COUNTY OF POWHATAN, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

PREPARED BY:

DEPARTMENT OF FINANCE
POWHATAN, VIRGINIA

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COUNTY OF POWHATAN, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS

BOARD OF SUPERVISORS

Carson L. Tucker, Chairman
Angela Y. Cabell, Vice Chairman

David Williams	Larry J. Nordvig	William E. "Bill" Melton

SCHOOL BOARD

Joe Walters, Chairman
Valarie C. Ayers, Vice Chairman

Rick Cole	James Kunka	Kim D. Hymel

SOCIAL SERVICES BOARD

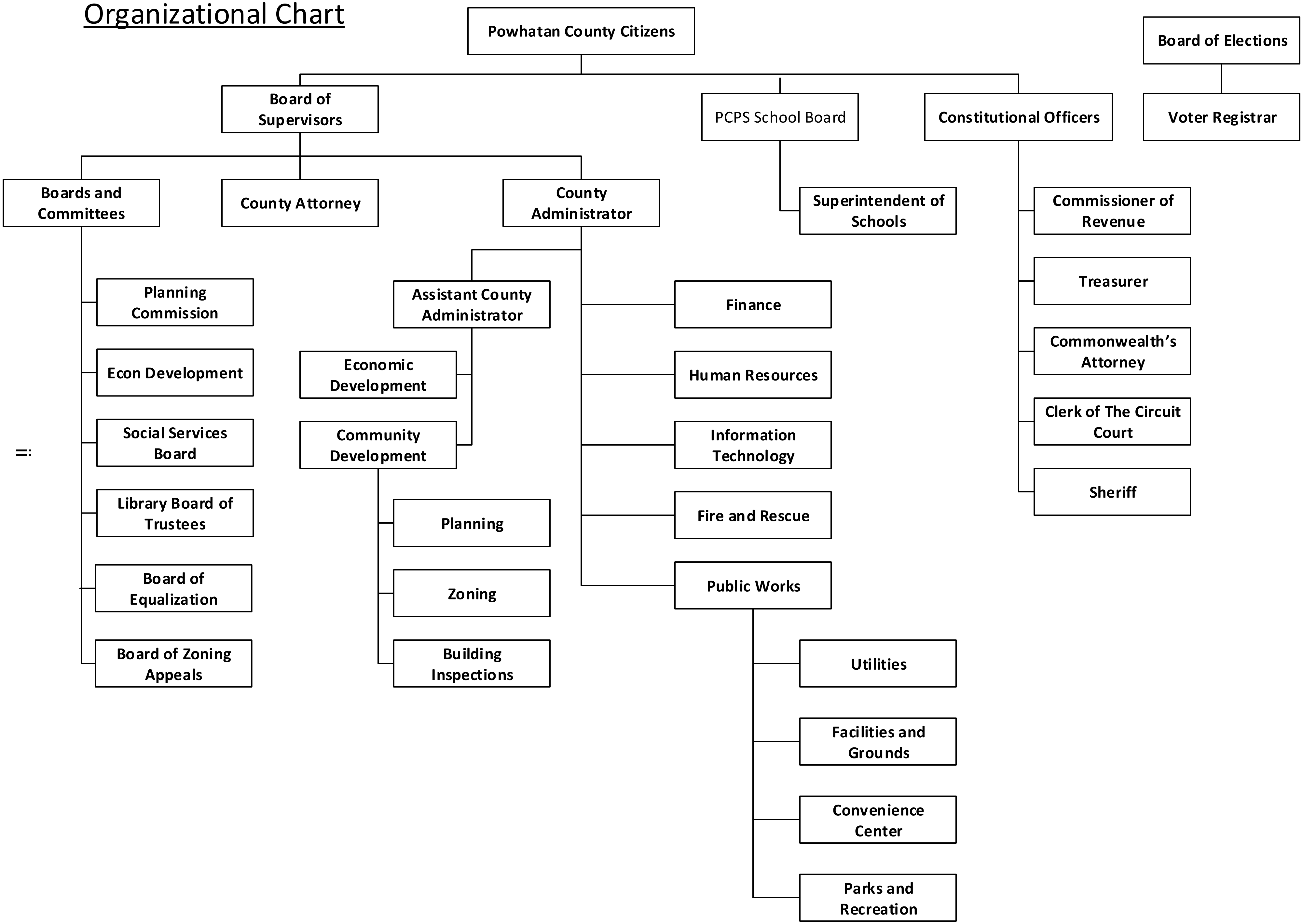
Angela Y. Cabell, Chairman

Carson Tucker	Ernestine Taylor	Gale Lipscomb
Brad Burdette	Karen Ylimaki	Bobby Fulcher
Mike Smith	Gay Bartlett	

OTHER OFFICIALS

Clerk of the Circuit Court	Teresa H. Dobbins
Commonwealth's Attorney	Richard Cox
Treasurer	Faye G. Barton
Sheriff	Bradford Nunnally
Superintendent of Schools	Dr. Eric L. Jones
Director of Social Services	Sharon Rochelle
Commissioner of the Revenue	James B. Timberlake, II
County Administrator	Theodore L. Voorhees
Director of Finance – County	Charla W. Schubert
Assistant Superintendent for Finance, Business Operations, Transportation, and Food Service – Schools	Larry Johns

Powhatan County Government Organizational Chart



The County Of
Powhatan

November 30, 2018

Honorable Members of the Board of Supervisors and Citizens
County of Powhatan
Powhatan, Virginia:

The Comprehensive Annual Financial Report (CAFR) of the County of Powhatan, Virginia, (the County) for the fiscal year ended June 30, 2018 is hereby submitted. The *Code of Virginia* requires that all local governments shall be audited annually with a report to the governing body by December 31. This report is published to fulfill that requirement.

As management, we assume full responsibility for the completeness and reliability of all the information contained in this report. To provide a reasonable basis for making these representations, we have established a comprehensive internal control framework that is established for this purpose. Because the cost of internal controls should not outweigh their benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatements.

The County's financial statements have been audited by Brown, Edwards & Company, LLP, a firm of licensed certified public accountants. The independent auditor has issued an unmodified opinion on the County's financial statements for the fiscal year ended June 30, 2018. The independent auditor's report is located at the front of the Financial Section of the CAFR.

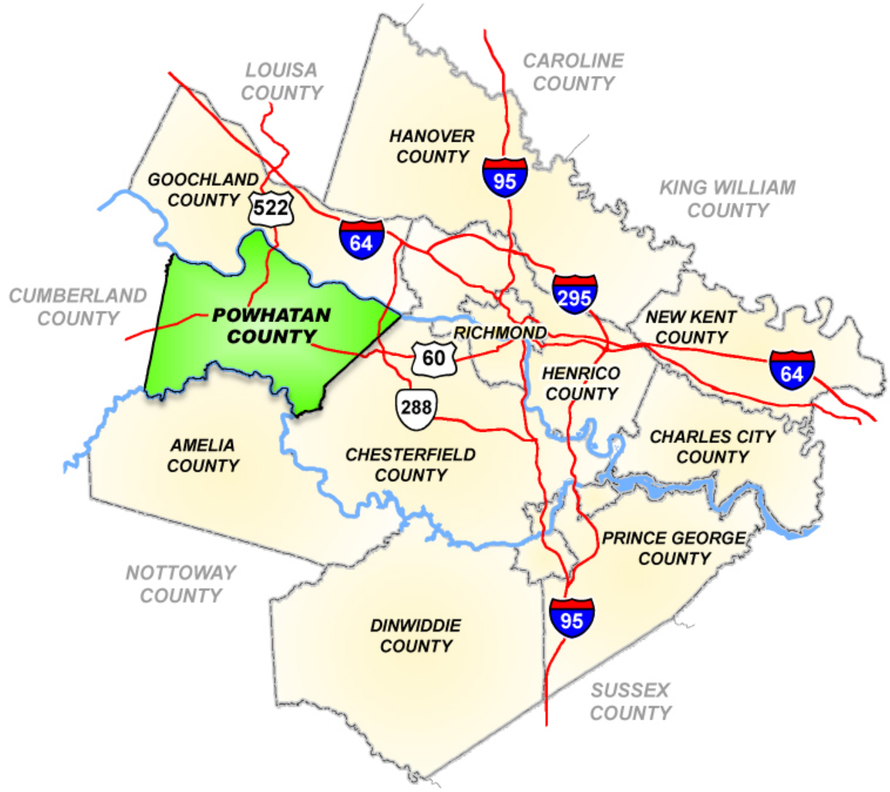
Management's Discussion and Analysis (MD&A) is found immediately following the independent auditor's report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The independent audit of the financial statements of the County was part of a broader federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. These reports are available in the Single Audit Section of the CAFR.

Profile of the County

Originally settled by the French Huguenots in the early 1700's, the County was created by the Virginia General Assembly in 1777. The County was named in honor of the Indian Chief Powhatan, father of Pocahontas. The County of Powhatan, a community of approximately 28,000 people and 272 square miles, is located in Virginia's Central Piedmont region between the Appomattox and James Rivers. Powhatan is twenty miles west of Richmond, the Commonwealth's capitol city, and is within an easy two-hour drive to the Atlantic Ocean, Washington D.C., Colonial Williamsburg, and the Blue Ridge Mountains.

Profile of the County (Continued)



The governing body, a five-member Board of Supervisors elected by district for four-year terms, sets the policies for the County. The Board of Supervisors hires a County Administrator to act as Chief Administrative Officer. The County Administrator serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, and oversees the daily administration of the County. Powhatan County Public Schools (PCPS) is governed by a five member School Board who are elected by district for four-year terms. The School Board hires the Superintendent who is the Chief Administrative Officer of PCPS. The County Treasurer, the Commissioner of the Revenue, the Commonwealth's Attorney, the Clerk of the Circuit Court and the Sheriff are elected at-large by the voters. The judges of the Circuit Court, General District Court, and the Juvenile and Domestic Relations Courts are appointed by the Virginia legislature.

The County provides a full range of municipal-type services including public safety (sheriff, fire, and EMS), health and social services, public improvements, planning, zoning and inspections, recreation and cultural services, solid waste and recycling disposal, and general administrative services. The County also operates a public water system along the eastern portion of Andersen Highway and two wastewater treatment plants in the central and eastern parts of the County.

In accordance with the requirements of the Government Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the County is financially accountable. The discretely presented component unit qualifying for inclusion in this report is Powhatan County Public Schools (PCPS).

Profile of the County (Continued)

The discretely presented component units are reported separately in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operation and cash flows from those of the primary government.

The annual operating budget serves as the foundation for the County's financial planning and control. All departments of the County are required to submit their recommended budgets to the County Administrator in January. The County Administrator uses these recommendations as the starting point for developing his proposed budget. The County Administrator presents the proposed budget to the Board of Supervisors usually by the beginning of March. The School Board presents the proposed budget for PCPS to the Board of Supervisors by mid-March. The Board of Supervisors holds numerous public work sessions in March and April. The Board of Supervisors is required to hold a public hearing and adopt a budget by May 15 for the fiscal year beginning July 1. PCPS budget is appropriated and controlled at the total budget level. The County's appropriated budget is legally controlled at the fund level. The Board of Supervisors must approve all transfers between funds. The County Administrator may make transfers of appropriations within a fund.

Local economy

The 2017 residential/commercial/agricultural ratio is 84% / 7% / 9%, which has remained the same since 2016. For the fiscal year end (FYE) 2018, revenue from sales tax increased 11.9% over FYE 2017. The continued steady growth in sales tax and the start of new construction indicated that Powhatan is recovering from the downturn of 2008. The County's unemployment rate decreased to 2.9% in FY 2018, and is the same as the state rate and well below the national rate of 4.0%.

The County anticipates additional commercial and residential growth in the future as evidenced by the purchase of property along Anderson Highway by a major international land development firm, filing of plans by a major regional housing developer, and announcement of a new development partner for the Winterfield Place project. New construction plans for Burger King, Dunkin Donuts and McDonald's have all been approved in recent months. Additionally, a sizable new light manufacturing project was approved to relocate an advanced manufacturing marble/stone business from adjacent Chesterfield County into a larger new facility in Powhatan.

Long term financial planning

On June 22, 2016, Standard & Poor's affirmed the County's bond rating of AA+ and assigned a stable outlook. Standard & Poor's AA+ rating was based on their assessment of the county's strong economy, strong management conditions with what they considered "strong" financial policies and practices, very strong budgetary flexibility with a history of available reserves above 29% of expenditures, very strong liquidity, and very weak debt and contingent liabilities, which includes overall net debt at less than 3.8% of market value.

The County uses Davenport & Company to guide it through the long-term financial planning needed to address the growth of the County. The financial advisors were instrumental in guiding the County through adopting a strong debt management policy in fiscal year 2016.

Relevant financial policies

The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County maintains an unassigned General Fund Balance sufficient to fund all cash flows of the County, to provide financial reserves for unanticipated expenditures and for revenue shortfalls. Policy guidelines have

Relevant financial policies (Continued)

established this amount at a minimum of 15% of operating revenues of the same fiscal year net of transfers. The County has also established a capital maintenance reserve within its fund balance policy where any fund balance greater than the 15% is to be maintained for non-recurring needs of the County. Only the Board of Supervisors can determine these needs and authorize the use of the capital reserve fund balance.

In addition, policies and procedures are being developed or revised periodically to provide better clarification, more detail of practice, and to strengthen documentation of management.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Powhatan for its CAFR for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department. We wish to thank all county departments and Powhatan County Public Schools for their assistance in providing the data necessary to prepare this report. The Board of Supervisors are to be commended for their support in strategically planning and managing the fiscal policies of the County.

Respectfully submitted,

Theodore L. Voorhees
County Administrator

Charla W. Schubert
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Powhatan

Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S 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 units, each major fund, and the aggregate remaining fund information of the County of Powhatan, Virginia (the "County") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Your Success is Our Focus
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Report on the Financial Statements (Continued)

Auditor's Responsibility (Continued)

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Powhatan, Virginia, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Notes 13 and 14 to the financial statements, in 2018 the County and Schools adopted new accounting guidance, GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

Report on the Financial Statements (Continued)

Other Matters (Continued)

Other Information (Continued)

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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 26, 2018

For Fiscal Year Ended June 30, 2018

This section of the County of Powhatan (the "County") comprehensive annual financial report presents management's discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the transmittal letter, which can be found on pages iii-vi and with the County's basic financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the County, on a government-wide basis excluding component units, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $24,158,474 (*net position)*. Of this amount, $11,446,479 (*unrestricted net position)* may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's total net position, excluding component units, increased by $3,911,696, of which the governmental activities increased $2,966,580 and business-type activities increased by $945,116.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $32,975,713, a decrease of $26,410,203 in comparison with the prior year. The decrease was due to the construction of the new middle school and transportation facility. Approximately 36.5% of this amount, $12,031,431, is *available for spending* at the County's discretion (*unassigned fund balance)*.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $12,031,431, or 15% of total operating revenues of the general, school operating and school cafeteria funds ($80,209,541). The County's policy is to maintain the general fund unassigned fund balance of 15% of operating revenues. General fund unassigned fund balance as a percent of operating revenues as calculated in accordance with the County's Unassigned Fund Balance Policy R-2015-62 of 15 percent is $12,031,431. The County maintains a capital maintenance reserve for the County's capital needs. The County funds the capital maintenance reserve with fund balance in excess of the 15 percent policy less any budget carryforwards, nonspendable fund balance and schools capital maintenance reserve. The amount in the County capital maintenance reserve is $1,935,031.

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 comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide financial statements

The *government-wide financial statements* are designed to provide the readers with a broad overview of the County's finances using the economic resources measurement focus and the accrual basis of accounting, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, liabilities and deferred inflows/outflows of resources, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Additionally, to assess the overall financial health of the County one must also consider non-financial factors such as changes in the County's property tax base.

Overview of the Financial Statements (Continued)

Government-Wide financial statements (continued)

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g. uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities)*. The governmental activities of the County include general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, community development, and education. The business-type activities are for water and sewer utilities.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate school board for which the County is financially accountable. Financial information for the *component units* are reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 16-18 of this report.

Fund financial statements

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 other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities.* These funds are reported on the modified accrual basis of accounting, this measures cash and other liquid assets that can be readily converted to cash.

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the County Capital Projects Fund, which are both considered to be major funds. Data for the other five County funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic fund financial statements can be found on pages 19-22 of this report.

The County maintains one type of ***Proprietary Fund.*** The County uses *enterprise funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements, to account for its water and sewer utilities. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Overview of the Financial Statements (Continued)

Fund financial statements (continued)

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 26 of this report.

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. The notes to the financial statements can be found on pages 27-115 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. It also provides information on the progress in funding its obligation to provide pension benefits and health insurance to its employees. Required supplementary information can be found on pages 116-125 of this report.

The combining statements referred to earlier with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 127 of this report.

Government-Wide Financial Analysis

An analysis of the County's financial position with a review of the Statement of Net Position and the Statement of Activities. These two statements report the County's net position and changes therein. It should be noted that the County's financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

As noted earlier, net position may serve over time as a useful indicator of a government's financial standing. In the case of the County, assets exceeded liabilities by $24 million at the close of the most recent fiscal year. A portion of the County's net position ($12,630,628, 52.3% of total) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

An additional amount of $81,367 is restricted for governmental activities for the cash held with trustee for the supplemental retirement program. Unrestricted net position of $10.5 million or 54% may be used to meet the County's ongoing obligations to citizens and creditors.

Government-wide Financial Analysis (Continued)

The following table reflects the condensed Summary of Net Position as presented in the government-wide financial statement

County of Powhatan, Virginia's Net Position

	Governmental Activities		Business-type Activities		Primary Government Totals		Component Units	
	2018	2017	2018	2017	2018	2017	2017	2017
Current and other assets	$ 43,732,001	$ 69,888,561	$ 1,442,526	$ 1,495,761	$ 45,174,527	$ 71,384,322	$ 5,202,349	$ 4,816,199
Capital assets	96,107,498	72,338,294	19,904,061	19,598,935	116,011,559	91,937,229	15,274,891	13,186,607
Total assets	$ 139,839,499	$ 142,226,855	$ 21,346,587	$ 21,094,696	$ 161,186,086	$ 163,321,551	$ 20,477,240	$ 18,002,806
Deferred outflows of resources:								
Pension contributions made subsequent to the measurement date	$ 852,067	$ 833,452	$ 30,019	$ 30,650	$ 882,086	$ 864,102	$ 3,930,737	$ 3,834,539
Difference between expected and actual experience and difference between projected and actual earnings on pension plan investments	900,114	443,123	31,712	16,296	931,826	459,419	570,120	2,626,526
Deferred outflows - OPEB	70,751	-	3,027	-	73,778	-	715,848	-
Change in proportion - teacher cost sharing pool	-	-	-	-	-	-	231,000	88,000
Deferred amounts on bond refunding	427,220	427,214	1,817,726	2,000,234	2,244,946	2,427,448	-	-
Total deferred outflows of resources	$ 2,250,152	$ 1,703,789	$ 1,882,484	$ 2,047,180	$ 4,132,636	$ 3,750,969	$ 5,447,705	$ 6,549,065
Current liabilities	$ 5,471,887	$ 5,530,805	$ 337,289	$ 377,004	$ 5,809,176	$ 5,907,809	$ 5,238,997	$ 4,844,024
Long-term liabilities:								
Net pension liability	2,824,537	2,800,007	99,511	102,970	2,924,048	2,902,977	37,146,092	42,437,000
Other postemployment payable	3,007,114	-	102,481	-	3,109,595	-	18,419,000	
Due within one year	5,638,774	5,618,008	875,862	807,080	6,514,636	6,425,088	166,173	123,185
Due in more than one year	100,484,437	107,187,858	17,172,392	18,121,169	117,656,829	125,309,027	2,241,436	11,875,864
Total liabilities	$ 117,426,749	$ 121,136,678	$ 18,587,535	$ 19,408,223	$ 136,014,284	$ 140,544,901	$ 63,211,698	$ 59,280,073
Deferred inflows of resources:								
Net difference between projected and actual investment earnings on pension plan investments	$ 282,625	$ 381,289	$ 9,947	$ 14,022	$ 292,572	$ 395,311	$ 1,479,589	$ -
Difference between expected and actual experience pensions	464,787	-	16,385	-	481,172	-	2,772,456	1,431,577
Difference between expected and actual experience OPEB	71,593	-	2,726	-	74,319	-	290,000	-
Change in proportion - teacher cost sharing pool	-	-	-	-	-	-	464,000	608,000
Deferred property taxes	4,297,901	4,094,027	-	-	4,297,901	4,094,027	-	-
Total deferred inflows of resources	$ 5,116,906	$ 4,475,316	$ 29,058	$ 14,022	$ 5,145,964	$ 4,489,338	$ 5,006,045	$ 2,039,577
Net position:								
Net investment in capital assets	$ 8,923,387	$ 4,734,695	$ 3,707,241	$ 2,745,687	$ 12,630,628	$ 7,480,382	$ 15,174,891	$ 13,186,607
Restricted	81,367	158,598	-	-	81,367	158,598	-	-
Unrestricted (deficit)	10,541,242	13,425,357	905,237	973,944	11,446,479	14,399,301	(57,646,020)	(49,954,386)
Total net position	$ 19,545,996	$ 18,318,650	$ 4,612,478	$ 3,719,631	$ 24,158,474	$ 22,038,281	$ (42,471,129)	$ (36,767,779)

Government-wide Financial Analysis (Continued)

The County's combined net position, which is the County's bottom line, increased by $3.9 million or 93% from the prior year. The change in the County's combined net position is a combination of an increase of $2.9 million from the efforts of governmental activities and an increase of $945,116 from the efforts of business-type activities. A significant portion of the increase from the efforts of the governmental activities can be attributed to the collection of delinquent taxes, increase in assessments and additional local taxes, but the increase is also due in part to paying down debt in amounts in excess of depreciation claimed, and various decisions made to deal with economic conditions. The increase in the net position from business-type activities was the result of a modest increase in service fees with decreases in the amount of outstanding debt and a contribution from a developer for water and sewer lines constructed.

The School Board and Economic Development Authority (EDA) make up the County's component units. In FY 2018, the net position of the two component units totals ($42,242,798) compared to ($36,767,779) in FY 2017. Powhatan County Public Schools, liabilities exceeded assets by $42.5 million at the close of fiscal year 2018. The deficit is due to GASB Statements 68 and 75, which requires for the recording of the net pension liability and net other postemployment liabilities. The Powhatan County Public Schools net pension liability at June 30, 2018 is $37,146,092 and net other post-employment benefits liability is $18,419,000. The Commonwealth of Virginia requires that counties, as well as their financial dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component units. The capital assets of the Powhatan County Public Schools are jointly owned with the County. The County maintains ownership of the capital asset and as debt is paid a portion of the asset is transferred back to the component unit. The County also reports depreciation expense on these assets and as debt is paid a portion of the jointly owned assets are transferred back to the component unit. The EDA's assets exceeded its liabilities by $178,331 at the close of fiscal year 2018.

