

*Comprehensive Annual
Financial Report
Fiscal Year Ended
June 30, 2013*

County of Powhatan, Virginia



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

County of Powhatan, Virginia
Introductory Section (Unaudited)
Year Ended June 30, 2013

County of Powhatan, Virginia

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County of Powhatan, Virginia

June 30, 2013

Board of Supervisors

Barry Hodge, Chairman
Carson Tucker, Vice Chairman

David Williams
William E. "Bill" Melton

Jason Moore

School Board

Rick Cole, Chairman
James Kunka, Vice Chairman

Valarie Ayers

Debbie Jones

Board of Social Services

Carson Tucker, Chairman

Deborah Clarke
Sandra Kemp
Randa Jackson
Ernestine Taylor

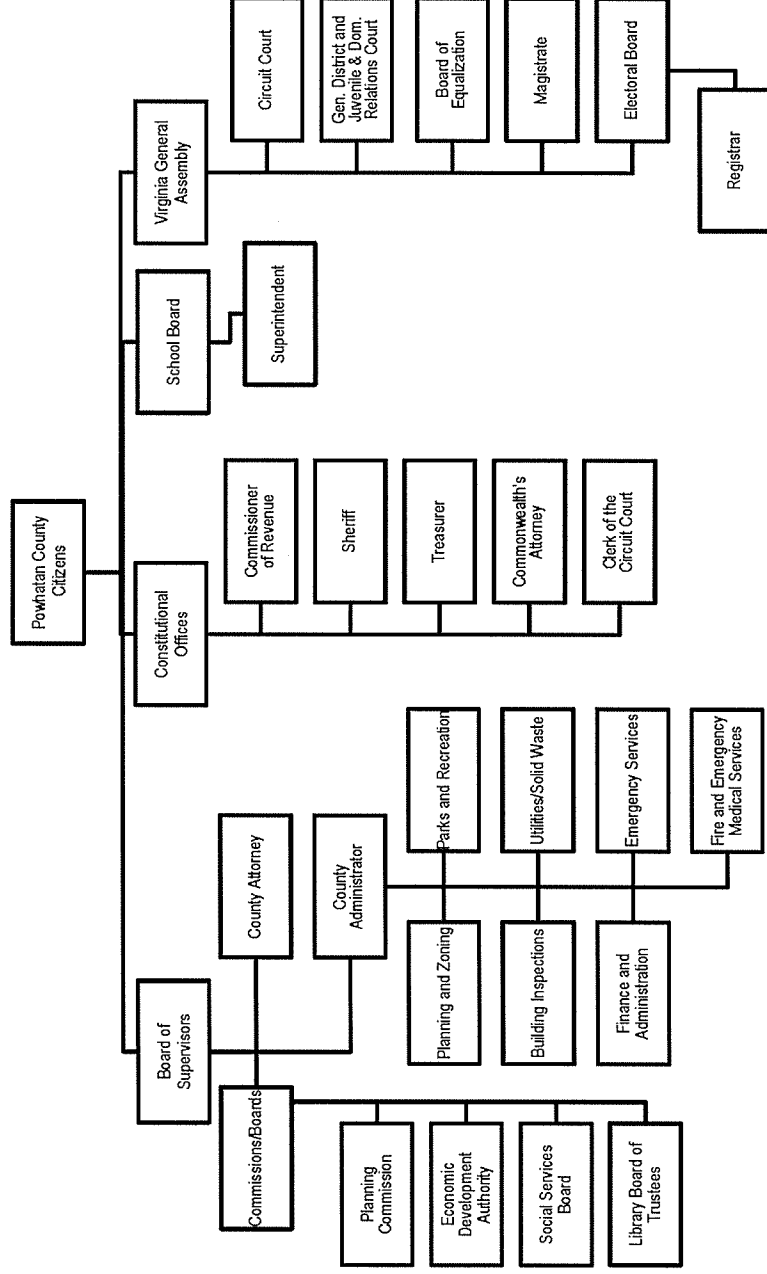
Grace Hawkins
Gale Lipscomb
Christie Shelton

Other Officials

Clerk of the Circuit Court
Commonwealth's Attorney
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
Commissioner of the Revenue
County Administrator
Director of Administration and Finance - County
Assistant Superintendent for Finance and Business Operations
and Transportation - Schools

William E. Maxey, Jr.
Robert Beasley
Faye Barton
Gregory A. Neal
Dr. Eric L. Jones
Catherine Pemberton
Jamie Timberlake
Patricia Weiler
Jeff Jarosinski
Larry Johns

Powhatan County Government Organizational Chart



County of Powhatan, Virginia

Financial Section

Year Ended June 30, 2013

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component 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, 2013***, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the ***County of Powhatan, Virginia***, as of ***June 30, 2013***, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 3 through 9 and 47 and 48 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.

Accompanying Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***County of Powhatan, Virginia's*** basic financial statements. 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, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is also presented for purposes of additional analysis and is also not a required part of the basic financial statements of the ***County of Powhatan, Virginia***.

The other 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013, on our consideration of ***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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ***County of Powhatan, Virginia's*** internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Chester, Virginia
December 5, 2013

Management's Discussion and Analysis

June 30, 2013

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, 2013 and June 30, 2012. 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 \$13,146,605 (net position).
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14,660,070, an increase of \$345,516 in comparison with the prior year.
- Approximately 85% of the ending governmental fund balance, or \$12,445,947, 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 \$12,445,947, which represents approximately 14% of General Fund and School Operating Fund expenditures and transfers, which totaled \$88,033,362.
- The County Board of Supervisor's policy is to maintain the General Fund unassigned fund balance at a minimum of 15% of the total of General Fund and School Operating Fund expenditures and transfers, less the General Fund's support of the School System, or \$88,033,362 less \$19,990,590. The General Fund unassigned fund balance is 18.3% of this amount.
- The County's total capital assets (governmental and business-type) decreased from \$92,874,631 in 2012 to \$88,937,310 in 2013, a decrease of (\$3,937,321) for the current fiscal year. The decrease is primarily due to \$1,063,181 in capital asset additions, (\$3,869,510) in current year depreciation and amortization of capital assets, and \$1,128,720 in transfers of property from the County to the School Board as the related debt which financed the property is relieved by the County.

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: 1) 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 position and how they have changed. Net position is the difference between the County's total assets and total liabilities. Measuring net position 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 the Powhatan County Public School System is a legally separate entity and the members of the School Board are elected by the citizens of the district they represent, the School System is presented as a discretely presented component unit of the County because the County Board of Supervisors is financially accountable for the School System.

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 Position 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 position. 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 tenth 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 Position

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

<i>County of Powhatan, Virginia's Net Position</i>						
	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 34,011,618	\$ 33,043,855	\$ 309,853	\$ 339,958	\$ 34,321,471	\$ 33,383,813
Capital assets	69,265,919	72,970,326	19,671,391	19,904,305	88,937,310	92,874,631
Total assets	<u>\$ 103,277,537</u>	<u>\$ 106,014,181</u>	<u>\$ 19,981,244</u>	<u>\$ 20,244,263</u>	<u>\$ 123,258,781</u>	<u>\$ 126,258,444</u>
Current liabilities	\$ 18,344,898	\$ 17,985,086	\$ 304,244	\$ 297,029	\$ 18,649,142	\$ 18,282,115
Long-term liabilities outstanding	72,535,577	76,382,038	18,927,457	19,382,030	91,463,034	95,764,068
Total liabilities	<u>\$ 90,880,475</u>	<u>\$ 94,367,124</u>	<u>\$ 19,231,701</u>	<u>\$ 19,679,059</u>	<u>\$ 110,112,176</u>	<u>\$ 114,046,183</u>
Net position:						
Net investment in capital assets	\$ (1,962,152)	\$ 1,028,903	\$ 786,715	\$ (341,364)	\$ (1,175,437)	\$ 687,539
Restricted	321,995	920,754	72,357	124,789	394,352	1,045,543
Unrestricted	14,037,219	9,697,400	(109,529)	781,779	13,927,690	10,479,179
Total net position	<u>\$ 12,397,062</u>	<u>\$ 11,647,057</u>	<u>\$ 749,543</u>	<u>\$ 565,204</u>	<u>\$ 13,146,605</u>	<u>\$ 12,212,261</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the County exceeded liabilities by \$13,146,605 as of June 30, 2013. The County's net position increased by \$934,344 for the fiscal year ended June 30, 2013. Net position 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 position of \$13,927,690 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:

<i>County of Powhatan, Virginia's Revenues and Expenses</i>						
	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,414,299	\$ 1,073,171	\$ 388,990	\$ 531,205	\$ 1,803,289	\$ 1,604,376
Operating grants and contributions	3,969,854	3,899,879	-	-	3,969,854	3,899,879
Property taxes	33,447,832	34,499,496	-	-	33,447,832	34,499,496
Other local taxes	4,960,172	4,200,076	-	-	4,960,172	4,200,076
Grants and contributions not restricted to specific programs	3,178,838	3,226,864	-	-	3,178,838	3,226,864
Other	414,846	599,483	415	57,284	415,261	656,767
Total revenues	47,385,841	47,498,969	389,405	588,489	47,775,246	48,087,458
Expenses:						
General government	2,693,439	3,490,938	-	-	2,693,439	3,490,938
Judicial administration	924,281	928,312	-	-	924,281	928,312
Public safety	7,198,186	7,245,597	-	-	7,198,186	7,245,597
Public works	1,716,111	1,547,932	2,562,295	2,165,702	4,278,406	3,713,634
Health and welfare	3,859,387	3,491,003	-	-	3,859,387	3,491,003
Education	23,514,070	26,859,832	-	-	23,514,070	26,859,832
Parks, recreation, and cultural	932,155	990,848	-	-	932,155	990,848
Community development	599,847	1,119,888	-	-	599,847	1,119,888
Interest and other fiscal charges	2,841,131	3,539,775	-	-	2,841,131	3,539,775
Total expenses	44,278,607	49,214,125	2,562,295	2,165,702	46,840,902	51,379,827
Change in net position before transfers	3,107,234	(1,715,156)	(2,172,890)	(1,577,213)	934,344	(3,292,369)
Transfers	(2,357,229)	(2,091,529)	2,357,229	2,091,529	-	-
Change in net position	750,005	(3,806,685)	184,339	514,316	934,344	(3,292,369)
Net position - beginning	11,647,057	15,453,742	565,204	50,888	12,212,261	15,504,630
Net position - ending	\$ 12,397,062	\$ 11,647,057	\$ 749,543	\$ 565,204	\$ 13,146,605	\$ 12,212,261

Governmental Activities

The County's three largest sources of revenue make up approximately 89% of total revenues and include property taxes (71%), operating grants from state and federal sources (8%), and other local taxes (10%). Education accounts for approximately 53% 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 16% and 9%, respectively, of total expenses. Overall, net position increased by \$934,344.

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, 2013, the unassigned fund balance of the General Fund was \$12,480,839. For the same period, the governmental funds of the County reported a combined fund balance of \$14,660,070, a 2% increase 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 \$489,008. General property tax collections were \$1,015,180 higher than budgeted while most other revenue categories fell short of amended appropriations.

Overall, expenditures had a positive variance compared to budget of \$692,423. The contribution to Powhatan County Public Schools for operating expenditures was \$111,837 less than the amended budget.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets as of June 30, 2013, totals \$88,937,310 (net of accumulated depreciation). These assets include buildings, land, utility plant in service, construction in progress, and machinery and equipment.

Table 3 – County Capital Assets (net of depreciation)

	2013		2012	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Land	\$ 1,590,827	\$ 859,030	\$ 1,590,827	\$ 859,030
Construction in progress	297,631	400,000	4,765,657	198,092
Buildings	13,186,295	-	9,158,597	-
Utility plant in service	-	18,412,361	-	18,847,183
Equipment	2,256,639	-	2,306,994	-
Jointly owned assets	51,934,527	-	55,148,251	-
Total	\$ 69,265,919	\$ 19,671,391	\$ 72,970,326	\$ 19,904,305

Overall net capital assets decreased by \$3,937,321 primarily due to the purchase of capital assets, current year depreciation and amortization, and the transfer of property from the County to the School Board as debt which financed the property is relieved by the County. Additional information on the County's capital assets can be found in Note 6 in the Notes to the Financial Statements.

Long-term Debt

As of June 30, 2013, the County had total bonded debt outstanding (including literary loans) of \$87,322,642. Capital leases, compensated absences and the County's liability for other post employment benefits are not included in these figures.

Table 4 – Outstanding Debt

	2013		2012	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
General obligation bonds	\$ 33,554,527	\$ 7,068,118	\$ 35,674,250	\$ 7,330,586
Lease revenue bonds	32,568,622	12,631,375	33,931,017	12,915,083
State literary fund loans	1,500,000	-	1,750,000	-
Total	\$ 67,623,149	\$ 19,699,493	\$ 71,355,267	\$ 20,245,669

Total debt decreased by \$4,278,294 due to debt retirement. Additional information regarding the County's long-term debt can be found in Note 8 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 28,394.

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 June 30, 2014

Long-term county goals

The Board of Supervisors (Board) continues to ensure that the County's tax rate on real estate remains competitive with neighboring jurisdictions. The Board 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.

Tax Rates and Fees

The FY 2014 adopted budget included a real estate tax rate of \$.90 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 will be completed in FY 2014 with an effective date of January 1, 2014.

Total Fiscal Year 2014 Estimated Revenues

The fiscal year 2014 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 FY14 budget.

Total Fiscal Year 2014 Expenditures

The fiscal year 2014 total budget is \$70,018,346, a 1.4% increase, and is balanced between revenues and expenditures. This includes \$42,729,237 in school funding (which does not include school debt service) and represents a 0.8% increase in funding for the schools from FY 2013. The County operating budget increased by a total of \$969,625. The largest increases were for higher funding for Schools and funding for the bi-annual 2014 reassessment.

