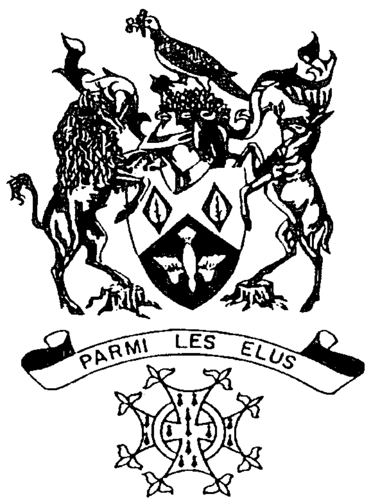
Comprehensive Annual
Financial Report
Fiscal Year Ended
June 30, 2012

County of Powhatan, Virginia



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

County of Powhatan, Virginia

Introductory Section (Unaudited)

Year Ended June 30, 2012

County of Powhatan, Virginia

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County of Powhatan, Virginia

June 30, 2012

Board of Supervisors

Barry Hodge, Chairperson

David Williams	Jason Moore
William E. "Bill" Melton, Vice Chairperson	Carson Tucker

School Board

Debbie Jones, Chairperson

Rick Cole	Valarie Ayers, Vice Chairperson
Vernon Poe	James Kunka

Board of Social Services

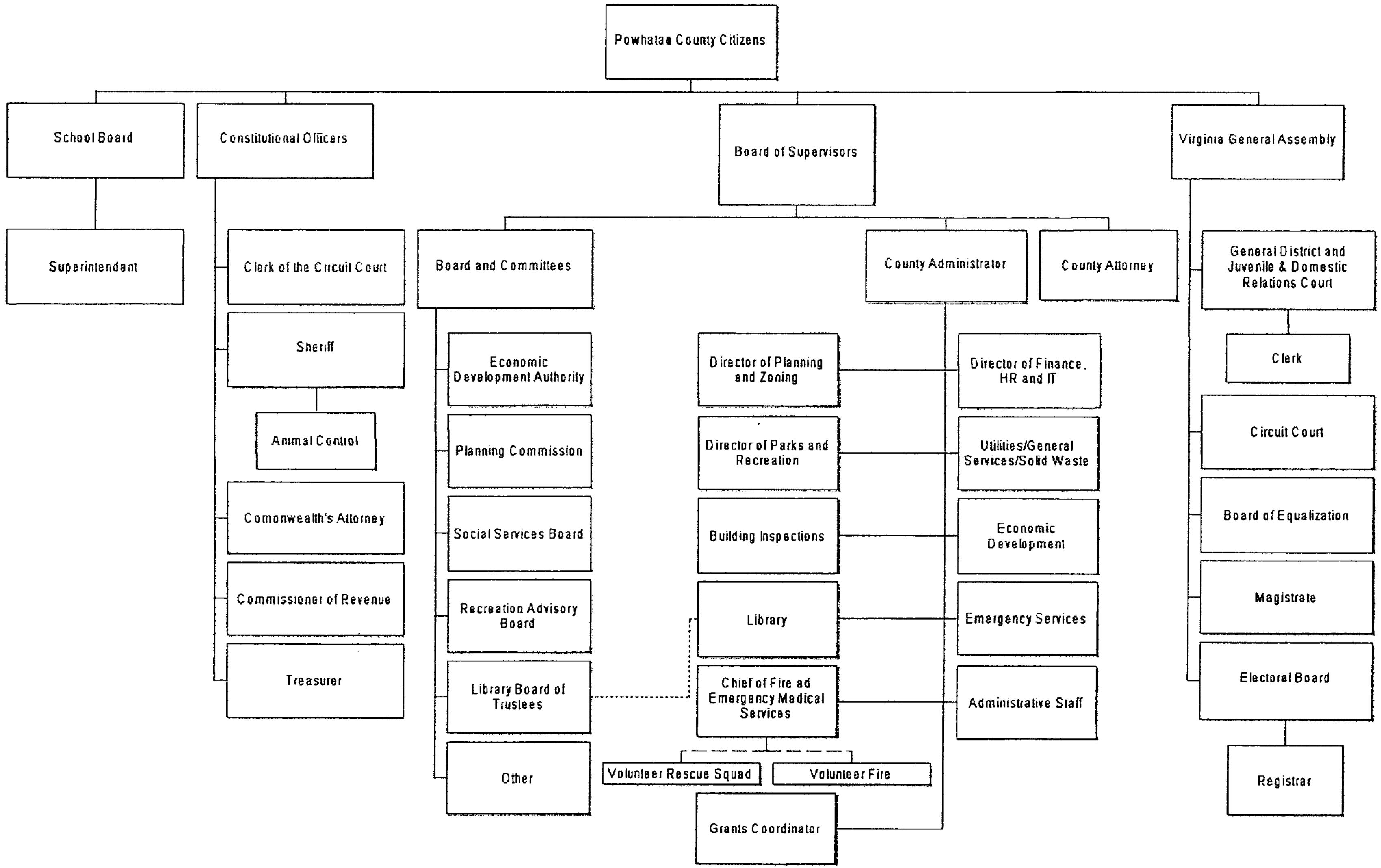
Carson Tucker, Chairperson

Deborah Clarke	Grace Hawkins
Sandra Kemp	Gale Lipscomb
Randa Jackson	Christie Shelton
Ernestine Taylor	

Other Officials

Clerk of the Circuit Court	William E. Maxey
Commonwealth's Attorney	Bob Beasley
Treasurer	Faye Barton
Sheriff	Gregory A. Neal
Superintendent of Schools	Dr. Margaret S. Meara
Director of Social Services	Catherine Pemberton
Commissioner of the Revenue	Jamie Timberlake
Interim County Administrator	Elmer Hodge
Director of Administration and Finance - County	Jerry Whitaker
Assistant Superintendent for Finance and Business Operations and Transportation - Schools	Larry Johns

Current Powhatan County Organization Chart



County of Powhatan, Virginia

Financial Section

Year Ended June 30, 2012

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Independent Auditor's Report

To the Honorable Members of the Board of Supervisors
County of Powhatan, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the ***County of Powhatan, Virginia,*** as of and for the year ended ***June 30, 2012***, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the ***County of Powhatan, Virginia's*** management. Our responsibility is to express opinions on these financial, statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the ***County of Powhatan, Virginia***, as of ***June 30, 2012***, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated November 26, 2012, on our consideration of the ***County of Powhatan, Virginia'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 9), budgetary comparison information (page 45), and schedule of funding progress (page 46) 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.

3700 Festival Park Plaza, Chester, VA 23831 | T 804-425-2600 | F 804-425-2601 | dhgllp.com

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***County of Powhatan, Virginia's*** financial statements as a whole. The introductory section, other supplementary information, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the ***County of Powhatan, Virginia***. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section 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.

Dixon Hughes Goodman LLP

Chester, Virginia
November 26, 2012

June 30, 2012

As management of the County of Powhatan, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal years ended June 30, 2012 and June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the fiscal year by $12,212,261 (net assets).
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $14,314,554, a decrease of $23,449 in comparison with the prior year.
- Approximately 91% of the ending governmental fund balance, or $12,970,659, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $13,177,977, which represents approximately 15% of County and School System operating expenditures and transfers.
- The County's total capital assets (governmental and business-type) decreased from $99,766,196 in 2011 to $92,874,631 in 2012, a decrease of $6,891,565 for the current fiscal year. The decrease is primarily due to transfers of property from the County to the School Board as debt which financed the property is relieved by the County and transferred to the School Board.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Basic Financial Statements

The first two statements (Pages 11 & 12) in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the County's financial status.

The next group of statements (Pages 13 through 20) is the fund financial statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: I) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the notes to the financial statements. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's individual funds.

Government-wide financial statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole. The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes, other local tax sources and state and federal grant funds finance most of these activities. The business-type activities include the Water and Sewer Fund in which fees are charged to customers to help cover the cost of providing water and sewer services. The third category, the component unit, accounts for activities of the County's public school system. Although legally separate from the County, approximately 64% of the County's budget is designated for the public schools. Members of the School Board are elected by the citizens in the district they represent.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in Virginia, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements. The County has three types of funds:

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. These funds focus on assets that can readily be converted into cash flow in and out, and the balances left at year-end that will be available for spending in the next year. Governmental funds are reported using modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Proprietary Funds

Proprietary funds are used to account for those activities reported as business-type activities in the government-wide financial statements. These funds are reported using full accrual accounting which focuses on economic resources including long term debt and fixed assets. Private businesses typically use full accrual accounting.

Fiduciary Funds

The County is a trustee, or fiduciary, for certain funds. It is also responsible for other assets that, because of a trust relationship, can be used only for the trust beneficiaries. The County is responsible for ensuring the assets in this fund are used for their intended purpose. The Fiduciary Funds of the County include Agency Funds. These activities are reported in a separate statement of fiduciary net assets. The County excludes this activity from its government-wide financial statements because the County cannot use these assets to finance its operations.

The County adopts an annual budget for its General Fund. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the appropriation resolution and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The budget and actual statement for the General Fund shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees.

Government-Wide Financial Analysis

This is the ninth year that the County has presented its financial statements under the reporting model required by GASB Statement No, 34. This reporting model changes significantly both the recording and presentation of financial data. Prior year information is shown in a comparative analysis of government-wide information.

Table 1 - Statement of Net Assets

The following table reflects the condensed net assets of the County:

County of Powhatan, Virginia's Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 33,043,855	$ 30,600,104	$ 339,958	$ 408,463	$ 33,383,813	$ 31,008,567
Capital assets	72,970,326	79,903,042	19,904,305	19,863,154	92,874,631	99,766,196
Total assets	$ 106,014,181	$ 110,503,146	$ 20,244,263	$ 20,271,617	$ 126,258,444	$ 130,774,763
Current liabilities	$ 17,985,086	$ 15,058,465	$ 297,029	$ 724,165	$ 18,282,115	$ 15,782,630
Long-term liabilities outstanding	76,382,038	79,990,939	19,382,030	19,496,564	95,764,068	99,487,503
Total liabilities	$ 94,367,124	$ 95,049,404	$ 19,679,059	20,220,729	114,046,183	115,270,133
Net assets:						
Invested in capital assets, net of related debt	$ 1,028,903	$ 1,062,579	$ (341,364)	$ 393,277	$ 687,539	$ 1,455,856
Restricted	920,754	2,903,209	124,789	361,781	1,045,543	3,264,990
Unrestricted	9,697,400	11,487,954	781,779	(704,170)	10,479,179	10,783,784
Total net assets	$ 11,647,057	$ 15,453,742	$ 565,204	$ 50,888	$ 12,212,261	$ 15,504,630

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the County exceeded liabilities by $12,212,261 as of June 30, 2012. The County's net assets decreased by $3,292,369 for the fiscal year ended June 30, 2012. Net assets include the County's investment in capital assets (e.g. land, buildings, machinery, vehicles, and equipment) less any related debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County of Powhatan's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Unrestricted net assets of $10,479,179 may be used to meet the government's ongoing obligations to citizens and creditors.

Table 2 - Statement of Activities

The following table reflects the revenues and expenses of the governmental and business-type activities:

County of Powhatan, Virginia's Revenues and Expenses

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	$ 1,073,171 $	688,791 $	531,205 $	191,349 $	1,604,376 $	880,140
Operating grants and contributions	3,899,879	4,330,772	-	-	3,899,879	4,330,772
Property taxes	34,499,496	32,420,090	-	-	34,499,496	32,420,090
Other local taxes	4,200,076	3,529,326	-	-	4,200,076	3,529,326
Grants and contributions not restricted to specific programs	3,226,864	3,095,939	-	-	3,226,864	3,095,939
Other	599,483	719,313	57,284	26,045	656,767	745,358
Total revenues	47,498,969	44,784,231	588,489	217,394	48,087,458	45,001,625
Expenses:						
General government	3,490,938	2,866,159	-	-	3,490,938	2,866,159
Judicial administration	928,312	986,603	-	-	928,312	986,603
Public safety	7,245,597	7,511,077	-	-	7,245,597	7,511,077
Public works	1,547,932	969,165	2,165,702	2,293,964	3,713,634	3,263,129
Health and welfare	3,491,003	3,778,834	-	-	3,491,003	3,778,834
Education	26,859,832	23,713,559	-	-	26,859,832	23,713,559
Parks, recreation, and cultural	990,848	1,026,006	-	-	990,848	1,026,006
Community development	1,119,888	1,270,360	-	-	1,119,888	1,270,360
Interest and other fiscal charges	3,539,775	3,011,465	-	-	3,539,775	3,011,465
Total expenses	49,214,125	45,133,228	2,165,702	2,293,964	51,379,827	47,427,192
Change in net assets before transfers	(1,715,156)	(348,997)	(1,577,213)	(2,076,570)	(3,292,369)	(2,425,567)
Transfers	(2,091,529)	(2,057,847)	2,091,529	2,057,847	-	-
Change in net assets	(3,806,685)	(2,406,844)	514,316	(18,723)	(3,292,369)	(2,425,567)
Net assets - beginning	15,453,742	17,860,586	50,888	69,611	15,504,630	17,930,197
Net assets - ending	$ 11,647,057 $	15,453,742 $	565,204 $	50,888 $	12,212,261 $	15,504,630

Governmental Activities

The County's three largest sources of revenue make up approximately 89% of total revenues and include property taxes (72%), operating grants from state and federal sources (8%), and other local taxes (9%). Education accounts for approximately 52% of total expenses and represents operating contributions to Powhatan County Public Schools. Other significant expenses are for public safety and health and welfare, which represent approximately 14% and 7%, respectively, of total expenses. Overall, net assets decreased by $3,806,685.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the County. At June 30, 2012, the unassigned fund balance of the General Fund was $13,177,977. For the same period, the governmental funds of the County reported a combined fund balance of $14,314,554, a 0.2% decrease over last year.

General Fund Budgetary Highlights

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original appropriation resolution once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Overall general fund revenues were more than the amended budget by $2,242,527. General property tax collections were $2,929,303 higher than budgeted while most other revenue categories fell short of amended appropriations.

Overall, expenditures had a positive variance compared to budget of $627,458. The contribution to Powhatan County Public Schools for operating expenditures was $16,817 less than the amended budget.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets as of June 30, 2012, totals $92,874,631 (net of accumulated depreciation). These assets include buildings, land, construction in progress, machinery and equipment, and vehicles.

Table 3 – County Capital Assets (net of depreciation)

	2012		2011	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Land	$ 1,590,827	$ 859,030	$ 1,590,827	$ 859,030
Construction in progress	4,765,657	198,092	3,148,667	4,351,245
Buildings	9,158,597	18,847,183	9,543,788	14,644,806
Equipment	2,306,994	-	2,709,518	8,073
Jointly owned assets	55,148,251	-	62,910,242	-
Total	$ 72,970,326	$ 19,904,305	$ 79,903,042	$ 19,863,154

Overall net capital assets decreased by $6,891,565 primarily due to transfers of jointly owned assets from the County to the School Board. Additional information on the County's capital assets can be found in Note 5 in the Notes to the Financial Statements.

Long-term Debt

As of June 30, 2012, the County had total bonded debt outstanding (including literary loans) of $91,600,936. Capital leases, compensated absences and the County's liability for other post employment benefits are not included in these figures.

Table 4 – Outstanding Debt

	2012		2011	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
General obligation bonds	$ 35,674,250	$ 7,330,586	$ 37,775,241	$ 7,582,959
Lease revenue bonds	33,931,017	12,915,083	37,085,788	11,485,312
State literary fund loans	1,750,000	-	2,000,000	-
Total	$ 71,355,267	$ 20,245,669	$ 76,861,029	$ 19,068,271

Total debt decreased by $4,328,364 due to a combination of debt retirement and bond refunding. During the fiscal year ended June 30, 2011, the County issued $5.29 million in lease revenue bonds. Additional information regarding the County's long-term debt can be found in note 7 of the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Powhatan County is located in the lower piedmont area of Virginia. It is bordered by Chesterfield County to the east, Amelia County and the Appomattox River to the south, Goochland County and the James River to the north, and Cumberland County to the west. The eastern tip of the County is approximately fifteen miles directly west of the downtown area of the City of Richmond. The County encompasses 272 square miles. The Weldon-Cooper Center for Public Service's 2011 provisional (latest available) population estimate for the County is 28,110. With the recent opening of the new span of Route 288 and a strong housing market, Powhatan County has become one of the fastest growing localities in the Commonwealth. Powhatan County is the fourteenth fastest growing locality among Virginia's 134 counties and cities and one of the fastest growing localities in the Richmond Metropolitan Area. The Powhatan County economy continues to be strong despite the national economic downturn.

Probably the most significant measure in tracking the County's success in expanding our commercial/industrial economic base is the growth in total local revenue generated by the business sector and its growing proportionate share of total revenue. In 2009, the business sector accounted for approximately 16 percent of total local revenues. In the mid-1990's, this percentage was only 4 percent.

Budget Highlights for the Fiscal Year Ending Jane 30, 2013

Governmental Activities

Long-term county goals

The Board of Supervisors continues to ensure that the County's tax rate on real estate and competitive with neighboring jurisdictions. The Board of Supervisors recognizes the need for additional county services in the future as a result of the tremendous growth in population but also recognizes the long term costs associated with additional full-time positions.

The Board of Supervisors included funding in the budget for the update to the County's comprehensive plan; which helps to guide land use for the County. This update will guide other initiatives in the future including transportation proffer funding, capital improvement programming and other county services related to land use.

The Board of Supervisors continues to support a broad tax base including increased funding for water and sewer infrastructure in the County and continued operational support to the Water and Sewer Fund from the General Fund. The County has seen benefit from new business in the County with increases in sales tax revenue, real estate revenue and other business personal property revenues. The Board's goal to maintain a level tax rate, coupled with expanding businesses, is supported with these initiatives.

Short term county goals

As stated above, the first priority of the budget is to protect and maintain fund balance at a 15% of total expenditure level. The Board of Supervisors continued to support this policy and the budget as adopted maintains this goal.

Key budget issues for FY12 include continued economic issues in regards to the housing market; federal stimulus money uses and continued revisions to revenue estimates. Due to budget constraints, no new requests for miscellaneous contributions were included in the FY12 budget.