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Government-wide Financial Analysis (Continued)

The statement of activities, which also uses the full accrual basis of accounting, illustrates the cost of governmental activities net of related revenues. It also shows the general revenue sources that fund governmental operations. The following table shows the revenue and expenses of government-wide activities:

County of Powhatan, Virginia's Statement of Activities

	Governmental Activities		Business-type Activities		Primary Government Totals		Component Units	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues:								
Program Revenues:								
Charges for Services	$ 1,894,887	$ 1,735,199	$ 595,446	$ 465,893	$ 2,490,333	$ 2,201,092	$ 679,690	$ 701,589
Operating Grants and Contributions	4,961,763	4,723,745	-	-	4,961,763	4,723,745	23,827,307	23,018,899
Capital Grants and Contributions	636,597	-	-	25,000	636,597	25,000	100,000	-
Property Taxes	39,678,897	39,416,185	-	-	39,678,897	39,416,185	-	-
Other local taxes	5,746,070	5,527,619	-	-	5,746,070	5,527,619	-	-
Grants and Contributions not restricted to specific programs	4,090,925	4,117,081	-	-	4,090,925	4,117,081	-	-
Other	805,749	629,056	2,463	28,401	808,212	657,457	190,865	250,332
Total revenues	$ 57,814,888	$ 56,148,885	$ 597,909	$ 519,294	$ 58,412,797	$ 56,668,179	$ 24,797,862	$ 23,970,820
Expenses:								
General government administration	$ 3,138,027	$ 3,387,951	$ -	$ -	$ 3,138,027	$ 3,387,951	$ -	$ -
Judicial administration	1,106,339	875,808	-	-	1,106,339	875,808	-	-
Public safety	9,340,671	8,623,661	-	-	9,340,671	8,623,661	-	-
Public works	2,437,663	2,444,844	2,409,265	2,584,881	4,846,928	5,029,725	-	-
Health and welfare	4,630,373	4,250,646	-	-	4,630,373	4,250,646	-	-
Education	26,750,913	25,587,129	-	-	26,750,913	25,587,129	47,273,613	45,973,466
Parks, recreation, and cultural	724,464	1,430,798	-	-	724,464	1,430,798	-	-
Community development	839,715	975,494	-	-	839,715	975,494	-	-
Interest and fiscal charges	3,457,468	4,479,930	-	-	3,457,468	4,479,930	-	-
Total expenses	$ 52,425,633	$ 52,056,261	$ 2,409,265	$ 2,584,881	$ 54,834,898	$ 54,641,142	$ 47,273,613	$ 45,973,466
Change in net position before transfers	$ 5,389,255	$ 4,092,624	$ (1,811,356)	$ (2,065,587)	$ 3,577,899	$ 2,027,037	$ (22,475,751)	$ (22,002,646)
Transfers	(2,422,675)	(2,445,094)	2,422,675	2,445,094	-	-	24,679,284	20,616,887
Change in net position	$ 2,966,580	$ 1,647,530	$ 611,319	$ 379,507	$ 3,577,899	$ 2,027,037	$ 2,203,533	$ (1,385,759)
Net position - beginning - as adjusted	16,579,416	16,671,120	3,667,362	3,340,124	20,246,778	20,011,244	(44,496,331)	(35,382,020)
Net position - ending	$ 19,545,996	$ 18,318,650	$ 4,278,681	$ 3,719,631	$ 23,824,677	$ 22,038,281	$ (42,292,798)	$ (36,767,779)

Governmental activities – For fiscal year ended June 30, 2018, revenues from governmental activities (not including Capital Projects) totaled $57.8 million, which was an increase of $1.7 million from the prior year. Real estate tax revenues, the County's largest revenue source, real estate billing of $30.3 million. The County's

Government-wide Financial Analysis (Continued)

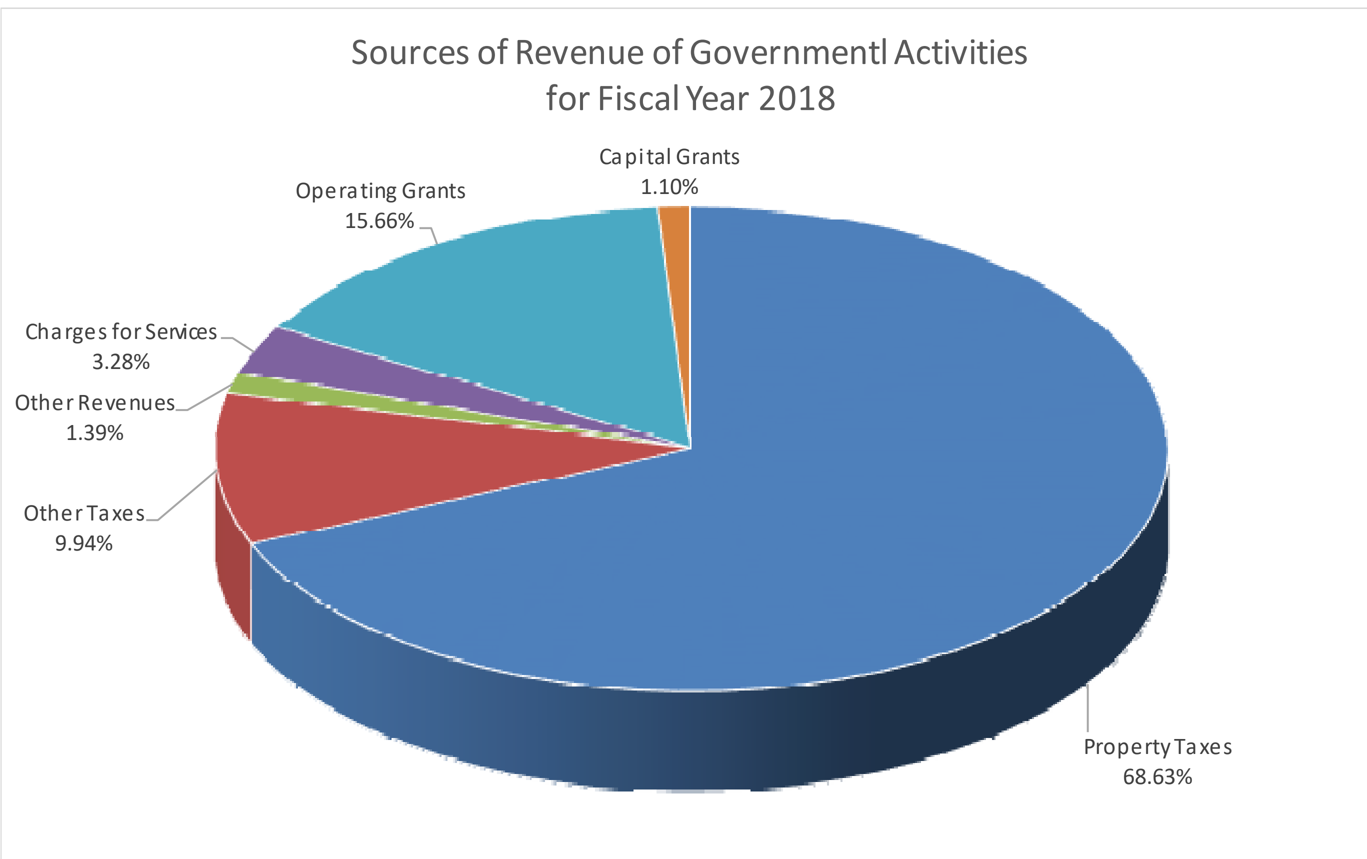
assessed real property tax base for fiscal year 2018 saw an increase of $48.9 million. The County had a general reassessment January 1, 2016, which is used for FY 2018. The increase is also due to increase in new construction. The real estate tax rate decreased to $.885 for fiscal year 2018.

In the General Fund, the County reported current year collections of $11.5 million in personal property taxes, the County's second largest revenue source. Of that amount, $3.02 million was received as reimbursement from the Commonwealth of Virginia. Under the provisions of the Personal Property Tax Relief Act (PPTRA), the state's share of local personal property taxes remains stable, which is attributed to the tax rate remaining at $3.60. The increase of $218,451 in other taxes, which includes local sales taxes, consumer utility taxes and local business license taxes, is evidence that the local economy continues to grow.

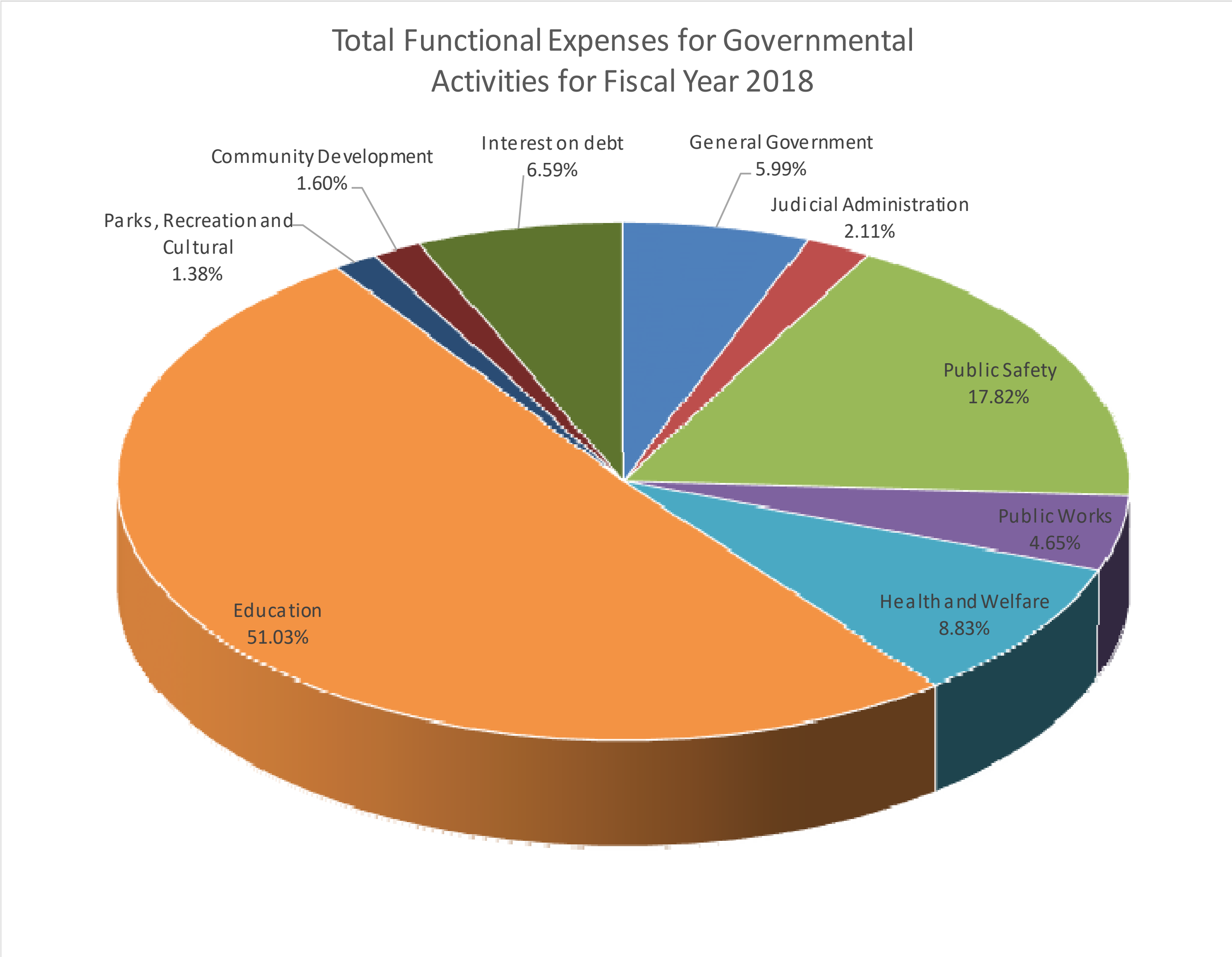
For the fiscal year ended June 30, 2018, expenses relating to governmental activities (not including Capital Projects) were $1.8 million less than planned. As in the previous fiscal years, state and national economic conditions continued to negatively impact local budgets. The decrease in spending can be contributed delaying filling vacancies and conservative spending by all departments in the County.

Public education continues to be one of the County's highest priorities and commitments, but the same economic conditions mentioned in other areas of this document have restricted efforts. The County contributed $22.4 million to public education school operations and $6.5 million toward debt payments relating to school projects for a total contribution of $28.9 million.

The following graphs illustrate by source for governmental activities, as well as illustrating expenses for each of the functional areas of governmental activities:



Government-wide Financial Analysis (Continued)



Business-type activities increased the County's net position by $945,116 for fiscal year 2018. Similar to the changes in net position attributable to governmental activities, changes in business-type activity net position also result from the difference between revenues and expenses. Unlike governmental activities, which primarily rely on general tax revenue to finance operations, business-type activities are financed by fees charged for goods and services provided.

The County has one enterprise fund, which provides water and wastewater services to approximately 200 customers in the County. Like all business-type activities, the Utility Fund attempts to recover much of the operating expenses it incurs to meet service demands through user fees. The primary factors affecting the Utility Fund are:

- Efforts to make the fund self-supporting have been unsuccessful; however the fund is showing improvements. The County recognizes the need to continue support of the fund through annual General Fund transfers. The budgeted transfer was $2,422,675 in fiscal year 2018.

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 *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $32.9 million, a decrease of $26.4 million in comparison with the prior year. The $26.4 million decrease can be attributed to:

- The County issued $55.3 million in lease revenue bonds in the prior year to finance the construction of a middle school, joint maintenance garage, a water tower and field improvements. The construction of these projects contributed to the decrease in fund balance.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $12 million, while total fund balance reached $32.9 million. The Board of Supervisors adopted a fund balance policy to keep unassigned fund balance at a minimum of 15% of operating revenues of the same fiscal year. The fund balance in excess of 15% is assigned for capital maintenance reserve. In fiscal year 2018 the County's fund balance was 19.6%. The excess fund balance of $2.9 million is assigned for capital maintenance needs of the County and Schools.

The County Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those reported by the Proprietary Fund. The County Capital Projects Fund has a fund balance of $16.4 million, which $17.8 million was restricted for bonded projects and ($1.4 million) has been assigned for future capital projects. The fund balance decreased from the prior year by $26.1 million. This decrease is in large part due the construction of the middle school, transportation facility, courthouse expansion and water tower. The County made a transfer from capital maintenance reserve in the amount of $2.7 million to fund pay as you go projects from the Five Year Capital Improvement Plan.

Proprietary funds: The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Utility Fund at the end of the year amounted to $905,237, which is a decrease of $68,707 from fiscal year 2017. The majority of this decrease can be attributed to an additional pension and other postemployment benefits expense. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

As with most of the nation, Powhatan County has felt the impact of national and state economic downturns and the continued uncertainty for the future. Total General Fund expenditures in fiscal year 2018 came in at $1 million or 2% below the final amended budget. Local expenditures for Education were under budget by $206,593.

General Fund revenues exceeded budget projections in fiscal year 2018 by $749,081, which can be attributed to the continual recovery in the local economy as well as very conservative revenue forecasting.

There was an increase of $2,737,392 between the original General Fund budget and the final amended General Fund budget, and the major differences can be summarized as follows:

- An increase of $2,663,587 can be associated with the appropriation of fund balances for various capital improvements in accordance with the County's Capital Improvement Program.

- An increase of $356,246 can be associated with the appropriation of fund balances for designated carryovers for projects that were continued from the prior year into the current year.

- A decrease of $282,441 can be attributed to various minor budget changes across multiple departments.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to $116 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, and machinery and equipment.

The County does not own its own roads; therefore, roads are not included in the capital assets.

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

- The County began construction on the new middle school, joint transportation facility, courthouse expansion and public safety radio system. The total work in progress amounted to $39,190,221.

Capital assets, net of accumulated depreciation, are illustrated in the following table:

Capital Assets
As of June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Primary Government Totals		Component Units	
	2018	2017	2018	2017	2018	2017	2018	2017
Land	$ 1,550,740	$ 1,650,740	$ 859,030	$ 859,030	$ 2,409,770	$ 2,509,770	$ 818,851	$ 818,851
Construction in progress	38,609,305	15,914,285	580,916	111,518	39,190,221	16,025,803	3,180	3,180
Buildings	11,179,480	11,187,147	18,409,081	18,558,065	29,588,561	29,745,212	-	-
Machinery & equipment	4,441,137	3,428,018	55,034	70,322	4,496,171	3,498,340	1,561,791	1,366,630
Jointly owned assets	40,326,836	40,158,104	-	-	40,326,836	40,158,104	12,791,069	10,997,946
Total	$ 96,107,498	$ 72,338,294	$ 19,904,061	$19,598,935	$ 116,011,559	$ 91,937,229	$15,174,891	$ 13,186,607

Additional information on the County's capital assets can be found in Note 8 on pages 43-45 of this report.

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Capital Asset and Debt Administration (Continued)

Long-term debt: At the end of the current fiscal year, the County had a total outstanding debt of $123.4 million and details are summarized in the following table:

Long-Term Debt
As of June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Primary Government Totals		Component Units	
	2018	2017	2018	2017	2018	2017	2018	2017
Bonds Payable:								
General obligation bonds	$ 24,032,255	$ 25,787,571	$ -	$ -	$ 24,032,255	$ 25,787,571	$ -	$ -
Revenue bonds	71,829,599	74,455,721	16,445,397	17,144,275	88,274,996	91,599,996	-	-
Premium on bonds	8,339,813	8,865,803	1,569,149	1,709,207	9,908,962	10,575,010	-	-
Literary loans	250,000	500,000	-	-	250,000	500,000	-	-
Capital leases	912,548	1,230,787	-	-	912,548	1,230,787	-	-
OPEB liability	-	1,163,317	-	43,683	-	1,207,000	-	9,885,600
Supplemental retirement plan	8,800	78,946	-	-	8,800	78,946	-	-
Compensated absences	750,196	723,721	33,708	31,084	783,904	754,805	2,407,609	2,113,449
Total	$106,123,211	$112,805,866	$18,048,254	$18,928,249	$ 124,171,465	$ 131,734,115	$ 2,407,609	$ 11,999,049

Debt associated with governmental activities decreased $5.5 million, which is the net amount of pay down of principal during the year. The debt associated with business-type activities decreased by $838,936, which can be attributed to pay down of principal during the current year.

The County is not subject to a statutory debt limitation, but the County limits its debt to a net debt as a percentage of assessed value of taxable property which shall not exceed 4%. The County also limits its ratio of debt service as a percentage of governmental operating funds expenditures to 15%. The County's net tax supported debt as a percentage of assessed value was 3.02%, the net debt per capita ratio was $4,216, and the debt payments percentage was 13.20%.

Additional information on the County's long-term debt can be found in Note 10 on pages 47-51.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County as of June 2018 was 2.9 percent, which is the same as the state rate (2.9 percent) and the national rate (4.0 percent).

- Real property taxable assessed values increased 5 percent from January 1, 2016 to January 1, 2018 from $3,255,449,855 to $3,424,488,050 due to the County's general reassessment. The County anticipates the assessments to continue to increase for new construction and this will be taken into consideration in the development of the FY 2020 Budget which is currently underway.

Other Important Information

In 2018, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The overall effect of this new standard is to reflect the County's long-term other postretirement benefit ("OPEB") obligations directly in the financial statements. Under previous accounting guidance, these amounts were recorded incrementally over time, but were not recognized in their entirety. Instead, the total liability which has been recorded, was only disclosed. The new standard not only changes certain measurement methodologies, but also requires certain new disclosures and that the County record a net OPEB liability directly on the statement of net position. Beginning net position has been restated as discussed in Note 21, and this has had a significant impact on the County's net position. However, because similar information has been disclosed in prior years, both the notes to the financial statements and in required supplementary information, the effect of this new standard is not expected to negatively affect how most governmental entities are viewed by sophisticated readers of their financial statements. Because information to restate prior year is readily available, the prior comparative information included in this discussion and analysis has not been restated.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, County of Powhatan, 3834 Old Buckingham Road, Suite B, Powhatan VA 23139. General information relating to the County of Powhatan is available on the County's website http://www.powhatanva.gov.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Statement of Net Position
June 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents (Note 3)	$ 13,946,688	$ 1,362,672	$ 15,309,360	$ 4,255,769	$ 78,331
Receivables, net (Note 5):					
Taxes	6,686,390	-	6,686,390	-	-
Accounts	188,643	79,854	268,497	-	-
Due from other governmental units (Note 6)	1,452,579	-	1,452,579	860,794	-
Inventories	-	-	-	7,455	-
Prepaid expenses	81,688	-	81,688	-	-
Restricted assets:					
Temporarily restricted: Investments (Note 3)	21,376,013	-	21,376,013	-	-
Capital assets (Note 8)					
Nondepreciable	40,160,045	1,439,946	41,599,991	822,031	100,000
Depreciable, net	55,947,453	18,464,115	74,411,568	14,352,860	-
Total assets	$ 139,839,499	$ 21,346,587	$ 161,186,086	$ 20,298,909	$ 178,331
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions made subsequent to the measurement date (Notes 11 &12)	$ 852,067	$ 30,019	$ 882,086	$ 3,930,737	$ -
Difference between expected and actual experience and difference between projected and actual earnings on pension plan investments - pension (Notes 11 & 12)	900,114	31,712	931,826	570,120	-
Deferred outflows - OPEB (Note 13)	70,751	3,027	73,778	715,848	-
Change in proportion - teacher cost sharing pool (Note 12)	-	-	-	231,000	-
Deferred amount on bond refundings	427,220	1,817,726	2,244,946	-	-
	$ 2,250,152	$ 1,882,484	$ 4,132,636	$ 5,447,705	$ -
LIABILITIES					
Accounts payable	$ 2,553,096	$ 137,647	$ 2,690,743	$ 440,300	$ -
Accrued liabilities	5,829	-	5,829	4,798,697	-
Retainage payable	1,729,724	-	1,729,724	-	-
Accrued interest payable	1,183,238	199,642	1,382,880	-	-
Long-term liabilities:					
Net pension liability (Notes 11 & 12)	2,824,537	99,511	2,924,048	37,146,092	-
Net other postemployment benefits liability (Note 13 & 14)	3,007,114	102,481	3,109,595	18,419,000	-
Due within one year (Note 10)	5,638,774	872,491	6,511,265	166,173	-
Due in more than one year (Note 10)	100,484,437	17,175,763	117,660,200	2,241,436	-
Total liabilities	$ 117,426,749	$ 18,587,535	$ 136,014,284	$ 63,211,698	$ -
DEFERRED INFLOWS OF RESOURCES					
Net difference between projected and actual investment earnings on pension plan investments (Notes 11 & 12)	$ 282,625	$ 9,947	$ 292,572	$ 1,479,589	$ -
Difference between expected and actual experience - pension (Notes 11 & 12)	464,787	16,385	481,172	2,772,456	-
Difference between expected and actual experience - OPEB (Notes 13 & 14)	71,593	2,726	74,319	290,000	-
Change in proportion - teacher cost sharing pool (Note 12)	-	-	-	464,000	-
Deferred property taxes (Note 9)	4,297,901	-	4,297,901	-	-
	$ 5,116,906	$ 29,058	$ 5,145,964	$ 5,006,045	$ -
NET POSITION					
Net investment in capital assets	$ 8,923,387	$ 3,707,241	$ 12,630,628	$ 15,174,891	$ 100,000
Restricted for:					
SRP	81,367	-	81,367	-	-
Unrestricted (deficit)	10,541,242	905,237	11,446,479	(57,646,020)	78,331
Total net position	$ 19,545,996	$ 4,612,478	$ 24,158,474	$ (42,471,129)	$ 178,331

The notes to the financial statements are an integral part of this statement.