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 2014, the budget includes a 2% merit 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 Director of Finance and Administration, 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.

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County of Powhatan, Virginia

Basic Financial Statements

Year Ended June 30, 2013

County of Powhatan, Virginia
Government-Wide Financial Statements

Statement of Net Position

June 30, 2013

Assets	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
Current assets				
Cash and cash equivalents	\$ 13,595,287	\$ 22,905	\$ 13,618,192	\$ 4,180,911
Receivables (net of allowances for uncollectibles):				
Taxes receivable, including penalties	18,685,398	-	18,685,398	-
Accounts receivable	98,337	31,415	129,752	-
Prepaid expenses	34,892	-	34,892	-
Due from other governmental units	1,219,393	-	1,219,393	1,155,992
Inventories	-	-	-	6,774
Total current assets	33,633,307	54,320	33,687,627	5,343,677
Noncurrent assets				
Other noncurrent assets	56,316	183,176	239,492	-
Restricted assets:				
Temporarily restricted (in custody of others):				
Cash and cash equivalents	321,995	72,357	394,352	66,210
Investments	-	-	-	473,992
Capital assets (net of accumulated depreciation):				
Land	1,590,827	859,030	2,449,857	668,764
Buildings	65,120,822	-	65,120,822	9,943,221
Utility plant in service	-	18,412,361	18,412,361	-
Machinery and equipment	2,256,639	-	2,256,639	326,107
Construction in progress	297,631	400,000	697,631	9,222
Total capital assets net of accumulated depreciation	69,265,919	19,671,391	88,937,310	10,947,314
Total assets	\$ 103,277,537	\$ 19,981,244	\$ 123,258,781	\$ 16,831,193
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 559,951	\$ 52,589	\$ 612,540	\$ 419,691
Accrued personnel expenses	-	-	-	4,150,423
Accrued interest payable	1,169,849	235,741	1,405,590	-
Unearned revenue	16,615,098	15,914	16,631,012	-
Total current liabilities	18,344,898	304,244	18,649,142	4,570,114
Noncurrent liabilities				
Due within one year	4,094,529	496,156	4,590,685	936,234
Due in more than one year	68,441,048	18,431,301	86,872,349	9,329,920
Total noncurrent liabilities	72,535,577	18,927,457	91,463,034	10,266,154
Total liabilities	90,880,475	19,231,701	110,112,176	14,836,268
Net Position				
Net investment in capital assets	(1,962,152)	786,715	(1,175,437)	10,947,314
Restricted for:				
Bond covenants	8,892	-	8,892	-
Construction	313,103	72,357	385,460	-
Unrestricted (deficit)	14,037,219	(109,529)	13,927,690	(8,952,389)
Total net position	\$ 12,397,062	\$ 749,543	\$ 13,146,605	\$ 1,994,925

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

County of Powhatan, Virginia
Statement of Activities

Exhibit 2

Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
Primary government								
Governmental activities:								
General government administration	\$ 2,693,439	\$ -	\$ 346,284	\$ -	\$ (2,347,155)	\$ -	\$ (2,347,155)	\$ -
Judicial administration	924,281	227,140	456,434	-	(240,707)	-	(240,707)	-
Public safety	7,198,186	511,473	1,302,946	-	(5,383,767)	-	(5,383,767)	-
Public works	1,716,111	38,953	-	-	(1,677,158)	-	(1,677,158)	-
Health and welfare	3,859,387	-	1,716,082	-	(2,143,305)	-	(2,143,305)	-
Education	23,514,070	-	-	-	(23,514,070)	-	(23,514,070)	-
Parks, recreation and cultural	932,155	29,175	139,114	-	(763,866)	-	(763,866)	-
Community development	599,847	607,558	8,994	-	16,705	-	16,705	-
Interest on long-term debt	2,841,131	-	-	-	(2,841,131)	-	(2,841,131)	-
Total governmental activities	44,278,607	1,414,299	3,969,854	-	(38,894,454)	-	(38,894,454)	-
Business-type activities:								
Water and sewer	2,562,295	388,990	-	-	-	(2,173,305)	(2,173,305)	-
Total primary government	46,840,902	1,803,289	3,969,854	-	(38,894,454.00)	(2,173,305)	(41,067,759)	-
Component unit								
School Board	\$ 43,908,673	\$ 793,917	\$ 21,044,935	\$ -	-	-	-	\$ (22,069,821)
General revenues								
General property taxes					\$ 33,447,832	\$ -	\$ 33,447,832	\$ -
Local sales and use tax					2,140,378	-	2,140,378	-
Consumer utility tax					566,333	-	566,333	-
Other local taxes					2,253,461	-	2,253,461	-
Revenues from use of money and property					239,006	415	239,421	161,336
Miscellaneous					182,694	-	182,694	107,879
Grants and contributions not restricted to specific programs					3,178,838	-	3,178,838	-
Payment from Powhatan County					-	-	-	21,429,065
Loss on disposal of fixed assets					(6,854)	-	(6,854)	-
Transfers					42,001,688	415	42,002,103	21,698,280
Total general revenues not including transfers					(2,357,229)	2,357,229	-	-
Total general revenues and transfers					39,644,459	2,357,644	42,002,103	21,698,280
Change in net position					750,005	184,339	934,344	(371,541)
Net position - beginning of year					11,647,057	565,204	12,212,261	2,366,466
Net position - end of year					\$ 12,397,062	\$ 749,543	\$ 13,146,605	\$ 1,994,925

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

County of Powhatan, Virginia

Fund Financial Statements

Balance Sheet
Governmental Funds

June 30, 2013

	Major Funds		Non-Major Funds		
	General	Debt Service	County Capital Projects	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 11,929,108	\$ -	\$ 1,151,983	\$ 514,196	\$ 13,595,287
Receivables (net of allowances for uncollectibles)					
Taxes receivable, including penalties	18,685,398	-	-	-	18,685,398
Accounts receivable	2,816	-	-	95,521	98,337
Prepaid expenses	34,892	-	-	-	34,892
Due from other governmental units	1,119,694	-	-	99,699	1,219,393
Restricted assets					
Temporarily restricted (in custody of others)					
Cash and cash equivalents	-	8,892	313,103	-	321,995
	<u>\$ 31,771,908</u>	<u>\$ 8,892</u>	<u>\$ 1,465,086</u>	<u>\$ 709,416</u>	<u>\$ 33,955,302</u>
Liabilities					
Accounts payable	\$ 555,788	\$ -	\$ 138	\$ 4,025	\$ 559,951
Deferred revenue	18,251,623	-	-	-	18,251,623
Unearned revenue	483,658	-	-	-	483,658
	<u>19,291,069</u>	<u>-</u>	<u>138</u>	<u>4,025</u>	<u>19,295,232</u>
Fund Balances					
Nonspendable for prepaids	34,892	-	-	-	34,892
Restricted for:					
Capital projects	-	-	313,103	-	313,103
Debt service	-	8,892	-	-	8,892
Other	-	-	-	705,391	705,391
Total restricted	-	8,892	313,103	705,391	1,027,386
Assigned to capital projects	-	-	1,151,845	-	1,151,845
Unassigned	12,445,947	-	-	-	12,445,947
	<u>12,480,839</u>	<u>8,892</u>	<u>1,464,948</u>	<u>705,391</u>	<u>14,660,070</u>
Total liabilities and fund balances	<u>\$ 31,771,908</u>	<u>\$ 8,892</u>	<u>\$ 1,465,086</u>	<u>\$ 709,416</u>	<u>\$ 33,955,302</u>

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

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**June 30, 2013**

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 14,660,070
Amounts reported for governmental activities in the Statement of Net Position (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	108,880,743
Less: accumulated depreciation	(39,614,824)
	<u>69,265,919</u>
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	56,316
Deferred revenue	2,120,183
	<u>2,176,499</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and loans payable	(67,623,149)
Bond issuance premium	(2,070,936)
Deferred amounts on refunding	(1,508,297)
Interest payable	(1,169,849)
Compensated absences	(663,190)
OPEB liability	(644,316)
Capital lease	(25,689)
	<u>(73,705,426)</u>
Net position of governmental activities	\$ 12,397,062

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

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

Year Ended June 30, 2013

	Major Funds		Non-Major Funds		Total Government Funds
	General	Debt Service	County Capital Projects	Other Governmental Funds	
Revenues					
General property taxes	\$ 33,503,021	\$ -	\$ -	\$ -	\$ 33,503,021
Other local taxes	4,960,172	-	-	-	4,960,172
Permits, privilege fees, and regulatory licenses	421,250	-	-	199,582	620,832
Fines and forfeitures	137,224	-	-	-	137,224
Revenue from use of money and property	237,617	65	1,261	64	239,007
Charges for services	177,159	-	-	479,084	656,243
Miscellaneous	162,577	-	-	20,117	182,694
Intergovernmental:					
Commonwealth	6,234,899	65,793	-	116,556	6,417,248
Federal	647,487	-	-	83,956	731,443
Total revenues	46,481,406	65,858	1,261	899,359	47,447,884
Expenditures					
Current:					
General government administration	2,833,088	-	-	-	2,833,088
Judicial administration	848,203	-	-	-	848,203
Public safety	6,313,554	-	-	453,459	6,767,013
Public works	1,606,243	-	-	-	1,606,243
Health and welfare	3,771,576	-	-	-	3,771,576
Education	19,990,590	-	-	-	19,990,590
Parks, recreation, and cultural	666,808	-	-	42,531	709,339
Community development	549,156	-	-	16,573	565,729
Capital outlays and projects	36,000	-	733,227	-	769,227
Debt service:					
Principal retirement	10,311	3,732,118	-	-	3,742,429
Interest and other fiscal charges	1,755	3,175,947	-	-	3,177,702
Total expenditures	36,627,284	6,908,065	733,227	512,563	44,781,139
Excess (deficiency) of revenues over (under) expenditures	9,854,122	(6,842,207)	(731,966)	386,796	2,666,745
Other financing sources (uses)					
Transfers in (out), net	(10,587,260)	6,842,272	1,492,305	(104,546)	(2,357,229)
Proceeds from capital lease	36,000	-	-	-	36,000
Total other financing sources (uses)	(10,551,260)	6,842,272	1,492,305	(104,546)	(2,321,229)
Net change in fund balances	(697,138)	65	760,339	282,250	345,516
Fund balances - beginning of year	13,177,977	8,827	704,609	423,141	14,314,554
Fund balances - end of year	\$ 12,480,839	\$ 8,892	\$ 1,464,948	\$ 705,391	\$ 14,660,070

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 the Statement of Activities**

Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ 345,516

**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 depreciation and amortization exceeded capital outlays in the current period. Details supporting this adjustment as follows:

Capital asset additions	663,181
Depreciation expense	(3,232,014)
Amortization expense	(4,582)
	<u>(2,573,415)</u>

Transfer of joint tenancy assets from Primary Government to the Component Unit	<u>(1,128,720)</u>
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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.	<u>(55,189)</u>
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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 position. A summary of items supporting this adjustment is as follows:

Proceeds from capital lease	(36,000)
Principal retired on revenue bonds	1,362,395
Principal retired on general obligation bonds	2,119,723
Principal retired on state literary fund loans	250,000
Principal retired on capital lease	10,311
	<u>3,706,429</u>

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	(53,877)
Change in other post employment benefits	(75,038)
Change in interest payable	72,206
Amortization of deferred amounts on refunding	122,715
Amortization of premium on bonds payable	146,232
Fixed asset disposals (loss on disposal)	(6,854)
Other expenses not paid with current financial resources	250,000
	<u>455,384</u>

Change in net position of governmental activities	<u>\$ 750,005</u>
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The accompanying notes are an integral part of these financial statements.