Tax Rates and Fees

The adopted budget included a real estate tax rate of $.77 per $100 of assessed value and maintains the personal property tax rate of $3.60 per $100 of assessed value. The county's reassessment of real estate was completed in FY 2012 with an effective date of January 1, 2012. The rate for the second half of the fiscal year was $.90 per $100 of assessed value. The rate is $.01 less than an equalized rate.

Total Fiscal Year 2013 Estimated Revenues

The fiscal year 2013 estimated total revenues include the real estate tax, personal property tax, and state and federal sources. The Board of Supervisors prioritized maintaining a level real estate tax rate during the FY13 budget.

Total Fiscal Year 2013 Expenditures

The fiscal year 2013 total budget is $69,048,721, a 0.9% increase, and is balanced between revenues and expenditures. This includes $41,729,237 in school funding (which does not include school debt service) and represents a 1.9 increase in funding for the schools from FY12. The total operating budget represents an increase of $628,474. One of the largest increases was in the VRS funding for Schools.

Employee Compensation and Benefits

The adopted budget is funded to maintain a competitive compensation program to attract, retain and motivate exceptional employees. For fiscal year 2013, the budget does not include a cost of living increase for eligible employees

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, County of Powhatan, 3834 Old Buckingham Road, Suite A, Powhatan, VA 23139. This report can also be viewed via the internet at www.powhatanva.gov.

County of Powhatan, Virginia

Basic Financial Statements

Year Ended June 30, 2012

County of Powhatan, Virginia

Government-Wide Financial Statements

Statement of Net Assets

June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
Assets				
Current assets				
Cash and cash equivalents	$ 12,988,975	$ -	$ 12,988,975	$ 2,882,397
Receivables (net of allowances *for uncollectibles*)				
Taxes receivable, including penalties	17,982,484	-	17,982,484	-
Accounts receivable	6,298	18,547	24,845	-
Due from other governmental units	1,084,446	-	1,084,446	1,118,918
Inventories	-	-	-	8,595
Total current assets	32,062,203	18,547	32,080,750	4,009,910
Noncurrent assets				
Other noncurrent assets	60,898	196,622	257,520	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents (in custody of others)	920,754	124,789	1,045,543	-
Capital assets (net of accumulated depreciation):				
Land	1,590,827	859,030	2,449,857	668,764
Buildings	64,306,848	18,847,183	83,154,031	9,162,531
Machinery and equipment	2,306,994	-	2,306,994	15,618
Construction in progress	4,765,657	198,092	4,963,749	-
Total capital assets net of accumulated depreciation	72,970,326	19,904,305	92,874,631	9,846,913
Total assets	$ 106,014,181	$ 20,244,263	$ 126,258,444	$ 13,856,823
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	$ 1,110,469	$ 46,738	$ 1,157,207	$ 204,430
Accrued personnel expenses	-	-	-	3,635,795
Accrued interest payable	1,242,055	248,582	1,490,637	-
Unearned revenue	15,632,562	1,709	15,634,271	-
Total current liabilities	17,985,086	297,029	18,282,115	3,840,225
Noncurrent liabilities				
Due within one year	3,987,144	472,227	4,459,371	194,218
Due in more than one year	72,394,894	18,909,803	91,304,697	7,455,914
Total noncurrent liabilities	76,382,038	19,382,030	95,764,068	7,650,132
Total liabilities	94,367,124	19,679,059	114,046,183	11,490,357
Net Assets				
Invested in capital assets - net of related debt	1,028,903	(341,364)	687,539	9,846,913
Restricted for:				
Bond covenants	-	124,789	124,789	-
Construction	920,754	-	920,754	-
Unrestricted (deficit)	9,697,400	781,779	10,479,179	(7,480,447)
Total net assets	$ 11,647,057	$ 565,204	$ 12,212,261	$ 2,366,466

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

Statement of Activities

Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets — Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: School Board
Primary government								
Governmental activities:								
General government administration	$ 3,490,938	$ -	$ 248,173	$ -	(3,242,765)	$ -	$ (3,242,765)	$ -
Judicial administration	928,312	242,548	427,178	-	(258,586)	-	(258,586)	-
Public safety	7,245,597	395,652	1,398,946	-	(5,450,999)	-	(5,450,999)	-
Public works	1,547,932	56,252	-	-	(1,491,680)	-	(1,491,680)	-
Health and welfare	3,491,003	-	1,739,164	-	(1,751,839)	-	(1,751,839)	-
Education	26,859,832	-	-	-	(26,859,832)	-	(26,859,832)	-
Parks, recreation and cultural	990,848	35,226	80,150	-	(875,472)	-	(875,472)	-
Community development	1,119,888	343,493	6,268	-	(770,127)	-	(770,127)	-
Interest on long-term debt	3,539,775	-	-	-	(3,539,775)	-	(3,539,775)	-
Total governmental activities	49,214,125	1,073,171	3,899,879	-	(44,241,075)	-	(44,241,075)	-
Business-type activities:								
Water and sewer	2,165,702	531,205	-	-	-	(1,634,497)	(1,634,497)	-
Total primary government	51,379,827	1,604,376	3,899,879	-	(44,241,075)	(1,634,497)	(45,875,572)	-
Component unit								
School Board	$ 42,933,849	926,840	21,862,444	$ -	-	$ -	$ -	$ (20,144,565)
General revenues								
General property taxes					34,499,496	$ -	$ 34,499,496	$ -
Local sales and use tax					1,496,777	-	1,496,777	-
Consumer utility tax					554,746	-	554,746	-
Other local taxes					2,148,553	-	2,148,553	-
Revenues from use of money and property					427,933	57,284	485,217	21,267
Miscellaneous					171,550	-	171,550	107,373
Grants and contributions not restricted to specific programs					3,226,864	-	3,226,864	-
Payment from Powhatan County					-	-	-	24,476,407
Total general revenues not including transfers					42,525,919	57,284.00	42,583,203	24,605,047
Transfers					(2,091,529)	2,091,529	-	-
Total general revenues and transfers					40,434,390	2,148,813	42,583,203	24,605,047
Change in net assets					(3,806,685)	514,316	(3,292,369)	4,460,482
Net assets - beginning of year					15,453,742	50,888	15,504,630	(2,094,016)
Net assets - end of year					11,647,057	$ 565,204	$ 12,212,261	$ 2,366,466

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

County of Powhatan, Virginia

Fund Financial Statements

County of Powhatan, Virginia

Exhibit 3

Balance Sheet

Governmental Funds

June 30, 2012

	Major Funds			Non-Major Funds	
	General	Debt Service	County Capital Projects	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	$ 12,448,654	$ -	$ 181,855	$ 358,466	$ 12,988,975
Receivables (net of allowances for uncollectibles)					
Taxes receivable, including penalties	17,982,484	-	-	-	17,982,484
Accounts receivable	6,298	-	-	-	6,298
Due from other governmental units	1,008,973	-	-	75,473	1,084,446
Restricted assets					
Temporarily restricted					
Cash and cash equivalents	-	8,827	911,927	-	920,754
	$ 31,446,409	$ 8,827	$ 1,093,782	$ 433,939	$ 32,982,957
Liabilities					
Accounts payable	$ 460,498	$ -	$ 389,173	$ 10,798	$ 860,469
Deferred revenue	17,454,548	-	-	-	17,454,548
Unearned revenue	353,386	-	-	-	353,386
	18,268,432	-	389,173	10,798	18,668,403
Fund Balances					
Restricted for:					
Capital projects	-	-	911,927	-	911,927
Other	-	-	-	423,141	423,141
Total restricted	-	-	911,927	423,141	1,335,068
Assigned to debt service	-	8,827	-	-	8,827
Unassigned	13,177,977	-	(207,318)	-	12,970,659
	13,177,977	8,827	704,609	423,141	14,314,554
Total liabilities and fund balances	$ 31,446,409	$ 8,827	$ 1,093,782	$ 433,939	$ 32,982,957

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

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

June 30, 2012

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 14,314,554
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets, cost		110,458,501
Less: accumulated depreciation		(37,488,175)
		72,970,326
Other long-term assets (i.e. taxes levied) are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Unamortized bond issuance costs		60,898
Deferred revenue		2,175,372
		2,236,270
Long-term liabilities, including bonds payable, are not due and payable in the current perior and, therefore, are not reported in the funds:		
Bonds and loans payable		(71,355,267)
Bond issuance premium		(2,217,168)
Deferred amounts on refunding		(1,631,012)
Interest payable		(1,242,055)
Compensated absences		(609,313)
OPEB liability		(569,278)
Other accounts payable and accrued expenses		(250,000)
		(77,874,093)
Net assets of governmental activities		$ 11,647,057

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

Year Ended June 30, 2012

	Major Funds			Non-Major Funds	
	General	Debt Service	County Capital Projects	Other Governmental Funds	Total Government Funds
Revenues					
General property taxes	$ 34,583,227	$ -	$ -	$ -	$ 34,583,227
Other local taxes	4,200,076	-	-	-	4,200,076
Permits, privilege fees, and regulatory licenses	364,683	-	-	342,238	706,921
Fines and forfeitures	162,505	-	-	-	162,505
Revenue from use of money and property	235,812	64	3,635	76	239,587
Charges for services	203,745	-	-	-	203,745
Miscellaneous	165,318	-	-	6,232	171,550
Intergovernmental:					
Commonwealth	6,139,727	-	-	130,447	6,270,174
Federal	755,814	-	-	100,755	856,569
Total revenues	46,810,907	64	3,635	579,748	47,394,354
Expenditures					
Current:					
General government administration	3,027,100	-	-	-	3,027,100
Judicial administration	840,115	-	-	-	840,115
Public safety	6,641,059	-	-	143,004	6,784,063
Public works	1,552,826	-	-	-	1,552,826
Health and welfare	3,482,258	-	-	-	3,482,258
Education	19,097,840	-	-	-	19,097,840
Parks, recreation, and cultural	765,652	-	-	4,889	770,541
Community development	1,044,959	-	-	47,321	1,092,280
Capital outlays and projects	-	-	1,816,496	-	1,816,496
Debt service					
Principal retirement	-	3,520,544	-	-	3,520,544
Interest and other fiscal charges	-	3,350,976	-	-	3,350,976
Total expenditures	36,451,809	6,871,520	1,816,496	195,214	45,335,039
Excess (deficiency) of revenues over (under) expenditures	10,359,098	(6,871,456)	(1,812,861)	384,534	2,059,315
Other financing sources (uses)					
Transfers in (out)	(7,940,768)	6,492,755	-	(643,516)	(2,091,529)
Redemption of refunded bonds	-	(4,905,315)	-	-	(4,905,315)
Issuance of refunding bonds	-	2,920,000	-	-	2,920,000
Bond issuance premium	-	369,490	-	-	369,490
Bond issuance costs	-	(63,011)	-	-	(63,011)
Deferred amounts on refunding	-	1,687,601	-	-	1,687,601
Total other financing sources (uses)	(7,940,768)	6,501,520	-	(643,516)	(2,082,764)
Net change in fund balances	2,418,330	(369,936)	(1,812,861)	(258,982)	(23,449)
Fund balances - beginning of year	10,759,647	378,763	2,517,470	682,123	14,338,003
Fund balances - end of year	$ 13,177,977	$ 8,827	$ 704,609	$ 423,141	$ 14,314,554

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

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

Year Ended June 30, 2012

Net change in fund balances - total governmental funds	$ (23,449)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays and bond issuance costs as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives and reported as the cost of depreciation and amortization expense. This is the amount by which the capital outlays exceeded depreciation and amortization in the current period. Details supporting this adjustment as follows:	
Capital asset additions	2,042,642
Depreciation and amortization expense	(3,598,904)
	(1,556,262)
Transfer of joint tenancy assets from Primary Government to the Component Unit	(5,378,567)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of these items consist of the changes in deferred taxes as well as water charges received later than sixty days after year end.	(83,731)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items. A summary of items supporting this adjustment is as follows:	
Acquisition of indebtedness	(2,920,000)
Bonds defeased	4,905,315
Bond issuance costs	63,011
Bond premiums	(369,490)
Deferred amounts on refunding	(1,687,601)
Principal retired on revenue bonds	1,169,455
Principal retired on general obligation bonds	2,100,991
Principal retired on state literary fund loans	250,000
	3,511,681
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. The following is a summary of items supporting this adjustment:	
Change in accrued leave	55,885
Change in other post employment benefits	(84,000)
Change in interest payable	(186,588)
Amortization of deferred amounts on refunding	56,589
Amortization of premium on bonds payable	131,757
Other expenses not paid with current financial resources	(250,000)
	(276,357)
Change in net assets of governmental activities	$ (3,806,685)

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

Statement of Net Assets
Proprietary Fund

Year Ended June 30, 2012

	Enterprise Fund Water & Sewer
Assets	
Current assets	
Accounts receivable, net of allowance for doubtful accounts	$ 18,547
Noncurrent assets	
Unamortized bond issue costs	196,622
Temporarily restricted	
Cash and cash equivalents - unspent bond proceeds	124,789
Capital assets	
Machinery and equipment	54,683
Land	859,030
Utility plant in service	21,439,351
Construction in progress	198,092
Less accumulated depreciation	(2,646,851)
Total capital assets	19,904,305
Total noncurrent assets	20,225,716
	$ 20,244,263
Liabilities	
Current liabilities	
Deferred revenue	$ 1,709
Accounts payable	46,738
Accrued interest payable	248,582
Compensated absences - current portion	2,893
Bonds payable - current portion	469,334
Total current liabilities	769,256
Noncurrent liabilities	
Compensated absences - net of current portion	26,039
Bonds payable - net of current portion	18,883,764
Total noncurrent liabilities	18,909,803
Total liabilities	19,679,059
Net Assets	
Invested in capital assets, net of related debt	(341,364)
Restricted for bond covenants (expendable)	124,789
Unrestricted	781,779
Total net assets	565,204
	$ 20,244,263

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

Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund

Year Ended June 30, 2012

	Enterprise Fund Water & Sewer
Operating revenues	
Water and sewer revenues	$ 212,545
Miscellaneous revenues	642
Total operating revenues	213,187
Operating expenses	
Personal services	270,321
Fringe benefits	59,799
Contractual services	201,804
Other charges	392,482
Depreciation	442,894
Total operating expenses	1,367,300
Operating loss	(1,154,113)
Nonoperating revenues (expenses)	
Connection and reconnection fees	318,018
Investment earnings	57,284
Interest expense	(798,402)
Total nonoperating revenues (expenses)	(423,100)
Loss before contributions and transfers	(1,577,213)
Transfers	2,091,529
Net change in net assets	514,316
Net assets at beginning of year	50,888
Net assets at end of year	$ 565,204

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

County of Powhatan, Virginia

Exhibit 9

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2012

	Enterprise Fund Water & Sewer
Cash flows from operating activities	
Receipts from customers and users	$ 206,618
Payments to suppliers	(851,895)
Payments to employees	(327,875)
Net cash used by operating activities	(973,152)
Cash flows from noncapital financing activities	
Transfers from other funds	2,091,529
Cash flows from capital and related financing activities	
Additions to capital assets	(484,045)
Cash received from bond issue and refunding	204,266
Cash paid for bond issue and refunding	(82,868)
Principal payments on bonds	(427,918)
Connection and availability fees	224,372
Interest payments	(790,361)
Net cash used by capital and related financing activities	(1,356,554)
Cash flows from investing activities	
Interest and dividends received	1,185
Net decrease in cash and cash equivalents	(236,992)
Cash and cash equivalents - beginning of year	361,781
Cash and cash equivalents - end of year	124,789
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(1,154,113)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	442,894
Increase in accounts receivable, net of allowance for uncollectibles	(6,569)
Decrease in accounts payable and accrued liabilities	(257,609)
Increase in compensated absences	2,245
Total adjustments	180,961
Net cash used by operating activities	$ (973,152)

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

Statement of Fiduciary Net Assets
Agency Funds

June 30, 2012

		Agency Funds
Assets		
Cash and cash equivalents	$	117,417
Accounts receivable		21,250
	$	138,667
Liabilities		
Amounts held for social services clients	$	37,176
Amounts held for others		101,491
	$	138,667

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

1. Summary of Significant Accounting Policies

The ***County of Powhatan, Virginia*** (County) is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include policy and fire protection, recreational activities, cultural events, education, and social services.

The financial statements of the ***County of Powhatan, Virginia*** have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

Management's Discussion and Analysis

GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

Government-wide Financial Statements

The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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

Statement of Net Assets

The statement of net assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component unit. Governments will report all capital assets, in the government-wide statement of net assets and will report depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the government's original budget with a comparison of final budget and actual results.

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 a primary governmental unit's reporting entity for 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 of Powhatan, Virginia*** (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit

The County has no blended component units to be included for the fiscal year ended June 30, 2012.

Discretely Presented Component Unit - School Board

The School Board members are elected by the citizens of Powhatan County. 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 is from the General Fund of the County. The School does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2012.

C. Other Related Organizations

Related organizations that are excluded from the County's Comprehensive Annual Financial Report are as follows:

Economic Development Authority

The Economic Development Authority is empowered to identify, promote, and support new development projects and expand existing areas of development for the purpose of increasing the economic productivity of the County. There are seven members on the Economic Development Authority appointed by the Board of Supervisors. Members are appointed to a four-year term. The County makes an annual contribution to the Authority, which is determined by the Board of Supervisors during the budgetary process. The County's contribution for fiscal year 2012 was $25,000.

James River Juvenile Detention Commission

The James River Juvenile Detention Commission is jointly governed by the following localities: Goochland, Henrico, and Powhatan. The Commission is funded primarily through monthly fees paid by the member jurisdictions for operating support which is determined annually by the Commission. The County's annual fee for fiscal year 2012 was $202,086.

Central Virginia Waste Management Authority

The counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George and the cities of Colonial Heights, Hopewell, Petersburg, Richmond and the Town of Ashland provide financial support for the Authority, which is determined annually by the Board, and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. The County appoints one or more members to the Board. No one locality contributes more than 50% of the Authority's funding or has oversight responsibility over its operations. The County has no equity interest in the Authority. The County's contribution for fiscal year 2012 was $515,319.

Goochland-Powhatan Community Services Board

The Board was created by resolution pursuant to state statute and is considered a jointly governed organization, and therefore, its operations are not included in the County's financial statements. The counties of Goochland and Powhatan provide the financial support for the Board, which is determined annually by the Board, and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. The County has no equity interest in the Board, and made operating contributions of $252,730 to the Board during fiscal year 2012.