COUNTY OF POWHATAN, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2018

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 3,138,027	$ -	$ 279,699	$ -
Judicial administration	1,106,339	223,978	586,843	-
Public safety	9,340,671	1,417,962	1,627,173	636,597
Public works	2,437,663	65,587	-	-
Health and welfare	4,630,373	-	2,352,979	-
Education	26,750,913	-	-	-
Parks, recreation, and cultural	724,464	21,787	107,524	-
Community development	839,715	165,573	7,545	-
Interest on long-term debt	3,457,468	-	-	-
Total governmental activities	$ 52,425,633	$ 1,894,887	$ 4,961,763	$ 636,597
Business-type activities:				
Water and sewer	$ 2,409,265	$ 595,446	$ -	$ 333,797
Total business-type activities	$ 2,409,265	$ 595,446	$ -	$ 333,797
Total primary government	$ 54,834,898	$ 2,490,333	$ 4,961,763	$ 970,394
COMPONENT UNITS:				
School Board	$ 47,230,113	$ 679,690	$ 23,827,307	$ -
Economic Development Authority	43,500	-	-	100,000
Total component units	$ 47,273,613	$ 679,690	$ 23,827,307	$ 100,000

General revenues:
- General property taxes
- Local sales and use tax
- Consumer utility tax
- Motor vehicle licenses
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Grants and contributions not restricted to specific programs

Payment from Powhatan County
Transfers (Note 7)
- Total general revenues and transfers

Change in net position
Net position - beginning - as restated (Note 21)
Net position - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	EDA
$ (2,858,328)	$ -	$ (2,858,328)	$ -	$ -
(295,518)	-	(295,518)	-	-
(5,658,939)	-	(5,658,939)	-	-
(2,372,076)	-	(2,372,076)	-	-
(2,277,394)	-	(2,277,394)	-	-
(26,750,913)	-	(26,750,913)	-	-
(595,153)	-	(595,153)	-	-
(666,597)	-	(666,597)	-	-
(3,457,468)	-	(3,457,468)	-	-
$ (44,932,386)	$ -	$ (44,932,386)	$ -	$ -
$ -	$ (1,480,022)	$ (1,480,022)	$ -	$ -
$ -	$ (1,480,022)	$ (1,480,022)	$ -	$ -
$ (44,932,386)	$ (1,480,022)	$ (46,412,408)	$ -	$ -
$ -	$ -	$ -	$ (22,723,116)	$ -
-	-	-	-	56,500
$ -	$ -	$ -	$ (22,723,116)	$ 56,500
$ 39,678,897	$ -	$ 39,678,897	$ -	$ -
3,210,248	-	3,210,248	-	-
600,559	-	600,559	-	-
1,092,376	-	1,092,376	-	-
842,887	-	842,887	-	-
482,100	66	482,166	26,551	119
323,649	2,397	326,046	164,195	-
4,090,925	-	4,090,925	-	-
-	-	-	24,679,284	-
(2,422,675)	2,422,675	-	-	-
$ 47,898,966	$ 2,425,138	$ 50,324,104	$ 24,870,030	$ 119
$ 2,966,580	$ 945,116	$ 3,911,696	$ 2,146,914	$ 56,619
16,579,416	3,667,362	20,246,778	(44,618,043)	121,712
$ 19,545,996	$ 4,612,478	$ 24,158,474	$ (42,471,129)	$ 178,331

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FUND FINANCIAL STATEMENTS

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Balance Sheet
Governmental Funds
June 30, 2018

	General	County Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 14,598,043	$ -	$ 786,937	$ 15,384,980
Receivables, net:				
Taxes	6,686,390	-	-	6,686,390
Accounts	132,836	-	55,807	188,643
Due from other governmental units	1,314,398	-	138,181	1,452,579
Prepaid items	81,688	-	-	81,688
Restricted assets:				
Temporarily restricted:				
Investments	-	21,319,446	56,567	21,376,013
Total assets	$ 22,813,355	$ 21,319,446	$ 1,037,492	$ 45,170,293
LIABILITIES				
Accounts payable	$ 641,884	$ 1,836,838	$ 74,374	$ 2,553,096
Accrued liabilities	-	-	5,829	5,829
Retainage payable	-	1,729,724	-	1,729,724
Reconciled overdraft payable	-	1,395,958	42,334	1,438,292
Total liabilities	$ 641,884	$ 4,962,520	$ 122,537	$ 5,726,941
DEFERRED INFLOWS OF RESOURCES				
Unavailable/deferred revenue (Note 9)	$ 6,467,639	$ -	$ -	$ 6,467,639
Total deferred inflows of resurces	$ 6,467,639	$ -	$ -	$ 6,467,639
FUND BALANCES:				
Nonspendable	$ 81,688	$ -	$ -	$ 81,688
Restricted	-	17,752,884	622,264	18,375,148
Committed	-	-	292,691	292,691
Assigned	3,590,713	-	-	3,590,713
Unassigned	12,031,431	(1,395,958)	-	10,635,473
Total fund balances	$ 15,703,832	$ 16,356,926	$ 914,955	$ 32,975,713
Total liabilities and fund balances	$ 22,813,355	$ 21,319,446	$ 1,037,492	$ 45,170,293

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds			$	32,975,713
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Capital assets, cost	$	141,945,488		
Less: accumulated depreciation		(45,837,990)		96,107,498
Deferred inflows of resources (i.e. taxes levied) are not available to pay current period expenditures and, therefore, are deferred in the funds.				2,169,738
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.				
Deferred outflows of resources for 2018 employer contributions - pension	$	852,067		
Deferred outflows of resources for the net difference between projected and actual investment earnings on pension plan investments		900,114		
Deferred inflows of resources for differences between expected and actual experience - pension		(304,543)		
Deferred inflows of resources for changes in assumptions - pension		(160,244)		
Deferred inflows of resources for the net difference between projected and actual plan investments - pension		(282,625)		
Deferred outflows - OPEB		70,751		
Deferred inflows - OPEB		(71,593)		
Net other postemployment benefits liability		(3,007,114)		
Net Pension Liability		(2,824,537)		(4,827,724)
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	$	(96,111,854)		
Bond issuance premium		(8,339,813)		
Deferred charge on refundings		427,220		
Interest payable		(1,183,238)		
Capital lease obligations		(912,548)		
Supplemental retirement plan liability		(8,800)		
Compensated absences		(750,196)		(106,879,229)
Net position of governmental activities			$	19,545,996

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General	County Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	$ 39,648,166	$ -	$ -	$ 39,648,166
Other local taxes	5,746,070	-	-	5,746,070
Permits, privilege fees, and regulatory licenses	801,389	-	165,336	966,725
Fines and forfeitures	144,612	-	-	144,612
Revenue from the use of money and property	186,399	291,066	4,635	482,100
Charges for services	202,537	-	581,013	783,550
Miscellaneous	221,600	76,000	26,049	323,649
Intergovernmental revenues:				
Commonwealth	7,489,487	609,419	178,747	8,277,653
Federal	1,168,067	-	243,565	1,411,632
Total revenues	$ 55,608,327	$ 976,485	$ 1,199,345	$ 57,784,157
EXPENDITURES				
Current:				
General government administration	$ 3,072,145	$ 223,325	$ 41,803	$ 3,337,273
Judicial administration	975,625	2,222,120	17,301	3,215,046
Public safety	7,669,010	2,137,538	795,960	10,602,508
Public works	1,982,356	1,882,153	-	3,864,509
Health and welfare	4,603,678	-	-	4,603,678
Education	22,374,550	23,211,407	81,865	45,667,822
Parks, recreation, and cultural	572,805	63,275	1,785	637,865
Community development	822,455	-	8,883	831,338
Capital projects	549	-	-	549
Debt service:				
Principal retirement	4,949,677	-	-	4,949,677
Interest and other fiscal charges	4,061,420	-	-	4,061,420
Total expenditures	$ 51,084,270	$ 29,739,818	$ 947,597	$ 81,771,685
Excess (deficiency) of revenues over expenditures	$ 4,524,057	$ (28,763,333)	$ 251,748	$ (23,987,528)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 20,543	$ 2,663,587	$ -	$ 2,684,130
Transfers out	(5,086,262)	-	(20,543)	(5,106,805)
Total other financing sources (uses)	$ (5,065,719)	$ 2,663,587	$ (20,543)	$ (2,422,675)
Net change in fund balances	$ (541,662)	$ (26,099,746)	$ 231,205	$ (26,410,203)
Fund balances - beginning	16,245,494	42,456,672	683,750	59,385,916
Fund balances - ending	$ 15,703,832	$ 16,356,926	$ 914,955	$ 32,975,713

The notes to the financial statements are an integral part of this statement.

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:				
Net change in fund balances - total governmental funds			$	(26,410,203)
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	$	29,292,890		
Allocation of jointly owned assets, net		(2,304,734)		
Depreciation expense		(3,118,952)		23,869,204
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.				30,731
Governmental funds report employer pension contributions as expenditures. However in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.				
Employer pension contributions	$	852,067		
Pension expense		(767,114)		84,953
In the Statement of Activities, only the gain or loss on sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the property sold.				(100,000)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.				
Principal payments	$	4,949,677		
Amortization of deferred amounts on refunding		6		
Amortization of premium on bonds payable		525,990		5,475,673
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.				
(Increase) decrease in compensated absences	$	(26,475)		
(Increase) decrease in OPEB liability		(105,405)		
(Increase) decrease in SRP liability		70,146		
(Increase) decrease in interest payable		77,956		16,222
Change in net position of governmental activities			$	2,966,580

The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Proprietary Fund
June 30, 2018

		Enterprise Fund Water & Sewer
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	$	1,362,672
Accounts receivable, net of allowance for uncollectibles (Note 5)		79,854
Total current assets	$	1,442,526
Noncurrent assets (Note 8):		
Capital assets:		
Nondepreciable	$	1,439,946
Depreciable, net		18,464,115
Total noncurrent assets	$	19,904,061
Total assets	$	21,346,587
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions made subsequent to the measurement date (Note 11)	$	30,019
Differences between expected and actual experience and difference between projected and actual earnings on pension plan investments - pension (Note 11)		31,712
Deferred Outflows - OPEB (Note 13)		3,027
Deferred amount on bond refunding		1,817,726
Total deferred outflows of resources	$	1,882,484
LIABILITIES		
Current liabilities:		
Accounts payable	$	137,647
Accrued interest payable		199,642
Compensated absences - current portion		3,371
Bonds payable - current portion		869,120
Total current liabilities	$	1,209,780
Noncurrent liabilities:		
Bonds payable - net of current portion	$	17,145,426
Compensated absences - net of current portion		30,337
Net pension liability		99,511
Other post-employment benefits payable		102,481
Total noncurrent liabilities	$	17,377,755
Total liabilities	$	18,587,535
DEFERRED INFLOWS OF RESOURCES		
Difference between expected and actual experience on pension (Note 11)	$	16,385
Net difference between projected and actual earnings on pension (Note 11)		9,947
Difference between expected and actual experience on OPEB (Note 13)		2,726
Total deferred inflows of resources	$	29,058
NET POSITION		
Net investment in capital assets	$	3,707,241
Unrestricted		905,237
Total net position	$	4,612,478

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2018

		Enterprise Fund Water & Sewer
OPERATING REVENUES		
Charges for services:		
Water and sewer revenues	$	398,301
Connection and reconnection fees		197,145
Miscellaneous		2,397
Total operating revenues	$	597,843
OPERATING EXPENSES		
Personal services	$	299,235
Fringe benefits		108,010
Contractual services		176,778
Other charges		504,485
Depreciation		498,069
Total operating expenses	$	1,586,577
Operating loss	$	(988,734)
NONOPERATING EXPENSES		
Investment earnings		66
Interest and fiscal charges		(822,688)
Total nonoperating expenses	$	(822,622)
Loss before contributions and transfers	$	(1,811,356)
Capital contributions	$	333,797
Transfers in		2,422,675
Change in net position	$	945,116
Total net position - beginning - as restated		3,667,362
Total net position - ending	$	4,612,478

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2018

		Enterprise Fund Water & Sewer
OPERATING ACTIVITIES		
Receipts from customers and users	$	630,128
Payments to suppliers		(736,624)
Payments to employees		(404,327)
Net cash used in operating activities	$	(510,823)
NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	$	2,422,675
Net cash provided by noncapital financing activities	$	2,422,675
CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to capital assets	$	(469,398)
Principal payments on bonds		(698,878)
Interest payments		(764,593)
Net cash used in capital and related financing activities	$	(1,932,869)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	$	66
Net cash provided by investing activities	$	66
Net decrease in cash and cash equivalents	$	(20,951)
Cash and cash equivalents - beginning - including restricted		1,383,623
Cash and cash equivalents - ending - including restricted	$	1,362,672
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(988,734)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	$	498,069
(Increase) decrease in accounts receivable		32,285
Increase (decrease) in accounts payable and accrued liabilities		(55,361)
Increase (decrease) in compensated absences and OPEB		63,371
Increase (decrease) Pension expense net of employer contributions		(60,453)
Total adjustments	$	477,911
Net cash used in operating activities	$	(510,823)
Noncash investing, capital, and financing activities:		
Contributions of capital assets	$	333,797

The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
Agency Funds
June 30, 2018

		Agency Funds
ASSETS		
Cash and cash equivalents	$	448,678
Total assets	$	448,678
LIABILITIES		
Amounts held for social services clients	$	13,222
Amounts held for others		433,456
Total liabilities	$	448,678

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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 police and fire protection, recreational activities, cultural events, education, and social services.

The financial statements of the County have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant GASB policies are described below.

B. Financial Statement Presentation

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 units. 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 units. Governments report all capital assets in the government-wide statement of net position and report depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net position of a government is 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).

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Financial Statement Presentation (Continued)

Statement of Activities (Continued)

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. Governments provide budgetary comparison information in their financial statements, including the government's original budget with a comparison of final budget and actual results.

C. 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. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the government.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Individual Component Unit Disclosures

Discretely Presented Component Units

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.

Economic Development Authority

The Powhatan County Economic Development Authority (EDA) is responsible for industrial and commercial development in the County. The Authority consists of six members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, as the County is involved in the day-to-day operations of the EDA, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2018. The Authority does not issue a separate financial report.

E. Other Related Organizations

James River Juvenile Detention Commission

The James River Juvenile Detention Commission is jointly governed by the localities of 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 2018 was $236,118.

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 2018 was $13,652.

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 $268,730 to the Board during fiscal year 2018.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Related Organizations (Continued)

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 2018 was $210,974.

Monacan Soil and Water Conservation District

The County entered into an agreement with the District to work together in the development of effective soil and water conversation programs. The County's contribution during fiscal year 2018 was $42,000.

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 2018.

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 2018 were $17,393.

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 2018 was $96,466.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Related Organizations (Continued)

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, King and Queen, New Kent, Powhatan, and Prince George and the cities of 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 2018 was $102,349.

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 2018 was $62,946.

CodeRVA Regional School

The CodeRVA Regional School is an alternative program of studies that partners with private industry and institutions of higher education where students will graduate with a high school diploma and more than 400 hours of paid information technology work experience. The Regional School Board is jointly governed by a representative from each of the following localities: the counties of Chesterfield, Dinwiddie, Goochland, Hanover, Henrico, New Kent, Powhatan, Prince George, and Sussex and the cities of Hopewell, Petersburg, and Richmond. The County of Powhatan pays a pro rata portion of operating costs based on the average of the percent of average daily membership (ADM) of the students of the respective school divisions in CodeRVA as of March 30th of the preceding year. The School Board's contribution for fiscal year 2018 was $38,600.

F. 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, which 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 proprietary fund and fiduciary fund financial statements, except for agency funds. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 and have no measurement focus but use the accrual basis of accounting for asset and liability recognition. 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.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Fund Financial Statements

Governmental Funds are those through which most governmental functions typically are financed. The County reports the following as major governmental funds:

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

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities.

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. It 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 proprietary fund is the water and sewer fund.

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, State Asset Forfeiture, Federal Asset Forfeiture, Fire and Rescue, and Grants Fund.

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. 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.

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value which approximates market; no investments are valued at cost.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Continued)

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and are described as follows.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs;
- Level 3 inputs are significant unobservable inputs.

Interfund 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."

Receivables

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.

Real and Personal Property Tax Data

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

	Real Property	Personal Property
Levy	January 1	January 1
Due Date	November 5 / June 5	June 5 / November 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activity 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, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair 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.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Continued)

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:

Assets	Years
Buildings	5-40
Utility plant in service	30-50
Machinery and equipment	3-20

Local governments in Virginia may have a tenancy in common with their school systems whenever the locality incurs a financial obligation, including capital leases, for school property which is payable over more than one fiscal year. The County reports this debt in its financial statements. The capital assets acquired by such debt are reported by the County until such time as the outstanding indebtedness is retired, at which time, the net book value is transferred to and reported by the Schools.

Compensated Absences

The County and School Board have policies to allow the accumulation and vesting of limited amounts of paid leave and sick leave until termination or retirement. Amounts of such absences are accrued when earned in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds when the amounts are due for payment.

Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about fiduciary net position of the County's Plans and the additions to/deductions from the County's Plan's net fiduciary position have been determined on the same basis as they were reported to the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activity, 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 period of issuance. 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.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Continued)

Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Prepaid expenditures in governmental funds are offset by a nonspendable fund balance.

Fund Net Position

Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The classifications are as follows:

Nonspendable – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, if applicable.

Restricted – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed – Amounts constrained to specific purposes by the County, using authority resolution; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.

Assigned – Amounts are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by County management based on governing body direction through adoption or amendment of the budget or through ordinance or resolution.

Unassigned – Amounts that are available for any purpose; positive amounts are reported 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 Board of Supervisors has provided otherwise in its commitment or assignment actions.

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 operating revenues of the same fiscal year.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Continued)

Net Position

Net position is the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets represent capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Unrestricted net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Deferred Outflows and Inflows of Resources

In addition to assets, the statements which present financial position reports a separate section for deferred outflows of resources. These items represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements which present financial position report a separate section for deferred inflows of resources. These items represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time.

The County has the following items that qualify as deferred inflows or outflows:

- Deferred charge on refunding. A deferred charge on refunding is a deferred outflow which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Changes in assumptions on pension or OPEB investments. This difference will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- Changes in proportion and differences between employer contributions and the proportionate share of employer contributions are reported as a deferred inflow or outflow, as appropriate.
- Unavailable revenue is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenue from property taxes and other receivable not collected within 60 days of year end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Unearned revenue related to the prepayment of taxes not due until 2019.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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. Actual results could differ from those estimates.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

1. 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.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
4. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. The Appropriations Ordinance is adopted at the fund level. Department Directors may transfer appropriations within a department within a fund. The County administrator may approve transfers of appropriations between departments within a fund. The appropriation for each fund can be revised through resolution by the Board of Supervisors.
6. Appropriations lapse on June 30, for all County units.

Note 3. Deposits and Investments

Deposits:

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

(Continued)

Note 3. Deposits and Investments (Continued)

Investments:

At June 30, 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 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. 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 Debt Securities:

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.

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Note 3. Deposits and Investments (Continued)

Credit Risk Debt Securities: (Continued)

At June 30, the deposit and investment balances were as follows:

Deposits:		
Demand deposits	$	17,123,769
Certificates of deposit		2,500,000
Cash on hand		1,050
Investments:		
LGIP		17,119
Money market		1,522
Trust		21,376,013
Total deposits and investments	$	41,019,473

The deposits and investments are comprised as follows:

Cash and cash equivalents - Primary Government	$	15,309,360
Cash and cash equivalents - Component Unit - School Board		4,255,769
Cash and cash equivalents - Component Unit - EDA		78,331
Restricted assets - Primary Government		
Investments		21,376,013
Total deposits and investments	$	41,019,473

Restricted cash and cash equivalents is comprised of cash held for the Supplemental Retirement Program and capital projects financed with debt proceeds.

Note 4. Fair Value Measurement

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County has the following recurring fair value measurements as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Mutual Funds				
U.S. Equity - Small Cap	$ 5,670	$ -	$ -	$ 5,670
Wells Fargo Government	25,695	-	-	25,695
Wells Fargo Fixed	8,563	-	-	8,563
Wells Fargo Equity	11,051	-	-	11,051
Wells Fargo Balanced	5,588	-	-	5,588
US Treasury Note	21,319,446	-	-	21,319,446
	$ 21,376,013	$ -	$ -	$ 21,376,013

(Continued)

Note 4. Fair Value Measurement (Continued)

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

Note 5. Receivables

Receivables consist of the following:

	Governmental Activities	Business-Type Activities	Total Primary Government
Taxes	$ 7,030,164	$ -	$ 7,030,164
Less: allowance for uncollectible accounts	(343,774)	-	(343,774)
Net taxes receivable	6,686,390	-	6,686,390
Accounts Receivable, net of allowance	188,643	79,854	268,497
Total receivables, net	$ 6,875,033	$ 79,854	$ 6,954,887

Taxes receivable represent the current and past four years of uncollected tax levies for personal property taxes and the current and past nineteen years for uncollected tax levies on real property. Governmental activities accounts receivable is comprised of amounts due for EMS billings and other local revenues. The allowances for uncollectible accounts is based on historical collection rates aging of receivable balances, and specific account analysis.