Statement of Net Position
Proprietary Fund

Year Ended June 30, 2013

	Enterprise Fund Water & Sewer
Assets	
Current assets	
Cash and cash equivalents	\$ 22,905
Accounts receivable, net of allowance for doubtful accounts	31,415
Total current assets	<u>54,320</u>
Noncurrent assets	
Unamortized bond issue costs	<u>183,176</u>
Temporarily restricted (in custody of others)	
Cash and cash equivalents - unspent bond proceeds	<u>72,357</u>
Capital assets	
Machinery and equipment	54,683
Land	859,030
Utility plant in service	21,439,351
Construction in progress	400,000
Less accumulated depreciation	<u>(3,081,673)</u>
Total capital assets	<u>19,671,391</u>
Total noncurrent assets	<u>19,926,924</u>
	<u>\$ 19,981,244</u>
Liabilities	
Current liabilities	
Deferred revenue	\$ 15,914
Accounts payable	52,589
Accrued interest payable	235,741
Compensated absences - current portion	2,200
Bonds payable - current portion	<u>493,956</u>
Total current liabilities	<u>800,400</u>
Noncurrent liabilities	
Compensated absences - net of current portion	40,581
Bonds payable - net of current portion	<u>18,390,720</u>
Total noncurrent liabilities	<u>18,431,301</u>
Total liabilities	<u>19,231,701</u>
Net Position	
Net investment in capital assets	786,715
Restricted for bond covenants	72,357
Unrestricted (deficit)	<u>(109,529)</u>
Total net position	<u>749,543</u>
	<u>\$ 19,981,244</u>

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

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

Year Ended June 30, 2013

	Enterprise Fund <u>Water & Sewer</u>
Operating revenues	
Water and sewer revenues	\$ 189,044
Miscellaneous revenues	5,509
Total operating revenues	<u>194,553</u>
Operating expenses	
Personal services	250,542
Fringe benefits	82,060
Contractual services	218,598
Other charges	542,139
Depreciation	434,822
Total operating expenses	<u>1,528,161</u>
Operating loss	<u>(1,333,608)</u>
Nonoperating revenues (expenses)	
Connection and reconnection fees	194,437
Investment earnings	415
Interest expense	(1,034,134)
Total nonoperating revenues (expenses)	<u>(839,282)</u>
Loss before transfers	(2,172,890)
Transfers	<u>2,357,229</u>
Net change in net position	184,339
Net position at beginning of year	<u>565,204</u>
Net position at end of year	<u>\$ 749,543</u>

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

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2013

	Enterprise Fund <u>Water & Sewer</u>
Cash flows from operating activities	
Receipts from customers and users	\$ 199,667
Payments to suppliers	(556,794)
Payments to employees	(318,753)
Net cash used by operating activities	<u>(675,880)</u>
Cash flows from noncapital financing activities	
Transfers from other funds	<u>2,357,229</u>
Cash flows from capital and related financing activities	
Additions to capital assets	(400,000)
Principal payments on bonds	(546,176)
Connection and availability fees	190,660
Interest payments	(955,775)
Net cash used by capital and related financing activities	<u>(1,711,291)</u>
Cash flows from investing activities	
Interest and dividends received	<u>415</u>
Net decrease in cash and cash equivalents	(29,527)
Cash and cash equivalents - beginning of year	<u>124,789</u>
Cash and cash equivalents - end of year	<u>\$ 95,262</u>
Cash and cash equivalents, as shown on the Statement of Net Position - Proprietary Fund	
Cash and cash equivalents - current assets	\$ 22,905
Cash and cash equivalents - unspent bond proceeds	<u>72,357</u>
	<u>\$ 95,262</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (1,333,608)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	434,822
Abandonment of capital projects	198,092
Increase in water and sewer receivables, net of allowance for uncollectibles	5,114
Increase in accounts payable and accrued liabilities	5,851
Decrease in compensated absences	(6,935)
Increase in OPEB liability	20,784
Total adjustments	<u>657,728</u>
Net cash used by operating activities	<u>\$ (675,880)</u>

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

County of Powhatan, Virginia
Statement of Fiduciary Net Position
Agency Funds

Exhibit 10

June 30, 2013

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 139,943</u>
Liabilities	
Amounts held for social services clients	\$ 41,712
Amounts held for others	<u>98,231</u>
	<u>\$ 139,943</u>

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

June 30, 2013

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 position 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 Position

The statement of net position 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 position and will report depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 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, 2013.

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, 2013.

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 2013 was \$2,400.

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 2013 was \$200,835.

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, and 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. During fiscal year 2013, the County executed and renewed 6 contracts with the CVWMA. The County's contribution for fiscal year 2013 was \$505,211.

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 2013.

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 2013 was \$197,066.

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 conservation programs. However, during fiscal year 2013, this agreement was cancelled and the County made no contribution during fiscal year 2013.

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 2013.

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 2013 were \$16,974.

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 2013 was \$85,635.

Maggie L. Walker Governor's School for Government and International Studies

The Maggie L. Walker Governor's School for Government and International Studies provides broad-based educational opportunities that develop gifted students' understanding of world cultures and languages, as well as their ability to lead, participate, and contribute in a rapidly changing global society. The Regional School Board is jointly governed by a representative from each of the following localities: the counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, and Prince George and the cities of Hopewell, King and Queen, Petersburg, and Richmond. The County of Powhatan pays the school a set rate for each student that attends. The School Board's contribution for fiscal year 2013 was \$77,792.

Appomattox Regional Governor's School

The Appomattox Regional Governor's School for the Arts and Technology provides gifted and talented students a differentiated and rigorous education, cultivates a supportive environment that inspires unique artistic and technological visions, promotes cultural tolerance, nurtures community partnerships, and produces active, engaged citizens. This school board is jointly governed by a representative from each of the following localities: the counties of Amelia, Charles City, Chesterfield, Dinwiddie, Powhatan, Prince George, Southampton, Surry and Sussex and the cities of Colonial Heights, Franklin, Hopewell, Petersburg, and Richmond. The County of Powhatan pays the school a set rate for each student that attends. The School Board's contribution for fiscal year 2013 was \$46,158.

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 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 taxes, 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 and Debt Service 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.

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. Capital Project Funds

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

b. 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, EMS Revenue, and Grants Fund.

c. 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 \$575,941 at June 30, 2013 and is comprised of property taxes in the amount of \$569,277 and water and sewer revenues of \$6,664.

Real and Personal Property Tax Data

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due date	June 5 / November 5	June 5 / November 5*
Lien date	January 1	January 1

The County bills and collects its own property taxes.

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:

Buildings	5 - 40 years
Utility plant in service	30 - 50 years
Machinery and equipment	3 - 20 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 Position. 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 position. 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 constrained 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 Position

Net position is the difference between assets and liabilities. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net position represents constraints placed on net position 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 position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

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.

O. Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through December 5, 2013, 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. 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.
- D. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- E. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures did not exceed appropriations during the fiscal year ending June 30, 2013.

3. New GASB Standard

In the fiscal year ending June 30, 2013, the County adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63)*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position (net assets/balance sheet). Amounts that are required to be reported as deferred outflows should be reported in a statement of net position in a separate section following assets. Similarly, amounts required to be reported as deferred inflows of resources should be reported in a separated section following liabilities. The Statement of Net Position should report the residual amount as net position, rather than net assets or equity. GASB 63 was implemented retroactively. The adoption of this statement resulted in a change in the presentation of the Statement of Net Assets to Net Position.

4. 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, 2013, 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, 2013 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	
<u>Rated Debt Investments</u>	<u>Fair Quality Rating AAAm</u>
Local Government Investment Pool	\$ 16,674
Virginia State Non-Arbitrage Pool	81,249
	<u>\$ 97,923</u>

Total Cash and Cash Equivalents

Following is a summary, as of June 30, 2013, of the Primary Government's cash, cash equivalents, and investments by asset type:

<u>Government-Wide Accounts</u>	<u>Balance June 30, 2013</u>
Current:	
Governmental Activities	\$ 13,595,287
Proprietary Funds:	
Water and Sewer Fund	22,905
Fiduciary Funds:	
Agency Fund	139,943
Temporarily restricted (in custody of others):	
Governmental Activities	321,995
Proprietary Funds - Water and Sewer Funds	<u>72,357</u>
 Total cash, cash equivalents, and investments	 <u>\$ 14,152,487</u>
 <u>Asset Type</u>	
Deposit accounts	\$ 10,554,564
Local Government Investment Pool	16,674
Virginia State Non-Arbitrage Pool	81,249
Certificates of Deposit	<u>3,500,000</u>
 Total cash and cash equivalents	 <u>\$ 14,152,487</u>

5. Due From Other Governmental Units

At June 30, 2013 the County has receivables from other governments as follows:

	Component Unit	
	Primary Government	School Board
Commonwealth of Virginia:		
State sales tax	\$ -	\$ 769,782
Excess fees of Clerks	4,613	-
Rolling stock tax	11,123	-
E-911 wireless funds	8,544	-
Recordation tax	28,184	-
Car rental distribution	3,380	-
Comprehensive service	111,090	-
Victim witness assistance grant	26,253	-
Communication tax	139,326	-
Public assistance and welfare	36,639	-
Constitutional officer reimbursements	146,834	-
Local sales tax	541,921	-
Fire programs funds	79,989	-
Federal Government:		
Public assistance and welfare	55,642	-
CSBG funds	4,069	-
School fund grants	-	386,210
Recreation trail program grant	14,159	-
Other federal funds	7,627	-
Total due from other governments	\$ 1,219,393	\$ 1,155,992

6. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2013:

Primary Government

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,590,827	\$ -	\$ -	\$ 1,590,827
Construction in progress	4,765,657	297,631	(4,765,657)	297,631
Total capital assets not being depreciated	6,356,484	297,631	(4,765,657)	1,888,458
Capital assets being depreciated:				
Buildings	15,348,362	4,647,622	-	19,995,984
Machinery and Equipment	8,425,239	473,830	(107,440)	8,791,629
Jointly owned assets	80,328,416	9,755	(2,133,499)	78,204,672
Total capital assets being depreciated	104,102,017	5,131,207	(2,240,939)	106,992,285
Less accumulated depreciation for:				
Buildings	(6,189,765)	(619,924)	-	(6,809,689)
Machinery and Equipment	(6,118,245)	(517,331)	100,586	(6,534,990)
Jointly owned assets	(25,180,165)	(2,094,759)	1,004,779	(26,270,145)
Total accumulated depreciation	(37,488,175)	(3,232,014)	1,105,365	(39,614,824)
Total capital assets being depreciated, net	66,613,842	1,899,193	(1,135,574)	67,377,461
Governmental capital assets, net	\$ 72,970,326	\$ 2,196,824	\$ (5,901,231)	\$ 69,265,919

Primary Government

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 859,030	\$ -	\$ -	\$ 859,030
Construction in progress	198,092	400,000	(198,092)	400,000
Total capital assets not being depreciated	1,057,122	400,000	(198,092)	1,259,030
Capital assets being depreciated:				
Utility plant in service	21,439,351	-	-	21,439,351
Machinery and equipment	54,683	-	-	54,683
Total capital assets being depreciated	21,494,034	-	-	21,494,034
Less accumulated depreciation for:				
Utility plant in service	(2,592,168)	(434,822)	-	(3,026,990)
Machinery and equipment	(54,683)	-	-	(54,683)
Total accumulated depreciation	(2,646,851)	(434,822)	-	(3,081,673)
Total capital assets being depreciated, net	18,847,183	(434,822)	-	18,412,361
Business-type capital assets, net	\$ 19,904,305	\$ (34,822)	\$ (198,092)	\$ 19,671,391

Component Unit – School Board

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 668,764	\$ -	\$ -	\$ 668,764
Construction in progress	-	9,222	-	9,222
Total capital assets not being depreciated	668,764	9,222	-	677,986
Capital assets being depreciated:				
Jointly owned assets	13,346,056	1,626,764	-	14,972,820
Machinery and equipment	111,255	368,670	-	479,925
Total capital assets being depreciated	13,457,311	1,995,434	-	15,452,745
Less accumulated depreciation for:				
Jointly owned assets	(4,183,525)	(846,074)	-	(5,029,599)
Machinery and equipment	(95,637)	(58,181)	-	(153,818)
Total accumulated depreciation	(4,279,162)	(904,255)	-	(5,183,417)
Total capital assets being depreciated, net	9,178,149	1,091,179	-	10,269,328
Component unit capital assets, net	\$ 9,846,913	\$ 1,100,401	\$ -	\$ 10,947,314

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

Government activities:	
General government administration	\$ 179,829
Judicial administration	80,581
Public safety	614,717
Public works	19,820
Health and welfare	8,678
Education	2,094,760
Parks, recreation and cultural	225,152
Community development	8,477
Total governmental activities	<u>\$ 3,232,014</u>
Business-type activities:	
Water and sewer fund	<u>\$ 434,822</u>
Component Unit - School Board:	
Education	\$ 406,211
Accumulated depreciation on jointly owned assets transferred to School Board during the year	498,044
Total Component Unit School Board	<u>\$ 904,255</u>

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

	<u>Expended to June 30, 2013</u>	<u>Committed at June 30, 2013</u>
Governmental activities:		
Huguenot Public Safety Building / Powhatan Fire Station #2	\$ 268,310	\$ 268,311
Business-type activities:		
VDOC Waterline Upsizing/Capacity Rights	400,000	194,734
Component Unit - School Board:		
School Buses	9,222	481,210
	<u>\$ 677,532</u>	<u>\$ 944,255</u>

7. Interfund Transfers

Interfund transfers for the year ended June 30, 2013, consisted of the following:

Primary Government:	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General fund	\$ 79,546	\$ (10,666,806)
Other governmental funds	-	(104,546)
Debt service fund	6,842,272	-
Capital projects fund	1,492,305	-
Total governmental funds	8,414,123	(10,771,352)
Enterprise funds:		
Water and sewer	2,357,229	-
Total – All funds	<u>\$ 10,771,352</u>	<u>\$ (10,771,352)</u>

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.