Virginia Department of Health - Chesterfield Health District

The Chesterfield Health District includes the localities of Chesterfield, Powhatan, and Colonial Heights. The County makes an annual contribution for operating support, which is based on the needs of the Department and determined annually by the Board of Supervisors. The County's contribution for fiscal year 2012 was $194,856.

Monacan Soil and Water Conservation District

The County entered into an agreement with the District to work together in the development of effective soil and water conversation programs. The County provides the District with funding in support of the District Annual Plan of Work. The County's contribution for fiscal year 2012 was $68,579.

Piedmont Court Services

Piedmont Court Services is an agency dedicated to enhancing public safety, reducing crime, reinforcing offender accountability, promoting lawful and productive lifestyles among offenders, and assisting the Courts in managing offenders by utilizing evidence-based practices and principles and establishing collaborative community partnerships in order to promote offender self-efficacy and to reduce recidivism. The agency is jointly governed by the following localities: Amelia, Buckingham, Charlotte, Cumberland, Lunenburg, Nottoway, Powhatan, and Prince Edward. The County made no contribution during fiscal year 2012.

Richmond Regional Planning District

The Richmond Regional Planning District Commission is a regional planning agency with major emphasis in the areas of transportation, local technical assistance and information services including demographic, economic and geographic information systems. The Commission, which was formed by local governments on August 14, 1969 under the authority of the Virginia Area Development Act, which was revised and retitled as the Regional Cooperation Act in 1995, is comprised of elected officials and citizens who address mutual problems and work out solutions for the local governments which benefit from intergovernmental cooperation. Each county within the Richmond region is required to pay annual dues, which is based on estimated population. The County's dues for fiscal year 2012 were $15,703.

Math and Science Innovation Center

The Math and Science Innovation Center (Center) is comprised of eight school divisions: Chesterfield, Colonial Heights, Hanover, Henrico, King William, Petersburg, Powhatan and Richmond. Through abbreviated memberships, other divisions also participate: Charles City, Hopewell, Prince George and The Steward School. The Center is governed by a nineteen-member board consisting of the superintendent and school board member from each consortium division and several at-large members. The School Board makes annual contributions to the Center which is determined each year based on the size of the locality and membership. The School Board's contribution for fiscal year 2012was $94,100.

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The County applies all GASB pronouncements as well as the Financial Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.).

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. 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 government considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government. In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

   Governmental Funds are those through which most governmental functions typically are financed. The County reports the General, Debt Service, and County Capital Projects Funds as major governmental funds.

   a. General Fund

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

   b. Debt Service Fund

      The Debt Service Fund accounts for the accumulation of funds for the payment of debt service expenditures of the County, including debt incurred on behalf of the schools. Payment of principal and interest is provided by appropriations from the General Fund.

   c. Capital Project Funds

      The Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities.

   d. Proprietary Funds

      The Proprietary Fund accounts for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. These fund types apply all applicable pronouncements of the financial Accounting Standards Board (FASB) issued on or before November 30, 1989 that are not in conflict with applicable GASB pronouncements. Proprietary Funds consist of Enterprise Funds.

   e. Enterprise Fund

      The Enterprise Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's Major Enterprise Fund consists of the water and sewer fund.

2. The County reports the following non-major governmental funds

   a. Special Revenue Funds

      The Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administration action. Special Revenue Funds consist of the following funds: Cash Proffers, Drug Task Force, Asset Forfeiture, and Grants Fund.

b. Fiduciary Funds (Trust and Agency Funds)

The Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds and Private Purpose Trust Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposits and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to $349,228 at June 30, 2012 and is comprised of property taxes in the amount of $342,735 and water and sewer revenues of $6,493.

Real and Personal Property Tax Data

The tax calendars for real and personal property taxes are summarized below.

	Real Property	Personal Property
Levy	January 1	January 1
Due date	June 5 / December 5	June 5 / December 5*
Lien date	January 1	January 1

The County bills and collects its own property taxes.

* Beginning with the 2012 Personal Property tax levy, personal property taxes are split and due twice a year, at June 5 and December 5. Prior to the 2012 levy, taxes were due in full on December 5.

H. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

Building improvements	40 years
Utility plant	50 years
Furniture, vehicles and equipment	5 – 20 years
School buses	10 years

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

J. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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, as well as bond issuance costs, during the current period. The face amounts of debt issued are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Equity

The County has adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which provides defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that cannot be spent because of their nature (such as the County's inventory) and amounts that must be maintained intact legally or contractually (such as the long-term amount of loans / notes receivable)
- Restricted fund balance – amounts contrained for a specific purpose by external parties, constitutional provisions, or enabling legislation (such as bond covenants)
- Committed fund balance – amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the Board of Supervisors, before the close of the fiscal year
- Assigned fund balance – amounts a government intends to use for a specific purpose as expressed by the governing body itself, the budget document, or delegated official, the County Administrator. For all government funds except the General Fund, assigned fund balances represent the amount that is not nonspendable, restricted, or committed.
- Unassigned fund balance – amounts available for any purpose. Includes all spendable amounts not classified as nonspendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in the unassigned fund balance.

Beginning fund balances for the County's governmental funds have been restated to reflect the above only in the General Fund.

The County Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or for other purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Powhatan County Board of Supervisors has provided otherwise in its commitment or assignment actions.

In the fiscal year 2009, the Powhatan County Board of Supervisors adopted a minimum fund balance policy for the General Fund which requires the unassigned fund balance at June 30th to be at least 15 percent of the subsequent year's total budgeted expenditures for cashflow purposes.

L. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets - net of related debt represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net assets represent constraints placed on net assets which are either externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

M. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension costs as they accrue.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through November 26, 2012, the date the financial statements were available to be issued.

2. Stewardship, Compliance, and Accounting

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

A. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.

B. Public hearings are conducted to obtain citizen comments.

C. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

D. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The Board of Supervisors is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

E. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

F. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures did not exceed appropriations during the fiscal year ending June 30, 2012.

3. Deposits and Investments

Deposits

All deposits of the primary government and its discretely presented component unit are held in banks covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

At June 30, 2012, all investments held by the County were in external investment pools which were considered to be cash and cash equivalents for purposes of presentation in the basic financial statements. Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development Bank (World Bank), the Asian Development bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7. Assets of these pools are invested and collateralized by U.S. Government obligations held by an independent third party custodian. Fair value of the investments is determined on a daily basis.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2012 were rated by *Standard & Poor's* and the ratings are presented below using *Standard & Poor's* rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio.

Locality's Rated Debt Investments

Rated Debt Investments	Fair Quality Rating AAAm
Local Government Investment Pool	$ 16,675
Virginia State Non-Arbitrage Pool	308,299
	$ 324,974

4. Due From Other Governmental Units

At June 30, 2012 the County has receivables from other governments as follows:

		Component Unit
	Primary Government	School Board
Commonwealth of Virginia:		
State sales tax	$ -	$ 755,611
Excess fees of Clerks	3,955	-
Rolling stock tax	362	-
E-911 wireless funds	3,420	-
Recordation tax	29,275	-
Health department expenditure refunds	25,803	-
Comprehensive service	203,862	-
VPSA technology	-	10,241
VPA funds	32,762	-
Communication tax	150,102	-
Constitutional officer reimbursements	146,773	-
Local sales tax	322,188	-
Local taxes on recordation and wills	19,122	-
Fire programs funds	74,973	-
Other state funds	13,315	-
Federal Government:		
Criminal justice grants	500	-
CSBG funds	4,454	-
TANF funds	928	-
School fund grants	-	353,066
VPA funds	52,652	-
Total due from other governments	$ 1,084,446	$ 1,118,918

5. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2012:

Primary Government

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 1,590,827	$ -	$ -	$ 1,590,827
Construction in progress	3,148,667	1,727,403	(110,413)	4,765,657
Total capital assets not being depreciated	4,739,494	1,727,403	(110,413)	6,356,484
Capital assets being depreciated:				
Buildings	15,234,112	114,250	-	15,348,362
Machinery and Equipment	8,195,562	311,402	(81,725)	8,425,239
Jointly owned assets	88,200,824	-	(7,872,408)	80,328,416
Total capital assets being depreciated	111,630,498	425,652	(7,954,133)	104,102,017
Less accumulated depreciation for:				
Buildings	(5,690,324)	(499,441)	-	(6,189,765)
Machinery and Equipment	(5,486,044)	(713,926)	81,725	(6,118,245)
Jointly owned assets	(25,290,582)	(2,383,424)	2,493,841	(25,180,165)
Total accumulated depreciation	(36,466,950)	(3,596,791)	2,575,566	(37,488,175)
Total capital assets being depreciated, net	75,163,548	(3,171,139)	(5,378,567)	66,613,842
Governmental capital assets, net	$ 79,903,042	$ (1,443,736)	$ (5,488,980)	$ 72,970,326

Primary Government

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 859,030	$ -	$ -	$ 859,030
Construction in progress	4,351,245	-	(4,153,153)	198,092
Total capital assets not being depreciated	5,210,275	-	(4,153,153)	1,057,122
Capital assets being depreciated:				
Utility plant in service	16,802,153	4,637,198	-	21,439,351
Machinery and equipment	54,683	-	-	54,683
Total capital assets being depreciated	16,856,836	4,637,198	-	21,494,034
Less accumulated depreciation for:				
Utility plant in service	(2,157,347)	(434,821)	-	(2,592,168)
Machinery and equipment	(46,610)	(8,073)	-	(54,683)
Total accumulated depreciation	(2,203,957)	(442,894)	-	(2,646,851)
Total capital assets being depreciated, net	14,652,879	4,194,304	-	18,847,183
Governmental capital assets, net	$ 19,863,154	$ 4,194,304	$ (4,153,153)	$ 19,904,305

Component Unit – School Board

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 668,764	$ -	$ -	$ 668,764
Total capital assets not being depreciated	668,764	-	-	668,764
Capital assets being depreciated:				
Jointly owned assets	5,514,066	7,831,990	-	13,346,056
Machinery and equipment	97,755	13,500	-	111,255
Total capital assets being depreciated	5,611,821	7,845,490	-	13,457,311
Less accumulated depreciation for:				
Jointly owned assets	(1,581,096)	(2,602,429)	-	(4,183,525)
Machinery and equipment	(80,013)	(15,624)	-	(95,637)
Total accumulated depreciation	(1,661,109)	(2,618,053)	-	(4,279,162)
Total capital assets being depreciated, net	3,950,712	5,227,437	-	9,178,149
Component unit capital assets, net	$ 4,619,476	$ 5,227,437	$ -	$ 9,846,913

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

Government activities:		
General government administration	$	181,858
Judicial administration		81,701
Public safety		674,978
Public works		19,820
Health and welfare		8,678
Education		2,383,425
Parks, recreation and cultural		233,849
Community development		12,482
Total governmental activities	$	3,596,791
Business-type activities:		
Water and sewer fund	$	442,894
Component Unit School Board		
Education	$	164,630
Accumulated depreciation on jointly owned assets transferred to School Board during the year		2,453,423
Total Component Unit School Board	$	2,618,053

Construction in progress for the primary government is composed of the following:

	Expended to June 30, 2012	Committed at June 30, 2012
Governmental Activities		
Huguenot Public Safety Building / Powhatan Fire Station #2	$ 4,765,657	$ 200,967
Business-Type Activities		
James River Water Intake Project	198,092	-
	$ 4,963,749	$ 200,967

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2012, consisted of the following:

	Transfers In	Transfers Out
Primary Government:		
Governmental funds:		
General fund	$ -	$ (7,940,768)
Other governmental funds	-	(643,516)
Debt service fund	6,492,755	-
Total governmental funds	6,492,755	(8,584,284)
Enterprise funds:		
Water and sewer	2,091,529	-
Total – All funds	$ 8,584,284	$ (8,584,284)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

7. Long-Term Obligations

Advance Refunding

On October 15, 2011, the County issued $11.65 million in Lease Revenue Bonds with an average interest rate of 3.83% to advance refund $12.125 million of outstanding 2002 Series lease revenue bonds with an average interest rate of 5.13% The net proceeds of $12,870,862 (after payment of $241,065 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2002 Series bonds. As a result, the 2002 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a net difference between the reacquisition price and the net carrying amount of the old debt of $745,861. This difference, reported in the accompanying financial statements as an addition to Governmental obligations in the amount of $1,687,601 and a deduction from Enterprise obligations in the amount of $2,433,462, is being charged to operations through the year 2033 using the effective-interest method. The County completed the advance refunding to reduce its total debt service payments over the next 21 years by approximately $1.5 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $1.2 million.

Primary Government

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2012:

	Amount Payable July 1, 2011 As previously reported	Restatement	Amount Payable July 1, 2011 As restated	Increase	Decrease	Amount Payable June 30, 2012	Amounts Due Within One Year
Governmental Obligations:							
Incurred by County:							
Compensated absences	$ 665,198	$ -	$ 665,198	$ 340,522	$ (396,407)	$ 609,313	$ 60,931
Lease revenue bonds	13,950,787	4,627,000	18,577,787	2,920,000	(5,290,770)	16,207,017	456,894
Bond premium	378,598	95,505	474,103	369,490	(59,005)	784,588	60,131
Deferred amount on refunding	-	-	-	1,687,601	(56,589)	1,631,012	122,714
OPEB liability	485,278	-	485,278	108,300	(24,300)	569,278	-
Total incurred by County	15,479,861	4,722,505	20,202,366	5,425,913	(5,827,071)	19,801,208	700,670
Incurred by School Board (for School Capital Assets):							
Literary loans	2,000,000	-	2,000,000	-	(250,000)	1,750,000	250,000
General obligations	37,775,241	-	37,775,241	-	(2,100,991)	35,674,250	2,119,723
Lease revenue bonds	23,135,000	(4,627,000)	18,508,000	-	(784,000)	17,724,000	844,000
Bond premium	1,600,837	(95,505)	1,505,332	-	(72,752)	1,432,580	72,751
Total incurred by School Board	64,511,078	(4,722,505)	59,788,573	-	(3,207,743)	56,580,830	3,286,474
Total governmental obligations	$ 79,990,939	$ -	$ 79,990,939	$ 5,425,913	$ (9,034,814)	$ 76,382,038	$ 3,987,144
Business-Type Obligations:							
Compensated absences payable	$ 26,687	$ -	$ 26,687	$ 16,778	$ (14,533)	$ 28,932	$ 2,893
General obligation bonds	7,582,959	-	7,582,959	-	(252,373)	7,330,586	262,468
Bond premium	401,606	-	401,606	1,113,841	(56,099)	1,459,348	100,003
Deferred amount on refunding	-	-	-	(2,433,462)	81,543	(2,351,919)	(176,843)
Lease revenue bonds	11,485,312	-	11,485,312	8,825,000	(7,395,229)	12,915,083	283,706
Total enterprise obligations	$ 19,496,564	$ -	$ 19,496,564	$ 7,522,157	$ (7,636,691)	$ 19,382,030	$ 472,227

Balances at July 1, 2011, have been restated to correctly reflect the allocation of the Series 2007 Lease Revenue bond and related premium between the County and School Board. This allocation is based on the percentage of County and School Board projects to be financed with the proceeds of the bond out of the total bond proceeds.

Annual requirement to amortize long-term obligations and related interest are as follows:

	County Obligations	
	Lease Revenue Bonds	
Year Ending June 30,	Principal	Interest
2013	$ 456,895	$ 692,005
2014	537,470	672,995
2015	594,176	650,903
2016	958,322	617,522
2017	1,016,440	575,484
2018 – 2022	5,207,714	2,107,762
2023 – 2027	3,378,000	1,277,838
2028 – 2032	3,648,000	504,676
2033 – 2035	410,000	20,069
Total	$ 16,207,017	$ 7,119,254

Annual requirements to amortize long-term obligations and related interest are as follows:

	School Obligations					
	Lease Revenue Bonds		Literary Loans		General Obligation Bonds	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2013	$ 844,000	$ 867,510	$ 250,000	$ 52,500	$ 2,119,723	$ 1,557,264
2014	896,000	825,310	250,000	45,000	2,129,417	1,472,441
2015	936,000	780,510	250,000	37,500	2,161,828	1,385,075
2016	984,000	733,710	250,000	30,000	1,727,635	1,311,940
2017	1,032,000	684,510	250,000	22,500	1,748,076	1,247,485
2018 – 2022	4,468,000	2,760,821	500,000	22,500	9,127,257	5,170,114
2023 – 2027	3,912,000	1,744,860	-	-	8,525,482	3,131,001
2028 – 2032	4,652,000	720,800	-	-	8,134,832	1,183,917
	$ 17,724,000	$ 9,118,031	$ 1,750,000	$ 210,000	$ 35,674,250	$ 16,459,237

Annual requirement to amortize long-term obligations and related interest are as follows:

	Business-Type Obligations			
	General Obligation Bonds		Lease Revenue Bonds	
Year Ending June 30,	Principal	Interest	Principal	Interest
2013	$ 262,468	$ 343,675	$ 283,705	$ 611,223
2014	277,766	332,195	293,030	601,735
2015	283,277	320,561	314,824	588,342
2016	299,008	308,772	407,678	571,814
2017	309,968	296,361	406,560	554,158
2018 – 2022	1,393,099	1,269,978	2,309,286	2,471,542
2023 – 2027	1,145,000	980,174	2,755,000	1,875,460
2028 – 2032	1,475,000	660,659	3,505,000	1,095,082
2033 – 2035	1,885,000	244,196	2,375,000	273,165
2036	-	-	265,000	6,591
Total	$ 7,330,586	$ 4,756,571	$ 12,915,083	$ 8,649,112

Details of Long-Term Obligations

	Amount Outstanding
Governmental Obligations:	
Incurred by County:	
Lease revenue bonds:	
$2,920,000 Virginia Resources Authority refunding lease revenue bond issued in October 2011 due in various annual principal payments through October 2033, interest payable semi-annually at 3.83%	$ 2,920,000
$1,015,000 Economic Development Authority lease revenue bond issued in March 2003 due in various annual principal payments through July 2013, interest payable semi-annually at 3.21%	121,100
$4,808,000 Economic Development Authority lease revenue bond issued June 2007 due in various annual principal payments through March 2032, interest payable semi-annually ranging from 4.85% to 5.00%	4,431,000
$3,518,372 Virginia Resources Authority lease revenue bond issued in April 2010 due in various annual principal payments through October 2019, interest payable semi-annually ranging from 4.32% to 4.80%	3,494,917
$5,290,000 Economic Development Authority lease revenue bond issued in August 2010 due in various annual principal payments through August 2030, interest payable semi-annually at 3.51%	5,240,000
Total lease revenue bonds	16,207,017
Unamortized bond premiums:	
2010 VRA lease revenue bond	336,531
2011 VRA refunding lease revenue bond	357,100
2007 EDA lease revenue bond	90,957
Total unamortized premiums	784,588
Deferred amount on 2011 VRA refunding bond	1,631,012
Compensated absences	609,313
Other post-employment benefits	569,278
Total incurred by County	19,801,208
Incurred by School Board	
Literary loans:	
$5,000,000 literary loan issued August 1998 due in annual principal payments of $250,000 through August 2018, interest due annually at 3.0%	1,750,000
General obligation bonds:	
$700,000 issued December 1992 due in various annual principal payments through December 2012, interest payable semi-annually at 5.85%	20,000
$485,000 issued May 1996 due in annual principal payments of $25,000 through July 2016, interest payable semi-annually ranging from 5.63% to 5.80%	125,000
$7,084,114 issued November 2002 due in various annual principal payments through July 2022, interest payable semi-annually ranging from 4.62% to 5.00%	3,944,847
$3,770,000 issued May 2004 due in various annual principal payments through July 2024, interest payable semi-annually at 5.10%	2,440,000
$4,000,000 issued November 1994 due in annual principal payments of $200,000 through July 2014, interest payable semi-annually ranging from 6.40% to 6.60%	600,000
$4,046,592 issued November 1994 due in various annual principal payments through July 2014, interest payable semi-annually ranging from 6.42% to 6.60%	747,776
$23,335,000 issued January 2010 due in various annual principal payments through January 2032, interest payable semi-annually ranging from 3.97% to 5.00%	22,315,000
$6,350,705 issued July 2008 due in various annual principal payments through July 2028, interest payable semi-annually ranging from 4.96% to 5.27%	5,481,627
Total general obligation bonds	35,674,250

Lease revenue bonds:	
$19,232,000 EDA lease revenue bond issued June 2007 due in various annual principal payments through March 2032, interest payable semi-annually ranging from 4.85% to 5.00%	17,724,000
Unamortized bond premiums:	
2010 general obligation refunding bond	941,543
2008 general obligation bond	127,207
2007 lease revenue bond	363,830
Total premiums on bonds payable	1,432,580
Total incurred by School Board	56,580,830
Total governmental obligations	$ 76,382,038

Business-Type Obligations:

General obligation bonds:	
$6,680,000 issued June 2006 due in various annual principal payments through October 2036, interest due semi-annually ranging from 4.81% to 4.99%	$ 6,110,000
$2,386,274 issued February 2001 due in annual principal payments of $181,291, interest due annually at 4.00%	1,220,586
Total general obligation bonds	7,330,586
Lease revenue bonds:	
$8,730,000 Virginia Resources Authority refunding lease revenue bond issued in October 2011 due in various annual principal payments through October 2033, interest payable semi-annually at 3.83%	8,730,000
$95,000 Virginia Resources Authority lease revenue bond issued in October 2011 due in various annual principal payments through October 2026, interest payable semi-annually at 3.83%	95,000
$231,628 VRA lease revenue bond issued April 2010 due in various annual principal payments through October 2019, interest payable semi-annually ranging from 4.32% to 4.80%	230,083
$3,860,000 VRA water and sewer system revenue bond issued April 2010 due in various annual principal payments through October 2037, interest payable semi-annually ranging from 4.77% to 4.97%	3,860,000
Total lease revenue bonds	12,915,083
Unamortized bond premiums:	
2006 general obligation bond	118,390
2010 VRA water and sewer system revenue bond	264,692
2011 VRA refunding lease revenue bond	1,061,662
2011 VRA lease revenue bond	14,604
Total premiums on bonds payable	1,459,348
Deferred amount on 2011 VRA refunding bond	(2,351,919)
Compensated absences	28,932
Total enterprise obligations	$ 19,382,030

Component Unit – School Board

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2012:

	Amount Payable July 01, 2011	Increase	Decrease	Amount Payable June 30, 2012	Amounts Due Within One Year
Compensated absences payable (payable from the School Fund)	$ 2,114,944	$ 422,989	$ (595,749)	$ 1,942,184	$ 194,218
OPEB liability	4,742,248	1,315,200	(349,500)	5,707,948	-
Total incurred by School Board	$ 6,857,192	$ 1,738,189	$ (945,249)	$ 7,650,132	$ 194,218

8. Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling $17,807,934 is comprised of the following:

Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled $17,454,548 at June 30, 2012.

Prepaid Property Taxes

Property taxes due subsequent to June 30, 2012 but paid in advance by the taxpayers totaled $353,386 at June 30, 2012.

9. Fund Balance

General Fund

The General Fund has an Unassigned Fund Balance of $13,177,977 at June 30, 2012.

Other Major Funds

The Capital Projects Fund has Restricted Funds of $911,927 consisting primarily of unspent bond funds that will be used on current and future capital projects. The Debt Service Fund has Assigned Funds of $8,827 that have been set aside for payment of future debt obligations.

Other Funds

The following non-major funds have restricted fund balances designated for specific purposes:

Fund	Purpose		Amount
Asset Forfeiture Fund	Sheriff - drug enforcement	$	20,459
Drug Taskforce Fund	Sheriff - drug enforcement		29,709
Grants Fund	Specific grantor restrictions		92,973
Cash Proffers Fund	Transportation		280,000
		$	423,141

10. Commitments and Contingencies

Federal programs
Federal programs in which the County and discretely presented component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

Operating leases
The County has numerous operating leases for office equipment. However, total future minimum lease commitments are considered insignificant.

11. Litigation

The County is involved in various legal claims and legal actions arising through the normal course of operations. Any legal matters which meet the criteria for recognition of a loss contingency under generally accepted accounting principles have been recorded and reflected in the government-wide financial statements based on management estimates. In the opinion of management, following consultation with legal counsel, the ultimate disposition of these matters will not have a material effect on the County's financial position, results of operations, or liquidity.

12. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation and public officials' liability coverage with the Virginia Association of Counties Group Self Insurance Risk Pool. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

13. Surety Bonds

	Amount
Division of Risk Management Surety Bond:	
Commonwealth Funds	
William E. Maxey, Clerk of the Circuit Court	$ 320,000
Faye Barton, Treasurer	400,000
Jamie Timberlake, Commissioner of the Revenue	3,000
Gregory A. Neal, Sheriff	30,000

14. Defined Benefit Pension Plan

A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public schools divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plan for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.

- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs, and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.7% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP, or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5%; under Plan 2, the COLA cannot exceed 6%. During years of no inflation or deflation, the COLA is 0%. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at http://www.varetire.org/pdf/publications/2011-Annual-Report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by *the Code of Virginia* and approved by the VRS Board of Trustees. The County's and School's nonprofessional employee contribution rates for the fiscal year ended 2012 were 17.62% and 10.96% of annual covered payroll, respectively.

The School Board's contributions for professional employees were $2,461,056, $1,922,838, and $1,471,552 to the teacher cost-sharing pool for the fiscal years ended June 30, 2012, 2011, and 2010, respectively and these contributions represented 11.33%, 8.93%, and 8.81%, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2012, the County's annual pension cost of $808,553 (which does not include the employees share assumed by the County of $320,346) was equal to the County's required and actual contributions.

For fiscal year 2012, the County School Board's annual pension cost for the Board's nonprofessional employees was $137,173 (which does not include the employees share assumed by the School Board of $115,078) and was equal to the Board's required and actual contributions.

Three-Year Trend Information for the County and School Board

Fiscal Year Ending	Annual Pension Cost (APC)(1)	Percentage Of APC Contributed	Net Pension Obligation
County:			
June 30, 2012	$ 1,128,899	100%	$ -
June 30, 2011	$ 1,115,983	100%	$ -
June 30, 2010	$ 969,203	100%	$ -
School Board Nonprofessional:			
June 30, 2012	$ 252,251	100%	$ -
June 30, 2011	$ 254,324	100%	$ -
June 30, 2010	$ 313,723	100%	$ -

(1) Includes Employer and Employee portion

The fiscal year 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.5%, (b) projected salary increases ranging from 3.75% to 5.6% per year for general government employees and 3.5% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters and sheriffs, and (c) a cost-of-living adjustment of 2.5% per year. Both investment rate of return and the projected salary increases include an inflation component of 2.5%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the Primary Government plan was 65.04% funded. The actuarial accrued liability for benefits was $13,006,690, and the actuarial value of assets was $8,459,738, resulting in an unfunded actuarial accrued liability (UAAL) of $4,546,952. The covered payroll (annual payroll, of active employees covered by the plan) was $6,570,436, and ratio of the UAAL to the covered payroll was 69.20%.

As of June 30, 2011, the most recent actuarial valuation date, the School Board's Non-Professional plan was 85.95% funded. The actuarial accrued liability for benefits was $7,156,416, and the actuarial value of assets was $6,151,216 resulting in an unfunded actuarial accrued Liability (UAAL) of $1,005,200. The covered payroll (annual payroll of active employees covered by the plan) was $2,279,990, and ratio of the UAAL to the covered payroll was 44.09%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

15. Postemployment Benefits Other Than Pensions

The County and School Board adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The Statement establishes standards for reporting the liability for nonpension postemployment benefits.

Plan Provisions and Benefits

In addition to providing the pension benefits described in Note 14, the County and School Board provide other postemployment benefits (OPEB) for qualifying retired employees and their spouses and dependents. The plan's benefit levels and employer contributions are governed by the County and School Board and can be amended by the County and School Board. The Plan provides for healthcare insurance coverage for eligible retirees and their spouses and dependents.

Plan Description

Covered full-time active employees who retire directly from the County with at least 5 years of service and attain the age of 50 prior to retirement are eligible to receive postretirement health care benefits. Retirees not eligible for Medicare may elect one of the following medical options which include medical, dental, and vision coverage: Key Advantage Expanded (PPO), Key Advantage 500 (PPO), or TLC High Deductible (PPO). Retirees who are eligible for Medicare may only elect the Medicare supplement provided by Key Advantage 65 which does not include dental or vision coverage. Retirees may elect to cover a spouse and dependents.

County retirees who have at least 15 years of service with the County receive a health insurance credit with the County. Retirees receive $4 per year of County service per month, up to a maximum of $120 per month for their elected medical coverage from the County. The retiree must pay the remainder of the premium. County retirees who have less than 15 years of service with the County must pay 100% of the premium cost; therefore, have no GASB 45 liability. County membership in the plan at the time of the actuarial study consisted of 157 active members with total active covered payroll of $7,190,400 and 7 retirees.

The Powhatan County Schools retirees who participate in the retiree medical plan pay the active employee and retiree rates to continued coverage, less the contribution from the School Board ($382 – $401 per month depending on medical option as of July 1, 2010). Schools membership in the plan at the time of the actuarial study consisted of 639 active members with total active covered payroll of $24,275,100 and 38 retirees and 10 spouses.

Funding Policy

The County and School Board do not intend to establish a trust to refund this liability. The anticipated growth in the net OPEB obligation is based on contributions to the benefit plan on a pay-as-you-go cost basis. The data has been projected into the future based on the assumption that the current active population remains constant. Also, the estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy payments made during the year by the retirees.

Annual OPEB Cost and Net OPEB Obligation

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with the parameters of GASB 45. The ARC represents a Level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County and School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County and School Board's net OPEB obligation to the Retiree Health Plan:

	County	School Board
Annual required contribution	$ 105,600	$ 1,289,200
Interest on net OPEB obligation	19,400	189,700
Adjustment to annual required contribution	(16,700)	(163,700)
Annual OPEB cost (expense)	108,300	1,315,200
Estimated contributions made	(24,300)	(349,500)
Increase in net OPEB obligation	84,000	965,700
Net OPEB obligation – beginning of year	485,278	4,742,248
Net OPEB obligation – end of year	$ 569,278	$ 5,707,948

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2011 and 2012 were as follows:

Fiscal Year Ended June 30, 2012	**Annual OPEB Cost**	**Percentage of Annual OPEB Cost Contributed**	**Net OPEB Obligation**
County			
6/30/2012	$ 108,300	22.44%	$ 569,278
6/30/2011	$ 112,905	9.21%	$ 485,278
Schools:			
6/30/2012	$ 1,315,200	26.57%	$ 5,707,948
6/30/2011	$ 1,452,580	26.20%	$ 4,742,248

Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the County's actuarial accrued liability for benefits was $931,300, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $6,197,808, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 15.03 percent.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was $13,268,500, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $22,896,775, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 57.95 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

The projected unit credit actuarial cost method was used to calculate all of the expense amounts and the funded status of the plan. The calculations were performed in accordance with the methodologies set forth in GASB Statement No. 45. Under this method, projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.
Mortality - Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2010 using Scale AA.
Coverage elections - The actuarial assumed that 40% of eligible County retirees and 80% of School retirees will elect coverage.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 4.0% was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012 was thirty years.

16. Other Post-Employment Benefits - Health Insurance Credit Program - Schools

A. Plan Description

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of $4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of $4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the *Code of Virginia*. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to 951.1 -145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 14.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 0.60% of annual covered payroll. The School Board's contributions to VRS for the years ended Year Ended June 30, 2012 and 2011 were $130,480 and $129,194, respectively, which equaled the required contributions for the year.

* * * * *

County of Powhatan, Virginia

Required Supplementary Information

Year Ended June 30, 2012

Note to Required Supplementary Information:

Presented Budgets were Prepared in Accordance with Accounting Principles Generally Accepted in the United States of America.

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues				
General property taxes	$ 30,369,024	$ 31,653,924	$ 34,583,227	$ 2,929,303
Other local taxes	4,370,000	4,370,000	4,200,076	(169,924)
Permits, privilege fees and regulatory licenses	446,150	446,150	364,683	(81,467)
Fines and forfeitures	174,400	174,400	162,505	(11,895)
Revenue from use of money and property	253,593	253,593	235,812	(17,781)
Charges for services	166,200	166,200	203,745	37,545
Miscellaneous	55,400	56,693	165,318	108,625
Intergovernmental revenues:				
Commonwealth	6,336,571	6,336,572	6,139,727	(196,845)
Federal	1,045,044	1,110,848	755,814	(355,034)
Total revenues	43,216,382	44,568,380	46,810,907	2,242,527
Expenditures				
General government administration	2,662,363	3,052,460	3,027,100	25,360
Judicial administration	883,567	883,564	840,115	43,449
Public safety	6,498,471	6,633,534	6,641,059	(7,525)
Public works	1,641,012	1,666,011	1,552,826	113,185
Health and welfare	3,383,318	3,848,643	3,482,258	366,385
Education	19,074,657	19,114,657	19,097,840	16,817
Parks, recreation, and cultural	696,013	724,304	765,652	(41,348)
Community development	1,103,220	1,156,095	1,044,959	111,136
Total expenditures	35,942,622	37,079,267	36,451,809	627,458
Excess of revenues over expenditures	7,273,760	7,489,113	10,359,098	2,869,985
Other financing uses				
Transfers out	(7,273,875)	(7,583,875)	(7,940,768)	(356,893)
Net change in fund balances	(115)	(94,762)	2,418,330	2,513,092
Fund balance at beginning of year	10,759,647	10,759,647	10,759,647	-
Fund balance at end of year	$ 10,759,532	$ 10,664,885	$ 13,177,977	$ 2,513,092

See report of independent auditor.

Schedule of Funding Progress

Primary Government - County Retirement Plan

Valuation Date*	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	$ 8,459,738	$ 13,006,690	$ 4,546,952	65.04%	$ 6,570,436	69.20%
6/30/2010	7,104,106	11,799,304	4,695,198	60.21%	6,342,496	74.03%
6/30/2009	5,953,462	9,713,480	3,760,018	61.29%	6,018,212	62.48%
6/30/2008	4,592,846	8,374,470	3,781,624	54.84%	5,545,279	68.20%
6/30/2007	3,418,825	5,563,701	2,144,876	61.45%	4,887,084	43.89%
6/30/2006	2,514,500	4,671,803	2,157,303	53.82%	4,534,335	47.58%

* County has only participated for six years and therefore there is only actuarial information for six years.

Discretely Presented Component Unit - School Board Non-Professionals Retirement Plan

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	$ 6,151,216	$ 7,156,416	$ 1,005,200	85.95%	$ 2,279,990	44.09%
6/30/2010	5,996,927	6,721,331	724,404	89.22%	2,571,364	28.17%
6/30/2009	5,749,500	6,127,314	377,814	93.83%	2,617,627	14.43%
6/30/2008	5,579,785	6,051,378	471,593	92.21%	2,516,343	18.74%
6/30/2007	4,903,775	5,561,824	658,049	88.17%	2,386,640	27.57%
6/30/2006	4,209,144	4,746,117	536,973	88.69%	2,284,819	23.50%
6/30/2005	3,790,936	4,354,668	563,732	87.05%	2,202,026	25.60%
6/30/2004	3,509,858	3,735,886	226,028	93.95%	1,785,072	12.66%
6/30/2003	3,382,377	3,476,006	93,629	97.31%	1,628,176	5.75%

Retiree Healthcare Plan

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
County						
6/30/2012	$ -	$ 931,300	$ 931,300	0.00%	$ 6,197,808	15.03%
6/30/2010	-	743,000	743,000	0.00%	7,190,400	10.33%
6/30/2008	-	1,256,792	1,256,792	0.00%	5,801,738	21.66%
School Board						
6/30/2012	$ -	$ 13,268,500	$ 13,268,500	0.00%	$ 22,896,775	57.95%
6/30/2010	-	10,801,900	10,801,900	0.00%	24,375,100	44.32%
6/30/2008	-	12,088,296	12,088,296	0.00%	26,238,870	46.07%

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

County of Powhatan, Virginia

Other Supplementary Information

Year Ended June 30, 2012

County of Powhatan, Virginia

Combining and Individual Fund Statements and Schedules

Year Ended June 30, 2012

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Fund

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues				
Revenue from use of money and property	$ -	$ -	$ 64	$ 64
Expenditures				
Debt service				
Principal retirement	3,611,837	3,611,837	3,520,544	91,293
Interest and other fiscal charges	3,465,167	3,465,167	3,350,976	114,191
Total expenditures	7,077,004	7,077,004	6,871,520	205,484
Deficiency of revenues under expenditures	(7,077,004)	(7,077,004)	(6,871,456)	(205,420)
Other financing sources (uses)				
Transfers in	6,707,004	6,707,004	6,492,755	(214,249)
Redemption of refunded bonds	-	-	(4,905,315)	(4,905,315)
Issuance of refunding bonds	-	-	2,920,000	2,920,000
Bond issuance premium	370,000	370,000	369,490	(510)
Bond issuance costs	-	-	(63,011)	(63,011)
Deferred amounts on refunding	-	-	1,687,601	1,687,601
Total other financing sources (uses)	7,077,004	7,077,004	6,501,520	(575,484)
Net change in fund balances	-	-	(369,936)	(780,904)
Fund balance at beginning of year	378,763	378,763	378,763	-
Fund balance at end of year	$ 378,763	$ 378,763	$ 8,827	$ (780,904)

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

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues				
Revenue from use of money and property	$ -	$ -	$ 3,635	$ 3,635
Expenditures				
Capital outlays and projects	-	3,422,850	1,816,496	1,606,354
Deficiency of revenues under expenditures	-	(3,422,850)	(1,812,861)	1,609,989
Net change in fund balances	-	(3,422,850)	(1,812,861)	1,609,989
Fund balance at beginning of year	2,517,470	2,517,470	2,517,470	-
Fund balance at end of year	$ 2,517,470	$ (905,380)	$ 704,609	$ 1,609,989

See report of independent auditor.

County of Powhatan, Virginia

Exhibit 15

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2012

	Cash Proffers Fund	Drug Taskforce Fund	Asset Forfeiture Fund	Grants Fund	Total
Assets					
Cash and cash equivalents	$ 280,000	$ 29,709	$ 20,459	$ 28,298	$ 358,466
Due from other governmental units	-	-	-	75,473	75,473
	$ 280,000	$ 29,709	$ 20,459	$ 103,771	$ 433,939
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ -	$ -	$ -	$ 10,798	$ 10,798
Fund balances					
Restricted	280,000	29,709	20,459	92,973	423,141
	$ 280,000	$ 29,709	$ 20,459	$ 103,771	$ 433,939

See report of independent auditor.

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds

Year Ended June 30, 2012

	Cash Proffers Fund	Drug Taskforce Fund	Asset Forfeiture Fund	Grants Fund	Total
Revenues					
Permits, privilege fees and regulatory licenses	$ 342,238	$ -	$ -	$ -	$ 342,238
Revenue from use of money and property	-	71	5	-	76
Miscellaneous revenues	-	-	-	6,232	6,232
Intergovernmental revenues					
Commonwealth	-	33,706	-	96,741	130,447
Federal government	-	-	18,750	82,005	100,755
Total revenues	342,238	33,777	18,755	184,978	579,748
Expenditures					
Public safety	-	19,796	4,485	118,723	143,004
Parks, recreation, and cultural	-	-	-	4,889	4,889
Community development	20,000	-	-	27,321	47,321
Total expenditures	20,000	19,796	4,485	150,933	195,214
Excess of revenues over expenditures	322,238	13,981	14,270	34,045	384,534
Other financing uses					
Transfers out	(643,516)	-	-	-	(643,516)
Net change in fund balances	(321,278)	13,981	14,270	34,045	(258,982)
Fund balance at beginning of year	601,278	15,728	6,189	58,928	682,123
Fund balance at end of year	$ 280,000	$ 29,709	$ 20,459	$ 92,973	$ 423,141

County of Powhatan, Virginia **Exhibit 17**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Nonmajor Special Revenue Funds

Year Ended June 30, 2012

	Cash Proffers Fund				Grants Fund			
	Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
Revenues								
Permits, privilege fees, and regulatory licenses	$ 75,000	$ 75,000	$ 342,238	$ 267,238	$ -	$ -	$ -	$ -
Miscellaneous revenues	-	-	-	-	-	6,232	6,232	-
Intergovernmental revenues								
Commonwealth	-	-	-	-	-	29,482	96,741	67,259
Federal government	-	-	-	-	-	81,505	82,005	500
Total revenues	75,000	75,000	342,238	267,238	-	117,219	184,978	67,759
Expenditures								
Public safety	-	-	-	-	-	148,714	118,723	29,991
Parks, recreation, and cultural	-	-	-	-	-	4,889	4,889	-
Community development	75,000	75,000	20,000	55,000	-	16,501	27,321	(10,820)
Total expenditures	75,000	75,000	20,000	55,000	-	170,104	150,933	19,171
Excess (deficiency) of revenues over (under) expenditures	-	-	322,238	322,238	-	(52,885)	34,045	86,930
Other financing uses								
Transfers out	-	-	(643,516)	(643,516)	-	-	-	-
Net change in fund balances	-	-	(321,278)	(321,278)	-	(52,885)	34,045	86,930
Fund balance at beginning of year	601,278	601,278	601,278	-	58,928	58,928	58,928	-
Fund balance at end of year	$ 601,278	$ 601,278	$ 280,000	$ (321,278)	$ 58,928	$ 6,043	$ 92,973	$ 86,930

See report of independent auditor.

Combining Statement of Fiduciary Net Assets
Agency Funds

June 30, 2012

	Agency Funds		
Assets	Special Welfare	Bond Escrow	Total
Cash and cash equivalents	$ 37,176	$ 80,241	$ 117,417
Accounts receivable	-	21,250	21,250
	$ 37,176	$ 101,491	$ 138,667
Liabilities			
Amounts held for social services clients	$ 37,176	$ -	$ 37,176
Amounts held for others	-	101,491	101,491
	$ 37,176	$ 101,491	$ 138,667

See report of independent auditor.

County of Powhatan, Virginia

Exhibit 19

Combining Statement of Changes in Assets and Liabilities Agency Funds

June 30, 2012

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Special Welfare Fund				
Assets:				
Cash and cash equivalents	$ 40,200	$ 48,592	$ (51,616)	$ 37,176
Liabilities:				
Amounts held for social services clients	$ 40,200	$ 48,592	$ (51,616)	$ 37,176
Bond Escrow				
Assets:				
Cash and cash equivalents	$ 277,948	$ 18,390	$ (216,097)	$ 80,241
Accounts receivable	21,250	-	-	21,250
	299,198	18,390	(216,097)	101,491
Liabilities:				
Amounts held for others	$ 299,198	$ 18,390	$ (216,097)	$ 101,491
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	$ 318,148	$ 66,982	$ (267,713)	$ 117,417
Accounts receivable	21,250	-	-	21,250
	$ 339,398	$ 66,982	$ (267,713)	$ 138,667
Liabilities:				
Amounts held for social services clients	$ 40,200	$ 48,592	$ (51,616)	$ 37,176
Amounts held for others	299,198	18,390	(216,097)	101,491
	$ 339,398	$ 66,982	$ (267,713)	$ 138,667

See report of independent auditor.

County of Powhatan, Virginia

Discretely Presented Component Unit School Board

Year Ended June 30, 2012

Combining Balance Sheet
Discretely Presented Component Unit - School Board

June 30, 2012

Assets	School Operating Fund	School Cafeteria Fund	Total Component Unit
Cash and cash equivalents	$ 2,652,889	$ 229,508	$ 2,882,397
Due from other governmental units	1,118,918	-	1,118,918
Inventories	-	8,595	8,595
	$ 3,771,807	$ 238,103	$ 4,009,910
Liabilities			
Accounts payable	$ 201,215	$ 3,215	$ 204,430
Accrued liabilities	3,570,592	65,203	3,635,795
Total liabilities	3,771,807	68,418	3,840,225
Fund Balances			
Nonspendable			
Inventories	-	8,595	8,595
Assigned	-	161,090	161,090
Unassigned	-	-	-
Total fund balances	-	169,685	169,685
	$ 3,771,807	$ 238,103	$ 4,009,910

Amounts reported for the School Board in the statement of net assets (Exhibit 1) are different because:

Total fund balances per above	$ 169,685
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	9,846,913
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds	(7,650,132)
Net assets of governmental activities	$ 2,366,466

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

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Discretely Presented Component Unit - School Board

Year Ended June 30, 2012

	School Operating Fund	School Cafeteria Fund	Total Component Unit
Revenues			
Revenue from use of money and property	$ 19,998	$ 1,269	$ 21,267
Charges for services	152,474	774,366	926,840
Miscellaneous revenues	107,373	-	107,373
Intergovernmental revenues			
Local government	19,097,840	-	19,097,840
Commonwealth	19,607,117	20,567	19,627,684
Federal government	1,787,939	446,821	2,234,760
Total revenues	40,772,741	1,243,023	42,015,764
Expenditures			
Education	40,612,741	1,377,038	41,989,779
Excess (deficiency) of revenues over (under) expenditures	160,000	(134,015)	25,985
Other financing sources (uses)			
Transfers in (out)	(160,000)	160,000	-
Changes in fund balances	-	25,985	25,985
Fund balances - beginning of year	-	143,700	143,700
Fund balances - end of year	$ -	$ 169,685	$ 169,685

Amounts reported for the School Board in the statement of net assets (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above		$ 25,985
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.		
Capital asset additions	13,500	
Depreciation expense	(164,630)	
Allocation of jointly owned assets	5,378,567	
		5,227,437
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.		
Decrease in compensated absences	172,760	
Increase in OPEB liability	(965,700)	
		(792,940)
Change in net assets of governmental activities		$ 4,460,482

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

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board

Year Ended June 30, 2012

	School Operating Fund				School Cafeteria Fund			
	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Revenues								
Revenue from use of money and property	$ 25,000	$ 25,000	$ 19,998	$ (5,002)	$ 22,112	$ 22,112	$ 1,269	$ (20,843)
Charges for services	156,999	156,999	152,474	(4,525)	834,796	834,796	774,366	(60,430)
Miscellaneous revenues	172,500	172,500	107,373	(65,127)	-	-	-	-
Intergovernmental revenues								
Local government	19,074,657	19,114,657	19,097,840	(16,817)	-	-	-	-
Commonwealth	19,859,761	19,859,761	19,607,117	(252,644)	52,700	52,700	20,567	(32,133)
Federal government	1,672,205	1,672,205	1,787,939	115,734	356,323	356,323	446,821	90,498
Total revenues	40,961,122	41,001,122	40,772,741	(228,381)	1,265,931	1,265,931	1,243,023	(22,908)
Expenditures								
Education	40,801,122	40,841,122	40,612,741	228,381	1,425,931	1,425,931	1,377,038	48,893
Excess (deficiency) of revenues over (under) expenditures	160,000	160,000	160,000	-	(160,000)	(160,000)	(134,015)	25,985
Other financing sources (uses)								
Transfers in	-	-	-	-	160,000	160,000	160,000	-
Transfers out	(160,000)	(160,000)	(160,000)	-	-	-	-	-
Total other financing sources (uses)	(160,000)	(160,000)	(160,000)	-	160,000	160,000	160,000	-
Changes in fund balances	-	-	-	-	-	-	25,985	25,985
Fund balances at beginning of year	-	-	-	-	143,700	143,700	143,700	-
Fund balances at end of year	$ -	$ -	$ -	$ -	$ 143,700	$ 143,700	$ 169,685	$ 25,985

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

County of Powhatan, Virginia

Supporting Schedules

Year Ended June 30, 2012

County of Powhatan, Virginia

Governmental Funds
Schedule of Revenues - Budget and Actual

Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT				
GENERAL FUND				
Revenue from local sources				
General property taxes				
Real property tax	$ 25,423,823	$ 26,288,723	$ 26,966,296	$ 677,573
Real and personal PSC tax	675,000	675,000	694,105	19,105
Personal property tax	3,798,456	4,218,456	6,407,396	2,188,940
Mobile home tax	5,745	5,745	8,060	2,315
Machinery and tools tax	430,000	430,000	337,794	(92,206)
Tax relief for the elderly	(325,000)	(325,000)	(374,071)	(49,071)
Penalties	226,000	226,000	306,018	80,018
Interest	135,000	135,000	237,629	102,629
Total general property taxes	30,369,024	31,653,924	34,583,227	2,929,303
Other local taxes				
Local sales and use tax	1,700,000	1,700,000	1,496,777	(203,223)
Communications tax	900,000	900,000	878,898	(21,102)
Consumption tax	100,000	100,000	84,064	(15,936)
Consumer utility tax	550,000	550,000	554,746	4,746
Business licenese tax	115,000	115,000	103,243	(11,757)
Cable TV franchise tax	135,000	135,000	98,097	(36,903)
Motor vehicle licenses	610,000	610,000	671,816	61,816
Taxes on recordation and wills	255,000	255,000	306,926	51,926
Short term rental tax	5,000	5,000	5,509	509
Total other local taxes	4,370,000	4,370,000	4,200,076	(169,924)
Permits, privilege fees and regulatory licenses				
Animal licenses	18,000	18,000	15,946	(2,054)
Transfer fees	1,000	1,000	914	(86)
Other permits and licenses	427,150	427,150	347,823	(79,327)
Total permits, privilege fees, and regulatory licenses	446,150	446,150	364,683	(81,467)
Fines and forfeitures				
Court fines and forfeitures	174,400	174,400	162,505	(11,895)
Revenue from use of money and property				
Revenue from use of money	40,000	40,000	22,070	(17,930)
Revenue from use of property	213,593	213,593	213,742	149
Total revenue from use of money and property	253,593	253,593	235,812	(17,781)
Charges for services				
Library	14,000	14,000	14,639	639
Law enforcement and traffic control	3,500	3,500	20,296	16,796
Excess fees of clerk	10,000	10,000	3,955	(6,045)
Courthouse security	55,000	55,000	52,143	(2,857)
Circuit court	24,000	24,000	21,702	(2,298)
Commonwealth's Attorney	600	600	2,025	1,425
Law library	1,500	1,500	4,173	2,673
Other protection	6,000	6,000	6,718	718

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (continued)				
GENERAL FUND (continued)				
Revenue from local sources (continued)				
Charges for services (continued)				
Sale of publications and maps	$ 1,100	$ 1,100	$ 1,255	$ 155
Sanitation and waste removal	39,500	39,500	56,252	16,752
Parks and recreation	11,000	11,000	20,587	9,587
Total charges for services	166,200	166,200	203,745	37,545
Miscellaneous				
Community Action grant	-	-	200	200
Miscellaneous revenues	55,400	56,693	165,118	108,425
Total miscellaneous	55,400	56,693	165,318	108,625
Total revenue from local sources	35,834,767	37,120,960	39,915,366	2,794,406
Revenue from the Commonwealth				
Noncategorical aid				
Rolling stock tax	9,000	9,000	9,047	47
Mobile home titling tax	20,000	20,000	1,328	(18,672)
Motor vehicle rental tax	17,000	17,000	19,657	2,657
State recordation tax	175,000	175,000	174,360	(640)
Personal property tax relief funds	3,022,472	3,022,472	3,022,472	-
Total noncategorical aid	3,243,472	3,243,472	3,226,864	(16,608)
Categorical aid				
Shared expenses				
Commonwealth's Attorney	158,858	158,858	169,273	10,415
Sheriff	1,003,154	1,003,154	1,067,960	64,806
Commissioner of revenue	93,940	93,940	100,335	6,395
Treasurer	93,725	93,725	100,671	6,946
Registrar/electoral board	50,000	50,000	46,135	(3,865)
Clerk of the Circuit Court	201,770	201,770	221,422	19,652
Total shared expenses	1,601,446	1,601,447	1,705,796	104,349
Other categorical aid				
Public assistance and welfare administration	379,527	379,527	286,673	(92,854)
Two for life grant	45,000	45,000	28,135	(16,865)
Abandoned vehicles	-	-	400	400
Comprehensive services act	802,000	802,000	729,947	(72,053)
E-911 wireless	50,000	50,000	41,356	(8,644)
Spay/neuter funds	-	-	232	232
Library grants	84,126	84,126	77,161	(6,965)
Victim witness assistance grant	50,000	50,000	36,483	(13,517)
Fire programs	65,000	65,000	-	(65,000)
VJCCA	11,000	11,000	5,880	(5,120)
Litter control	4,000	4,000	-	(4,000)
DMV animal friendly plates	1,000	1,000	800	(200)
Total other categorical aid	1,491,653	1,491,653	1,207,067	(284,586)
Total categorical aid	3,093,099	3,093,100	2,912,863	(180,237)
Total revenue from the Commonwealth	6,336,571	6,336,572	6,139,727	(196,845)

Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (continued)				
GENERAL FUND (continued)				
Revenue from the federal government				
Categorical aid				
Public assistance and welfare administration	$ 890,044	$ 890,044	$ 660,032	$ (230,012)
Emergency management assistance	6,000	6,000	-	(6,000)
DMV grant	-	-	33,270	33,270
CSBG (PCCAA)	149,000	214,804	62,512	(152,292)
Total revenue from the federal government	1,045,044	1,110,848	755,814	(355,034)
Total General Fund	43,216,382	44,568,380	46,810,907	2,242,527
SPECIAL REVENUE FUNDS				
Cash Proffers Fund				
Permits, privilege fees and regulatory licenses				
Cash proffers	75,000	75,000	342,238	267,238
Drug Taskforce Fund				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	-	-	71	71
Revenue from the Commonwealth				
Categorical aid				
Forfeited assets	-	-	33,706	33,706
Total Drug Taskforce Fund	-	-	33,777	33,777
Asset Forfeiture Fund				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	-	-	5	5
Revenue from the federal government				
Categorical aid				
Asset forfeitures	-	-	18,750	18,750
Total Asset Forfeiture Fund	-	-	18,755	18,755
Grants Fund				
Miscellaneous revenues				
Chesterfield County grant	-	6,232	6,232	-
Revenue from the Commonwealth				
Categorical aid				
EMS grant	-	7,750	-	(7,750)
Litter control	-	6,232	6,268	36
Fire programs	-	-	74,973	74,973
Broadband grant	-	10,500	10,500	-
Emergency performance grant	-	5,000	5,000	-
Total categorical aid	-	29,482	96,741	67,259

Governmental Funds
Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (continued)				
SPECIAL REVENUE FUNDS (continued)				
Grants Fund (continued)				
Revenue from the federal government				
Categorical aid				
Emergency management assistance	$ -	$ 31,387	$ 31,387	$ -
Sheriff grants	-	47,129	47,629	500
Recreational trails program	-	2,989	2,989	-
Total categorical aid	-	81,505	82,005	500
Total Grants Fund	-	117,219	184,978	67,759
Total Special Revenue Funds	75,000	192,219	579,748	387,529
DEBT SERVICE FUND				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	-	-	64	64
COUNTY CAPITAL PROJECTS FUND				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	-	-	3,635	3,635
TOTAL PRIMARY GOVERNMENT	$ 43,291,382	$ 44,760,599	$ 47,394,354	$ 2,633,755

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD				
School Operating Fund				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of property	$ 25,000	$ 25,000	$ 19,998	$ (5,002)
Charges for services				
Other charges for services	156,999	156,999	152,474	(4,525)
Miscellaneous revenues				
Miscellaneous revenues	172,500	172,500	107,373	(65,127)
Total revenue from local sources	354,499	354,499	279,845	(74,654)
Intergovernmental revenues				
Revenue from local governments				
Contributions from County of Powhatan, VA	19,074,657	19,114,657	19,097,840	(16,817)
Revenue from the Commonwealth				
Categorical aid				
Share of state sales tax	4,201,890	4,201,890	4,268,394	66,504
Basic school aid	11,364,906	11,364,906	11,127,313	(237,593)
ISAEP	15,717	15,717	15,717	-
Remedial summer education	57,454	57,454	69,607	12,153
Regular foster care	42,716	42,716	13,173	(29,543)
Gifted and talented	119,820	119,820	118,133	(1,687)
Remedial education	79,880	79,880	78,756	(1,124)
English as a second language	10,626	10,626	7,969	(2,657)
Special education	1,395,232	1,395,232	1,375,597	(19,635)
Vocational education	271,595	271,595	289,044	17,449
Social security fringe benefits	657,676	657,676	648,421	(9,255)
Retirement fringe benefits	596,435	596,435	588,042	(8,393)
Group life insurance fringe benefits	23,964	23,964	23,627	(337)
Early reading intervention	40,314	40,314	38,482	(1,832)
Homebound education	29,495	29,495	34,074	4,579
Other state funds	420,537	420,537	342,277	(78,260)
Special education - foster children	-	-	5,793	5,793
Project graduation	-	-	14,879	14,879
Textbook payments	107,998	107,998	133,190	25,192
At risk payments	24,789	24,789	24,433	(356)
Technology	232,000	232,000	220,979	(11,021)
Standards of Learning algebra readiness	11,268	11,268	11,268	-
Alternative education	150,449	150,449	150,449	-
Certified teachers	5,000	5,000	7,500	2,500
Total categorical aid	19,859,761	19,859,761	19,607,117	(252,644)

Governmental Funds
Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD (continued)				
School Operating Fund (continued)				
Revenue from the federal government				
Categorical aid				
State fiscal stabilization funds	$ -	$ -	$ 465,042	$ 465,042
Title I	290,303	290,303	359,507	69,204
Title VI-B, special eduaction flow-through	991,223	991,223	754,777	(236,446)
Vocational education	75,000	75,000	49,362	(25,638)
Title VI-B, special education preschool	37,543	37,543	21,269	(16,274)
Title II, Part A	198,173	198,173	47,125	(151,048)
Drug free school	-	-	5,610	5,610
Language acquisition	8,909	8,909	9,432	523
ROTC	67,567	67,567	75,815	8,248
Other revenues from the federal government	3,487	3,487	-	(3,487)
Total categorical aid	1,672,205	1,672,205	1,787,939	115,734
Total School Board operating fund	40,961,122	41,001,122	40,772,741	(228,381)
School Cafeteria Fund				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	22,112	22,112	1,269	(20,843)
Charges for services				
Cafeteria sales	834,796	834,796	774,366	(60,430)
Total revenue from local sources	856,908	856,908	775,635	(81,273)
Revenue from the Commonwealth				
Categorical aid				
School food program grant	52,700	52,700	20,567	(32,133)
Revenue from the federal government				
Categorical aid				
School food program grant	356,323	356,323	386,189	29,866
Commodities	-	-	60,632	60,632
Total categorical aid	356,323	356,323	446,821	90,498
Total School Cafeteria Fund	1,265,931	1,265,931	1,243,023	(22,908)
TOTAL DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD	$ 42,227,053	$ 42,267,053	$ 42,015,764	$ (251,289)

Governmental Funds
Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT				
GENERAL FUND				
General government administration				
Legislative				
Board of supervisors	$ 116,320	$ 116,320	$ 108,516	$ 7,804
General and financial administration				
County administrator	287,243	408,243	404,294	3,949
Legal services	216,915	231,915	216,831	15,084
GIS coordinator	106,625	106,625	105,025	1,600
Commissioner of revenue	439,442	439,442	431,283	8,159
Reassessment	25,000	241,000	240,361	639
Treasurer	485,494	485,493	493,547	(8,054)
Finance	691,970	716,269	719,561	(3,292)
Data Processing	79,569	79,569	80,688	(1,119)
Personnel	3,800	3,800	-	3,800
Other general and financial administration	71,529	71,529	68,339	3,190
Total general and financial administration	2,407,587	2,783,885	2,759,929	23,956
Board of elections				
Electoral board and officials	26,700	26,700	31,964	(5,264)
Registrar	111,756	125,555	126,691	(1,136)
Total Board of elections	138,456	152,255	158,655	(6,400)
Total general governmental administration	2,662,363	3,052,460	3,027,100	25,360
Judicial administration				
Courts				
Circuit court	22,990	22,990	16,453	6,537
General district court	24,269	24,269	15,404	8,865
Juvenile court service unit	20,437	20,437	17,382	3,055
Clerk of the circuit court	362,673	362,672	345,474	17,198
Victim and witness assistance	72,025	72,025	65,940	6,085
Total courts	502,395	502,393	460,653	41,740
Commonwealth's attorney				
Commonwealth's attorney	381,172	381,171	379,462	1,709
Total judicial administration	883,567	883,564	840,115	43,449
Public safety				
Law enforcement and traffic control				
Sheriff	3,935,470	4,025,457	4,053,502	(28,045)
Fire and rescue services				
Volunteer fire department	631,377	581,378	568,405	12,973
Ambulance and rescue services	444,400	499,477	486,248	13,229
Total fire and rescue services	1,075,777	1,080,855	1,054,653	26,202
Correction and detention				
Confinement and care of adult and juvenile prisoners	575,000	615,000	660,277	(45,277)

Governmental Funds
Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (continued)				
GENERAL FUND (continued)				
Public safety (continued)				
Inspections				
Building inspections	$ 427,863	$ 427,862	$ 392,599	$ 35,263
Other protection				
Animal control	258,430	258,429	258,853	(424)
Emergency services	220,931	220,931	216,755	4,176
Emergency planning commission	3,000	3,000	2,383	617
Medical examiner	2,000	2,000	2,037	(37)
Total other protection	484,361	484,360	480,028	4,332
Total public safety	6,498,471	6,633,534	6,641,059	(7,525)
Public works				
Sanitation and waste removal				
Refuse collection and disposal	773,563	773,563	695,035	78,528
Maintenance of general buildings and grounds				
General properties	867,449	892,448	857,791	34,657
Total public works	1,641,012	1,666,011	1,552,826	113,185
Health and welfare				
Health				
Supplement of local health department	194,856	194,856	194,856	-
Mental health and mental retardation				
Community services board	259,060	258,960	254,883	4,077
Welfare				
Public assistance and welfare administration	1,613,600	1,616,150	1,400,025	216,125
Comprehensive services act	1,161,802	1,561,802	1,566,834	(5,032)
Powhatan community action agency	154,000	216,875	65,660	151,215
Total welfare	2,929,402	3,394,827	3,032,519	362,308
Total health and welfare	3,383,318	3,848,643	3,482,258	366,385
Education				
Other instructional costs				
Contribution to component unit school board	19,074,657	19,114,657	19,097,840	16,817
Parks, recreation, and cultural				
Parks and recreation				
Recreation centers and playgrounds	357,898	384,897	417,588	(32,691)
Library				
Contribution to County library	338,115	339,407	348,064	(8,657)
Total parks, recreation and cultural	696,013	724,304	765,652	(41,348)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (continued)				
GENERAL FUND (continued)				
Community development				
Planning and community development				
Planning and zoning	$ 511,497	$ 511,496	$ 493,979	$ 17,517
Planning commission	1,550	1,550	990	560
Miscellaneous contributions	326,357	296,433	230,343	66,090
Economic development	199,505	199,505	178,673	20,832
Comprehensive plan	-	82,800	95,898	(13,098)
Total planning and community development	1,038,909	1,091,784	999,883	91,901
Environmental management				
Litter control	4,000	4,000	-	4,000
Cooperative extension program				
Extension office	60,311	60,311	45,076	15,235
Total community development	1,103,220	1,156,095	1,044,959	111,136
Total General Fund	35,942,622	37,079,267	36,451,809	627,458
SPECIAL REVENUE FUNDS				
Cash Proffers Fund				
Community development				
Community development	75,000	75,000	20,000	55,000
Drug Taskforce				
Public Safety				
Law enforcement and traffic control				
Sheriff	-	-	19,796	(19,796)
Asset Forfeiture Fund				
Public Safety				
Law enforcement and traffic control				
Sheriff	-	-	4,485	(4,485)
Grants Fund				
Public safety				
Law enforcement and traffic control				
Sheriff	-	83,714	83,714	-
Fire and rescue services				
Volunteer fire department	-	65,000	30,009	34,991
Other protection				
Emergency services	-	-	5,000	(5,000)
Total public safety	-	148,714	118,723	29,991

Governmental Funds
Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (continued)				
SPECIAL REVENUE FUNDS (continued)				
Grants Fund (continued)				
Parks, recreation, and cultural				
Recreation centers and playgrounds	$ -	$ 4,889	$ 4,889	$ -
Community development				
Planning and community development				
Planning and zoning	-	-	9,855	(9,855)
Economic development	-	10,000	10,000	-
Total planning and community development	-	10,000	19,855	(9,855)
Environmental management				
Litter control	-	6,501	7,466	(965)
Total community development	-	16,501	27,321	(10,820)
Total Grants Fund	-	170,104	150,933	19,171
Total Special Revenue Funds	75,000	245,104	195,214	49,890
DEBT SERVICE FUND				
Debt service				
Principal retirement	3,611,837	3,611,837	3,520,544	91,293
Interest and other fiscal charges	3,465,167	3,465,167	3,350,976	114,191
Total Debt Service Fund	7,077,004	7,077,004	6,871,520	205,484
COUNTY CAPITAL PROJECTS FUND				
Capital outlays and projects				
County capital projects	-	86,250	43,125	43,125
Elementary school construction	-	9,755	-	9,755
GIS upgrades	-	-	20,138	(20,138)
Parks and recreation	-	3,837	-	3,837
Fire and rescue	-	3,323,008	1,753,233	1,569,775
Total County Capital Projects Fund	-	3,422,850	1,816,496	1,606,354
TOTAL PRIMARY GOVERNMENT	$ 43,094,626	$ 47,824,225	$ 45,335,039	$ 2,489,186

Governmental Funds
Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD				
School Operating Fund				
Education				
Administration of schools				
Administration, health, and attendance	$ 2,014,718	$ 2,051,113	$ 1,937,514	$ 113,599
Instruction costs				
Elementary and secondary schools	31,335,024	31,198,845	31,272,571	(73,726)
Operating costs				
Pupil transportation	3,264,216	3,468,000	3,442,559	25,441
Operation and maintenance of school plant	4,058,737	3,994,737	3,839,804	154,933
Facilities	128,427	128,427	120,293	8,134
Total operating costs	7,451,380	7,591,164	7,402,656	188,508
Total school operating fund	40,801,122	40,841,122	40,612,741	228,381
Cafeteria Fund				
Education				
School food services				
Administration of school food program	1,425,931	1,464,308	1,319,248	145,060
Commodities	-	-	57,790	(57,790)
Total cafeteria fund	1,425,931	1,464,308	1,377,038	87,270
TOTAL DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD	$ 42,227,053	$ 42,305,430	$ 41,989,779	$ 315,651

County of Powhatan, Virginia

Statistical Section (unaudited)

Year Ended June 30, 2012

County of Powhatan, Virginia

Net Assets by Component

Last Nine Fiscal Years [1]

(Accrual Basis of Accounting)

Table 1

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt	$ (1,495,847)	$ (312,802)	$ (433,831)	$ (2,077,532)	$ 6,800,978	$ 5,822,208	$ 3,108,524	$ 1,062,579	$ 1,028,903
Restricted	175,613	175,600	183,375	703,270	-	2,872,925	2,247,827	2,903,209	920,754
Unrestricted	6,589,802	2,471,548	4,930,463	6,503,770	8,130,076	11,923,982	12,504,235	11,487,954	9,697,400
Total governmental activities net assets	$ 5,269,568	$ 2,334,346	$ 4,680,007	$ 5,129,508	$ 14,931,054	$ 20,619,115	$ 17,860,586	$ 15,453,742	$ 11,647,057
Business-type activities									
Invested in capital assets, net of related debt	$ 113,192	$ 489,281	$ 466,750	$ 740,893	$ 988,765	$ 8,280	$ (3,521,073)	$ 393,277	$ (341,364)
Restricted	-	-	-	-	-	659,417	3,955,505	361,781	124,789
Unrestricted	(20,364)	(50,411)	12,223	584,047	(357,101)	(315,163)	(364,821)	(704,170)	781,779
Total business-type activities net assets	$ 92,828	$ 438,870	$ 478,973	$ 1,324,940	$ 631,664	$ 352,534	$ 69,611	$ 50,888	$ 565,204
Primary government									
Invested in capital assets, net of related debt	$ (1,382,655)	$ 176,479	$ 32,919	$ (1,336,639)	$ 7,789,743	$ 5,830,488	$ (412,549)	$ 1,455,856	$ 687,539
Restricted	175,613	175,600	183,375	703,270	-	3,532,342	6,203,332	3,264,990	1,045,543
Unrestricted	6,569,438	2,421,137	4,942,686	7,087,812	7,772,975	11,608,819	12,139,414	10,783,784	10,479,179
Total primary government net assets	$ 5,362,396	$ 2,773,216	$ 5,158,980	$ 6,454,443	$ 15,562,718	$ 20,971,649	$ 17,930,197	$ 15,504,630	$ 12,212,261

(1) Note: Data is presented from fiscal year 2004 when the County first implemented GASB 34. Ultimately this schedule will contain information for the last ten fiscal years.

Table 2

County of Powhatan, Virginia

Changes in Net Assets
Last Nine Fiscal Years (1)
(Accrual Basis of Accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities:									
General government administration	$ 1,787,431	$ 1,984,827	$ 2,025,903	$ 2,833,694	$ 2,775,228	$ 2,638,534	$ 3,037,073	$ 2,866,159	$ 3,490,938
Judicial administration	700,764	756,467	848,456	825,264	899,447	927,087	918,457	986,603	928,312
Public safety	4,786,985	5,315,849	5,471,018	6,879,758	6,183,603	6,447,677	8,279,412	7,511,077	7,245,597
Public works	2,645,045	1,269,780	1,269,089	1,369,439	1,483,256	1,810,485	1,667,630	969,165	1,547,932
Health and welfare	2,895,147	2,980,608	2,636,097	2,874,055	3,595,287	3,877,527	3,987,693	3,778,834	3,491,003
Community development	467,730	665,529	990,416	1,308,891	1,062,187	1,150,019	1,105,611	1,270,360	1,119,888
Parks, recreation, and cultural	366,387	509,133	442,389	620,523	669,198	685,229	1,285,484	1,026,006	990,848
Education	23,124,392	17,837,779	18,563,308	20,994,467	15,291,269	22,231,269	21,349,126	23,713,559	26,859,832
Interest and other fiscal charges	3,393,686	2,951,337	2,527,013	3,544,707	4,042,302	3,812,451	5,137,838	3,011,465	3,539,775
Total governmental activities expenses	40,167,567	34,271,309	34,773,689	41,250,798	36,001,777	43,580,278	46,768,324	45,133,228	49,214,125
Business-type activities									
Water and sewer	804,581	1,380,081	1,302,336	1,448,355	1,754,087	2,069,053	2,118,030	2,293,964	2,165,702
Total primary government expenses	$ 40,972,148	$ 35,651,390	$ 36,076,025	$ 42,699,153	$ 37,755,864	$ 45,649,331	$ 48,886,354	$ 47,427,192	$ 51,379,827
Program revenues									
Governmental activities:									
Charges for services:									
Judicial administration	$ 99,507	$ 91,626	$ 16,432	$ 17,235	$ 234,921	$ 193,521	$ 160,112	$ 227,867	$ 242,548
Public safety	1,490,741	1,975,238	1,957,822	1,488,691	1,175,168	432,876	381,483	342,087	395,652
Public works	62,474	39,357	32,194	34,808	34,833	35,317	41,969	43,043	56,252
Parks, recreation, and cultural	-	-	-	-	10,454	15,032	22,811	30,017	35,226
Community development	3,677	4,265	2,550	1,559	988	108,330	114,312	45,777	343,493
Operating grants and contributions	4,249,539	3,490,004	3,754,909	3,841,054	4,035,013	5,243,531	4,592,614	4,330,772	3,899,879
Total governmental activities	5,905,938	5,600,490	5,763,907	5,383,347	5,491,377	6,028,607	5,313,301	5,019,563	4,973,050
Business-type activities									
Water and sewer	95,400	284,229	271,762	180,470	356,611	220,726	243,081	191,349	531,205
Total primary government program revenues	$ 6,001,338	$ 5,884,719	$ 6,035,669	$ 5,563,817	$ 5,847,988	$ 6,249,333	$ 5,556,382	$ 5,210,912	$ 5,504,255
Total governmental activities	$ (34,261,629)	$ (28,670,819)	$ (29,009,782)	$ (35,867,451)	$ (30,510,400)	$ (37,551,671)	$ (41,455,023)	$ (40,113,665)	$ (44,241,075)
Total business-type activities	(709,181)	(1,095,852)	(1,030,574)	(1,267,885)	(1,397,476)	(1,848,327)	(1,874,949)	(2,102,615)	(1,634,497)
Total primary government net expense	$ (34,970,810)	$ (29,766,671)	$ (30,040,356)	$ (37,135,336)	$ (31,907,876)	$ (39,399,998)	$ (43,329,972)	$ (42,216,280)	$ (45,875,572)

General revenues and other changes in net assets									
Governmental activities:									
Taxes:									
Property taxes	$ 18,595,346	$ 19,256,954	$ 23,740,100	$ 28,285,549	$ 30,584,211	$ 33,161,709	$ 32,536,675	$ 32,420,090	$ 34,499,496
Other local taxes	3,639,140	4,200,539	4,626,430	4,611,442	4,722,351	4,568,552	4,723,134	3,529,326	4,200,076
Investment earnings	575,156	336,543	465,542	1,122,911	1,584,750	511,317	295,346	251,370	427,933
Miscellaneous	104,682	229,927	63,101	152,012	150,910	155,546	289,958	467,943	171,550
Non-categorical aid from the govt	3,077,448	3,107,374	3,509,778	3,400,784	3,227,880	3,159,907	3,128,833	3,095,939	3,226,864
Payment from Powhatan County School	1,483,365	-	-	-	-	1,000,000	-	-	-
Gain/loss on disposal of capital assets	(18,856)	-	-	-	-	-	-	-	-
Transfers	(590,500)	(1,441,894)	(1,049,508)	(1,860,452)	(1,156,403)	(1,533,352)	(1,582,488)	(2,057,847)	(2,091,529)
Total governmental activities	26,865,781	25,689,443	31,355,443	35,712,246	39,113,699	41,023,679	39,391,458	37,706,821	40,434,390
Business-type activities									
Investment earnings	-	-	-	-	116,752	35,845	9,538	26,045	57,284
Miscellaneous	-	-	21,169	253,399	-	-	-	-	-
Transfers	590,500	1,441,894	1,049,508	1,860,452	1,156,403	1,533,352	1,582,488	2,057,847	2,091,529
Total business-type activities	590,500	1,441,894	1,070,677	2,113,851	1,273,155	1,569,197	1,592,026	2,083,892	2,148,813
Total primary government	$ 27,456,281	$ 27,131,337	$ 32,426,120	$ 37,826,097	$ 40,386,854	$ 42,592,876	$ 40,983,484	$ 39,790,713	$ 42,583,203
Change in net assets									
Governmental activities	$ (7,395,848)	$ (2,981,376)	$ 2,345,661	$ (155,205)	$ 8,603,299	$ 3,472,008	$ (2,063,565)	$ (2,406,844)	$ (3,806,685)
Business-type activities	(118,681)	346,042	40,103	845,966	(124,321)	(279,130)	(282,923)	(18,723)	514,316
Total primary government	$ (7,514,529)	$ (2,635,334)	$ 2,385,764	$ 690,761	$ 8,478,978	$ 3,192,878	$ (2,346,488)	$ (2,425,567)	$ (3,292,369)

[1]NOTE: Data is presented from fiscal year 2004, consistent with earlier schedules when the County implemented GASB 34. Ultimately this schedule will contain information for the last ten years.

County of Powhatan, Virginia

Table 3

Fund Balances - Governmental Funds
Last Nine Fiscal Years [(1)]
(Modified Accrual Basis of Accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011 [(2)]	2012
General fund									
Reserved	$ 175,613	$ 175,600	$ 183,375	$ 191,616	$ 228,964	$ 228,964	$ 917,357	$ -	$ -
Unreserved	3,855,377	3,473,747	5,441,807	7,736,649	9,957,288	11,571,639	10,662,980	-	-
Restricted	-	-	-	-	-	-	-	372	-
Unassigned	-	-	-	-	-	-	-	10,759,275	13,177,977
Total general fund	4,030,990	3,649,347	5,625,182	7,928,265	10,186,252	11,800,603	11,580,337	10,759,647	13,177,977
All other governmental funds									
Reserved for construction	2,543,431	-	-	-	-	-	-	-	-
Unreserved, reported in:									
Special revenue funds	882,500	36,180	40,070	21,391	360,819	466,256	631,950	-	-
Capital projects funds	-	1,730,453	516,363	28,825,353	11,656,846	2,872,925	2,247,827	-	-
Debt service funds	-	-	64,514	67,546	326,024	418,269	371,697	-	-
Restricted, reported in:									
Capital projects funds	-	-	-	-	-	-	-	2,903,209	911,927
Special revenue funds	-	-	-	-	-	-	-	682,123	423,141
Assigned for debt service	-	-	-	-	-	-	-	378,763	8,827
Unassigned, reported in:									
Capital projects funds	-	-	-	-	-	-	-	(385,739)	(207,318)
Total all other governmental funds	3,425,931	1,766,633	620,947	28,914,290	12,343,689	3,757,450	3,251,474	3,578,356	1,136,577
Total fund balances	$ 7,456,921	$ 5,415,980	$ 6,246,129	$ 36,842,555	$ 22,529,941	$ 15,558,053	$ 14,831,811	$ 14,338,003	$ 14,314,554

(1) NOTE: Data is presented from fiscal year 2004, consistent with earlier schedules when the County implemented GASB 34. Ultimately this schedule will contain information for the last ten years.

(2) The presentation of fund balance changed in 2011 as a result of the implementation of GASB 54. Prior to 2011, fund balances are reported only as 'Reserved' and 'Unreserved'. Effective 2011, fund balances are reported as described in Note 1 of the notes to the financial statements.

County of Powhatan, Virginia

Changes in Fund Balances - Governmental Funds
Last Nine Fiscal Years (1)
(Modified Accrual Basis of Accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues									
General property taxes	$ 18,282,153	$ 19,697,524	$ 23,596,072	$ 27,648,550	$ 30,214,857	$ 32,997,434	$ 31,900,172	$ 32,420,262	$ 34,583,227
Other local taxes	3,639,140	4,200,539	4,626,430	4,611,442	4,722,351	4,568,552	4,723,134	3,529,326	4,200,076
Permits, privilege fees, and regulatory licenses	1,419,230	1,850,553	1,792,094	1,349,708	1,168,129	534,581	427,993	359,429	706,921
Fines and forfeitures	62,073	88,926	126,579	109,296	104,046	102,855	127,062	152,525	162,505
Revenue from use of money and property	293,384	336,543	465,542	1,122,917	1,584,750	511,317	295,346	251,370	239,587
charges for services	175,096	171,007	90,325	83,289	184,189	147,640	165,632	176,837	203,745
Miscellaneous	104,682	229,927	62,323	170,012	150,910	155,546	289,958	467,943	171,550
Recovered costs	44,672	7,166	4,444	-	-	-	-	-	-
Intergovernmental:									
Powhatan County School Board	216,228	-	-	-	1,000,000	1,000,000	-	-	-
Commonwealth	5,926,797	5,716,609	6,336,911	6,395,488	6,588,235	7,650,636	6,670,752	6,391,383	6,270,174
Federal	1,183,962	873,603	924,110	846,350	674,658	752,802	1,050,695	1,035,328	856,569
Total revenues	31,347,417	33,172,397	38,024,830	42,337,052	46,392,125	48,421,363	45,650,744	44,784,403	47,394,354
Expenditures									
Current:									
General government administration	1,642,493	1,786,534	1,828,705	2,147,176	2,505,817	2,584,545	2,748,207	2,557,186	3,027,100
Judicial administration	641,242	657,547	675,549	731,599	818,151	825,856	827,533	851,185	840,115
Public safety	3,913,552	4,829,784	5,122,228	5,633,996	5,804,861	6,265,502	7,438,936	6,850,801	6,784,063
Public works	1,139,915	1,212,560	1,237,194	1,342,691	1,463,242	1,615,155	1,654,195	1,591,299	1,552,826
Health and welfare	2,900,027	2,951,067	2,627,419	2,865,377	3,588,097	3,833,172	3,968,635	3,762,329	3,482,258
Education	13,961,271	14,384,260	16,596,361	18,054,171	19,726,481	20,285,490	18,858,660	19,778,712	19,097,840
Community development	464,902	651,142	981,493	1,297,844	1,082,283	1,129,156	1,120,923	775,816	770,541
Parks, recreation and cultural	298,950	423,294	348,495	524,268	612,523	501,285	705,973	1,243,726	1,092,280
Capital projects	8,798,531	1,421,839	2,064,983	2,894,148	18,126,989	9,280,459	1,301,670	4,342,579	1,816,496
Debt service:									
Principal	3,277,302	3,507,537	2,705,381	3,989,966	2,660,157	3,817,452	2,991,861	3,366,335	3,520,544
Interest and other fiscal charges	3,115,234	2,865,852	2,743,365	2,689,419	3,680,641	3,871,483	5,464,072	3,344,051	3,350,976
Total expenditures	40,153,419	34,691,416	36,931,173	42,170,655	60,069,242	54,009,555	47,080,665	48,464,019	45,335,039
Excess (deficiency) of revenues over (under) expenditures	(8,806,002)	(1,519,019)	1,093,657	166,397	(13,677,117)	(5,588,192)	(1,429,921)	(3,679,616)	2,059,315

Other financing sources (uses)									
Operating transfers in	5,374,442	6,304,694	5,866,664	6,974,552	4,945,322	5,972,955	7,337,019	-	-
Operating transfers out	(5,964,942)	(7,746,588)	(6,916,172)	(8,835,004)	(6,101,725)	(7,506,307)	(8,919,507)	(2,057,847)	(2,091,529)
Issuance of bonds	3,770,000	1,421,250	786,000	32,090,483	-	6,350,705	29,985,623	5,290,000	2,920,000
Sale of capital assets	244,644	-	-	-	-	-	-	-	-
Bond issuance premium	281,772	-	-	-	-	149,656	1,503,439	-	369,490
Redemption of refunded bonds	(4,030,000)	-	-	-	-	(6,350,705)	(29,202,895)	-	(4,905,315)
Bond issuance costs	-	-	-	-	-	-	-	(46,345)	(63,011)
Deferred amounts on refunding	-	-	-	-	-	-	-	-	1,687,601
Total other financing sources (uses)	(324,084)	(20,644)	(263,508)	30,230,031	(1,156,403)	(1,383,696)	703,679	3,185,808	(2,082,764)
Net change in fund balances	$ (9,130,086)	$ (1,539,663)	$ 830,149	$ 30,396,428	$ (14,833,520)	$ (6,971,888)	$ (726,242)	$ (493,808)	$ (23,449)
Debt service as a percentage of noncapital expenditures	20.39%	19.16%	15.63%	17.01%	15.12%	17.19%	18.47%	15.21%	15.79%

(1)

NOTE: Data is presented from fiscal year 2004, consistent with earlier schedules when the County implemented GASB 34. Ultimately this schedule will contain information for the last ten years.

County of Powhatan, Virginia

Table 5

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer		Fiscal Year 2012 Taxable Assessed Value	Fiscal Year 2012 Percentage of Total County Taxable Assessed Value	Fiscal Year 2012 Rank	Fiscal Year 2003* Taxable Assessed Value	Fiscal Year 2003* Percentage of Total County Taxable Assessed Value	Fiscal Year 2003* Rank
Riverton Associates et al	$	10,878,800	13.88%	1			
VSGA Foundation, Inc.		9,740,500	12.43%	2			
Carnes, W.S. et al		8,248,300	10.52%	3			
Central Virginia Bank		7,976,600	10.18%	4			
Powhatan Shoppes at South Creek		7,634,700	9.74%	5			
Ranson, R.F. et al		7,528,400	9.60%	6			
Anderson, Tamara & Delores Ranson		7,525,400	9.60%	7			
Oakbridge Corp		6,826,700	8.71%	8			
Milhaus Corporation		6,405,000	8.17%	9			
American Timberlands		5,624,100	7.17%	10			
	$	78,388,500	100.00%				

Source: Powhatan County Commissioner of Revenue Department

* Information unavailable

County of Powhatan, Virginia

Property Tax Levies and Collections
Last Ten Fiscal Years

Table 6

Fiscal Year	Taxes levied for the fiscal year (original levy)	Adjustments	Total adjusted levy	Collected Within the Fiscal Year of the Levy: Amount	Collected Within the Fiscal Year of the Levy: Percentage of Original Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Adjusted Levy
2003	$ 19,698,877	$ (76,540)	$ 19,622,337	$ 19,469,761	98.84%	$ 142,855	$ 19,612,616	99.95%
2004	$ 21,097,431	$ (106,762)	$ 20,990,669	$ 20,698,058	98.11%	$ 292,611	$ 20,990,669	100.00%
2005	$ 22,268,830	$ (175,481)	$ 22,093,349	$ 21,850,974	98.12%	$ 242,375	$ 22,093,349	100.00%
2006	$ 28,983,617	$ (426,816)	$ 28,556,801	$ 26,098,410	90.05%	$ 2,332,741	$ 28,431,151	99.56%
2007	$ 30,643,358	$ (716,147)	$ 29,927,211	$ 22,172,530	72.36%	$ 7,488,329	$ 29,660,859	99.11%
2008	$ 31,586,113	$ (617,878)	$ 30,968,235	$ 26,895,079	85.15%	$ 3,853,282	$ 30,748,361	99.29%
2009	$ 35,489,429	$ (735,984)	$ 34,753,445	$ 28,215,893	79.51%	$ 6,085,757	$ 34,301,650	98.70%
2010	$ 35,111,856	$ (593,793)	$ 34,518,063	$ 27,972,433	79.67%	$ 2,280,508	$ 30,252,941	87.64%
2011	$ 35,131,551	$ (1,793,194)	$ 33,338,357	$ 27,395,034	77.98%	$ 762,378	$ 28,157,412	84.46%
2012 (1)	$ 39,309,998	$ (5,066,541)	$ 34,243,457	$ 32,421,232	82.48%	$ -	$ 32,421,232	94.68%

Source: Treasurer's Office and Commissioner of the Revenue

(1) In FY 2012, the County implemented twice a year collections for personal property taxes. This resulted in an additional levy and collection of one half of the annual personal property tax in FY 2012.

County of Powhatan, Virginia

Assessed and Estimated Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Less: Tax-Exempt Property (2)	Total Taxable Assessed Value Real Estate	Direct Tax Rate (1)	Personal Property and Mobile Homes	Machinery and Tools	Public Service (3)	Total
2012	$ 3,324,413,600	$ 313,414,300	$ 3,010,999,300	0.90%	$ 220,342,803	$ 9,330,975	$ 87,019,206	$ 3,327,692,284
2011	$ 3,790,383,750	$ 324,370,500	3,466,013,250	0.77%	$ 213,076,137	$ 9,388,255	$ 90,184,332	$ 3,778,661,974
2010	$ 3,760,019,650	$ 303,159,400	$ 3,456,860,250	0.77%	$ 209,704,422	$ 11,481,930	$ 90,368,639	$ 3,768,415,241
2009	$ 4,094,870,500	$ 305,328,100	$ 3,789,542,400	0.71%	$ 200,805,327	$ 12,038,975	$ 79,349,688	$ 4,081,736,390
2008	$ 4,039,940,795	$ 303,703,000	$ 3,736,237,795	0.71%	$ 221,817,492	$ 12,881,925	$ 85,387,310	$ 4,056,324,522
2007	$ 3,336,617,700	$ 264,199,500	$ 3,072,418,200	0.74%	$ 205,593,900	$ 6,846,780	$ 77,407,080	$ 3,362,265,960
2006	$ 3,175,599,603	$ 94,650,003	$ 3,080,949,600	0.74%	$ 189,217,425	$ 6,413,240	$ 53,726,749	$ 3,330,307,014
2005	$ 1,802,205,800	$ 107,452,000	$ 1,694,753,800	0.94%	$ 163,925,399	$ 6,742,835	$ 62,731,911	$ 1,928,153,945
2004	$ 1,666,033,793	$ 108,276,800	$ 1,557,756,993	0.95%	$ 156,587,616	$ 6,608,050	$ 68,979,389	$ 1,789,932,048
2003	$ 1,569,853,586	$ 110,321,700	$ 1,459,531,886	0.92%	$ 143,556,624	$ 6,916,815	$ 69,989,205	$ 1,679,994,530

Source: Commissioner of Revenue Department

Notes:
Real property is the County's primary local source revenue. Assessment information also included above for other property taxes.

(1) Tax rate per $100 of assessed value of real property. See Table 6 for other tax rates.
(2) Source, Real Estate Assessments from Commissioner of Revenue.assessments performed by the State Corporation Commission.
(3) Public Service Corporation property assessments performed by the State Corporation Commission.

Direct Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Public Service Real Estate	Public Service Personal Property	Machinery & Tools	Personal Property
2012	$ 0.77	$ 3.60	$ 3.60	$ 3.60
2011	$ 0.77	$ 3.60	$ 3.60	$ 3.60
2010	$ 0.77	$ 3.60	$ 3.60	$ 3.60
2009	$ 0.71	$ 3.60	$ 3.60	$ 3.60
2008	$ 0.74	$ 3.60	$ 3.60	$ 3.60
2007	$ 0.74	$ 3.60	$ 3.60	$ 3.60
2006	$ 0.74	$ 3.60	$ 3.60	$ 3.60
2005	$ 0.94	$ 3.60	$ 3.60	$ 3.60
2004	$ 0.95	$ 3.60	$ 3.60	$ 3.60
2003	$ 0.92	$ 3.60	$ 3.60	$ 3.60

Notes: Per $100 assessed value. There are no overlapping property tax rates with other governments.

County of Powhatan, Virginia

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities						
Fiscal Year	General Obligation Bonds	State Literary Loans	Capital Leases	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2003	$ 47,445,986	$ 4,595,446	$ 21,443,335	$ 1,461,285	$ 74,946,052	0.036%	$ 3,022
2004	$ 43,360,527	$ 4,197,723	$ 12,259,941	$ -	$ 59,818,191	0.047%	$ 2,346
2005	$ 43,745,776	$ 3,800,000	$ 20,377,109	$ 1,077,715	$ 69,000,600	0.042%	$ 2,674
2006	$ 48,486,201	$ 3,450,000	$ 20,099,639	$ 1,055,500	$ 73,091,340	0.047%	$ 2,644
2007	$ 46,633,870	$ 10,600,000	$ 42,305,093	$ 856,720	$ 100,395,683	0.035%	$ 3,631
2008	$ 44,858,237	$ 10,250,000	$ 41,590,388	$ 653,611	$ 97,352,236	0.037%	$ 3,444
2009	$ 49,399,293	$ 2,500,000	$ 40,792,193	$ 443,340	$ 93,134,826	0.044%	$ 3,263
2010	$ 47,771,891	$ 2,250,000	$ 44,165,599	$ 225,618	$ 94,413,108	0.044%	$ 3,304
2011	$ 45,358,200	$ 2,000,000	$ -	$ 48,571,100	$ 95,929,300	0.046%	$ 3,402
2012	$ 43,004,836	$ 1,750,000	$ -	$ 46,846,100	$ 91,600,936	0.041%	$ 3,259

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

		General Bonded Debt Outstanding Governmental Activities			
Fiscal Year	Population	Assessed Taxable Value (1)	Gross Bonded Debt (2)	Net Bonded Debt to Assessed Value	Per Capita
2003	24,828	$ 1,679,994,530	$ 52,041,432	3.10%	$ 2,098
2004	25,478	$ 1,789,932,048	$ 47,558,250	2.66%	$ 1,865
2005	26,258	$ 1,928,153,945	$ 45,530,112	2.36%	$ 1,765
2006	27,282	$ 3,330,307,014	$ 43,341,201	1.30%	$ 1,631
2007	27,494	$ 3,362,265,960	$ 48,743,561	1.45%	$ 1,763
2008	27,674	$ 4,056,324,522	$ 46,831,807	1.15%	$ 1,644
2009	27,964	$ 4,081,736,390	$ 43,846,097	1.07%	$ 1,536
2010	28,046	$ 4,056,324,522	$ 42,196,458	1.04%	$ 1,477
2011	28,198	$ 3,778,661,974	$ 39,775,241	1.05%	$ 1,384
2012	28,110	$ 3,327,692,284	$ 35,674,250	1.07%	$ 1,269

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Assessed taxable value is combination of real and other personal property per Table 7.

(2) Includes all long-term general obligation debt, bonded anticipation notes and literary fund loans. Excludes revenue bonds, capital leases and compensated absences.

*See Demographic Statistics Table 11

County of Powhatan, Virginia

Table 11

Demographic and Economic Statistics
Last Ten Years

Fiscal Year	Population	Registered Voters	Per Capita Personal Income	Median Household Income	School Enrollment	Unemployment Rate %
2003	24,828	14,201	$ 27,273	$ 57,319	3,947	3.20%
2004	25,478	14,588	$ 28,091	$ 59,039	4,095	2.80%
2005	26,258	15,305	$ 28,934	$ 60,810	4,272	2.70%
2006	27,282	15,953	$ 34,262	$ 62,634	4,396	2.70%
2007	27,494	16,606	$ 35,153	$ 66,039	4,434	2.40%
2008	27,674	17,806	$ 36,067	$ 67,756	4,418	3.20%
2009	27,964	17,789	$ 40,592	$ 73,940	4,510	6.20%
2010	28,046	17,842	$ 41,361	$ 73,593	4,253	6.60%
2011	28,198	17,993	$ 43,860	$ 71,176	4,436	6.00%
2012	28,110	18,772	$ 37,320	$ 73,593	4,786	5.40%

n/a - information is not yet available

Source: Bureau of Economic Analysis, ERS/USDA Data, Weldon Cooper Center

County of Powhatan, Virginia

Table 12

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2012*		Fiscal Year 2003	
	Employees	% of Total Employment**	Employees	% of Total Employment**
Colony Construction	50-99	N/A	N/A	N/A
MP Barden & Sons	50-99	N/A	N/A	N/A
Food Lion	50-99	N/A	N/A	N/A
McDonalds	50-99	N/A	N/A	N/A
TDU Concrete Inc	50-99	N/A	N/A	N/A
Moslow Wood Products	20-49	N/A	N/A	N/A
Central Virginia Bank	20-49	N/A	N/A	N/A
Mill Quarter	20-49	N/A	N/A	N/A
On the Go Concrete	20-49	N/A	N/A	N/A
Sheetz	20-49	N/A	N/A	N/A

Source: Virginia Employment Commission
* Quarterly Census of Employment and Wages (QCEW)

N/A - Information not available

**The Virginia Employment Commission is precluded from disclosing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act - Title V of Public Law 107-347.

Full-Time County Employees by Position
Last Ten Fiscal Years

Department	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County Administration										
County Administrator	1	1	1	1	1	1	1	1	1	1
Sr. Executive Assistant	-	-	-	-	-	-	-	1	1	1
Executive Secretary	1	1	1	1	1	1	1	1	1	1
Total County Administrator	2	2	2	2	2	2	2	3	3	3
Grants Administration										
Grants Coordinator	1	1	1	1	-	-	-	1	1	1
Finance										
Finance Director	1	1	1	1	1	1	1	1	1	1
HR Benefits and Training Coordinator	-	1	1	1	1	1	1	1	1	1
Information Technology Specialist	1	1	1	1	1	2	2	2	2	2
Procurement Officer	-	-	-	-	-	-	-	-	1	1
Total Finance	2	3	3	3	3	4	4	4	5	5
County Attorney										
County Attorney	1	1	1	1	-	-	-	-	1	1
Paralegal	-	-	-	-	-	-	-	-	1	1
Total County Attorney	3	4	4	4	-	-	-	-	2	2
Facilities Management										
Facilities Assistant	-	1	1	1	1	1	1	1	1	1
Facilities/Groundskeeper	-	-	-	-	-	-	-	1	1	1
General Services Supervisor	-	-	1	1	1	1	1	1	1	1
Maintenance Worker	1	1	1	1	2	2	2	2	2	2
Total Facilities Management	1	2	3	3	4	4	4	5	5	5
Building Inspections										
Building Official	1	1	1	1	1	1	1	1	1	1
Building Inspector	2	3	3	4	3	3	3	2	2	4
Secretary	1	1	1	1	1	1	1	1	1	1
Plans Reviewer	1	1	1	1	2	2	2	2	2	2
Total Building Inspections	5	6	6	7	7	7	7	6	6	8
Commonwealth's Attorney										
Commonwealth's Attorney	1	1	1	1	1	1	1	1	1	1
Deputy Commonwealth's Attorney	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Total Commonwealth's Attorney	3	3	3	3	3	3	3	3	3	3
Commissioner of the Revenue										
Commissioner of the Revenue	1	1	1	1	1	1	1	1	1	1
Chief Deputy Commissioner	1	1	1	1	1	1	1	1	1	1
Deputy COR II	2	2	2	2	2	2	2	2	2	2
Deputy COR III	3	3	3	3	3	3	3	3	3	3
Total Commissioner of Revenue	7	7	7	7	7	7	7	7	7	7
Economic Development										
Economic Development Director	1	1	1	1	1	1	1	1	1	1

Full-Time County Employees by Position (Continued)
Last Ten Fiscal Years

Department	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fire Administration										
Chief of Fire and Emergency Medical Services	-	-	-	-	-	-	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Total Fire Administration	1	1	1	1	1	1	2	2	2	2
Library										
Library Director	1	1	1	1	1	1	1	1	1	1
Assistant	1	1	1	1	1	1	1	1	1	1
Total Library	2	2	2	2	2	2	2	2	2	2
Planning										
Planning Director	1	1	1	1	1	1	1	1	1	1
Planner II	1	1	1	1	2	2	2	2	2	2
Planner I	1	1	1	1	-	1	1	1	1	1
Administrative Assistant	1	1	1	1	-	-	-	-	-	-
Office Manager	-	-	-	-	1	1	1	1	1	1
Zoning Administrator	1	1	1	1	1	1	1	1	1	1
GIS Coordinator	-	-	-	-	-	1	1	1	1	1
Erosion and Sediment Control Inspector	-	-	-	-	-	1	1	1	1	1
Total Planning	5	5	5	5	5	8	8	8	8	8
Registrar										
Registrar	1	1	1	1	1	1	1	1	1	1
Treasurer										
Treasurer	1	1	1	1	1	1	1	1	1	1
Deputy Treasurer II	2	2	2	2	3	3	3	3	3	3
Deputy Treasurer III	2	2	2	2	2	2	2	2	2	2
Chief Deputy Treasurer	1	1	1	1	1	1	1	1	1	1
Total Treasurer	6	6	6	6	7	7	7	7	7	7
Comprehensive Services										
Coordinator	1	1	1	1	1	1	1	1	1	1
Clerk of the Circuit Court										
Clerk of the Circuit Court	1	1	1	1	1	1	1	1	1	1
Deputy Clerk IV	1	1	1	1	1	1	1	1	1	1
Deputy Clerk	2	2	2	2	2	2	2	2	2	2
Total Clerk of the Circuit Court	4	4	4	4	4	4	4	4	4	4
Utilities										
Utilities/General Services Director	-	-	-	1	1	1	1	1	1	1
Manager, WWTP	1	1	1	1	1	1	1	1	1	1
Utilities Engineer	-	-	-	-	-	1	1	1	1	1
WWTP Operator	1	2	2	2	3	3	3	3	3	3
Total Utilities	2	3	3	4	5	6	6	6	6	6
Parks and Recreation										
Parks and Recreation Director	-	-	-	-	-	-	1	1	1	1

Full-Time County Employees by Position (Continued)
Last Ten Fiscal Years

Department	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sheriff										
Office Manager	1	1	1	1	1	1	1	1	1	1
Administrative Assistant Court Services	1	1	1	1	1	1	1	1	1	1
Sergeant	1	1	1	4	4	4	4	3	4	5
Lieutenant	1	1	1	1	1	1	1	2	2	2
Deputy (one vacant)	12	12	12	18	18	20	23	25	22	21
Corporal	4	4	4	4	4	4	4	3	4	5
Victim Witness	1	1	1	1	1	1	1	1	1	1
Chief Deputy	-	-	-	-	-	-	-	1	1	1
Undersheriff	1	1	1	1	1	1	1	1	1	1
IT Technician	-	-	-	-	1	1	1	1	1	1
Crime Analyst	4	4	4	1	1	1	1	1	1	1
Detective	2	2	2	2	2	2	2	2	2	2
Sheriff	1	1	1	1	1	1	1	1	1	1
Dispatcher	-	-	-	8	8	8	8	10	10	10
Dispatch Manager	-	-	-	1	1	1	1	1	1	1
Dispatch Supervisor	-	-	-	1	1	1	1	1	1	1
Total Sheriff	29	29	29	45	46	48	51	55	54	55
Convenience Center										
Supervisor	-	-	1	1	1	1	1	1	1	1
Attendant	2	2	2	2	2	2	2	2	2	2
Total Convenience Center	2	2	3	3	3	3	3	3	3	3
Animal Control										
Sergeant-Animal Control	1	1	1	1	1	1	1	1	1	1
Deputy-Animal Control	2	2	2	2	2	2	2	2	2	2
Secretary	-	-	-	-	-	-	-	-	-	1
Total Animal Control	3	3	3	3	3	3	3	3	3	4
Total full-time positions	81	86	88	106	105	112	117	123	125	129
Per 1,000 population	3.36	3.44	3.43	4.16	3.99	4.21	4.39	4.62	4.69	4.69

Source: Powhatan County Human Resources Department

County of Powhatan, Virginia

Table 14

Operating Indicators by Function
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety - number of fire stations	5	5	5	5	5	5	5	5	5	5
Parks, recreation and cultural										
Park facilities	1	1	1	1	1	1	1	1	1	1
Library facilities	1	1	1	1	1	1	1	1	1	1
Education - number of schools	5	5	5	5	5	5	6	6	6	6
Number of county government positions	78	83	85	106	105	113	118	124	126	126

County of Powhatan, Virginia

Compliance Section

Year Ended June 30, 2012

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

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 Board of Supervisors
County of Powhatan, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the ***County of Powhatan, Virginia***, as of and for the year ended June 30, 2012, which collectively comprise the ***County of Powhatan, Virginia's*** basic financial statements and have issued our report thereon dated November 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of ***County of Powhatan, Virginia*** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the ***County of Powhatan, Virginia's*** internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ***County of Powhatan, Virginia's*** internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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We noted certain other matters that we reported to management of ***County of Powhatan, Virginia*** in a separate letter dated November 26, 2012.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dixon Hughes Goodman LLP

Chester, Virginia
November 26, 2012

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To The Honorable Members of Board of Supervisors
County of Powhatan, Virginia

Compliance

We have audited ***County of Powhatan, Virginia's*** compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the ***County of Powhatan, Virginia's*** major federal programs for the year ended June 30, 2012. The ***County of Powhatan, Virginia's*** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of the ***County of Powhatan, Virginia's*** management. Our responsibility is to express an opinion on the ***County of Powhatan, Virginia's*** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about the ***County of Powhatan, Virginia's*** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the ***County of Powhatan, Virginia's*** compliance with those requirements.

In our opinion, the ***County of Powhatan, Virginia*** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the ***County of Powhatan, Virginia*** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the ***County of Powhatan, Virginia's*** internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the ***County of Powhatan, Virginia's*** internal control over compliance.

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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 significant 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dixon Hughes Goodman LLP

Chester, Virginia
November 26, 2012

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Report of Independent Auditors on Compliance with Commonwealth of Virginia Laws, Regulations, Contracts and Grants

To The Honorable Members of Board of Supervisors
County of Powhatan, Virginia

We have audited the financial statements of the ***County of Powhatan, Virginia***, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 26, 2012.

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

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

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

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

State Agency Requirements
- Education
- Comprehensive Services Act Funds
- Social Services

The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the ***County of Powhatan, Virginia*** had not complied, in all material respects, with those provisions.

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

Dixon Hughes Goodman LLP

Chester, Virginia
November 26, 2012

Schedule of Expenditures of Federal Awards - Primary Government and Discretely Presented Component Unit

Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
Primary Government:		
Department of Agriculture pass-through programs:		
Virginia Department of Social Services:		
State administrative matching grants for the supplemental nutrition assistance program	10.561	$ 197,916
Department of Health and Human Services:		
Direct programs:		
Community services bock grant	93.569	57,322
Pass-through programs:		
Virginia Department of Social Services:		
Promoting safe and stable families	93.556	15,576
Temporary Assistance for Needy Families	93.558	115,218
Refugee and entrant assistance - state administered programs	93.566	252
Low-income Home Energy Assistance	93.568	5,394
Child care and development block grant	93.575	59,651
Child care mandatory and matching funds of the child care development fund	93.596	59,678
Child welfare services - state grants	96.645	313
Foster Care - Title IV-E	93.658	174,479
Adoption assistance	93.659	39,501
Social services block grant	93.667	99,736
Chafee foster care independence program	93.674	3,323
Children's health insurance program	93.767	4,784
Medical assistance program	93.778	118,927
		696,832
Total Department of Health and Human Services		754,154
Department of Transportation pass-through programs:		
Virginia Department of Rail and Transportation:		
Recreational trails program	20.219	2,989
State and community highway safety	20.600	33,270
Total Department of Transportation		$ 36,259

Schedule of Expenditures of Federal Awards - Primary Government and Discretely Presented Component Unit (continued)

Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	**Catalog of Federal Domestic Assistance Number**		
Primary government (continued):			
Department of Justice:			
Direct programs:			
Assistance to rural law enforcement to combat crime and drugs competitive grant program - ARRA	ARRA - 16.810	$	47,129
Equitable sharing program	16.922		4,485
			51,614
Pass-through programs:			
Virginia Department of Criminal Justice Services:			
Edward Byrne memorial justice assistance grant program	16.738		31,887
Total Department of Justice			83,501
Department of Homeland Security pass-through programs:			
Virginia Department of Emergency Management:			
Emergency management performance grants	97.042		5,000
Total Primary Government			1,076,830
Component Unit - School Board:			
Department of Agriculture pass-through programs:			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
Food distribution - noncash assistance	10.555		57,790
Virginia Department of Education:			
National school breakfast program	10.553		53,553
National school lunch program	10.555		332,636
Total Child Nutrition Cluster			443,979
Department of Defense direct programs:			
ROTC Instruction	12.000	$	75,815

Schedule of Expenditures of Federal Awards - Primary Government and Discretely Presented Component Unit (continued)

Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number		
Component Unit - School Board (continued):			
Department of Education pass-through programs:			
Virginia Department of Education:			
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	$	754,777
Special education - grants to states - ARRA	ARRA - 84.391		449,006
Special education - preschool grants	84.173		21,269
Total Special Education Cluster (IDEA)			1,225,052
Title I, Part A Cluster:			
Title I grants to local educational agencies	84.010		292,755
Title I grants to local educational agencies - ARRA	ARRA - 84.389		16,036
Total Title I, Part A Cluster			308,791
Career and technical education - basic grants to states	84.048		49,362
Safe and drug-free schools and communities	84.186		5,610
English language acquisition grants	84.365		9,432
Improving teacher quality state grants	84.367		47,125
Total Department of Education			1,645,372
Total Component Unit School Board			2,165,166
Total Reporting Entity		$	3,241,996

June 30, 2012

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented on an accrual basis of accounting consistent with the basis of accounting used by County of Powhatan, Virginia. The schedule includes all known federal funds expended by the County for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the basic financial statements.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Year Ended June 30, 2012

1. Summary of Auditors' Results

A. An unqualified opinion was issued on the financial statements.

B. There were no significant deficiencies in internal control over financial reporting disclosed by the audit of the financial statements.

C. The audit did not disclose any instances of noncompliance material to the financial statements.

D. There were no significant deficiencies in internal control over major federal programs disclosed by the audit.

E. An unqualified opinion was issued on compliance for the major programs.

F. The audit disclosed no compliance findings required to be reported under Section 510(a) of OMB Circular A-133.

G. The major programs were:

Child Nutrition Cluster – CFDA Numbers 10.553 and 10.555
Special Education Cluster (IDEA) – CFDA Numbers 84.027, 84.173, and ARRA-84.391
Title I, Part A Cluster – CFDA Numbers 84.010 and ARRA-84.389

H. The dollar threshold used to distinguish between Type A and Type B programs is $300,000.

I. The auditee did not qualify as a low-risk auditee.

2. Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

None noted

3. Findings and Questioned Costs for Federal Awards

None noted

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

None noted

5. Results of Prior Year Findings

All prior year findings were adequately addressed.