568,353	1,392,872	(898,178)
Total business-type activities net position	\$ (6,178,197)	\$ (8,097,045)	\$ (9,010,227)	\$ (9,929,690)	\$ (11,640,483)
Primary government					
Net investment in capital assets	\$ (32,600,804)	\$ (32,044,491)	\$ (60,323,807)	\$ (29,962,573)	\$ (16,260,359)
Restricted	6,423,734	10,501,566	16,309,449	24,009,924	10,963,104
Unrestricted	47,895,204	34,147,914	50,129,235	9,707,534	11,162,077
Total primary government net position	\$ 21,718,134	\$ 12,604,989	\$ 6,114,877	\$ 3,754,885	\$ 5,864,822

(Continued)

* 2017 unrestricted net position restated to reflect implementation of GASB 75

*County of Isle of Wight, Virginia**Net Position (Assets) by Component (Continued)***Last Ten Fiscal Years**

	2015	2014*	2013	2012	2011
Governmental activities					
Net investment in capital assets	\$ 2,045,769	\$ 6,086,446	\$ 4,923,554	\$ 9,453,645	\$ 15,381,413
Restricted	7,174,341	13,734,652	24,568,034	320,527	349,812
Unrestricted	7,349,393	(1,715,310)	(5,786,028)	21,960,979	18,615,968
Total governmental activities net position	\$ 16,569,503	\$ 18,105,788	\$ 23,705,560	\$ 31,735,151	\$ 34,347,193
Business-type activities					
Net investment in capital assets	\$ (16,186,173)	\$ (12,140,987)	\$ (8,834,474)	\$ (6,129,102)	\$ (1,661,794)
Restricted	5,927,757	-	-	-	-
Unrestricted	(1,608,477)	17,086	(2,078,232)	(2,587)	(1,332,945)
Total business-type activities net position	\$ (11,866,893)	\$ (12,123,901)	\$ (10,912,706)	\$ (6,131,689)	\$ (2,994,739)
Primary government					
Net investment in capital assets	\$ (14,140,404)	\$ (6,054,541)	\$ (3,910,920)	\$ 3,324,543	\$ 13,719,619
Restricted	13,102,098	13,734,652	24,568,034	320,527	349,812
Unrestricted	5,740,916	(1,698,224)	(7,864,260)	21,958,392	17,283,023
Total primary government net position	\$ 4,702,610	\$ 5,981,887	\$ 12,792,854	\$ 25,603,462	\$ 31,352,454

* 2014 unrestricted net position restated to reflect implementation of GASB 68/71

*County of Isle of Wight, Virginia**Change in Net Position***Last Ten Fiscal Years**

	2020	2019	2018	2017	2016
Expenses					
Governmental activities:					
General government	\$ 6,942,584	\$ 6,752,097	\$ 7,032,712	\$ 5,305,220	\$ 6,596,750
Judicial administration	1,575,825	1,624,282	1,474,725	1,711,476	1,358,364
Public safety	15,651,837	15,638,826	12,787,055	15,820,681	13,206,973
General services	6,097,278	4,706,389	5,095,079	5,029,762	9,279,614
Health and welfare	4,796,012	3,914,717	4,021,853	4,232,228	3,832,773
Education	30,148,936	32,008,845	33,451,339	28,709,110	28,279,608
Parks, recreation and cultural	3,679,176	3,197,767	3,114,863	3,593,465	4,118,975
Community development	3,488,247	4,266,517	2,792,293	2,259,598	3,457,268
Interest on long-term debt	4,308,156	4,501,668	5,880,446	5,123,993	4,498,640
Total governmental activities expenses	76,688,051	76,611,108	75,650,365	71,785,533	74,628,965
Business-type activities:					
Public utilities	8,783,282	8,432,300	8,595,427	8,787,726	8,787,726
Stormwater	998,538	1,058,641	1,013,796	1,456,085	1,456,085
Total business-type activities expenses	9,781,820	9,490,941	9,609,223	10,243,811	10,243,811
Total primary government expenses	\$ 86,469,871	\$ 86,102,049	\$ 85,259,588	\$ 82,029,344	\$ 84,872,776
Program Revenue					
Governmental activities:					
Charges for services:					
General government	\$ 842,074	\$ 1,362,889	\$ 43,196	\$ 1,029,176	\$ 1,029,176
Judicial administration	289,269	296,643	13,072	397,063	203,810
Public safety	1,058,829	1,241,386	1,465,714	2,682,915	1,584,774
General services	1,245,789	-	-	193,473	-
Health and welfare	248,050	217,003	-	273,895	-
Parks, recreation and cultural	472,346	271,808	507,198	693,847	560,673
Community development	21,116	43,231	982,610	98,030	64,411
Operating grants and contributions	7,840,352	4,758,736	7,021,642	9,874,844	5,357,743
Capital grants and contributions	1,548,678	2,964,205	-	2,827,555	3,059,806
Interest rate subsidy	-	-	-	-	-
Total governmental activities program revenues	\$ 13,566,503	\$ 11,155,901	\$ 10,033,432	\$ 18,070,798	\$ 11,860,393

(Continued)

*County of Isle of Wight, Virginia**Change in Net Position (Continued)***Last Ten Fiscal Years**