(Continued)

Note 6. Due from Other Governmental Units

Amounts due from other governments consist of the following:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales tax	$ -	$ 537,127
VPSA technology	-	206,000
Auto rental	4,819	-
Clerk's excess fees	3,870	-
Rolling stock tax	1,021	-
Victim witness grant	3,461	-
Mobile home titling tax	150	-
E-911 wireless funds	10,988	-
Recordation tax	29,169	-
Comprehensive services	237,650	-
VPA funds	42,498	-
Four for Life	32,193	-
Communication tax	126,438	-
Constitutional officer reimbursements	166,082	-
Local sales tax	584,099	-
Federal Government:		
School fund grants	-	117,667
DMV grants	13,283	-
FEMA	92,705	-
Victim witness	10,384	-
TANF funds	3,725	-
CSBG funds	6,785	-
VPA funds	83,259	-
Total due from other governments	$ 1,452,579	$ 860,794

(Continued)

Note 7. Interfund Transfers

Interfund transfers consist of the following:

		Transfers In		Transfers Out
Governmental Funds:				
General Fund	$	20,543	$	5,086,262
County Capital Projects Fund		2,663,587		-
Other Governmental Funds		-		20,543
Proprietary Funds:				
Water and Sewer Fund		2,422,675		-
Total	$	5,106,805	$	5,106,805

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

Note 8. Capital Assets

Capital asset activity for the year consists of the following:

		Beginning Balance		Increases		Decreases		Ending Balance
Governmental Activities:								
Capital assets not depreciated:								
Land	$	1,650,740	$	-	$	100,000	$	1,550,740
Construction in progress		15,914,285		25,364,989		2,669,969		38,609,305
Total capital assets not depreciated	$	17,565,025	$	25,364,989	$	2,769,969	$	40,160,045
Capital assets depreciated:								
Buildings	$	20,344,554	$	501,591	$	101,000	$	20,745,145
Machinery and equipment		11,029,375		1,754,705		601,380		12,182,700
Jointly owned assets		67,790,970		4,341,574		3,274,946		68,857,598
Total capital assets depreciated	$	99,164,899	$	6,597,870	$	3,977,326	$	101,785,443
Less accumulated depreciation:								
Buildings	$	9,157,407	$	509,258	$	101,000	$	9,565,665
Machinery and equipment		7,601,357		741,586		601,380		7,741,563
Jointly owned assets		27,632,866		1,868,108		970,212		28,530,762
Total accumulated depreciation	$	44,391,630	$	3,118,952	$	1,672,592	$	45,837,990
Capital assets depreciated, net	$	54,773,269	$	3,478,918	$	2,304,734	$	55,947,453
Net capital assets	$	72,338,294	$	28,843,907	$	5,074,703	$	96,107,498

(Continued)

Note 8. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not depreciated:				
Land	$ 859,030	$ -	$ -	$ 859,030
Construction in progress	111,518	469,398	-	580,916
Total capital assets not depreciated	$ 970,548	$ 469,398	$ -	$ 1,439,946
Capital assets depreciated:				
Utility plant in service	$ 23,503,147	$ 333,797	$ -	$ 23,836,944
Machinery and equipment	153,478	-	-	153,478
Total capital assets depreciated	$ 23,656,625	$ 333,797	$ -	$ 23,990,422
Less accumulated depreciation:				
Utility plant in service	$ 4,945,082	$ 482,781	$ -	$ 5,427,863
Machinery and equipment	83,156	15,288	-	98,444
Total accumulated depreciation	$ 5,028,238	$ 498,069	$ -	$ 5,526,307
Capital assets depreciated, net	$ 18,628,387	$ (164,272)	$ -	$ 18,464,115
Net capital assets	$ 19,598,935	$ 305,126	$ -	$ 19,904,061

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

	Governmental Activities	Business-Type Activities	Total Primary Government
General government administration	$ 78,216	$ -	$ 78,216
Judicial administration	98,955	-	98,955
Public safety	784,473	-	784,473
Public works	54,992	-	54,992
Health and welfare	36,517	-	36,517
Education	1,868,108	-	1,868,108
Parks, recreation, and cultural	197,691	-	197,691
Water and sewer	-	498,069	498,069
Total depreciation expense - primary government	$ 3,118,952	$ 498,069	$ 3,617,021

(Continued)

Note 8. Capital Assets (Continued)

Discretely Presented Component Unit - School Board

Capital asset activity for the School Board for the year consists of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not depreciated:				
Land	$ 818,851	$ -	$ -	$ 818,851
Construction in progress	3,180	-	-	3,180
Total capital assets not depreciated	$ 822,031	$ -	$ -	$ 822,031
Capital assets depreciated:				
Jointly owned assets	$ 18,565,654	$ 3,274,946	$ -	$ 21,840,600
Machinery and equipment	1,951,365	410,230	-	2,361,595
Total capital assets depreciated	$ 20,517,019	$ 3,685,176	$ -	$ 24,202,195
Less accumulated depreciation:				
Jointly owned assets	$ 7,567,708	$ 1,481,823	$ -	$ 9,049,531
Machinery and equipment	584,735	215,069	-	799,804
Total accumulated depreciation	$ 8,152,443	$ 1,696,892	$ -	$ 9,849,335
Capital assets depreciated, net	$ 12,364,576	$ 1,988,284	$ -	$ 14,352,860
Net capital assets	$ 13,186,607	$ 1,988,284	$ -	$ 15,174,891

School Board depreciation expense was charged to education in the amount of $726,680. The remaining $970,212 increase to accumulated depreciation is for depreciation taken on jointly owned assets and transferred from the Primary Government.

Discretely Presented Component Unit - Economic Development Authority

Capital asset activity for the EDA for the year consists of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not depreciated:				
Land	$ -	$ 100,000	$ -	$ 100,000
Total capital assets not depreciated	$ -	$ 100,000	$ -	$ 100,000
Net capital assets	$ -	$ 100,000	$ -	$ 100,000

(Continued)

Note 9. Unavailable/Unearned Revenue

Governmental funds report unavailable/unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At year end, unavailable and unearned revenue were as follows:

	Unavailable	Unearned	Total
Property taxes	$ 2,169,738	$ 4,055,353	$ 6,225,091
Property taxes paid in advance	-	242,548	242,548
Totals	$ 2,169,738	$ 4,297,901	$ 6,467,639

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Note 10. Long-Term Liabilities

Changes in long-term liabilities consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences payable	$ 723,721	$ 493,717	$ 467,242	$ 750,196	$ 75,020
Capital lease obligations	688,254	-	74,432	613,822	75,806
Lease revenue bonds	27,300,471	-	1,405,022	25,895,449	1,485,216
Premium on bonds	2,849,461	-	197,917	2,651,544	197,107
Supplemental retirement plan	78,946	-	70,146	8,800	8,800
Total incurred by County	$ 31,640,853	$ 493,717	$ 2,214,759	$ 29,919,811	$ 1,841,949
Incurred by School Board:					
Literary loans	$ 500,000	$ -	$ 250,000	$ 250,000	$ 250,000
General obligation bonds	25,787,571	-	1,755,316	24,032,255	1,787,937
Capital lease obligations	542,533	-	243,807	298,726	147,665
Lease revenue bonds	47,155,250	-	1,221,100	45,934,150	1,283,150
Premium on bonds	6,016,342	-	328,073	5,688,269	328,073
Total incurred by School Board	$ 80,001,696	$ -	$ 3,798,296	$ 76,203,400	$ 3,796,825
Total Governmental Activities	$ 111,642,549	$ 493,717	$ 6,013,055	$ 106,123,211	$ 5,638,774
Business-Type Activities:					
Compensated absences payable	$ 31,084	$ 17,968	$ 15,344	$ 33,708	$ 3,371
Premium on bonds	1,709,207	-	140,058	1,569,149	137,486
Lease revenue bonds	17,144,275		698,878	16,445,397	731,634
Total Business-type Activities	$ 18,884,566	$ 17,968	$ 854,280	$ 18,048,254	$ 872,491
Component Unit - School Board					
Compensated absences payable	$ 2,113,449	$ 412,294	$ 118,134	$ 2,407,609	$ 166,173
Total Component Unit - School Board	$ 2,113,449	$ 412,294	$ 118,134	$ 2,407,609	$ 166,173

(Continued)

Note 10. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Amount Outstanding
Governmental Activities:					
Incurred by County:					
Lease revenue bonds					
VRA	3.83	11/2011	10/2033	$ 2,920,000	$ 2,395,000
VRA	4.32-4.80	04/2010	10/2019	3,518,372	1,449,599
EDA	3.50	05/2015	09/2031	8,584,200	7,023,600
EDA	2.00-5.00	07/2016	10/2037	15,321,750	15,027,250
					$ 25,895,449
Capital leases					
AS400	2.67	08/2014	08/2019	$ 47,942	$ 10,937
Fire Truck	2.02	8/2016	06/2027	700,000	602,885
					$ 613,822
Incurred by School Board:					
Literary loans					
Literary Loan	3.00	08/1998	08/2018	$ 5,000,000	$ 250,000
General obligation bonds					
School improvement bond	4.62-5.00	11/2002	07/2022	$ 7,084,114	$ 1,838,646
VPSA Bond	5.10	05/2004	07/2024	3,770,000	1,300,000
School improvement bond	3.97-5.00	01/2010	07/2032	23,335,000	17,190,000
VPSA Bond	4.96-5.27	07/2008	07/2028	6,350,705	3,703,609
					$ 24,032,255
Capital Leases					
School Buses	2.30	08/2015	09/2019	584,170	$ 298,726
					$ 298,726
Lease revenue bonds					
EDA	3.50	05/2015	09/2031	$ 15,260,800	$ 12,486,400
EDA	2.00-5.00	07/2016	10/2037	34,103,250	33,447,750
					$ 45,934,150

(Continued)

Note 10. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows: (Continued)

Business-Type Activities

Lease revenue bonds							
VRA	3.83	10/2011	10/2033	$	8,825,000	$	7,230,000
VRA	4.32-4.80	04/2010	10/2019		231,628		95,397
VRA	4.77-4.97	04/2010	10/2037		3,860,000		335,000
VRA	3.125-5.125	05/2017	10/2037		3,270,000		3,255,000
VRA	4.10	11/2014	10/2036		6,075,000		5,530,000
Total Business-Type Activities						$	16,445,397

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Note 10. Long-Term Liabilities (Continued)

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

Year Ending June 30,	County Lease Revenue Bonds Principal	County Lease Revenue Bonds Interest	Schools Literary Loan Principal	Schools Literary Loan Interest	Schools General Obligation Bonds Principal	Schools General Obligation Bonds Interest	Schools Lease Revenue and Refunding Bond Principal	Schools Lease Revenue and Refunding Bond Interest
2019	$ 1,485,216	$ 988,268	$ 250,000	$ 7,500	$ 1,787,937	$ 1,110,868	$ 1,283,150	$ 1,716,767
2020	1,657,803	916,880	-	-	1,816,355	1,038,737	1,573,400	1,651,961
2021	1,090,200	858,095	-	-	1,854,676	966,081	1,939,800	1,578,355
2022	1,132,600	816,448	-	-	1,912,973	872,850	2,017,400	1,503,761
2023	1,099,200	773,008	-	-	1,972,184	776,204	1,990,800	1,425,780
2024-2028	7,225,800	2,896,170	-	-	8,256,970	2,753,000	13,399,200	5,348,360
2029-2033	8,083,950	1,289,604	-	-	6,431,160	785,715	15,026,050	2,448,460
2034-2038	4,120,680	284,150	-	-	-	-	8,704,350	621,155
Total	$ 25,895,449	$ 8,822,623	$ 250,000	$ 7,500	$ 24,032,255	$ 8,303,455	$ 45,934,150	$ 16,294,599

Year Ending June 30,	Business-type Activities Lease Revenue and Refunding Bonds Principal	Business-type Activities Lease Revenue and Refunding Bonds Interest
2019	$ 731,634	$ 763,948
2020	738,794	730,714
2021	655,000	699,473
2022	685,000	668,885
2023	720,000	634,299
2024-2028	4,220,000	2,578,754
2029-2033	5,330,000	1,431,809
2034-2038	3,364,969	287,418
Total	$ 16,445,397	$ 7,795,300

(Continued)

Note 10. Long-Term Liabilities (Continued)

Capital Leases

The assets acquired through capital leases are as follows:

		Governmental Activities
AS400	$	47,942
School Buses		1,455,152
Fire Trucks		992,778
Less: Accumulated depreciation		(658,748)
Total	$	1,837,124

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

Year Ending June 30		Governmental Activities		Component Unit-School Board
2019	$	87,828	$	154,536
2020		78,428		154,536
2021		77,573		-
2022		77,573		-
2023		77,573		-
2024-2027		271,507		-
Total minimum lease payments	$	670,482	$	309,072
Less: amount representing interest		(56,660)		(10,346)
Present value of minimum lease payments	$	613,822	$	298,726

(Continued)

Note 11. Defined Benefit Pension Plan

Plan Description

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

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(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Retirement Contributions Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

<u>Plan Description</u> (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Creditable Service** Same as Plan 1.	**Creditable Service** **<u>Defined Benefit Component</u>:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **<u>Defined Contributions Component</u>:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

<u>Plan Description</u> (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
		Vesting (Continued) **<u>Defined Contributions Component</u>: (Continued)** • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **<u>Defined Benefit Component</u>:** See definition under Plan 1. **<u>Defined Contribution Component</u>:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Normal Retirement Age **VRS:** Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Earliest Reduced Retirement Eligibility **VRS:** Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. **Political subdivisions hazardous duty employees:** 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%. **Eligibility:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID
RETIREMENT PLAN</th></tr>
<tr><td>Cost-of-Living Adjustment (COLA) in Retirement (Continued)

<u>Eligibility</u>: (Continued)

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

<u>Exceptions to COLA Effective Dates</u>:

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
• The member retires on disability.
• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</td><td>Cost-of-Living Adjustment (COLA) in Retirement (Continued)

<u>Exceptions to COLA Effective Dates</u>:

Same as Plan 1.</td><td>Cost-of-Living Adjustment (COLA) in Retirement (Continued)

<u>Exceptions to COLA Effective Dates</u>:

Same as Plan 1 and Plan 2.</td></tr>
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(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Continued) **Exceptions to COLA Effective Dates:** (Continued) • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4.00% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **Defined Contribution Component:** Not applicable.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	County	School Board Non-Professional
Inactive members or their beneficiaries currently receiving benefits	31	65
Inactive members:		
Vested inactive members	14	14
Non-vested inactive members	11	23
Inactive members active elsewhere in VRS	30	24
Total inactive members	55	61
Active members	153	100
Total covered employees	239	226

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of 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.

The County's and School Board Non-Professional Employee Plan's contractually required contribution rate for the year ended June 30, 2018 was 11.03% and 7.11% respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $882,086 and $864,102 for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions to the pension plan from the School Board Non-Professional Employee Plan were $78,457 and $80,743 for the years ended June 30, 2018 and June 30, 2017, respectively.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Net Pension Liability

The political subdivision's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.50%
Salary increases, including inflation	3.50 – 5.35%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

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Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees (Continued)

Largest 10 – Non-LEOS:

Mortality rates: 20% of deaths are assumed to be service related.

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) – Non-LEOS:

Mortality rates: 15% of deaths are assumed to be service related.

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees (Continued)

Largest 10 – Non-LEOS:

- Update mortality rates to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Reduce disability rates
- No change to salary scale

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality rates to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Reduce disability rates
- No change to salary scale

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation	2.50%
Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

Largest 10 – LEOS:

Mortality rates: 70% of deaths are assumed to be service related.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

Largest 10 – LEOS: (Continued)

Pre-Retirement:
RP-2014 Employee rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

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

All Others (Non 10 Largest) – LEOS:

Mortality rates: 45% of deaths are assumed to be service related.

Pre-Retirement:
RP-2014 Employee rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

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

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

Largest 10 –LEOS:

- Update mortality rates to a more current mortality table – RP 2014 projected to 2020
- Lowered retirement rates at older ages
- Increased disability rates
- Adjusted withdrawal rate to better fit experience

All Others (Non 10 Largest) – LEOS:

- Update mortality rates to a more current mortality table – RP 2014 projected to 2020
- Increased retirement age to 50 retirement rates, and lowered rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better fit experience

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
*Expected arithmetic nominal return			7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability - County

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a-b)**
Balances at June 30, 2016	$ 19,280,735	$ 16,377,758	$ 2,902,977
Changes for the year:			
Service cost	1,077,603	-	1,077,603
Interest	1,330,100	-	1,330,100
Changes of assumptions	(204,552)	-	(204,552)
Difference between expected and actual experience	1,129,320	-	1,129,320
Contributions - employer	-	849,179	(849,179)
Contributions - employee	-	416,611	(416,611)
Net investment income	-	2,058,465	(2,058,465)
Benefit payments, including refunds of employee contributions	(558,600)	(558,600)	-
Administrative expense	-	(10,985)	10,985
Other changes	-	(1,870)	1,870
Net changes	2,773,871	2,752,800	21,071
Balances at June 30, 2017	$ 22,054,606	$ 19,130,558	$ 2,924,048

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability (Asset) – School Board Non-Professional Employee Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Balances at June 30, 2016	$ 8,036,806	$ 7,826,806	$ 210,000
Changes for the year:			
Service cost	168,494	-	168,494
Interest	546,388	-	546,388
Changes of assumptions	36,426	-	36,426
Difference between expected and actual experience	(146,382)	-	(146,382)
Contributions - employer	-	76,154	(76,154)
Contributions - employee	-	83,622	(83,622)
Net investment income	-	938,490	(938,490)
Benefit payments, including refunds of employee contributions	(462,531)	(462,531)	-
Administrative expense	-	(5,606)	5,606
Other changes	-	(826)	826
Net changes	142,395	629,303	(486,908)
Balances at June 30, 2017	$ 8,179,201	$ 8,456,109	$ (276,908)

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

The following presents the net pension liability (asset) of the political subdivision using the discount rate of 7.00%, as well as what the political subdivision's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
County net pension liability	$ 6,179,107	$ 2,924,048	$ 252,762
School Board Non-Professional net pension liability (asset)	$ 717,593	$ (276,908)	$ (1,111,025)

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2018, the County recognized pension expense of $776,276. At June 30, 2018, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 931,826	$ 315,288
Change in assumptions	-	165,884
Net difference between projected and actual earnings on pension plan investments	-	292,572
Employer contributions subsequent to the measurement date	882,086	-
Total	$ 1,813,912	$ 773,744

For the year ended June 30, 2018, the School Board Non-Professional Employee Plan recognized pension expense of ($46,880). At June 30, 2018, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 122,456
Change in assumptions	24,120	-
Net difference between projected and actual earnings on pension plan investments	-	119,589
Employer contributions subsequent to the measurement date	78,457	-
Total	$ 102,577	$ 242,045

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

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

The $882,086 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		Increase (Reduction) to Pension Expense
2019	$	(56,928)
2020		155,125
2021		86,046
2022		(76,859)
2023		50,698
Thereafter		-

The $78,457 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		Increase (Reduction) to Pension Expense
2019	$	(137,132)
2020		(2,233)
2021		1,728
2022		(80,288)
2023		-
Thereafter		-

Payables to the Pension Plan

At June 30, 2018, approximately $12,402 was payable to the Virginia Retirement System for the legally required contributions related to the School Board Non-professional plan for June 2018 accrued payroll.

(Continued)

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool

General Information about the Teacher Cost Sharing Pool

Plan Description

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

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Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

(Continued)

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
		About the Hybrid Retirement Plan (Continued) • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. **Hybrid Opt-In Election** VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • School division employees. • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Retirement Contributions Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

(Continued)

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
		Vesting (Continued) **Defined Contributions Component: (Continued)** • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

(Continued)

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for members is 1.70%.	**Service Retirement Multiplier** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. The retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013.	**Service Retirement Multiplier** **Defined Benefit Component:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Defined Contribution Component:** Not applicable.
Normal Retirement Age Age 65.	**Normal Retirement Age** Normal Social Security retirement age.	**Normal Retirement Age** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

(Continued)

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	**Earliest Unreduced Retirement Eligibility** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **VRS:** Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

(Continued)

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable.
Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Eligibility:** Same as Plan 1.	**Eligibility:** Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:	**Exceptions to COLA Effective Dates:** Same as Plan 1.	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

(Continued)

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Continue) **Exceptions to COLA Effective Dates: (Continued)** • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Disability Coverage Not applicable.	**Disability Coverage** Not applicable.	**Disability Coverage** Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.

(Continued)

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
		Disability Coverage (Continued) Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4.00% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **Defined Contribution Component:** Not applicable.

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015, and reflects the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-2012 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were $3,852,280 and $3,458,081 for the years ended June 30, 2018 and June 30, 2017, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the school division reported a liability of $37,423,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 0.3043% as compared to 0.304% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized pension expense of $2,675,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

(Continued)

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,650,000
Change in assumptions	546,000	-
Net difference between projected and actual earnings on pension plan investments	-	1,360,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	231,000	464,000
Employer contributions subsequent to the measurement date	3,852,280	-
Total	$ 4,629,280	$ 4,474,000

(Continued)

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$3,852,280 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		Increase (Reduction) to Pension Expense
2019	$	(1,556,000)
2020		(186,000)
2021		(563,000)
2022		(1,279,000)
2023		(113,000)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.50%
Salary increases, including inflation	3.50 – 5.95%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

(Continued)

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

RP-2014 White Collar Employee Rates at the age of 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

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

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

- Update mortality rates to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No changes to salary scale

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Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
*Expected arithmetic nominal return			7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

(Continued)

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School Board division's proportionate share of the VRS teacher employee retirement plan net pension liability	$ 55,884,000	$ 37,423,000	$ 22,151,000

(Continued)

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2018, approximately $437,458 was payable to the Virginia Retirement System for the legally required contributions related to June 2018 accrued payroll.

Note 13. Other Postemployment Benefits Liability – Local Plan

Plan Provisions and Benefits

In addition to providing the benefits described in Note 14, the County and School Board provide other postemployment benefits (OPEB) for qualifying retired employees, 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, 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 and must pay 100% of the supplement less the health insurance credit. 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. County membership in the plan at the time of the actuarial study consisted of 148 active members with total active covered payroll of $7,468,000 and 2 retirees.

Note 13. Other Postemployment Benefits Liability – Local Plan (Continued)

Plan Description (Continued)

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. Retirees who are age 65 and older may only participate in the Medicare Supplement and must pay 100% of the cost. 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 538 active members with total active covered payroll of $23,053,000 and 61 retirees. There are no financial statements issued for the OPEB plan.

Employees Covered by Benefit Terms

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

	County	School Board
Inactive members or their beneficiaries:		
Currently receiving benefits	2	61
Entitled to but not yet receiving benefits	-	-
Total inactive members	2	61
Active members	148	538
Total	150	599

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Note 13. Other Postemployment Benefits Liability – Local Plan (Continued)

Total OPEB Liability

The County's total OPEB liability of $1,765,000 was measured as of June 30, 2018 and was determined based on an actuarial valuation performed as of July 1, 2017. The School Non-Professional employee's total OPEB liability of $12,500,000 was measured as of July, 1 2017 and was determined based on an actuarial valuation performed as of July1, 2017.

Actuarial Assumptions and other inputs

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	County	School Board
Inflation	3.56%	3.56%
Salary increases, including inflation	3.75%	3.75%
Healthcare cost trends rates*	6.50%	6.50%
* decreasing to 5.00%		

Mortality rates: RP-2000 Combined Mortality Table with scale AA projected to 2020. For county employees and non-teachers, a four year set forward in age for males and a two year setback in age for females is applied. For law enforcement officers, a two year setback in age for both males and females applied. For teachers a three year setback in age applied to males and a five year set back in age is applied to females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through July 30, 2017. The actuarial cost method discount rate has been set equal to 3.56% and represents the Municipal GO AA 20-year yield curve rate as of June 30, 2017.