8. Long-Term Obligations

Primary Government

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2013:

	Amount Payable July 1, 2012	Increase	Decrease	Amount Payable June 30, 2013	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Compensated absences	\$ 609,313	\$ 355,335	\$ (301,458)	\$ 663,190	\$ 66,319
Lease revenue bonds	16,207,017	-	(518,395)	15,688,622	475,971
Bond premium	784,588	-	(73,480)	711,108	72,938
Deferred amount on refunding	1,631,012	-	(122,715)	1,508,297	120,230
Capital lease	-	36,000	(10,311)	25,689	10,903
OPEB liability	569,278	93,444	(18,406)	644,316	-
Total incurred by County	19,801,208	484,779	(1,044,765)	19,241,222	746,361
Incurred by School Board (for School Capital Assets):					
Literary loans	1,750,000	-	(250,000)	1,500,000	250,000
General obligations	35,674,250	-	(2,119,723)	33,554,527	2,129,417
Lease revenue bonds	17,724,000	-	(844,000)	16,880,000	896,000
Bond premium	1,432,580	-	(72,752)	1,359,828	72,751
Total incurred by School Board	56,580,830	-	(3,286,475)	53,294,355	3,348,168
Total governmental obligations	\$ 76,382,038	\$ 484,779	\$ (4,331,240)	\$ 72,535,577	\$ 4,094,529

	Amount Payable July 1, 2012	Increase	Decrease	Amount Payable June 30, 2013	Amounts Due Within One Year
Business-Type Obligations:					
Compensated absences payable	\$ 28,932	\$ 10,071	\$ (17,006)	\$ 21,997	\$ 2,200
General obligation bonds	7,330,586	-	(262,468)	7,068,118	277,766
Bond premium	1,459,348	1,113,841	(1,213,843)	1,359,346	100,003
Deferred amount on refunding	(2,351,919)	-	177,756	(2,174,163)	(176,843)
Lease revenue bonds	12,915,083	-	(283,708)	12,631,375	293,030
OPEB liability	-	21,378	(594)	20,784	-
Total enterprise obligations	\$ 19,382,030	\$ 1,145,290	\$ (1,599,863)	\$ 18,927,457	\$ 496,156

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

Year Ending June 30,	County Obligations	
	Lease Revenue Bonds	
	Principal	Interest
2014	\$ 475,971	\$ 672,008
2015	594,175	650,903
2016	958,322	617,522
2017	1,016,440	575,484
2018	1,234,145	524,424
2019 – 2023	4,591,569	1,893,186
2024 – 2028	3,510,000	1,134,438
2029 – 2033	3,098,000	353,216
2034	210,000	5,081
Total	\$ 15,688,622	\$ 6,426,262

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

Year Ending June 30,	School Board Obligations					
	Lease Revenue Bonds		Literary Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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	812,000	632,910	250,000	15,000	1,755,316	1,181,578
2019 – 2023	4,368,000	2,544,910	250,000	7,500	9,344,125	4,764,739
2024 – 2028	4,040,000	1,560,460	-	-	8,256,970	2,753,000
2029 – 2032	3,812,000	488,200	-	-	6,431,160	785,715
	<u>\$ 16,880,000</u>	<u>\$ 8,250,520</u>	<u>\$ 1,500,000</u>	<u>\$ 157,500</u>	<u>\$ 33,554,527</u>	<u>\$ 14,901,973</u>

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

Year Ending June 30,	Business-Type Obligations			
	General Obligation Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
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	321,167	282,971	438,855	535,217
2019 – 2023	1,276,932	1,205,068	2,365,428	2,365,398
2024 – 2028	1,205,000	922,671	2,890,000	1,733,142
2029 – 2033	1,550,000	585,607	3,690,000	918,039
2034 – 2038	1,545,000	158,690	1,825,000	170,044
Total	<u>\$ 7,068,118</u>	<u>\$ 4,412,896</u>	<u>\$ 12,631,375</u>	<u>\$ 8,037,889</u>

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%	\$ 2,840,000
\$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%	4,220,000
\$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%	3,438,622
\$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%	5,190,000
Total lease revenue bonds	<u>15,688,622</u>

Unamortized bond premiums:

2011 VRA refunding lease revenue bond	330,233
2007 EDA lease revenue bond	86,409
2010 VRA lease revenue bond	294,466
Total unamortized premiums	<u>711,108</u>

Deferred amount on 2011 VRA refunding lease revenue bond 1,508,297

Compensated absences 663,190

\$36,000 capital lease obligation issued in August 2012, secured by equipment, due in monthly installments of \$1,097, including interest at 6.1%, through August 2015 25,689

Other post-employment benefits 644,316

Total incurred by County \$ 19,241,222

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% \$ 1,500,000

General obligation bonds:

\$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%	100,000
\$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%	3,599,740
\$3,770,000 issued May 2004 due in various annual principal payments through July 2024, interest payable semi-annually at 5.10%	2,250,000
\$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%	400,000
\$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%	506,996
\$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%	21,510,000
\$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%	5,187,791
Total general obligation bonds	<u>33,554,527</u>

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%	<u>16,880,000</u>
Unamortized bond premiums:	
2010 general obligation refunding bond	894,466
2008 general obligation bond	119,724
2007 lease revenue bond	<u>345,638</u>
Total premiums on bonds payable	<u>1,359,828</u>
Total incurred by School Board	<u>53,294,355</u>
Total governmental obligations	<u>\$ 72,535,577</u>
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%	\$ 5,980,000
\$2,386,274 issued February 2001 due in annual principal payments of \$181,291, interest due annually at 4.00%	<u>1,088,118</u>
Total general obligation bonds	<u>7,068,118</u>
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%	8,495,000
\$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%	90,000
\$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%	226,375
\$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%	<u>3,820,000</u>
Total lease revenue bonds	<u>12,631,375</u>
Unamortized bond premiums:	
2006 general obligation bond	\$ 112,471
2011 VRA refunding lease revenue bond	981,835
2011 VRA lease revenue bond	12,952
2010 VRA water and sewer system revenue bond	<u>252,088</u>
Total premiums on bonds payable	<u>1,359,346</u>
Deferred amount on 2011 VRA refunding bond	(2,174,163)
Compensated absences	21,997
Other post-employment benefits	<u>20,784</u>
Total enterprise obligations	<u>\$ 18,927,457</u>

Component Unit – School Board

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2013:

	Amount Payable July 01, 2012	Increase	Decrease	Amount Payable June 30, 2013	Amounts Due Within One Year
Compensated absences payable (payable from the School Fund)	\$ 1,942,184	\$ 388,437	\$ (295,538)	\$ 2,035,083	\$ 203,508
OPEB liability	5,707,948	1,389,652	(458,000)	6,639,600	-
Subtotal	7,650,132	1,778,089	(753,538)	8,674,683	203,508
Deferred compensation liability	-	2,393,559	(802,088)	1,591,471	732,726
Total incurred by School Board	\$ 7,650,132	\$ 4,171,648	\$ (1,555,626)	\$ 10,266,154	\$ 936,234

The School Board has adopted a deferred compensation plan designed to provide supplemental income to recently retired School Board teachers and staff and transition them into retirement, in addition to keeping experienced educators in the Powhatan County School Division. To be eligible, participants must be former full-time employees of the School Board who have retired, are eligible to receive retirement benefits under the Virginia Retirement System (VRS), are not eligible for disability retirement benefits under the VRS, and have attained:

- (a) age 53 with 30 years of service with Powhatan County Schools; or
- (b) age 54 with 20 years of service with Powhatan County Schools; or
- (c) age 55 with 10 years of service with Powhatan County Schools; and
- (d) has worked in the Powhatan County Public School system for the five (5) year period immediately preceding retirement.

While the Plan is open to all full-time School Board retirees who meet the eligibility criteria noted above, participation in the plan is dependent on the approval of the Superintendent and the availability of a suitable position. Normally participants perform the duties of the position from which they retired, but the Superintendent may assign them to another suitable position.

The School Board is obligated to request an appropriation each year for an amount which is necessary to maintain the plan in a sound actuarial basis to the fullest degree and in a manner consistent with the constitution and laws of the Commonwealth of Virginia. Employees are not permitted to make contributions to the plan. The School Board contributed \$690,000 to the plan during the year ended June 30, 2013.

9. 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 \$18,735,281 is comprised of the following:

Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$18,251,623 at June 30, 2013.

Prepaid Property Taxes

Property taxes due subsequent to June 30, 2013 but paid in advance by the taxpayers totaled \$483,658 at June 30, 2013.

10. Fund Balance

General Fund

The General Fund has an Unassigned Fund Balance of \$12,480,839 at June 30, 2013.

Other Major Funds

The Debt Service Fund has Restricted Funds of \$8,892 that have been set aside for payment of future debt obligations.

Other Funds

The Capital Projects Fund has Restricted Funds of \$313,103 consisting primarily of unspent bond funds that will be used on current and future capital projects. The following non-major funds have restricted fund balances designated for specific purposes:

Fund	Purpose	Amount
Asset Forfeiture Fund	Sheriff - drug enforcement	\$ 15,568
Drug Taskforce Fund	Sheriff - drug enforcement	21,332
Grants Fund	Specific grantor restrictions	60,602
Cash Proffers Fund	Transportation	454,582
EMS Revenue Fund	Emergency medical transport services	153,307
		<hr/>
		\$ 705,391

11. 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.

Commitments

The County entered into an agreement on June 7, 2013 with Southeastern Specialty Vehicles to purchase a new ambulance. The total amount of the contract is \$91,999 and payment is due on delivery.

The County has contracted with a vendor for property reassessment services. The County is billed for these services on a pay-as-you-go basis. At June 30, 2013, the County had expended approximately \$131,000 on these services and the reassessment was approximately 72% complete.

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

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds:	
William E. Maxey, Jr., Clerk of the Circuit Court	\$ 320,000
Faye Barton, Treasurer	400,000
Jeff Jarosinski, Director of Administration and Finance	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 school 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 service 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 were vested as of January 1, 2013 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 Plan 1 members who were not vested on January 1, 2013 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. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. 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 website at <http://www.varetire.org/pdf/publications/2012-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. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. 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 2013 were 13.49% and 8.92% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$2,246,305, \$2,461,056, and \$1,922,838 to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012, and 2011, respectively and these contributions represented 11.66%, 11.33%, and 8.93%, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2013, the County's annual pension cost of \$837,162 was equal to the County's required and actual contributions.

For fiscal year 2013, the County School Board's annual pension cost for the Board's nonprofessional employees was \$150,783 and was equal to the Board's required and actual contributions.

Three-Year Trend Information for the County and School Board

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)(1)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2013	\$ 837,162	100%	\$ -
June 30, 2012	\$ 1,128,899	100%	\$ -
June 30, 2011	\$ 1,115,983	100%	\$ -
School Board Nonprofessional:			
June 30, 2013	\$ 150,783	100%	\$ -
June 30, 2012	\$ 252,251	100%	\$ -
June 30, 2011	\$ 254,324	100%	\$ -

(1) Includes Employer and Employee portion for fiscal years ending June 30, 2012, and June 30, 2011, only.

The fiscal year 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7%, (b) projected salary increases ranging from 3.75% to 5.6% per year for general government employees, 3.75% to 6.2% per year for teachers, 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 for Plan 1 employees and 2.25% for Plan 2 employees. Both the 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, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the Primary Government plan was 66.97% funded. The actuarial accrued liability for benefits was \$14,313,995, and the actuarial value of assets was \$9,586,595, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,727,400. The covered payroll (annual payroll, of active employees covered by the plan) was \$6,270,897, and ratio of the UAAL to the covered payroll was 75.39%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's Non-Professional plan was 82.57% funded. The actuarial accrued liability for benefits was \$7,509,303, and the actuarial value of assets was \$6,200,454 resulting in an unfunded actuarial accrued Liability (UAAL) of \$1,308,849. The covered payroll (annual payroll of active employees covered by the plan) was \$2,259,206, and ratio of the UAAL to the covered payroll was 57.93%.

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 138 active members with total active covered payroll of \$6,197,808 and 3 retirees and 1 spouse.

The Powhatan County Schools retirees who attain the age of 50 with at least 5 years of service are eligible to participate in the retiree medical plan. The School Board pays 100% of the premium cost for retirees' single coverage. Retirees pay 100% of any additional premium for spouse and dependent coverage. Schools membership in the plan at the time of the actuarial study consisted of 582 active members with total active covered payroll of \$22,896,775 and 34 retirees and 8 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:

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
Annual required contribution	\$ 108,113	\$ 3,487	\$ 111,600	\$ 1,358,300
Interest on net OPEB obligation	22,088	712	22,800	228,300
Adjustment to annual required contribution	(36,757)	17,179	(19,578)	(196,948)
Annual OPEB cost (expense)	93,444	21,378	114,822	1,389,652
Estimated contributions made	(18,406)	(594)	(19,000)	(458,000)
Increase in net OPEB obligation	75,038	20,784	95,822	931,652
Net OPEB obligation – beginning of year	569,278	-	569,278	5,707,948
Net OPEB obligation – end of year	\$ 644,316	\$ 20,784	\$ 665,100	\$ 6,639,600

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 2012 and 2013 were as follows:

Fiscal Year Ended June 30, 2013	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County:			
6/30/2013	\$ 114,822	16.55%	\$ 665,100
6/30/2012	\$ 108,300	22.44%	\$ 569,278
Schools:			
6/30/2013	\$ 1,389,652	32.96%	\$ 6,639,600
6/30/2012	\$ 1,315,200	26.57%	\$ 5,707,948

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, 2013 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 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended Year Ended June 30, 2013 and 2012 were \$213,842 and \$130,480, respectively, which equaled the required contributions for the year.

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County of Powhatan, Virginia

Required Supplementary Information

Year Ended June 30, 2013

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, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 35,510,313	\$ 32,487,841	\$ 33,503,021	\$ 1,015,180
Other local taxes	4,975,000	4,975,000	4,960,172	(14,828)
Permits, privilege fees, and regulatory licenses	331,000	331,000	421,250	90,250
Fines and forfeitures	169,400	169,400	137,224	(32,176)
Revenue from use of money and property	229,000	229,000	237,617	8,617
Charges for services	689,000	689,000	177,159	(511,841)
Miscellaneous	130,280	130,280	162,577	32,297
Intergovernmental revenues:				
Commonwealth	3,326,569	6,284,041	6,234,899	(49,142)
Federal	696,836	696,836	647,487	(49,349)
Total revenues	46,057,398	45,992,398	46,481,406	489,008
Expenditures				
General government administration	2,790,794	2,860,694	2,833,088	27,606
Judicial administration	867,736	867,736	848,203	19,533
Public safety	6,697,063	6,636,990	6,313,554	323,436
Public works	1,667,938	1,680,423	1,606,243	74,180
Health and welfare	3,947,998	3,947,998	3,771,576	176,422
Education	20,102,427	20,102,427	19,990,590	111,837
Parks, recreation, and cultural	677,265	677,265	666,808	10,457
Community development	643,486	546,174	549,156	(2,982)
Debt service	-	-	12,066	(12,066)
Capital outlays and projects	(10,000)	-	36,000	(36,000)
Total expenditures	37,384,707	37,319,707	36,627,284	692,423
Excess of revenues over expenditures	8,672,691	8,672,691	9,854,122	1,181,431
Other financing sources (uses)				
Transfers out, net	(10,439,682)	(10,737,316)	(10,587,260)	150,056
Proceeds from capital lease	-	-	36,000	36,000
Total other financing sources (uses)	(10,439,682)	(10,737,316)	(10,551,260)	186,056
Net change in fund balances	(1,766,991)	(2,064,625)	(697,138)	1,367,487
Fund balance at beginning of year	13,177,977	13,177,977	13,177,977	-
Fund balance at end of year	\$ 11,410,986	\$ 11,113,352	\$ 12,480,839	\$ 1,367,487

See report of independent auditor.

County of Powhatan, Virginia
Schedule of Funding Progress

Exhibit 12

Primary Government - County Retirement Plan

Valuation Date*	Actuarial Value of Assets (AVA)	Actuarial 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)
6/30/2012	\$ 9,586,595	\$ 14,313,995	\$ 4,727,400.00	66.97%	\$ 6,270,897	75.39%
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 seven years and therefore there is only actuarial information for seven years.

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

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial 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)
6/30/2012	\$ 6,200,454	\$ 7,509,303	\$ 1,308,849	82.57%	\$ 2,259,206	57.93%
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 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, 2013

County of Powhatan, Virginia
Combining and Individual Fund Statements and Schedules
Year Ended June 30, 2013

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

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues				
Revenue from use of money and property	\$ -	\$ -	\$ 65	\$ 65
Other state funds	-	-	65,793	65,793
Total revenues	-	-	65,858	65,858
Expenditures				
Debt service				
Principal retirement	3,717,615	3,717,615	3,732,118	(14,503)
Interest and other fiscal charges	3,319,063	3,319,063	3,175,947	143,116
Total expenditures	7,036,678	7,036,678	6,908,065	128,613
Deficiency of revenues under expenditures	(7,036,678)	(7,036,678)	(6,842,207)	194,471
Other financing sources				
Transfers in	7,036,678	7,036,678	6,842,272	(194,406)
Net change in fund balances	-	-	65	65
Fund balance at beginning of year	8,827	8,827	8,827	-
Fund balance at end of year	\$ 8,827	\$ 8,827	\$ 8,892	\$ 65

See report of independent auditor.

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

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues				
Revenue from use of money and property	\$ -	\$ -	\$ 1,261	\$ 1,261
Expenditures				
Capital outlays and projects	1,475,330	2,143,432	733,227	1,410,205
Deficiency of revenues under expenditures	(1,475,330)	(2,143,432)	(731,966)	1,411,466
Other financing sources (uses)				
Transfers in (out)	1,501,671	1,324,305	1,492,305	168,000
Net change in fund balances	26,341	(819,127)	760,339	1,579,466
Fund balance at beginning of year	704,609	704,609	704,609	-
Fund balance at end of year	\$ 730,950	\$ (114,518)	\$ 1,464,948	\$ 1,579,466

See report of independent auditor.

County of Powhatan, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds

Exhibit 15

June 30, 2013

	Cash Proffers Fund	Drug Taskforce Fund	Asset Forfeiture Fund	Grants Fund	EMS Revenue Fund	Total
Assets						
Cash and cash equivalents	\$ 454,582	\$ 21,332	\$ 15,568	\$ (35,072)	\$ 57,786	\$ 514,196
Accounts receivable	-	-	-	-	95,521	95,521
Due from other governmental units	-	-	-	99,699	-	99,699
	<u>\$ 454,582</u>	<u>\$ 21,332</u>	<u>\$ 15,568</u>	<u>\$ 64,627</u>	<u>\$ 153,307</u>	<u>\$ 709,416</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 4,025	\$ -	\$ 4,025
Fund balances						
Restricted	454,582	21,332	15,568	60,602	153,307	705,391
	<u>\$ 454,582</u>	<u>\$ 21,332</u>	<u>\$ 15,568</u>	<u>\$ 64,627</u>	<u>\$ 153,307</u>	<u>\$ 709,416</u>

See report of independent auditor.

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

Year Ended June 30, 2013

	Cash Proffers Fund	Drug Taskforce Fund	Asset Forfeiture Fund	Grants Fund	EMS Revenue Fund	Total
Revenues						
Permits, privilege fees, and regulatory licenses	\$ 199,582	\$ -	\$ -	\$ -	\$ -	\$ 199,582
Revenue from use of money and property	-	25	39	-	-	64
Charges for services	-	-	-	-	479,084	479,084
Miscellaneous revenues	-	-	-	20,117	-	20,117
Intergovernmental revenues						
Commonwealth	-	4,364	-	112,192	-	116,556
Federal government	-	-	-	83,956	-	83,956
Total revenues	199,582	4,389	39	216,265	479,084	899,359
Expenditures						
Public safety	-	12,766	4,930	109,986	325,777	453,459
Parks, recreation, and cultural	-	-	-	42,531	-	42,531
Community development	-	-	-	16,573	-	16,573
Total expenditures	-	12,766	4,930	169,090	325,777	512,563
Excess (deficiency) of revenues over (under) expenditures	199,582	(8,377)	(4,891)	47,175	153,307	386,796
Other financing uses						
Transfers out	(25,000)	-	-	(79,546)	-	(104,546)
Net change in fund balances	174,582	(8,377)	(4,891)	(32,371)	153,307	282,250
Fund balance at beginning of year	280,000	29,709	20,459	92,973	-	423,141
Fund balance at end of year	\$ 454,582	\$ 21,332	\$ 15,568	\$ 60,602	\$ 153,307	\$ 705,391

See report of independent auditor.

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

Year Ended June 30, 2013

	Cash Proffers Fund			Grants Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	Budgeted Amounts		Actual	
	Original	Final		Original	Final		
Revenues							
Permits, privilege fees, and regulatory licenses	\$ 75,000	\$ 75,000	\$ 199,582	\$ 124,582	\$ -	\$ -	\$ -
Miscellaneous revenues	-	-	-	-	19,117	20,117	-
Intergovernmental revenues	-	-	-	-	47,672	112,672	(480)
Commonwealth	-	-	-	-	146,157	146,157	(62,201)
Federal government	-	-	-	-	212,946	278,946	(62,681)
Total revenues	75,000	75,000	199,582	124,582		216,265	
Expenditures							
Public safety	-	-	-	-	80,648	146,648	36,662
Health and Welfare	-	-	-	-	6,333	6,333	6,333
Parks, recreation, and cultural	-	-	-	-	100,000	100,000	42,531
Community development	75,000	75,000	-	75,000	24,990	24,990	16,573
Total expenditures	75,000	75,000	-	75,000	211,971	277,971	108,881
Excess of revenues over expenditures	-	-	199,582	199,582	975	975	46,200
Other financing sources (uses)							
Transfers in	-	-	-	-	6,333	6,333	(6,333)
Transfers out	-	(25,000)	(25,000)	-	(83,999)	(83,999)	4,453
Total other financing sources (uses)	-	(25,000)	(25,000)	-	(77,666)	(79,546)	(1,880)
Net change in fund balances	-	(25,000)	174,582	199,582	(76,691)	(76,691)	44,320
Fund balance at beginning of year	280,000	280,000	280,000	-	92,973	92,973	-
Fund balance at end of year	\$ 280,000	\$ 255,000	\$ 454,582	\$ 199,582	\$ 16,282	\$ 60,602	\$ 44,320

See report of independent auditor.

Combining Statement of Fiduciary Net Position
Agency Funds

June 30, 2013

	Agency Funds		
	Special Welfare	Bond Escrow	Total
Assets			
Cash and cash equivalents	\$ 41,712	\$ 98,231	\$ 139,943
Liabilities			
Amounts held for social services clients	\$ 41,712	\$ -	\$ 41,712
Amounts held for others	-	98,231	98,231
	\$ 41,712	\$ 98,231	\$ 139,943

See report of independent auditor.

**Combining Statement of Changes in Assets and Liabilities
Agency Funds**

June 30, 2013

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Special Welfare Fund				
Assets:				
Cash and cash equivalents	\$ 37,176	\$ 48,000	\$ (43,464)	\$ 41,712
Liabilities:				
Amounts held for social services clients	\$ 37,176	\$ 48,000	\$ (43,464)	\$ 41,712
Bond Escrow				
Assets:				
Cash and cash equivalents	\$ 80,241	\$ 36,380	\$ (18,390)	\$ 98,231
Accounts receivable	21,250	-	(21,250)	-
	101,491	36,380	(39,640)	98,231
Liabilities:				
Amounts held for others	\$ 101,491	\$ 36,380	\$ (39,640)	\$ 98,231
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 117,417	\$ 84,380	\$ (61,854)	\$ 139,943
Accounts receivable	21,250	-	(21,250)	-
	\$ 138,667	\$ 84,380	\$ (83,104)	\$ 139,943
Liabilities:				
Amounts held for social services clients	\$ 37,176	\$ 48,000	\$ (43,464)	\$ 41,712
Amounts held for others	101,491	36,380	(39,640)	98,231
	\$ 138,667	\$ 84,380	\$ (83,104)	\$ 139,943

See report of independent auditor.

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County of Powhatan, Virginia

Discretely Presented Component Unit School Board

Year Ended June 30, 2013

Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2013

Assets	School Operating Fund	School Retirement Fund	School Cafeteria Fund	Total Component Unit
Cash and cash equivalents	\$ 4,174,732	\$ -	\$ 6,179	\$ 4,180,911
Due from other governmental units	1,155,992	-	-	1,155,992
Due from other funds	-	690,000	140,000	830,000
Inventories	-	-	6,774	6,774
Temporarily restricted (in custody of others)				
Cash and cash equivalents	-	66,210	-	66,210
Investments	-	473,992	-	473,992
	<u>\$ 5,330,724</u>	<u>\$ 1,230,202</u>	<u>\$ 152,953</u>	<u>\$ 6,713,879</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 419,691	\$ -	\$ -	\$ 419,691
Accrued liabilities	4,081,033	-	69,390	4,150,423
Due to other funds	830,000	-	-	830,000
Long-term liabilities payable from restricted assets				
Due within one year	-	732,726	-	732,726
Due in more than one year	-	858,745	-	858,745
Total liabilities	<u>5,330,724</u>	<u>1,591,471</u>	<u>69,390</u>	<u>6,991,585</u>
Fund Balances				
Nonspendable				
Inventories	-	-	6,774	6,774
Assigned	-	-	76,789	76,789
Unassigned	-	(361,269)	-	(361,269)
Total fund balances	<u>-</u>	<u>(361,269)</u>	<u>83,563</u>	<u>(277,706)</u>
	<u>\$ 5,330,724</u>	<u>\$ 1,230,202</u>	<u>\$ 152,953</u>	<u>\$ 6,713,879</u>

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

Total fund balances per above	\$ (277,706)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	10,947,314
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(8,674,683)</u>
Net position of governmental activities	<u>\$ 1,994,925</u>

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, 2013

	School Operating Fund	School Retirement Fund	School Cafeteria Fund	Total Component Unit
Revenues				
Revenue from use of money and property	\$ 27,423	\$ 133,309	\$ 604	\$ 161,336
Charges for services	108,950	-	684,967	793,917
Miscellaneous revenues	107,879	-	-	107,879
Intergovernmental revenues				
Local government	19,990,590	-	-	19,990,590
Commonwealth	19,190,195	-	20,596	19,210,791
Federal government	1,393,781	-	440,363	1,834,144
Total revenues	40,818,818	133,309	1,146,530	42,098,657
Expenditures				
Education	39,988,818	1,184,578	1,372,652	42,546,048
Excess (deficiency) of revenues over (under) expenditures	830,000	(1,051,269)	(226,122)	(447,391)
Other financing sources (uses)				
Transfers in (out)	(830,000)	690,000	140,000	-
Changes in fund balances	-	(361,269)	(86,122)	(447,391)
Fund balances - beginning of year	-	-	169,685	169,685
Fund balances - end of year	\$ -	\$ (361,269)	\$ 83,563	\$ (277,706)

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

Net change in fund balances - total governmental funds - per above \$ (447,391)

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	77,892
Depreciation expense	(406,211)
Allocation of jointly owned assets	1,118,965
Capital asset additions paid by the County	309,755
	<u>1,100,401</u>

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.

Change in compensated absences	(92,899)
Change in OPEB liability	(931,652)
	<u>(1,024,551)</u>

Change in net position of governmental activities \$ (371,541)

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, 2013

	School Operating Fund					School Cafeteria Fund				
	Budget				Variance From Final Budget Positive (Negative)	Budget				Variance From Final Budget Positive (Negative)
	Original Budget	As Amended	Actual			Original Budget	As Amended	Actual		
Revenues										
Revenue from use of money and property	\$ 22,000	\$ 22,000	\$ 27,423	\$ 5,423	\$ 4	\$ 600	\$ 600	\$ 604	\$ 4	\$ (163,663)
Charges for services	108,950	108,950	108,950	-	-	888,630	848,630	684,967	-	-
Miscellaneous revenues	165,600	165,600	107,879	(57,721)		-	-	-	-	-
Intergovernmental revenues										
Local government	20,102,427	20,102,427	19,990,590	(111,837)		-	-	-	-	-
Commonwealth	19,741,754	19,741,754	19,190,195	(551,559)		22,055	22,055	20,596	(1,459)	
Federal government	1,566,451	1,566,451	1,393,781	(172,670)		409,023	409,023	440,363	31,340	
Total revenues	41,707,182	41,707,182	40,818,818	(888,364)		1,320,308	1,280,308	1,146,530	(133,778)	
Expenditures										
Education	41,607,182	41,567,182	39,988,818	1,578,364		1,486,362	1,486,362	1,372,652	113,710	
Excess (deficiency) of revenues over (under) expenditures	100,000	140,000	830,000	690,000		(166,054)	(206,054)	(226,122)	(20,068)	
Other financing sources (uses)										
Transfers in	-	-	-	-		100,000	140,000	140,000	-	
Transfers out	(100,000)	(140,000)	(830,000)	(690,000)		-	-	-	-	
Total other financing sources (uses)	(100,000)	(140,000)	(830,000)	(690,000)		100,000	140,000	140,000	-	
Changes in fund balances	-	-	-	-		(66,054)	(66,054)	(86,122)	(20,068)	
Fund balances at beginning of year	-	-	-	-		169,685	169,685	169,685	-	
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,631	\$ 103,631	\$ 83,563	\$ (20,068)	

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

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County of Powhatan, Virginia

Supporting Schedules

Year Ended June 30, 2013

Governmental Funds

Schedule of Revenues - Budget and Actual

Year Ended June 30, 2013

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	\$ 26,404,063	\$ 26,404,063	\$ 26,719,689	\$ 315,626
Real and personal PSC tax	700,000	700,000	786,078	86,078
Personal property tax	7,609,250	4,586,778	5,074,765	487,987
Mobile home tax	6,000	6,000	6,049	49
Machinery and tools tax	430,000	430,000	528,398	98,398
Penalties	226,000	226,000	213,480	(12,520)
Interest	135,000	135,000	174,562	39,562
Total general property taxes	35,510,313	32,487,841	33,503,021	1,015,180
Other local taxes				
Local sales and use tax	2,000,000	2,000,000	2,140,378	140,378
Communications tax	900,000	900,000	881,229	(18,771)
Consumption tax	100,000	100,000	90,160	(9,840)
Consumer utility tax	550,000	550,000	566,333	16,333
Business license tax	115,000	115,000	99,496	(15,504)
Cable TV franchise tax	135,000	135,000	98,641	(36,359)
Motor vehicle licenses	910,000	910,000	797,105	(112,895)
Taxes on recordation and wills	260,000	260,000	282,362	22,362
Short term rental tax	5,000	5,000	4,468	(532)
Total other local taxes	4,975,000	4,975,000	4,960,172	(14,828)
Permits, privilege fees, and regulatory licenses				
Animal licenses	25,000	25,000	13,865	(11,135)
Transfer fees	1,000	1,000	759	(241)
Other permits and licenses	305,000	305,000	406,626	101,626
Total permits, privilege fees, and regulatory licenses	331,000	331,000	421,250	90,250
Fines and forfeitures				
Court fines and forfeitures	169,400	169,400	137,224	(32,176)
Revenue from use of money and property				
Revenue from use of money	20,000	20,000	25,681	5,681
Revenue from use of property	209,000	209,000	211,936	2,936
Total revenue from use of money and property	229,000	229,000	237,617	8,617

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2013

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				
Library	\$ 14,000	\$ 14,000	\$ 13,593	\$ (407)
Law enforcement and traffic control	7,800	7,800	13,854	6,054
Excess fees of clerk	5,000	5,000	4,913	(87)
Courthouse security	55,000	55,000	49,514	(5,486)
Circuit court	28,000	28,000	30,159	2,159
Commonwealth's Attorney	1,200	1,200	1,669	469
Law library	1,500	1,500	3,661	2,161
Other protection	6,000	6,000	3,911	(2,089)
Sale of publications and maps	1,500	1,500	1,350	(150)
Sanitation and waste removal	42,000	42,000	38,953	(3,047)
Parks and recreation	14,000	14,000	15,582	1,582
Emergency transport services *	513,000	513,000	-	(513,000)
Total charges for services	689,000	689,000	177,159	(511,841)
Miscellaneous				
Miscellaneous revenues	130,280	130,280	162,577	32,297
Total revenue from local sources	42,033,993	39,011,521	39,599,020	587,499
Revenue from the Commonwealth				
Noncategorical aid				
Rolling stock tax	9,000	9,000	21,230	12,230
Mobile home titling tax	8,000	8,000	13,175	5,175
Motor vehicle rental tax	17,000	17,000	19,008	2,008
State recordation tax	175,000	175,000	154,118	(20,882)
Personal property tax relief funds	-	3,022,472	3,022,472	-
Reduction in state aid to local governments	-	-	(51,165)	(51,165)
Total noncategorical aid	209,000	3,231,472	3,178,838	(52,634)
Categorical aid				
Shared expenses				
Commonwealth's Attorney	169,963	169,963	170,059	96
Sheriff	1,074,613	1,074,613	1,080,564	5,951
Commissioner of revenue	100,385	100,385	100,686	301
Treasurer	95,024	95,024	102,138	7,114
Registrar/electoral board	39,687	39,687	52,941	13,254
Clerk of the Circuit Court	212,897	212,897	223,193	10,296
Total shared expenses	1,692,569	1,692,569	1,729,581	37,012

* Note: Actual revenue for emergency transport services is reflected in the Special EMS Revenue Fund under Ambulance and EMS services.

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2013

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 Commonwealth (continued)				
Other categorical aid				
Public assistance and welfare administration	\$ 340,000	\$ 340,000	\$ 266,894	\$ (73,106)
Two for life grant	30,000	30,000	29,256	(744)
Comprehensive services act	801,000	801,000	814,416	13,416
E-911 wireless	42,000	42,000	47,917	5,917
Spay/neuter funds	-	-	264	264
Library grants	85,000	85,000	90,215	5,215
Victim witness assistance grant	50,000	50,000	63,182	13,182
Fire programs	65,000	-	-	-
VJCCA	11,000	11,000	8,074	(2,926)
Other state funds	-	-	5,452	5,452
DMV animal friendly plates	1,000	1,000	810	(190)
Total other categorical aid	1,425,000	1,360,000	1,326,480	(33,520)
Total categorical aid	3,117,569	3,052,569	3,056,061	3,492
Total revenue from the Commonwealth	3,326,569	6,284,041	6,234,899	(49,142)
Revenue from the federal government				
Categorical aid				
Public assistance and welfare administration	640,000	640,000	567,849	(72,151)
Emergency management assistance	-	-	6,220	6,220
DMV grant	-	-	6,495	6,495
CSBG (PCCAA)	56,836	56,836	47,400	(9,436)
Comprehensive services act	-	-	19,523	19,523
Total revenue from the federal government	696,836	696,836	647,487	(49,349)
Total General Fund	46,057,398	45,992,398	46,481,406	489,008
SPECIAL REVENUE FUNDS				
Cash Proffers Fund				
Permits, privilege fees and regulatory licenses				
Cash proffers	75,000	75,000	199,582	124,582
EMS Revenue Fund				
Charges for services				
Ambulance and EMS services *	-	-	479,084	479,084
Drug Taskforce Fund				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	-	-	25	25
Revenue from the Commonwealth				
Categorical aid				
Forfeited assets	-	-	4,364	4,364
Total Drug Taskforce Fund	-	-	4,389	4,389

* Note: Budgeted revenue for emergency transport services is reflected in the General Fund under Emergency Transport Services.

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (continued)				
SPECIAL REVENUE FUNDS (continued)				
Asset Forfeiture Fund				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	\$ -	\$ -	\$ 39	\$ 39
Grants Fund				
Miscellaneous revenues				
Altria Corp grant	15,000	15,000	15,000	-
Miscellaneous revenues	4,117	5,117	5,117	-
Total miscellaneous	19,117	20,117	20,117	-
Revenue from the Commonwealth				
Categorical aid				
Triad funds	-	-	10	10
Litter control	8,994	8,994	8,994	-
Fire programs	-	65,000	79,989	14,989
Other state funds	33,678	33,678	18,199	(15,479)
Emergency performance grant	5,000	5,000	5,000	-
Total categorical aid	47,672	112,672	112,192	(480)
Revenue from the federal government				
Categorical aid				
Sheriff grants	46,157	46,157	18,525	(27,632)
Recreational trails program	100,000	100,000	48,899	(51,101)
Other revenues from the federal government	-	-	16,532	16,532
Total categorical aid	146,157	146,157	83,956	(62,201)
Total Grants Fund	212,946	278,946	216,265	(62,681)
Total Special Revenue Funds	287,946	353,946	899,359	545,413
DEBT SERVICE FUND				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	-	-	65	65
Revenue from the Commonwealth				
Noncategorical aid				
Other state funds	-	-	65,793	65,793
Total Debt Service Funds	-	-	65,858	65,858
COUNTY CAPITAL PROJECTS FUND				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	-	-	1,261	1,261
TOTAL PRIMARY GOVERNMENT	\$ 46,345,344	\$ 46,346,344	\$ 47,447,884	\$ 1,101,540

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2013

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	\$ 22,000	\$ 22,000	\$ 27,423	\$ 5,423
Charges for services				
Other charges for services	108,950	108,950	108,950	-
Miscellaneous revenues				
Miscellaneous revenues	165,600	165,600	107,879	(57,721)
Total revenue from local sources	296,550	296,550	244,252	(52,298)
Intergovernmental revenues				
Revenue from local governments				
Contributions from County of Powhatan, VA	20,102,427	20,102,427	19,990,590	(111,837)
Revenue from the Commonwealth				
Categorical aid				
Share of state sales tax	4,509,127	4,509,127	4,508,871	(256)
Basic school aid	10,597,451	10,597,451	10,255,307	(342,144)
ISAEP	15,717	15,717	15,717	-
Remedial summer education	81,330	81,330	54,584	(26,746)
Regular foster care	19,170	19,170	-	(19,170)
Gifted and talented	115,312	115,312	112,355	(2,957)
Remedial education	102,778	102,778	100,142	(2,636)
English as a second language	8,945	8,945	7,569	(1,376)
Special education	1,243,361	1,243,361	1,211,476	(31,885)
Vocational education	272,084	272,084	283,798	11,714
Social security fringe benefits	629,201	629,201	613,066	(16,135)
Retirement fringe benefits	1,050,339	1,050,339	1,219,629	169,290
Group life insurance fringe benefits	40,108	40,108	39,080	(1,028)
Early reading intervention	55,845	55,845	32,426	(23,419)
Homebound education	34,882	34,882	44,361	9,479
Other state funds	199,456	199,456	2,453	(197,003)
Project graduation	-	-	18,117	18,117
Textbook payments	224,933	224,933	219,165	(5,768)
At risk payments	43,869	43,869	42,716	(1,153)
At risk four year olds	76,164	76,164	-	(76,164)
Technology	232,000	232,000	222,164	(9,836)
Standards of Learning algebra readiness	18,443	18,443	18,443	-
Alternative education	162,951	162,951	162,968	17
Certified teachers	8,288	8,288	5,788	(2,500)
Total categorical aid	19,741,754	19,741,754	19,190,195	(551,559)

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2013

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	\$ 54,942	\$ 54,942	\$ 17,291	\$ (37,651)
Title I	242,928	242,928	290,780	47,852
Title VI-B, special education flow-through	1,016,430	1,016,430	828,798	(187,632)
Vocational education	45,360	45,360	46,488	1,128
Title VI-B, special education preschool	-	-	21,216	21,216
Education technology grants	-	-	2,900	2,900
Title II, Part A	125,887	125,887	124,668	(1,219)
Language acquisition	9,510	9,510	1,709	(7,801)
ROTC	71,394	71,394	59,931	(11,463)
Total categorical aid	1,566,451	1,566,451	1,393,781	(172,670)
Total School Board operating fund	41,707,182	41,707,182	40,818,818	(888,364)
School Cafeteria Fund				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	600	600	604	4
Charges for services				
Cafeteria sales	888,630	848,630	684,967	(163,663)
Total revenue from local sources	889,230	849,230	685,571	(163,659)
Revenue from the Commonwealth				
Categorical aid				
School food program grant	22,055	22,055	20,596	(1,459)
Revenue from the federal government				
Categorical aid				
School food program grant	409,023	409,023	370,571	(38,452)
Commodities	-	-	69,792	69,792
Total categorical aid	409,023	409,023	440,363	31,340
Total School Cafeteria Fund	1,320,308	1,280,308	1,146,530	(133,778)
School Retirement Fund				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	-	-	133,309	133,309
TOTAL DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD				
	\$ 43,027,490	\$ 42,987,490	\$ 42,098,657	\$ (888,833)

Governmental Funds

Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2013

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	\$ 104,853	\$ 104,853	\$ 104,825	\$ 28
General and financial administration				
County administrator	282,098	282,098	282,053	45
Legal services	347,198	347,198	347,165	33
GIS coordinator	104,105	104,105	104,008	97
Commissioner of revenue	455,329	455,329	444,273	11,056
Reassessment	136,500	136,500	136,458	42
Treasurer	503,022	503,022	494,312	8,710
Finance	456,152	456,152	456,132	20
Data Processing	227,135	297,035	294,025	3,010
Total general and financial administration	2,511,539	2,581,439	2,558,426	23,013
Board of elections				
Electoral board and officials	26,700	26,700	25,726	974
Registrar	147,702	147,702	144,111	3,591
Total Board of elections	174,402	174,402	169,837	4,565
Total general governmental administration	2,790,794	2,860,694	2,833,088	27,606
Judicial administration				
Courts				
Circuit court	16,260	16,260	20,268	(4,008)
General district court	17,293	17,293	12,407	4,886
Juvenile court service unit	19,222	19,222	13,157	6,065
Clerk of the circuit court	354,195	354,195	350,477	3,718
Victim and witness assistance	72,395	72,395	66,746	5,649
Total courts	479,365	479,365	463,055	16,310
Commonwealth's attorney				
Commonwealth's attorney	388,371	388,371	385,148	3,223
Total judicial administration	867,736	867,736	848,203	19,533
Public safety				
Law enforcement and traffic control				
Sheriff	4,076,660	4,076,660	4,082,227	(5,567)
Fire and rescue services				
Volunteer fire department	620,132	555,132	569,735	(14,603)
Ambulance and rescue services*	526,162	526,162	200,339	325,823
Total fire and rescue services	1,146,294	1,081,294	770,074	311,220
Correction and detention				
Confinement and care of adult and juvenile prisoners	657,100	657,100	657,033	67

* Note: Additional actual expenditures for emergency transport services are reflected in the Special EMS Revenue Fund under Ambulance and rescue services.

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2013

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	\$ 336,996	\$ 336,996	\$ 331,675	\$ 5,321
Other protection				
Animal control	270,456	270,456	264,848	5,608
Emergency services	205,247	210,174	204,442	5,732
Emergency planning commission	1,600	1,600	554	1,046
Medical examiner	2,710	2,710	2,701	9
Total other protection	480,013	484,940	472,545	12,395
Total public safety	6,697,063	6,636,990	6,313,554	323,436
Public works				
Sanitation and waste removal				
Refuse collection and disposal	738,793	738,793	690,727	48,066
Maintenance of general buildings and grounds				
General properties	929,145	941,630	915,516	26,114
Total public works	1,667,938	1,680,423	1,606,243	74,180
Health and welfare				
Health				
Supplement of local health department	194,856	194,856	197,066	(2,210)
Mental health and mental retardation				
Community services board	258,960	258,960	255,852	3,108
Welfare				
Public assistance and welfare administration	1,516,167	1,516,167	1,278,426	237,741
Free clinic	1,300	1,300	1,295	5
Comprehensive services act	1,573,000	1,573,000	1,597,393	(24,393)
Powhatan community action agency	28,715	28,715	55,552	(26,837)
Tax relief for the elderly	375,000	375,000	385,992	(10,992)
Total welfare	3,494,182	3,494,182	3,318,658	175,524
Total health and welfare	3,947,998	3,947,998	3,771,576	176,422
Education				
Other instructional costs				
Contribution to component unit school board	20,102,427	20,102,427	19,990,590	111,837
Parks, recreation, and cultural				
Parks and recreation				
Recreation centers and playgrounds	322,179	322,179	322,102	77
Library				
Contribution to County library	355,086	355,086	344,706	10,380
Total parks, recreation and cultural	677,265	677,265	666,808	10,457

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2013

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	\$ 423,260	\$ 423,260	\$ 421,797	\$ 1,463
Planning commission	1,550	1,550	892	658
Miscellaneous contributions	163,567	66,255	71,598	(5,343)
Economic development	10,447	10,447	10,365	82
Total planning and community development	598,824	501,512	504,652	(3,140)
Cooperative extension program				
Extension office	44,662	44,662	44,504	158
Total community development	643,486	546,174	549,156	(2,982)
Debt service				
Debt service				
Principal retirement	-	-	10,311	(10,311)
Interest and other fiscal charges	-	-	1,755	(1,755)
Total debt service	-	-	12,066	(12,066)
Capital outlays and projects				
Capital outlays and projects				
County capital projects	(10,000)	-	36,000	(36,000)
Total General Fund	37,384,707	37,319,707	36,627,284	692,423
SPECIAL REVENUE FUNDS				
Cash Proffers Fund				
Community development				
Economic development	75,000	75,000	-	75,000
EMS Revenue Fund				
Public Safety				
Ambulance and rescue services*	-	-	325,777	(325,777)
Drug Taskforce				
Public Safety				
Law enforcement and traffic control				
Sheriff	13,000	13,000	12,766	234
Asset Forfeiture Fund				
Public Safety				
Law enforcement and traffic control				
Sheriff	5,000	5,000	4,930	70

* Note: Budgeted expenditures for emergency transport services are reflected in the General Fund under Ambulance and rescue services.

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2013

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				
Public safety				
Law enforcement and traffic control				
Sheriff	50,090	50,090	32,285	17,805
Fire and rescue services				
Volunteer fire department	24,380	90,380	71,523	18,857
Other protection				
Emergency services	6,178	6,178	6,178	-
Total public safety	80,648	146,648	109,986	36,662
Health and welfare				
Comprehensive services act	6,333	6,333	-	6,333
Parks, recreation, and cultural				
Recreation centers and playgrounds	100,000	100,000	42,531	57,469
Community development				
Planning and community development				
Planning and zoning	15,145	15,145	8,599	6,546
Environmental management				
Litter control	9,845	9,845	7,974	1,871
Total community development	24,990	24,990	16,573	8,417
Total Grants Fund	211,971	277,971	169,090	108,881
Total Special Revenue Funds	304,971	370,971	512,563	(141,592)
DEBT SERVICE FUND				
Debt service				
Principal retirement	3,717,615	3,717,615	3,732,118	(14,503)
Interest and other fiscal charges	3,319,063	3,319,063	3,175,947	143,116
Total Debt Service Fund	7,036,678	7,036,678	6,908,065	128,613
COUNTY CAPITAL PROJECTS FUND				
Capital outlays and projects				
County capital projects	1,265,575	1,877,916	656,548	1,221,368
Elementary school construction	9,755	9,755	9,755	-
Fire and rescue	200,000	255,761	66,924	188,837
Total County Capital Projects Fund	1,475,330	2,143,432	733,227	1,410,205
TOTAL PRIMARY GOVERNMENT	\$ 46,201,686	\$ 46,870,788	\$ 44,781,139	\$ 2,089,649

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2013

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	\$ 1,932,875	\$ 1,998,949	\$ 1,939,784	\$ 59,165
Instruction costs				
Elementary and secondary schools	32,435,545	32,375,545	31,015,426	1,360,119
Operating costs				
Pupil transportation	3,289,403	3,624,300	3,547,308	76,992
Operation and maintenance of school plant	3,810,645	3,429,674	3,363,095	66,579
Facilities	138,714	138,714	123,205	15,509
Total operating costs	7,238,762	7,192,688	7,033,608	159,080
Total school operating fund	41,607,182	41,567,182	39,988,818	1,578,364
School Cafeteria Fund				
Education				
School food services				
Administration of school food program	1,486,362	1,486,362	1,305,277	181,085
Commodities	-	-	67,375	(67,375)
Total cafeteria fund	1,486,362	1,486,362	1,372,652	113,710
School Retirement Fund				
Education				
Instruction costs				
Elementary and secondary schools	-	-	1,184,578	(1,184,578)
TOTAL DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD	\$ 43,093,544	\$ 43,053,544	\$ 42,546,048	\$ 507,496

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County of Powhatan, Virginia

Statistical Section (unaudited)

Year Ended June 30, 2013

County of Powhatan, Virginia
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 1

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ (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	\$ (1,962,152)
Restricted	175,613	175,600	183,375	703,270	-	2,872,925	2,247,827	2,903,209	920,754	321,995
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	14,037,219
Total governmental activities net position	\$ 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	\$ 12,397,062
Business-type activities										
Net investment in capital assets	\$ 113,192	\$ 489,281	\$ 466,750	\$ 740,893	\$ 988,765	\$ 8,280	\$ (3,521,073)	\$ 393,277	\$ (341,364)	\$ 786,715
Restricted	-	-	-	-	-	659,417	3,955,505	361,781	124,789	72,357
Unrestricted	(20,364)	(50,411)	12,223	584,047	(357,101)	(315,163)	(364,821)	(704,170)	781,779	(109,529)
Total business-type activities net position	\$ 92,828	\$ 438,870	\$ 478,973	\$ 1,324,940	\$ 631,664	\$ 352,534	\$ 69,611	\$ 50,888	\$ 565,204	\$ 749,543
Primary government										
Net investment in capital assets	\$ (1,382,655)	\$ 176,479	\$ 32,919	\$ (1,336,639)	\$ 7,789,743	\$ 5,830,488	\$ (412,549)	\$ 1,455,856	\$ 687,539	\$ (1,175,437)
Restricted	175,613	175,600	183,375	703,270	-	3,532,342	6,203,332	3,264,990	1,045,543	394,352
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	13,927,690
Total primary government net position	\$ 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	\$ 13,146,605

Note: This table reports financial information based on the full accrual basis of accounting. The County implemented GASB Stmt. No. 63 in fiscal year 2013. This standard eliminated the use of the term "net assets" and now refers to this measurement as "net position."

County of Powhatan, Virginia
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 2,693,439
Judicial administration	700,764	756,467	848,456	825,264	899,447	927,087	918,457	986,603	928,312	924,281
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	7,198,186
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	1,716,111
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	3,859,387
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	599,847
Parks, recreation, and cultural	366,387	509,133	442,389	620,523	669,198	685,229	1,285,484	1,026,006	990,848	932,155
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	23,514,070
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	2,841,131
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	44,278,607
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	2,562,295
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	\$ 46,840,902
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	\$ 227,140
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	511,473
Public works	62,474	39,357	32,194	34,808	34,833	35,317	41,969	43,043	56,252	38,953
Parks, recreation, and cultural	-	-	-	-	10,454	15,032	22,811	30,017	35,226	29,175
Community development	3,677	4,265	2,550	1,559	988	108,330	114,312	45,777	343,493	607,558
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	3,969,854
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	5,384,153
Business-type activities										
Water and sewer	95,400	284,229	271,762	180,470	356,611	220,726	243,081	191,349	531,205	388,990
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	\$ 5,773,143
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)	\$ (38,894,454)
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)	(2,173,305)
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)	\$ (41,067,759)

Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General revenues and other changes in net position										
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	\$ 33,447,832
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	4,960,172
Investment earnings	575,156	336,543	465,542	1,122,911	1,584,750	511,317	295,346	251,370	427,933	239,006
Miscellaneous	104,682	229,927	63,101	152,012	150,910	155,546	289,958	467,943	171,550	182,694
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	3,178,838
Payment from Powhatan County School	1,483,365	-	-	-	-	1,000,000	-	-	-	-
Gain/loss on disposal of capital assets	(18,856)	-	-	-	-	-	-	-	-	(6,854)
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)	(2,357,229)
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	39,644,459
Business-type activities										
Investment earnings	-	-	-	-	116,752	35,845	9,538	26,045	57,284	415
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	2,357,229
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	2,357,644
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	\$ 42,002,103
Change in net position										
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)	\$ 750,005
Business-type activities	(118,681)	346,042	40,103	845,966	(124,321)	(279,130)	(282,923)	(18,723)	514,316	184,339
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)	\$ 934,344

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Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011 ⁽¹⁾	2012	2013
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	-	-	-
Nonspendable for prepaids	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	34,892
Unassigned	-	-	-	-	-	-	-	372	-	-
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	12,445,947
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:										
Debt service fund	-	-	-	-	-	-	-	-	-	8,892
Capital projects funds	-	-	-	-	-	-	-	2,903,209	911,927	313,103
Special revenue funds	-	-	-	-	-	-	-	682,123	423,141	705,391
Assigned for:										
Debt service	-	-	-	-	-	-	-	378,763	8,827	-
Capital projects	-	-	-	-	-	-	-	-	-	1,151,845
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	2,179,231
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	\$ 14,660,070

⁽¹⁾ 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.

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 33,503,021
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	4,960,172
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	620,832
Fines and forfeitures	62,073	88,926	126,579	109,296	104,046	102,855	127,062	152,525	162,505	137,224
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	239,007
Charges for services	175,096	171,007	90,325	83,289	184,189	147,640	165,632	176,837	203,745	656,243
Miscellaneous	104,682	229,927	62,323	170,012	150,910	155,546	289,958	467,943	171,550	182,694
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	6,417,248
Federal	1,183,962	873,603	924,110	846,350	674,658	752,802	1,050,695	1,035,328	856,569	731,443
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	47,447,884
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	2,833,088
Judicial administration	641,242	657,547	675,549	731,599	818,151	825,856	827,533	851,185	840,115	848,203
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	6,767,013
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	1,606,243
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	3,771,576
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	19,990,590
Community development	464,902	651,142	981,493	1,297,844	1,082,283	1,129,156	1,120,923	775,816	770,541	565,729
Parks, recreation, and cultural	298,950	423,294	348,495	524,268	612,523	501,285	705,973	1,243,726	1,092,280	709,339
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	769,227
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	3,742,429
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	3,177,702
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	44,781,139
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	2,666,745

Changes in Fund Balances - Governmental Funds (continued)

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	-	-	8,414,123
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)	(10,771,352)
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	36,000
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)	(2,321,229)
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)	\$ 345,516

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%	15.72%
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Principal Property Taxpayers
Current Year and Nine Years Prior

Taxpayer	Fiscal Year 2013			Fiscal Year 2004*		
	Percentage of		Rank	Percentage of		Rank
	Taxable Assessed Value	Taxable Assessed Value		Taxable Assessed Value	Taxable Assessed Value	
Carnes, W.S. et al	\$ 11,123,100	0.37%	1			
Riverton Associates et al	10,518,800	0.35%	2			
Central Virginia Bank	7,680,700	0.25%	3			
Powhatan Shoppes at South Creek	7,634,700	0.25%	4			
Milhaus Corporation	6,731,600	0.22%	5			
Ranson, R.F. et al	6,696,700	0.22%	6			
Anderson, Tamara & Delores Ranson	6,183,200	0.20%	7			
American Timberlands	5,624,100	0.19%	8			
South Creek Properties	5,604,200	0.18%	9			
Whitney, Mason & Co., LLC	5,301,800	0.17%	10			
	<u>\$ 73,098,900</u>	<u>2.40%</u>				

Source: Powhatan County Commissioner of Revenue Department

* Information unavailable

Table 6

County of Powhatan, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes levied for the fiscal year (original levy)	Collected Within the Fiscal Year of the Levy			Collections in Subsequent Years		Total Collections to Date	
		Adjustments	Total adjusted levy	Amount	Percentage of Original Levy	Years	Amount	Percentage of Adjusted Levy
2004	\$ 21,097,431	\$ (106,762)	\$ 20,990,669	\$ 20,698,058	98.11%	293,216	\$ 20,991,274	100.00%
2005	\$ 22,268,830	\$ (175,481)	\$ 22,093,349	\$ 21,850,974	98.12%	243,230	\$ 22,094,204	100.00%
2006	\$ 28,983,617	\$ (426,816)	\$ 28,556,801	\$ 26,098,410	90.05%	2,335,130	\$ 28,433,540	99.57%
2007	\$ 30,643,358	\$ (716,147)	\$ 29,927,211	\$ 22,172,530	72.36%	7,587,351	\$ 29,759,881	99.44%
2008	\$ 31,586,113	\$ (617,878)	\$ 30,968,235	\$ 26,895,079	85.15%	3,883,656	\$ 30,778,735	99.39%
2009	\$ 35,489,429	\$ (735,984)	\$ 34,753,445	\$ 28,215,893	79.51%	6,169,684	\$ 34,385,577	98.94%
2010	\$ 35,111,856	\$ (593,793)	\$ 34,518,063	\$ 27,972,433	79.67%	2,437,707	\$ 30,410,140	88.10%
2011	\$ 35,131,551	\$ (1,793,194)	\$ 33,338,357	\$ 27,395,034	77.98%	1,215,418	\$ 28,610,452	85.82%
2012 (1)	\$ 39,309,998	\$ (5,066,541)	\$ 34,243,457	\$ 32,421,232	82.48%	308,785	\$ 32,730,017	95.58%
2013	\$ 35,684,848	\$ (3,352,048)	\$ 32,332,800	\$ 30,590,404	85.72%	-	\$ 30,590,404	94.61%

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.

*Assessed and Estimated Value of Taxable Property
Last Ten Fiscal Years*

Fiscal Year	Less:		Total Taxable Assessed Value	Direct Tax Rate	Personal Property and			Total
	Real Estate	Tax-Exempt Property			Mobile Homes	Machinery and Tools	Public Service	
		(2)		(1)			(3)	
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
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
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
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
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
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
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
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
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
2013	\$ 3,353,544,725	\$ 313,600,100	\$ 3,039,944,625	0.90%	\$ 236,952,333	\$ 9,885,765	\$ 88,634,309	\$ 3,375,417,032

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		Machinery & Tools	Personal Property
	Real Estate	Personal Property		
2004	\$ 0.95	\$ 3.60	\$ 3.60	\$ 3.60
2005	\$ 0.94	\$ 3.60	\$ 3.60	\$ 3.60
2006	\$ 0.74	\$ 3.60	\$ 3.60	\$ 3.60
2007	\$ 0.74	\$ 3.60	\$ 3.60	\$ 3.60
2008	\$ 0.74	\$ 3.60	\$ 3.60	\$ 3.60
2009	\$ 0.71	\$ 3.60	\$ 3.60	\$ 3.60
2010	\$ 0.77	\$ 3.60	\$ 3.60	\$ 3.60
2011	\$ 0.77	\$ 3.60	\$ 3.60	\$ 3.60
2012	\$ 0.77/0.90	\$ 3.60	\$ 3.60	\$ 3.60
2013	\$ 0.90	\$ 3.60	\$ 3.60	\$ 3.60

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of	
	General Obligation Bonds	State Literary Loans	Capital Leases	Revenue Bonds		Personal Income	Per Capita
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
2013	\$ 40,622,645	\$ 1,500,000	\$ 25,689	\$ 45,199,997	\$ 87,348,331	0.048%	\$ 3,076

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**

Fiscal Year	Population	General Bonded Debt Outstanding Governmental Activities		Net Bonded Debt to Assessed Value	Per Capita
		Assessed	Gross		
		Taxable Value (1)	Bonded Debt (2)		
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
2013	28,394	\$ 3,375,417,032	\$ 42,122,645	1.25%	\$ 1,484

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

**Demographic and Economic Statistics
Last Ten Years**

Fiscal Year	Population	Registered Voters	Per Capita Personal Income	Median Household Income	School Enrollment	Unemployment Rate %
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%
2013	28,394	18,950	\$ 42,016	n/a	4,222	5.30%

n/a - information is not yet available

Source: Bureau of Economic Analysis, ERS/USDA Data, Weldon Cooper Center, Registrar and Powhatan County Schools

Principal Employers**Current Year and Nine Years Prior**

Employer	Fiscal Year 2013*		Fiscal Year 2004	
	Employees	% of Total Employment**	Employees	% of Total Employment**
Mid-Atlantic Steel Erectors	100-249	N/A	N/A	N/A
Food Lion	50-99	N/A	N/A	N/A
TDU Concrete Inc	50-99	N/A	N/A	N/A
MP Barden & Sons	50-99	N/A	N/A	N/A
McDonalds	50-99	N/A	N/A	N/A
Colony Construction	50-99	N/A	N/A	N/A
Independence Golf Club	50-99	N/A	N/A	N/A
Corizon	20-49	N/A	N/A	N/A
Classic Comfort	20-49	N/A	N/A	N/A
Voc Med Inc.	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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
County Administration										
County Administrator	1	1	1	1	1	1	1	1	1	1
Executive Assistant	-	-	-	-	-	-	1	1	1	1
Executive Secretary	1	1	1	1	1	1	1	1	1	-
Total County Administrator	2	2	2	2	2	2	3	3	3	2
Grants Administration										
Grants Coordinator	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	1
Accounting Supervisor	-	-	-	-	-	-	-	-	-	1
Accountant	-	-	-	-	-	-	-	1	1	1
Total Finance	2	2	2	2	2	2	2	3	3	4
County Attorney										
County Attorney	1	1	1	-	-	-	-	1	1	1
Paralegal	-	-	-	-	-	-	-	1	1	1
Total County Attorney	1	1	1	-	-	-	-	2	2	2
Facilities Management										
Facilities Assistant	1	1	1	1	1	1	1	1	1	1
Facilities/Groundskeeper	-	-	-	-	-	-	1	1	1	1
General Services Supervisor	-	1	1	1	1	1	1	1	1	1
Maintenance Worker	1	1	1	2	2	2	2	2	2	2
Total Facilities Management	2	3	3	4	4	4	5	5	5	5
Building Inspections										
Building Official	1	1	1	1	1	1	1	1	1	1
Building Inspector	3	3	4	3	3	3	2	2	4	1
Secretary	1	1	1	1	1	1	1	1	1	1
Plans Reviewer	1	1	1	2	2	2	2	2	2	1
Total Building Inspections	6	6	7	7	7	7	6	6	8	4
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	-

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

Department	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	2	2	2	2	1
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	-
Planner II	1	1	1	2	2	2	2	2	2	2
Planner I	1	1	1	-	1	1	1	1	1	1
Administrative Assistant	1	1	1	-	-	-	-	-	-	-
Office Manager	-	-	-	1	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	1
Erosion and Sediment Control Inspector	-	-	-	-	1	1	1	1	1	1
Total Planning	5	5	5	5	8	8	8	8	8	7
GIS										
GIS Coordinator	-	-	-	-	1	1	1	1	1	1
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	3	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	7	7	7	7	7	7	7
Comprehensive Services										
Coordinator	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	1
Manager, WWTP	1	1	1	1	1	1	1	1	1	-
Utilities Engineer	-	-	-	-	1	1	1	1	1	1
WWTP Operator	2	2	2	3	3	3	3	3	3	3
Total Utilities	3	3	4	5	6	6	6	6	6	5
Parks and Recreation										
Parks and Recreation Director	-	-	-	-	-	1	1	1	1	1

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

Department	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	4	4	4	4	3	4	5	5
Lieutenant	1	1	1	1	1	1	2	2	2	2
Deputy (one vacant)	12	12	18	18	20	23	25	22	21	19
Corporal	4	4	4	4	4	4	3	4	5	5
Victim Witness	1	1	1	1	1	1	1	1	1	1
Chief Deputy	-	-	-	-	-	-	1	1	1	1
Undersheriff	1	1	1	1	1	1	1	1	1	1
IT Technician	-	-	-	1	1	1	1	1	1	1
Crime Analyst	4	4	1	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	8
Dispatch Manager	-	-	1	1	1	1	1	1	1	1
Dispatch Supervisor	-	-	1	1	1	1	1	1	1	1
Total Sheriff	29	29	45	46	48	51	55	54	55	51
Convenience Center										
Supervisor	-	1	1	1	1	1	1	1	1	1
Attendant	2	2	2	2	2	2	2	2	2	2
Total Convenience Center	2	3	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	1
Total Animal Control	3	3	3	3	3	3	3	3	4	4
Total full-time positions	82	84	102	104	110	115	121	123	127	113
Per 1,000 population	3.44	3.43	4.16	3.99	4.21	4.39	4.62	4.69	4.69	4.69

Source: Powhatan County Human Resources Department

County of Powhatan, Virginia
Operating Indicators by Function
Last Ten Fiscal Years

Table 14

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	6	6	6	6	6
Number of county government positions	83	85	106	105	113	118	124	126	126	117

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County of Powhatan, Virginia

Compliance Section

Year Ended June 30, 2013

***Independent Auditors' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Powhatan, Virginia***, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the ***County of Powhatan, Virginia's*** basic financial statements, and have issued our report thereon dated December 5, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the ***County of Powhatan, Virginia's*** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ***County of Powhatan, Virginia's*** internal control. Accordingly, we do not express an opinion on the effectiveness of the ***County of Powhatan, Virginia's*** internal control.

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

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

Compliance and Other Matters

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

We noted certain other matters that we reported to the management of the ***County of Powhatan, Virginia*** in a separate letter dated December 5, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Chester, Virginia
December 5, 2013



DIXON HUGHES GOODMAN^{LLP}
Certified Public Accountants and Advisors

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal 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

Report on Compliance for Each Major Federal Program

We have audited the *County of Powhatan, Virginia's* compliance with the types of compliance requirements described in the *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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the *County of Powhatan, Virginia's* major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about *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 on compliance for each major federal program. However, our audit does not provide a legal determination of the *County of Powhatan, Virginia's* compliance.

Opinion on Each Major Federal Program

In our opinion, the *County of Powhatan, Virginia* complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the *County of Powhatan, Virginia* is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the *County of Powhatan, Virginia's* internal control over compliance with the types of

requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the *County of Powhatan, Virginia's* internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Chester, Virginia
December 5, 2013

***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, 2013, and have issued our report thereon dated December 5, 2013.

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 one instance of noncompliance with the provisions referred to in the preceding paragraph. This instance is discussed in the Schedule of Findings and Responses as Finding 13-01. 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.

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
December 5, 2013

County of Powhatan, Virginia

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

Year Ended June 30, 2013

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	\$ 191,134
Department of Health and Human Services:		
Direct programs:		
Community services block grant	93.569	47,400
Pass-through programs:		
Virginia Department of Social Services:		
Promoting safe and stable families	93.556	6,172
Temporary assistance for needy families	93.558	113,419
Refugee and entrant assistance - state administered programs	93.566	518
Low-income home energy assistance	93.568	4,829
Child care mandatory and matching funds of the child care development fund	93.596	27,838
Child welfare services - state grants	96.645	469
Foster care - Title IV-E	93.658	150,872
Adoption assistance	93.659	76,724
Social services block grant	93.667	122,854
Chafee foster care independence program	93.674	509
Children's health insurance program	93.767	4,079
Medical assistance program	93.778	115,610
Total Department of Social Services		623,893
Total Department of Health and Human Services		671,293
Department of Transportation pass-through programs:		
Virginia Department of Rail and Transportation:		
Recreational trails program	20.219	48,899
Virginia Department of Motor Vehicles:		
State and community highway safety	20.600	25,020
Alcohol open container requirements	20.607	11,312
National priority safety programs	20.616	5,220
Total Department of Motor Vehicles		41,552
Total Department of Transportation		90,451
Department of Justice:		
Direct programs:		
Equitable sharing program	16.922	4,930
Department of Homeland Security pass-through programs:		
Virginia Department of Emergency Management:		
Disaster grants - public assistance	97.036	6,220
Total Primary Government		\$ 964,028

County of Powhatan, Virginia

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

Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
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	\$ 67,375
Virginia Department of Education:		
National school breakfast program	10.553	49,393
National school lunch program	10.555	321,178
Total Child Nutrition Cluster		437,946
Department of Defense direct programs:		
ROTC Instruction	12.000	59,931
Department of Education pass-through programs:		
Virginia Department of Education:		
Special Education Cluster (IDEA):		
Special education - grants to states	84.027	804,454
Special education - preschool grants	84.173	21,216
Total Special Education Cluster (IDEA)		825,670
Title I grants to local educational agencies	84.010	290,780
Career and technical education - basic grants to states	84.048	46,488
Education technology state grants	84.318	2,900
English language acquisition grants	84.365	1,709
Improving teacher quality state grants	84.367	124,668
Educational technology grant - ARRA	ARRA - 84.386	4,190
Education jobs fund - ARRA	ARRA - 84.410	13,101
		483,836
Total Department of Education		1,309,506
Total Component Unit School Board		1,807,383
Total Reporting Entity		\$ 2,771,411

Notes to Schedule of Expenditures of Federal Awards

June 30, 2013

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, 2013. 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.

County of Powhatan, Virginia

Schedule of Findings and Responses

Year Ended June 30, 2013

1. Summary of Auditors' Results

- A. An unmodified 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 unmodified 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 and 84.173
- H. The dollar threshold used to distinguish between Type A and Type B programs is \$300,000.
- I. The auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133.

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

Finding 13-01

Condition: The State and Local Government Conflict of Interests Act contained in Chapter 31 of Title 2.2 of the Code of Virginia requires local government officials to file a statement of economic interests with the clerk of the governing body by January 15 of each year.

Criteria: Nine forms were not filed timely, and five forms were not filed with the clerk of the governing body.

Effect: The County is not in compliance with the State and Local Government Conflict of Interest Act.

Cause: Unknown.

Recommendation: The County should take steps to ensure that each local official files the statement of economic interests in a timely manner.

Management's Response: The County agrees with the finding and will take steps to ensure that all required forms are filed by the deadline.

5. Results of Prior Year Findings

None.