	2015	2014	2013	2012	2011
Expenses					
Governmental activities:					
General government	\$ 4,954,948	\$ 5,859,778	\$ 6,446,046	\$ 5,571,463	\$ 5,585,577
Judicial administration	1,345,313	1,334,545	1,198,998	1,078,015	970,228
Public safety	11,227,838	10,856,876	10,360,047	9,999,240	7,454,652
General services	6,059,730	6,444,839	6,979,003	7,072,833	6,604,193
Health and welfare	3,654,546	4,267,056	4,361,198	4,444,284	4,884,843
Education	31,627,526	25,930,462	29,976,658	24,794,008	25,419,456
Parks, recreation and cultural	3,051,601	3,250,023	2,990,630	2,979,591	2,797,390
Community development	3,066,139	2,805,145	3,174,930	5,995,359	1,931,593
Nondepartmental	-	-	-	1,314,563	1,429,542
Interest on long-term debt	4,568,504	4,507,212	3,979,848	2,792,214	2,080,083
Total governmental activities expenses	69,556,145	65,255,936	69,467,358	66,041,570	59,157,557
Business-type activities:					
Public utilities	11,146,341	8,677,215	8,214,531	7,439,824	6,999,024
Stormwater	829,480	347,845	-	-	-
Total business-type activities expenses	11,975,821	9,025,060	8,214,531	7,439,824	6,999,024
Total primary government expenses	\$ 81,531,966	\$ 74,280,996	\$ 77,681,889	\$ 73,481,394	\$ 66,156,581
Program revenue					
Governmental activities:					
Charges for services:					
General government	\$ 388,251	\$ 682	\$ 758	\$ 123,391	\$ 198,737
Judicial administration	220,034	174,940	156,543	369,278	149,251
Public safety	1,330,020	1,518,532	1,154,693	2,155,302	625,612
General services	-	-	375,498	408,320	-
Health and welfare	-	-	-	77,525	35,446
Parks, recreation and cultural	479,016	584,689	526,622	585,740	436,303
Community development	42,952	43,357	30,412	134,755	672,840
Operating grants and contributions	5,282,485	5,718,851	9,526,260	13,330,802	10,676,049
Capital grants and contributions	3,133,139	905,676	150,000	109,489	102,935
Interest rate subsidy	-	-	257,127	569,315	-
Total governmental activities program revenues	\$ 10,875,897	\$ 8,946,727	\$ 12,177,913	\$ 17,863,917	\$ 12,897,173

(Continued)

County of Isle of Wight, Virginia

Change in Net Position (Continued)

Last Ten Fiscal Years

	2020	2019	2018	2017	2016
Business-type activities					
Charges for services	\$ 7,769,192	\$ 6,640,576	\$ 6,640,576	\$ 6,988,013	\$ 6,009,332
Capital grants and contributions	-	285,844	285,844	23,836	2,469,514
Total business-type activities program revenues	7,769,192	6,926,420	6,926,420	7,011,849	8,478,846
Total Primary Government program revenues	\$ 17,656,966	\$ 16,743,932	\$ 16,743,932	\$ 19,674,359	\$ 19,683,129
Net expense - governmental activities	\$ (63,121,548)	\$ (65,455,207)	\$ (65,455,207)	\$ 53,714,735	\$ 63,424,682
Net expense - business-type activities	(2,012,628)	(2,564,521)	(2,564,521)	3,255,798	1,357,666
Total primary government net expense	\$ (65,134,176)	\$ (68,019,728)	\$ (68,019,728)	\$ 56,970,533	\$ 64,782,348
General revenues and other changes in net position					
Governmental activities					
Property taxes	\$ 57,854,621	\$ 57,269,604	\$ 57,269,604	\$ 62,107,289	\$ 56,575,683
Other taxes	8,057,853	3,627,945	3,627,945	8,637,670	7,497,791
Revenue from use of property and money	1,409,372	1,194,695	1,194,695	99,580	-
Investment earnings	-	-	-	-	1,434,262
Miscellaneous	1,403,119	2,361,944	2,361,944	1,328,044	356,418
Intergovernmental, non-categorical aid	5,396,075	5,375,993	5,375,993	-	-
Gain on sale of assets	-	-	-	-	62,012
Transfers	(3,805,195)	(3,300,000)	(3,300,000)	(4,922,005)	(1,565,679)
Total governmental activities	70,315,845	66,530,181	66,530,181	67,250,578	64,360,487
Business-type activities					
Investment earnings	120,047	167,713	167,713	44,586	18,397
Gain on sale of assets	-	-	-	-	-
Miscellaneous	6,234	-	-	-	-
Transfers	3,805,195	3,300,000	3,300,000	4,922,005	1,565,679
Total business-type activities	3,931,476	3,467,713	3,467,713	4,966,591	1,584,076
Total primary government	\$ 74,247,321	\$ 69,997,894	\$ 69,997,894	\$ 72,217,169	\$ 65,944,563
Change in net position					
Governmental activities	\$ 7,194,297	\$ 5,576,930	\$ 5,576,930	\$ 13,535,843	\$ 935,802
Business-type activities	1,918,848	913,182	913,182	1,710,793	226,410
Total primary government	\$ 9,113,145	\$ 6,490,112	\$ 6,490,112	\$ 15,246,636	\$ 1,162,212

Continued)

County of Isle of Wight, Virginia

Change in Net Position (Continued)

Last Ten Fiscal Years

	2015	2014	2013	2012	2011
Business-type activities					
Charges for services	\$ 5,779,255	\$ 5,206,661	\$ 3,080,643	\$ 2,856,747	\$ 2,902,184
Capital grants and contributions	480,741	481,900	467,939	1,415,036	360,504
Total business-type activities program revenues	6,259,996	5,688,561	3,548,582	4,271,783	3,262,688
Total primary government program revenues	\$ 17,135,893	\$ 14,635,288	\$ 15,726,495	\$ 22,135,700	\$ 16,159,861
Net expense - governmental activities	\$ 58,680,248	\$ 56,309,209	\$ 57,289,445	\$ 48,177,653	\$ 46,260,384
Net expense - business-type activities	5,715,825	3,336,499	4,665,949	3,168,041	3,736,336
Total primary government net expense	\$ 64,396,073	\$ 59,645,708	\$ 61,955,394	\$ 51,345,694	\$ 49,996,720
General revenues and other changes in net position					
Governmental activities					
Property taxes	\$ 54,539,535	\$ 48,365,143	\$ 42,408,465	\$ 38,130,254	\$ 38,254,048
Other taxes	7,005,687	7,046,183	6,709,396	6,200,597	6,582,549
Revenue from use of property and money	-	-	-	-	-
Investment earnings	956,397	324,636	909,387	1,066,841	196,774
Miscellaneous	379,229	840,977	-	397,920	314,533
Intergovernmental, non-categorical aid	-	-	-	-	-
Gain on sale of assets	218,075	-	163,555	(23,789)	-
Transfers	(5,954,960)	(2,313,266)	-	-	-
Total governmental activities	57,143,963	54,263,673	50,190,803	45,771,823	45,347,904
Business-type activities					
Investment earnings	17,873	16,438	47,754	27,205	21,903
Gain on sale of assets	-	10,275	-	-	-
Miscellaneous	-	-	-	3,886	-
Transfers	5,954,960	2,313,266	-	-	-
Total business-type activities	5,972,833	2,339,979	47,754	31,091	21,903
Total primary government	\$ 63,116,796	\$ 56,603,652	\$ 50,238,557	\$ 45,802,914	\$ 45,369,807
Change in net position					
Governmental activities	\$ (1,536,285)	\$ (2,045,536)	\$ (7,098,642)	\$ (2,405,830)	\$ (912,480)
Business-type activities	257,008	(996,520)	(4,618,195)	(3,136,950)	(3,714,433)
Total primary government	\$ (1,279,277)	\$ (2,045,536)	\$ (7,098,642)	\$ (2,405,830)	\$ (912,480)

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

Last Ten Fiscal Years					
	2020	2019	2018	2017	2016
General Fund					
Non Spendable:					
Non Spendable	\$ 375,000	\$ 375,000	\$ 866,742	\$ 920,645	\$ 935,898
Spendable:					
Restricted	246,699	-	22,259	61,568	22,170
Assigned	572,753	3,782,681	1,291,755	3,623,722	3,372,391
Unassigned	20,390,116	16,230,524	15,905,253	10,960,727	14,326,940
Committed	7,389,502	4,526,264	5,460,229	3,877,087	-
Total General Fund	\$ 28,974,070	\$ 24,914,469	\$ 23,546,238	\$ 19,443,749	\$ 18,657,399
All other Government funds					
Non Spendable:					
Non Spendable	\$ -	\$ -	\$ 4,855	\$ -	\$ 3,246
Spendable:					
Restricted	2,785,370	4,843,666	10,096,400	17,738,141	5,445,121
Assigned	5,727,202	7,222,267	6,573,306	6,318,154	3,385,036
Unassigned	(58,334)	(176,175)	(49,728)	-	-
Total all other Government Funds	\$ 8,454,238	\$ 11,889,758	\$ 16,624,833	\$ 24,056,295	\$ 8,833,403

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

Last Ten Fiscal Years					
	2015	2014	2013	2012	2011
General Fund					
Non Spendable:					
Non Spendable	\$ 992,540	\$ 1,045,272	\$ 89,446	\$ 120,158	\$ 148,990
Spendable:					
Restricted	22,126	22,081	29,650	29,650	29,650
Assigned	4,169,225	165,775	255,878	632,588	489,228
Unassigned	9,649,642	15,040,237	16,393,908	18,513,870	19,807,133
Committed	-	-	-	-	-
Total General Fund	\$ 14,833,533	\$ 16,273,365	\$ 16,768,882	\$ 19,296,266	\$ 20,475,001
All other Government funds					
Non Spendable:					
Non Spendable	\$ 2,349	\$ 40,381	\$ 40,595	\$ 40,215	\$ 40,430
Spendable:					
Restricted	7,149,866	13,712,571	24,568,034	29,041,335	38,040,517
Assigned	5,242,890	4,169,285	5,020,477	5,377,105	1,544,284
Unassigned	-	-	-	-	-
Total all other Government Funds	\$ 12,395,105	\$ 17,922,237	\$ 29,629,106	\$ 34,458,655	\$ 39,625,231

*County of Isle of Wight, Virginia**Change in Fund Balance - Governmental Funds***Last Ten Fiscal Years**

	2020	2019	2018	2017	2016
Revenues					
General property taxes	\$ 57,026,717	\$ 56,651,372	\$ 57,574,975	\$ 49,835,086	\$ 51,334,720
Other local taxes	8,040,738	8,129,901	7,928,102	8,580,982	7,284,843
Permits, fees and licenses	949,001	1,434,187	952,303	2,141,092	928,634
Fines and forfeitures	137,069	135,492	169,606	151,318	139,822
Revenue from use of property	1,409,372	1,194,695	786,748	99,580	920,139
Charges for services	1,528,095	1,594,890	1,889,881	2,887,413	1,651,746
Miscellaneous	1,279,219	1,817,107	1,150,233	787,010	1,589,453
Recovered costs	339,468	826,946	646,819	396,686	-
Intergovernmental	16,132,845	13,085,216	11,784,620	11,344,133	13,144,754
Total revenues	86,842,524	84,869,806	82,883,287	76,223,300	76,994,111
Expenditures					
General governmental administration	4,343,637	4,151,387	4,151,387	4,376,415	6,196,320
Judicial administration	1,527,731	1,662,999	1,662,999	1,542,881	1,373,968
Public safety	12,945,665	13,257,506	13,257,506	12,618,898	12,687,614
General services	4,487,503	4,436,961	4,436,961	4,585,899	5,334,386
Health and welfare	4,653,343	3,911,948	3,911,948	3,888,786	3,783,847
Education	28,689,619	30,571,555	30,571,555	26,116,112	25,672,090
Parks, recreation and cultural	3,189,112	2,724,889	2,724,889	2,838,301	2,752,043
Community development	3,387,273	4,254,468	4,254,468	2,880,539	3,456,762
Nondepartmental	2,208,471	2,429,187	1,846,733	1,676,722	-
Capital outlay	5,605,813	6,327,168	6,327,168	3,468,132	6,750,976
Debt service					
Principal	7,416,448	7,229,617	4,639,186	3,006,700	3,100,940
Interest	4,480,486	4,637,072	8,623,961	4,468,592	4,329,537
Other fiscal charges	15,350	20,032	737,635	178,618	-
Total expenditures	82,950,451	85,614,789	87,146,396	71,646,595	75,438,483
Excess of revenues over (under) expenditures	3,892,073	(744,983)	(4,263,109)	4,576,705	1,555,628
Other financing sources (uses)					
Transfers in	3,803,626	4,389,327	4,389,327	9,953,287	8,626,309
Transfers out	(7,630,941)	(7,689,327)	(7,689,327)	(14,719,615)	(10,191,988)
Proceeds from borrowing	471,623	678,149	27,636,789	16,198,865	220,514
Premium on bonds issued	-	-	4,345,538	-	-
Payments to escrow agent	-	-	(26,610,438)	-	-
Proceeds from sale of property	87,690	-	-	-	51,701
Total other financing sources (uses), net	(3,268,002)	(2,621,851)	2,071,889	11,432,537	(1,293,464)
Net change in fund balance	\$ 624,071	\$ (3,366,834)	\$ (2,191,220)	\$ 16,009,242	\$ 262,164

Debt service as a percentage of noncapital expenditures	15%	15%	16%	11%	11%
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(Continued)

*County of Isle of Wight, Virginia**Change in Fund Balance - Governmental Funds (Continued)***Last Ten Fiscal Years**

	2015	2014	2013	2012	2011
Revenues					
General property taxes	\$ 49,173,371	\$ 43,628,917	\$ 37,158,645	\$ 38,024,532	\$ 37,864,858
Other local taxes	6,842,828	6,840,236	6,616,219	6,301,083	6,582,549
Permits, fees and licenses	1,121,174	635,888	1,710,818	380,302	443,308
Fines and forfeitures	153,929	118,609	105,191	85,598	75,813
Revenue from use of property	438,475	366,712	909,387	1,066,841	196,774
Charges for services	1,264,429	1,578,846	2,859,255	1,620,896	1,599,068
Miscellaneous	2,265,305	1,321,386	217,987	524,121	309,404
Recovered costs	-	9,327,462	-	-	-
Intergovernmental	12,297,700	2,070,994	12,625,247	15,591,979	10,778,984
Total revenues	73,557,211	65,889,050	62,202,749	63,595,352	57,850,758
Expenditures					
General governmental administration	5,118,338	5,301,989	4,869,180	4,814,890	4,292,762
Judicial administration	1,389,675	1,334,756	1,198,998	1,058,580	970,228
Public safety	10,840,494	10,425,432	9,973,620	8,655,939	6,770,494
General services	4,958,423	5,747,203	5,929,766	10,110,789	6,155,695
Health and welfare	3,878,728	4,244,521	4,299,377	951,649	4,785,833
Education	23,161,494	23,126,262	25,679,304	26,268,626	25,004,954
Parks, recreation and cultural	2,675,524	2,885,662	2,629,412	2,633,606	2,443,506
Community development	3,117,464	2,773,473	3,143,003	5,995,716	1,897,246
Nondepartmental	-	-	-	1,314,563	1,429,542
Capital projects	13,264,484	18,432,571	9,489,014	5,035,723	12,947,475
Debt service					
Principal	2,845,721	2,401,952	3,173,957	31,516	380,000
Interest	5,014,093	5,195,448	4,592,524	2,784,497	2,312,636
Other fiscal charges	-	-	285,487	284,568	289,453
Total expenditures	76,264,438	81,869,269	75,263,642	69,940,662	69,679,824
Excess of revenues over (under) expenditures	(2,707,227)	(15,980,219)	(13,060,893)	(6,345,310)	(11,829,066)
Other financing sources (uses)					
Transfers in	12,719,784	1,763,908	3,127,894	1,826,748	1,789,120
Transfers out	(18,674,744)	(4,077,174)	(3,127,894)	(1,826,748)	(1,789,120)
Proceeds from borrowing	44,871,848	6,011,099	26,044,679	-	43,654,158
Premium on bonds issued	-	-	-	-	-
Payments to escrow agent	(43,476,292)	80,000	(22,473,109)	-	(14,137,039)
Proceeds from sale of property	299,667	-	-	-	-
Total other financing sources (uses), net	(4,259,737)	3,777,833	3,571,570	-	29,517,119
Net change in fund balance	\$ (6,966,964)	\$ (12,202,386)	\$ (9,489,323)	\$ (6,345,310)	\$ 17,688,053

Debt service as a percentage of noncapital expenditures	12%	12%	12%	4%	5%
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*County of Isle of Wight, Virginia**Property 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
2020	\$ 0.85	\$ 4.50	\$ 0.85	\$ 1.75	\$ 1.00/1.00
2019	0.85	4.50	0.85	1.75	1.00/1.00
2018	0.85	4.50	0.85	1.75	1.00/1.00
2017	0.85	4.50	0.85	4.24	1.00/1.00
2016	0.85	4.50	0.85	0.70	1.00/1.00
2015	0.85	4.50	0.85	0.70	1.00/1.00
2014	0.73	4.50	0.73	0.70	1.00/1.00
2013	0.65	4.50	0.65	0.70	1.00/1.00
2012	0.65	4.50	0.65	0.95	1.00/1.00
2011	0.52	4.40	0.52	0.95	1.00/1.00

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

Fiscal Year	Residential Property	Commercial / Industrial Property	Agriculture Property	(1) Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2020	\$ 3,708,392,489	\$ 728,539,351	\$ 570,242,440	\$ 5,007,174,280	\$ 0.85	\$ 5,007,174,280	100%
2019	3,504,978,448	719,485,846	546,574,725	4,771,039,019	0.85	4,771,039,019	100%
2018	3,451,012,097	719,464,081	549,075,515	4,719,551,693	0.85	4,719,551,693	100%
2017	3,400,486,756	694,930,358	551,118,971	4,646,536,085	0.85	4,646,536,085	100%
2016	3,349,194,640	679,547,808	550,272,662	4,579,015,110	0.85	4,579,015,110	100%
2015	3,285,777,463	671,045,521	240,480,302	4,197,303,286	0.85	4,197,303,286	100%
2014	3,239,296,300	665,825,700	242,072,000	4,147,194,000	0.73	4,147,194,000	100%
2013	3,187,589,700	648,094,500	245,103,000	4,080,787,200	0.65	4,080,787,200	100%
2012	3,380,104,000	642,766,300	252,515,900	4,275,386,200	0.65	4,275,386,200	100%
2011	3,383,219,600	648,572,200	651,867,200	4,683,659,000	0.52	4,683,659,000	100%

(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
2020	\$ 5,007,174,280	\$ 373,806,289	\$ 17,748,716	\$ 284,499,403	\$ 172,053,175	\$ 5,855,281,863
2019	4,771,039,019	352,995,485	19,705,871	296,492,660	164,825,059	5,605,058,094
2018	4,719,551,693	341,308,665	18,667,107	253,695,910	177,064,299	5,510,287,674
2017	4,646,536,085	334,433,134	18,250,173	246,170,869	171,357,723	5,416,747,984
2016	4,579,015,110	379,231,914	17,585,358	587,545,879	152,225,378	5,715,603,639
2015	4,197,303,286	380,073,520	20,267,854	578,929,789	145,270,583	5,321,845,032
2014	4,147,194,000	376,396,647	19,875,446	503,480,949	142,459,577	5,189,406,619
2013	4,070,990,990	353,861,037	19,586,906	380,157,383	141,582,514	4,966,178,830
2012	4,287,008,000	310,527,887	20,398,831	279,087,266	125,549,557	5,022,571,541
2011	4,245,268,423	304,164,506	19,902,737	704,140,467	238,256,420	5,511,732,553

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

*County of Isle of Wight, Virginia**Property Tax Levies and Collections***Last Ten Fiscal Years**

Fiscal Year	Total (3) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1)(2) Tax Collections	(4) Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2020	\$ 56,672,054	\$ 54,408,488	96.01%	\$ 2,263,567	\$ 55,311,373	97.60%	\$ 2,263,567	3.99%
2019	53,193,829	52,007,865	97.77%	1,185,964	52,681,154	99.04%	1,185,965	2.23%
2018	57,775,634	56,573,858	97.92%	1,201,776	56,788,549	98.29%	1,201,776	2.08%
2017	52,429,271	51,212,340	97.68%	1,216,932	53,469,984	100.00%	1,902,005	3.63%
2016	51,099,354	49,979,110	97.81%	1,120,244	51,099,354	100.00%	1,120,244	2.19%
2015	50,406,860	48,910,585	97.03%	1,496,274	50,406,859	100.00%	2,043,041	4.05%
2014	44,218,554	42,859,922	96.93%	1,358,632	44,043,677	99.60%	1,875,008	4.24%
2013	39,022,902	37,912,561	97.15%	1,092,333	37,276,878	95.53%	1,498,059	3.84%
2012	38,146,295	37,009,730	97.02%	1,136,565	38,155,848	100.00%	740,634	1.94%
2011	37,800,619	36,741,218	97.20%	1,059,401	38,021,111	100.00%	1,088,242	2.88%

- (1) Collections include amount reimbursed by the State for Personal Property Tax under the Personal Property Tax Relief Act (PPTRA) of 1998.
- (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

Principal Taxpayers

Current Year and Nine Years Ago

REAL ESTATE	2020			2011		
	Assessed Valuation	Rank	Percent of Total Assessed Valuation Real Estate	Assessed Valuation	Rank	Percent of Total Assessed Valuation Real Estate
Taxpayer	Real Estate		Estate	Real Estate		Estate
International Paper	\$ 94,187,900	1	1.88%	\$ 120,790,900	1	2.58%
Vereit Real Estate LP	71,821,800	2	1.43%	-	-	-%
Smithfield Foods	16,106,700	4	0.32%	40,480,400	2	0.86%
Inland RI Holdings LLC etals	-	-	-%	39,789,300	3	0.85%
Smithfield Farmland Corp	29,296,300	3	0.59%	-	-	-%
Eagle Harbor Apartments, LP	26,000,000	5	0.52%	26,774,000	5	0.57%
Green Mountain Coffee Roasters	19,611,300	7	0.39%	-	-	-%
Eagle Harbor Apartments II, LP	17,000,000	8	0.34%	-	-	-%
LDI Virginia LLC	15,152,400	9	0.30%	14,992,400	6	0.32%
Sentara Healthcare	14,786,800	10	0.30%	14,787,500	7	0.32%
Gwaltney of Smithfield, Ltd.	-	-	-%	28,626,800	4	0.61%
Eagle Harbor West LLC	27,000,000	6	0.54%	13,667,400	8	0.29%
Carolina Cold Storage LTD	-	-	-%	10,430,300	9	0.22%
Eagle Harbor Shopping Center LLC	-	-	-%	10,397,000	10	0.22%
	\$ 330,963,200		6.61%	\$ 320,736,000		6.84%

PERSONAL PROPERTY

PERSONAL PROPERTY	2020			2011		
	Assessed Valuation	Rank	Percent of Total Assessed Valuation Personal Property (1)	Assessed Valuation	Rank	Percent of Total Assessed Valuation Personal Property (1)
Taxpayer	Personal Property		Property (1)	Personal Property		Property (1)
International Paper	\$ 156,878,412	1	23.20%	\$ 542,058,476	1	51.39%
Gwaltney of Smithfield Ltd.	44,907,106	2	6.64%	82,255,724	2	7.80%
Keurig Green Mountain Inc	39,630,313	3	5.86%	-	-	-%
ST Tissue LLC	22,745,850	4	3.36%	-	-	-%
Cost Plus Inc.	7,193,257	5	1.06%	4,918,322	6	0.47%
Franklin Lumber LLC	6,767,764	6	1.00%	-	-	-%
Charter Communications Premium	1,696,113	7	0.25%	2,360,786	8	0.22%
Pet Health LLC	1,308,002	8	0.19%	-	-	-%
Bennett's Creek Wholesale Nursery	1,231,217	9	0.18%	-	-	-%
HYG Financial Services	1,189,688	10	0.18%	-	-	-%
GE Capital	-	-	-%	11,520,594	4	1.09%
Smithfield Packing Co., Inc.	-	-	-%	48,602,147	3	4.61%
Specialty Minerals Inc	-	-	-%	8,262,782	5	0.78%
Food Lion/Bloom	-	-	-%	2,411,981	7	0.23%
Smithfield Han & Products Co	-	-	-%	1,805,645	9	0.17%
Montague Farms Inc	-	-	-%	1,687,886	10	0.16%
	\$ 283,547,722		41.92%	\$ 705,884,343		66.92%

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

County of Isle of Wight, Virginia***Taxable Sales by Category*****Last Ten Years**

	2020	2019	2018	2017	2016
Apparel stores	\$ 3,153,733	\$ 2,796,422	\$ 2,945,495	\$ 3,112,767	\$ 3,138,661
General merchandise	18,148,931	18,426,147	18,471,979	17,055,174	17,052,902
Food stores	82,746,947	75,489,663	75,929,226	75,469,177	74,278,038
Eating and drinking establishments	36,625,313	34,531,724	32,415,274	30,001,191	30,638,029
Home furnishings and appliances	740,770	984,728	1,149,106	1,655,721	3,673,785
Building materials and farm tools	7,938,465	7,929,969	7,623,262	7,733,809	8,087,111
Auto dealers and supplies	4,391,501	4,652,629	4,127,154	4,262,699	3,734,038
Service stations	12,876,461	12,306,750	10,231,430	10,116,257	8,297,669
Other retail stores	4,090,605	4,527,901	7,707,369	7,444,040	8,318,528
All other outlets	64,573,472	78,248,666	76,326,354	67,585,166	63,207,520
	<u>\$ 235,286,198</u>	<u>\$ 239,894,599</u>	<u>\$ 236,926,649</u>	<u>\$ 224,436,001</u>	<u>\$ 220,426,281</u>

(Continued)

Source: Isle of Wight County Commissioner of Revenue

*County of Isle of Wight, Virginia**Taxable Sales by Category (Continued)***Last Ten Years**

	2015	2014	2013	2012	2011
Apparel stores	\$ 3,155,626	\$ 3,390,204	\$ 2,577,049	\$ 3,248,038	\$ 3,248,902
General merchandise	15,058,574	16,305,494	17,733,688	11,841,685	11,710,358
Food stores	70,333,859	67,184,591	66,740,132	61,823,527	63,183,444
Eating and drinking establishments	28,003,995	27,356,817	28,035,436	26,704,871	27,138,019
Home furnishings and appliances	1,970,161	1,506,054	1,578,689	4,510,823	2,058,879
Building materials and farm tools	7,607,946	9,266,806	11,080,360	8,547,370	8,051,507
Auto dealers and supplies	3,699,950	3,891,078	3,662,321	4,091,794	4,064,402
Service stations	8,750,178	9,937,560	9,897,012	10,059,667	8,206,374
Other retail stores	8,155,461	6,725,858	6,528,091	16,683,719	11,806,647
All other outlets	66,100,640	56,617,257	52,632,271	45,568,767	51,916,137
	<u>\$ 212,836,390</u>	<u>\$ 202,181,719</u>	<u>\$ 200,465,049</u>	<u>\$ 193,080,261</u>	<u>\$ 191,384,669</u>

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

Fiscal Year	Population	Assessed Value	(1) Gross Bonded Debt	(2) Less Debt Payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	(3) Percentage of Per Capita Income	Net Bonded Debt Per Capita
2020	37,649	\$ 5,007,174,280	\$ 139,900,880	\$ 35,715,310	\$ 104,185,570	2.08%	7.8%	\$ 2,767
2019	38,386	4,771,039,019	148,330,252	36,519,191	111,811,061	2.34%	8.1%	2,913
2018	38,020	4,719,551,693	156,544,148	37,310,496	119,233,652	2.53%	9.2%	3,136
2017	37,074	4,646,536,085	157,839,769	37,986,086	119,853,683	2.58%	10.0%	3,233
2016	36,438	4,579,015,110	145,898,692	38,534,357	107,364,335	2.34%	9.4%	2,946
2015	36,007	4,197,303,286	150,247,147	39,148,981	111,098,166	2.65%	10.0%	3,085
2014	35,656	4,147,194,000	146,569,755	37,393,972	109,175,783	2.63%	9.9%	3,062
2013	35,399	4,966,178,830	150,387,747	44,620,819	105,766,928	2.13%	7.0%	2,988
2012	35,457	5,022,571,541	132,640,758	28,354,023	104,286,735	2.08%	7.2%	2,941
2011	35,270	5,511,732,553	135,269,771	29,215,647	106,054,124	1.92%	10.2%	3,007

(1) Includes all long-term general obligation debt. Prior year amounts were restated to include bond premium, discount, and adjustments.

(2) Prior year amounts were restated to include bond premium.

(3) See Exhibit C-14 for per capita income.

*County of Isle of Wight, Virginia**Schedule of Outstanding Debt by Type***Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business Type Activities			Total Primary Government	Percentage Personal Income	Net Bonded Debt Per Capita
	General Obligation Bonds	Pace Loans	Capital Leases	General Obligation Bonds	Notes Payable	Capital Leases			
2020	\$ 104,185,570	\$ 4,326,512	\$ 1,234,124	\$ 35,715,310	\$ -	\$ 129,246	\$ 145,590,762	10.94%	\$ 3,867
2019	111,811,061	4,326,512	1,154,305	36,519,191	-	53,368	153,864,437	11.16%	4,008
2018	119,233,652	4,326,512	872,070	37,310,496	-	77,956	161,820,686	12.47%	4,256
2017	119,853,683	4,326,512	834,485	37,986,086	-	28,763	163,029,529	13.61%	4,397
2016	107,364,335	4,326,512	766,113	38,534,357	12,000	39,916	151,043,233	13.27%	4,145
2015	111,098,166	4,326,512	722,822	39,148,981	24,000	50,903	155,371,384	13.96%	4,315
2014	109,175,783	4,326,512	-	37,393,972	36,000	-	150,932,267	13.74%	4,233
2013	105,766,928	4,326,512	-	44,620,819	48,000	-	154,762,259	10.20%	4,372
2012	104,286,735	4,326,512	-	28,354,023	60,000	-	137,027,270	9.49%	3,865
2011	106,054,124	4,326,512	-	29,215,647	-	-	139,596,283	13.37%	3,958

(1) Includes all long-term general obligation debt. Prior year amounts were restated to include bond premium, discount, and adjustments.

(2) See Exhibit C-14 for per capita income.

*County of Isle of Wight, Virginia**Legal Debt Margin***Last Ten Fiscal Years**

	2020	2019	2018	2017	2016
Total assessed valuation of real estate from land book	\$ 5,007,174,280	\$ 4,771,039,019	\$ 4,719,551,693	\$ 4,646,536,085	\$ 4,579,015,110
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%
Debt limitation	500,717,428	477,103,902	471,955,169	464,653,609	457,901,511
Total debt of the County	130,644,576	138,037,818	145,215,577	151,024,995	138,290,000
Total debt of the Town of Smithfield	5,666,352	6,710,634	7,877,421	6,507,832	3,970,025
Total debt of the Town of Windsor	1,195,942	1,173,269	1,228,217	1,281,529	1,422,869
Total	137,506,870	145,921,721	154,321,215	158,814,356	143,682,894
Amount by which legal debt margin exceeds total debt	\$ 363,210,558	\$ 331,182,181	\$ 317,633,954	\$ 305,839,253	\$ 314,218,617

Continued)

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**Legal Debt Margin (Continued)***Last Ten Fiscal Years**

	2015	2014	2013	2012	2011
Total assessed valuation of real estate from land book	\$ 4,197,303,286	\$ 4,147,194,000	\$ 4,070,990,990	\$ 4,287,008,000	\$ 4,245,268,423
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%
Debt limitation	419,730,329	414,719,400	407,099,099	428,700,800	424,526,842
Total debt of the County	141,575,000	139,880,000	142,925,000	131,775,000	133,488,773
Total debt of the Town of Smithfield	4,548,745	4,494,595	4,948,510	5,303,476	4,870,725
Total debt of the Town of Windsor	1,484,849	1,846,719	1,990,105	2,168,307	1,629,976
Total	147,608,594	146,221,314	149,863,615	139,246,783	139,989,474
Amount by which legal debt margin exceeds total debt	\$ 272,121,735	\$ 268,498,086	\$ 257,235,484	\$ 289,454,017	\$ 284,537,368

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

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

Fiscal Year	(1)		(1)		Registered Voters	(2)	
	Population		Per Capita Income			Unemployment Rate	
2020	37,649	(4)	\$	35,344	(4)	28,559	6.3%
2019	38,386	(4)		35,920	(4)	28,248	2.9%
2018	38,020	(4)		34,139	(4)	28,200	3.2%
2017	37,074	(4)		32,477	(4)	27,718	3.7%
2016	36,438	(4)		31,247	(4)	26,555	4.6%
2015	36,007	(4)		30,903	(4)	26,176	5.2%
2014	35,656	(4)		30,806	(4)	26,685	5.5%
2013	35,399	(4)		42,883	(4)	26,490	6.0%
2012	35,457	(4)		40,710	(4)	26,534	6.3%
2011	35,270	(4)		29,594	(4)	26,023	7.1%

Source:

- (1) Weldon-Cooper Center for Public Service, UVA.
- (2) Virginia Employment Commission.
- (3) Estimated assuming a 3% growth rate from the prior year.
- (4) 2010 Census Data

*County of Isle of Wight, Virginia**Capital Asset Statistics by Function/Program***Last Ten Fiscal Years**

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Sheriff										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	33	30	30	30	30	30	48	49	43	43
Fire and Rescue										
Fire Units	5	5	5	5	5	5	5	5	5	5
Rescue Units	2	2	2	2	2	4	4	4	4	4
Refuse Collection										
Collection trucks	5	5	5	5	6	6	6	6	6	6
Public Schools										
School Facilities	9	9	9	9	9	9	9	9	9	9
Park and Recreation										
Parks	11	11	10	7	7	7	7	7	7	7
Acreage	3,077	3,077	569	570	570	570	570	570	570	570
Playgrounds	4	4	4	4	4	4	4	4	4	4
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/football fields	15	15	9	12	12	12	12	12	12	12
Community centers	4	4	3	2	2	2	2	2	2	2
Museums	3	3	3	2	2	2	2	2	2	2
Library Facilities	3	3	3	3	3	3	3	3	3	3

Source: Various County of Isle of Wight Departments, including Isle of Wight County Schools for information relates to Public Schools

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

Function/Program	2020	2019	2018	2017	2016
General government					
Board of Supervisors	0.5	0.5	0.5	0.5	0.5
County Administration	2.5	2.5	2.5	2.5	3.5
County Attorney	2.0	2.0	2.0	2.0	2.0
Commissioner of Revenue	10.5	10.5	10.5	9.5	10.5
Treasurer	9.5	10.0	11.0	10.0	10.0
Budget and Finance	8.0	7.0	7.0	7.0	6.0
Purchasing	1.0	1.0	1.0	1.0	1.0
Human Resources	2.5	2.0	2.0	2.0	2.0
Communications	1.5	1.5	1.5	1.0	2.0
Economic Development	4.0	4.0	4.0	3.0	4.0
Registrar	3.0	3.0	3.5	3.0	3.5
Inspections	5.0	5.0	5.0	5.0	5.0
Information Technology	7.0	7.5	7.5	7.5	7.0
Risk Management	2.0	2.0	1.0	1.0	1.0
Planning and Zoning	11.0	11.0	11.0	10.0	10.0
Health & Welfare	39.0	2.0	2.0	1.5	1.5
Tourism	4.0	4.0	4.5	3.5	3.5
Farmers Market	-	0.5	-	-	-
Circuit Court	1.0	-	-	-	-
Clerk of Court	7.0	7.0	7.0	7.0	7.0
Commonwealth Attorney	8.0	8.0	8.0	6.0	6.0
Total general government	129.0	91.0	91.5	83.0	86.0
Public Safety					
Sheriff Deputies (including Sheriff)	52.0	52.5	52.5	49.0	48.5
Administrative	4.0	4.0	4.0	4.0	5.0
Animal Control	7.0	6.5	5.0	6.0	5.5
Emergency Communications	18.0	16.5	18.5	19.5	19.5
Total Public Safety	81.0	79.5	80.0	78.5	78.5
Fire and Rescue					
Administrative	5.0	5.0	5.0	5.5	5.0
Firefighters/Paramedics	51.0	48.5	43.5	47.0	58.5
Total Fire and Rescue	56.0	53.5	48.5	52.5	63.5
General Services					
Administrative	3.9	3.9	3.9	4.0	3.5
Engineering	2.0	2.0	2.0	1.5	1.9
Stormwater	8.2	8.2	7.2	9.0	10.4
Refuse collection	25.0	23.0	23.5	19.0	21.0
Building and Grounds	10.0	8.0	8.0	6.0	8.0
Custodians	9.0	9.0	8.0	-	-
Total Public Works	58.1	54.1	52.6	39.5	44.8
Parks, Recreation and Cultural	21.0	26.0	27.0	25.0	20.0
Public Utilities	20.0	18.0	12.0	14.6	16.2
Public Schools					
Instructional Positions	420.0	412.0	365.0	398.0	533.0
Administrators	74.0	80.0	58.0	60.0	19.0
Support Personnel	234.0	267.0	241.0	254.0	142.0
Total Public Schools	728.0	759.0	664.0	712.0	694.0
Grand total	1,093.1	1,081.1	975.6	1,005.1	1,003.0

Source: Various County of Isle of Wight Departments, including Isle of Wight County Schools for information relates to Public Schools
Grand Totals 2011-2014 updated

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

Function/Program	2015	2014	2013	2012	2011
General government					
Board of Supervisors	0.50	-	-	-	-
County Administration	3.0	4.0	4.0	4.0	4.0
County Attorney	2.0	2.0	1.50	2.0	3.0
Commissioner of Revenue	10.50	10.50	10.50	10.50	11.50
Treasurer	9.50	9.50	9.50	9.0	9.50
Budget and Finance	5.0	6.0	7.0	7.0	7.0
Purchasing	1.50	-	-	-	-
Human Resources	2.0	2.0	3.0	2.0	2.0
Communications	2.0	2.0	1.0	1.0	1.0
Economic Development	5.0	5.0	5.0	5.0	5.0
Registrar	3.50	3.50	2.50	2.50	2.50
Inspections	5.0	7.0	7.0	7.0	7.0
Information Technology	7.0	7.0	7.0	7.0	7.0
Risk Management	1.0	-	-	-	-
Planning and Zoning	10.0	9.0	10.0	10.0	11.0
Health & Welfare	1.50	1.50	1.50	4.0	5.0
Tourism	3.50	3.50	3.50	6.50	6.50
Clerk of Court	7.0	7.0	7.0	7.0	6.0
Commonwealth Attorney	6.0	6.0	6.0	6.0	6.0
Total general government	85.50	85.50	86.00	90.50	94.00
Public Safety					
Sheriff Deputies (including Sheriff)	47.50	46.5	46.5	45.5	44.0
Administrative	5.0	4.5	4.0	4.5	2.0
Animal Control	5.50	5.5	5.0	4.5	5.0
Emergency Communications	19.50	22.0	19.5	19.0	19.0
Total Public Safety	77.50	78.50	75.00	73.50	70.00
Fire and Rescue					
Administrative	5.0	6.0	4.0	4.0	2.0
Firefighters/Paramedics	54.50	60.0	55.50	46.0	23.0
Total Fire and Rescue	59.50	66.00	59.50	50.00	25.00
General Services					
Administrative	3.50	5.0	3.0	3.0	3.0
Engineering	1.90	6.0	7.0	7.50	8.0
Stormwater	10.40	4.0	0.0	0.0	0.0
Refuse collection	20.50	23.50	20.50	22.0	19.0
Building and Grounds	8.0	7.0	6.0	6.0	6.0
Custodians		6.50	6.50	7.0	7.0
Total Public Works	44.30	52.00	43.00	45.50	43.00
Parks, Recreation and Cultural	21.0	20.50	21.50	20.0	20.0
Public Utilities	15.20	13.0	13.0	13.50	13.50
Public Schools					
Instructional Positions	402.0	477.0	538.30	356.0	434.0
Administrators	45.50	47.0	53.40	44.0	40.0
Support Personnel	248.0	177.10	185.50	133.0	277.0
Total Public Schools	695.50	701.10	777.20	533.00	751.00
Grand total	998.50	1,016.60	1,075.20	826.00	1,016.50

Source: Various County of Isle of Wight Departments, including Isle of Wight County Schools for information relates to Public Schools
Grand Totals 2011-2014 updated

*County of Isle of Wight, Virginia**Operating Indicators by Function/Program***Last Ten Fiscal Years**

Function/Program	2020	2019	2018	2017	2016
Sheriff					
Physical arrests	1,421	1,432	1,056	853	842
Traffic violations	3,252	2,487	3,037	3,427	3,280
Fire					
Emergency responses - Fire	922	737	1,108	1,031	793
Emergency responses - Rescue	4,804	4,756	4,598	4,450	4,493
Building Permits					
Residential	200	195	156	171	158
Residential - Value	\$ 42,297,744	\$ 36,267,481	\$ 32,555,058	\$ 32,108,219	\$ 32,638,877
Commercial	8	9	14	15	8
Commercial - Value	\$ 1,354,702	\$ 3,833,333	\$ 3,744,477	\$ 2,361,121	\$ 2,616,297
Refuse Collection					
Refuse collected (tons per day)	61	59	64	59	29
Public Schools					
Cost Per Student	\$ 10,518	\$ 11,640	\$ 10,598	\$ 11,288	\$ 10,341
Average Daily Membership	5,591	5,375	5,338	5,263	5,441
Student/Teacher Ratio	13.19	13.05	14.60	16.10	14.00
Park and Recreation					
Athletic field permits issued	12	27	26	11	24
County Fair Admissions	35,170	-	28,831	30,168	25,000
Library					
Volumes in collection	69,133	67,172	67,281	68,638	69,454
Total volumes borrowed	154,196	198,182	163,688	200,768	191,128
Water					
New connections	116	96	80	102	92
Average daily consumption (thousands of gallons)		0.33	0.32	0.35	0.33

Source: Various County of Isle of Wight Departments, including Isle of Wight County Schools for information relates to Public Schools

Note: County Fair was canceled in fiscal year 2019 due to a hurricane.

*County of Isle of Wight, Virginia**Operating Indicators by Function/Program (Continued)***Last Ten Fiscal Years**

Function/Program	2015	2014	2013	2012	2011
Sheriff					
Physical arrests	470	814	527	419	412
Traffic violations	2,582	2,274	2,032	1,448	1,214
Fire					
Emergency responses - Fire	1,728	1,334	709	1,479	1,375
Emergency responses - Rescue	4,323	4,149	4,720	4,179	4,343
Building Permits					
Residential	130	126	107	85	92
Residential - Value	\$ 28,774,421	\$ 29,193,361	\$ 25,170,632	\$ 12,656,261	\$ 24,909,824
Commercial	9	5	4	5	14
Commercial - Value	\$ 1,803,859	\$ 3,010,200	\$ 2,738,211	\$ 2,734,000	\$ 8,748,932
Refuse Collection					
Refuse collected (tons per day)	28	31.0	46.0	47.9	49.3
Public Schools					
Cost Per Student	\$ 9,922	\$ 10,113	\$ 9,628	\$ 9,827	\$ 9,827
Average Daily Membership	5,233	5,325	5,312	5,331	5,331
Student/Teacher Ratio	14.1	17.2	16.3	15.7	15.7
Park and Recreation					
Athletic field permits issued	30	32	59	872	-
County Fair Admissions	29,337	25,160	33,886	14,997	15,000
Library					
Volumes in collection	73,430	184,288	186,615	202,633	223,249
Total volumes borrowed	187,594	417,529	449,557	945,071	215,767
Water					
New connections	52	58	60	50	93
Average daily consumption (thousands of gallons)	0.65	0.58	0.60	0.58	0.57

Source: Various County of Isle of Wight Departments, including Isle of Wight County Schools for information relates to Public Schools

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Compliance Section

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**INDEPENDENT AUDITOR'S 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**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the 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 (County) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 2, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 matter required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
December 2, 2020



ISLE OF WIGHT
COUNTY, VIRGINIA

LOCAL ROOTS, GLOBAL REACH

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