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(Continued)

Note 13. Other Postemployment Benefits Liability – Local Plan (Continued)

Changes in the Total OPEB Liability

		County	School Board
Balances at July 1, 2017		$ 1,593,000	$ 12,036,000
Changes for the year:			
Service cost		126,000	678,000
Interest		61,000	441,000
Contributions - employer		(15,000)	(655,000)
	Net changes	172,000	464,000
Balances at June 30, 2018		$ 1,765,000	$ 12,500,000

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County and School Board, as well as what the County and School Board's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current discount rate:

	County			School Board		
	1.00% Decrease (2.56%)	Current Discount Rate (3.56%)	1.00% Increase (4.56%)	1.00% Decrease (2.56%)	Current Discount Rate (3.56%)	1.00% Increase (4.56%)
Total OPEB Liability	$ 1,992,000	$ 1,765,000	$ 1,567,000	$ 13,503,000	$ 12,500,000	$ 11,563,000

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(Continued)

Note 13. Other Postemployment Benefits Liability – Local Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of County and School Board, as well as what the County and School Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current healthcare cost trend rates:

	County			School Board		
	1.00% Decrease (5.50%)	Current Healthcare Cost Trend Rates Rate (6.50%)	1.00% Increase (7.50%)	1.00% Decrease (5.50%)	Current Healthcare Cost Trend Rates Rate (6.50%)	1.00% Increase (7.50%)
Total OPEB Liability	$ 1,584,000	$ 1,765,000	$ 1,980,000	$ 11,175,000	$ 12,500,000	$ 14,044,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County and School Board employees recognized OPEB expense of $2,496 and $286,206, respectively. At June 30, 2018, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	County		School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$ -	$ -
Change in assumptions	-	-	-	-
Employer contributions subsequent to the measurement date	2,496	-	286,206	-
Total	$ 2,496	$ -	$ 286,206	$ -

(Continued)

Note 13. Other Postemployment Benefits Liability – Local Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The $2,496 and $286,206 reported as deferred outflows of resources related to OPEB resulting from the County and School Board's contributions, respectively subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the year ended June 30, 2019.

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the County and Schools also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp

(Continued)

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Plan Descriptions (Continued)

Teacher Employee Health Insurance Credit Program

All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Specific information about the Teacher HIC is available at
https://www.varetire.org/retirees/insurance/healthinscredit/index.asp

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

General Employee Health Insurance Credit Program

The General Employee Health Insurance Credit Program (HIC) is available for all full time, salaried employees of local government entities other than Teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multi-employer agent plan.

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

Inactive members or their beneficiaries receiving benefits	4
Inactive members:	
Vested inactive members	4
Non-vested inactive members	-
Inactive members	-
Total inactive members	8
Active members	52
Total covered employees	60

(Continued)

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2015. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	*Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee compensation.
June 30, 2018 Contribution	$41,901
June 30, 2017 Contribution	$40,737

Teacher Health Insurance Credit Program

Governed by:	*Code of Virginia* 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.23% of covered employee compensation.
June 30, 2018 Contribution	$289,819
June 30, 2017 Contribution	$264,676

(Continued)

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Contributions (Continued)

General Employee Health Insurance Credit Program

Governed by:	*Code of Virginia* 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	0.28% of covered employee compensation.
June 30, 2018 Contribution	$8,381
June 30, 2017 Contribution	$8,148

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

The net OPEB liabilities were measured as of June 30, 2017 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities, except for LODA, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

	County	School Board	Teachers
June 30, 2018 proportionate share of liability	$639,000	$140,000	$1,946,000
June 30, 2017 proportion	0.04247%	0.00936%	0.12927%
June 30, 2016 proportion	0.04105%	0.00965%	0.12880%
June 30, 2018 expense	$11,000	$1,000	$23,000

Teacher Health Insurance Credit Program

June 30, 2018 proportionate share of liability	$3,833,000
June 30, 2017 proportion	0.30279%
June 30, 2016 proportion	0.30214%
June 30, 2018 expense	$311,000

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

(Continued)

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

General Employee Health Insurance Credit Program

Changes in net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2016	$ 67,420	$ 7,648	$ 59,772
Changes for the year:			
Service cost	3,968	-	3,968
Interest	4,684	-	4,684
Benefit changes	-	-	-
Difference between expected and actual experience	-	-	-
Assumption changes	(3,405)	-	(3,405)
Contributions - employer	-	8,147	(8,147)
Net investment income	-	1,341	(1,341)
Benefit payments	(985)	(985)	-
Administrative expenses	-	(32)	32
Other changes	-	42	(42)
Net changes	4,262	8,513	(4,251)
Balances at June 30, 2017	$ 71,682	$ 16,161	$ 55,521

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Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

At June 30, 2018, the County and Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	County		Teachers		Schools Non-professional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 14,000	$ -	$ 44,000	$ -	$ 4,000
Change in assumptions	-	33,000	-	100,000	-	7,000
Net difference between projected and actual earnings on OPEB plan investments	-	24,000	-	73,000	-	5,000
Changes in proportion	21,000	-	7,000	-	-	4,000
Employer contributions subsequent to the measurement date	41,901	-	123,755	-	9,068	-
Total	$ 62,901	$ 71,000	$ 130,755	$ 217,000	$ 9,068	$ 20,000

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Change in assumptions	-	39,000
Net difference between projected and actual earnings on OPEB plan investments	-	7,000
Changes in proportion	-	7,000
Employer contributions subsequent to the measurement date	289,819	-
Total	$ 289,819	$ 53,000

(Continued)

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Change in assumptions	-	2,875
Net difference between projected and actual earnings on OPEB plan investments	-	444
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	8,381	-
Total	$ 8,381	$ 3,319

Group Life Insurance Program

The deferred outflows of resources related to OPEB resulting from the County and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	County	Teachers	Schools Non-professional
Year Ending June 30,	Increase (Reduction) to OPEB Expense	Increase (Reduction) to OPEB Expense	Increase (Reduction) to OPEB Expense
2019	$ (11,000)	$ (44,000)	$ (4,000)
2020	(11,000)	(44,000)	(4,000)
2021	(11,000)	(44,000)	(4,000)
2022	(11,000)	(44,000)	(4,000)
2023	(5,000)	(25,000)	(2,000)
Thereafter	(1,000)	(9,000)	(2,000)

(Continued)

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

Teacher Health Insurance Credit Program

Year Ending June 30,		Increase (Reduction) to OPEB Expense
2019	$	(9,000)
2020		(9,000)
2021		(9,000)
2022		(9,000)
2023		(7,000)
Thereafter		(10,000)

General Employee Health Insurance Credit Program

Year Ending June 30,		Increase (Reduction) to OPEB Expense
2019	$	(641)
2020		(641)
2021		(641)
2022		(641)
2023		(530)
Thereafter		(225)

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Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2016, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

Inflation	2.50%
Salary Increases, including inflation:	
Locality - general employees	3.50-5.35%
Locality - hazardous duty employees	3.50-4.75%
Teachers	3.50-5.95%
Healthcare cost trend rates:	
Under age 65	7.75-5.00%
Ages 65 and older	5.75-5.00%
Investment rate of return, net of expenses, including inflation*	7.00%

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

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 11.

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Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB liability	$ 2,942,426	$ 1,364,702
Plan fiduciary net position	1,437,586	96,091
Employers' net OPEB liability (asset)	1,504,840	1,268,611
Plan fiduciary net position as a percentage of total OPEB liability	48.86%	7.04%

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

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Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
*Expected arithmetic nominal return			7.30%

* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

(Continued)

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 7.00%. The discount rate used to measure the LODA OPEB liability was 3.56% The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liabilities of the County and School Board, as well as what the County and School Board's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
GLI Net OPEB liability - County	$ 826,000	$ 639,000	$ 487,000
GLI Net OPEB liability - Teachers	2,516,000	1,946,000	1,483,000
GLI Net OPEB liability - Schools Non-professional	182,000	140,000	107,000
Teacher HIC Net OPEB liability	4,278,000	3,833,000	3,455,000
General Employee HIC Net OPEB liability	63,505	55,521	48,760

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Payables to the OPEB Plan

At June 30, 2018, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2018 payroll:

Group Life Insurance - General Employees	$	8,846
Group Life Insurance - School Non-professional		1,851
Group Life Insurance - Teachers		25,853
Teacher Health Insurance Credit		24,174
General Employee Health Insurance Credit		696

Note 15. School Retirement Plan

The School Board had adopted a School Retirement Plan (SRP) 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 had to be former full-time employees of the School Board who had retired, were eligible to receive retirement benefits under the Virginia Retirement System (VRS), were not eligible for disability retirement benefits under the VRS, and had 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) had worked in the Powhatan County Public School system for the five (5) year period immediately preceding retirement.

The program enabled the eligible employees to begin collecting their retirement benefit from the VRS and return to work for an equivalent contract period less the VRS 30 day break in service requirement earning a percentage of their preretirement salary which is agreed upon when entering the program. After a year of employment under SRP, the retiree is paid from a trust until the equivalent of 175% of their final salary prior to retirement is paid. The percentage paid the employee while working the additional year of employment is incorporated in the 175%. The minimum payout is five years, though participants were able to request a longer period.

While the Plan was open to all full-time School Board retirees who met the eligibility criteria noted above, participation in the plan was dependent on the approval of the Superintendent and the availability of a suitable position. Normally participants performed the duties of the position from which they retired, but the Superintendent was able to assign them to another suitable position. The Plan was closed to new members in fiscal year 2014. All participants as of that time will be paid out on their regularly scheduled payment plan.

As of July 1, 2014, the Plan is no longer the responsibility of the School Board. The County will oversee the Plan until all currently enrolled retirees are fully paid out, which is expected to be October 2018. The County will contribute 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.

(Continued)

Note 16. Commitments and Contingencies

Federal programs

Federal programs in which the County and discretely presented component unit participate may be subject to audit by the Federal Government, which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

Construction contracts outstanding

The following construction contracts were outstanding at June 30, 2018:

Fund	Project	Contractor	Contract Amount	Amount Remaining
Capital Projects Fund	PCPS Transportation Facility	Daniel & Company Inc	$ 3,676,384	$ 89,897
Capital Projects Fund	Courthouse Expansion	Daniel & Company Inc	3,169,549	1,276,923
Capital Projects Fund	New Middle School	Kenbridge Construction	30,938,006	2,053,813
Capital Projects Fund	Water Tower	Phoenix Fabricators	1,481,148	255,793
Capital Projects Fund	Computer Aided Dispatch	Spillman	577,023	144,255

Note 17. Line of Duty Act Liability (LODA)

The County covers LODA through insurance with VACorp. They do not have an OPEB liability for current safety employees. However, prior to starting coverage with VACorp, an officer died in the line of duty and his spouse and child were grandfathered into the original State LODA plan. The County pays approximately $8,000/year currently for health insurance for the two individuals. The spouse's insurance will be paid until she dies while the child is covered until he reaches age 26 (unless he meets the requirements as an incapacitated dependent child). The following is the calculated liability for the County at June 30, 2018:

Annual premiums paid by County for spouse:	$ 11,892
Annual premiums paid by County for child:	8,112
Years remaining for spouse: Approximately	40
Years remaining for child: Born July 2003	11
Annual increase in health insurance costs:	6.0%
Present value of total estimated liability at 6/30/18	**$ 650,074**

(Continued)

Note 18. Risk Management

The County and School Board are 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 insurances.

The County and School Board are members of the Virginia Municipal Group Self Insurance Association for workers' compensation. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. Virginia Municipal Group contributions and assessments are based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims 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 and School Board carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

Note 19. Fund Balances

Fund Balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds.

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	$ 81,688	$ -	$ 81,688
Total nonspendable	$ 81,688	$ -	$ 81,688
Restricted for:			
School Retirement Fund	$ -	$ 81,367	$ 81,367
Cash proffers	-	427,485	427,485
State asset forfeiture	-	10,401	10,401
Federal asset forfeiture	-	1,722	1,722
Grants	-	29,249	29,249
Fire and rescue	-	72,040	72,040
Capital projects	-	17,752,884	17,752,884
Total restricted	$ -	$ 18,375,148	$ 18,375,148
Committed for:			
Fire and rescue	$ -	$ 292,691	$ 292,691
Total committed	$ -	$ 292,691	$ 292,691
Assigned for:			
Capital maintenance reserve	$ 1,935,031	$ -	$ 1,935,031
Capital maintenance reserve - Schools	999,686	-	999,686
PCAA	116,620	-	116,620
PEG	72,921	-	72,921
FY19 Carryforwards	466,455	-	466,455
Total assigned	$ 3,590,713	$ -	$ 3,590,713
Unassigned	12,031,431	(1,395,958)	10,635,473
Total fund balance	$ 15,703,832	$ 17,271,881	$ 32,975,713

(Continued)

Note 20. Local Choice Insurance Plan

The County's employees are covered by a professionally administered risk sharing program which provides health coverage for employees of the County on a cost-reimbursement basis. Dependents are covered by the program provided they pay a premium to the County. Under the program, the County's health insurance claims are separately rated from other groups, and the County's claims experience is factored into the premiums assessed in subsequent periods. However, gains and losses resulting from the County's claims experience are not settled directly with the County, but instead are shared by the pool. If the County were to exit the risk pool, it could be assessed a settlement charge that would not exceed any net loss resulting from the County's most recent claims experience. The County has no plans to exit the pool.

Note 21. Adoption of New Standard and Prior Period Restatement

In the current year the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* This standard replaces the requirements of GASB Statement No. 45 as it relates to governments that provide postemployment benefits other than pensions. The new Statement requires governments providing defined benefit postemployment benefits to recognize the long-term obligation for those benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of other postemployment benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the plans are determined, and assumptions and methods used to calculate the liability. Comparative prior information, to the extent presented, has not been restated because the necessary information is not available.

The following is a summary of the restatements to beginning net position, as applicable, resulting from the adoption of GASB Statement NO. 75:

	Business-Type Activities Water and Sewer	Governmental Activities	Component Unit School Board
Net position June 30, 2017, as previously reported	$ 3,719,631	$ 18,318,650	$ (36,889,491)
Changes in OPEB - Local Plan due to new GASB 75	(24,414)	(359,091)	(1,864,194)
Changes in OPEB - HIC due to new GASB 75	(4,792)	(46,833)	(3,575,324)
Changes in OPEB - GLI due to new GASB 75	(23,063)	(654,200)	(2,289,034)
LODA Liability	-	(679,110)	-
Net position June 30, 2018, as restated	$ 3,667,362	$ 16,579,416	$ (44,618,043)

Note 22. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

Note 22. New Accounting Standards (Continued)

The GASB issued **Statement No. 83**, *Certain Asset Retirement Obligations* in November 2016. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of this Statement are effective for periods beginning after June 15, 2018.

The GASB issued **Statement No. 84**, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.

The GASB issued **Statement No. 87**, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

The GASB issued **Statement No. 88**, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in March 2018. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for periods beginning after June 15, 2018.

The GASB issued **Statement No. 90**, *Major Equity Interests, an amendment of GASB Statements No. 14 and No. 61* in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for periods beginning after December 15, 2018.The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.
Management has not determined the effects these new GASB Statements may have on prospective financial statements.

Note 23. Subsequent Events

On July 16, 2018, the County entered into a lease with Signature Bank in the amount of $786,000 at an interest rate of 3.34%. The lease terms are for ten (10) years with payments in the amount of $46,552. The lease is being used to purchase two fire trucks.

On November 1, 2018 the County issued a lease revenue bond through the Powhatan County Economic Development Authority in the amount of $9,563,000 at an interest rate of 3.919%. Principal is due annually each April 1, beginning April 1, 2020. Interest will be due semi-annually on April 1 and October 1, beginning October 1, 2019, with final maturity on April 1, 2035. This bond will be used for various capital improvements, including, but not limited to, a convenience center, courthouse parking expansion, athletic field upgrades, a new ERP system, a school repurpose project and school boiler and chiller maintenance projects.

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REQUIRED SUPPLEMENTARY INFORMATION

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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	$ 39,580,680	$ 39,580,680	$ 39,648,166	$ 67,486
Other local taxes	5,384,800	5,410,228	5,746,070	335,842
Permits, privilege fees, and regulatory licenses	557,300	557,300	801,389	244,089
Fines and forfeitures	126,000	126,000	144,612	18,612
Revenue from the use of money and property	166,600	166,804	186,399	19,595
Charges for services	191,000	197,663	202,537	4,874
Miscellaneous	90,000	177,184	221,600	44,416
Intergovernmental revenues:				
Commonwealth	7,571,488	7,546,842	7,489,487	(57,355)
Federal	799,316	1,096,545	1,168,067	71,522
Total revenues	$ 54,467,184	$ 54,859,246	$ 55,608,327	$ 749,081
EXPENDITURES				
Departmental:				
General government administration	$ 3,191,986	$ 3,171,613	$ 3,072,145	$ 99,468
Judicial administration	973,332	1,004,612	975,625	28,987
Public safety	7,516,590	7,768,672	7,669,010	99,662
Public works	2,021,040	2,041,664	1,982,356	59,308
Health and welfare	4,493,730	4,788,950	4,603,678	185,272
Education	22,581,143	22,581,143	22,374,550	206,593
Parks, recreation, and cultural	585,055	585,055	572,805	12,250
Community development	1,112,910	1,136,154	822,455	313,699
Capital projects	-	25,428	549	24,879
Debt service:				
Principal retirement	5,420,356	4,949,556	4,949,677	(121)
Interest and other fiscal charges	4,065,467	4,065,467	4,061,420	4,047
Total expenditures	$ 51,961,609	$ 52,118,314	$ 51,084,270	$ 1,034,044
Excess of revenues over expenditures	$ 2,505,575	$ 2,740,932	$ 4,524,057	$ 1,783,125
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 20,543	$ 20,543	$ -
Transfers out	(2,505,575)	(5,086,262)	(5,086,262)	$ -
Total other financing uses	$ (2,505,575)	$ (5,065,719)	$ (5,065,719)	$ -
Net change in fund balances	$ -	$ (2,324,787)	$ (541,662)	$ 1,783,125
Fund balances - beginning	-	2,324,787	16,245,494	13,920,707
Fund balances - ending	$ -	$ -	$ 15,703,832	$ 15,703,832

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios - Primary Government
For the Year Ended June 30, 2018

	Primary Government			
	Plan Year			
	2017	**2016**	**2015**	**2014**
Total Pension Liability				
Service Cost	$ 1,077,603	$ 1,011,102	$ 1,009,871	$ 936,336
Interest on total pension liability	1,330,100	1,254,963	1,149,909	1,042,365
Changes of assumptions	(204,552)	-	-	-
Difference between expected and actual experience	1,129,320	(475,334)	30,886	-
Benefit payments. Including refunds of employee contributions	(558,600)	(876,075)	(503,722)	(380,988)
Net change in total pension liability	2,773,871	914,656	1,686,944	1,597,713
Total pension liability - beginning	19,280,735	18,366,079	16,679,135	15,081,422
Total pension liability - ending	$ 22,054,606	$ 19,280,735	$ 18,366,079	$ 16,679,135
Plan Fiduciary Net Position				
Contributions - employer	$ 849,179	$ 935,300	$ 873,339	$ 895,888
Contributions - employee	416,611	470,695	344,134	335,782
Net investment income	2,058,465	288,843	672,630	1,891,730
Benefit payments, including refunds of employee contributions	(558,600)	(876,075)	(503,722)	(380,988)
Administrative expenses	(10,985)	(9,363)	(8,366)	(9,399)
Other changes	(1,870)	(120)	(144)	99
Net change in plan fiduciary net position	2,752,800	809,280	1,377,871	2,733,112
Plan fiduciary net position - beginning	16,377,758	15,568,478	14,190,607	11,457,495
Plan fiduciary net position - ending	$ 19,130,558	$ 16,377,758	$ 15,568,478	$ 14,190,607
Net pension liability (asset) - ending	$ 2,924,048	$ 2,902,977	$ 2,797,601	$ 2,488,528
Plan fiduciary net position as a percentage of total pension liability	87%	85%	85%	85%
Covered employee payroll	$ 7,834,118	$ 7,376,776	$ 6,919,350	$ 6,640,706
Net pension liability (asset) as a percentage of covered employee payroll	37%	39%	40%	37%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 was presented in the entitys fiscal year 2015 financial report.

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only four years of data is available. However, additional years will be included as they become available.

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios - Component Unit School Board
For the Year Ended June 30, 2018

	PCPS Nonprofessional Employees			
	Plan Year			
	2017	**2016**	**2015**	**2014**
Total Pension Liability				
Service Cost	$ 168,494	$ 182,662	$ 183,962	$ 189,319
Interest on total pension liability	546,388	528,752	509,997	486,990
Changes of assumptions	36,426	-	-	-
Difference between expected and actual experience	(146,382)	(41,345)	(65,172)	-
Benefit payments, Including refunds of employee contributions	(462,531)	(373,734)	(347,988)	(347,270)
Net change in total pension liability	142,395	296,335	280,799	329,039
Total pension liability - beginning	8,036,806	7,740,471	7,459,672	7,130,633
Total pension liability - ending	$ 8,179,201	$ 8,036,806	$ 7,740,471	$ 7,459,672
Plan Fiduciary Net Position				
Contributions - employer	$ 76,154	$ 117,830	$ 124,813	$ 163,738
Contributions - employee	83,622	85,763	90,842	91,767
Net investment income	938,490	134,511	348,309	1,053,684
Benefit payments, including refunds of employee contributions	(462,531)	(373,734)	(347,988)	(347,270)
Administrative expenses	(5,606)	(4,931)	(4,833)	(5,699)
Other changes	(826)	(57)	(75)	56
Net change in plan fiduciary net position	629,303	(40,618)	211,068	956,276
Plan fiduciary net position - beginning	7,826,806	7,867,424	7,656,356	6,700,080
Plan fiduciary net position - ending	$ 8,456,109	$ 7,826,806	$ 7,867,424	$ 7,656,356
Net pension liability (asset) - ending	$ (276,908)	$ 210,000	$ (126,953)	$ (196,684)
Plan fiduciary net position as a percentage of total pension liability	103%	97%	102%	103%
Covered employee payroll	$ 1,135,626	$ 1,666,163	$ 1,733,491	$ 1,846,701
Net pension liability (asset) as a percentage of covered employee payroll	-24%	13%	-7%	-11%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 was presented in the entitys fiscal year 2015 financial report.

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only four years of data is available. However, additional years will be included as they become available.

Schedule of Pension Contributions
For the Year Ended June 30, 2018

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2018	$ 882,086	$ 882,086	$ -	$ 7,984,093	11.05%
2017	864,102	864,102	-	7,834,118	11.03%
2016	942,707	942,707	-	7,376,776	12.78%
2015	878,750	878,750	-	6,919,350	12.70%
PCPS - Nonprofessional Employees					
2018	$ 78,457	$ 78,457	$ -	$ 1,103,474	7.11%
2017	80,743	80,743	-	1,135,626	7.11%
2016	122,674	122,674	-	1,666,163	7.36%
2015	163,966	163,966	-	1,733,491	9.46%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, there are only four years available. However, additional years will be included as they become available.

The covered payroll amounts above are for the fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Schedule of Employer's Share of Net Pension Liability
VRS Teacher Retirement Plan
For the Year Ended June 30, 2018

Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.304% $	37,423,000 $	23,588,547	158.65%	72.92%
2017	0.303%	42,437,000	23,418,848	181.21%	68.28%
2016	0.307%	38,762,000	23,017,682	168.40%	70.68%
2015	0.307%	37,098,000	22,897,138	162.02%	51.73%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, there are only four years available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the school division's fiscal year.

Schedule of Pension Contributions
VRS Teacher Retirement Plan
For the Year Ended June 30, 2018

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 3,852,280	$ 3,852,280	$ -	$ 23,585,619	16.33%
2017	3,458,081	3,458,081	-	23,588,547	14.66%
2016	3,292,690	3,292,690	-	23,418,848	14.06%
2015	3,379,240	3,379,240	-	23,305,103	14.50%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, there are only four years available. However, additional years will be included as they become available.

The covered payroll amounts above are for the school division's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Required Supplementary Information
Schedule of Employer's Share of Net OPEB Liability
For the Year Ended June 30, 2018

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Health Insurance Credit - Teachers					
2018	0.3028%	$ 55,521	$ 23,588,547	0.24%	7.04%
Virginia Retirement System - Group Life Insurance - General Employees					
2018	0.4247%	639,000	7,834,118	8.16%	48.86%
Virginia Retirement System - Group Life Insurance - Teachers					
2018	0.1293%	1,946,000	23,588,547	8.25%	48.86%
Virginia Retirement System - Group Life Insurance - Schools					
2018	0.0094%	140,000	1,135,626	12.33%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

Required Supplementary Information
Schedule of OPEB Contributions
For the Year Ended June 30, 2018

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Health Insurance Credit - Teachers					
2018	$ 289,819	$ 289,819	$ -	$ 23,585,619	1.23%
Virginia Retirement System - Health Insurance Credit - General Employees					
2018	8,381	8,381	-	7,984,093	0.10%
Virginia Retirement System - Group Life Insurance - General Employees					
2018	41,901	41,901	-	7,984,093	0.52%
Virginia Retirement System - Group Life Insurance - Teachers					
2018	123,755	123,755	-	23,585,619	0.52%
Virginia Retirement System - Group Life Insurance - Schools					
2018	9,068	9,068	-	1,084,304	0.84%
Local Plan - Schools					
2018	286,206	286,206	-	23,053,000	1.24%
Local Plan - General Employees					
2018	2,496	2,496	-	7,468,000	0.03%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2018

	Plan Year 2017		
	Primary Government		Schools
	Local Plan	VRS Health Insurance Credit General Employees	Schools Local Plan
Total OPEB Liability			
Service cost	$ 126,000	$ 3,968	$ 678,000
Interest on total OPEB liability	61,000	4,684	441,000
Changes in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	(3,405)	-
Benefit payments	(15,000)	(985)	(655,000)
Net change in total OPEB liability	172,000	4,262	464,000
Total OPEB liability - beginning	$ 1,593,000	$ 67,420	$ 12,036,000
Total OPEB liability - ending	$ 1,765,000	$ 71,682	$ 12,500,000
Plan Fiduciary Net Position			
Contributions - employer	$ 15,000	$ 8,147	$ 655,000
Contributions - employee	-	-	-
Net investment income	-	1,341	-
Benefit payments	(15,000)	(985)	(655,000)
Administrative expenses	-	(32)	-
Other	-	42	-
Net change in plan fiduciary net position	-	8,513	-
Plan fiduciary net position - beginning	$ -	$ 7,648	$ -
Plan fiduciary net position - ending	$ -	$ 16,161	$ -
Net OPEB liability - ending	$ 1,765,000	$ 55,521	$ 12,500,000
Plan fiduciary net position as a percentage of total OPEB liability	0%	23%	0%
Covered payroll	$ 7,468,000	$ 7,834,118	$ 23,053,000
Net OPEB liability as a percentage of covered payroll	24%	1%	54%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2017 information was presented in the entity's fiscal year 2018 financial report.

This schedule is intended ot show information for 10 years. Since fiscal year 2018 (plan year 2017) is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

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

Largest 10 – Non-Hazardous Duty:
- Update mortality table
- Lowered in rates of service retirement
- Update withdrawal rates to better fit experience
- Lowered in rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 –Hazardous Duty/Public Safety Employees:
- Update mortality table
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates
- Applicable to: Pension and GLI OPEB

All Others (Non 10 Largest) – Non-Hazardous Duty:
- Update mortality table
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 14% to 15%
- Applicable to: Pension and GLI OPEB

(Continued)

Note 2. Changes of Assumptions (Continued)

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%
- Applicable to: Pension and GLI OPEB

Teacher cost-sharing pool

- Update mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Note 3. Budgetary Statements

The State of Virginia requires all local governments prepare, approve, adopt and execute an annual budget. The budgeting process is based on estimates of revenues and expenditures. The County budgets are prepared on a modified-accrual basis of accounting in accordance with generally accepted accounting principles.

The County maintains budgetary controls to ensure compliance with legal provisions in the appropriated budget approved by the Board of Supervisors. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the fund level and thus the budget to actual comparison is presented at this level. Amounts that do not fall under function control are categorized as nondepartmental even though they may relate to a particular function.

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OTHER SUPPLEMENTARY INFORMATION

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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County Capital Projects Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	$ -	$ 291,066	$ 291,066	$ -
Miscellaneous	-	76,000	76,000	-
Intergovernmental revenues:				
Commonwealth	-	610,000	609,419	(581)
Total revenues	$ -	$ 977,066	$ 976,485	$ (581)
EXPENDITURES				
General government administration	$ 117,900	$ 332,881	$ 223,325	$ 109,556
Judicial administration	-	3,830,907	2,222,120	1,608,787
Public safety	117,825	14,293,878	2,137,538	12,156,340
Public works	75,000	2,868,888	1,882,153	986,735
Education	-	25,994,438	23,211,407	2,783,031
Parks, recreation, and cultural	-	330,568	63,275	267,293
Total expenditures	$ 310,725	$ 47,651,560	$ 29,739,818	$ 17,911,742
Excess (deficiency) of revenues over expenditures	$ (310,725)	$ (46,674,494)	$ (28,763,333)	$ 17,911,161
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 310,725	$ 2,663,587	$ 2,663,587	$ -
Issuance of capital leases	-	1,554,236	-	(1,554,236)
Total other financing sources and (uses)	$ 310,725	$ 4,217,823	$ 2,663,587	$ (1,554,236)
Net change in fund balances	$ -	$ (42,456,671)	$ (26,099,746)	$ 16,356,925
Fund balances - beginning	-	42,456,671	42,456,672	1
Fund balances - ending	$ -	$ -	$ 16,356,926	$ 16,356,926

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds	School Retirement Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 759,634	$ 27,303	$ 786,937
Investments, restricted	-	56,567	56,567
Receivables, net:			
Accounts	55,807	-	55,807
Due from other governmental units	138,181	-	138,181
Total assets	$ 953,622	$ 83,870	$ 1,037,492
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 71,871	$ 2,503	$ 74,374
Accrued liabilities	5,829	-	5,829
Reconciled overdraft payable	42,334	-	42,334
Total liabilities	$ 120,034	$ 2,503	$ 122,537
Fund balances:			
Restricted	$ 540,897	$ 81,367	$ 622,264
Committed	292,691	-	292,691
Total fund balances	$ 833,588	$ 81,367	$ 914,955
Total liabilities and fund balances	$ 953,622	$ 83,870	$ 1,037,492

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds	School Retirement Fund	Total
REVENUES			
Permits, privilege fees, and regulatory licenses	$ 165,336	$ -	$ 165,336
Revenue from the use of money and property	1	4,634	4,635
Charges for services	581,013	-	581,013
Miscellaneous	26,049	-	26,049
Intergovernmental revenues:			
Commonwealth	178,747	-	178,747
Federal	243,565	-	243,565
Total revenues	$ 1,194,711	$ 4,634	$ 1,199,345
EXPENDITURES			
General government administration	$ 41,803	$ -	$ 41,803
Judicial administration	17,301	-	17,301
Public safety	795,960	-	795,960
Education	-	81,865	81,865
Parks, recreation, and cultural	1,785	-	1,785
Community development	8,883	-	8,883
Total expenditures	$ 865,732	$ 81,865	$ 947,597
Excess (deficiency) of revenues over expenditures	$ 328,979	$ (77,231)	$ 251,748
OTHER FINANCING SOURCES (USES)			
Transfers out	$ (20,543)	$ -	$ (20,543)
Total other financing sources and (uses)	$ (20,543)	$ -	$ (20,543)
Net change in fund balances	$ 308,436	$ (77,231)	$ 231,205
Fund balances - beginning	525,152	158,598	683,750
Fund balances - ending	$ 833,588	$ 81,367	$ 914,955

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Cash Proffers Fund	State Asset Forfeiture Fund	Federal Asset Forfeiture Fund
ASSETS			
Cash and cash equivalents	$ 427,485	$ 10,401	$ 1,722
Receivables, net:			
Accounts	-	-	-
Due from other governmental units	-	-	-
Total assets	$ 427,485	$ 10,401	$ 1,722
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	-	-
Reconciled overdraft payable	-	-	-
Total liabilities	$ -	$ -	$ -
Fund balances:			
Restricted	$ 427,485	$ 10,401	$ 1,722
Committed	-	-	-
Total fund balances	$ 427,485	$ 10,401	$ 1,722
Total liabilities and fund balances	$ 427,485	$ 10,401	$ 1,722

Exhibit 23

Grants Fund	Fire and Rescue Fund	Total
$ -	$ 320,026	$ 759,634
384	55,423	55,807
105,988	32,193	138,181
$ 106,372	$ 407,642	$ 953,622
$ 28,960	$ 42,911	$ 71,871
5,829	-	5,829
42,334	-	42,334
$ 77,123	$ 42,911	$ 120,034
$ 29,249	$ 72,040	$ 540,897
-	292,691	292,691
$ 29,249	$ 364,731	$ 833,588
$ 106,372	$ 407,642	$ 953,622

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Cash Proffers Fund	State Asset Forfeiture Fund	Federal Asset Forfeiture Fund
REVENUES			
Permits, privilege fees, and regulatory licenses	$ 165,336	$ -	$ -
Revenue from the use of money and property	-	-	1
Charges for services	-	-	-
Miscellaneous	-	-	-
Intergovernmental revenues:			
Commonwealth	-	2,548	-
Federal	-	-	-
Total revenues	$ 165,336	$ 2,548	$ 1
EXPENDITURES			
General government administration	$ -	$ -	$ -
Judicial administration	-	-	-
Public safety	-	4,027	1,060
Parks, recreation, and cultural	-	-	-
Community development	-	-	-
Total expenditures	$ -	$ 4,027	$ 1,060
Excess (deficiency) of revenues over expenditures	$ 165,336	$ (1,479)	$ (1,059)
OTHER FINANCING USES			
Transfers out	$ -	$ -	$ -
Total other financing uses	$ -	$ -	$ -
Net change in fund balances	$ 165,336	$ (1,479)	$ (1,059)
Fund balances - beginning	262,149	11,880	2,781
Fund balances - ending	$ 427,485	$ 10,401	$ 1,722

Exhibit 24

Grants Fund	Fire and Rescue Fund	Total
$ -	$ -	$ 165,336
-	-	1
3,714	577,299	581,013
26,049	-	26,049
50,244	125,955	178,747
243,565	-	243,565
$ 323,572	$ 703,254	$ 1,194,711
$ 41,803	$ -	$ 41,803
17,301	-	17,301
290,305	500,568	795,960
1,785	-	1,785
8,883	-	8,883
$ 360,077	$ 500,568	$ 865,732
$ (36,505)	$ 202,686	$ 328,979
$ -	$ (20,543)	$ (20,543)
$ -	$ (20,543)	$ (20,543)
$ (36,505)	$ 182,143	$ 308,436
65,754	182,588	525,152
$ 29,249	$ 364,731	$ 833,588

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Fire and Rescue Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 572,000	$ 572,000	$ 577,299	$ 5,299
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Commonwealth	120,000	125,955	125,955	-
Federal	-	-	-	-
Total revenues	$ 692,000	$ 697,955	$ 703,254	$ 5,299
EXPENDITURES				
General government administration	$ -	$ -	$ -	$ -
Judicial administration		-	-	-
Public safety	574,175	786,188	500,568	285,620
Parks, recreation, and cultural	-	-	-	-
Community development	-	-	-	-
Total expenditures	$ 574,175	$ 786,188	$ 500,568	$ 285,620
Excess (deficiency) of revenues over expenditures	$ 117,825	$ (88,233)	$ 202,686	$ 290,919
OTHER FINANCING USES				
Transfers out	$ (117,825)	$ (20,543)	$ (20,543)	$ -
Total other financing uses	$ (117,825)	$ (20,543)	$ (20,543)	$ -
Net change in fund balances	$ -	$ (108,776)	$ 182,143	$ 290,919
Fund balances - beginning	-	108,776	182,588	73,812
Fund balances - ending	$ -	$ -	$ 364,731	$ 364,731

Exhibit 25

Grants Fund			
Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)
$ 4,000	$ 4,000	$ 3,714	$ (286)
-	26,049	26,049	-
-	95,605	50,244	(45,361)
-	626,175	243,565	(382,610)
$ 4,000	$ 751,829	$ 323,572	$ (428,257)
$ -	$ 73,180	$ 41,803	$ 31,377
4,000	16,275	17,301	(1,026)
-	705,692	290,305	415,387
-	11,183	1,785	9,398
-	11,253	8,883	2,370
$ 4,000	$ 817,583	$ 360,077	$ 457,506
$ -	$ (65,754)	$ (36,505)	$ 29,249
$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -
$ -	$ (65,754)	$ (36,505)	$ 29,249
-	65,754	65,754	-
$ -	$ -	$ 29,249	$ 29,249

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Retirement Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	$ -	$ 4,634	$ 4,634	$ -
Total revenues	$ -	$ 4,634	$ 4,634	$ -
EXPENDITURES				
Education	$	$ 81,866	$ 81,865	$ 1
Total expenditures	$ -	$ 81,866	$ 81,865	$ 1
Excess of expenditures over revenues	$ -	$ (77,232)	$ (77,231)	$ 1
Net change in fund balances	$ -	$ (77,232)	$ (77,231)	$ 1
Fund balances - beginning	-	77,232	158,598	81,366
Fund balances - ending	$ -	$ -	$ 81,367	$ 81,367

Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2018

	Agency Funds		
	Special Welfare	**Bond Escrow**	**Total**
ASSETS			
Cash and cash equivalents	$ 13,222	$ 435,456	$ 448,678
Total assets	$ 13,222	$ 435,456	$ 448,678
LIABILITIES			
Accounts payable	$ -	$ 2,000	$ 2,000
Amounts held for social services clients	13,222	-	13,222
Amounts held for others	-	433,456	433,456
Total liabilities	$ 13,222	$ 435,456	$ 448,678

Combining Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 16,080	$ 36,615	$ 39,473	$ 13,222
Liabilities:				
Amounts held for social services clients	$ 16,080	$ 36,615	$ 39,473	$ 13,222
Bond Escrow:				
Assets:				
Cash and cash equivalents	$ 170,449	$ 265,007	$ -	$ 435,456
Liabilities:				
Accounts payable	$ -	$ 2,000	$ -	$ 2,000
Amounts held for others	170,449	263,007	-	433,456
Total liabilities	$ 170,449	$ 265,007	$ -	$ 435,456
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	$ 186,529	$ 301,622	$ 39,473	$ 448,678
Total assets	$ 186,529	$ 301,622	$ 39,473	$ 448,678
Liabilities:				
Accounts payable	$ -	$ 2,000	$ -	$ 2,000
Amounts held for social services clients	16,080	36,615	39,473	13,222
Amounts held for others	170,449	263,007	-	433,456
Total liabilities	$ 186,529	$ 301,622	$ 39,473	$ 448,678

DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD

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Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2018

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 4,296,795	$ -	$ 4,296,795
Due from other governmental units	860,794	-	860,794
Inventories	-	7,455	7,455
Total assets	$ 5,157,589	$ 7,455	$ 5,165,044
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 440,300	$ -	$ 440,300
Accrued liabilities	4,717,289	81,408	4,798,697
Reconciled overdraft payable	-	41,026	41,026
Total liabilities	$ 5,157,589	$ 122,434	$ 5,280,023
Fund balances:			
Nonspendable:			
Inventories	$ -	$ 7,455	$ 7,455
Unassigned	-	(122,434)	(122,434)
Total fund balances	$ -	$ (114,979)	$ (114,979)
Total liabilities and fund balances	$ 5,157,589	$ 7,455	$ 5,165,044

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

Total fund balances per above		$ (114,979)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		15,174,891
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources for 2018 employer contributions - pension	$ 3,930,737	
Deferred outflows of resources due to changes in proportion and differences between employer contributions and proportionate share of contributions pension	231,000	
Deferred inflows of resources for the net difference between projected and actual earnings on pension	(1,479,589)	
Deferred inflows of resources for the difference between expected and actual experience on pension	(2,772,456)	
Deferred outflows for change in assumptions - pension	570,120	
Deferred inflows of resources due to changes in proportion and differences between employer contributions and proportionate share of contributions - teacher cost sharing pension plan	(464,000)	
Deferred Inflows - OPEB	(290,000)	
Deferred outflows - OPEB	715,848	
Net other postemployment benefits liability	(18,419,000)	
Net pension liability	(37,146,092)	(55,123,432)
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences		(2,407,609)
Net position of governmental activities		$ (42,471,129)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2018

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	$ 25,706	$ 845	$ 26,551
Charges for services	45,155	634,535	679,690
Miscellaneous	164,195	-	164,195
Intergovernmental revenues:			
Local government	22,374,550	-	22,374,550
Commonwealth	22,049,350	14,769	22,064,119
Federal	1,285,054	478,134	1,763,188
Total revenues	$ 45,944,010	$ 1,128,283	$ 47,072,293
EXPENDITURES			
Current:			
Education	$ 45,694,010	$ 1,343,725	$ 47,037,735
Total expenditures	$ 45,694,010	$ 1,343,725	$ 47,037,735
Excess (deficiency) of revenues over (under) expenditures	$ 250,000	$ (215,442)	$ 34,558
OTHER FINANCING SOURCES (USES)			
Transfers in	$ -	$ 250,000	$ 250,000
Transfers out	(250,000)	-	(250,000)
Total other financing sources and uses	$ (250,000)	$ 250,000	$ -
Net change in fund balances	$ -	$ 34,558	$ 34,558
Fund balances - beginning - as restated	-	(149,537)	(149,537)
Fund balances - ending	$ -	$ (114,979)	$ (114,979)

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above		$ 34,558
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	$ 410,230	
Depreciation expense	(726,680)	
Allocation of jointly owned assets, net	2,304,734	1,988,284
Governmental funds report employer pension and OPEB contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension/OPEB expense.		
Employer pension contributions	$ 3,930,737	
Pension expense	(3,133,505)	
Employer OPEB contributions	$ 708,848	
OPEB expense	(1,087,848)	418,232
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Decrease in compensated absences		(294,160)
Change in net position of governmental activities		$ 2,146,914

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Operating Fund
For the Year Ended June 30, 2018

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 24,000	$ 24,000	$ 25,706	$ 1,706
Charges for services	6,000	6,000	45,155	39,155
Miscellaneous	314,000	314,000	164,195	(149,805)
Intergovernmental revenues:				
Local government	22,581,143	22,581,143	22,374,550	(206,593)
Commonwealth	22,152,586	22,152,586	22,049,350	(103,236)
Federal	1,307,705	1,307,705	1,285,054	(22,651)
Total revenues	$ 46,385,434	$ 46,385,434	$ 45,944,010	$ (441,424)
EXPENDITURES				
Current:				
Education	$ 46,135,434	$ 46,135,434	$ 45,694,010	$ 441,424
Total expenditures	$ 46,135,434	$ 46,135,434	$ 45,694,010	$ 441,424
Excess of revenues over expenditures	$ 250,000	$ 250,000	$ 250,000	$ -
OTHER FINANCING USES				
Transfers out	$ (250,000)	$ (250,000)	$ (250,000)	$ -
Total other financing uses	$ (250,000)	$ (250,000)	$ (250,000)	$ -
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2018

	School Cafeteria Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 1,000	$ 1,000	$ 845	$ (155)
Charges for services	673,949	673,949	634,535	(39,414)
Intergovernmental revenues:				
Commonwealth	13,503	13,503	14,769	1,266
Federal	362,301	362,301	478,134	115,833
Total revenues	$ 1,050,753	$ 1,050,753	$ 1,128,283	$ 77,530
EXPENDITURES				
Current:				
Education	$ 1,300,753	$ 1,300,753	$ 1,343,725	$ (42,972)
Total expenditures	$ 1,300,753	$ 1,300,753	$ 1,343,725	$ (42,972)
Excess of expenditures over revenues	$ (250,000)	$ (250,000)	$ (215,442)	$ 34,558
OTHER FINANCING SOURCES				
Transfers in	$ 250,000	$ 250,000	$ 250,000	$ -
Total other financing sources	$ 250,000	$ 250,000	$ 250,000	$ -
Net change in fund balances	$ -	$ -	$ 34,558	$ 34,558
Fund balances - beginning	-	-	(149,537)	(149,537)
Fund balances - ending	$ -	$ -	$ (114,979)	$ (114,979)

DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY

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Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2018

ASSETS		
Current assets:		
Cash and cash equivalents	$	78,331
Total current assets	$	78,331
Noncurrent assets:		
Capital assets:		
Land	$	100,000
Total noncurrent assets	$	100,000
Total assets	$	178,331
NET POSITION		
Net investment in capital assets	$	100,000
Unrestricted		78,331
Total net position	$	178,331

Statement of Revenues, Expenses, and Changes in Fund Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2018

OPERATING EXPENSES		
Contractual services	$	43,500
Total operating expenses	$	43,500
Operating income (loss)	$	(43,500)
NONOPERATING REVENUES (EXPENSES)		
Interest earnings	$	119
Total nonoperating revenues (expenses)	$	119
Income before contributions and transfers		(43,381)
Capital contributions	$	100,000
Change in net position	$	56,619
Total net position - beginning		121,712
Total net position - ending	$	178,331

Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	$	(43,500)
Net cash used by operating activities	$	(43,500)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	$	119
Net cash provided by investing activities	$	119
Net decrease in cash and cash equivalents	$	(43,381)
Cash and cash equivalents - beginning		121,712
Cash and cash equivalents - ending	$	78,331
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$	(43,500)
Net cash used by operating activities	$	(43,500)

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STATISTICAL SECTION

This part of the County of Powhatan, Virginia's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents **Table**

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The County implemented Statement No. 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

County of Powhatan, Virginia **Table 1**
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year									
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Governmental activities										
Net investment in capital assets	$ 8,923,387	$ 4,734,695	$ 973,723	$ (1,310,668)	$ (2,085,394)	$ (1,962,152)	$ 1,028,903	$ 1,062,579	$ 3,108,524	$ 5,822,208
Restricted	81,367	158,598	321,055	327,708	29,239	321,995	920,754	2,903,209	2,247,827	2,872,925
Unrestricted	10,541,242	13,425,357	15,376,342	15,013,626	16,540,825	14,037,219	9,697,400	11,487,954	12,504,235	11,923,982
Total governmental activities net position	$ 19,545,996	$ 18,318,650	$ 16,671,120	$ 14,030,666	$ 14,484,670	$ 12,397,062	$ 11,647,057	$ 15,453,742	$ 17,860,586	$ 20,619,115
Business-type activities										
Net investment in capital assets	$ 3,707,241	$ 2,745,687	$ 2,364,754	$ 1,004,989	$ 1,044,804	$ 786,715	$ (341,364)	$ 393,277	$ (3,521,073)	$ 8,280
Restricted	-	-	-	-	-	72,357	124,789	361,781	3,955,505	659,417
Unrestricted	905,237	973,944	975,370	462,308	(324,475)	(109,529)	781,779	(704,170)	(364,821)	(315,163)
Total business-type activities net position	$ 4,612,478	$ 3,719,631	$ 3,340,124	$ 1,467,297	$ 720,329	$ 749,543	$ 565,204	$ 50,888	$ 69,611	$ 352,534
Primary Government										
Net investment in capital assets	$ 12,630,628	$ 7,480,382	$ 3,338,477	$ (305,679)	$ (1,040,590)	$ (1,175,437)	$ 687,539	$ 1,455,856	$ (412,549)	$ 5,830,488
Restricted	81,367	158,598	321,055	327,708	29,239	394,352	1,045,543	3,264,990	6,203,332	3,532,342
Unrestricted	11,446,479	14,399,301	16,351,712	15,475,934	16,216,350	13,927,690	10,479,179	10,783,784	12,139,414	11,608,819
Total Primary government net position	$ 24,158,474	$ 22,038,281	$ 20,011,244	$ 15,497,963	$ 15,204,999	$ 13,146,605	$ 12,212,261	$ 15,504,630	$ 17,930,197	$ 20,971,649

Note: GASB Statement No. 75 as adopted in fiscal year 2018. Information for previous years is unavailable.

County of Powhatan, Virginia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year									
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Expenses										
Governmental activities										
General government administration	$ 3,138,027	$ 3,387,951	$ 3,328,472	$ 2,904,327	$ 2,913,719	$ 2,693,439	$ 3,490,938	$ 2,866,159	$ 3,037,073	$ 2,638,554
Judicial administration	1,106,339	875,808	1,003,570	882,082	915,308	924,281	928,312	986,603	918,457	927,087
Public safety	9,340,671	8,623,661	7,886,373	7,614,265	7,386,351	7,198,186	7,245,597	7,511,077	8,279,412	6,447,677
Public works	2,437,663	2,444,844	2,063,389	1,905,609	1,715,947	1,716,111	1,547,932	969,165	1,667,630	1,810,485
Health and welfare	4,630,373	4,250,646	4,645,176	4,254,575	4,079,149	3,859,387	3,491,003	3,778,834	3,987,693	3,877,527
Education	26,750,913	25,587,129	24,668,341	23,858,180	24,091,342	23,514,070	26,859,832	23,713,559	21,349,126	22,231,269
Parks, Recreation and cultural	724,464	1,430,798	896,021	672,746	881,707	932,155	990,848	1,026,006	1,285,484	685,229
Community development	839,715	975,494	888,803	952,532	784,157	599,847	1,119,888	1,270,360	1,105,611	1,150,019
Interest and other fiscal charges	3,457,468	4,479,930	2,279,924	2,490,147	2,664,241	2,841,131	3,539,775	3,011,465	5,137,838	3,812,451
Total governmental activities	$ 52,425,633	$ 52,056,261	$ 47,660,069	$ 45,534,463	$ 45,431,921	$ 44,278,607	$ 49,214,125	$ 45,133,228	$ 46,768,324	$ 43,580,298
Business-type activities										
Water and Sewer	$ 2,409,265	$ 2,584,881	$ 2,381,909	$ 2,564,546	$ 2,439,900	$ 2,562,295	$ 2,165,702	$ 2,293,964	$ 2,118,030	$ 2,069,053
Total business-type activities	$ 2,409,265	$ 2,584,881	$ 2,381,909	$ 2,564,546	$ 2,439,900	$ 2,562,295	$ 2,165,702	$ 2,293,964	$ 2,118,030	$ 2,069,053
Total primary government expenses	$ 54,834,898	$ 54,641,142	$ 50,041,978	$ 48,099,009	$ 47,871,821	$ 46,840,902	$ 51,379,827	$ 47,427,192	$ 48,886,354	$ 45,649,351
Program Revenues										
Governmental activities										
Charges for services:										
Judicial administration	$ 223,978	$ 228,999	$ 171,772	$ 145,738	$ 188,666	$ 227,140	$ 242,548	$ 227,867	$ 160,112	$ 193,521
Public safety	1,417,962	1,239,297	1,111,495	563,314	520,637	511,473	395,652	342,087	381,483	432,876
Public works	65,587	55,006	47,508	54,674	54,264	38,953	56,252	43,043	41,969	35,317
Parks, recreation and cultural	21,787	19,165	17,658	24,394	30,176	29,175	35,226	30,017	22,811	15,032
Community development	165,573	192,732	461,414	939,943	828,425	607,558	343,493	45,777	114,312	108,330
Operating grants and contributions	4,961,763	4,723,745	4,761,155	4,377,081	4,374,567	3,969,854	3,899,879	4,330,772	4,592,614	5,243,531
Capital Grants and contributions	636,597	-	32,161	212,050	-	-	-	-	-	-
Total governmental activities	$ 7,493,247	$ 6,458,944	$ 6,603,163	$ 6,317,194	$ 5,996,735	$ 5,384,153	$ 4,973,050	$ 5,019,563	$ 5,313,301	$ 6,028,607
Business-type activities										
Charges for services:										
Water and Sewer	$ 595,446	$ 465,893	$ 329,569	$ 514,988	$ 272,633	$ 388,990	$ 531,205	$ 191,349	$ 243,081	$ 220,726
Capital grants and contributions	333,797	-	300,000	-	-	-	-	-	-	-
Total business-type activities	$ 929,243	$ 465,893	$ 629,569	$ 514,988	$ 272,633	$ 388,990	$ 531,205	$ 191,349	$ 243,081	$ 220,726
Total primary government revenues	$ 8,422,490	$ 6,924,837	$ 7,232,732	$ 6,832,182	$ 6,269,368	$ 5,773,143	$ 5,504,255	$ 5,210,912	$ 5,556,382	$ 6,249,333

County of Powhatan, Virginia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year									
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Net (Expense)/Revenue										
Governmental activities	$ (44,932,386)	$ (45,597,317)	$ (41,056,906)	$ (39,217,269)	$ (39,435,186)	$ (38,894,454)	$ (44,241,075)	$ (40,113,665)	$ (41,455,023)	$ (37,551,671)
Business-type activities	(1,480,022)	(2,093,988)	(1,601,743)	(2,049,548)	(2,167,267)	(2,173,305)	(1,634,497)	(2,102,615)	(1,874,949)	(1,848,327)
Total primary government net expense	$ (46,412,408)	$ (47,691,305)	$ (42,658,649)	$ (41,266,817)	$ (41,602,453)	$ (41,067,759)	$ (45,875,572)	$ (42,216,280)	$ (43,329,972)	$ (39,399,998)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	$ 39,678,897	$ 39,416,185	$ 36,470,425	$ 35,172,302	$ 35,253,633	$ 33,447,832	$ 34,499,496	$ 32,420,090	$ 32,536,675	$ 33,161,709
Other local taxes	5,746,070	5,527,619	5,049,536	4,702,903	4,250,661	4,960,172	4,200,076	3,529,326	4,723,134	4,568,552
Investment earnings	482,100	282,759	241,763	405,979	283,313	239,006	427,933	251,370	295,346	511,317
Miscellaneous	323,649	346,297	359,404	212,904	356,148	182,694	171,550	467,943	289,958	155,546
Non-categorical aid from the Commonwealth	4,090,925	4,117,081	4,176,115	4,087,845	4,147,231	3,178,838	3,226,864	3,095,939	3,128,833	3,159,907
Payment from Powhatan County Schools	-	-	-	-	-	-	-	-	-	1,000,000
Gain (Loss) on disposal of capital assets	-	-	-	-	(390,698)	(6,854)	-	-	-	-
Transfers	(2,422,675)	(2,445,094)	(2,599,883)	(2,871,782)	(2,321,178)	(2,357,229)	(2,091,529)	(2,057,847)	(1,582,488)	(1,533,352)
Special item	-	-	-	(305,880)	-	-	-	-	-	-
Total governmental activities	$ 47,898,966	$ 47,244,847	$ 43,697,360	$ 41,404,271	$ 41,579,110	$ 39,644,459	$ 40,434,390	$ 37,706,821	$ 39,391,458	$ 41,023,679
Business-type activities										
Investment earnings	$ 66	$ 2	$ -	$ -	$ 51	$ 415	$ 57,284	$ 26,045	$ 9,538	$ 35,845
Miscellaneous	2,397	28,399	5,210	11,765	-	-	-	-	-	-
Transfers	2,422,675	2,445,094	2,599,883	2,871,782	2,321,178	2,357,229	2,091,529	2,057,847	1,582,488	1,533,352
Total business-type activities	$ 2,425,138	$ 2,473,495	$ 2,605,093	$ 2,883,547	$ 2,321,229	$ 2,357,644	$ 2,148,813	$ 2,083,892	$ 1,592,026	$ 1,569,197
Total primary government	$ 50,324,104	$ 49,718,342	$ 46,302,453	$ 44,287,818	$ 43,900,339	$ 42,002,103	$ 42,583,203	$ 39,790,713	$ 40,983,484	$ 42,592,876
Changes in Net Position										
Governmental activities	$ 2,966,580	$ 1,647,530	$ 2,640,454	$ 2,187,002	$ 2,143,924	$ 750,005	$ (3,806,685)	$ (2,406,844)	$ (2,063,565)	$ 3,472,008
Business-type activities	945,116	379,507	1,003,350	833,999	153,962	184,339	514,316	(18,723)	(282,923)	(279,130)
Total primary government	$ 3,911,696	$ 2,027,037	$ 3,643,804	$ 3,021,001	$ 2,297,886	$ 934,344	$ (3,292,369)	$ (2,425,567)	$ (2,346,488)	$ 3,192,878

County of Powhatan, Virginia **Table 3**
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year									
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
General fund										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 917,357	$ 228,964
Unreserved	-	-	-	-	-	-	-	-	10,662,980	11,571,639
Nonspendable	81,688	1,969	3,532	3,048	4,048	34,892	-	-	-	-
Restricted	-	-	-	-	-	-	-	372	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	3,590,713	4,476,293	3,570,902	3,698,649	-	-	-	-	-	-
Unassigned	12,031,431	11,767,232	11,370,950	11,043,610	13,877,646	12,445,947	13,177,977	10,759,275	-	-
Total general fund	$ 15,703,832	$ 16,245,494	$ 14,945,384	$ 14,745,307	$ 13,881,694	$ 12,480,839	$ 13,177,977	$ 10,759,647	$ 11,580,337	$ 11,800,603
All other governmental funds										
Unreserved, reported in:										
Special revenue funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 631,950	$ 466,256
Capital projects funds	-	-	-	-	-	-	-	-	2,247,827	2,872,925
Debt service funds	-	-	-	-	-	-	-	-	371,697	418,269
Restricted, reported in:										
Debt service funds	-	-	-	-	-	8,892	-	-	-	-
Capital projects funds	17,752,884	42,809,069	-	-	29,239	313,103	911,927	2,903,209	-	-
Special revenue funds	622,264	609,938	1,154,183	1,886,597	1,856,589	705,391	423,141	682,123	-	-
Committed for:										
Special revenue funds	292,691	73,812	174,737	-	-	-	-	-	-	-
Assigned for:										
Debt service			-	-	-	-	8,827	378,763	-	-
Capital projects	-	-	2,099,137	1,610,407	883,385	1,151,845	-	-	-	-
Unassigned, reported in:										
Capital projects funds	(1,395,958)	(352,397)	-	-	-	-	(207,318)	(385,739)	-	-
Total all other governmental funds	$ 17,271,881	$ 43,140,422	$ 3,428,057	$ 3,497,004	$ 2,769,213	$ 2,179,231	$ 1,136,577	$ 3,578,356	$ 3,251,474	$ 3,757,450
Total fund balances	$ 32,975,713	$ 59,385,916	$ 18,373,441	$ 18,242,311	$ 16,650,907	$ 14,660,070	$ 14,314,554	$ 14,338,003	$ 14,831,811	$ 15,558,053

Note:
In FY2011 the County implemented GASB 54 and therefore fund balance classifications have been changed accordingly.

County of Powhatan, Virginia **Table 4**
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year									
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Revenues										
General property taxes	$ 39,648,166	$ 39,177,351	$ 36,848,788	$ 35,326,867	$ 34,940,715	$ 33,503,021	$ 34,583,227	$ 32,420,262	$ 31,900,172	$ 32,997,434
Other local taxes	5,746,071	5,527,619	5,049,536	4,702,903	4,250,661	4,960,172	4,200,076	3,529,326	4,723,134	4,568,552
Permits, privilege fees and licenses	966,725	806,460	1,014,230	937,270	842,474	620,832	706,921	359,429	427,993	534,581
Fines and Forfeitures	144,612	163,083	102,778	102,410	111,173	137,224	162,505	152,525	127,062	102,855
Revenue from use of money & property	482,100	282,759	241,763	405,979	283,313	239,007	239,587	251,370	295,346	511,317
Charges for services	783,550	765,656	692,839	688,383	668,521	656,243	203,745	176,837	165,632	147,640
Miscellaneous	323,649	346,297	359,404	212,904	356,148	182,694	171,550	467,943	289,958	155,546
Intergovernmental:										
Powhatan County School Board	-	-	-	-	-	-	-	-	-	1,000,000
Commonwealth of Virginia	8,277,653	7,518,564	7,685,397	7,790,247	7,497,107	6,417,248	6,270,174	6,391,383	6,670,752	7,650,636
Federal Government	1,411,632	1,322,262	1,284,034	886,729	1,024,691	731,443	856,569	1,035,328	1,050,695	752,802
Total revenues	$ 57,784,158	$ 55,910,051	$ 53,278,769	$ 51,053,692	$ 49,974,803	$ 47,447,884	$ 47,394,354	$ 44,784,403	$ 45,650,744	$ 48,421,363
Expenditures										
General government administration	$ 3,337,273	$ 3,487,696	$ 3,202,111	$ 2,881,108	$ 2,706,558	$ 2,833,088	$ 3,027,100	$ 2,557,186	$ 2,748,207	$ 2,584,545
Judicial administration	3,215,046	922,934	921,530	886,834	842,973	848,203	840,115	851,185	827,533	825,856
Public Safety	10,602,508	9,009,393	8,048,386	7,561,393	6,934,689	6,767,013	6,784,063	6,850,801	7,438,936	6,265,502
Public works	3,864,509	2,867,888	2,196,038	2,136,239	1,646,877	1,606,243	1,552,826	1,591,299	1,654,195	1,615,155
Health and welfare	4,603,678	4,491,257	4,773,276	4,285,753	4,069,400	3,771,576	3,482,258	3,762,329	3,968,635	3,833,172
Education	45,667,822	36,076,976	22,857,727	21,269,134	20,708,851	19,990,590	19,097,840	19,778,712	18,858,660	20,285,490
Community development	637,865	1,240,664	884,335	852,728	767,675	565,729	770,541	775,816	1,120,923	1,129,156
Parks, recreation and cultural	831,338	987,254	718,560	543,079	659,704	709,339	1,092,280	1,243,726	705,973	501,285
Capital projects	549	617	939,474	123,070	920,622	769,227	1,816,496	4,342,579	1,301,670	9,280,459
Debt service										
Principal	4,949,677	4,756,685	4,184,966	4,046,946	3,861,164	3,742,429	3,520,544	3,366,335	2,991,861	3,817,452
Interest and other fiscal charges	4,061,420	4,675,569	2,405,523	3,434,942	3,025,485	3,177,702	3,350,976	3,344,051	5,464,072	3,871,483
Total Expenditures	$ 81,771,685	$ 68,516,933	$ 51,131,926	$ 48,021,226	$ 46,143,998	$ 44,781,139	$ 45,335,039	$ 48,464,019	$ 47,080,665	$ 54,009,555
Revenues over (under) expenditures	$ (23,987,527)	$ (12,606,882)	$ 2,146,843	$ 3,032,466	$ 3,830,805	$ 2,666,745	$ 2,059,315	$ (3,679,616)	$ (1,429,921)	$ (5,588,192)
Other financing sources (uses)										
Transfers in	$ 2,684,130	$ 2,545,726	$ 4,169,095	$ 3,864,804	$ 7,616,992	$ 8,414,123	$ -	$ -	$ 7,337,019	$ 5,972,955
Transfers out	(5,106,805)	(4,990,820)	(6,768,978)	(6,736,586)	(9,938,170)	(10,771,352)	(2,091,529)	(2,057,847)	(8,919,507)	(7,506,307)
Proceeds from capital lease	-	700,000	584,170	47,942	481,210	36,000	-	-	-	-
Issuance of bonds	-	49,425,000	-	26,162,052	-	-	2,920,000	5,290,000	29,985,623	6,350,705
Bond issuance premium	-	5,939,451	-	-	-	-	369,490	-	1,503,439	149,656
Payments to refunding escrow agent	-	-	-	(25,586,845)	-	-	(4,905,315)	-	(29,202,895)	(6,350,705)
Bond issuance costs	-	-	-	-	-	-	(63,011)	(46,346)	-	-
Deferred amounts on refunding	-	-	-	-	-	-	1,687,601	-	-	-
Total other financing sources (uses)	$ (2,422,675)	$ 53,619,357	$ (2,015,713)	$ (2,248,633)	$ (1,839,968)	$ (2,321,229)	$ (2,082,764)	$ 3,185,807	$ -	$ (1,383,696)
Special Item	-	-	-	807,571	-	-	-	-	-	-
Net change in fund balances	$ (26,410,202)	$ 41,012,475	$ 131,130	$ 1,591,404	$ 1,990,837	$ 345,516	$ (23,449)	$ (493,809)	$ (1,429,921)	$ (6,971,888)
Debt service as a percentage of noncapital expenditures	17.17%	18.13%	13.83%	15.95%	15.23%	15.72%	15.79%	15.21%	18.47%	17.19%

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2018 Taxable Assessed Value	Fiscal Year 2018 Percentage of Total County Taxable Assessed Value	Fiscal Year 2018 Rank	Fiscal Year 2009 Taxable Assessed Value	Fiscal Year 2009 Percentage of Total County Taxable Assessed Value	Fiscal Year 2009 Rank
Carnes, W.S. et al	$ 10,059,600	0.27%	1	$ 10,403,500	0.26%	4
Walmart	9,474,500	0.26%	2	-	0.00%	
Milhaus Corporation	6,347,300	0.17%	3	14,240,300	0.35%	2
Winterfield Associates	6,239,600	0.17%	4	-	0.00%	
Powhatan Shoppes at South Creek	5,729,500	0.16%	5	8,422,300	0.21%	8
American Timberlands	5,523,100	0.15%	6	-	0.00%	
Sanders, Donald & Teresa	5,514,300	0.15%	7	-	0.00%	
Anderson, Tamara & Delores Ransoı	5,420,100	0.15%	8	-	0.00%	
Reeds Landing Corp.	5,331,800	0.14%	9	8,966,000	0.22%	7
Goddard, LLC	5,308,100	0.14%	10	-	0.00%	
South Creek Properties	-	0.00%		9,526,100	0.23%	5
Ranson, R.F. et al	-	0.00%		20,394,800	0.50%	1
VSGA Foundation, Inc.	-	0.00%		14,007,200	0.35%	3
Builder Resource & Development Co	-	0.00%		9,117,900	0.22%	6
Powhatan Properties Land & Lumbeı	-	0.00%		-	0.00%	
Central Virginia Bank	-	0.00%		7,323,400	0.18%	10
Patterson, S.H., Jr. Et Al	-	0.00%		8,145,200	0.20%	9
Phillips, Terry	-	0.00%		-	0.00%	
	$ 64,947,900	1.76%		$ 110,546,700	2.73%	

Source: Powhatan County Commissioner of Revenue Department

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes levied for the fiscal year (original levy)	Adjustments	Total adjusted levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2018	40,262,459	(443,989)	39,818,470	34,046,398	84.56%	-	34,046,398	85.50%
2017	37,761,947	765,434	38,527,381	32,985,684	87.35%	4,909,181	37,894,865	98.36%
2016	35,202,596	704,003	35,906,598	30,591,755	86.90%	5,003,934	35,595,689	99.13%
2015 (3)	34,387,967	477,176	34,865,143	29,585,924	86.04%	5,130,291	34,716,215	99.57%
2014 (2)	20,444,760	(171,262)	20,273,498	16,173,898	79.11%	4,019,886	20,193,784	99.61%
2013	35,684,848	(3,034,661)	32,650,187	30,590,404	85.72%	1,958,561	32,548,965	99.69%
2012 (1)	39,309,998	(5,085,755)	34,224,243	32,421,232	82.48%	1,724,755	34,145,987	99.77%
2011	35,131,551	(1,851,569)	33,279,982	27,395,034	77.98%	5,863,272	33,258,306	99.93%
2010	35,111,856	(643,336)	34,468,520	27,972,433	79.67%	6,473,764	34,446,197	99.94%
2009	35,489,429	(736,581)	34,752,848	28,215,893	79.51%	6,522,349	34,738,242	99.96%
2008	31,586,113	(618,475)	30,967,638	26,895,079	85.15%	4,065,357	30,960,436	99.98%

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.
(2) In FY2014, the County did a short year for real estate and therefore the levy was half of a normal levy in order for the real estate levies to agree to the budget cycle.
(3) The collection rate appears low due to second half of personal property is not due until FY2016

Assessed and Estimated Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Less: Tax-Exempt Property (2)	Total Taxable Assessed Value Real Estate	Direct Tax Rate (1)	Personal Property and Mobile Homes	Machinery and Tools	Public Service (3)	Total
2018	$ 3,648,382,900	$328,081,450	$3,320,301,450	0.885	$311,016,713	$ 29,452,658	$ 99,314,822	$ 3,760,085,643
2017	3,608,906,400	328,439,700	3,280,466,700	0.90	293,254,816	10,716,720	100,109,095	3,684,547,331
2016	3,358,068,300	310,856,450	3,047,211,850	0.90	284,396,673	9,111,300	97,808,766	3,438,528,589
2015	3,300,165,350	308,499,100	2,991,666,250	0.90	262,062,264	9,428,908	97,811,452	3,360,968,874
2014	3,337,208,023	309,617,800	3,027,590,223	0.90	248,273,253	10,543,520	93,715,317	3,380,122,313
2013	3,353,554,725	313,338,300	3,040,216,425	0.90	236,952,333	9,885,765	88,634,309	3,375,688,832
2012	3,324,413,600	313,414,300	3,010,999,300	0.90	220,342,803	9,330,975	87,019,206	3,327,692,284
2011	3,790,383,750	324,370,500	3,466,013,250	0.77	213,076,137	9,388,255	90,184,332	3,778,661,974
2010	3,760,019,650	303,159,400	3,456,860,250	0.77	209,704,422	11,481,930	90,368,639	3,768,415,241
2009	4,094,870,500	305,328,100	3,789,542,400	0.71	200,805,327	12,038,975	79,349,688	4,081,736,390

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.
(3) Public Service Corporation property assessments performed by the State Corporation Commission.

Direct Property Tax Rates
Last Ten Fiscal Years

Tax Year	Public Service Real Estate	Public Service Personal Property	Machinery & Tools	Personal Property
2018	0.885	3.60	3.60	3.60
2017	0.90	3.60	3.60	3.60
2016	0.90	3.60	3.60	3.60
2015	0.90	3.60	3.60	3.60
2014	0.90	3.60	3.60	3.60
2013	0.90	3.60	3.60	3.60
2012	0.77/0.90	3.60	3.60	3.60
2011	0.77	3.60	3.60	3.60
2010	0.77	3.60	3.60	3.60
2009	0.71	3.60	3.60	3.60

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

	Governmental Activities				Business-Type Activities			
Fiscal Year	**General Obligation Bonds**	**State Literary Loans**	**Capital Leases**	**Revenue Bonds**	**Revenue Bonds**	**Total Primary Government**	**Percentage of Personal Income**	**Per Capita**
2018	$ 24,773,645	$ 250,000	$ 912,548	$ 79,000,802	$ 18,014,546	$ 122,951,541	N/A	$ 4,216
2017	26,583,521	500,000	1,230,787	82,098,360	16,853,248	127,265,916	N/A	4,435
2016	28,386,157	750,000	810,956	29,688,399	17,403,438	77,038,950	0.066%	2,709
2015	30,168,352	1,000,000	331,795	32,001,274	18,029,553	81,530,974	0.060%	2,867
2014	32,384,741	1,250,000	397,123	33,550,334	18,387,924	85,970,122	0.053%	3,022
2013	34,568,717	1,500,000	25,689	35,133,665	18,884,676	90,112,747	0.047%	3,174
2012	37,106,830	1,750,000	-	37,779,197	19,353,098	95,989,125	0.039%	3,415
2011	38,898,551	2,000,000	-	37,941,912	19,469,877	98,310,340	0.045%	3,486
2010	40,982,156	2,250,000	225,618	33,578,390	19,895,875	96,932,039	0.043%	3,456
2009	41,495,753	2,500,000	443,340	33,380,064	16,124,480	93,943,637	0.043%	3,359

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

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

		General Bonded Debt Outstanding Governmental Activities			
Fiscal Year Ended June 30	**Population**	**Assessed Taxable Value** (1)	**Gross Bonded Debt** (2)	**Net Bonded Debt to Assessed Value**	**Per Capita**
2018	29,166	$ 3,760,085,643	$ 25,023,645	0.67%	$ 858
2017	28,696	$ 3,684,547,331	$ 27,083,521	0.74%	$ 944
2016	28,442	3,438,528,589	29,136,157	0.85%	1,024
2015	28,442	3,360,968,874	31,168,352	0.93%	1,096
2014	28,451	3,380,122,313	33,634,741	1.00%	1,182
2013	28,394	3,375,688,832	36,068,717	1.07%	1,270
2012	28,110	3,327,692,284	38,856,830	1.17%	1,382
2011	28,198	3,778,661,974	40,898,551	1.05%	1,384
2010	28,046	3,768,415,241	43,232,156	1.04%	1,477
2009	27,964	4,081,736,390	43,995,753	1.07%	1,536

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.

Debt Management Ratios
Last Ten Fiscal Years

Fiscal Year	Debt Service To Expenditures (2)	Net Tax Supported Debt To Assessed Value (3)
Policy (1)	**15.00%**	**4.00%**
2018	13.20%	3.02%
2017	13.11%	3.23%
2016	11.17%	2.16%
2015	11.39%	2.34%
2014	12.06%	2.47%
2013	12.20%	2.63%
2012	11.73%	2.75%
2011	10.74%	2.54%
2010	13.61%	2.50%
2009	12.07%	2.28%

(1) Policy was 12% and 4.50% prior to FY 2016
(2) Expenditures are made up of the General fund, Other Governmental funds, School Operating fund, School Cafeteria fund, Water and Sewer fund less transfers to the School Fund. Includes all debt from Table 9 less premiums.
(3) Assessed taxable value is combination of real and other personal property per Table 7.

Demographic and Economic Statistics
Last Ten Years

Fiscal Year	Population***	Total Personal Income	Per Capita Personal Income	Unemployment Rate %	School Enrollment
2018	29,166	N/A	N/A	2.90%	4,222
2017	28,696	N/A	N/A	3.50%	4,208
2016	28,442	1,436,089	50,490	3.50%	4,312
2015	28,442	1,376,472	49,105	4.30%	4,157
2014	28,451	1,285,384	45,446	4.60%	4,205
2013	28,394	1,334,229	42,016	5.30%	4,222
2012	28,110	1,317,197	37,320	5.40%	4,786
2011	28,198	1,240,942	43,860	6.00%	4,436
2010	28,046	1,176,637	41,361	6.60%	4,253
2009	27,964	1,147,171	40,592	6.20%	4,510

n/a - information is not yet available
Source: Bureau of Economic Analysis, Department of Labor Statistics, Weldon Cooper Center
**Bureau of Economic Analysis, Department of Commerce, Bearfacts
*** 2017 information not yet available. 2016 data is used for calculations and will be updated next year

Principal Employers
Current Year and Nine Years Ago

	2018			2009		
Employer	**Employees**	**Rank**	**% of Total Employment****	**Employees**	**Rank**	**% of Total Employment****
Powhatan County School Board	500-999	1	N/A	500-999	1	N/A
Deep Meadow Correctional Center	250-499	2	N/A	250-499	4	N/A
County of Powhatan	100-249	3	N/A	250-499	3	N/A
Walmart	100-249	4	N/A	-		N/A
Food Lion	100-249	5	N/A	100-249	5	N/A
Eagle Tele Services Inc	100-249	6	N/A	-		N/A
Mid Atlantic Steel Erecto Inc	100-249	7	N/A	50-99	10	N/A
Moslow Wood Products	50-99	8	N/A	-		N/A
Retail Execution East, LLC	50-99	9	N/A	-		N/A
Colony Construction	50-99	10	N/A	-		N/A
Powhatan Correctional Center	-		N/A	250-499	2	N/A
Commonwealth of Virginia, Powhatan Reception Cla	-		N/A	100-249	6	N/A
Virginia Department of Correctional Education	-		N/A	50-99	8	N/A
Catholic Diocese of Richmond	-		N/A	50-99	7	N/A
Central Virginia Bank	-		N/A	50-99	9	N/A

Source: Virginia Employment Commission
* Quarterly Census of Employment and Wages (QCEW)
Data for 2018: 1st Quarter 2018
Data for 2009: 1st Quarter 2009

**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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
County Administration										
County Administrator	1	1	1	1	1	1	1	1	1	1
Deputy County Administrator/Comm Dev Dir	-	-	1	1	-	-	-	-	-	-
Sr. Executive Assistant	1	1	1	-	-	1	1	1	1	-
Executive Associate	-	1	1	1	1	-	-	-	-	-
Executive Secretary	-	-	-	-	-	-	1	1	1	1
Total County Administrator	2	3	4	3	2	2	3	3	3	2
Grants Administration										
Grants Coordinator	-	-	-	-	-	-	1	1	1	-
Finance										
Director of Finance	1	1	1	1	1	1	1	1	1	1
HR Benefits and Training Coordinator	-	-	-	-	-	1	1	1	1	1
HR and Accounting Analyst	1	1	1	1	1	-	-	-	-	-
Accounting Manager	-	-	-	-	1	1	-	-	-	-
Accountant	1	1	1	1	-	-	-	-	-	-
Accounting Analyst	1	1	1	1	1	1	1	1	-	-
Total Finance	4	4	4	4	4	4	3	3	2	2
Human Resources										
HR Manager	1	1	1	1	1	-	-	-	-	-
Total Human Resources	1	1	1	1	1	-	-	-	-	-
Information Technology										
Director of IT	1	1	1	1	-	-	-	-	-	-
IT Systems Administrator	1	1	1	-	-	-	-	-	-	-
IT Specialist	-	-	-	2	2	2	-	-	-	-
Communications and IT Specialist	1	1	-	-	-	-	-	-	-	-
IT Technician	-	-	1	-	-	-	-	-	-	-
Total Information Technology	3	3	3	3	2	2	-	-	-	-
County Attorney										
County Attorney	-	-	-	-	1	1	1	1	-	-
Paralegal	1	1	1	1	1	1	1	1	-	-
Total County Attorney	1	1	1	1	2	2	2	2	-	-
Facilities Management										
Facilities Assistant	-	-	-	-	-	1	1	1	1	1
Facilities/Groundskeeper	-	-	-	-	-	1	1	1	1	-
General Services Supervisor	-	-	-	-	-	1	1	1	1	1
Maintenance Worker	-	-	-	-	-	2	2	2	2	2
Total Facilities Management	-	-	-	-	-	5	5	5	5	4

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

Department	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Works										
Director of Public Works	1	1	1	1	1	-	-	-	-	-
Administrative Associate Public Works	1	1	1	1	1	-	-	-	-	-
Recreation Program Coordinator	1	1	1	1	-	-	-	-	-	-
Facilities Manager	-	-	-	1	1	-	-	-	-	-
Facilitites and Grounds Manager	1	1	1	-	-	-	-	-	-	-
Administrative Assistant Facilities	-	-	-	1	1	-	-	-	-	-
Administrative Assistant Public Works	1	1	1	-	-	-	-	-	-	-
Building Supervisor - HVAC	-	-	-	1	1	-	-	-	-	-
Facilities Supervisor	1	1	1	-	-	-	-	-	-	-
Grounds Supervisor	1	1	1	1	1	-	-	-	-	-
Maintenance Worker III	2	2	2	2	2	-	-	-	-	-
Maintenance Worker II	4	4	4	4	3	-	-	-	-	-
Maintenance Worker I	-	-	-	-	1	-	-	-	-	-
Utilities Manager	1	1	1	1	1	-	-	-	-	-
Utilities Operations Supervisor	-	-	-	1	1	-	-	-	-	-
Utilities Operations Superintendant	1	1	1	-	-	-	-	-	-	-
Utilities Operator	3	3	3	3	1	-	-	-	-	-
Utilities Maintenance Technician	1	1	1	-	-	-	-	-	-	-
Convenience Center Supervisor	1	1	1	1	1	-	-	-	-	-
Convenience Center Operator III	-	-	-	1	1	-	-	-	-	-
Convenience Center Lead Operator	1	1	1	-	-	-	-	-	-	-
Convenience Center Operator	2	2	2	-	-	-	-	-	-	-
Convenience Center Operator II	-	-	-	1	1	-	-	-	-	-
Convenience Center Operator I	-	-	-	1	1	-	-	-	-	-
Total Public Works	23	23	23	22	19	-	-	-	-	-
Building Inspections										
Building Official	-	-	-	-	-	1	1	1	1	1
Building Inspector	-	-	-	-	-	1	4	2	2	3
Secretary	-	-	-	-	-	1	1	1	1	1
Plans Reviewer	-	-	-	-	-	1	2	2	2	2
Total Building Inspections	-	-	-	-	-	4	8	6	6	7
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
Assistant Commonwealth's Attorney	1	-	-	-	-	-	-	-	-	-
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Total Commonwealth's Attorney	4	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	3	3	3	2	2	2	2	2	2	2
Deputy COR III	2	2	2	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
Assistant County Administrator	1	-	-	-	-	-	-	-	-	-
Economic Development Program Manager	1	-	-	-	-	-	-	-	-	-
Total Economic Development	2	1	-	-	-	-	1	1	1	1

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

Department	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Fire Administration										
Chief of Fire and Emergency Medical Services	1	1	1	1	1	-	1	1	1	1
Administrative Associate	-	-	-	1	1	-	-	-	-	-
Administrative Associate - Fire and Rescue	1	1	1	-	-	-	-	-	-	-
Administrative Assistant	-	-	-	-	-	1	1	1	1	1
Firefighter/EMT	6	6								
Total Fire Administration	8	8	2	2	2	1	2	2	2	2
Library										
Library Director	1	1	1	1	1	1	1	1	1	1
Librarian	1	1	-	-	-	-	-	-	-	-
Library Systems Technician	1	1	1	-	-	-	-	-	-	-
Library Clerk II	-	-	-	1	1	-	-	-	-	-
Library Administrative Coordinator	1	1	1	-	-		-	-	-	-
Library Assistant	-	-	-	1	1	1	1	1	1	1
Total Library	4	4	3	3	3	2	2	2	2	2
Planning										
Planning Director	-	-	-	-	-	-	1	1	1	1
Planner II	-	-	-	-	-	2	2	2	2	2
Planner I	-	-	-	-	-	1	1	1	1	1
Administrative Assistant	-	-	-	-	-	-	-	-	-	-
Office Manager	-	-	-	-	-	1	1	1	1	1
Zoning Administrator	-	-	-	-	-	1	1	1	1	1
GIS Coordinator	-	-	-	-	-	1	1	1	1	1
Erosion and Sediment Control Inspector	-	-	-	-	-	1	1	1	1	1
Total Planning	-	-	-	-	-	7	8	8	8	8
Planning and Community Developmen										
Director of Community Development	-	1	-	-	1	-	-	-	-	-
Planning Director	1	-	-	-	-	-	-	-	-	-
Community Development Technician	1	1	-	-	-	-	-	-	-	-
Administrative Associate Community Dev.	-	-	-	1	1	-	-	-	-	-
Planning Manager	-	-	-	1	1	-	-	-	-	-
Principal Planner	1	1	-	-	-	-	-	-	-	-
Planning and Zoning Manager	-	-	1	-	-	-	-	-	-	-
Environmental Coordinator	1	1	1	1	1	-	-	-	-	-
Zoning Administrator	-	-	1	1	1	-	-	-	-	-
Planner I/Code Enforcement Inspector	1	1	1	1	1	-	-	-	-	-
Planner II	1	1	-	-	-	-	-	-	-	-
Erosion and Sediment Technician	-	-	-	1	1	-	-	-	-	-
Erosion and Sediment Inspector	-	-	1	-	-	-	-	-	-	-
Planning/Zoning Specialist	-	-	-	1	1	-	-	-	-	-
Planning/Zoning Technician	-	-	1	-	-	-	-	-	-	-
GIS Coordinator	-	-	1	1	1	-	-	-	-	-
Building Official	1	1	1	1	1	-	-	-	-	-
Building Inspector	2	2	2	1	1	-	-	-	-	-
Building Plan Reviewer	1	1	1	1	1	-	-	-	-	-
Building Permit Technician	-	-	1	-	-	-	-	-	-	-
Building Inspections Permit Specialist	-	-	-	1	1	-	-	-	-	-
Total Planning and Community Developmer	10	10	12	12	13	-	-	-	-	-
Registrar										
Director of Elections	1	1	1	1	1	1	1	1	1	1
Total Registrar	1	1	1	1	1	1	1	1	1	1

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

Department	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Treasurer										
Treasurer	1	1	1	1	1	1	1	1	1	1
Deputy Treasurer II	1	1	3	3	3	3	3	3	3	3
Deputy Treasurer III	4	4	2	2	2	2	2	2	2	2
Chief Deputy Treasurer	1	1	1	1	1	1	1	1	1	1
Total Treasurer	7	7	7	7	7	7	7	7	7	7
Comprehensive Services										
Children's Service Act Coordinator	1	1	1	-	-	-	-	-	-	-
Coordinator	-	-	-	1	1	-	1	1	1	1
Total Comprehensive Services	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
Chief Deputy Clerk	1	1	1	-	-	-	-	-	-	-
Deputy Clerk IV	-	-	-	1	1	1	1	1	1	1
Deputy Clerk II	3	3	3	-	-	-	-	-	-	-
Deputy Clerk	-	-	-	3	2	1	1	2	2	2
Total Clerk of the Circuit Court	5	5	5	5	4	3	3	4	4	4
Utilities										
Utilities/General Services Director	-	-	-	-	-	1	1	1	1	1
Manager, WWTP	-	-	-	-	-	-	1	1	1	1
Utilities Engineer	-	-	-	-	-	1	1	1	1	1
WWTP Operator	-	-	-	-	-	3	3	3	3	3
Total Utilities	-	-	-	-	-	5	6	6	6	6
Parks and Recreation										
Parks and Recreation Director	-	-	-	-	1	1	1	1	1	1
Sheriff										
Office Manager	-	-	-	1	1	1	1	1	1	1
Administrative Associate - Sheriff	1	1	1							
Administrative Assistant Court Services	-	-	-	1	1	1	1	1	1	1
Civil Clerk II	1	1	1	-	-	-	-	-	-	-
Sergeant	7	7	8	4	4	5	5	4	3	4
Lieutenant	1	1	1	2	2	2	2	2	2	1
First Sergeant	-	1	-	-	-	-	-	-	-	-
Deputy	23	22	22	20	20	19	21	22	25	23
Corporal	-	-	-	6	6	5	5	4	3	4
Victim Witness	-	-	-	-	-	1	1	1	1	1
Chief Deputy	1	1	1	1	1	1	1	1	1	-
Undersheriff	-	-	-	1	1	1	1	1	1	1
Captain	1	1	1	-	-	-	-	-	-	-
IT Technician	-	-	-	1	1	1	1	1	1	1
Sheriff Systems Technician	1	1	1	-	-	-	-	-	-	-
Crime Analyst	1	1	1	1	1	1	1	1	1	1
Senior Detective	1	-	-	-	-	-	-	-	-	-
Detective	4	4	4	2	2	2	2	2	2	2
Sheriff	1	1	1	1	1	1	1	1	1	1
Total Sheriff	43	42	42	41	42	50	53	52	53	51

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

Department	2017	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety Communications										
Director of Public Safety Communications	1	1	-	-	-	-	-	-	-	-
Public Safety Communications Operations Mgr	1	1	-	-	-	-	-	-	-	-
Dispatcher	-	-	-	8	8	8	10	10	10	8
Public Safety Communications Officers	12	11	11	-	-	-	-	-	-	-
Dispatch Manager	-	-	-	1	1	1	1	1	1	1
Communications Supervisor	-	-	1	-	-	-	-	-	-	-
Dispatch Supervisor	-	-	-	1	1	1	1	1	1	1
Total Communications	14	13	12	10	10	10	12	12	12	10
Victim Witness										
Victim Witness Coordinator	1	1	1	1	1	-	-	-	-	-
Total Victim Witness Coordinator	1	1	1	1	1	-	-	-	-	-
Convenience Center										
Supervisor	-	-	-	-	-	1	1	1	1	1
Attendant	-	-	-	-	-	2	2	2	2	2
Total Convenience Center	-	-	-	-	-	3	3	3	3	3
Animal Control										
Sergeant-Animal Control	1	1	1	1	1	1	1	1	1	1
Deputy-Animal Control	2	3	3	2	2	2	2	2	2	2
Animal Control Technician II	1	1	1	-	-	-	-	-	-	-
Secretary	-	-	-	1	1	1	1	-	-	-
Total Animal Control	4	5	5	4	4	4	4	3	3	3
Total full-time positions	101	100	95	90	87	71	82	80	77	73

Source: Powhatan County Human Resources Department

Operating Indicators by Function
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Sheriffs Office (1)										
Traffic citations	2,236	2,712	2,076	1,092	1,456	1,788	2,344	2,508	2,071	1,863
Criminal arrests	933	961	825	858	816	684	663	679	688	834
Calls for service	23,762	24,568	17,610	16,416	17,452	17,987	19,549	20,385	19,860	21,444
Calls dispatched	23,762	24,568	17,610	16,416	17,452	17,987	19,549	20,385	19,860	21,444
Calls dispatched for traffic	979	888	842	700	703	833	717	700	877	745
Criminal warrants served	1,146	1,022	1,035	1,009	996	918	862	885	812	920
Civil warrants and traffic notices	12,046	13,358	13,062	8,146	8,037	8,223	8,966	8,954	8,551	8,232
Fire and Rescue (2)										
Calls dispatched for rescue	3,366	3,569	3,280	2,935	1,419	1,448	1,432	1,364	1,146	1,216
Emergency responses	632	616	607	624	602	644	735	739	624	671
Community Development (3)										
Site plans reviewed	13	8	6	6	14	3	9	4	3	9
Rezoning Cases	10	13	24	6	3	1	4	5	3	5
CUP's	9	6	10	13	9	8	5	8	8	10
Subdivisions	9	7	3	3	2	3	3	2	1	0
Inspections	7,266	7,432	6,226	5,172	6,031	5,361	5,207	4,248	4,735	5,391
Refuse Collection (4)										
Refuse collected (tons per year)	6,611	6,673	6,562	6,390	6,514	6,395	6,112	6,736	6,773	6,830
Number of refuse sites	1	1	1	1	1	1	1	1	1	1
Recyclables Collected (tons per year)	1,068	1,051	1,027	1,249.17	926.16	772.39	703.40	688.73	769.40	691.88
Parks, recreation and cultural (5)										
Tournaments - Baseball	-	1	2	4	0	*	*	*	*	*
Tournaments - Softball	7	5	6	4	2	*	*	*	*	*
Tournaments - Disc Golf	1	1	2	2	0	*	*	*	*	*
Special Olympics Tournaments	2	2	2	2	0	*	*	*	*	*
Benefit Tournaments	2	2	2	2	2	*	*	*	*	*
School Tournaments	1	1	1	1	1	*	*	*	*	*
School Camps	1	1	1	1	1	*	*	*	*	*
League Tournaments	4	4	2	1	0	*	*	*	*	*
League Camps	8	7	6	3	1	*	*	*	*	*
Trail Runs	1	1	1	1	1	*	*	*	*	*
Leagues/Organizations	12	12	10	10	10	*	*	*	*	*
League Players	3,510	3,340	2,290	2,235	2,120	*	*	*	*	*
Library (6)										
Materials circulated	100,741	104,288	104,262	102,758	101,264	99,479	106,801	101,952	103,730	113,884
Library patrons - registered borrowers	13,980	13,372	21,067	20,716	19,710	19,203	18,243	17,369	16,356	15,365
Education (7)										
Total employees	633	634	637	632	634	634	663	714	737	711
Teachers	318	317	313	316	320	322	323	331	337	337
Students	4,222	4,208	4,312	4,157	4,205	4,222	4,786	4,436	4,253	4,510
Finance/Administration (8)										
Checks processed	5,211	5,260	5,761	5,394	5,519	5,121	5,459	7,733	5,353	6,001

* Information not available

Sources
- (1) Sheriff's Office
- (2) Fire and Rescue Department
- (3) