

LOCAL ROOTS, GLOBAL REACH

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For Fiscal Year Ended June 30, 2019





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 Julie Boswell Virginia Branch Kay McKee

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, 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 Director of Finance

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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, 2019. 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.

PBMares, 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, 2019, 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, 2019, 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. This "Single Audit" information will be available in a separately issued report and will be available upon request from the Department of Budget & Finance.

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 Warrosquoyacke. 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 Traditional form of government. The five members of the Board of Supervisors 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. 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 <u>Public Safety</u> 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 <u>Health and Welfare</u> 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.

<u>Parks and Recreation</u> 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.

<u>Community Development</u> 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 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 1.9% per year, which is higher than the State's average growth rate of 1.4% over the same time period as well as the national average growth rate of 1.2%. The Weldon Cooper Center projects 41,823 persons by 2030, representing an 18.6% increase over 2010 for an approximate average annual growth rate of 0.9% over the twenty year period. This average growth rate is slightly higher than the projected average annual growth rate for the state of 0.83% 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.

The County's <u>Public Schools</u> 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 more than 5,500 students in grades PreK-12 at nine schools: five elementary schools, two middle schools, and two high schools.

All nine schools earned full accreditation from the Virginia Department of Education. Isle of Wight County Schools met or exceeded the state pass rates in all core subjects. Division-wide, students increased overall pass rates in Math in every student subgroup. Isle of Wight County Schools earned an on-time graduation rate of 92.8 percent for the Class of 2019, according to data released by the Virginia Department of Education. The Isle of Wight County Schools' on-time graduation rate continues to exceed the state average.

Economic Overview

Isle of Wight County is a community of choice for homeowners and businesses alike because of its rural aesthetics and affordable tax rates. Maintaining and improving the quality of life for residential and commercial residents requires a commitment to the long-term strategies for economic development. Those strategies include significant investment in the infrastructure to serve the County's Shirley T. Holland Intermodal Park.

Overall, Isle of Wight County is experiencing positive economic growth. A comparison of key 2017 economic and tax revenue data to those from 2018 illustrates clear growth trends. Manufacturers reported purchases of new, high-value equipment, driving Machinery & Tools tax revenue up. Business personal property assessments also increased as existing businesses continue investing and new businesses established themselves in the County. Commercial real estate values increased by 3.6%, and retail sales taxes increased by 5.7% The number of business licenses issued over the previous year increased by over 3%.

Strategically located for port-related businesses, the 1,500-acre park provides affordable sites 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.

The park is a "Magnet Site" within Foreign Trade Zone #20 and is a designated Enterprise Zone, which makes businesses eligible for federal, state and local incentive programs. The Port of Virginia also offers the Economic and Infrastructure Development Zone Grant Program for Port users. The park is home to three nationally

recognized companies: Keurig Dr. Pepper, Safco Products Company and Cost Plus World Market, a subsidiary of Bed, Bath & Beyond, which together employ over 700 people.

Keurig Green Mountain, Inc. purchased a 330,000 square-foot spec building on a 64-acre parcel of land in Phase II of Shirley T. Holland Intermodal Park, where it houses coffee roasting, grinding, flavoring, and packaging operations for its single-serve portion packs for its Keurig® Single-Cup Brewing System. The facility has approximately 420 employees and produces more than 40 million K-Cups per week.

In 2015, Cost Plus World Market completed substantial upgrades to its 1.1 million- square-foot facility in Shirley T. Holland Intermodal Park including expansion of its climate-controlled chocolate room and the installation of a new sorting and racking system to improve operational efficiencies.

Design and engineering work were completed in 2017 for an 82-acre, permit-ready site in Phase II of Shirley T. Holland Intermodal Park. Because stormwater, water and sewer, grading and entrance road master plans are already established, the clients can begin construction immediately, making the site more attractive to buyers because it reduces risks, costs and project completion time. As part of a similar permit-ready site program under way for an additional 41 acres in Phase II, design and engineering were completed and erosion and sediment control plans were approved in 2019 for up to 280,000 square feet of building space. 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 2016, the County was awarded a state grant through the new Virginia Business Ready Sites Program to assist with an industrial site assessment for about 965 acres in Phase III of the park.

International Paper is proud to be an economic driver in the region, providing more than 300 jobs at the Franklin Mill. 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.

The \$110 million repurposing, and resumed operation of the mill, continues to have a tremendous positive impact on the region's economy. Annual payroll for the mill is approximately \$18 million and annual wood purchases are nearly \$60 million. Additionally, ST Tissue and Franklin Lumber are both independent companies conducting operations on premises they lease from International Paper at the Franklin Mill complex.

In 2012, ST Tissue initiated investments of over \$60 million and created 85 jobs to establish a recycled tissue plant. The company recycles waste paper into tissue for napkins and towels using a part of the International Paper mill property. In September 2016, Gov. Terry McAuliffe announced that ST Tissue LLC, would invest \$35 million to expand its manufacturing operation. The company fulfilled this objective, adding a new tissue machine and hard-wound towel line that increased existing capacity by more than 45,000 tons annually. Virginia successfully competed against Wisconsin for the project, which created 50 additional jobs with an average salary of \$53,000.

In 2013, former employees of the International Paper mill formed Franklin Lumber, LLC, reopened the saw mill, investing over \$6 million to date and creating 70 new jobs. In December 2016, the owners of Franklin Lumber purchased the former ATC Panels facility. The company is using a portion of the facility to collect and package wood shavings from its operations for recycling into manufactured wood fuel pellets for residential and industrial end users. Economic Development staff is assisting the owners with marketing the remaining space for other wood-based manufacturing firms.

In late 2018, 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. The \$44 million facility, located in Smithfield, is owned by Dominion Virginia Power and took about six months to build. The project created approximately 200 construction jobs. It is a 19-megawatt facility and generates enough electricity to power roughly 4,700 homes. Tours of the facility are available to the public. Since Woodland Solar's installation, the County has approved three additional solar facilities, which will cover a total of over 1,110 more acres upon installation.

Isle of Wight County housing starts in FY 2019 were up 25%. Permits for new houses totaled 195 compared to 156 in FY 2018. The value of new construction increased from \$32.5 million to \$36.2 million. New commercial construction totaled \$3.8 million compared to \$3.7 million the prior year. Altogether, the total value of new construction and renovations in the County was \$40.1 million vs. \$36.2 million in the prior year, an increase of 11%.

Steady moderate economic growth is also being realized in the area of Machinery & Tools as manufacturers continue to report purchases of new equipment. Business equipment assessments experienced a 4% decline as brick and mortar stores are competing with on-line retailers. In 2019, the county realized a 6% increase in business license revenue and a 22% increase in the number of business licenses issued over the previous year. The business license numbers reflect increased activity in new start-up businesses. Overall, Isle of Wight County is experiencing positive growth in its tax base.

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 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 expenditures in subsequent years.

The Board of Supervisors recently appointed a Capital Improvement Program Committee to better plan for and recommend funding for the County's capital needs in advance of the annual budget preparation.

The **<u>Debt Guidelines</u>** 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 selfsupporting 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

During the past year, the County was involved in a number of major projects. Highlights of these projects are discussed in the following paragraphs.

The County received a \$116,513 grant from the Rescue Squad Assistance Fund which was matched with County funds of \$120,000 to purchase power load systems and stretchers for 8 front line ambulances with a goal of reducing injuries to our emergency responders associated with lifting patients into the ambulances.

The Sheriff's Department was reaccredited in 2018 after receiving their first accreditation in 2014.

The Blackwater Property Task Force was created to recommend activities and programs for the use of the Blackwater property which has been largely unused except for hunting since the County purchased the property in 2010. The Task Force presented its report in March 2019.

A Fire & Rescue Advisory Board was appointed by the Board of Supervisors to ensure that the views of all stakeholders (volunteer, career, and administration) are considered and to serve as a consultative body for the Isle of Wight County Board of Supervisors on matters of Fire & EMS system policy standards and recommendations.

Construction of a new 800 MHz, E911 public radio communication system was completed which included the construction of 5 new public safety radio towers and relocation of the 911 Dispatch Center to a newly renovated space within the same building. The system was fully activated for use by our Public Safety responders in January 2019. A Memorandum of Understanding was also approved with the City of Suffolk to serve as a backup 911 Center in the event of an emergency with our system.

Segment 1 of the long-awaited, multi-use Nike Park Trail (later known as Park to Park Trail) officially opened on February 28, 2019. The \$6.8 million construction project began as an idea in 1996. The first enhancement grant was received in 2008 and almost 10 years later, the first two phases consisting of 3.1 miles of trail started construction. These two phases will connect S. Church St. in Smithfield with Nike Park. Construction continues on Segment 2 of the trail from Battery Park Rd. to Nike Park with completion expected in 2020.

The County continued the development of its new comprehensive plan with over 40 community meetings, three separate public input surveys, and three public forums conducted so far. The new comprehensive plan process is driven by extensive community input achieved through numerous public outreach activities, including a project website, a social media information campaign, postcard mailers to individual property owners, community meetings, paper and online surveys, and traditional media advertising. The first public hearing for the adoption of the new comprehensive plan, titled *Envision the Isle*, will be held in November 2019.

In addition to beginning the update of this important strategic planning document, the County also continued its work to improve the clarity and efficiency of its development review process by reducing application requirements and improving the functionality of its permitting software.

The County joined the Eastern Virginia Regional Industrial Facility Authority (EVRIFA) which is a mechanism for localities in the local region to cooperate in the development of economic development projects and facilities. The Authority includes the counties of Gloucester, James City and York along with the cities of Hampton, Newport News, Poquoson, and Williamsburg.

Awards

In recognition of its Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2018, 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 June 14, 2019 at their annual conference. 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, 2018.

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 Director of Finance

Isle of Wight County, Virginia Officials June 30, 2019

Primary Government Officials

BOARD OF SUPERVISORS

William M. McCarty, Chairman	Newport District
Joel C. Acree, Vice-Chairman	Windsor District
Don Rosie	
Richard L. "Dick" Grice	Smithfield District
Joel C. Acree	Windsor District

CONSTITUTIONAL OFFICERS

Georgette C. Phillips	Commonwealth's Attorney
Gerald H. Gwaltney	Commissioner of the Revenue
Sharon N. Jones.	Clerk of Circuit Court
James R. Clarke, Jr.	Sheriff
Judith C. Wells	Treasurer

ADMINISTRATIVE OFFICERS

Randy R. Keaton	County Administrator
Donald T. Robertson	
Stephanie M. Humphries	•
Robert W. Jones, Jr	County Attorney

School Board Officials

SCHOOL BOARD

Victoria "Vicky" Hulick, Chairman Ne	wport District
Jackie W. Carr, Vice-ChairmanCarr	sville District
Alvin Wilson	Hardy District
Julia W. PerkinsWi	ndsor District
Kirstin CookSmith	nfield 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



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

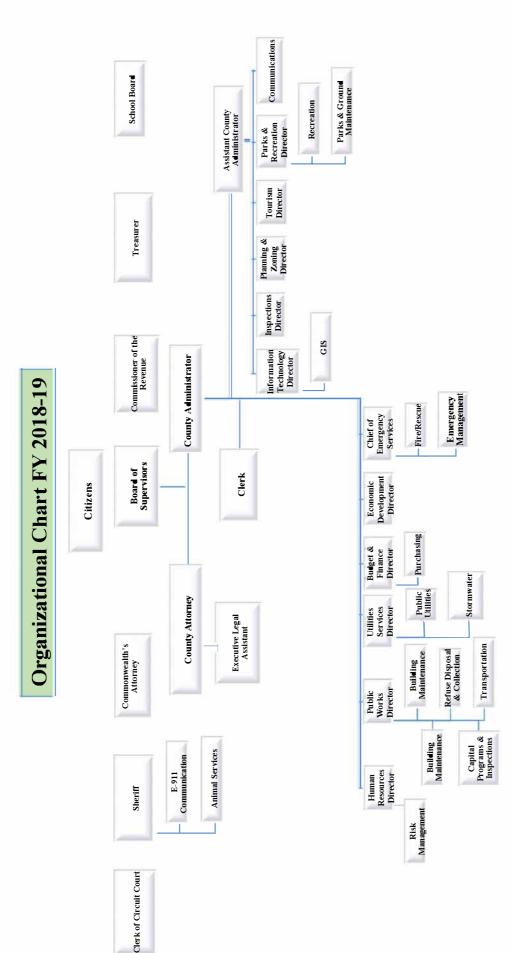
County of Isle of Wight Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2018

Christophen P. Morrill

Executive Director/CEO





Financial Section



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, 2019, 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, 2019, 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 134-169, 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 Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financials. 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 Schedule of Expenditures of Federal Awards and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 November 18, 2019 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 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.

PBMares, 77P

Harrisonburg, Virginia November 18, 2019

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, 2019. 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, 2019 was \$12.6 million a 106.2% increase from the previous fiscal year. Of the total net position, \$10.1 million is restricted for capital projects, while \$50.2 million is unrestricted.
- The County's net position for the governmental activities was \$20.7 million, a 36.9% increase from FY 2018. \$4.8 million of the governmental net position is restricted for capital projects and \$41.2 million remains unrestricted.
- The net position of business activities was a deficit of \$8.1 million resulting from a deficit in net investment in capital assets of \$22.5 million. This is 10.1% better than the previous year. Business activities has \$5.3 million net position restricted for capital assets and \$9.1 million unrestricted.
- The County's General Fund reported a net increase in fund balance of \$1.4 million, with a total fund balance of \$24.9 million. Of this amount, \$16.2 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, 2019 was \$153.9 million, a decrease of 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.

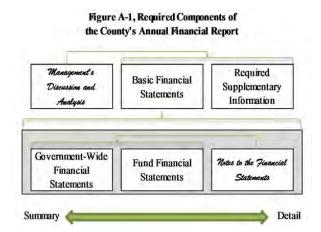
The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required and other supplementary information* that further explains and supports the information in the financial statements.

County of Isle of Wight, Virginia

Management's Discussion & Analysis

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		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	

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.

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 2019.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

Table A-1 summarizes the Statement of Net Position at June 30, 2019 and 2018.

Table A-1							
	Governmental Activities		Business - 7	Type Activities	Totals		
	2019	2018	2019	2018	2019	2018	
Current and other assets	\$ 52,593,803	\$ 59,807,925	\$ 15,069,516	\$ 14,201,092	\$ 67,663,319	\$ 74,009,017	
Capital assets	91,312,182	89,743,084	14,112,669	14,537,001	105,424,851	104,280,085	
Total assets	143,905,985	149,551,009	29,182,185	28,738,093	173,088,170	178,289,102	
Deferred outflows							
of resources	7,886,076	7,497,910	1,574,194	1,775,677	9,460,270	9,273,587	
Current liabilities	3,606,274	8,291,820	1,662,895	2,513,234	5,269,169	10,805,054	
Long-term liabilities	125,586,539	132,138,153	37,060,852	36,932,787	162,647,391	169,070,940	
Total liabilities	129,192,813	140,429,973	38,723,747	39,446,021	167,916,560	179,875,994	
Deferred inflows							
of resources	1,815,705	1,493,842	129,677	77,976	1,945,382	1,571,818	
Net Investment in							
capital assets	(16,230,336)	(37,423,718)	(15,814,155)	(22,900,089)	(32,044,491)	(60,323,807)	
Restricted	5,218,666	10,987,940	5,282,900	5,321,509	10,501,566	16,309,449	
Unrestricted	31,713,704	41,560,882	2,434,210	8,568,353	34,147,914	50,129,235	
Total net position	\$ 20,702,034	\$ 15,125,104	\$ (8,097,045)	\$ (9,010,227)	\$ 12,604,989	\$ 6,114,877	

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 \$12.6 million, a 106.9% increase from the previous year. Total assets decreased by \$5.2 million when compared to June 30, 2018.

The largest portion of the County's net position at June 30, 2019 is unrestricted net position which decreased slightly from the prior year. The restricted net position of the County in FY 2019 was \$5.2 million, which represents 25.2% of total net position.

Changes in Net Position (Statement of Activities)

Governmental Activities

Of the total net position of the County, \$20.7 million can be attributed to governmental activities. This is a \$5.6 million or 37.2% increase from the prior year resulting from a significant decrease in total liabilities. This was largely due to a release of \$3.0 million in the amounts held in escrow related to International Paper (IP). This release was based on the settlement between the County and IP in the fall of FY 19.

Business-Type Activities

The Public Utilities and Stormwater Funds had a negative net position of \$8.1 million, which is \$.9 million better than the prior year. The net position includes \$9.0 million which is unrestricted and \$5.3 million restricted for capital projects. A deficit of \$22.5 million in net investment in capital assets largely contributes to the negative net position resulting from existing debt obligations. Total liabilities decreased slightly by \$0.7 million to compared to FY18. This increase is largely due to the paydown of existing debt.

The following summarizes the County's changes in net position for the years ended June 30, 2019 and 2018:

- 		-	-			
Table A-2	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues	2017		2017	2010		
Program revenues:						
Charges for services	\$ 3,432,960	\$ 3,011,790	\$ 6,640,576	\$ 6,710,500	\$ 10,073,536	\$ 9,722,290
Operating grants and	* -) -)	* -)-)	• • • • • • • • • •	• • • • • • • • • •	* - , ,	* -).)
contribution	4,758,736	7,021,642	-	-	4,758,736	7,021,642
Capital grants and						
contribution	2,964,205	-	285,844	-	3,250,049	-
General Revenue:			,			
Taxes	65,399,505	65,683,627	-	-	65,399,505	65,683,627
Intergovernmental, non-categorical aid	5,375,993	5,409,797	-	-	5,375,993	5,409,797
Others	3,556,639	1,936,981	177,703	89,138	3,734,342	2,026,119
Total Revenues	85,488,038	83,063,837	7,104,123	6,799,638	92,592,161	89,863,475
Expenses	· · · ·	´		· · · · ·	· · · ·	· · · ·
General government						
administration	6,752,097	7,032,712	-	-	6,752,097	7,032,712
Judicial administration	1,624,282	1,474,725	-	-	1,624,282	1,474,725
Public safety	15,638,826	12,787,055	-	-	15,638,826	12,787,055
Public Works	4,706,389	5,095,079	-	-	4,706,389	5,095,079
Health and welfare	3,914,717	4,021,853	-	-	3,914,717	4,021,853
Education	32,008,845	33,451,339	-	-	32,008,845	33,451,339
Parks, recreation and						
cultural	3,197,767	3,114,863	-	-	3,197,767	3,114,863
Community development	4,266,517	2,792,293	-	-	4,266,517	2,792,293
Interest on long-term						
debt	4,501,668	5,880,446	-	-	4,501,668	5,880,446
Public utility	-	-	8,432,300	8,595,427	8,432,300	8,595,427
Stormwater	-	-	1,058,641	1,013,796	1,058,641	1,013,796
Total expenses	76,611,108	75,650,365	9,490,941	9,609,223	86,102,049	85,259,588
Excess (deficiency)						· · · ·
before transfers	8,876,930	7,413,472	(2,386,818)	(2,809,585)	6,490,112	4,603,887
Transfers	(3,300,000)	(3,791,022)	3,300,000	3,791,022	-	-
Change in net position	5,576,930	3,622,450	913,182	981,437	6,490,112	4,603,887
Net position - beginning			,	*		
of year	15,125,104	11,502,654	(9,010,227)	(9,991,664)	6,114,877	1,510,990
2						
Net position - end of year	\$ 20,702,034	\$ 15,125,104	\$ (8,097,045)	\$ (9,010,227)	\$ 12,604,989	\$ 6,114,877
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County of Isle of Wight, Virginia

Management's Discussion & Analysis

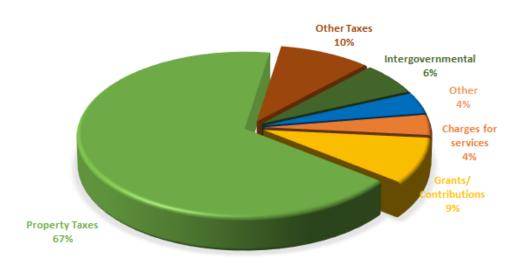
Revenues

The total revenue of the County was \$92.6 million in the year ended June 30, 2019, which is \$2.7 million more than the prior year while the total expenses of all programs and services was \$86.1 million which is \$.8 million more than FY 2018. 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 \$85.5 million, of which a significant portion, 76.5% comes from local taxes. Expenses of all governmental programs and services was \$76.6 million. Charges for services for FY 2019 were \$3.4 million and increased slightly. Revenues from operating grants decreased \$2.3 million from the prior year. Capital grants and contributions increased in FY 2019 by \$3.0 million. Tax revenues for the governmental funds decreased minimally from the prior year.

Figure A-3 Government-wide Revenues



Business-Type Activities

Total revenues increased slightly from the prior year. Overall, the Public Utilities Fund remained flat when compared to FY 2018 at a \$.2 million decrease. 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.

Expenses

The total cost of County activities this year was \$86.1 million. A breakdown of expenses by both governmental and business-type activities is presented below.

Governmental Activities

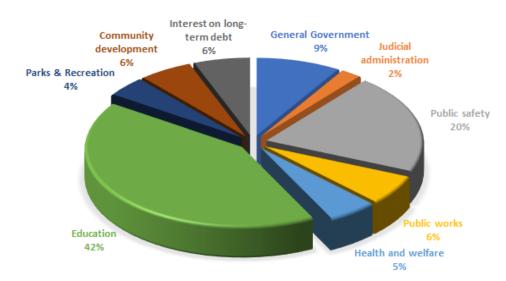
Education continues to be one of the County's highest priorities and commitments representing 41.8% of total costs and 48.9% of General Fund expenditures. The cost of all *governmental* activities this year was \$76.6 million, a modest 1.2% increase from the previous year.

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										
	Tota	al Cost of Servic	es	Net Cost of Services						
	2019	2018	% Change	2019	2018	% Change				
Governmental Activities:										
General government										
administration	\$ 6,752,097	\$ 7,032,712	-4.0%	\$ 3,987,940	\$ 5,058,086	-21.2%				
Judicial administration	1,624,282	1,474,725	10.1%	1,025,186	807,914	26.9%				
Public safety	15,638,826	12,787,055	22.3%	12,549,662	9,591,435	30.8%				
Public works	4,706,389	5,095,079	-7.6%	4,706,389	5,095,079	-7.6%				
Health and welfare	3,914,717	4,021,853	-2.7%	1,220,352	1,315,286	-7.2%				
Education	32,008,845	33,451,339	-4.3%	32,008,845	33,451,339	-4.3%				
Parks, recreation and										
cultural	3,197,767	3,114,863	2.7%	1,231,879	2,607,665	-52.8%				
Community development	4,266,517	2,792,293	52.8%	4,223,286	1,809,683	133.4%				
Interest on long-term debt	4,501,668	5,880,446	-23.4%	4,501,668	5,880,446	-23.4%				
Total expenses	\$ 76,611,108	\$ 75,650,365	1.3%	\$ 65,455,207	\$ 65,616,933	-0.2%				

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

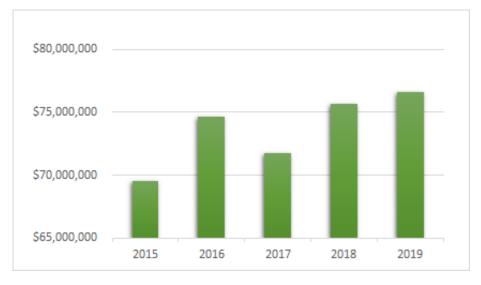


Management's Discussion & Analysis

Governmental Activities (continued)

Expenses for governmental activities have increased an average of 2% each year over the last five fiscal years which is relative to the rate of inflation for the same period. Fiscal Year 2016 saw a spike in expenditures for Community Development which dropped back to a normal level in Fiscal Year 2017. Fiscal Year 2018 experienced a \$5 million increase in education and 2019 remained relatively neutral. Figure A-5 presents the total 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 decrease over FY 2018 which results in less resources required from the General Fund.

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).

Table A-3b									
	To	tal C	ost of Service	s	Net Cost of Services				
	 2019		2018	% Change	 2019		2018	% Change	
Business-type Activities:		-							
Public Utilities	\$ 8,432,300	\$	8,595,427	-1.9%	\$ (3,246,148)	\$	(3,640,102)	-10.8%	
Stormwater	 1,058,641		1,013,796	4.4%	 681,627		741,379	-8.1%	
Total expense	\$ 9,490,941	\$	9,609,223	-1.2%	\$ (2,564,521)	\$	(2,898,723)	-11.5%	

The net cost of services for the Public Utilities Fund was 11.5% less than the previous year. The Stormwater Fund had a net cost of services of \$.7 million which is equivalent to the prior year.

In FY 2019, the General Fund transferred \$3.3 million to support the operations of the Public Utilities fund which has been the practice in prior fiscal years. This is approximately 13.0% less than was transferred in the previous fiscal year. However, 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 \$36.8 million, of which \$16.1 million or 43.7% 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 \$16.2 million or 2.0% higher than FY 2018. 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, 2019, the unassigned fund balance represented approximately 23.6% of the total General Fund expenditures. For FY 2019, the general fund had a total fund balance of \$24.9 million, or 5.8% higher than the previous year. The committed fund balance was slightly less than FY 2018 at \$4.5 million. Of this amount, \$2.6 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. The difference is for a future legal commitments of \$225.0 thousand. The assigned fund balance is \$3.8 million while the remaining fund balance component is in the nonspendable category (\$.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 \$11.2 million, a decrease of \$4.5 million or 28.4% less than FY 2018. 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 \$4.8 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, 2019, the combined fund balances were \$0.3 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 \$13.7 million, of which a deficit of \$24.4 million is representative of net investment in capital assets and \$5.3 million is restricted for Public Utilities construction projects. Additionally, \$5.4 million is unrestricted net position and was almost flat compared to FY 2018. Future economic growth within the County will continue to increase the customer base and consequently show a spike in revenue.
- Stormwater Fund. The net position of the Stormwater Fund for FY 2019 was \$5.6 million which is a 14% increase over the prior year. The net investment in capital assets for the Stormwater Fund at the end of the current fiscal year was \$1.9 million and the unrestricted net position was \$3.7 million representing an increase of 22.6% from FY 18.

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 \$.8 million more than the final budget primarily due to machinery and tool tax revenue. The difference between the original budget for FY 2019 and the final budget was \$7.1 million. This increase was primarily due to rollover funds and other board approved items. Actual General Fund expenditures, excluding transfers between funds, interfund transfers and debt service costs, were \$56.9 million. This is approximately \$1.3 million more than the prior year mostly due to an increase in Education (\$.8 million) and Community Development (\$1.1 million) offset by decreases in Public Works (\$.8 million).

Capital Assets

At the end of fiscal year 2019, the County had invested \$105.4 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.

L A-4							
	Governmenta	l Activities	Business-Ty	pe Activities	Total Primary Government		
	2019	2018	2019	2018	2019	2018	
Nondepreciable assets							
Land	\$ 12,899,648	\$ 12,899,648	\$ 463,012	\$ 463,012	\$ 13,362,660	\$ 13,362,660	
Intangibles	4,338,512	4,338,512	-	-	4,338,512	4,338,512	
Construction in progress	3,932,782	9,890,416	2,031,072	1,771,987	5,963,854	11,662,403	
Total nondepreciable assets	21,170,942	27,128,576	2,494,084	2,234,999	23,665,026	29,363,575	
Depreciable assets							
Land improvements	14,540,871	11,255,096	15,613,329	15,560,360	30,154,200	26,815,456	
Buildings	67,498,617	68,611,823	11,645,449	11,645,449	79,144,066	80,257,272	
Equipment	12,914,009	5,495,653	1,102,107	1,085,970	14,016,116	6,581,623	
Vehicles	4,862,692	5,290,533	542,955	531,622	5,405,647	5,822,155	
Total depreciable assets	99,816,189	90,653,105	28,903,840	28,823,401	128,720,029	119,476,506	
Total accumulated							
depreciation	(29,674,949)	(28,038,597)	(17,285,255)	(16,521,399)	(46,960,204)	(44,559,996)	
Net capital assets	\$ 91,312,182	\$ 89,743,084	\$ 14,112,669	\$ 14,537,001	\$ 105,424,851	\$ 104,280,085	
			-				

Table A-4

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

- E911 Radio Communication Equipment \$7.4 million project completed.
- Park to Park Trail \$3.5 million
- Restricted cash and cash equivalents (bonds) and assigned fund balance was used to support the increase in capital spending.

Long-Term Debt

At year-end the County had \$153.9 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, 2019, the County's debt ratio to assessed value was approximately 2.34% demonstrating the County's conservative debt borrowing policy and management approach. The County also issued \$0.7 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 are presented in Note 7 to the basic financial statements.

	Governmental Activities			Business-Type	Activities	Total Primary Government			
	2019	2018		2019	2018		2019	2018	
General Obligation Bonds	\$ 105,174,490 \$	112,008,193	\$	32,863,324 \$	33,207,384	\$	138,037,814 \$	145,215,577	
Bond premium	6,636,571	7,225,459		3,655,867	4,103,112		10,292,438	11,328,571	
Subtotal	111,811,061	119,233,652		36,519,191	37,310,496		148,330,252	156,544,148	
Installment purchase									
agreements - PACE	4,326,512	4,326,512		-	-		4,326,512	4,326,512	
Capital leases	1,154,305	872,070		53,368	77,956		1,207,673	950,026	
Total long-term debt	\$ 117,291,878 \$	124,432,234	\$	36,572,559 \$	37,388,452	\$	153,864,437 \$	161,820,686	

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 \$35,920.
- The unemployment rate for Isle of Wight County for 2019 is 2.9% compared to 2018 which was 3.2%.
- 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 2019-20. The adopted budget includes the following highlights.

- Amounts available for appropriation in the general operating and capital budget are \$169.9 million, which is 5.8% higher fiscal year 2018-19.
- The General Fund budget totals \$78,580,918.
- The largest source of these funds is from General Property taxes (\$57.6 million) or 73% of the budget.
- The largest uses of County funds are for Education (\$27.5 million), Public Safety (\$11.8 million), and Debt Service (\$12.0 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 more than 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. The on-time graduation rate of Isle of Wight County Schools Class of 2018 was 95.5%.

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 Finance at 757-365- 6273.

Basic Financial Statements

Statement of Net Position

		Primary Governme	nt		ly Presented onent Units
Assets	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority
135015					
Cash and cash equivalents	\$ 6,307,210	\$ 8,401,193	\$ 14,708,403	\$ 5,772,251	\$ 607,644
Restricted cash and cash equivalents	4,843,666	5,282,900	10,126,566	-	-
Investments	24,030,964	-	24,030,964	-	-
Receivables - net	14,533,277	957,987	15,491,264	202,367	-
Due from primary government	-	-	-	261,142	-
Due from other governments	2,010,988	390,465	2,401,453	1,206,477	-
Due from component units - School Board	485,747	-	485,747	-	-
Inventories and prepaid items	-	29,177	29,177	-	-
Deposits	6,951	7,794	14,745	-	-
Advance to component unit	375,000	-	375,000	-	-
Land held for resale	-	-	-	-	9,011,625
Net pension asset	-	-	-	4,941	-
Capital assets:					
Nondepreciable	21,170,942	2,494,084	23,665,026	2,436,573	376,537
Depreciable - net	70,141,240	11,618,585	81,759,825	64,282,110	2,444,913
Total assets	143,905,985	29,182,185	173,088,170	74,165,861	12,440,719
Deferred Outflows of Resources					
Deferred losses on refundings	5,085,232	1,355,039	6,440,271	-	-
Pension	2,593,191	199,294	2,792,485	6,432,922	-
OPEB	207,653	19,861	227,514	841,725	-
Total deferred outflows of resources	7,886,076	1,574,194	9,460,270	7,274,647	-

Statement of Net Position

June 30, 2019

		Primary Governmen	t		Discretely Presented Component Units			
Liabilities	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority			
Accounts payable	\$ 1,206,579		, ,		\$ 2,083			
Accrued liabilities	281,271	7,184	288,455	4,801,378	-			
Amounts held in escrow	92,050	25,662	117,712	-	-			
Due to primary government	-	-	-	485,747	-			
Due to component unit	261,142	-	261,142	-	-			
Customer deposits payable	-	308,892	308,892	-	-			
Accrued interest payable	1,710,344	694,925	2,405,269	70,099	-			
Due to other governments	81,509	-	81,509	-	-			
Unearned revenues	54,888	70	54,958	-	-			
Long-term obligations:								
Due within one year	8,175,919	830,582	9,006,501	1,070,095	375,000			
Due in more than one year	112,381,286	35,817,782	148,199,068	7,441,495	-			
Net pension liabilities	2,883,651	221,615	3,105,266	43,318,672	-			
Net OPEB liabilities	2,145,683	190,873	2,336,556	10,460,656	-			
Total liabilities	129,274,322	38,723,747	167,998,069	69,107,052	377,083			
Deferred Inflows of Resources								
Deferred gains on refundings	178,564	-	178,564	-	-			
Pension	1,362,228	104,691	1,466,919	5,878,349	-			
OPEB	274,913	24,986	299,899	715,884	-			
Total deferred inflows of resources	1,815,705	129,677	1,945,382	6,594,233	-			
Net Position								
Net investment in capital assets	(16,230,336)	(15,814,155)	(32,044,491)	58,768,483	2,821,450			
Restricted:								
Capital projects	4,843,666	5,282,900	10,126,566	1,087,569	-			
Other	375,000	-	375,000	226,771	-			
Unrestricted (deficit)	31,713,704	2,434,210	34,147,914	(54,343,600)	9,242,186			
Total net position (deficit)	\$ 20,702,034	\$ (8,097,045)	\$ 12,604,989	\$ 5,739,223	\$ 12,063,636			

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Statement of Activities

June 30, 2019

	Program Revenues				Net (Expense) Rev	venue and Changes ir	n Net Position		
Function/Program Activities	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority
Functions:	Expenses	FOI BEIVICES	Contributions	Contributions	Activities	Activities	Totai	School Board	Authority
Primary Government: Governmental Activities:									
General government administration	\$ 6,752,097 \$		1	677,231		ş - ş	(3,987,940) \$	- \$	-
Judicial administration	1,624,282	296,643	302,453	-	(1,025,186)	-	(1,025,186)	-	-
Public safety	15,638,826	1,241,386	1,254,884	592,894	(12,549,662)	-	(12,549,662)	-	-
Public works	4,706,389	-	-	-	(4,706,389)	-	(4,706,389)	-	-
Health and welfare	3,914,717	217,003	2,477,362	-	(1,220,352)	-	(1,220,352)	-	-
Education	32,008,845	-	-	-	(32,008,845)	-	(32,008,845)	-	-
Parks, recreation and cultural	3,197,767	271,808	-	1,694,080	(1,231,879)	-	(1,231,879)	-	-
Community development	4,266,517	43,231	-	-	(4,223,286)	-	(4,223,286)	-	-
Interest on long-term debt	4,501,668	-	-	-	(4,501,668)	-	(4,501,668)	-	-
Total governmental activities Business-type Activities:	76,611,108	3,432,960	4,758,736	2,964,205	(65,455,207)	-	(65,455,207)	-	-
Public utility	8,432,300	5,186,152	-	-	-	(3,246,148)	(3,246,148)	-	-
Stormwater	1,058,641	1,454,424	-	285,844	-	681,627	681,627	-	-
Total Business-type Activities	9,490,941	6,640,576	-	285,844	-	(2,564,521)	(2,564,521)	-	-
Total Primary Government	86,102,049	10,073,536	4,758,736	3,250,049	(65,455,207)	(2,564,521)	(68,019,728)	-	-
Component Units:									
School Board	62,118,195	791,101	35,086,991	-	-	-	-	(26,240,103)	-
Economic Development Authority	276,749	138,325	-	-	-	-	-	-	(138,424)
Total Component Units	62,394,944	929,426	35,086,991	-				(26,240,103)	(138,424)
	General Revenues: Taxes: General property				57,269,604	-	57,269,604	-	-
	Local sales and u Consumer utility				2,733,047 958,690	-	2,733,047 958,690	-	-
	Business license				810,219	-	810,219	-	-
	Other local taxes				3,627,945	_	3,627,945	_	_
	Revenue from us	e of property & m	oney		1,194,695	167,713	1,362,408	210,814	-
	Miscellaneous		-		2,361,944	9,990	2,371,934	1,463,997	-
		e Primary Governr			-	-	-	29,776,951	-
		al, non-categorical	aid		5,375,993	-	5,375,993	-	-
	Transfers				(3,300,000)	3,300,000	-	-	-
	Total Genera	I Revenues and T	ransfers		71,032,137	3,477,703	74,509,840	31,451,762	-
	Change in net positi Net position - begi				5,576,930 15,125,104	913,182 (9,010,227)	6,490,112 6,114,877	5,211,659 527,564	(138,424) 12,202,060
	Net position - end	6			\$ 20,702,034 \$	\$ (8,097,045) \$	12,604,989 \$	5,739,223 \$	12,063,636

Balance Sheet - Governmental Funds

June 30, 2019

	 General	С	apital Projects	Debt Service	Nonmajor Governmental Funds	(Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 1,326,579	\$	3,739,873	\$ 316,472	\$ 346,072	\$	5,728,996
Restricted cash and cash equivalents	-		4,835,741	7,925	-		4,843,666
Investments	21,084,836		2,946,128	-	-		24,030,964
Receivables - net of allowance for uncollectibles:							
Taxes	13,676,129		-	-	-		13,676,129
Accounts receivable	826,924		7,370	-	19,967		854,261
Deposit	-		6,951	-	-		6,951
Due from other funds	327,586		-	-	-		327,586
Due from component unit	485,747		-	-	-		485,747
Due from other governments	1,085,072		449,463	-	476,453		2,010,988
Advance to component unit	 375,000		-	-	-		375,000
Total assets	\$ 39,187,873	\$	11,985,526	\$ 324,397	\$ 842,492	\$	52,340,288
Liabilities							
Accounts payable	\$ 597,861	\$	502,631	\$ -	\$ 81,886	\$	1,182,378
Accrued liabilities	199,912		586	-	80,514		281,012
Amounts held in escrow	83,748		-	-	8,302		92,050
Due to other funds	-		-	-	327,586		327,586
Due to component unit	-		261,142	-	-		261,142
Unearned revenues	54,863		-	-	-		54,863
Due to other governments	 81,509		-	-	-		81,509
Total liabilities	 1,017,893		764,359	-	498,288		2,280,540
Deferred Inflows of Resources							
Unavailable revenue-property taxes	 13,255,511		-	-	-		13,255,511
Total deferred inflows of resources	 13,255,511		-	-	-		13,255,511
Fund Balances							
Nonspendable	375,000		-	-	-		375,000
Restricted	-		4,835,741	7,925	-		4,843,666
Committed	4,526,264		-	-	-		4,526,264
Assigned	3,782,681		6,385,426	316,472	520,369		11,004,948
Unassigned	 16,230,524		-	-	(176,165)		16,054,359
Total fund balances	 24,914,469		11,221,167	324,397	 344,204		36,804,237
Total liabilities, deferred inflow of resources, and fund balances	\$ 39,187,873	\$	11,985,526	\$ 324,397	\$ 842,492	\$	52,340,288

Exhibit A-3

Reconciliation of the Governmental Fund's Balance Sheet To the Statement of Net Position

June 30, 2019

Total fund balances - governmental funds		
Amount reported for governmental activities in the Statement	\$	36,804,237
of Net Position are different because:	<u>-</u>	
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	389,463	
Adjustments for items included in governmental activities below:		
Depreciable capital assets	(40,901)	
Deferred outflows - pension	(101,202)	
Deferred outflows - OPEB	(8,143)	
Deferred inflows - pension	53,162	
Deferred inflows - OPEB	9,348	
Compensated absences	66,051	
Net Pension Liability	112,537	
Net OPEB Liabilities	76,302	
		556,617
Capital assets used in governmental activities are not financial		
resources and, therefore, are not reported in the fund statements.	01 170 040	
Nondepreciable capital assets	21,170,942	
Depreciable capital assets, including \$107,180 reported in internal service fund	70,141,240	01 212 102
Capital assets, net	_	91,312,182
Revenues not collected soon enough to pay for		
current-period expenditures.		13,255,511
		10,200,011
Deferred outflows of resources:		
Losses on refundings		5,085,232
Pension		2,593,191
OPEB		207,653
Deferred inflows:		(170.5(4))
Gains on refundings		(178,564)
Pension OPEB		(1,362,228)
OFED		(274,913)
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		(116,137,573)
Capital leases		(1,154,305)
Compensated absences		(1,659,719)
Net Pension Liability		(2,883,651)
Net OPEB Liabilities		(2,145,683)
Landfill closure costs		(1,605,609)
Accrued interest and other	_	(1,710,344)
	_	
Total net position - governmental activities	\$	20,702,034

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

June 30, 2019

	 General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
General property taxes	\$ 56,651,372	\$-	\$ -	\$-	\$ 56,651,372
Other local taxes	7,650,199	-	-	479,702	8,129,901
Permits, privilege fees and regulatory licenses	569,475	864,712	-	-	1,434,187
Fines and forfeitures	135,492	-	-	-	135,492
Revenues from use of money and property	997,344	172,885	-	24,466	1,194,695
Charges for services	1,558,148	-	-	36,742	1,594,890
Miscellaneous	1,324,127	424,688	-	68,292	1,817,107
Recovered costs	826,946	-	-	-	826,946
Intergovernmental:					
Commonwealth of Virginia	7,493,014	62,079	-	1,705,549	9,260,642
Federal	16,146	1,694,080	-	1,943,988	3,654,214
Local	19,971	(8,897)	-	159,286	170,360
Total revenues	 77,242,234	3,209,547	-	4,418,025	84,869,806
Expenditures					
Current:					
General government administration	4,151,387	-	-	-	4,151,387
Judicial administration	1,662,999	-	-	-	1,662,999
Public safety	11,333,153	-	-	1,924,353	13,257,506
Public works	4,427,310	-	-	9,651	4,436,961
Health and welfare	131,544	-	-	3,780,404	3,911,948
Education	26,292,416	4,279,139	-	-	30,571,555
Parks, recreation and cultural	2,488,336	-	-	236,553	2,724,889
Community development	4,059,772	-	-	194,696	4,254,468
Nondepartmental	2,429,187	-	-	-	2,429,187
Capital outlay	-	6,327,168	-	-	6,327,168
Debt Service	11,886,721	-	-	-	11,886,721
Total expenditures	68,862,825	10,606,307	-	6,145,657	85,614,789
Excess (deficiency) of revenues					
over (under) expenditures	 8,379,409	(7,396,760)	-	(1,727,632)	(744,983)
Other financing sources (uses)					
Transfers in	-	2,946,128	-	1,443,199	4,389,327
Transfers out	(7,689,327)	-	-	-	(7,689,327)
Issuance of debt	 678,149	-	-	-	678,149
Total other financing sources (uses), net	 (7,011,178)	2,946,128	-	1,443,199	(2,621,851)
Net change in fund balance	1,368,231	(4,450,632)	-	(284,433)	(3,366,834)
Fund balances - beginning of year	23,546,238	15,671,799	324,397	628,637	40,171,071
Fund balances - end of year	\$ 24,914,469	\$ 11,221,167	\$	\$ 344,204	\$ 36,804,237

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

June 30, 2019

Net change in fund balances - governmental funds	\$ (3,366,834)
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.	17,230
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 assets to the school board are recorded as additional expenses related to education. Capital outlay Depreciation expense Joint activity - transfer of capital assets, net Miscellaneous transactions involving capital assets	5,911,288 (2,281,515) (1,437,290) (623,385)
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 Repayment of debt principal	(678,149) 7,229,617
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	618,232
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 Compensated absences Pension OPEB Landfill closure costs Amortization of bond premiums Amortization of deferred gain on refunding Amortization of deferred loss on refunding	121,288 (481,779) 474,231 88,829 (48,981) 588,888 44,641 (599,381)
Change in net position of governmental activities	\$ 5,576,930

Statements of Net Position - Proprietary Funds

			Е	nterprise Funds	5			overnmental Activities- Internal	
	Pu	ublic Utilities		Stormwater		Total	Se	Service Funds	
Assets									
Current assets									
Cash and cash equivalents	\$	4,978,726	\$	3,422,467	\$	8,401,193	\$	578,214	
Restricted cash and cash equivalents		5,282,900		-		5,282,900		-	
Receivables - net of allowance		904,765		53,222		957,987		2,887	
Inventories		29,177		-		29,177		-	
Deposits		7,794		-		7,794		-	
Due from other governments		-		390,465		390,465	<u> </u>	-	
Total current assets		11,203,362		3,866,154		15,069,516		581,101	
Noncurrent assets									
Capital assets:									
Nondepreciable		2,361,860		132,224		2,494,084		-	
Depreciable - net		9,816,861		1,801,724		11,618,585	<u> </u>	40,901	
Total noncurrent assets		12,178,721		1,933,948		14,112,669		40,901	
Total assets		23,382,083		5,800,102		29,182,185		622,002	
Deferred outflows of resources									
Deferred losses on bond refundings		1,355,039		-		1,355,039		-	
Pension plan		111,382		87,912		199,294		101,202	
Other post-employment benefits		12,294		7,567		19,861		8,143	
Total deferred outflows of resources	_	1,478,715		95,479		1,574,194		109,345	

Statements of Net Position - Proprietary Funds

June 30, 2019

			E	nterprise Funds				overnmental Activities- Internal
	Pub	lic Utilities	*			Se	ervice Funds	
Liabilities								
Current liabilities								
Accounts payable	\$	600,371	\$	25,791	\$	626,162	\$	24,200
Accrued liabilities		3,488		3,696		7,184		259
Amount held in escrow		-		25,662		25,662		-
Accrued interest payable		694,913		12		694,925		-
Customer deposits payable		308,892		-		308,892		-
Unearned revenue		70		-		70		25
General obligation bonds payable		803,881		-		803,881		-
Capital leases		16,198		2,922		19,120		-
Compensated absences		4,743		2,838		7,581		6,605
Total current liabilities		2,432,556		60,921		2,493,477		31,089
Noncurrent liabilities								
General obligation bonds payable		35,715,310		-		35,715,310		-
Capital leases		34,247		-		34,247		-
Compensated absences		42,683		25,542		68,225		59,446
Other post-employment benefits		119,866		71,007		190,873		76,302
Net pension liability		123,857		97,758		221,615		112,537
Total noncurrent liabilities		36,035,963		194,307		36,230,270		248,285
Total liabilities		38,468,519		255,228		38,723,747		279,374
Deferred inflows of resources								
Pension plan		58,510		46,181		104,691		53,162
Other post-employment benefits		16,097		8,889		24,986		9,348
Total deferred inflows of resources		74,607		55,070		129,677		62,510
Net Position								
Net investment in capital assets	(17,745,181)		1,931,026		(15,814,155)		40,901
Restricted - Capital projects		5,282,900		-		5,282,900		-
Unrestricted (deficit)		(1,220,047)	_	3,654,257		2,434,210		348,562
Total net position (deficit)	\$ (13,682,328)	\$	5,585,283	\$	(8,097,045)	\$	389,463

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Statements of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds

June 30, 2019

			Enterprise Funds		Act	rnmental ivities- ternal
	Р	ublic Utilities	Stormwater	Total		ce Funds
Operating revenues						
Charges for services	\$	4,951,499	\$ 1,454,424	\$ 6,405,923	\$ 1	,814,376
Connection fees		269,157	-	269,157		-
Other revenue		5,350	285,844	291,194		-
Total operating revenues		5,226,006	1,740,268	6,966,274	1	,814,376
Operating expenses:						
Personnel services		698,064	446,650	1,144,714		525,475
Fringe benefits		393,050	189,763	582,813		166,688
Contractual services		219,990	159,527	379,517		652,727
Purchases		4,481,687	-	4,481,687		-
Other charges		716,710	161,356	878,066		438,851
Depreciation		677,130	101,250	778,380		30,853
Total operating expenses		7,186,631	1,058,546	8,245,177	1	,814,594
Operating income (loss)		(1,960,625)	681,722	(1,278,903)		(218)
Nonoperating revenues (expenses)						
Interest income		131,776	3,998	135,774		-
Interest and fiscal charges		(1,245,669)	(95)	(1,245,764)		-
Gain on sale of assets		2,075	-	2,075		-
Total nonoperating revenues (expenses), net		(1,111,818)	3,903	(1,107,915)		-
Income (loss) before transfers		(3,072,443)	685,625	(2,386,818)		(218)
Transfers in		3,300,000	-	3,300,000		-
		227,557	685,625	913,182		(218)
Changes in net position						
Changes in net position Net position (deficit) - beginning of year		(13,909,885)	4,899,658	(9,010,227)		389,681

Statements of Cash Flows – Proprietary Funds

	Enterprise Funds							
	Pu	blic Utilities		Stormwater		Total	1	overnmental Activities - ernal Service Funds
Cash flows from operating activities								
Received from customers and users	\$	5,169,103	\$	1,719,896	\$	6,888,999	\$	1,814,316
Payments to suppliers for goods and services		(5,413,429)		(379,064)		(5,792,493)		(1,082,702)
Payments to employees		(1,022,187)		(633,448)		(1,655,635)		(705,887)
Net cash provided by (used in) operating activities		(1,266,513)		707,384		(559,129)		25,727
Cash flows from non-capital financing actives								
Transfers in		3,300,000		200,000		3,500,000		-
Transfers out		-		(200,000)		(200,000)		-
Net cash provided by non-capital financing activities		3,300,000		-		3,300,000		-
Cash flows from capital and related financing activities								
Acquisition of capital assets		(295,193)		(58,855)		(354,048)		-
Principal payments on bonds		(344,060)		-		(344,060)		-
Proceeds from sale of capital assets		2,075		-		2,075		-
Principal payments on capital leases		(18,814)		(5,772)		(24,586)		-
Interest and fiscal charges paid on bonds and capital leases		(1,397,026)		(120)		(1,397,146)		-
Net cash used in capital and related financing activities		(2,053,018)		(64,747)		(2,117,765)		-
Cash flows from investing activities								
Interest received		131,776		3,998		135,774		-
Net cash provided by investing activities		131,776		3,998		135,774		-
Change in cash and cash equivalents		112,245		646,635		758,880		25,727
Cash and cash equivalents - beginning of year		10,149,381		2,775,832		12,925,213		552,487
Cash and cash equivalents - end of year	\$	10,261,626	\$	3,422,467	\$	13,684,093	\$	578,214

Statements of Cash Flows – Proprietary Funds (Continued)

	Enterprise Funds							
	Pı	ıblic Utilities	Si	tormwater		Total	Α	vernmental ctivities - rnal Service Funds
Reconciliation of operating income (loss) to net cash provided								
by (used in) operating activities:	\$	(1.060.625)	\$	691 772	¢	(1, 278, 0.02)	¢	(219)
Operating Income (loss)	Э	(1,960,625)	2	681,722	\$	(1,278,903)	\$	(218)
Adjustments to reconcile to net cash provided by (used in)								
operating activities:		677,130		101,250		778,380		30,853
Depreciation		,		,		,		,
Pension and OPEB expense		130,898		21,808		152,706		20,563
Change in: Accounts Receivable		(115.020)		6 004		(109, 125)		(70)
		(115,029)		6,904		(108,125)		(70)
Deposits		25,857		-		25,857		-
Accounts Payable and Amounts Held in Escrow		(18,217)		(52,287)		(70,504)		8,555
Due from other governments		-		(27,276)		(27,276)		-
Customer Deposits Payable		58,056		-		58,056		-
Unearned Revenue		70		-		70		10
Accrued Expenses and Other Liabilities		(2,682)		(5,894)		(8,576)		-
Deferred Outflows of Resources		(66,429)		(18,647)		(85,076)		(39,985)
Compensated Absences		4,458		(196)		4,262		6,019
Net cash provided by (used in) operating activities	\$	(1,266,513)	\$	707,384	\$	(559,129)	\$	25,727

Statement of Net Position - Fiduciary Funds

		Ag	gency Funds
Cash and cash equivalents	Assets	\$	549,878
Amounts held for social services clients Amounts held for others	Liabilities	\$	24,705 525,173
Total liabilities		\$	549,878

Notes to the Basic Financial Statements

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Notes to Basic Financial Statements

June 30, 2019

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 holds certain real property being developed into an industrial park. The land was purchased by the County and conveyed to the EDA. The EDA is fiscally dependent on the County. The EDA does not issue a separate financial report. The financial statements of the EDA are presented as a discretely presented component of the County financial statements.

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.

Notes to Basic Financial Statements

June 30, 2019

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 service, 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.

Notes to Basic Financial Statements

June 30, 2019

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.

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

The County adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 88, *Certain Disclosures Related to Debt* as well as GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* in the current year.

Notes to Basic Financial Statements

June 30, 2019

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. At June 30, 2019, the allowance for the General Fund was \$749,088.

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.

	Real property	Personal property
Levy date	July 1	January 1
Due date and collection date	December 5/June 5	June 5/December 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 6.60% 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.

Notes to Basic Financial Statements

June 30, 2019

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, 2019. 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.

Notes to Basic Financial Statements

June 30, 2019

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, 2019, the recorded intangibles have lives into perpetuity and, therefore, are not amortized.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest for the year ended June 30, 2019.

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
15-50
15-40
5-20
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. Compensated absences are typically liquidated by the County's General Fund for governmental activities as of June 30, 2019.

Notes to Basic Financial Statements

June 30, 2019

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 represents an acquisition of net position that applies to a future period and will not be recognized as revenue until that time.

R. Pension

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.

Notes to Basic Financial Statements

June 30, 2019

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 averge 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 partipating 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 ficuciary 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.

Notes to Basic Financial Statements

June 30, 2019

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 Supervisor, 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.

Notes to Basic Financial Statements

June 30, 2019

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 first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the County's policy to use committed resources first, then assigned, and then unassigned 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 November 18, 2019, the date on which the financial statements were available to be issued.

X. Pending GASB Statements

At June 30, 2019, 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 will be effective for fiscal years beginning after December 15, 2018.

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 will be effective for fiscal years beginning after December 15, 2019.

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 will be effective for fiscal years beginning after December 15, 2018.

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

Notes to Basic Financial Statements

June 30, 2019

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, 2019 is as follows:

Deposits	
Demand deposits	\$ 7,646,108
Cash on hand	2,483
Investments	
LGIP	7,067,737
Zero coupon bond	2,596,919
SNAP	10,118,641
VIP Short Term	21,355,871
VIP Long Term	78,174
Total deposits and investments	\$ 48,865,933
Reconciliation to Statements of Net Position	
Government-wide:	
Cash and cash equivalents	\$ 14,708,403

Cash and cash equivalents	\$ 14,708,403
Restricted cash and cash equivalents	10,126,566
Investments	 24,030,964
Total deposits and investments	\$ 48,865,933

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.

Notes to Basic Financial Statements

June 30, 2019

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 is designed for the investment of longer-term monies that are not necessary for near term disbursement. VIP has a bond fund rating from S&P of AAf/S1.

Notes to Basic Financial Statements

June 30, 2019

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 as follows:

	AAAm	AAA	AA	Total		
Zero coupon bond	\$ -	\$ 2,596,919	\$ -	\$ 2,596,919		
SNAP (*)	10,118,641	-	-	\$ 10,118,641		
VIP Investments	-	21,355,871	78,174	21,434,045		
LGIP (*)	\$ 7,067,737	\$ -	\$-	7,067,737		
	\$ 17,186,378	\$ 23,952,790	\$ 78,174	\$ 41,217,342		

* 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.

<u>Custodial Credit Risk (Investments)</u>: 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.

<u>Concentration of Credit Risk</u>: 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.

Notes to Basic Financial Statements

June 30, 2019

Note 2 - Deposits and Investments (Continued)

D. Interest Rate Risk (Continued)

The Primary Government had the following investments and maturities:

]	Fair Value	Le	ss than 1 year	More than 1 year		
Zero coupon bond	\$	2,596,919	\$	-	\$	2,596,919	
VIP Short Term		21,355,871		21,355,871		-	
VIP Long Term		78,174		-		78,174	
	\$	24,030,964	\$	21,355,871	\$	2,675,093	

* 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, 2019.

- U.S. Treasury Zero Coupon bond of \$2,596,919 is valued using a matrix pricing model (Level 2 inputs).
- VIP Short Term and Long Term of \$21,434,045 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 Go	overnn	nent					omponent Unit hool Board
	 General Fund	Capital Projects Fund		Nonmajor Governmental Funds		Stormwater Fund		Total	
Amounts Due From:									
Commonwealth of Virginia:									
Operating grants	\$ -	\$ 1,255	\$	46,762	\$	-	\$	48,017	\$ -
Compensation Board	190,060	-		-		-		190,060	-
Social Services	-	-		25,556		-		25,556	-
Children's Services	-	-		70,442		-		70,442	-
Communication tax	86,598	-		-		-		86,598	-
State and Use Sales Tax	508,547	-		-		-		508,547	750,352
Mobile Home Titling Tax	16,887	-		-		-		16,887	-
Wills/Recordation	39,422	-		-		-		39,422	-
Car Rental Tax	8,274	-		-		-		8,274	-
Stormwater	-	-		-		390,465		390,465	-
Federal government	106,039	440,028		224,473		-		770,540	456,125
Town of Windsor	-	-		46,670		-		46,670	-
Town of Smithfield	128,422	-		62,550		-		190,972	-
Other	823	8,180		-		-		9,003	-
Totals	\$ 1,085,072	\$ 449,463	\$	476,453	\$	390,465	\$	2,401,453	\$ 1,206,477

Notes to Basic Financial Statements

June 30, 2019

Note 4 – Interfund Balances and Activity

The following balance at June 30, 2019 represents amounts due to/from other funds:

Receivable Fund	Payable Fund	Amount
	Other Nonmajor Governmental	
General Fund	Funds	\$ 327,586

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, 2019 were as follows:

Transfer from Other Funds							
Transfers to Other Funds		General Fund					
Capital Projects Fund	\$	2,946,128					
Public Utilities fund		3,300,000					
Nonmajor Governmental funds		1,443,199					
Total	\$	7,689,327					

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, 2019 is \$375,000.

Notes to Basic Financial Statements

June 30, 2019

Note 6 – Capital Assets

The following is a summary of changes in capital assets:

Primary Government	Balance July 1, 2018 Ad		Additions	 eletions & lassifications	Jı	Balance ine 30, 2019
Governmental Activities	 			 		
Capital assets not being depreciated:						
Land	\$ 12,899,648	\$	-	\$ -	\$	12,899,648
Intangibles	4,338,512		-	-		4,338,512
Construction in progress	9,890,416		672,208	6,629,842		3,932,782
Total capital assets not being	 			 		, ,
depreciated:	27,128,576		672,208	6,629,842		21,170,942
Capital assets being depreciated:	 			 		
Buildings - County	41,610,772		167,970	-		41,778,742
Buildings - jointly owned assets	27,001,051		-	1,281,176		25,719,875
Land improvements	8,901,983		3,480,825	-		12,382,808
Land improvements -						
jointly owned assets	2,353,113		-	195,050		2,158,063
Equipment	5,495,653		7,506,761	88,405		12,914,009
Vehicles	5,290,533		713,366	1,141,207		4,862,692
Total capital assets being depreciated	 90,653,105		11,868,922	 2,705,838		99,816,189
Less - accumulated depreciation:						
Buildings - County	9,091,782		817,969	20,139		9,889,612
Buildings - jointly owned assets	8,615,098		-	28,670		8,586,428
Land improvements	3,842,058		456,777	-		4,298,835
Land improvements -						
jointly owned assets	208,767		-	10,266		198,501
Equipment	3,050,903		562,355	68,745		3,544,513
Vehicles	3,229,989		444,414	517,343		3,157,060
Total accumulated depreciation	 28,038,597		2,281,515	645,163		29,674,949
Total capital assets	 · · ·		· · ·	 		• •
being depreciated - net	62,614,508		9,587,407	2,060,675		70,141,240
Governmental activities	 · · ·			 · · ·		
capital assets - net	\$ 89,743,084	\$	10,259,615	\$ 8,690,517	\$	91,312,182

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

Governmental activities	
General Government	\$ 487,143
Public safety	1,025,301
Public works	176,030
Health and welfare	48,912
Parks, recreation and cultural	476,215
Community development	37,061
Internal Service Fund	30,853
Total depreciation expense - governmental activities	\$ 2,281,515

June 30, 2019

Note 6 – Capital Assets (Continued)

	Balance July 1, 2018		Additions		 letions & ssifications	Balance June 30, 2019	
Business-type activities							
Capital assets not being depreciated:							
Land	\$	463,012	\$	-	\$ -	\$	463,012
Construction in progress		1,771,987		261,268	 2,182	\$	2,031,073
Total capital assets not being depreciated		2,234,999		261,268	 2,182		2,494,085
Capital assets being depreciated:							
Buildings		11,645,449		-	-		11,645,449
Land improvements		15,560,360		52,970	-		15,613,330
Equipment		1,085,970		16,137	-		1,102,107
Vehicles		531,622		25,857	14,525		542,954
Total capital assets being depreciated		28,823,401		94,964	14,525		28,903,840
Less - accumulated depreciation:							
Buildings		4,028,375		211,780	-		4,240,155
Land improvements		11,553,565		463,850	-		12,017,415
Equipment		619,349		59,510	(383)		679,242
Vehicles		320,110		43,240	14,908		348,442
Total accumulated depreciation		16,521,399		778,380	14,525		17,285,254
Total capital assets							
being depreciated - net		12,302,002		(683,416)	 -		11,618,586
Business- type activities							
capital assets - net	\$	14,537,001	\$	(422,148)	\$ 2,182	\$	14,117,035

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

Business-type activities	
Public Utility	\$ 677,130
Stormwater	101,250
Total depreciation expense - Business-type activities	\$ 778,380

June 30, 2019

Note 6 – Capital Assets (Continued)

Discretely Presented Component

Unit - School Board	Balance July 1, 2018		Additions		Deletions & Reclassifications		Adjustments - Jointly Owned		Balance June 30, 2019	
Capital assets not being depreciated								<i>y</i>		
Land	\$	1,619,726	\$	-	\$	-	\$	-	\$	1,619,726
Construction in Progress		6,839,883		3,519,209		9,542,245		-		816,847
Total capital assets not being depreciated		8,459,609		3,519,209		9,542,245		-		2,436,573
Capital assets being depreciated:										
Buildings and improvements		77,185,391		9,759,325		-		1,281,176		88,225,892
Land improvements		2,544,200		-		-		195,050		2,739,250
Equipment		18,378,160		1,142,759		28,994		-		19,491,925
Vehicles		7,000,319		873,728		516,191		-		7,357,856
Total capital assets being depreciated		105,108,070		11,775,812		545,185		1,476,226		117,814,923
Less - accumulated depreciation:										
Buildings and improvements		33,246,995		2,753,973		-		28,670		36,029,638
Land improvements		1,849,343		180,367		-		10,266		2,039,976
Equipment		10,246,939		890,845		27,274		-		11,110,510
Vehicles		4,432,857		436,023		516,191		-		4,352,689
Total accumulated depreciation		49,776,134		4,261,208		543,465		38,936		53,532,813
Total capital assets being depreciated - net		55,331,936		7,514,604		1,720		1,437,290		64,282,110
School Board capital assets - net	\$	63,791,545	\$	11,033,813	\$	9,543,965	\$	1,437,290	\$	66,718,683

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

Discretely Presented Component Unit - School Board	
Instructional services	\$ 3,825,185
Pupil Transportation	 436,023
Total depreciation expense - school board	\$ 4,261,208

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, 2019, is that school financed assets, net of accumulated depreciation, in the amount of \$19,093,009 reported in the primary government as "jointly owned assets" for financial reporting purposes.

Notes to Basic Financial Statements

June 30, 2019

Note 6 – Capital Assets (Continued)

Discretely Presented Component Unit

Economic Development Authority		Balance July 1, 2018		Additions		eletions/ ansfers	Balance June 30, 2019		
Capital assets not being depreciated:	0 aly 1, 2010			riduitions		unsiers			
Land	\$	376,537	\$	-	\$	-	\$	376,537	
Total capital assets not being depreciated		376,537		-		-		376,537	
Capital assets being depreciated									
Buildings		55,000		-		-		55,000	
Land improvements		4,760,735		-		-		4,760,735	
Total capital assets being depreciated		4,815,735		-		-		4,815,735	
Less - accumulated depreciation									
Buildings		10,450		1,100		-		11,550	
Land improvements		2,120,809		238,463		-		2,359,272	
Total accumulated depreciation		2,131,259		239,563		-		2,370,822	
Total capital assets being depreciated - net		2,684,476		(239,563)		-		2,444,913	
EDA capital assets - net	\$	3,061,013	\$	(239,563)	\$	-	\$	2,821,450	

Notes to Basic Financial Statements

June 30, 2019

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	\$ -	\$ 60,000
STH Intermodal Park	13,231,147	1,347,160
Building Capital Maintenance	1,024,311	493,143
E911 Radio Upgrade	7,420,369	856,064
Registrar Mold Remediation	13,920	9,080
Clerks Office Renovation	3,345	41,655
IT Bldg Asbestos	5,385	30,615
Public Facility Improvements	34,482	62,500
DSS Air Conditioner	252,041	26,120
Smithfield Library Roof	5,263	17,122
WSES Sidewalk	57,103	73,021
Heritage Pk Restrooms/Rodeo	54,782	300,219
Nike Park Pavement	40,588	29,412
Tylers Beach	147,330	32,670
Parks & Recreation Maintenance	488,451	134,633
Park to Park Trail	3,891,909	3,287,404
Capital Projects Schools	3,444,126	950,000
Schools Security	645,808	109,533
Schools Capital Maintenance Projects	189,207	1,113,418
Route 10 Water Infrastructure Project	458,489	3,602,409
Water Capital Projects	-	300,000
Lawnes Pt Ext Rushmere Shores	58,864	609,073
Stormwater Capital Maintenance	45,997	50,000
SLAF Grant FY15	846,383	250,000
Sewer Capital Maintenance	4,813	90,747
Route 460 Pump Station	170,800	28,800
	\$ 32,534,913	\$ 13,904,798

Notes to the Basic Financial Statements

June, 30, 2019

Note 7 - Long-Term Obligations

The following is a summary of changes in long-term obligations during the year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases		B Decreases June		Due Within One Year	
Governmental Activities						,		
General obligation bonds	\$ 112,008,193	\$ -	\$	(6,833,703)	\$	105,174,490	\$	7,036,608
Bond premiums	7,225,459	-		(588,888)		6,636,571		588,888
Subtotal	119,233,652	 -		(7,422,591)		111,811,061		7,625,496
PACE program	4,326,512	 -		-		4,326,512		-
Capital leases	872,070	678,149		(395,914)		1,154,305		384,452
Compensated absences	1,177,940	1,298,238		(816,460)		1,659,718		165,971
Net OPEB liability	2,112,659	33,024		-		2,145,683		-
Landfill closure costs	1,556,628	193,284		(144,303)		1,605,609		-
Net pension liability	2,858,692	 24,959		-		2,883,651		-
Total Governmental								
Activities	\$ 132,138,153	\$ 2,227,654	\$	(8,779,268)	\$	125,586,539	\$	8,175,919
Business-Type Activities								
General obligation bonds	\$ 33,207,384	\$ -	\$	(344,060)	\$	32,863,324	\$	356,636
Bond premiums	4,103,112	-		(447,245)		3,655,867		447,245
Subtotal	37,310,496	 -		(791,305)		36,519,191		803,881
Capital leases	77,956	-		(24,588)		53,368		19,121
Compensated absences	71,541	76,908		(72,643)		75,806		7,581
Net OPEB liability	111,047	79,826		-		190,873		-
Net pension liability	185,336	36,279		-		221,615		-
Total Business-Type								
Activities	\$ 37,756,376	\$ 193,013	\$	(888,536)	\$	37,060,853	\$	830,583
Discretely Presented								
Component Units								
School Board								
Capital leases	\$ 8,135,619	\$ 804,742	\$	(990,161)	\$	7,950,200	\$	1,009,509
Compensated absences	438,536	433,764		(310,910)		561,390		56,139
Net OPEB liability	10,423,017	37,639		-		10,460,656		-
Net pension liability	45,332,387	-		(2,013,715)		43,318,672		-
Total School Board	\$ 64,329,559	\$ 1,276,145	\$	(3,314,786)	\$	62,290,918	\$	1,065,648

The County's outstanding bonds and capital leases related to governmental activities and business type activities of \$112,965,366 and \$36,572,559 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 \$7,950,200, 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, 2019

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. There are no sinking fund requirements. General obligation bonds currently outstanding are as follows:

Amount

General Obligation Public Improvement Refunding Bonds, Series	Outstanding
2017B \$ 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.	30,700,000
<i>VRA Refunding of Isle of Wight BABs Series 2010C, Series 2017C</i> 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.	9,260,000
<i>General Obligation Public Improvement Bonds Series 2017B</i> 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.	6,848,933
<i>General Obligation Public Improvement Bonds Series 2016</i> 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.	6,503,885
<i>General Obligation Refunding Bonds of 2015 (tax exempt bonds)</i> 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.	15,845,000

Notes to the Basic Financial Statements

June, 30, 2019

Note 7 – Long-Term Obligations (Continued)

A. General Obligation Bonds (Continued)

<i>General Obligation Refunding Bonds of 2014B (taxable bonds)</i> \$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
<i>General Obligation Refunding Bonds of 2014A (tax exempt bonds)</i> \$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
<i>General Obligation Bonds Series 2013</i> \$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.	1,415,000
<i>General Obligation Bonds Series 2012</i> \$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.	20,925,000
<i>General Obligation Bonds Series 2011A (tax exempt bonds)</i> \$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.	3,960,000

Notes to the Basic Financial Statements

June, 30, 2019

Note 7 – Long-Term Obligations (Continued)

A. General Obligation Bonds (Continued)

<i>General Obligation Bonds of 2011 VPSA (tax exempt bonds)</i> \$7,500,000 dated June 2011 with pricipal 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.	\$ 4,950,000
<i>General Obligation Bonds Series 2010C (taxable Build America Bonds)</i> \$13,530,000 dated April 2010 with principal payable in various annual installments through 2020. Interest is payable semi-annually at a rate that varies from 4.65% to 4.80% over the life of the bond. The bonds were issued to finance various capital improvements, including but not limited to, the acquisition, construction and equipping of courthouse and public safety facilities, public buildings and the acquisition of land for economic development. The bonds were issued at par value.	610,000
Total General Obligation Bonds Outstanding	\$ 138,037,818

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

	Governmen	tal Ao	ctivities	Business-Type Activities			Totals			
Fiscal Year										
Ending June 30,	Principal		Interest	Principal		Interest		Principal Int		Interest
2020	\$ 7,036,608	\$	3,703,149	\$ 356,636	\$	1,383,121	\$	7,393,244	\$	5,086,270
2021	7,053,353		3,487,837	340,890		1,370,137		7,394,243		4,857,974
2022	6,620,899		3,262,510	864,875		1,349,122		7,485,774		4,611,632
2023	6,812,253		3,059,626	910,591		1,319,237		7,722,844		4,378,863
2024	6,719,779		2,836,651	1,200,689		1,276,746		7,920,468		4,113,397
2025-2029	33,077,128		10,693,380	7,565,065		5,429,234		40,642,193		16,122,614
2030-2034	23,011,864		5,261,066	6,142,188		3,961,581		29,154,052		9,222,647
2035-2039	10,936,792		1,827,335	9,793,209		2,573,934		20,730,001		4,401,269
2040-2044	3,905,813		249,425	5,689,186		418,676		9,594,999		668,101
Total	\$ 105,174,489	\$	34,380,979	\$ 32,863,329	\$	19,081,788	\$	138,037,818	\$	53,462,767

June, 30, 2019

Note 7 – Long-Term Obligations (Continued)

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, 2019, the outstanding balance of the defeased debt, including current year defeased debt, is \$45,082,319.

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. The County acquires development rights by executing installment purchase agreements with the landowners and have an indefinite life.

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, 2019.

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, 2019, 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:

	Governmental Activities						
Fiscal Year							
Ending June 30,		`					
		Principal		Interest			
2020	\$	-	\$	209,836			
2021		-		209,836			
2022		-		209,836			
2023		-		209,836			
2024		-		209,836			
2025-2029		-		1,049,179			
2030-2034		-		1,049,179			
2035-2039		-		1,154,098			
2040-2044		4,326,512		-			
	\$	4,326,512	\$	4,301,636			

Notes to the Basic Financial Statements

June, 30, 2019

Note 7 – Long-Term Obligations (Continued)

D. Primary Government Leases

During the fiscal year 2019, the County entered into a non cancellable lease purchase agreement for equipment in the amount of \$678,149. The cost of equipment put in service during the year was \$594,124. At June 30, 2019, the accumulated depreciation on this equipment was \$48,486. 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, 2019 are as follows:

Fiscal Year Ending June 30,	 Governmental Activities	Business-type Activities	Op	erating Leases
2020	\$ 408,437	\$ 19,961	\$	23,074
2021	301,641	14,069		23,520
2022	247,422	14,068		23,809
2023	178,358	7,034		24,106
2024	 73,199	-		24,413
Total minimum lease payments	 1,209,057	55,132	\$	118,922
less amounts representing interest	 (54,752)	(1,764)		
Present value of minimum lease payments	\$ 1,154,305	\$ 53,368	=	

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, 2019, the accumulated depreciation was in the amount of \$1,415,932.

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, 2019 are as follows:

Fiscal Year	
Ending June 30,	
2020	466,486
2021	483,381
2022	500,256
2023	517,110
2024	535,828
Thereafter	 5,748,585
Total minimum lease payments	8,251,646
less amounts representing interest	(2,051,646)
Present value of minimum lease payments	\$ 6,200,000

Notes to the Basic Financial Statements

June, 30, 2019

Note 7 – Long-Term Obligations (Continued)

E. School Board Capital Leases (Continued)

During the fiscal year 2016, the School Board entered into a master equipment lease purchase agreement to finance the purchase 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, 2019, the accumulated depreciation was in the amount of \$403,525.

Future minimum lease payments are as follows:

Fiscal Year	
Ending June 30,	
2020	\$ 196,175
2021	196,175
2022	196,175
2023	67,188
2024	67,188
Thereafter	 67,188
Total minimum lease payments	790,089
less amounts representing interest	(35,899)
Present value of minimum lease payments	\$ 754,190

During the fiscal year 2017, the School Board entered into a master equipment lease purchase agreement to finance the purchase equipment, vehicles, and school buses in the amount of \$551,725, \$21,054 and \$1,017,236 respectively. The cost of items meeting the County's capitalization threshold totaled \$1,038,290. As of June 30, 2019, the accumulated depreciation was in the amount of \$244,808.

US Bancorp Leases:

Fiscal Year	
Ending June 30,	
2020	\$ 264,683
Total minimum lease payments	 264,683
less amounts representing interest	(3,436)
Present value of minimum lease payments	\$ 261,247
Apple Lease:	
Fiscal Year	
Ending June 30,	
2020	\$ 141,849
Total minimum lease payments	 141,849
less amounts representing interest	 (2,645)
Present value of minimum lease payments	\$ 139,204

Notes to Basic Financial Statements

June 30, 2019

Note 7 – Long-Term Obligations (Continued)

E. School Board Capital Leases (Continued)

During the fiscal year 2019, the School Board has 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, 2019, the accumulated depreciation was in the amount of \$52,131.

US Bancorp Leases:

Fiscal Year	
Ending June 30,	
2020	\$ 209,184
2021	209,184
2022	209,184
Total minimum lease payments	 627,552
less amounts representing interest	(31,993)
Present value of minimum lease payments	\$ 595,559

Notes to Basic Financial Statements

June 30, 2019

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
About Plan 1 Plan 1 is a defined benefit plan The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	 About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. The defined benefit is based on a member's age, creditable service 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 contributions, investment gains or losses, and any required fees.

June 30, 2019

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Retirement Plan
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.	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.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees.* • School division employees (tancher)
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.	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	 (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.
The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014	The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014	 <u>*Non-Eligible Members</u> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	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
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.	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.	the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

Hybrid

June 30, 2019

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

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

Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

June 30, 2019

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
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 creditable service. 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	Vesting Same as Plan 1.	Vesting <u>Defined Benefit Component</u> 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 creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.
and request a refund. Members are always 100% vested in the contributions that they make.		Defined Contribution Component 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. Members are always 100% vested in the contributions that they make.
		 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. 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.
	63	Distribution is not required by law until age 70 1/2.

June 30, 2019

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

employer.

Plan 1	Plan 2	Hybrid Retirement Plan
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1. <u>Defined Contribution Component</u> 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 their 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 creditable service earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier <u>Defined Benefit Component</u> 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	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable.
subdivision hazardous duty employees other than sheriffs and regional jail superintendents is		Defined Contribution Component Not applicable.
1.70% or 1.85% as elected by the	64	

June 30, 2019

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

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

June 30, 2019

Note 8 - Pension Plan (Continued)

Transition Act or the Transitional

Benefits Program.

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
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%.	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%.	Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component Same as Plan 2. Defined Contribution Component Not applicable.
Cligibility: For members who retire with an inreduced benefit or with a reduced benefit with at least 20 years of reditable service, the COLA will go into effect on July 1 after one full alendar year from the retirement late.	<u>Eligibility:</u> Same as Plan 1.	<u>Eligibility:</u> Same as Plan 1 and Plan 2.
For members who retire with a educed benefit and who have less han 20 years of creditable service, he COLA will go into effect on July after one calendar year following he unreduced retirement eligibility late.		
Exceptions to COLA Effective Dates: 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: The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013	Exceptions to COLA Effective Dates: School Division (Teachers) and Political Subdivision Employees: Same as Plan 1.	Exceptions to COLA Effective Dates: School Division (Teachers) and Political Subdivision Employees: Same as Plan 1 and Plan 2.
• The member retires on disability. The member is involuntarily separated from employment for or misconduct and is eligible to retire under the Workforce		

June 30, 2019

Note 8 - Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement (Continued) <u>Exceptions to COLA Effective</u>		
<u>Dates: (Continued)</u> School Division (Teachers) and		
Political Subdivision Employees		
(continued):		
 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 under the Virginia Sickness and 		
Disability Program (VSDP). 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.

June 30, 2019

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	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component</u> Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members
period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting,		 Hybrid Remember Plan members are ineligible for ported service. <u>Defined Contribution Component</u> Not applicable.
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.		

B. Employees Covered by Benefit Terms

County Plan

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit term of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	172
Inactive members:	
Vested inactive members	58
Non-vested inactive members	72
Active elsewhere in VRS	120
Total inactive members	250
Active members	270
Total covered employees	692

Notes to Basic Financial Statements

June 30, 2019

Note 8 - Pension Plan (Continued)

B. Employees Covered by Benefit Terms (Continued)

School Board Non-Professional Plan (Agent Plan)

As of the June 30,2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	Number 61
mactive members of their bencheraries currently receiving benches	01
Inactive members:	
Vested	13
Non-vested	45
Active elsewhere in VRS	23
Total inactive members	81
Active members	89
Total covered employees	231

Notes to Basic Financial Statements

June 30, 2019

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, 2019 was 8.81% 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 \$1,306,429 and \$1,153,033 for the years ended June 30, 2019 and 2018, 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, 2019 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 \$192,714 and \$94,286 for the years ended June 30, 2019 and 2018, respectively.

Notes to Basic Financial Statements

June 30, 2019

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, 2019 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 \$5,671,601 and \$5,606,793 for the years ended June 30, 2019 and 2018, 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, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

School Board Professional Plan (Cost-Sharing Plan)

At June 30, 2019, the School Board reported a liability for the professional plan of \$43,318,672 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board's proportion was 0.36836% as compared to 0.36865% at June 30, 2017.

Notes to Basic Financial Statements

June 30, 2019

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, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows:

	Teacher
	Employee
	Retirement Plan
Total pension liability	\$ 46,679,555,000
Plan fiduciary net position	34,919,563,000
Employers' net pension liability	\$ 11,759,992,000
Plan fiduciary net position as a percentage of the total pension liability	74.81%

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, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Notes to Basic Financial Statements

June 30, 2019

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 sclae BBG 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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 rates to better fit experience each year, age and service through nine years of service
Disability Rates	Lowered rates
Disubility Rates	Lowered futes
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%

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, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

Notes to Basic Financial Statements

June 30, 2019

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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality Rates - Pre-retirement	45% of deaths are assumed to be service related. 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 sclae BBG to 2020; males set forward one year, 1.0%
- Post-disablement	increase compounded from ages 70 to 90; females set foward three years. RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set froward two years; unisex using 100% males

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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 Withdrawal Rates	Increased age 50 rates, and lowered rates at older ages Adjusted rates to better fit experience each year, age and service
Disability Rates Salary Scale Line of Duty Disability	through nine years of service Adjusted rates to better fit experience No change Decreased rate from 60% to 45%

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, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

Notes to Basic Financial Statements

June 30, 2019

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, 1115%
	of rates for males and females

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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 Salary Scale	Adjusted rates to better fit experience No change

Notes to Basic Financial Statements

June 30, 2019

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:

		Arithmetic	Weighted Average
		Long-Term	Long-Term
	Target	Expected	Expected
Asset Class (Strategy)	Allocation	Rate of Return	Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.000%		4.80%
		Inflation	2.50%

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

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 7.00%. 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, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 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.

Notes to Basic Financial Statements

June 30, 2019

Note 8 - Pension Plan (Continued)

G. Discount Rate (Continued)

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)

	Increase (Decrease)					
	Total Pension			Plan Fiduciary		Net Pension
	Liability		Net Position			Liability
Balances at June 30, 2017	\$	44,566,580	\$	41,522,553	\$	3,044,027
Changes for the Year:						
Service cost		1,568,714		-		1,568,714
Interest		3,051,817		-		3,051,817
Difference between expected and actual experience	341,990 -		341,990			
Contributions - employer		-		1,153,033		(1,153,033)
Contributions - employee		-		701,159		(701,159)
Net investment income		-		3,075,982		(3,075,982)
Benefit payments, including refunds						
of employee contributions		(1,938,384)		(1,938,384)		-
Administrative expense		-		(26,131)		26,131
Other changes		-		(2,761)		2,761
Net changes		3,024,137		2,962,898		61,239
Balances at June 30, 2018	\$	47,590,717	\$	44,485,451	\$	3,105,266

Notes to Basic Financial Statements

June 30, 2019

Note 8 - Pension Plan (Continued)

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

School Board Non-Professional Plan (Agent Plan)

	Increase (Decrease)				
	<i>.</i>			Net Pension	
		Liability	Net Position	Liability (Asset)	
Balances at June 30, 2017	\$	5,785,880	\$ 5,790,493	\$ (4,613)	
Charges for the Year:					
Service cost		176,448	-	176,448	
Interest		392,476	-	392,476	
Difference between expected and actual experience		18,586	-	18,586	
Contributions - employer		-	94,286	(94,286)	
Contributions - employee		-	74,828	(74,828)	
Net investment income		-	422,832	(422,832)	
Benefit payments, including refunds of employee contributions		(358,161)	(358,161)	-	
Administrative expense		-	(3,734)	3,734	
Other changes		-	(374)	374	
Net changes		229,349	229,677	(328)	
Balances at June 30, 2018	\$	6,015,229	\$ 6,020,170	\$ (4,941)	

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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	Current					
	1% Decrease		Discount Rate		1% Increase	
		(6.00%)		(7.00)%		(8.00%)
County net pension liability (asset)	\$	9,136,139	\$	3,105,266	\$	(1,914,461)
School Board non-professional net pension liability (asset)		654,717		(4,941)		(562,123)
School Board professional net pension liability		66,170,672		43,318,672		24,403,672

Notes to Basic Financial Statements

June 30, 2019

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, 2019, the County recognized pension expense of \$821,522. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	County			
		red Outflows of De Resources	Deferred Inflows of Resources	
Difference between expected and actual experience	\$	554,555 \$	(114,882)	
Changes in assumptions		-	(46,257)	
Net differences between projected and actual earnings on pension plan investments		931,501	(1,305,781)	
Employer contributions subsequent to the measurement date		1,306,429	<u> </u>	
Total	\$	2,792,485 \$	(1,466,920)	

The \$1,306,429 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, 2020. 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	
2020	\$ 382,029	9
2021	92,093	5
2022	(420,316	5)
2023	(34,673	3)
	\$ 19,13	5

Notes to Basic Financial Statements

June 30, 2019

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, 2019, the School Board recognized pension expense related to its non-professional plan of \$15,412. At June 30, 2019, 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:

	Ou	Deferred utflows of esources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	9,607	\$ (885)
Changes in assumption		-	(1,461)
Net difference between projected and actual earnings on pension plan investments		-	(47,003)
Employer contributions subsequent to the measurement date		192,714	
Total	\$	202,321	\$ (49,349)

The \$192,714 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, 2020. 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	
2020	\$ 28,0	14
2021	(3,2-	43)
2022	(59,6	60)
2023	(4,8	53)
	\$ (39,7	42)

Notes to Basic Financial Statements

June 30, 2019

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 Plan)

For the year ended June 30, 2019, the School Board recognized pension expense related to the professional plan of \$1,423,000. 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, 2019, 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	\$	- \$	6 (3,703,000)
Net difference between projected and actual earnings on pension plan investments		-	(919,000)
Changes in assumptions		517,000	-
Changes in proportionate share		42,000	(1,207,000)
Employer contributions subsequent to the measurement date		5,671,601	
Total	\$	6,230,601 \$	6 (5,829,000)

The \$5,671,601 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, 2020. 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
2020	\$ (1,281,000)
2021	(1,186,000)
2022	(2,050,000)
2023	(592,000)
2024	(161,000)
	\$ (5,270,000)

Notes to Basic Financial Statements

June 30, 2019

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 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

Notes to Basic Financial Statements

June 30, 2019

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

	Number
Active Participants	280
Retiree participants	2
Total	282

Notes to Basic Financial Statements

June 30, 2019

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

B. Employees Covered by Benefit Terms (Continued)

School Board

	Number
Active participants	672
Retiree participants	14
Total	686

C. Total Medical Insurance Program OPEB Liability

The County's total Medical Insurance OPEB liability of \$1,151,866 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018. The School Board's total Medical Insurance OPEB liability of \$3,303,656 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

D. Actuarial Assumptions and Other Inputs

The total Medical Insurance Program OPEB liabilities were based on an actuarial valuation as of June 30, 2018, 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	3.51%	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 Go 20-Bond Municipal Bond Index.

Notes to Basic Financial Statements

June 30, 2019

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

E. Changes in the Total Medical Insurance OPEB Liability

County

County	Total Medical Insurance OPEB Liability		
Balance at June 30, 2018	\$	1,083,616	
Charges for the year:			
Service cost		74,762	
Interest		44,404	
Changes in assumptions		30,516	
Differences between expected and actual experience		(59,249)	
Benefits paid		(22,183)	
Net changes		68,250	
Balance at June 30, 2019	\$	1,151,866	
School Board	Insu	tal Medical trance OPEB Liability	
Balance at June 30, 2018	\$	3,275,017	
Changes for the year:			
Service cost		238,851	
Interest		134,560	
Changes in assumptions		80,182	
Differences between expected and actual experience		(350,492)	
Benefits paid		(74,462)	
		28,639	
Balance at June 30, 2019	\$	3,303,656	

Notes to Basic Financial Statements

June 30, 2019

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 (2.51%) or 1-percentage-point higher (4.51%) than the current discount rate (3.51%):

	 % Decrease (2.51%)	 ent Discount e (3.51%)		Increase 4.51%)
County	\$ 1,239,740	\$ 1,151,866 \$	5	1,068,741
School Board	3,530,798	3,303,656		3,083,589

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 (7.5 percent decreasing to 4.0 percent over 10 years) or 1-percentage-point higher (9.0 percent decreasing to 6.0 percent over 10 years) than the current discount rate (8.5 percent decreasing to 5.0 percent over 10 years):

	19	% Decrease	Cu	Current Trend		Increase
	(7.5	0% decreasing	R	ate (8.50%	(9.50%	% decreasing
	to	4% over 10	deci	reasing to 5%	to 6	% over 10
		years	ov	er 10 years)		years)
County	\$	1,014,063	\$	1,151,866	\$	1,314,793
School Board		2,907,177		3,303,656		3,767,996

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, 2019, the County and the School Board recognized Medical Insurance OPEB expense of \$81,403 and \$333,390, respectively.

Notes to Basic Financial Statements

June 30, 2019

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

At June 30,2019, the County and School Board recognized deferred inflows and outflows of resources from the following sources:

	Cou	inty		School	Boar	d
	 Outflows source		erred Inflows Resources	 red Outflows Resource		ferred Inflows f Resources
Differences between expected and actual experience	\$ -	\$	(190,039)	\$ -	\$	(343,884)
Changes in assumptions	34,200		-	143,775		-
	\$ 34,200	\$	(190,039)	\$ 143,775	\$	(343,884)

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
2020	\$ (37,763)	\$ (40,021)
2021	(37,763)	(40,021)
2022	(37,763)	(40,021)
2023	(37,762)	(40,021)
2024	(4,788)	(40,025)
Thereafter	-	-
	\$ (155,839)	\$ (200,109)

Notes to Basic Financial Statements

June 30, 2019

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

Eligible Employees

The GLI weas established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.

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.

Benefit Amounts

The benefits payable under the GLI have several components.

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:

Accidental dismemberment benefit

Safety belt benefit

Repatriation benefit

Felonious assault benefit

Accelerated death benefit option

Notes to Basic Financial Statements

June 30, 2019

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 creditable service, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute. This amount is increased

annually based on the VRS Plan 2 COLA and was increased to \$8,279 effective July 1, 2018.

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 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, 2019 and June 30, 2018 were as follows.

	2019	2018
County	\$ 73,368 \$	70,608
School Board Non-Professional	11,236	8,323
School Board Professional	161,875	154,209

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, 2019, the participating employers' reported liabilities for its proportionate share of the net GLI OPEB liability as follows:

	2019	2018
County	\$ 1,085,000 \$	1,049,000
School Board Non-Professional	128,000	131,000
School Board Professional	2,369,000	2,365,000

Notes to Basic Financial Statements

June 30, 2019

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, 2018 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, comparisons of the participating employers' proportions to June 30, 2017 are as follows:

	2018	2017
County	0.07142%	0.06975%
School Board Non-Professional	0.00842%	0.00871%
School Board Professional	0.15596%	0.15715%

For the year ended June 30, 2019, the County, School Board non-professional, and School Board professional employees recognized GLI OPEB expense (benefit) of \$12,000, (\$1,000), and \$13,000, 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, 2019, 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	\$	53,000	\$	(20,000)
Net difference between projected and actual earnings on				
GLI OPEB program investments		-		(35,000)
Change in assumptions		-		(45,000)
Changes in proportion Employer contributions subsequent to the measurement		24,000		-
date		73,368		-
Total	\$	150,368	\$	(100,000)

Notes to Basic Financial Statements

June 30, 2019

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 \$73,368 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, 2020. 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	
2020	\$	(12,000)
2021		(12,000)
2022		(12,000)
2023		(2,000)
2024		7,000
Thereafter		8,000
Total	\$	(23,000)

School Board Non-Professional

	Outflows of Inflo		Deferred Inflows of of Resources	
Differences between expected and actual experience	\$	6,000	\$	(3,000)
Net difference between projected and actual earnings on				
GLI OPEB program investments		-		(4,000)
Change in assumptions		-		(5,000)
Changes in proportion		-		(5,000)
Employer contributions subsequent to the measurement date		11,236		-
Total	\$	17,236	\$	(17,000)

Notes to Basic Financial Statements

June 30, 2019

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 \$11,236 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, 2020. 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
2020	\$ (4,000)
2021	(4,000)
2022	(3,000)
Total	\$ (11,000)

School Board Professional

	O	Deferred utflows of Resources	Ι	Deferred nflows of Resources
Differences between expected and actual experience	\$	116,000	\$	(42,000)
Net difference between projected and actual earnings on				
GLI OPEB program investments		-		(77,000)
Change in assumptions		-		(99,000)
Changes in proportion		-		(24,000)
Employer contributions subsequent to the measurement date		161,875		-
	\$	277,875	\$	(242,000)

Notes to Basic Financial Statements

June 30, 2019

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 \$161,875 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, 2020. 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
2020	\$ (39,000)
2021	(39,000)
2022	(39,000)
2023	(17,000)
2024	1,000
Thereafter	7,000
Total	¢ (126.000)
Total	\$ (126,000)

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

*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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of the OPEB liabilities.

Inflation	2.5%
Salary increases, including inflation	
Teachers	3.5% - 5.95%
Locality - general employees	3.5% - 5.35%
Locality - hazardous duty employees	3.5% - 4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

Notes to Basic Financial Statements

June 30, 2019

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

D. Actuarial Assumptions (Continued)

School Board Professional

Mortality Rates – Teachers

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

<u>Post-Retirement:</u> 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.

<u>Post-Disablement:</u> 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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 through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Notes to Basic Financial Statements

June 30, 2019

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

D. Actuarial Assumptions (Continued)

County and School Board Non-Professional

Mortality Rates – General Employees

<u>Pre-Retirement:</u> 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.

<u>Post-Retirement:</u> 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.

<u>Post-Disablement:</u> 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table - RP-2014
(pre-retirement, post-retirement	projected to 2020
healthy, and disabled)	
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%

Mortality Rates – Hazardous Duty Employees

<u>Pre-Retirement:</u> 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.

<u>Post-Retirement:</u> 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.

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

Notes to Basic Financial Statements

June 30, 2019

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table - RP-2014
(pre-retirement, post-retirement	projected to 2020
healthy, and disabled)	
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%

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, 2018, NOL amounts for the GLI are as follows:

	Group Life	
	Insurance OPEB	
	Program	
Total GLI OPEB liability	\$ 3,113,508,000	
Plan fiduciary net position	1,594,773,000	
Employers' net GLI OPEB liability	\$ 1,518,735,000	
Plan fiduciary net position as a percentage of the total GLI OPEB liability	51.22%	

Notes to Basic Financial Statements

June 30, 2019

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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total =	100.00%		4.80%
*Expected arithmetic	Inflation nominal return	_	2.50%
		<u> </u>	7.30%

^{*}The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Notes to Basic Financial Statements

June 30, 2019

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 7.00%. 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, 2018, 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, 2018 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

		Current Discount	
	1% Decrease	Rate	1% Increase
	(6.00)%	(7.00)%	(8.00)%
County	\$ 1,418,000 \$	1,085,000	\$ 814,000
School Board Non-Professional	167,000	128,000	96,000
School Board Professional	3,096,000	2,369,000	1,779,000

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website <u>http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf</u>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Notes to Basic Financial Statements

June 30, 2019

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 employees of public 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.

Notes to Basic Financial Statements

June 30, 2019

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

A. Plan Description (Continued)

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

Eligible Employees

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.

Eligible employees s are enrolled automatically upon employment. They include:

• Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.

Benefit Amounts

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.

Health Insurance Credit Program Notes

- 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.

Notes to Basic Financial Statements

June 30, 2019

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

Eligible Employees

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.

Eligible employees are enrolled automatically upon employment. They include:

• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts

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 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.

Health Insurance Credit Program Notes

- 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.

Notes to Basic Financial Statements

June 30, 2019

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

B. Employees Covered by Benefit Terms

County Plan

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan.

	Number
Inactive members or their beneficiaries currently	
receiving benefits	35
Inactive members	
Vested	6
Total inactive members	41
Active members	146
Total covered employees	187

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, 2019, 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 valuatioas 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, 2018 and June 30, 2019 were as follows:

	2018	2019
County	\$ 11,235	\$ 15,469
School Board Professional	364,272	372,275

Notes to Basic Financial Statements

June 30, 2019

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, 2018. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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, 2018, NOL amounts for the VRS Teacher Employee HIC are as follows:

	Teacher Employee HIC OPEB Plan		
Total teacher employee HIC OPEB liability Plan fiduciary net position	\$ 1,381,313,000 111,639,000		
Teacher employee net HIC OPEB liability	\$ 1,269,674,000		
Plan fiduciary net position as a percentage of the total			
teacher employee HIC OPEB liability	8.08%		

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.

Notes to Basic Financial Statements

June 30, 2019

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, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation:	
Locality-general employees	3.5%-5.35%
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of the OPEB liabilities.

County Plan

Mortality Rates – General Employees

<u>Pre-Retirement:</u> 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.

<u>Post-Retirement:</u> 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.

<u>Post-Disablement:</u> 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Notes to Basic Financial Statements

June 30, 2019

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%

School Board Professional Plan

Mortality Rates – Teachers

<u>Pre-Retirement:</u> 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.

<u>Post-Retirement:</u> 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.

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

Notes to Basic Financial Statements

June 30, 2019

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

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

Notes to Basic Financial Statements

June 30, 2019

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:

			Arithmetic Long-Term Expected	Weighted Average Long- Term	
		Target	Rate	Expected	
Asset Class (Strategy)		Allocation	of Return	Rate of Return	
Public Equity		40.00%	4.54%	1.82%	
Fixed Income		15.00%	00% 0.69%		
Credit Strategies		15.00%	3.96%	0.59%	
Real Assets		15.00%	5.76%	0.86%	
Private Equity		15.00%	9.53%	1.43%	
Total		100.00%		4.80%	
		Inflation		2.50%	
	*Expected arithmetic	nominal			
	return			7.30%	

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Notes to Basic Financial Statements

June 30, 2019

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 7.00%. 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, 2018, 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, 2018 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)					
				•		HIC OPEB
	OP	EB Liability		Net Position (b)		Liability
		(a)	((c)
Balance at June 30, 2017	\$	257,273	\$	177,183	\$	80,090
Changes for the year:						
Service cost		6,588				6,588
Interest		17,356				17,356
Difference between expected and						
actual experience		10,069				10,069
Contributions-employer				11,235		(11,235)
Net investment income				12,396		(12,396)
Benefit payments, including refunds						
of employee contributions		(18,665)		(18,665)		-
Administrative expenses				(284)		284
Other changes		-		(934)		934
Net changes		15,348		3,748		11,600
Balance at June 30, 2018	\$	272,621	\$	180,931	\$	91,690

Notes to Basic Financial Statements

June 30, 2019

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Current Discount					
	1%	1% Decrease (6.00)%		Rate		1% Increase
				(7.00)%	(8.00)%	
School Board Professional	\$	5,193,000	\$	4,649,000	\$	4,187,000
County		119,276		91,690		68,028

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, 2019, the County plan recognized HIC OPEB expense of \$ 12,434. At June 30, 2019, the County plan reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources:

	Ou	eferred tflows of esources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	8,385	\$ -
Net difference between projected and actual earnings on			
HIC OPEB program investments		-	(4,571)
Change in assumptions		-	(3,289)
Employer contributions subsequent to the measurement date		15,469	-
Total	\$	23,854	\$ (7,860)

Notes to Basic Financial Statements

June 30, 2019

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 \$15,469 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, 2020. 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):

Year Ending June 30,		Amount		
2020	\$	(628)		
2021		(628)		
2022		(627)		
2023		816		
2024		1,592		
Total	<u>\$</u>	525		

Notes to Basic Financial Statements

June 30, 2019

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, 2019, the School Board professional plan reported a liability of \$4,649,000 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, 2018 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board professional plan's proportion of the Teacher Employee HIC was 0.36619% as compared to 0.36624% at June 30, 2017.

For the year ended June 30, 2019, the School Board professional plan recognized Teacher Employee HIC OPEB expense of \$370,000. 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, 2019, 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	\$	-	\$	(23,000)
Net difference between projected and actual earnings on				
HIC OPEB program investments		-		(3,000)
Change in assumptions		-		(41,000)
Changes in proportionate share		-		(45,000)
Employer contributions subsequent to the measurement date		372,275		
Total	\$	372,275	\$	(112,000)

Notes to Basic Financial Statements

June 30, 2019

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 \$372,275 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, 2020. 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		
2020	\$	(20,000)	
2021		(20,000)	
2022		(20,000)	
2023		(18,000)	
2024		(19,000)	
Thereafter		(15,000)	
Total	\$	(112,000)	

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 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website <u>http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf</u>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Notes to Basic Financial Statements

June 30, 2019

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 benefit structure and whose employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employee VLDP. These plans are administered by the System, along with pension and other OPEB plans, for eligible public employee groups in the Commonwealth of Virginia. These plans are required by Title 51.1 of the <u>Code of Virginia</u>, as amended, to provide short-term and long-term disability benefits for their Hybrid 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

Eligible Employees

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:

• 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

Eligible Employees

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 retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:

• Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Notes to Basic Financial Statements

June 30, 2019

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

Plan Description (Continued)

Benefit Amounts
The Political Subdivision VLDP provides the following benefits for eligible employees:
• Short-Term Disability:
o 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.
o 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.
o Once the five-year eligibility period is satisfied, employees are eligible for higher income
replacement levels.
• Long-Term Disability:
o 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.
o 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.
Virginia Local Disability Program Notes
• 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.

Notes to Basic Financial Statements

June 30, 2019

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

Contributions

The contribution requirement for active Hybrid employees is governed by Section 51.1-1178(C) of the <u>Code of Virginia</u>, 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, 2019, 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, 2019 and June 30, 2018 were as follows:

	 2019	2018
County	\$ 19,092 \$	14,810
School Board Non-Professional	4,121	1,833
School Board Professional	25,443	14,699

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

At June 30, 2019, the County, School Board non-professional, and School Board professional plans reported liabilities of \$8,000, \$1,000 and \$10,000, respectively for their proportionate share of their VLDP net OPEB liabilities. The VLDP net OPEB liabilities were measured as of June 30, 2018 and the total VLDP OPEB liabilities used to calculate the VLDP net OPEB liabilities were determined by a actuarial valuations as of that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, comparisons of the participating employers' proportions to June 30, 2017 are as follows:

	2018	2017
County	1.01654%	1.07225%
School Board Non-Professional	0.12581%	0.14372%
School Board Professional	1.27169%	1.02846%

For the year ended June 30, 2019, the County, School Board non-professional, and School Board professional plans recognized VLDP OPEB expenses of \$18,000, \$2,000 and \$19,000, 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.

Notes to Basic Financial Statements

June 30, 2019

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

County Plan

At June 30, 2018, the County plan reported deferred outflows of resources related to the employer contributions subsequent to the measurement date.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	\$	-	\$ (1,000)	
Change in assumptions		-	(1,000)	
Employer contributions subsequent to the measurement date		19,092	-	
Total	\$	19,092	\$ (2,000)	

The \$19,092 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, 2020. 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:

Year Ending June 30,	A	Amount
2020	\$	(2,000)
Total	\$	(2,000)

School Board Non-Professional Plan

At June 30, 2019, the School Board non-professional plan reported deferred outflows of resources related to the employer contributions subsequent to the measurement date.

The \$4,121 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, 2020.

Notes to Basic Financial Statements

June 30, 2019

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

School Board Professional Plan

At June 30, 2019, the School Board professional plan reported deferred outflows of resources related to the VLDP OPEB from the following sources:

	Deferred Outflows of Resources		Int	eferred flows of esources
Differences between expected and actual experience	\$	-	\$	(1,000)
Change in assumptions		1,000		-
Employer contributions subsequent to the measurement date		25,443		-
Total	\$	26,443	\$	(1,000)

The \$25,443 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, 2020.

Actuarial Assumptions

The total VLDP OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation:	
Political subdivision employees	3.5%-5.35%
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of the OPEB liabilities.

Notes to Basic Financial Statements

June 30, 2019

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

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.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement	Updated to a more current mortality table - RP-2014 projected to 2020
healthy, and disabled)	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	Increased rate from 14% to 15%

Notes to Basic Financial Statements

June 30, 2019

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

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.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table - RP-2014
(pre-retirement, post-retirement	projected to 2020
healthy, and disabled)	
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

Notes to Basic Financial Statements

June 30, 2019

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

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, 2018, NOL amounts for the County, School Board non-professional and School Board professional plans VLDP is as follows:

	County and School Board			
	Non-Professional School Bo			chool Board fessional Plan
	VLDP OPEB Plans			
Total VLDP OPEB liability	\$	1,588,000	\$	1,401,000
Plan fiduciary net position		816,000		647,000
Employers' net VLDP OPEB liability	\$	772,000	\$	754,000
Plan fiduciary net position as a percentage of the total VLDP OPEB liability		51.39%		46.18%

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.

Notes to Basic Financial Statements

June 30, 2019

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:

			Weighted
		Arithmetic	Average
		Long-Term	Long-Term
	Target	Expected Rate of	Expected Rate of
Asset Class (Strategy)	Allocation	Return	Return
Public Equity	40.0%	4.54%	1.82%
Fixed Income	15.0%	0.69%	0.10%
Credit Strategies	15.0%	3.96%	0.59%
Real Assets	15.0%	5.76%	0.86%
Private Equity	15.0%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
	* Expected arithmetic r	7.30%	

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total VLDP OPEB was 7.00%. 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, 2018, 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, 2018 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.

Notes to Basic Financial Statements

June 30, 2019

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1	% Decrease (6.00%)	Current Discount Rate (7.00%)		1% Increase (8.00%)	
County	\$	7,000	\$	8,000	\$	10,000
School Board Non-Professional		1,000		1,000		1,000
School Board Professional		12,000		10,000		8,000

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 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Notes to Basic Financial Statements

June 30, 2019

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 \$1,605,609 based on the expected cost for all equipment, facilities and services required to monitor and maintain the landfill post-closure. This represents an increase over the 2018 estimate in the event that the technical cost estimate increases before the next review date of of December 30, 2019. During the fiscal 2019 year ended June 30, 2019, the County expended \$144,303 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. 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 \$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.

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.

Notes to Basic Financial Statements

June 30, 2019

Note 13 – Commitments and Contingent Liabilities (Continued)

B. Risk Management (Continued)

The changes in medical claims liability for the three years ended June 30, 2019 are as follow:

-		2019	2018	2017		
Claims liabilities, beginning of year	\$	330,194	\$ 202,036	\$	32,635	
Current year claims		5,166,709	4,576,765		4,619,596	
Change in prior year claims		1,159,233	512,919		55,390	
Claim payments		(5,238,786)	(4,184,433)		(3,871,642)	
Legal, administrative and other expenses		(937,000)	(777,093)		(633,943)	
Claims liabilities, end of year	\$	480,350	\$ 330,194	\$	202,036	

C. Contingencies

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

D. 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.

Due to declining waste disposal volumes at its landfills, SPSA suffered a budget shortfall that required additional payments from its member jurisdictions and the restructuring of its debt in 2009. In connection with the debt restructuring, the Virginia Resources Authority ("VRA"), as the holder of a majority of SPSA's debt, required, among other things, that the member jurisdictions deliver guarantees in respect of such VRA debt. The County's original guaranty was approximately \$10 million, and, as of June 30, 2009, SPSA total indebtedness equaled approximately \$210.0 million. In 2010, SPSA completed the sale of a portion of its assets, which resulted in a substantial reduction in its indebtedness and a corresponding reduction in the County's guaranty. As a part of the VRA's consent, the proceeds from the sale were to be applied proportionately amongst the lenders resulting in a residual level debt service. Additionally, the VRA required the eight member communities' guarantee, by general obligation, repayment of the remaining VRA bonds outstanding. Previous guarantee agreements with the communities were rescinded. The member community guarantees percentages were calculated based on a three-year average of proportional municipal tonnages. As of June 30, 2018, SPSA's outstanding debt was paid in full.

Notes to Basic Financial Statements

June 30, 2019

Note 13 – Commitments and Contingent Liabilities (Continued)

E. 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. Outstanding encumbrances as of June 30, 2019 for the County are as follows:

Governmental Funds	
General Fund	\$ 232,228
Capital Projects	4,507,588
Other Governmental Funds	2,183
Total	\$ 4,741,999

Notes to Basic Financial Statements

June 30, 2019

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. Annually, the County pays a fixed charge as an outside customer to the City of Suffolk to reserve the capacity for County's annual water resource requirements. The County also pays a fixed charge to the City of Norfolk for access to its water supply reservoir. Additionally, in fiscal year 2019, the County contributed approximately \$896,531 to the Authority for its share of capital costs incurred by the Authority and to the City of Suffolk, \$2,080,789.

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, 2019, the payments made to the City were \$1,122,896.

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 2019.

Notes to the Basic Financial Statements

June, 30, 2019

Note 17 – Fund Balances

The County has the following fund balance classifications at June 30, 2019:

				Other				
	General	Ca	pital Projects	D	ebt Service	Governmental		Total
Nonspendable								
Advance to component unit	\$ 375,000	\$	-	\$	- \$	- 5	\$	375,000
Restricted for:								
Debt expenses	-		-		7,925	-		7,925
Capital projects	-		4,835,741		-	-		4,835,741
Committed for:								
Technology Fees	14,755		-		-	-		14,755
Debt service - PACE	2,596,919		-		-	-		2,596,919
Future legal commitments	225,000		-		-	-		225,000
Economic Development	1,689,590		-		-	-		1,689,590
Assigned to:								
Capital projects	2,946,128		6,385,426		-	-		9,331,554
General Administration	262,228		-		316,472	-		578,700
Community Development	48,369		-		-	-		48,369
Special Revenue	-		-		-	520,369		520,369
Education	525,956		-		-	-		525,956
Unassigned	 16,230,524			_	-	(176,165)		16,054,359
	\$ 24,914,469	\$	11,221,167	\$	324,397 \$	\$ 344,204	\$	36,804,237

Required Supplementary Information

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Required Supplementary Information Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund

June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
imary Government	 0	0		
General fund:				
Revenues and Other Financing Sources				
Revenue from local sources:				
General property taxes:				
Real property	\$ 37,987,714	\$ 37,987,714	\$ 37,557,401	\$ (430,313)
Real and personal public service corporation property	1,570,000	1,570,000	1,425,249	(144,751)
Personal property	8,390,000	8,390,000	8,817,664	427,664
Boat/Airplane	97,000	97,000	105,937	8,937
Mobile home	151,000	151,000	163,653	12,653
Machinery and tools	4,510,000	4,510,000	6,347,528	1,837,528
Equipment	1,901,000	1,901,000	1,669,591	(231,409)
Penalties	400,000	400,000	394,434	(5,566)
Interest and other costs	 180,000	180,000	169,915	(10,085)
Total general property taxes	55,186,714	55,186,714	56,651,372	1,464,658
Other local taxes:				
Local sales and use	2,548,000	2,548,000	2,733,047	185,047
Communications sales and use	738,000	738,000	704,075	(33,925)
Consumer's utility	950,000	950,000	958,690	8,690
Consumption	130,000	130,000	124,765	(5,235)
Business license	873,000	873,000	810,219	(62,781)
Motor vehicle licenses	1,140,000	1,140,000	1,141,998	1,998
Recordation and wills	650,000	650,000	601,292	(48,708)
Lodging	69,000	69,000	61,808	(7,192)
Meals tax	463,000	463,000	494,132	31,132
Bank franchise	9,000	9,000	11,045	2,045
Local penalties	7,000	7,000	6,891	(109)
Local interest	 4,000	4,000	2,237	(1,763)
Total other local taxes	 7,581,000	7,581,000	7,650,199	69,199
Permits, fees and licenses:				
Animal licenses	41,000	41,000	40,014	(986)
Land use application and transfer fees	2,000	2,000	1,541	(459)
Zoning and subdivision fees	65,000	65,000	72,020	7,020
Building permits	350,000	350,000	383,482	33,482
Concealed weapon permits	25,000	25,000	26,401	1,401
Misc permits/fees	 35,000	35,000	46,017	11,017
Total permits, fees and licenses	 518,000	518,000	569,475	51,475
Fines and forfeitures	 158,000	158,000	135,492	(22,508)
Total fines and forfeitures	158,000	158,000	135,492	(22,508)

See accompanying Notes to Required Supplementary Information

Required Supplementary Information Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund

June 30, 2019

une 50, 2019		Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues from use of property:					
Revenues from use of money Revenues from use of property	\$	220,555 180,000	\$ 270,555 180,000	\$ 805,232 192,112	\$ 534,677 12,112
Total revenues from use of money and property		400,555	450,555	997,344	546,789
Charges for services:		11 400	11 400	14.012	2 412
Charges for Commonwealth's Attorney		11,400	11,400	14,813	3,413
Charges for parks and recreation Charges for building construction court fee		342,208 44,000	342,208 44,000	204,244 40,042	(137,964)
Charges for law enforcement and other protections		107,800	107,800	106,296	(3,958) (1,504)
Charges for emergency medical services		860,000	860,000	1,039,236	179,236
Charges for other services		61,000	109,000	1,039,230	44,517
Total charges for services		1,426,408	1,474,408	1,558,148	83,740
Miscellaneous:					
Miscellaneous		973,786	973,786	912,917	(60,869)
Farmers market		62,000	86,219	78,268	(7,951)
Recovered costs:					
Indirect cost allocation		320,868	320,868	332,942	12,074
Recovered costs		374,109	384,882	826,946	442,064
Total miscellaneous Other local sources:		1,730,763	1,765,755	2,151,073	385,318
Salty Southern Route		-	24,071	19,971	(4,100)
Total other local sources		-	24,071	19,971	(4,100)
Other financing sources:					
Interfund transfers		-	6,216,095	-	(6,216,095)
Issuance of debt		-	680,000	678,149	(1,851)
Total other financing sources		-	6,896,095	678,149	(6,217,946)
Total revenues from local sources Revenue from the Commonwealth: Noncategorical aid:		67,001,440	74,054,598	70,411,223	 (3,643,375)
State personal property tax relief		5,115,890	5,115,890	5,115,890	-
Other revenue from the Commonwealth		256,000	256,000	260,103	4,103
Total noncategorical aid		5,371,890	5,371,890	5,375,993	4,103
Categorical aid: Shared expenses:					
Commonwealth's Attorney		387,000	387,000	387,671	671
Sheriff		1,096,330	1,096,330	1,113,687	17,357
Commissioner of the Revenue		141,400	141,400	143,358	1,958
Treasurer		120,100	120,100	120,311	211
Registrar/electoral board		41,000	41,000	42,436	1,436
Clerk of the Circuit Court		267,200	267,200	274,881	7,681
Technology Trust Fund		15,000	20,740	27,572	6,832
Total shared expenses		2,068,030	2,073,770	2,109,916	36,146
Other categorical aid: State grants	_	4,500	 9,000	 7,105	 (1,895)
Total other categorical aid		4,500	 9,000	 7,105	 (1,895)
Total categorical aid		2,072,530	2,082,770	 2,117,021	 34,251
Total revenues from the Commonwealth		7,444,420	7,454,660	7,493,014	38,354
		., .,0	., 2.,000	.,	

See accompanying Notes to Required Supplementary Information

Required Supplementary Information Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund

June 30, 2019 Variance with Final Budget Original Final Positive Budget Budget Actual (Negative) Revenue from the federal government: Homeland security 15,000 \$ 15,000 \$ 16,146 1,146 \$ 15,000 15,000 16,146 1,146 Total revenues from the federal government 74,460,860 81,524,258 77,920,383 (3,603,875) Total General Fund revenues and other financing sources **Expenditures and Other Financing Uses** General government administration Legislative: 336,963 336,381 582 Board of Supervisors 332.474 332,474 336,963 336,381 582 **Total legislative** General and financial administration: Budget and finance 675,422 587,451 580,455 6,996 Admin - Commissioner of the Revenue 675,022 678,421 672,559 5,862 County Administrator 458,701 461,655 457,939 3,716 County Attorney 703,265 1,410,663 415,309 995,354 Human resources 405,829 301,544 279,665 21,879 Purchasing 97,052 96,615 96,413 202 Real estate assessment 315,100 320,101 292,959 27,142 Admin - Treasurer 738,671 841,935 737,571 104,364 Total general and financial administration 4,069,062 4,698,385 3,532,870 1,165,515 Board of Elections: Registrar/electoral board and officials 289,238 293,406 282,136 11,270 **Total Board of Elections** 289,238 293,406 282,136 11,270 Total general government administration 4,690,774 5,328,754 4,151,387 1,177,367 Judicial administration: Courts: Circuit Court 75,758 76,636 74.898 1,738 General District Court 14,536 14,536 10,977 3,559 239,281 233,092 239,166 115 Fifth District Court services unit Juvenile and Domestic Relations District Court 24,997 13,997 8,987 5,010 538,901 543,924 543,977 Expenses - Clerk of the Circuit Court (53) 887,284 888,374 10,369 878,005 Total courts Commonwealth's Attorney 780,517 786,654 784,994 1,660 780,517 786,654 784,994 **Total Commonwealth's Attorney** 1,660 1,675,028 1,662,999 1,667,801 12,029 Total judicial administration

See accompanying Notes to Required Supplementary Information

Required Supplementary Information Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund

June 30, 2019

		Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety:		Dudget	Dudget	Tietuar	(itegative)
Law enforcement and traffic control: Sheriff	<u>\$</u>	4,738,863	\$ 4,781,872	\$ 4,693,717	\$ 88,155
Total law enforcement and traffic control		4,738,863	4,781,872	4,693,717	88,155
Fire and rescue services:		407 000	(02.004	505 460	6.525
Emergency services Fire and rescue response		487,809 4,058,799	602,004 4,102,785	595,469 4,057,376	6,535 45,409
Total fire and rescue services		4,546,608	4,704,789	4,652,845	51,944
Inspections - building		512,964	528,724	487,040	 41,684
Total inspections - building		512,964	528,724	487,040	41,684
Other protection: Animal control Western Tidewater Regional Jail		516,088 948,013	598,961 948,013	551,538 948,013	47,423
Total other protection		1,464,101	1,546,974	1,499,551	47,423
Total public safety		11,262,536	11,562,359	11,333,153	229,206
Public works: Administration:		11,202,330	11,302,339	11,555,155	223,200
General Administration Transportation		277,393 266,739	285,448 265,340	279,634 247,880	5,814 17,460
Total administration		544,132	550,788	527,514	23,274
Sanitation and waste removal:				-	
Programs and inspections Refuse collection		76,613 2,490,029	76,072 2,565,200	75,385 2,524,784	687 40,416
Total sanitation and waste removal Maintenance of general buildings and grounds:	. <u> </u>	2,566,642	2,641,272	2,600,169	 41,103
General Properties (Bldg&Grds)		1,280,009	1,304,672	1,299,627	5,045
Total maintenance of general buildings and grounds	_	1,280,009	1,304,672	1,299,627	5,045
Total public works		4,390,783	4,496,732	4,427,310	69,422
Health and welfare: Court Appointed Special Advocate		20,000	20,000	20,000	_
Genieve Shelter		10,000	10,000	10,000	-
Endependence Center of Tidewater		5,000	5,000	5,000	-
IOW Christian Outreach		10,000	10,000	10,000	-
Senior Services of Southeastern Hampton Roads Western Tidewater Community Service Board		52,494	52,494 300	52,494 300	-
Western Tidewater Free Clinic		33,750	33,750	33,750	-
Total health and welfare		131,244	131,544	131,544	-
Education: Education		26,422,734	26,818,371	26,292,416	525,955
Total education		26,422,734	26,818,371	26,292,416	 525,955
i viai cuucativii		20,122,134	20,010,571	20,272,710	525,755

See accompanying Notes to Required Supplementary Information

Required Supplementary Information Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund

June 30, 2019 Variance with Final Budget Original Final Positive Budget Budget Actual (Negative) Parks, recreation and cultural: 270,137 240,052 30,085 Parks and recreation \$ 275,613 \$ \$ \$ Parks and recreation programs 690,965 697,597 595,179 102,418 Parks and gateways 830.984 850.930 829,788 21,142 1,797,562 1,818,664 1,665,019 153,645 Total parks and recreation Cultural enrichment: Isle of Wight Arts 5,000 9,500 9,000 500 9,500 9,000 5,000 500 **Total cultural enrichment** Library: Library administration 815,184 815,184 814,317 867 815,184 814,317 867 815,184 **Total library** 2,617,746 2,643,348 2,488,336 155,012 Total parks, recreation and cultural Community development: Planning: Planning & Zoning 911,275 1,083,923 941,115 142,808 645,862 2,251,042 Economic Development 411,216 1,839,826 Tourism 521,898 543,386 517,220 26,166 Farmer's market 62,569 86,793 79,606 7,187 921,061 921,061 Other Public Service Organizations 892,044 29,017 Annexation settlement payment 1,081,939 720,000 1,122,896 (40,957)Communication 60,615 64,881 60,098 4,783 3,843,280 6,033,025 4,024,195 2,008,830 **Total planning** 95,320 69,890 35,577 34,313 Cooperative extension program 95,320 69,890 35,577 34,313 Total cooperative extension program 3,938,600 6,102,915 4,059,772 2,043,143 Total community development Nondepartmental 2,172,630 2,545,026 2,429,187 115,839 Debt Service 11,882,653 11,896,694 11,886,721 9,973 Other financing uses: 5,283,359 8,323,487 7,689,327 634,160 Transfers out 5,283,359 8,323,487 7,689,327 634,160 Total other financing uses Total General Fund expenditures and 74,460,860 other financing uses 81,524,258 76,552,152 4,972,106 Excess of revenues and other financing sources over expenditures and other financing uses 1.368.231 1.368.231 23,546,238 23,546,238 Fund balance-beginning of year \$ \$ Fund balance-end of year 24,914,469 \$ 24,914,469

See accompanying Notes to Required Supplementary Information

Required Supplementary Information

June 30, 2019

Notes to Budget to Actual Required Supplementary Information

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

- 1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The 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 lapsed on June 30 for all County units. All unexpended appropriations of the School Board revert back to the County at the end of each fiscal year.
- 8. The Primary Government have assigned fund balances for subsequent year's years expenditures unless the subsequent year's years expenditures relate to restricted or committed resources.

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Required Supplementary Information

Schedule of Changes in the County Net Pension Liability and Related Ratios – Virginia Retirement System

June 30, 2019

County	Fiscal Year Ended June 30,										
· · ·		2018	2017	2016	2015	2014					
Total pension liability											
Service cost	\$	1,568,714 \$	1,541,242 \$	1,495,249 \$	1,458,672 \$	1,417,914					
Interest		3,051,817	2,826,947	2,716,218	2,533,894	2,390,589					
Differences between expected and actual experience		341,990	928,085	(818,238)	306,482	-					
Changes of assumptions		-	(131,919)	-	-	-					
Benefit payments, including refunds of employee contributions		(1,938,384)	(1,965,461)	(1,657,309)	(1,731,525)	(1,791,060)					
Net change in total pension liability		3,024,137	3,198,894	1,735,920	2,567,523	2,017,443					
Total pension liability - beginning		44,566,580	41,367,686	39,631,766	37,064,243	35,046,800					
	\$	47,590,717 \$	44,566,580 \$	41,367,686 \$	39,631,766 \$	37,064,243					
Pension fiduciary net position											
Contributions - employer	\$	1,153,033 \$	1,103,715 \$	1,232,527 \$	1,131,871 \$	1,354,797					
Contributions - employee	Ψ	701,159	623,563	615,182	568,417	663,795					
Net investment income		3,075,982	4,543,101	645,055	1,604,942	4,757,268					
Benefit payments, including refunds of employee contributions		(1,938,384)	(1,965,461)	(1,657,309)	(1,731,525)	(1,791,060)					
Administrative expense		(26,131)	(25,913)	(22,272)	(21,686)	(25,127)					
Other changes		(2,761)	(4,058)	(272)	(340)	251					
Net change in plan fiduciary net position		2,962,898	4,274,947	812,911	1,551,679	4,959,924					
Plan fiduciary net position - beginning		41,522,553	37,247,606	36,434,695	34,883,016	29,923,092					
Plan fiduciary net position - ending (b)	\$	44,485,451 \$	41,522,553 \$	37,247,606 \$	36,434,695 \$	34,883,016					
County's net pension liability - ending (a)-(b)	\$	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		93.48%	93.17%	90.04%	91.93%	94.12%					
Covered payroll	\$	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	Ŷ	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.

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios – Virginia Retirement System (Continued)

June 30, 2019

School Board Non-Professional

School Board Non-Professional	Fiscal Year June 30,					
		2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$	176,448 \$	176,414 \$	184,282 \$	191,347 \$	220,250
Interest		392,476	379,508	375,141	382,347	371,046
Differences between expected and actual experience		18,586	(11,537)	(159,890)	(328,165)	-
Changes of assumptions		-	(6,991)	-	-	-
Benefit payments, including refunds of employee contributions		(358,161)	(346,120)	(328,182)	(362,980)	(515,046)
Net change in total pension liability		229,349	191,274	71,351	(117,640)	76,673
Total pension liability - beginning		5,785,880	5,594,606	5,523,255	5,640,895	5,564,222
Total pension liability - ending (a)	\$	6,015,229 \$	5,785,880 \$	5,594,606 \$	5,523,255 \$	5,640,895
Pension fiducairy net position						
Contributions - employer	\$	94,286 \$	95,514 \$	135,297 \$	136,787 \$	183,059
Contributions - employee		74,828	81,403	77,177	78,445	80,042
Net investment income		422,832	640,604	91,464	237,020	723,316
Benefit payments, including refunds of employee contributions		(358,161)	(346,120)	(328,182)	(362,980)	(515,146)
Administrative expense		(3,734)	(3,788)	(3,342)	(3,349)	(4,085)
Other changes		(374)	(566)	(39)	(49)	38
Net change in plan fiduciary net position		229,677	467,047	(27,625)	85,874	467,324
Plan fiduciary net position - beginning		5,790,493	5,323,446	5,351,071	5,265,197	4,797,873
Plan fiduciary net position - ending (b)	\$	6,020,170 \$	5,790,493 \$	5,323,446 \$	5,351,071 \$	5,265,197
School Board non-professional net pension liability (asset) - ending (a)-(b)	\$	(4,941) \$	(4,613) \$	271,160 \$	172,184 \$	375,698
Plan fiduciary net position as a percentage of the total pension liability (asset)		100.08%	100.08%	95.15%	96.88%	93.34%
Covered payroll	\$	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		(0.33)%	(0.30)%	16.91%	10.79%	17.71%
2 V			~ /			

* 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.

Required Supplementary Information Schedule of County Contributions - Virginia Retirement System

June 30, 2019

				Fiscal Year I	End	led June 30,		
County	 2019		2018	2017		2016	2015	2014
Contractually required contribution (CRC) Contribution in relation to the CRC	\$ 1,306,429 (1,306,429)	\$	5 1,153,033 (1,153,033)	\$ 1,103,715 (1,103,715)	\$	1,232,527 (1,232,527)	\$ 1,307,818 (1,307,818)	\$ 1,354,797 (1,354,797)
Contribution deficiency (excess)	\$ -	\$	-	\$ -	\$		\$ 	\$
Covered payroll Contributions as a percentage of covered payroll	\$ 13,510,114 9.67%	Ş	5 13,087,775 8.81%	\$ 12,527,980 8.81%	\$	11,803,972 10.44%	\$ 11,257,635 11.62%	\$ 10,876,942 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.

Required Supplementary Information Schedule of School Board Non-Professional Contributions - Virginia Retirement System

June 30, 2019

			F	iscal Year	End	ed June 30,		
School Board Non-Professional	2019	2018		2017		2016	2015	2014
Contractually required contribution (CRC) Contributions in relation to the CRC	\$ 192,714 (192,714)	\$ 94,286 (94,286)	\$	95,514 (95,514)	\$	135,297 (135,297)	\$ 238,553 (238,553)	\$ 183,059 (183,059)
Contribution deficiency (excess)	\$ -	\$ -	\$	-	\$	-	\$ -	\$ -
Covered payroll Contributions as a percentage of covered payroll	\$ 2,105,254 9.15%	1,496,603 6.30%	\$	1,516,095 6,30%	\$	1,602,936 8,44%	\$ 1,595,356 14,95%	\$ 2,121,914 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.

Required Supplementary Information

Schedule of School Board Proportionate Share of the Net Pension Liability VRS Teacher Retirement Plan (Cost Sharing) - Virginia Retirement System

June 30, 2019

	2018	2017	2016	2015	2014
School Board's proportion of the net pension liability	0.36836%	0.36865%	0.37766%	0.37104%	0.37652%
School Board's proportionate share of the net pension liability	\$ 43,318,672	\$ 45,337,000	\$ 51,998,000	\$ 47,534,000	\$ 45,501,000
School Board's covered payroll	36,170,924	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	119.76%	134.24%	183.80%	186.54%	184.81%
Plan fiduciary net position as a percentage of the total pension liability	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.

Required Supplementary Information

Schedule of School Board Professional Contributions – Virginia Retirement System

June 30, 2019

Contractually required contribution (CRC)	\$ 2019 5,671,601 \$	2018 5,606,793 \$	2017 4,951,158 \$	2016 3,977,579 \$	2015 6,114,064 \$	2014 3,210,607
Contributions in relation to the CRC	 (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	\$ 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%	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.

Notes to Required Supplementary Information Virginia Retirement System

June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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%

<u>LEO</u>

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%

School Board Professional:

Mortality Rates (Pre-retirement, post-	Update to a more current mortality table - RP-2014
retirement healthy, and disabled)	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

Notes to Required Supplementary Information Virginia Retirement System

June 30, 2019

Note 3. Contractually Required Contributions

The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

County and School Board Non-Professional:

Non-LEOS:	
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19-28 years
Asset valuation method	5-year smoothed marked
Cost-of-living adjustments	2.25%-2.50%
Projected salary increases	3.50%-5.35%, including inflation at 2.50%
Investment rate of return	7.0%, including inflation at 2.50%

LEOS:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19-28 years
Asset valuation method	5-year smoothed marked
Cost-of-living adjustments	2.25%-2.50%
Projected salary increases	3.50%-4.75%, including inflation at 2.50%
Investment rate of return	7.0%, including inflation at 2.50%

School Board Professional:

Actuarial cost method Amortization method Remaining amortization period Asset valuation method Cost-of-living adjustments Projected salary increases Investment rate of return Entry age Level percentage of payroll, closed 19-28 years 5-year smoothed marked 2.25%-2.50% 3.50%-5.95%, including inflation at 2.50% 7.0%, including inflation at 2.50%

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Schedules of Changes in the County's Total OPEB Liability And Related Ratios - Medical Insurance

	Fiscal Year Ended June 30,			
		2019	2018	
Total Medical Insurance OPEB liability:				
Service cost	\$	74,762 \$	86,867	
Interest		44,404	44,679	
Differences between expected and actual experience		(59,249)	(210,999)	
Changes in assumptions		30,516	13,156	
Benefit payments		(22,183)	(22,304)	
Net change in total OPEB liability		68,250	(88,601)	
Total Medical Insurance OPEB liability - beginning		1,083,616	1,172,217	
County total Medical Insurance OPEB liability - ending	\$	1,151,866 \$	1,083,616	
Plan fiduciary net position as a percentage of the total Medical Insurance OPEB liability Covered payroll Total OPEB liability as a percentage of covered payroll	\$	0.00% 14,071,383 \$ 8.19%	0.00% 13,728,179 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.

Schedules of Changes in the School Board's Total OPEB Liability And Related Ratios - Medical Insurance

	Fiscal Year June 30,			
		2019	2018	
Total Medical Insurance OPEB liability:				
Service cost	\$	238,851 \$	223,772	
Interest		134,560	113,449	
Changes in assumptions		80,182	107,739	
Differences between expected and actual experience		(350,492)	(72,529)	
Benefit payments		(74,462)	(84,490)	
Net change in total OPEB liability		28,639	287,941	
Total Medical Insurance OPEB liability - beginning		3,275,017	2,987,076	
School Board total Medical Insurance OPEB liability - ending	\$	3,303,656 \$	3,275,017	
Plan fiduciary net position as a percentage of the total		0.00%	0.00%	
Medical Insurance OPEB liability				
Covered payroll	\$	38,276,178 \$	31,256,259	
Total OPEB liability as a percentage of covered payroll		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.

Schedule of County Contributions - Medical Insurance

	Fiscal Year June 30,			
		2019	2018	
Contractually required contribution (CRC)	\$	22,183 \$	22,304	
Contributions in relation to the CRC		(22,183)	(22,304)	
Contribution deficiency (excess)	\$	- \$	<u> </u>	
Employer's covered payroll	\$	14,150,662 \$	13,728,179	
Contributions as a percentage of covered payroll		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 for which information is available.

Schedule of School Board Contributions - Medical Insurance

	Fiscal Year June 30,		
	2019	2018	
Contractually required contribution (CRC)	\$ 74,462 \$	84,490	
Contributions in relation to the CRC	(74,462)	(84,490)	
Contribution deficiency (excess)	\$ - \$		
Employer's covered payroll	\$ 38,276,178 \$	31,256,259	
Contributions as a percentage of covered payroll	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 School Board will present information for those years for which information is available.

Employer's Share of Net OPEB Liability - Group Life Insurance

	Fiscal Year June 30,		
	 2018	2017	
'ounty:			
Employer's proportion of the net GLI OPEB liability	0.07142%	0.06975%	
Employer's proportionate share of the net GLI OPEB liability	\$ 1,085,000 \$	1,049,000	
Employer's covered payroll	13,578,462	12,865,047	
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	7.99%	8.15%	
Plan fiduciary net position as a percentage of the total GLI OPEB liability	51.22%	48.86%	
chool Board Non-Professional:			
Employer's proportion of the net GLI OPEB liability	0.00842%	0.00871%	
Employer's proportionate share of the net GLI OPEB liability	\$ 128,000 \$	131,000	
Employer's covered payroll	1,600,657	1,606,998	
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.00%	8.15%	
Plan fiduciary net position as a percentage of the total GLI OPEB liability	51.22%	48.86%	
chool Board Professional:			
Employer's proportion of the net GLI OPEB liability	0.15596%	0.15715%	
Employer's proportionate share of the net GLI OPEB liability	\$ 2,369,000 \$	2,365,000	
Employer's covered payroll	29,655,602	28,986,478	
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	7.99%	8.16%	
Plan fiduciary net position as a percentage of the total GLI OPEB liability	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.

Schedule of Employer Contributions - OPEB -Group Life Insurance Program

	Fiscal Year June 30,						
		2019	2018	2017	2016	2015	
County:							
Contractually required contribution							
(CRC)	\$	73,368 \$	70,608 \$	66,898 \$	60,109 \$	54,945	
Contributions in relation to the CRC		73,368	70,608	66,898	60,109	54,945	
Contribution deficiency (excess)	\$	- \$	- \$	- \$	- \$	-	
Employer's covered payroll Contributions as a percentage of	\$	14,091,398 \$	13,578,462 \$	12,865,047 \$	12,522,770 \$	11,446,842	
covered payroll		0.52%	0.52%	0.52%	0.48%	0.48%	
School Board Non-Professional: Contractually required contribution (CRC) Contributions in relation to the CRC	\$	11,236 \$ 11,236	8,323 \$ 8,323	8,356 \$ 8,356	7,730 \$ 7,730	7,861 7,861	
		· · · · · · · · · · · · · · · · · · ·	,	,	,		
Contribution deficiency (excess)	\$	- \$	- \$	- \$	- \$	-	
Employer's covered payroll Contributions as a percentage of	\$	2,160,740 \$	1,600,657 \$	1,606,998 \$	1,610,420 \$	1,637,741	
covered payroll		0.52%	0.52%	0.52%	0.48%	0.48%	
School Board Professional:							
Contractually required contribution							
(CRC)	\$	161,875 \$	154,209 \$	150,730 \$	136,004 \$	135,062	
Contributions in relation to the CRC		161,875	154,209	150,730	136,004	135,062	
Contribution deficiency (excess)	\$	- \$	- \$	- \$	- \$		
Employer's covered payroll	\$	31,129,745 \$	29,655,602 \$	28,986,478 \$	28,334,241 \$	28,137,894	
Contributions as a percentage of covered payroll		0.52%	0.52%	0.52%	0.48%	0.48%	

Schedule of Employer Contributions - OPEB -Group Life Insurance Program

		2014	2013	Fisc	al Year June, 30 2012)	2011		2010
		2014	2015		2012		2011		2010
County:									
Contractually required contribution	¢	55 (07 0	54	210 0	20.224	¢	20.020	¢	20.001
(CRC) Contributions in relation to the CRC	\$	55,687 \$ 55,687		,219 \$,219	29,224 29,224	\$	28,820 28,820	2	20,891 20,891
Contributions in relation to the CKC		55,087	J -	,219	29,224		28,820		20,891
Contribution deficiency (excess)	\$	- \$		- \$	-	\$	-	\$	
Employer's covered payroll	\$	11,601,386 \$	11,295	,569 \$	10,437,063	\$	10,293,007	\$	7,737,557
Contributions as a percentage of covered payroll		0.48%	0	.48%	0.28%		0.28%		0.27%
School Board Non-Professional: Contractually required contribution (CRC) Contributions in relation to the CRC	\$	7,808 \$ 7,808		,438 \$,438	5,726 5,726	\$	5,549 5,549	\$	3,886 3,886
Contribution deficiency (excess)	\$	- \$		- \$	-	\$	-	\$	-
Employer's covered payroll Contributions as a percentage of	\$	1,626,702 \$	1,966	,159 \$	2,045,128	\$	1,981,954	\$	1,439,353
covered payroll		0.48%	0	.48%	0.28%		0.28%		0.27%
School Board Professional: Contractually required contribution									
(CRC)	\$	132,709 \$	144	,550 \$	80,546	\$	79,893	\$	55,155
Contributions in relation to the CRC		132,709	144	,550	80,546		79,893		55,155
Contribution deficiency (excess)	\$	- \$		- \$	_	\$		\$	
Employer's covered payroll Contributions as a percentage of	\$	27,647,631 \$	30,114	,580 \$	28,766,511	\$	28,533,094	\$	20,427,646
Controlutions as a percentage 01									

Schedule of County Plan Contributions -OPEB - Health Insurance Credit Program

	 Fiscal Year June 30,										
	 2019	2018	2017	2016	2015						
Contractually required contribution (CRC)	\$ 15,469 \$	11,235 \$	10,645 \$	9,671 \$	8,735						
Contributions in relation to the CRC	 15,469	11,235	10,645	9,671	8,735						
Contribution deficiency (excess)	\$ - \$	- \$	- \$	- \$							
Employer's covered payroll Contributions as a percentage of	\$ 7,724,797 \$	7,470,170 \$	7,097,196 \$	6,908,014 \$	6,239,478						
covered payroll	0.20%	0.15%	0.15%	0.14%	0.14%						

Schedule of County Plan Contributions -OPEB - Health Insurance Credit Program

	Fiscal Year June 30,								
	 2014	2013	2012	2011	2010				
Contractually required contribution (CRC)	\$ 7,670 \$	13,505 \$	12,523 \$	12,379 \$	37,069				
Contributions in relation to the CRC	 7,670	13,505	12,523	12,379	37,069				
Contribution deficiency (excess)	\$ - \$	- \$	- \$	- \$					
Employer's covered payroll Contributions as a percentage of covered payroll	\$ 6,392,014 \$ 0.12%	11,254,257 \$ 0.12%	10,436,109 \$ 0.12%	10,315,611 \$ 0.12%	10,296,920 0.36%				

Schedule of Changes County's Net OPEB Liability and Related Ratios -Health Insurance Credit Program

	Fiscal Year June	30,
	2018	2017
Fotal HIC OPEB liability:		
Service cost	\$ 6,588 \$	6,296
Interest	17,356	17,128
Differences between expected and actual experience	10,069	-
Changes in assumptions	-	(4,905)
Benefit payments	(18,665)	(11,866)
Net change in total OPEB liability	 15,348	6,653
Fotal HIC OPEB liability - beginning	257,273	250,620
Fotal HIC OPEB liability - ending (a)	\$ 272,621 \$	257,273
Plan Fiduciary Net Position:		
Contributions - employer	\$ 11,235 \$	10,645
Net investment income	12,396	18,362
Benefit payments, including refunds of employee contributions	(10 ((5)	(11.077)
	(18,665)	(11,866)
Administrative expense	(284)	(295)
Other changes	 (934)	934
Net change in plan fiduciary net position	3,748	17,780
Plan fiduciary net position - beginning	 177,183	159,403
Plan fiduciary net position - ending (b)	\$ 180,931 \$	177,183
County Net HIC OPEB Liability - ending (a) - (b)	\$ 91,690 \$	80,090
Plan fiduciary net position as a percentage of the total		
HIC OPEB liability	66.37%	68.87%
Covered payroll	\$ 7,470,170 \$	7,097,196
Net OPEB liability as a percentage of covered payroll	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.

Schedule of School Board Professional Plan's Share of the Net OPEB Liability - Health Insurance Credit

	 Fiscal Year June	30,
	 2018	2017
Employer's proportion of the net HIC OPEB liability	0.36619%	0.36624%
Employer's proportionate share of the net HIC OPEB liability	\$ 4,649,000 \$	4,646,000
Employer's covered payroll	29,615,591	28,903,680
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	15.70%	16.07%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	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.

Last Ten Fiscal Years

		Fisc	al Year June 30,		
	2019	2018	2017	2016	2015
Contractually required contribution (CRC)	\$ 372,275 \$	364,272 \$	320,831 \$	299,874 \$	297,635
Contributions in relation to the CRC	 372,275	364,272	320,831	299,874	297,635
Contribution deficiency (excess)	\$ - \$	- \$	- \$	- \$	_
Employer's covered payroll Contributions as a percentage of covered	\$ 31,022,917 \$	29,615,591 \$	28,903,680 \$	28,290,038 \$	28,078,735
payroll	1.20%	1.23%	1.11%	1.06%	1.06%

Schedule of School Board Professional Plan Contributions - OPEB - Health Insurance Credit Program

Last Ten Fiscal Years

		Fisca	l Year June 30,		
	 2014	2013	2012	2011	2010
Contractually required contribution (CRC)	\$ 305,641 \$	333,957 \$	171,973 \$	170,368 \$	211,336
Contributions in relation to the CRC	 305,641	333,957	171,973	170,368	211,336
Contribution deficiency (excess)	\$ - \$	- \$	- \$	- \$	
Employer's covered payroll	\$ 27,535,220 \$	30,086,223 \$	28,662,129 \$	28,394,735 \$	20,320,748
Contributions as a percentage of covered payroll	1.11%	1.11%	0.60%	0.60%	1.04%

Schedule of County Plan's Share of Net OPEB Liability - Virginia Local Disability Program

	Fiscal Year June 30,				
		2018	2017		
Employer's proportion of the net VLDP OPEB liability		1.01654%	1.07225%		
Employer's proportionate share of the net VLDP OPEB liability	\$	8,000 \$	6,000		
Employer's covered payroll	\$	2,468,217 \$	1,968,960		
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll		0.32%	0.30%		
Plan fiduciary net position as a percentage of the total VLDP OPEB liab	oility	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.

Schedule of County Plan Contributions - OPEB - Virginia Local Disability Program

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

Schedule of School Board Non-Professional Plan Contributions - OPEB - Virginia Local Disability Program

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

Schedule of School Board Non-Professional Plan's Share of Net OPEB Liability - Virginia Local Disability Program

	 Fiscal Year Jun	e 30,
	2018	2017
Employer's proportion of the net VLDP OPEB liability	0.12581%	0.14372%
Employer's proportionate share of the net VLDP OPEB liability	\$ 1,000 \$	-
Employer's covered payroll	\$ 305,472 \$	263,907
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	0.33%	0.00%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	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.

Schedule of School Board Professional Plan's Share of Net OPEB Liability - Virginia Local Disability Program

		Fiscal Year June	e 30,
		2018	2017
Employer's proportion of the net VLDP OPEB liability		1.27169%	1.02846%
Employer's proportionate share of the net VLDP OPEB liability	\$	10,000 \$	6,000
Employer's covered payroll	\$	4,741,727 \$	2,902,316
Employer's proportionate share of the net VLDP OPEB liability as a percent its covered payroll	age of	0.21%	0.21%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability		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.

Schedule of School Board Professional Plan Contributions - OPEB - Virginia Local Disability Program

			Fiscal Yea	ır J	une 30,		
	 2019	2018	2017		2016	2015	2014
Contractually required contribution (CRC)	\$ 25,443	\$ 14,699	\$ 8,997	\$	5,607 \$	2,342 \$	95
Contributions in relation to the CRC	 25,443	14,699	8,997		5,607	2,342	95
Contribution deficiency (excess)	\$ 	\$ 	\$ 	\$	- \$	- \$	
Employer's covered payroll	\$ 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%	0.31%	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

June 30, 2019

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:

2018 3.51%

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the Virginia Retirement System for the four-year period ended June 30, 2016:

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

Notes to Required Supplementary Information - OPEB (Continued)

June 30, 2019

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% Hazardous Duty Employees Mortality Rates (pre -retirement, post-retirement healthy, and Updated to a more current mortality table - RP-2014 projected to 2020

disabled)	
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
Disablity Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

III. Health Insurance Credit Program

Changes to Benefit Terms

There have neen no actuarially material changes to the Virginia Retirement System benefit provisions since th prior acturial valuation.

Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the Virginia Retirement Sytem for the four-year period ended June 30, 2016:

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%

Notes to Required Supplementary Information - OPEB (Continued)

June 30, 2019

School Board Professional Plan

Mortality Rates (pre-retirement, post-retirement healty, and disabled)	Updated to a more current mortablity 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

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the Virginia Retirement System for the four-year period ended June 30, 2016:

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%

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

Other Supplementary Information Major Governmental Funds

Other Supplementary Information Major Governmental Funds

Year Ended June 30, 2019

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.

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Capital Projects

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Permits, privilege fees and regulatory licenses	\$ -	\$ -	\$ 864,712	\$ 864,712
Revenues from use of property	-	50,000	172,885	122,885
Miscellaneous	-	356,447	424,688	68,241
Intergovernmental:				
Commonwealth of Virginia	-	149,081	62,079	(87,002)
Federal	-	682,808	1,694,080	1,011,272
Local	-	753,883	(8,897)	(762,780)
Total revenues		1,992,219	3,209,547	1,217,328
Expenditures				
Education	1,770,000	3,002,967	4,279,139	(1,276,172)
Capital outlay	1,546,462	21,891,695	6,327,168	15,564,527
Total expenditures	3,316,462	24,894,662	10,606,307	14,288,355
(Deficiency) of revenues				
(under) expenditures	(3,316,462)	(22,902,443)	(7,396,760)	15,505,683
Other financing sources (uses)				
Transfers in	3,316,462	21,916,836	2,946,128	(18,970,708)
Issuance of debt		985,607	-	(985,607)
Total other financing sources, net	3,316,462	22,902,443	2,946,128	(19,956,315)
Net change in fund balance	-	-	(4,450,632)	(4,450,632)
Fund balances - beginning of year		_	15,671,799	15,671,799
Fund balances - end of year	\$	\$ -	\$ 11,221,167	\$ 11,221,167

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Other Supplementary Information Nonmajor Governmental Funds

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Other Supplementary Information Nonmajor Governmental Funds

Year Ended June 30, 2019

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.

Combining Balance Sheet -Nonmajor Governmental Funds

	Department of Social Services Fund		Children's Services Fund		E-911 Fund		Community Development Block Grant Fund	
Assets								
Cash and cash equivalents	\$	147,598	\$	-	\$ -	\$	140,871	
Accounts receivable		-		145	19,822		-	
Due from other governments		116,945		70,441	119,286		-	
Total assets	\$	264,543	\$	70,586	\$ 139,108	\$	140,871	
Liabilities								
Accounts payable	\$	-	\$	37,936	\$ 3,816	\$	-	
Accrued liabilities		66,745		-	4,777		-	
Amounts held in escrow		-		-	-		-	
Due to other funds		-		32,650	130,515		-	
Total liabilities		66,745		70,586	139,108		-	
Fund Balances								
Assigned		197,798		-	-		140,871	
Unassigned		-		-	-		-	
Total fund balances		197,798		-	-		140,871	
Total liabilities and fund balances	\$	264,543	\$	70,586	\$ 139,108	\$	140,871	

Combining Balance Sheet -Nonmajor Governmental Funds (Continued)

	County Fair Fund		Grants Fund	Heritage Park Fund		Total Governmental Funds		
Assets								
Cash and cash equivalents	\$	-	\$	57,603	\$	-	\$	346,072
Accounts receivable		-		-		-		19,967
Due from other governments		-		169,781		-		476,453
Total assets	\$	-	\$	227,384	\$	-	\$	842,492
Liabilities								
Accounts payable	\$	9,561	\$	30,573	\$	-	\$	81,886
Accrued liabilities		-		8,992		-		80,514
Amounts held in escrow		-		8,302		-		8,302
Due to other funds		118,588		-		45,833		327,586
Total liabilities		128,149		47,867		45,833		498,288
Fund Balances								
Assigned		2,183		179,517		-		520,369
Unassigned		(130,332)		-		(45,833)		(176,165)
Total fund balances		(128,149)		179,517		(45,833)		344,204
Total liabilities and fund balances	\$	-	\$	227,384	\$	-	\$	842,492

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

	Departme Social Se Fund	vices	Children's Services Fund	E-911 Fund	Community Development Block Grant Fund
Revenues					
Other local taxes	\$	- \$	-	\$ 479,702	\$ -
Revenues from use of money and property		-	-	-	-
Charges for services		-	-	-	-
Miscellaneous		(162)	-	5,000	-
Intergovernmental:					
Commonwealth of Virginia	821	,981	217,201	251,811	-
Federal	1,655	,381	-	-	-
Local		-	-	158,636	-
Total revenues	2,477	,200	217,201	895,149	-
Expenditures					
Public safety		-	-	1,303,108	-
Public works		-	-	-	-
Health and welfare	3,391	,433	388,971	-	-
Parks, recreation and cultural		-	-	-	-
Community development		-	-	-	-
Total expenditures	3,391	,433	388,971	1,303,108	-
Excess (Deficiency) of revenues over					
(under) expenditures	(914	,233)	(171,770)	(407,959)	-
Other financing sources					
Transfers in	863	,470	171,770	407,959	
Total other financing sources	863	,470	171,770	407,959	_
Net change in fund balance	(50	,763)	-	-	-
Fund balances - beginning of year	248	,561	-	-	140,871
Fund balances (deficit) - end of year	\$ 197	,798 \$	-	\$-	\$ 140,871

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

	County Fair Fund		Grants Fund	Heritage Park Fund	Total Governmental Funds	
Revenues						
Other local taxes	\$	- \$	-	\$-	\$ 479,702	
Revenues from use of money and property		24,466	-	-	24,466	
Charges for services		36,742	-	-	36,742	
Miscellaneous		28,596	34,858	-	68,292	
Intergovernmental:						
Commonwealth of Virginia		-	414,556	-	1,705,549	
Federal		-	288,607	-	1,943,988	
Local		-	650	-	159,286	
Total revenues		89,804	738,671	-	4,418,025	
Expenditures						
Public safety		-	621,245	-	1,924,353	
Public works		-	9,651	-	9,651	
Health and welfare		-	-	-	3,780,404	
Parks, recreation and cultural		217,953	18,600	-	236,553	
Community development		-	194,696	-	194,696	
Total expenditures		217,953	844,192	-	6,145,657	
Excess (Deficiency) of revenues over						
(under) expenditures		(128,149)	(105,521)	-	(1,727,632)	
Other financing sources						
Transfers in	_	-	-	-	1,443,199	
Total other financing sources		-	-	-	1,443,199	
Net change in fund balance		(128,149)	(105,521)	-	(284,433)	
Fund balances - beginning of year		-	285,038	(45,833)	628,637	
Fund balances (deficit) - end of year	\$	(128,149) \$	179,517	\$ (45,833)	\$ 344,204	

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

June 30, 2019

	 Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental				
Miscellaneous	\$ -	\$ -	\$ (162)	\$ (162)
Commonwealth of Virginia	1,193,184	1,127,974	821,981	(305,993)
Federal	1,444,320	1,444,320	1,655,381	211,061
Local	-	145,047	-	(145,047)
Total revenues	 2,637,504	2,717,341	2,477,200	(240,141)
Expenditures				
Health and welfare	3,591,445	3,671,282	3,391,433	279,849
Total expenditures	 3,591,445	3,671,282	3,391,433	279,849
Excess (deficiency) of revenues over (under) expenditures	(953,941)	(953,941)	(914,233)	39,708
Other financing sources (uses)				
Transfers in	 953,941	953,941	863,470	(90,471)
Total other financing sources, net	 953,941	953,941	863,470	(90,471)
Net change in fund balance	-	-	(50,763)	(50,763)
Fund balances - beginning of year	-	-	248,561	248,561
Fund balances - end of year	\$ -	\$ -	\$ 197,798	\$ 197,798
				 (Continued

(Continued)

Statement of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual - Nonmajor Governmental Funds Children's Services Fund

		Original Budget		Final Budget		Actual		/ariance with Final Budget Positive (Negative)
Revenues								
Intergovernmental Commonwealth of Virginia	\$	261,982	\$	261,982	\$	217,201	\$	(44,781)
Total revenues	φ	261,982	Ψ	261,982	Ψ	217,201	Ψ	(44,781)
Expenditures								
Health and welfare		404,353		498,353		388,971		109,382
Total expenditures		404,353		498,353		388,971		109,382
Excess (deficiency) of revenues over (under) expenditures		(142,371)		(236,371)		(171,770)		64,601
Other financing sources (uses) Transfers in		142,371		236,371		171,770		(64,601)
Total other financing sources, net		142,371		236,371		171,770		(64,601)
Net change in fund balance		-		-		-		-
Fund balances - beginning of year		_		_		_		
Fund balances - end of year	\$	-	\$	_	\$	_	\$	

Statement of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual - Nonmajor Governmental Funds E-911 Fund

		Original Budget	Final Budget	Actual	F	ariance with inal Budget Positive (Negative)
Revenues						
Other local taxes	\$	512,400	\$ 512,400	\$ 479,702	\$	(32,698)
Miscellaneous		5,000	5,000	5,000		-
Intergovernmental						
Commonwealth of Virginia		229,161	229,161	251,811		22,650
Local		181,792	181,792	158,636		(23,156)
Total revenues		928,353	928,353	895,149		(33,204)
Expenditures						
Public safety		1,395,820	1,400,287	1,303,108		97,179
Total expenditures		1,395,820	1,400,287	1,303,108		97,179
Excess (deficiency) of revenues						
over (under) expenditures		(467,467)	(471,934)	(407,959)		63,975
Other financing sources (uses)						
Transfers in		467,467	471,934	407,959		(63,975)
Total other financing sources, net		467,467	471,934	407,959		(63,975)
Net change in fund balance		-	-	-		-
Fund balances - beginning of year	_	-	-	 -		_
Fund balances - end of year	\$	-	\$ -	\$ _	\$	_
-						(Continued

Statement of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual - Nonmajor Governmental Funds County Fair Fund

	_	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues					
Revenues from use of property	\$	28,300	\$ 28,300	\$ 24,466	\$ (3,834)
Charges for services		298,858	298,858	36,742	(262,116)
Miscellaneous		27,000	27,000	28,596	1,596
Total revenues		354,158	354,158	89,804	(264,354)
Expenditures					
Parks, recreation and cultural		354,158	354,158	217,953	136,205
Total expenditures		354,158	354,158	217,953	136,205
Excess (deficiency) of revenues over (under) expenditures		-	-	(128,149)	(128,149)
Net change in fund balance		-	-	(128,149)	(128,149)
Fund balances - beginning of year		_	-	-	
Fund balances - end of year	\$	-	\$ -	\$ (128,149)	\$ (128,149)
				· · · · ·	(Continued)

Statement of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual - Nonmajor Governmental Funds Grants Fund

		Driginal Budget	Final Budget	Actual	F	Variance with Final Budget Positive (Negative)
Revenues						
Miscellaneous	\$	-	\$ 117,704	\$ 34,858	\$	(82,846)
Intergovernmental						
Commonwealth of Virginia		148,968	488,433	414,556		(73,877)
Federal		102,373	455,955	288,607		(167,348)
Local	_	-	8,150	650		(7,500)
Total revenues		251,341	1,070,242	738,671		(331,571)
Expenditures						
Public safety		251,341	800,732	621,245		179,487
Public works		-	9,651	9,651		-
Parks, recreation and cultural		42,000	64,592	18,600		45,992
Community development		-	336,714	194,696		142,018
Total expenditures		293,341	1,211,689	844,192		367,497
Excess (deficiency) of revenues over (under) expenditures		(42,000)	(141,447)	(105,521)		35,926
Other financing sources (uses)						
Transfers in	_	42,000	141,447	-		(141,447)
Total other financing sources, net		42,000	141,447	-		(141,447)
Net change in fund balance		-	-	(105,521)		(105,521)
Fund balances - beginning of year		-	-	285,038		285,038
Fund balances - end of year	\$	-	\$ -	\$ 179,517	\$	179,517

Other Supplementary Information Internal Service Funds

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Other Supplementary Information Internal Services

June 30, 2019

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.

		nformation echnology Fund	Man	Risk Management Fund		Total
Assets						
Current assets						
Cash and cash equivalents	\$	265,668	\$	312,546	\$	578,214
Receivables - net of allowance		2,887		-		2,887
Total current assets		268,555		312,546		581,101
Noncurrent assets						
Capital assets						
Depreciable - net		40,901		-		40,901
Total noncurrent assets		40,901		-		40,901
Total assets		309,456		312,546		622,002
Deferred outflows of resources						
Pension plan		86,787		14,415		101,202
Other post-employment benefits		7,150		993		8,143
Total deferred outflows of resources		93,937		15,408		109,345
Liabilities						
Current liabilities						
Accounts payable		21,856		2,344		24,200
Accrued liabilities		259		-		259
Unearned revenue		25		-		25
Compensated absences		5,880		725		6,605
Total current liabilities		28,020		3,069		31,089
Noncurrent liabilities		50 010		6 505		5 0 44
Compensated absences		52,919		6,527		59,446
Other post-employment benefits Net pension liability		70,057 96,508		6,245 16,029		76,302 112,537
Total noncurrent liabilities		219,484		28,801		248,285
Total liabilities		247,504		31,870		279,374
Deferred inflows of resources						
Pension plan		45,590		7,572		53,162
Other post-employment benefits		8,776		572		9,348
Total deferred inflows of resources		54,366		8,144		62,510
Net Position						
Net investment in capital assets		40,901		-		40,901
Unrestricted	. <u> </u>	60,622		287,940		348,562
Total net position	\$	101,523	\$	287,940	\$	389,463

Combining Statements of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds

June 30, 2019

	Information Technology Fund	Risk Management Fund	Total		
Operating revenues Charges for services	\$ 1,101,317	\$ 713,059	\$ 1,814,376		
Total operating revenues	1,101,317	713,059	1,814,376		
Operating expenses:					
Personnel services	448,388	77,087	525,475		
Fringe benefits	152,426	14,262	166,688		
Contractual services	40,372	612,355	652,727		
Other charges	425,706	13,145	438,851		
Depreciation	30,853	-	30,853		
Total operating expenses	1,097,745	716,849	1,814,594		
Operating Income (loss)	3,572	(3,790)	(218)		
Income (loss) before transfers	3,572	(3,790)	(218)		
Changes in net position	3,572	(3,790)	(218)		
Net position - beginning of year	97,951	291,730	389,681		
Net position - end of year	\$ 101,523	\$ 287,940 \$	\$ 389,463		

Combining Statement of Cash Flows – Internal Service Funds

		Information Technology Fund		Risk Management Fund		Total
Cash flows from operating activities						
Received from customers and users	\$	1,101,257	\$	713,059	\$	1,814,316
Payments to suppliers for goods and services		(457,082)		(625,620)		(1,082,702)
Payments to employees		(618,876)		(87,011)		(705,887)
Net cash provided by operating activities		25,299		428		25,727
Change in cash and cash equivalents		25,299		428		25,727
Cash and cash equivalents - beginning of year		240,369		312,118		552,487
Cash and cash equivalents - end of year	\$	265,668	\$	312,546	\$	578,214
Reconciliation of operating income (loss) to net cash provided by operating activities Operating income (loss)	\$	3,572	\$	(3,790)	\$	(218)
Adjustments to reconcile to net cash provided by operating activities:						
Depreciation		30,853		-		30,853
Pension and OPEB expense (benefit)		12,772		7,791		20,563
Change in						
Account Receivable		(70)		-		(70)
Prepaid items		-		-		-
Accounts payable and accrued liabilities		8,675		(120)		8,555
Unearned revenue		10		-		10
Deferred outflows of resources		(32,633)		(7,352)		(39,985)
Compensated absences	-	2,120	*	3,899	*	6,019
Net cash provided by operating activities	\$	25,299	\$	428	\$	25,727

Other Supplementary Information Component Units & Fiduciary Funds

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Other Supplementary Information Component Units & Fiduciary Funds

June 30, 2019

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.

Combining Balance Sheet – Governmental Funds – Component Unit – School Board

June 30, 2019

			Governmen	tal	Funds			
	 School Operating Fund	School Capital Projects Fund	 School Textbook Fund		School Cafeteria Fund	Sc	chool Grants Fund	Totals
Assets								
Cash and investments Accounts receivable -	\$ 4,999,745	\$ -	\$ -	\$	766,425	\$	-	\$ 5,766,170
net of allowances for uncollectibles	13,956	-	-		17,867		-	31,823
Due from primary government	-	261,142	-		-		-	261,142
Due from other funds	1,241,312	1,357,846	-		11,900		20,859	2,631,917
Due from other governmental units	 798,267	 -	 -	. <u> </u>	51,391		356,819	 1,206,477
Total assets	\$ 7,053,280	\$ 1,618,988	\$ -	\$	847,583	\$	377,678	\$ 9,897,529
Liabilities								
Accounts payable	\$ 375,549	\$ 94,110	\$ -	\$	148,123	\$	46,364	\$ 664,146
Accrued liabilities	4,801,378	-	-		-		-	4,801,378
Due to primary government	485,747	-	-		-		-	485,747
Due to other funds	 1,390,606	437,309	-		472,689		331,314	2,631,918
Total liabilities	 7,053,280	 531,419	 -	·	620,812		377,678	 8,583,189
Fund Balances Fund balances:								
Assigned: Capital projects	-	1,087,569	-		-		-	1,087,569
Assigned: Food Services	-	-	-		226,771		-	226,771
Assigned: Textbooks	 -	-	-		-		-	-
Total fund balances	 -	 1,087,569	 -		226,771		-	 1,314,340
Total liabilities and fund balance	\$ 7,053,280	\$ 1,618,988	\$ 	\$	847,583	\$	377,678	\$ 9,897,529

Reconciliation of Balance Sheets to the Statement of Net Position– Component Unit – School Board

June 30, 2019

Total fund balances - School Board - governmental funds	\$ 1,314,340
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	2,436,573
Depreciable capital assets	117,814,923
Accumulated depreciation	(53,532,813)
Capital assets, net	 66,718,683
The net pension asset is not an available resource and, therefore is not reported in the funds.	4,941
Long-term obligations are not due and payable in the current period and are not reported in funds.	
Capital leases	(7,950,200)
Compensated absences	(561,390)
OPEB liability	(10,460,656)
Net pension liability	(43,318,672)
Accrued interest	(70,099)
Deferred outflows of resources related to pension	6,432,922
Deferred outflows of resources related to OPEB	841,725
Deferred inflows of resources related to pension	(5,878,349)
Deferred inflows of resources related to OPEB	(715,884)
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.	 (618,138)
Total net position- School Board - governmental activities	\$ 5,739,223

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

			Governme	ental Funds		
		School				
	School	Capital	School	School		
	Operating	Projects	Textbook	Cafeteria	School Grants	
	Fund	Fund	Fund	Fund	Fund	Totals
Revenues						
Revenues from use of money						
and property	\$ 209,522	\$ -	\$ -	\$ 1,292	\$ -	\$ 210,814
Charges for services	\$ 209,522 84,587	φ -	φ -	706,514	φ -	791,101
Miscellaneous	459,713	1,000,000		700,514	_	1,459,713
Recovered costs	4,284	1,000,000		_	_	4,284
Revenue from primary government	25,572,979	3,989,964	214,008	_	_	29,776,951
Intergovernmental:	25,572,777	5,767,704	214,000	-	-	27,770,751
Commonwealth	30,795,951	_	328,119	34,347	398,938	31,557,355
Federal	337,881	_	520,117	1,221,817	1,969,937	3,529,635
Total revenues	57,464,917	4,989,964	542,127	1,963,970	2,368,875	67,329,853
I otal revenues	57,404,917	4,989,904	542,127	1,903,970	2,308,873	07,329,833
Expenditures						
Current:						
Administration, attendance and						
health	2,430,583	-	-	-	-	2,430,583
Instructional services	43,345,637	-	539,335	-	1,979,835	45,864,807
Operations and maintenance	5,094,667	-	-	-	-	5,094,667
Pupil transportation	4,899,393	-	-	-	-	4,899,393
School food services	-	-	-	2,189,858	5,040	2,194,898
Facilities	-	4,961,487	-	-	100,000	5,061,487
Debt Service	450,648	-	-	-	-	450,648
Technology	2,051,523	-	-	-	284,000	2,335,523
Total expenditures	58,272,451	4,961,487	539,335	2,189,858	2,368,875	68,332,006
Excess (Deficiency) of revenues						
over (under) expenditures	(807,534)	28,477	2,792	(225,888)	-	(1,002,153)
· · · ·						
Other financing sources (uses)						
Transfers in	2,792	-	-	-	-	2,792
Transfers out	-	-	(2,792)	-	-	(2,792)
Proceeds from capital leases	804,742	-	-	-	-	804,742
Net change in fund balance	-	28,477	-	(225,888)	-	(197,411)
Fund balance - beginning of year	-	1,059,092	-	452,659	-	1,511,751
Fund balance - end of year	\$ -	\$ 1,087,569	\$ -	\$ 226,771	\$ -	\$ 1,314,340
i una baiance chu di year	φ -	φ 1,007,507	Ψ -	Ψ 220,771	Ψ -	Ψ 1,517,570

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

Year Ended June 30, 2019	
Net change in fund balances - School Board - governmental funds	\$ (197,411)
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 Capital outlay Depreciation expense Adjustments to capital assets	1,437,290 5,752,776 (4,261,208) (1,720)
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	(804,742) 990,161
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 OPEB expense Pension benefit Increase in accrued interest	(122,854) (88,315) 3,557,687 (3,860)
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	 (1,046,145)
Change in net position of School Board - governmental activities	\$ 5,211,659

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

School Operating Fund										
	Original Budget		Final Budget		Actual	F	ariance with inal Budget Positive (Negative)			
\$	50,000	\$	50,000	\$	209,522	\$	159,522			
	45,000		45,000		84,587		39,587			
	482,265		482,265		459,713		(22,552)			
	5,000		5,000		4,284		(716)			
	26,058,726		26,058,726		25,572,979		(485,747)			
	, ,						166,775			
	,		,				139,633			
	57,374,698		57,468,415		57,464,917		(3,498)			
	2,430,583		2,430,583		2,430,583		-			
	43,346,343		43,346,343		43,345,637		706			
	5,000,950		5,094,667		5,094,667		-			
	4,094,651		4,094,651		4,899,393		(804,742)			
	2,051,523		2,051,523		2,051,523		-			
	450,648		450,648		450,648		-			
	57,374,698		57,468,415		58,272,451		(804,036)			
	-		-		(807,534)		(807,534)			
	-		-		2,792		2,792			
	-		-		804,742		804,742			
	-		-		807,534		807,534			
	-		-		-		-			
	-		-		-		-			
\$	-	\$	-	\$	-	\$	-			
		Budget \$ 50,000 45,000 482,265 5,000 26,058,726 30,535,459 198,248 57,374,698 2,430,583 43,346,343 5,000,950 4,094,651 2,051,523 450,648 57,374,698	Budget \$ 50,000 \$ 45,000 482,265 5,000 26,058,726 30,535,459 198,248 57,374,698 57,374,698 2,430,583 43,346,343 5,000,950 4,094,651 2,051,523 450,648 57,374,698 - - - - - - - - - - - - - - - - - - - - - - -	Budget Budget \$ 50,000 \$ 50,000 45,000 45,000 482,265 482,265 5,000 5,000 26,058,726 26,058,726 30,535,459 30,629,176 198,248 198,248 57,374,698 57,468,415 2,430,583 2,430,583 43,346,343 43,346,343 5,000,950 5,094,667 4,094,651 4,094,651 2,051,523 2,051,523 450,648 450,648 57,374,698 57,468,415	Budget Budget \$ 50,000 \$ 50,000 \$ 45,000 445,000 45,000 482,265 482,265 482,265 5,000 26,058,726 26,058,726 30,535,459 30,629,176 198,248 198,248 198,248 57,374,698 57,468,415 2,430,583 2,430,583 2,430,583 43,346,343 43,346,343 43,346,343 43,346,343 5,000,950 5,094,667 4,094,651 2,051,523 2,051,523 450,648 450,648 57,374,698 57,468,415 57,374,698 57,468,415 -	BudgetBudgetActual\$ $50,000$ \$ $50,000$ \$ $209,522$ $45,000$ $45,000$ $84,587$ $482,265$ $482,265$ $459,713$ $5,000$ $5,000$ $4,284$ $26,058,726$ $26,058,726$ $25,572,979$ $30,535,459$ $30,629,176$ $30,795,951$ $198,248$ $198,248$ $337,881$ $57,374,698$ $57,468,415$ $57,464,917$ $2,430,583$ $2,430,583$ $2,430,583$ $43,346,343$ $43,346,343$ $43,345,637$ $5,000,950$ $5,094,667$ $5,094,667$ $4,094,651$ $4,094,651$ $4,899,393$ $2,051,523$ $2,051,523$ $2,051,523$ $2,051,523$ $2,051,523$ $2,051,523$ $450,648$ $450,648$ $450,648$ $57,374,698$ $57,468,415$ $58,272,451$ $ 2,792$ $ 804,742$ $ 807,534$	$\begin{array}{c c c c c c c c c c c c c c c c c c c $			

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds – Component Unit – School Board (Continued)

Year Ended June 30, 2019						
		School Capita	l Proj	ects Fund		
	 Original Budget	Final Budget		Actual	F	fariance with Final Budget Positive (Negative)
Revenues						
Revenue from the Primary Government	\$ 150,000	\$ 4,139,707	\$	3,989,964	\$	(149,743)
Miscellaneous	 1,000,000	1,000,000		1,000,000		-
Total revenues	 1,150,000	5,139,707		4,989,964		(149,743)
Expenditures						
Current Facilities	1 150 000	5 022 467		4 0 6 1 4 9 7		0(1.090
	 1,150,000	5,923,467		4,961,487		961,980
Total expenditures	 1,150,000	5,923,467		4,961,487		961,980
Excess (deficiency) of revenues over (under) expenditures	-	(783,760)		(28,477)		(812,237)
Other Financing Sources (uses) Transfers in	 -	783,760		-		783,760
Net change in fund balance	 -	(783,760)		28,477		28,477
Fund balance - beginning of year	 -	-		1,059,092		1,059,092
Fund balance - end of year	\$ -	\$ 	\$	1,087,569	\$	1,087,569
						(Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds – Component Unit – School Board (Continued)

			School Tex	atbook	Fund		
	Original Budget				Actual	Variance with Final Budget Positive (Negative)	
Revenues							
Revenue from the Primary Government Intergovernmental	\$ 214,008	\$	214,008	\$	214,008	\$	-
Commonwealth	325,327		325,327		328,119		2,792
Total revenues	 539,335		539,335		542,127		2,792
Expenditures Current							
Instructional services	 539,335		539,335		539,335		-
Total expenditures	 539,335		539,335		539,335		-
Excess (deficiency) of revenues over (under) expenditures	-		-		2,792		2,792
Other financing sources (uses) Transfers out	 -		-		(2,792)		(2,792)
Net change in fund balance	 -		-		-		
Fund balance - beginning of year	 -		-		-		
Fund balance - end of year	\$ -	\$	-	\$	-	\$	-
	 						(Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds – Component Unit – School Board (Continued)

		School Ca	feteria	a Fund		
	 Original Budget	Final Budget		Actual	F	ariance with inal Budget Positive (Negative)
Revenues						
Revenues from use of money and property	\$ 1,500	\$ 1,500	\$	1,292	\$	(208)
Charges for services Intergovernmental	907,114	907,114		706,514		(200,600)
Commonwealth	37,294	37,294		34,347		(2,947)
Federal	 1,156,384	1,156,384		1,221,817		65,433
Total revenues	 2,102,292	2,102,292		1,963,970		(138,322)
Expenditures Current						
School food services	2,102,292	2,102,292		2,189,858		(87,566)
Total expenditures	 2,102,292	2,102,292		2,189,858		(87,566)
Net change in fund balance	 -	-		(225,888)		(225,888)
Fund balance - beginning of year	 -	-		452,659		452,659
Fund balance - end of year	\$ -	\$ 	\$	226,771	\$	226,771
						(Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds – Component Unit – School Board (Continued)

		School G	ants	Fund		
	 Original Budget	Final Budget		Actual	F	ariance with inal Budget Positive (Negative)
Revenues						
Intergovernmental						
Commonwealth	\$ 369,455	\$ 464,247	\$	398,938	\$	(65,309)
Federal	 2,383,344	2,655,146		1,969,937		(685,209)
Total revenues	 2,752,799	3,119,393		2,368,875		(750,518)
Expenditures						
Current						
Administration, attendance and health	-	-		-		-
Instructional services	2,468,799	2,730,354		1,979,836		750,518
School food service	-	5,039		5,039		-
Facilities	-	100,000		100,000		-
Technology	284,000	284,000		284,000		-
Total expenditures	 2,752,799	3,119,393		2,368,875		750,518
Net change in fund balance	 -	-		-		-
Fund balance - beginning of year	 -	-		-		-
Fund balance - end of year	\$ 	\$ 	\$		\$	-
	 	 				(Continued)

Vear Ended June 30 2019

(Continued)

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

		То	tals		
	 Original Budget	Final Budget		Actual	Variance with Final Budget Positive (Negative)
Revenues					
Revenues from use of money and property	\$ 51,500	\$ 51,500	\$	210,814	\$ 159,314
Charges for services	952,114	952,114		791,101	(161,013)
Miscellaneous	1,482,265	1,482,265		1,459,713	(22,552)
Recovered costs	5,000	5,000		4,284	(716)
Revenue from the Primary Government	26,422,734	30,412,441		29,776,951	(635,490)
Intergovernmental					
Commonwealth	31,267,535	31,456,044		31,557,355	101,311
Federal	3,737,976	4,009,778		3,529,635	(480,143)
Total Revenues	63,919,124	68,369,142		67,329,853	(1,039,289)
Expenditures Current					
Administration, attendance and health	2,430,583	2,430,583		2,430,583	-
Instructional services	46,354,477	46,616,032		45,864,807	751,225
Operations and maintenance	5,000,950	5,094,667		5,094,667	-
Pupil transportation	4,094,651	4,094,651		4,899,393	(804,742)
School food services	2,102,292	2,107,331		2,194,898	(87,567)
Facilities	1,150,000	6,023,467		5,061,487	961,980
Technology	2,335,523	2,335,523		2,335,523	-
Debt Service	450,648	450,648		450,648	-
Capital outlay		-		-	-
Total Expenditures	63,919,124	69,152,902		68,332,006	820,896
Net change in fund balances	-	(783,760)		(1,002,153)	(218,393)
ter enninge in tunn summers		(700,700)		(1,002,100)	(210,000)
Other Financing Sources (uses)					
Transfers in	-	783,760		2,792	(780,968)
Transfers out	-	-		(2,792)	(2,792)
Proceeds from capital leases	-	-		804,742	804,742
Total other financing sources (uses)		783,760		804,742	20,982
Fund balances - beginning of year	 -	_		1,511,751	1,511,751
Fund balances - end of year	\$ -	\$ -	\$	1,314,340	\$ 1,314,340

Statement of Net Position – Internal Service Fund – Component Unit – School Board

Assets	nool Health nefits Fund
Current assets	
Cash and cash equivalents - restricted	\$ 6,081
Accounts Receivable	 170,544
Total current assets	 176,625
Liabilities	
Current liabilities	400.051
Accounts payable	480,351
Claims payable	 314,412
Total current liabilities	 794,763
Net Position	
Net position - unrestricted	\$ (618,138)

Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Fund – Component Unit – School Board

	School Health Benefits Fund
Operating revenues Recovered costs	\$ 5,279,797
Operating expenses Healthcare benefits	6,325,942
Operating loss	(1,046,145
Change in net position	(1,046,145
Net position - beginning of year	428,007
Net position - end of year	\$ (618,138

Statement of Cash Flows – Internal Service Fund – Component Unit – School Board

Year Ended June 30, 2019	
	School Health Benefits Fund
Cash flows from operating activities Received from customers and users Payments to suppliers for goods and services	\$ 5,281,015 (6,038,004)
Net cash used in operating activities	(756,989)
Change in cash and cash equivalents	(756,989)
Cash and cash equivalents - beginning of year	763,070
Cash and cash equivalents - end of year	\$ 6,081
Reconciliation of operating loss to net cash provided by operating activities Operating loss Adjustments to reconcile operating loss to net cash used in operating activities	\$ (1,046,145)
Change in: Accounts and claims payable Accounts receivable	287,938 1,218
Net cash used in operating activities	\$ (756,989)

Combining Statement of Assets and Liabilities - Fiduciary Funds

	W	Special Welfare Fund		Student Activities Fund	
Assets					
Cash and cash equivalents	<u>\$</u>	24,705	\$ 525,173	\$	549,878
Liabilities					
Amounts held for social services clients Amounts held for others	\$	24,705	\$ 525,173	\$	24,705 525,173
Total liabilities	\$	24,705	\$ 525,173	\$	549,878

Combining Statements of Change in Assets and Liabilities – Fiduciary Funds

	Balance ginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund Assets				
Cash and cash equivalents	\$ 27,229	\$ 20,089	\$ (22,613)	\$ 24,705
Liabilities				
Amounts held for social service clients	\$ 27,229	\$ 20,089	\$ (22,613)	\$ 24,705
Student Activities Fund Assets				
Cash and cash equivalents	\$ 518,266	\$ 1,374,540	\$ (1,367,633)	\$ 525,173
Liabilities Amounts held for others	\$ 518,266	\$ 1,374,540	\$ (1,367,633)	\$ 525,173
Total Assets				
Cash and cash equivalents	\$ 545,495	\$ 1,394,629	\$ (1,390,246)	\$ 549,878
Liabilities Amounts held for social services clients Amounts held for others	\$ 27,229 518,266	\$ 20,089 1,374,540	\$ (22,613) (1,367,633)	\$ 24,705 525,173
	\$ 545,495	\$ 1,394,629	\$ (1,390,246)	\$ 549,878

Statement of Net Position – Component Unit – Economic Development Authority

Assets	
Current assets	
Cash and cash equivalents	\$ 607,644
Total current assets	607,644
Noncurrent assets	
Land held for resale	9,011,625
Capital assets	
Nondepreciable	376,537
Depreciable, net	2,444,913
Total capital assets	2,821,450
Total noncurrent assets	11,833,075
Total assets	12,440,719
Liabilities	
Current liabilities	
Accounts payable	2,083
Advance from primary government	375,000
Total current liabilities	377,083
Net Position	
Net investment in capital assets	2,821,450
Unrestricted	9,242,186
Total net position	\$ 12,063,636

Statement of Revenues, Expenses, and Changes in Net Position Component Unit – Economic Development Authority

Operating revenues	\$ 9,573
Charges for services	
Other revenues	94,466
Total operating revenues	104,039
Operating expenses	
Operations	33,286
Compensation	3,900
Depreciation	239,563
Total operating expenses	276,749
Operating loss	(172,710)
Nonoperating revenues (expenses)	
Property rental	34,286
Total nonoperating expenses, net	34,286
Change in net position	(138,424)
Net position - beginning of year	12,202,060
Net position - end of year	\$ 12,063,636

Statement of Cash Flows – Component Unit – Economic Development Authority

Cash flows from operating activities	
Received from customers and users	\$ 104,223
Payments to suppliers for goods and services	(35,823)
Payments to employees	 (3,900)
Net cash provided by operating activities	 64,500
Cash flows from investing activities	
Rental of property	34,286
Net cash provided by investing activities	 34,286
Change in cash and cash equivalents	98,786
Cash and cash equivalents - beginning of year	 508,858
Cash and cash equivalents - end of year	\$ 607,644
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (172,710)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	239,563
Change in accounts receivable	184
Change in accounts payable	(2,537)
Net cash provided by operating activities	\$ 64,500

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Statistical Section

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Statistical Section Overview

June 30, 2019

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 says about the County's overall financial health.

<u>Contents</u>	<u>Exhibits</u>
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 reports for the relevant year.

Net Position (Assets) by Component

	 2019	2018	2017*	2016	2015
Governmental activities					
Net investment in capital assets	\$ (16,230,336) \$	(37,423,718) \$	(13,319,241) \$	4,931 \$	2,045,769
Restricted	5,218,666	10,987,940	18,689,154	5,440,119	7,174,341
Unrestricted	31,713,704	41,560,882	8,314,662	12,060,255	7,349,393
Total governmental activities net position	\$ 20,702,034 \$	15,125,104 \$	13,684,575 \$	17,505,305 \$	16,569,503
Business-type activities					
Net investment in capital assets	\$ (15,814,155) \$	(22,900,089) \$	(16,643,332) \$	(16,265,290) \$	(16,186,173)
Restricted	5,282,900	5,321,509	5,320,770	5,522,985	5,927,757
Unrestricted	2,434,210	8,568,353	1,392,872	(898,178)	(1,608,477)
Total business-type activities net position	\$ (8,097,045) \$	(9,010,227) \$	(9,929,690) \$	(11,640,483) \$	(11,866,893)
Primary government					
Net investment in capital assets	\$ (32,044,491) \$	(60,323,807) \$	(29,962,573) \$	(16,260,359) \$	(14,140,404)
Restricted	10,501,566	16,309,449	24,009,924	10,963,104	13,102,098
Unrestricted	34,147,914	50,129,235	9,707,534	11,162,077	5,740,916
Total primary government net position	\$ 12,604,989 \$	6,114,877 \$	3,754,885 \$	5,864,822 \$	4,702,610

* 2017 unrestricted net position restated to reflect implementation of GASB 75

Net Position (Assets) by Component (Continued)

	2014*	2013	2012	2011	2010
Governmental activities					
Net investment in capital assets	\$ 6,086,446 \$	4,923,554 \$	9,453,645 \$	15,381,413 \$	(5,119,903)
Restricted	13,734,652	24,568,034	320,527	349,812	22,703,988
Unrestricted	(1,715,310)	(5,786,028)	21,960,979	18,615,968	17,675,588
Total governmental activities net position	\$ 18,105,788 \$	23,705,560 \$	31,735,151 \$	34,347,193 \$	35,259,673
Business-type activities					
Net investment in capital assets	\$ (12,140,987) \$	(8,834,474) \$	(6,129,102) \$	(1,661,794) \$	88,152
Restricted	-	-	-	-	631,542
Unrestricted	17,086	(2,078,232)	(2,587)	(1,332,945)	-
Total business-type activities net position	\$ (12,123,901) \$	(10,912,706) \$	(6,131,689) \$	(2,994,739) \$	719,694
Primary government					
Net investment in capital assets	\$ (6,054,541) \$	(3,910,920) \$	3,324,543 \$	13,719,619 \$	(5,031,751)
Restricted	13,734,652	24,568,034	320,527	349,812	23,335,530
Unrestricted	(1,698,224)	(7,864,260)	21,958,392	17,283,023	17,675,588
Total primary government net position	\$ 5,981,887 \$	12,792,854 \$	25,603,462 \$	31,352,454 \$	35,979,367

* 2014 unrestricted net position restated to reflect implementation of GASB 68/71

Change in Net Position

Last Ten Fiscal Years

\$	6,752,097 \$ 1,624,282 15,638,826 4,706,389 3,914,717	7,032,712 1,474,725 12,787,055 5,095,079	\$	5,305,220 1,711,476 15,820,681	\$	2016 6,596,750 1,358,364	\$	4,954,948
\$	1,624,282 15,638,826 4,706,389 3,914,717	1,474,725 12,787,055 5,095,079	\$	1,711,476	\$, ,	\$	4.954.948
\$	1,624,282 15,638,826 4,706,389 3,914,717	1,474,725 12,787,055 5,095,079	\$	1,711,476	\$, ,	\$	4.954.948
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	4,706,389 3,914,717	5,095,079		13,820,081		13,206,973		11,227,838
	3,914,717	· · ·		5,029,762		9,279,614		6,059,730
		4,021,853		4,232,228		3,832,773		3,654,546
	32,008,845	33,451,339		28,709,110		28,279,608		31,627,526
	3,197,767	3,114,863		3,593,465		4,118,975		3,051,601
	4,266,517	2,792,293		2,259,598		3,457,268		3,066,139
	4,501,668	5,880,446		5,123,993		4,498,640		4,568,504
	76,611,108	75,650,365		71,785,533		74,628,965		69,556,145
	8 432 300	8 595 427		8 787 726		8 787 726		11,146,341
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	9,490,941	9,609,223		10,243,811		10,243,811		11,975,821
\$	86,102,049 \$	85,259,588	\$	82,029,344	\$	84,872,776	\$	81,531,966
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S	\$ \$ \$	4,266,517 4,501,668 76,611,108 8,432,300 1,058,641 9,490,941 \$ 86,102,049 \$ \$ 1,362,889 \$ 296,643 1,241,386 217,003 271,808 43,231 4,758,736 2,964,205	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$					

(Continued)

Change in Net Position (Continued)

Last Ten Fiscal Years

		2014	2013		2012	2011	2010
Expenses		-			-	-	
Governmental activities:							
General government	\$	5,859,778 \$	6,446,046	\$	5,571,463 \$	5,585,577 \$	4,721,064
Judicial administration		1,334,545	1,198,998		1,078,015	970,228	1,017,192
Public safety		10,856,876	10,360,047		9,999,240	7,454,652	8,228,634
General services		6,444,839	6,979,003		7,072,833	6,604,193	6,479,386
Health and welfare		4,267,056	4,361,198		4,444,284	4,884,843	5,062,126
Education		25,930,462	29,976,658		24,794,008	25,419,456	25,724,901
Parks, recreation and cultural		3,250,023	2,990,630		2,979,591	2,797,390	2,724,759
Community development		2,805,145	3,174,930		5,995,359	1,931,593	2,898,788
Nondepartmental		-	-		1,314,563	1,429,542	1,351,357
Interest on long-term debt		4,507,212	3,979,848		2,792,214	2,080,083	2,619,271
Total governmental activities expenses		65,255,936	69,467,358		66,041,570	59,157,557	60,827,478
Business-type activities:							
Public utilities		8,677,215	8,214,531		7,439,824	6,999,024	6,986,865
Stormwater		347,845			-	-	
Total business-type activities expenses		9,025,060	8,214,531		7,439,824	6,999,024	6,986,865
Total primary government expenses	\$	74,280,996 \$	77,681,889	\$	73,481,394 \$		
Program revenue							
Governmental activities:							
Charges for services:							
General government	\$	682 \$	758	\$	123,391 \$	198,737 \$	25,863
Judicial administration	Ψ	174,940	156,543	Ψ	369,278	149,251	147,275
Public safety		1,518,532	1,154,693		2,155,302	625,612	637,668
General services		-	375,498		408,320		4,744
Health and welfare		-			77,525	35,446	
Parks, recreation and cultural		584,689	526,622		585,740	436,303	394,328
Community development		43,357	30,412		134,755	672,840	387,414
Operating grants and contributions		5,718,851	9,526,260		13,330,802	10,676,049	5,655,377
Capital grants and contributions		905,676	150,000		109,489	102,935	1,618,901
Interest rate subsidy		-	257,127		569,315		
Total governmental activities program revenues	\$	8,946,727 \$	12,177,913		17,863,917 \$	12,897,173 \$	8,871,570

(Continued)

Change in Net Position (Continued)

Last Ten Fiscal Years

		2019	2018	2017	2016	2015
Business-type activities						
Charges for services	\$	6,640,576 \$	6,710,500 \$	6,988,013 \$	6,009,332 \$	5,779,255
Capital grants and contributions		285,844	-	23,836	2,469,514	480,741
Total business-type activities program revenues		6,926,420	6,710,500	7,011,849	8,478,846	6,259,996
Total Primary Government program revenues	\$	17,656,966 \$	16,743,932 \$	19,674,359 \$	19,683,129 \$	17,135,893
Net expense - governmental activities	\$	(65,455,207) \$	(65,616,933) \$	53,714,735 \$	63,424,682 \$	58,680,248
Net expense - business-type activities		(2,564,521)	(2,898,723)	3,255,798	1,357,666	5,715,825
Total primary government net expense	\$	(68,019,728) \$	(68,515,656) \$	56,970,533 \$	64,782,348 \$	64,396,073
General revenues and other changes in net position Governmental activities						
Property taxes	\$	57,269,604 \$	57,755,525 \$	62,107,289 \$	56,575,683 \$	54,539,535
Other taxes	*	8,129,901	7,928,102	8,637,670	7,497,791	7,005,687
Revenue from use of property and money		1,194,695	786,748	99,580	-	-
Unrestricted grants and contributions		-	-	-	-	-
Investment earnings		-	-	-	1,434,262	956,397
Miscellaneous		2,361,944	1,150,233	1,328,044	356,418	379,229
Intergovernmental, non-categorical aid		5,375,993	5,409,797	-	-	-
Gain on sale of assets		-	-	-	62,012	218,075
Transfers		(3,300,000)	(3,791,022)	(4,922,005)	(1,565,679)	(5,954,960)
Total governmental activities		71,032,137	69,239,383	67,250,578	64,360,487	57,143,963
Business-type activities						
Investment earnings		167,713	89,138	44,586	18,397	17,873
Connection fees		-	-	-	-	-
Gain on sale of assets		-	-	-	-	-
Miscellaneous		9,990	-	-	-	-
Transfers		3,300,000	3,791,022	4,922,005	1,565,679	5,954,960
Total business-type activities		3,477,703	3,880,160	4,966,591	1,584,076	5,972,833
Total primary government	\$	74,509,840 \$	73,119,543 \$	72,217,169 \$	65,944,563 \$	63,116,796
Change in net position						
Governmental activities	\$	5,576,930 \$	3,622,450 \$	13,535,843 \$	935,802 \$	(1,536,285)
Business-type activities		913,182	981,437	1,710,793	226,410	257,008
Total primary government	\$	6,490,112 \$	4,603,887 \$	15,246,636 \$	1,162,212 \$	(1,279,277

Change in Net Position (Continued)

Last Ten Fiscal Years

		2014	2013		2012	2011	2010
Business-type activities							
Charges for services	\$	5,206,661 \$	3,080,643	\$	2,856,747 \$	2,902,184 \$	2,708,017
Capital grants and contributions		481,900	467,939		1,415,036	360,504	585,994
Total business-type activities program revenues		5,688,561	3,548,582		4,271,783	3,262,688	3,294,011
Total primary government program revenues	\$	14,635,288 \$	15,726,495	\$	22,135,700 \$	16,159,861 \$	12,165,581
Net expense - governmental activities	\$	56,309,209 \$	57,289,445	\$	48,177,653 \$	46,260,384 \$	51,955,908
Net expense - business-type activities		3,336,499	4,665,949		3,168,041	3,736,336	3,692,854
Total primary government net expense	\$	59,645,708 \$	61,955,394	\$	51,345,694 \$	49,996,720 \$	55,648,762
General revenues and other changes in net position							
Governmental activities							
Property taxes	\$	48,365,143 \$	42,408,465	\$	38,130,254 \$	38,254,048 \$	38,081,388
Other taxes		7,046,183	6,709,396		6,200,597	6,582,549	5,898,162
Revenue from use of property and money		-	-		-	-	-
Unrestricted grants and contributions		-	-		-	-	5,115,890
Investment earnings		324,636	909,387		1,066,841	196,774	627,179
Miscellaneous		840,977	-		397,920	314,533	74,328
Intergovernmental, non-categorical aid		-	-		-	-	-
Gain on sale of assets		-	163,555		(23,789)	-	-
Transfers		(2,313,266)	-		-	-	(1,906,296)
Total governmental activities	\$	54,263,673 \$	50,190,803	\$	45,771,823 \$	45,347,904 \$	47,890,651
Business-type activities							
Investment earnings		16,438	47,754		27,205	21,903	-
Connection fees			-		_ ,	,	-
Gain on sale of assets		10,275	-		-	-	-
Miscellaneous		-	-		3,886	-	-
Transfers		2,313,266	-		-	-	1,928,296
Total business-type activities		2,339,979	47,754		31,091	21,903	1,928,296
Total primary government	\$	56,603,652 \$	50,238,557	\$	45,802,914 \$	45,369,807 \$	49,818,947
Change in net position							
Governmental activities	\$	(2,045,536) \$	(7,098,642)	\$	(2,405,830) \$	(912,480) \$	(4,065,257)
Business-type activities	Ψ	(996,520)	(4,618,195)	Ψ	(3,136,950)	(3,714,433)	(1,764,558)
Total primary government	\$	(3,042,056) \$	(11,716,837)	\$	(5,542,780) \$	(4,626,913) \$	(5,829,815)
i otai primary government	φ	(3,072,030) \$	(11,/10,057)	ψ	(3,372,700) \$	ע,020,915) ל	(5,029,015)

Fund Balances - Governmental Funds

		2019	2018	2017	2016	2015
General fund						
Designated	\$	- \$	- \$	- \$	- \$	-
Undesignated		-	-	-	-	-
Total general fund	\$	- \$	- \$	- \$	- \$	-
All other governmental funds						
Reserved	\$	- \$	- \$	- \$	- \$	-
Unreserved, reported in						
Special revenue funds		-	-	-	-	-
Capital projects funds		-	-	-	-	-
Total all other governmental funds	\$	- \$	- \$	- \$	- \$	-
Post-GASB 54						
General Fund						
Non Spendable:						
Non Spendable	\$	375,000 \$	866,742 \$	920,645 \$	935,898 \$	992,540
Spendable:				·· - ··		
Restricted		-	22,259	61,568	22,170	22,126
Assigned		3,782,681	1,291,755	3,623,722	3,372,391	4,169,225
Unassigned		16,230,524	15,905,253	10,960,727	14,326,940	9,649,642
Committed		4,526,264	5,460,229	3,877,087	-	-
Total General Fund	\$	24,914,469 \$	23,546,238 \$	19,443,749 \$	18,657,399 \$	14,833,533
All other Government funds						
Non Spendable:						
Non Spendable	\$	- \$	4,855 \$	- \$	3,246 \$	2,349
Spendable:						
Restricted		4,843,666	10,096,400	17,738,141	5,445,121	7,149,866
Assigned		7,222,267	6,573,306	6,318,154	3,385,036	5,242,890
Unassigned	<u> </u>	(176,165)	(49,728)	-	-	-
Total all other government funds	\$	11,889,768 \$	16,624,833 \$	24,056,295 \$	8,833,403 \$	12,395,105

Fund Balances - Governmental Funds (Continued)

		2014	2013	2012	2011	2010
General fund						
Designated	\$	- 5	\$ - \$	-	\$ - \$	2,518,642
Undesignated		-	-	-	-	17,045,858
Total general fund	\$	- 5	\$ - \$	-	\$ - \$	19,564,500
All other governmental funds						
Reserved	\$	- 5	\$ - \$	-	\$ - \$	31,574
Unreserved, reported in						
Special revenue funds		-	-	-	-	298,329
Capital projects funds		-	-	-	-	22,703,988
Total all other governmental funds	\$	- 9	\$ - \$	-	\$ - \$	23,033,891
Post-GASB 54						
General Fund						
Non Spendable:						
Non Spendable	\$	1,045,272	\$ 89,446 \$	120,158	\$ 148,990	
Spendable:						
Restricted		22,081	29,650	29,650	29,650	
Assigned		165,775	255,878	632,588	489,228	
Unassigned		15,040,237	16,393,908	18,513,870	19,807,133	
Committed	-	-	-	-	-	
Total General Fund	\$	16,273,365 \$	\$ 16,768,882 \$	19,296,266	\$ 20,475,001	
All other Government funds						
Non Spendable:						
Non Spendable	\$	40,381 \$	\$ 40,595 \$	40,215	\$ 40,430	
Spendable:						
Restricted		13,712,571	24,568,034	29,041,335	38,040,517	
Assigned		4,169,285	5,020,477	5,377,105	1,544,284	
Unassigned		-	-	-	-	
Total all other government funds	\$	17,922,237	\$ 29,629,106 \$	34,458,655	\$ 39,625,231	

Changes in Fund Balance - Governmental Funds

	 2019	2018	2017	2016	2015
Revenues					
General property taxes	\$ 56,651,372 \$	57,574,975 \$	49,835,086 \$	51,334,720 \$	49,173,371
Other local taxes	8,129,901	7,928,102	8,580,982	7,284,843	6,842,828
Permits, fees and licenses	1,434,187	952,303	2,141,092	928,634	1,121,174
Fines and forfeitures	135,492	169,606	151,318	139,822	153,929
Revenue from use of property	1,194,695	786,748	99,580	920,139	438,475
Charges for services	1,594,890	1,889,881	2,887,413	1,651,746	1,264,429
Miscellaneous	1,817,107	1,150,233	787,010	1,589,453	2,265,305
Recovered costs	826,946	646,819	396,686	-	-
Intergovernmental	13,085,216	11,784,620	11,344,133	13,144,754	12,297,700
Total revenues	 84,869,806	82,883,287	76,223,300	76,994,111	73,557,211
Expenditures					
General governmental administration	4,151,387	4,443,690	4,376,415	6,196,320	5,118,338
Judicial administration	1,662,999	1,582,629	1,542,881	1,373,968	1,389,675
Public safety	13,257,506	12,531,228	12,618,898	12,687,614	10,840,494
General services	4,436,961	5,201,835	4,585,899	5,334,386	4,958,423
Health and welfare	3,911,948	4,164,743	3,888,786	3,783,847	3,878,728
Education	30,571,555	31,767,458	26,116,112	25,672,090	23,161,494
Parks, recreation and cultural	2,724,889	2,873,147	2,838,301	2,752,043	2,675,524
Community development	4,254,468	2,910,174	2,880,539	3,456,762	3,117,464
Nondepartmental	2,429,187	1,846,733	1,676,722	-	-
Capital outlay	6,327,168	6,471,210	3,468,132	6,750,976	13,264,484
Debt service	, ,		· · ·	, ,	
Principal	7,229,617	4,639,186	3,006,700	3,100,940	2,845,721
Interest	4,637,072	8,623,961	4,468,592	4,329,537	5,014,093
Other fiscal charges	20,032	737,635	178,618	-	-
Total expenditures	 85,614,789	87,793,629	71,646,595	75,438,483	76,264,438
Excess of revenues over (under) expenditures	 (744,983)	(4,910,342)	4,576,705	1,555,628	(2,707,227)
Other financing sources (uses)					
Transfers in	4,389,327	4,449,036	9,953,287	8,626,309	12,719,784
Transfers out	(7,689,327)	(8,240,056)	(14,719,615)	(10,191,988)	(18,674,744)
Proceeds from borrowing	678,149	27,636,789	16,198,865	220,514	44,871,848
Premium on bonds issued	-	4,345,538	-	-	-
Payments to escrow agent	-	(26,610,438)	-	-	(43,476,292)
Proceeds from sale of property	-	500	-	51,701	299,667
Total other financing sources (uses)	 (2,621,851)	1,581,369	11,432,537	(1,293,464)	(4,259,737)
Net change in fund balance	\$ (3,366,834) \$	(3,328,973) \$	16,009,242 \$	262,164 \$	(6,966,964)
Debt service as a percentage of noncapital expenditures	 15%	16%	11%	11%	12%

Changes in Fund Balance - Governmental Funds (Continued)

	 2014	2013	2012	2011	2010
Revenues					
General property taxes	\$ 43,628,917 \$	37,158,645 \$	38,024,532 \$	37,864,858 \$	38,385,088
Other local taxes	6,840,236	6,616,219	6,301,083	6,582,549	5,898,162
Permits, fees and licenses	635,888	1,710,818	380,302	443,308	407,410
Fines and forfeitures	118,609	105,191	85,598	75,813	60,345
Revenue from use of property	366,712	909,387	1,066,841	196,774	627,179
Charges for services	1,578,846	2,859,255	1,620,896	1,599,068	1,091,590
Miscellaneous	1,321,386	217,987	524,121	309,404	122,347
Recovered costs	9,327,462	-	-	-	595,391
Intergovernmental	2,070,994	12,625,247	15,591,979	10,778,984	12,382,619
Total revenues	 65,889,050	62,202,749	63,595,352	57,850,758	59,570,131
Expenditures					
General governmental administration	5,301,989	4,869,180	4,814,890	4,292,762	4,822,494
Judicial administration	1,334,756	1,198,998	1,058,580	970,228	1,017,192
Public safety	10,425,432	9,973,620	8,655,939	6,770,494	6,844,989
General services	5,747,203	5,929,766	10,110,789	6,155,695	5,938,395
Health and welfare	4,244,521	4,299,377	951,649	4,785,833	5,019,248
Education	23,126,262	25,679,304	26,268,626	25,004,954	25,058,724
Parks, recreation and cultural	2,885,662	2,629,412	2,633,606	2,443,506	2,482,008
Community development	2,773,473	3,143,003	5,995,716	1,897,246	1,797,791
Nondepartmental	-	-	1,314,563	1,429,542	1,351,357
Capital projects	18,432,571	9,489,014	5,035,723	12,947,475	20,491,939
Debt service					
Principal	2,401,952	3,173,957	31,516	380,000	1,534,551
Interest	5,195,448	4,592,524	2,784,497	2,312,636	1,750,465
Other fiscal charges	-	285,487	284,568	289,453	253,168
Total expenditures	 81,869,269	75,263,642	69,940,662	69,679,824	78,362,321
Excess of revenues over (under) expenditures	 (15,980,219)	(13,060,893)	(6,345,310)	(11,829,066)	(18,792,190
Other financing sources (uses)					
Transfers in	1,763,908	3,127,894	1,826,748	1,789,120	1,607,891
Transfers out	(4,077,174)	(3,127,894)	(1,826,748)	(1,789,120)	(3,514,187
Proceeds from borrowing	6,011,099	26,044,679	-	43,654,158	18,878,035
Premium on bonds issued	-	-	-	-	-
Payments to escrow agent	80,000	(22,473,109)	-	(14,137,039)	-
Proceeds from sale of property	-	-	-	-	-
Total other financing sources (uses)	3,777,833	3,571,570	-	29,517,119	16,971,739
Net change in fund balance	\$ (12,202,386) \$	(9,489,323) \$	(6,345,310) \$	17,688,053 \$	(1,820,451)
Debt service as a percentage of noncapital					
expenditures	12%	12%	4%	5%	6%

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Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Res	sidential Property	Comme Industrial		I	Agriculture Property		(1) Total Taxable Assessed Value	Dir	Fotal ect Tax Rate		stimated Actual Faxable Value	Assessed Value as a Percentage of Actual Value
2019	\$	3,504,978,448	\$ 710	.485.846	\$	546,574,725	\$	4.771.039.019	\$	0.85	\$	4.771.039.019	100%
2019	Ψ	3,451,012,097		.464.081	Ψ	549,075,515	Ψ	4,719,551,693	Ψ	0.85	Ψ	4,719,551,693	100%
2017		3,400,486,756		,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%
2010		3,505,342,600	671	,872,400		666,436,200		4,843,651,200		0.52		4,843,651,200	100%

(1) Does not reflect land use assessments.

Source: Isle of Wight County Commissioner of Revenue

Assessed Value of Taxable Property

Last Ten Fiscal Years

	Real	Personal		Machinery	Public Service	
Fiscal Year	Estate (1)	Property	Mobile Homes	and Tools	(2)(3)	Total
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
2010	4,410,701,000	313,455,361	22,572,521	768,126,945	216,191,065	5,731,046,892

(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.

Property Tax Rates

Tax Rates Per Hundred Dollars of Assessed Valuation

Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Boats and Aircraft / Farm Machinery
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
2010	0.52	4.40	0.52	0.95	1.00/1.00

Principal Property Taxpayers

		2	019			2010		
				Percent of Total			Percent of Total	
				Assessed			Assessed	
	Ass	essed Valuation		Valuation Real	Assessed Valuation		Valuation Real	
Taxpayer		Real Estate	Rank	Estate	Real Estate	Rank	Estate	
International Paper	\$	92,839,800	1	1.95%	\$ 117,845,700	1	2.52%	
Vereit Real Estate LP	Ŷ	49,449,400	2	1.04%	-	-	-%	
Smithfield Foods		28,142,300	4	0.59%	42,858,400	3	0.92%	
Inland RI Holdings LLC etals		20,112,500	-	-%	49,490,800	2	1.06%	
Smithfield Farmland Corp		29,142,300	3	0.61%	-	-	-%	
Eagle Harbor Apartments, LP		25,555,300	5	0.54%	22,615,700	5	0.48%	
Green Mountain Coffee Roasters		18,829,800	5 7	0.39%	22,013,700	-	-9	
Eagle Harbor Apartments II, LP		16,427,700	8	0.34%	-	-	-9/ -9/	
		, ,	o 9		15 45(500	- 9		
LDI Virginia LLC		14,752,000	-	0.31%	15,456,500		0.33%	
Sentara Healthcare		14,669,700	10	0.31%	17,067,000	8	0.36%	
Gwaltney of Smithfield, Ltd.		-	-	-%	24,410,700	4	0.52%	
Eagle Harbor West LLC		25,000,000	6	0.52%	18,002,800	6	0.38%	
Isle of Wight Industrial Properties		-	-	-%	13,917,200	10	0.30%	
Smithfield Packing Co., Inc.		-	-	-%	17,424,500	7	0.37%	
	\$	314,808,300		6.60%	\$ 339,089,300		7.24%	
				Percent of Total			Percent of Tota	
				Assessed			Assessed	
				Valuation			Valuation	
	A aa	essed Valuation		Personal	Assessed Valuation		Personal	
Τ		rsonal Property	Rank	Property (1)	Personal Property	Rank		
Taxpayer	Pel	rsonal Property	Kalik	Property (1)	Personal Property	Kank	Property (1)	
International Paper	\$	137,521,656	1	21.82%	\$ 609,515,319	1	55.20%	
Keuring Green Mountain Inc		41,264,829	2	6.55%	-	-	-%	
Gwaltney of Smithfield Ltd.		41,004,764	3	6.51%	57,250,394	2	5.18%	
ST Tissue LLC		15,538,875	4	2.47%	-	-	-%	
Franklin Lumber LLC		6,761,284	6	1.07%	-	-	-9⁄	
Cost Plus, Inc.		7,247,417	5	1.15%	4,966,674	8	0.45%	
Food Lion		-	-	-%	2,410,364	9	0.22%	
Premium Pet Health LLC		1,288,784	7	0.20%	_,,	-	-0/	
Charter Communications			-	-%	2,309,625	10	0.21%	
HYG Financial Services		1,189,688	8	0.19%	2,505,025	10	-9	
ATC Panels Inc		1,109,000	-	-%	16,757,945	4	1.52%	
Smithfield Packing Co., Inc.		-	-	- ⁄⁄0 - %		3	4.85%	
Riverside Convalescent Center		- 1,049,507	- 9	0.17%	53,503,272	- 5	4.837 -9	
Tak Investments		, ,			-			
		1,031,695	10	0.16%	-	-	-9/	
Smithfield Foods		-	-	-%	14,990,480	6	1.36%	
Franklin Equipment Co.		-	-	-%	2,936,633	7	0.27%	
Specialty Minerals		-	-	-%	8,213,001	5	0.74%	
Specially winicials	\$	253,898,499		40.29%	\$ 772,853,707		70.00%	

Current Year and Nine Years Ago

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

Property Tax Levies and Collections

Last Ten Fiscal Years

						Percent of		Percent of
		Current Tax	Percent of	Delinquent	(4)	Total Tax	Outstanding	Delinquent
	Total (3)	(1)	Levy	(1)(2) Tax	Total Tax	Collections	Delinquent	Taxes to Tax
Fiscal Year	Tax Levy	Collections	Collected	Collections	Collections	to Tax Levy	Taxes (1)	Levy
2019	\$ 53,193,829	\$ 52,007,865	97.77% \$	1,185,964	\$ 52,681,154	99.04% \$	1,185,964	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%
2010	38,229,341	37,103,403	97.05%	1,125,938	38,463,274	100.00%	2,021,149	5.29%

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

(2) Does not include land redemptions.

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

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

Taxable Sales by Category

Last Ten Fiscal Years

	 2019	2018	2017	2016	2015
Apparel stores	\$ 2,796,422 \$	2,945,495 \$	3,112,767 \$	3,138,661 \$	3,155,626
General merchandise	18,426,147	18,471,979	17,055,174	17,052,902	15,058,574
Food stores	75,489,663	75,929,226	75,469,177	74,278,038	70,333,859
Eating and drinking establishments	34,531,724	32,415,274	30,001,191	30,638,029	28,003,995
Home furnishings and appliances	984,728	1,149,106	1,655,721	3,673,785	1,970,161
Building materials and farm tools	7,929,969	7,623,262	7,733,809	8,087,111	7,607,946
Auto dealers and supplies	4,652,629	4,127,154	4,262,699	3,734,038	3,699,950
Service stations	12,306,750	10,231,430	10,116,257	8,297,669	8,750,178
Other retail stores	4,527,901	7,707,369	7,444,040	8,318,528	8,155,461
All other outlets	78,248,666	76,326,354	67,585,166	63,207,520	66,100,640
	\$ 239,894,599 \$	236,926,649 \$	224,436,001 \$	220,426,281 \$	212,836,390
					(Continu

Source: Isle of Wight County Commissioner of Revenue

Taxable Sales by Category (Continued)

	 2014	2013	2012	2011	2010
Apparel stores	\$ 3,390,204 \$	2,577,049 \$	3,248,038 \$	3,248,902 \$	2,556,980
General merchandise	16,305,494	17,733,688	11,841,685	11,710,358	14,918,672
Food stores	67,184,591	66,740,132	61,823,527	63,183,444	74,800,531
Eating and drinking establishments	27,356,817	28,035,436	26,704,871	27,138,019	32,607,044
Home furnishings and appliances	1,506,054	1,578,689	4,510,823	2,058,879	2,481,550
Building materials and farm tools	9,266,806	11,080,360	8,547,370	8,051,507	11,615,775
Auto dealers and supplies	3,891,078	3,662,321	4,091,794	4,064,402	5,287,732
Service stations	9,937,560	9,897,012	10,059,667	8,206,374	15,614,464
Other retail stores	6,725,858	6,528,091	16,683,719	11,806,647	9,613,885
All other outlets	56,617,257	52,632,271	45,568,767	51,916,137	74,411,889
	\$ 202,183,733 \$	200,465,049 \$	193,080,261 \$	191,384,669 \$	243,908,522

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

Last Ten Fiscal Years

Fiscal		Assessed	(1) Gross	(2) Less Debt Payable from Enterprise	1	Net Bonded	Ratio of Net General Obligation Bonded Debt to Assessed	(3) Percentage of Per Capita	Net Bonded Debt Per
Year	Population	Value	Bonded Debt	Revenues		Debt	Value	Income	Capita
2019	38,386 \$	4,771,039,019	\$ 148,330,252	\$ 36,519,1	91 \$	111,811,061	2.34%	8.1% \$	2,913
2018	38,020	4,719,551,693	156,544,148	37,310,4	96	119,233,652	2.53%	9.2%	3,130
2017	37,074	4,646,536,085	157,839,769	37,986,0	86	119,853,683	2.58%	10.0%	3,23
2016	36,438	4,579,015,110	145,898,692	38,534,3	57	107,364,335	2.34%	9.4%	2,94
2015	36,007	4,197,303,286	150,247,147	39,148,9	81	111,098,166	2.65%	10.0%	3,08
2014	35,656	4,147,194,000	146,569,755	37,393,9	72	109,175,783	2.63%	9.9%	3,06
2013	35,399	4,966,178,830	150,387,747	44,620,8	19	105,766,928	2.13%	7.0%	2,98
2012	35,457	5,022,571,541	132,640,758	28,354,0	23	104,286,735	2.08%	7.2%	2,94
2011	35,270	5,511,732,553	135,269,771	29,215,6	47	106,054,124	1.92%	10.2%	3,00
2010	36,729	5,731,046,892	103,604,958	24,142,7	00	79,462,258	1.39%	5.7%	2,16

(1) (2) Includes all long-term general obligation debt. Prior year amounts were restated to include bond premium, discount, and adjustments.

Prior year amounts were restated to include bond premium.

(3) See Exhibit C-14 for per capita income.

Schedule of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities							Business Type Activities									
Fiscal Year	5		1		General Obligation Bonds		Notes Payable		Capital Leases		Total Primary Government		Percentage Personal Income	De	Net onded ebt Per Capita		
2019	\$	111.811.061	\$	4,326,512	\$	1,154,305	\$	36,519,191	\$	_	\$	53,368	\$	153,864,437	11.16%	\$	4,008
2019	Ψ	119.233.652	Ψ	4,326,512	Ψ	872.070	Ψ	37,310,496	Ψ	_	Ψ	77.956	Ψ	161,820,686	12.47%	Ψ	4,256
2010		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
2013		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
2010		79,462,258		4,326,512		-		24,142,700		-		-		107,931,470	7.78%		2,939

(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.

Legal Debt Margin

Last Ten Fiscal Years

	2019	2018	2017	2016	2015
Total assessed valuation of real estate from land book	\$ 4,771,039,019	\$ 4,719,551,693	\$ 4,646,536,085	\$ 4,579,015,110 \$	4,197,303,286
Percent limitation according to the Code of Virginia	10%	10%	10%	10%	10%
Debt limitation	477,103,902	471,955,169	464,653,609	457,901,511	419,730,329
Total debt of the County	138,037,818	145,215,577	151,024,995	138,290,000	141,575,000
Total debt of the Town of Smithfield	-	-	-	-	-
Total debt of the Town of Windsor	-	-	-	-	-
Total	138,037,818	145,215,577	151,024,995	138,290,000	141,575,000
Amount by which legal debt margin exceeds total debt	\$ 339,066,084	\$ 326,739,592	\$ 313,628,614	\$ 319,611,511 \$	278,155,329

Continued)

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

Legal Debt Margin (Continued)

Last Ten Fiscal Years					
	2014	2013	2012	2011	2010
Total assessed valuation of real estate from land book	\$ 4,147,194,000 \$	4,070,990,990 \$	4,287,008,000 \$	4,245,268,423 \$	4,680,728,500
Percent limitation according to the Code of Virginia	 10%	10%	10%	10%	10%
Debt limitation	 414,719,400	407,099,099	428,700,800	424,526,842	468,072,850
Total debt of the County	139,880,000	142,925,000	131,775,000	133,488,773	102,759,627
Total debt of the Town of Smithfield	-	-	5,303,476	4,870,725	4,476,754
Total debt of the Town of Windsor	 -	-	2,168,307	1,629,976	763,140
Total	 139,880,000	142,925,000	139,246,783	139,989,474	107,999,521
Amount by which legal debt margin exceeds total debt	\$ 274,839,400 \$	264,174,099 \$	289,454,017 \$	284,537,368 \$	360,073,329

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

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	(1) scal Year Population			(1) er Capita Income		Registered Voters	(2) Unemployme Rate	
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%	
2010	36,729	(3)		37,754	(3)	25,675	7.7%	

Source:

(1) Weldon-Cooper Center for Public Service, UVA.

(2) Virginia Employment Commission.

(3) Estimated assuming a 3% growth rate from the prior year.

(4) 2010 Census Data

Full-time Equivalent County Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	2019	2018	2017	2016	2015
General government					
Board of Supervisors	0.5	0.5	0.5	0.5	0.5
County Administration	2.5	2.5	2.5	3.5	3.0
County Attorney	2.0	2.0	2.0	2.0	2.0
Commissioner of Revenue	10.5	10.5	9.5	10.5	10.5
Treasurer	10.0	11.0	10.0	10.0	9.5
Budget and Finance	7.0	7.0	7.0	6.0	5.0
Purchasing	1.0	1.0	1.0	1.0	1.5
Human Resources	2.0	2.0	2.0	2.0	2.0
Communications	1.5	1.5	1.0	2.0	2.0
Economic Development	4.0	4.0	3.0	4.0	5.0
Registrar	3.0	3.5	3.0	3.5	3.5
Inspections	5.0	5.0	5.0	5.0	5.0
Information Technology	7.5	7.5	7.5	7.0	7.0
Risk Management	2.0	1.0	1.0	1.0	1.0
Planning and Zoning	11.0	11.0	10.0	10.0	10.0
Health & Welfare	2.0	2.0	1.5	1.5	1.5
Tourism	4.0	4.5	3.5	3.5	3.5
Farmers Market	0.5				
Clerk of Court	7.0	7.0	7.0	7.0	7.0
Commonwealth Attorney	8.0	8.0	6.0	6.0	6.0
Total general government	91.0	91.5	83.0	86.0	85.5
Public Safety					
Sheriff Deputies (including Sheriff)	52.5	52.5	49.0	48.5	47.5
Administrative	4.0	4.0	4.0	5.0	5.0
Animal Control	6.5	5.0	6.0	5.5	5.5
Emergency Communications	16.5	18.5	19.5	19.5	19.5
Total Public Safety	79.5	80.0	78.5	78.5	77.5
Fire and Rescue					
Administrative	5.0	5.0	5.5	5.0	5.0
Firefighters/Paramedics	48.5	43.5	47.0	58.5	54.5
Total Fire and Rescue	53.5	48.5	52.5	63.5	59.5
General Services			0210	0010	0,10
Administrative	3.9	3.9	4.0	3.5	3.5
Engineering	2.0	2.0	1.5	1.9	1.9
Stormwater	8.2	7.2	9.0	10.4	10.4
Refuse collection	23.0	23.5	19.0	21.0	20.5
Building and Grounds	8.0	8.0	6.0	8.0	8.0
Custodians	9.0	8.0	-	-	
Total Public Works	54.1	52.6	39.5	44.8	44.3
Parks, Recreation and Cultural	26.0	27.0	25.0	20.0	21.0
Public Utilities	18.0	12.0	14.6	16.2	15.2
Public Schools	1010	12.0	1.10	10.2	10.2
Instructional Positions	412.0	365.0	398.0	533.0	402.0
Administrators	80.0	58.0	60.0	19.0	45.5
Support Personnel	267.0	241.0	254.0	142.0	248.0
Total Public Schools	759.0	664.0	712.0	694.0	695.5
Grand total	1,081.1	975.6	1,005.1	1,003.0	998.5
Grand total	1,081.1	975.0	1,005.1	1,005.0	998.3

Source: Various County of Isle of Wight Departments, including Isle of Wight County Schools for information relates to Public Schools Grand Totals 2010-2014 updated

Full-time Equivalent County Government Employees by Function/Program (Continued)

Function/Program	2014	2013	2012	2011	2010
General government					
County Administration	4.0	4.0	4.0	4.0	4.0
County Administration	4.0	4.0	4.0	4.0	4.0
County Attorney	2.0	1.5	2.0	3.0	3.0
Commissioner of Revenue	10.5	10.5	10.5	11.5	11.5
Treasurer	9.5	9.5	9.0	9.5	9.5
Budget and Finance	6.0	7.0	7.0	7.0	7.0
Purchasing	0.0	0.0	0.0	0.0	0.0
Human Resources	2.0	3.0	2.0	2.0	2.0
Communications	2.0	1.0	1.0	1.0	1.0
Economic Development	5.0	5.0	5.0	5.0	3.0
Registrar	3.5	2.5	2.5	2.5	2.5
Inspections	7.0	7.0	7.0	7.0	9.0
Information Technology	7.0	7.0	7.0	7.0	7.0
Risk Management	0.0	0.0	0.0	0.0	0.0
Planning and Zoning	9.0	10.0	10.0	11.0	12.0
Health & Welfare	1.5	1.5	4.0	5.0	5.0
Tourism	3.5	3.5	6.5	6.5	3.5
Clerk of Court	7.0	7.0	7.0	6.0	6.0
Commonwealth Attorney	6.0	6.0	6.0	6.0	6.0
Total general government	89.5	90	94.5	98.0	96.0
Public Safety	09.0	20	21.5	90.0	20.0
Sheriff Deputies (including Sheriff)	46.5	46.5	45.5	44.0	44.0
Administrative	4.5	4.0	4.5	2.0	2.0
Animal Control	5.5	5.0	4.5	5.0	5.0
Emergency Communications	22.0	19.5	19.0	19.0	19.0
Total Public Safety	78.50	75.0	73.5	70.0	70.0
Fire and Rescue	78.50	75.0	15.5	70.0	70.0
Administrative	6.0	4.0	4.0	2.0	2.0
Firefighters/Paramedics	60.0	55.5	46.0	23.0	23.0
Total Fire and Rescue	66.0	59.5	50.0	25.0	25.0
General Services	00.0	59.5	50.0	23.0	23.0
Administrative	5.0	3.0	3.0	3.0	3.0
Engineering	5.0 6.0	7.0	7.5	8.0	6.0
Stormwater	4.0	0.0	0.0	0.0	0.0
Refuse collection	23.5	20.5	22.0	19.0	19.0
Building and Grounds	7.0	6.0	6.0	6.0	5.0
Custodians	6.5	6.5	7.0	7.0	6.5
Total Public Works	52.0	43.0	45.5	43.0	39.5
Parks, Recreation and Cultural	20.5	21.5	20.0	20.0	22.5
Public Utilities	13.0	13.0	13.5	13.5	13.5
Public Schools	15.0	15.0	15.5	15.5	15.5
Instructional Positions	477.0	528.2	256.0	434.0	520.0
Administrators	477.0 47.0	538.3 53.4	356.0 44.0	434.0 40.0	539.0 23.0
Support Personnel	47.0 177.1	53.4 185.5	44.0 133.0	40.0 277.0	
					207.0
Total Public Schools	701.1	777.2	533.0	751.0	769.0
Grand total	1,020.6	1,079.2	830.0	1,020.5	1,035.5

Last Ten Fiscal Years

Source: Various County of Isle of Wight Departments, including Isle of Wight County Schools for information relates to Public Schools Grand Totals 2010-2014 updated

Operating Indicators by Function/Program

Function/Program	2019	2018	2017	2016	2015
Sheriff					
Physical arrests	1,432	1,056	853	842	470
Traffic violations	2,487	3,037	3,427	3,280	2,582
Fire					
Emergency responses - Fire	737	1,108	1,031	793	1,728
Emergency responses - Rescue	4,756	4,598	4,450	4,493	4,323
Building Permits					
Residential	195	156	171	158	130
Residential - Value	\$ 36,267,481 \$	32,555,058	\$ 32,108,219	\$ 32,638,877	\$ 28,774,421
Commercial	9	14	15	8	9
Commercial - Value	\$ 3,833,333 \$	3,744,477	\$ 2,361,121	\$ 2,616,297	\$ 1,803,859
Refuse Collection					
Refuse collected (tons per day)	59	64	59	29	28
Public Schools					
Cost Per Student	\$ 11,640 \$	10,598	\$ 11,288	\$ 10,341	\$ 9,922
Average Daily Membership	5,375	5,338	5,263	5,441	5,233
Student/Teacher Ratio	13.05	14.60	16.10	14.00	14.1
Park and Recreation					
Athletic field permits issued	27	26	11	24	30
County Fair Admissions	-	28,831	30,168	25,000	29,337
Library					
Volumes in collection	67,172	67,281	68,638	69,454	73,430
Total volumes borrowed	198,182	163,688	200,768	191,128	187,594
Water					
New connections	96	80	102	92	52
Average daily consumption (thousands of gallons)	0.33	0.32	0.35	0.33	0.65

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.

Operating Indicators by Function/Program (Continued)

Last Ten Fiscal Years

Function/Program	2014	2013	2012	2011	2010
Sheriff					
Physical arrests	814	527	419	412	533
Traffic violations	2,274	2,032	1,448	1,214	1,456
Fire					
Emergency responses - Fire	1,334	709	1,479	1,375	2,285
Emergency responses - Rescue	4,149	4,720	4,179	4,343	3,360
Building Permits					
Residential	126	107	85	92	169
Residential - Value	\$ 29,193,361	\$ 25,170,632	\$ 12,656,261	\$ 24,909,824	\$ 4,121,500
Commercial	5	4	5	14	11
Commercial - Value	\$ 3,010,200	\$ 2,738,211	\$ 2,734,000	\$ 8,748,932	\$ 16,306,000
Refuse Collection					
Refuse collected (tons per day)	31.0	46.0	47.9	49.3	52.7
Public Schools					
Cost Per Student	\$ 10,113	\$ 9,628	\$ 9,827	\$ 9,827	\$ 10,861
Average Daily Membership	5,325	5,312	5,331	5,331	5,367
Student/Teacher Ratio	17.2	16.3	15.7	15.7	12.1
Park and Recreation					
Athletic field permits issued	32	59	872	-	94
County Fair Admissions	25,160	33,886	14,997	15,000	21,000
Library					
Volumes in collection	184,288	186,615	202,633	223,249	253,402
Total volumes borrowed	417,529	449,557	945,071	215,767	221,725
Water					
New connections	58	60	50	93	57
Average daily consumption (thousands of gallons)	0.58	0.60	0.58	0.57	0.56

Source: Various County of Isle of Wight Departments, including Isle of Wight County Schools for information relates to Public Schools

Capital Asset Statistics by Function/Program

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Sheriff										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	30	30	30	30	48	49	43	43	51
Fire and Rescue										
Fire Units	5	5 2	5 2	5 2	5 4	5 4	5	5	5	5
Rescue Units	2	2	2	2	4	4	4	4	4	4
Refuse Collection										
Collection trucks	5	5	5	6	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	10	7	7	7	7	7	7	7	7
Acreage	3,077	569	570	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	9	12	12	12	12	12	12	12	12
Community centers	4	3	2	2	2	2	2	2	2	2
Museums	3	3	2	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

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Compliance Section

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

Year Ended June 30, 2019

	Federal CFDA	Pass-through Entity	Provided to	Total Federal
Federal Grantor/State Pass Through Grantor/Program or Cluster Title	Number	Identifying Number	Subrecipients	Expenditures
Department of Agriculture				
Pass-through Virginia Department of Education				
Child Nutrition Cluster	10 552	N. 4 D 1 . 1	¢	¢ 221.095
School Breakfast Program	10.553	Not Provided	\$ -	\$ 321,085
National School Lunch Program	10.555	Not Provided	-	790,971
Summer Food Service Program for Children	10.559	Not Provided	-	4,688
Pass-through Virginia Department of Agriculture and Consumer Services				
Child Nutrition Cluster				
USDA Donated Food Commodities	10.555	Not Provided	-	82,651
Total Child Nutrition Cluster			-	1,199,395
Pass-through Virginia Department of Education				
Child and Adult Care Food Program	10.558	Not Provided	-	14,228
Pass-through Virginia Department of Social Services				
Supplemental Nutrition Assistance Program Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010117/8;0040117/8		405,385
Total Supplemental Nutrition Assistance Program Cluster				405,385
Total Department of Agriculture			-	1,619,008
Department of Defense				
Pass-through Virginia Department of Education				
JROTC	12.000	Not Provided	-	74,760
Total Department of Defense			-	74,760
Department of Housing and Urban Development				
Pass-through Payments- City of Suffolk				
VA Department of Planning & Community Development				
HOME Investment Partnerships Program	14.239	2016-H1364-VA-AP	-	169,718
Total Department of Housing and Urban Development			-	169,718
Department of Justice				
Pass-through Virginia Department of Criminal Justice				
Crime Victim Assistance	16.575	19-Y8555VW17	-	75,561
Violence Against Women Formula Grants	16.588	18-V9425VA17	-	7,673
Violence Against Women Formula Grants	16.588	19-W9425VA18	-	10,580
Subtotal by Violence Against Women			-	18,253
Total pass-through Virginia Department of Criminal Justice			-	93,814
Total Department of Justice			-	93,814
Department of Transportation				
Pass-through Virginia Department of Transportation				
Federal Highway Administration				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	115,P101,R201,C501	-	1,694,297
Total Highway Planning and Construction Cluster			-	1,694,297
Department of Motor Vehicles - Alcohol Traffic Safety Incentive Grants				
Alcohol Open Container Requirements	20.607	20.607	-	12,965
Alcohol Open Container Requirements	20.607	20.607		2,645
Subtotal by DMV Law Enforcement Traffic Safety- Selective EnforceAlcohol			-	15,610

Total Department of Transportation

1,709,907

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See Notes to Schedule of Expenditures of Federal Awards.

County of Isle of Wight, Virginia Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

	Federal CFDA	Pass-through Entity	Provided to	Total Federal	
Federal Grantor/State Pass Through Grantor/Program or Cluster Title	Number	Identifying Number	Subrecipients	Expenditures	
Department of Education					
Pass-through Virginia Department of Education	04.000	NT (D 111	ф.	¢ 40.550	
Adult Education - Basic Grants to States	84.002	Not Provided	\$ -	\$ 40,559	
English Language Acquisition State Grants	84.365	Not Provided	-	3,564	
Title I - Grants to Local Educational Agencies	84.010	S010A90046	-	628,000	
Student Support and Academic Enrichment Program	84.424	Not Provided	-	10,689	
Special Education Cluster					
Special Education - Grants to States	84.027	H027A110107	-	1,101,690	
Special Education - Preschool Grants	84.173	H173A090112	-	12,169	
Total Special Education Cluster			-	1,113,859	
Impact Aid	84.041	Not Provided	-	72,238	
Career and Technical Education - Basic Grants to States	84.048	VO48A110046	-	74,527	
Improving Teacher Quality State Grants	84.367	S010A090046	-	98,738	
Total Department of Education				2,042,174	
Department of Health and Human Services					
Pass-through Virginia Department of Social Services:					
Promoting Safe and Stable Families	93.556	0950116/7	-	12,235	
TANF Cluster					
Temporary Assistance to Needy Families (TANF)	93.558	0400117/8	-	252,576	
Total TANF Cluster				252,576	
Refugee and Entrant Assistance State Administered Programs	93.566	0500112	_	151	
Low-Income Home Energy Assistance	93.568	0600417/8	_	43,699	
CCDF Cluster	75.500	0000417/0		+5,077	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760117/8	_	45,615	
Total CCDF Cluster	75.570	070011770		45,615	
Chafee Education & Training Vouchers Program (ETV)	93.599	9160117		105	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900116/7	-	294	
Foster Care - Title IV-E	93.658	1100117/8	-	230,490	
	93.659	1120117/8	-		
Adoption Assistance Social Services Block Grant			-	106,581	
	93.667	1000117/8	-	208,983	
Chafee Foster Care Independence Program	93.674	9150117	-	1,990	
Children's Health Insurance Program	93.767	0540117/8	-	9,293	
Medicaid Cluster	00.550	1000115/0		(10.020	
Medical Assistance Program	93.778	1200117/8		640,939	
			-	640,939	
Total Department of Health and Human Services				1,552,951	
Department of Homeland Security					
Pass-through Virginia Department of Emergency Management					
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	70-0702-0-1-453	-	3,100	
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	4401-DR-VA-P000000		18,706	
Subtotal Disaster Grants - Public Assistance (Presidentially Declared Disasters)			-	21,806	
Emergency Management Performance Grants	97.042	EMP-2017-EP-00006	-	6,980	
Total Department of Homeland Security			-	28,786	
Total Expenditures of Federal Awards			\$ -	\$ 7,291,118	

COUNTY OF ISLE OF WIGHT, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the County of Isle of Wight, Virginia (the County) and component unit of the Isle of Wight County School Board under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Nonmonetary deferral assistance including food commodities is considered federal assistance and, therefore, is reported on the Schedule. Federal financial assistance does not include direct federal cash assistance to individuals.

Direct Payments – Assistance received directly from the Federal government is classified as direct payments on the Schedule.

Pass-through Payments – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule.

Major Programs – Major programs for the County and its component units were determined using a risk-based approach in accordance with Uniform Guidance.

Catalog of Federal Domestic Assistance – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number), which is reflected in the Schedule.

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by the County of Isle of Wight, Virginia and its component units: SNAP, Child Nutrition, Highway Planning and Construction, TANF, Child Care and Development Fund, Medicaid, and Special Education.

COUNTY OF ISLE OF WIGHT, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2019

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Non-Cash Assistance

In addition to amounts reported on the Schedule, the County consumed non-cash assistance in the form of food commodities. Commodities with a fair value of \$82,651 at the time received were consumed during the year ended June 30, 2019. These commodities were included in the determination of federal awards expended during the year ended June 30, 2019.



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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 18, 2019.

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, JZP

Harrisonburg, Virginia November 18, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the County of Isle of Wight, Virginia's (County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Those standards and Uniform Guidance require we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PBMares, JZP

Harrisonburg, Virginia November 18, 2019

COUNTY OF ISLE OF WIGHT, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2019

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified						
Internal control over financial r Material weakness identified? Significant deficiencies identi Noncompliance material to fin	fied?	Yes Yes Yes	$ \frac{\sqrt{1}}{\sqrt{1}} $ None Reported $ \frac{\sqrt{1}}{\sqrt{1}} $ No				
Federal Awards							
Internal control over major prog Material weakness identified? Significant deficiencies identi Type of auditor's report issued			$\sqrt{\frac{}{}}$ No None Reported				
Any audit findings disclosed th to be reported in accordance w 2 CFR 200.516(a)?	ith section	Yes	No				
Identification of major program	15:						
CFDA Number	Name of Federal Program or Clu	ster					
84.010	Title I – Grants to Local Education	al Agencies					
Highway Planning and Construction Cluster:							
20.205	Highway Planning and Construction	on					
Special Education Cluster:							
84.027 84.173	Special Education – Grants to State Special Education – Preschool Gra						
Dollar threshold used to distin	Dollar threshold used to distinguish between type A and type B programs						
Auditee qualified as low-risk a	uditee?	Yes	No				

COUNTY OF ISLE OF WIGHT, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2019

Section II. FINANCIAL STATEMENT FINDINGS

None.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2019

Identifying Number: 2018-001 Material Weakness Due to Lack of Timely Reconciliations and Material Audit Adjustments

Audit Finding:

Criteria and Condition: In order to prepare the comprehensive annual financial report (CAFR) in accordance with accounting principles generally accepted in the United States of America (GAAP), accurate and complete general and subsidiary ledgers, along with supporting records, must be maintained to support the existence, completeness, accuracy, and valuation of all assets and liabilities, revenues, and expenditures/expenses to ensure an accurate presentation of the financial position and activity of the County for the fiscal year just ended. The efficient, effective, and timely preparation of the financial statements depends heavily on personnel from the County and includes closing the general ledger, performing appropriate financial analyses and reconciliations of yearly activity, and accumulating the required data for reporting. In order to verify that the transactions are fairly presented, procedures must be in place and functioning effectively to ensure the financial information is complete, accurate, and in accordance with GAAP. The CAFR should be final and free of significant misstatements.

Context: During the fiscal year 2018 audit and financial reporting processes, multiple instances were identified where the complete and accurate recording of financial transactions within the general ledger did not occur including (but not limited to) the following:

- Debt refunding, debt issuance, and bond premium activity were not recorded by the County.
- Net pension liability and related deferred inflows and outflows were not reconciled to actuarial valuations and employer contributions and current year activity were not recorded.
- The implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* including recording other postemployment benefits liability, deferred inflows, deferred outflows, and restatement of beginning net position was not performed. Additionally, the County was unable to complete the required supplementary information and disclosures related to OPEB components.
- The County was unable to perform the government-wide conversion entries necessary to prepare a complete and accurate CAFR.

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County of Isle of Wight, Virginia Summary Schedule of Prior Audit Findings Year Ended June 30, 2019 Page 2

<u>Identifying Number</u>: 2018-001 Material Weakness Due to Lack of Timely Reconciliations and Material Audit Adjustments (Continued)

Audit Finding: (Continued)

Cause: During the fiscal year 2018 audit, the County finance staff lacked training or the required technical skills to analyze and reconcile transactions both timely and accurately. Additionally, there was turnover in the County Director of Finance position. Internal control processes were not in place to monitor related account activities to ensure the existence, completeness, accuracy, and valuation of all assets and liabilities, revenues and expenses/expenditures in the CAFR.

Effect: The controls in place to close the year-end books, reconcile the balances, analyze the period transactions, and accumulate and assimilate such data into a timely, GAAP compliant CAFR did not function. As noted above, the effect of these transactions was to misstate the net position of the County. The necessary entries above were significant to the financial statements and were included as adjustments in order to more accurately represent the financial position of each of the above. Failure to record the items noted above would be a departure from accounting principles generally accepted in the United States of America.

Recommendation: The County should ensure finance staff have adequate technical skills or training to perform their accounting functions accurately and timely. We recommend increasing levels of oversight to ensure reconciliations are performed timely and formal year-end close procedures are documented and followed to support the existence, completely, accuracy, and valuation of all assets and liabilities, revenues, and expenditures/expenses reported in the CAFR.

Corrective Action Taken or Planned:

The material weakness due to lack of timely reconciliations and material audit adjustments was due to turnover in the Finance Department staff at a critical point in the preparation of the CAFR. The Director of Finance left on September 4, 2018 to take a position with another locality. The former Director planned to contract with the County to assist in the completion of the CAFR; however, due to the workload in the new position, was unable to do so. The County subsequently requested assistance from our auditing firm, PBMares, LLP, to assist with the debt issuance entry, the conversion entries and the Pension and OPEB adjusting entries. While contracting with an outside firm to perform the government-wide conversion entries or other technical provisions of completing a CAFR is acceptable, events occurred in a succession that caused issues with the timely completion of these required tasks. A new Director of Finance with the requisite technical knowledge was hired and started work on February 4, 2019. Under her guidance and direction, County staff was able to perform the necessary work to complete the CAFR timely and accurately.

County of Isle of Wight, Virginia Summary Schedule of Prior Audit Findings Year Ended June 30, 2019 Page 3

Identifying Number: 2018-002: Uniform Guidance

Audit Finding:

Criteria and Condition: The School Board was required to implement the Uniform Guidance (2 CFR 200), which superseded OMB Circular A-133. As part of the new Uniform Guidance requirements, previous policies and procedures should be amended to address the following rules and regulations:

- Uniform Guidance Cost Principles Cost Principles under OMB Circular A-87 have been superseded by the Uniform Guidance Cost Principles (2 CFR 200, Subpart E Cost Principles).
- Conflicts of Interest Policy According to 2 CFR §200.112, "The Federal awarding agency must establish written conflict of interest policies for Federal awards. The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy." 2 CFR §200.112 further notes, "The non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures can result in any of the remedies described in §200.338, *Remedies for Noncompliance*, including suspension or debarment."
- Cash Management Policy Under the Uniform Guidance rules, there are documentation requirements related to cash management as it pertains to receiving Federal funds in advance of expenditures occurring. The School Board must document compliance with 2 CFR §200.302, which requires the financial management system of each non-federal entity to provide written procedures to implement the requirements of §200.305, *Payment*.
- Procurement Policy The Office of Management and Budget (OMB) has issued an addendum to the Uniform Guidance which extends the delayed implementation timeframe of procurement policy standards by an additional year and will be effective for fiscal year 2019. Until the procurement policy changes are implemented, the School Board should document in writing whether they are complying with the new Uniform Guidance requirements or whether they are delaying implementation.

Context: Policies and procedures required by Uniform Guidance were not documented by the School Board.

Cause: There was a lack of due diligence to ensure that policies were in compliance with Uniform Guidance.

Repeat Finding: This is a repeat finding, as the prior year finding was identified as 2017-004.

Effect: Noncompliance with regulations may result in improper payments.

Questioned Costs: Undeterminable

Recommendation: We recommend the School Board adopt or amend the current policies and procedures to address the rules and regulations required by Uniform Guidance.

County of Isle of Wight, Virginia Summary Schedule of Prior Audit Findings Year Ended June 30, 2019 Page 4

Identifying Number: 2018-002: Uniform Guidance (Continued)

Audit Finding: (Continued)

Corrective Action Taken or Planned:

Policies required by Uniform Guidance were adopted by the School Board.





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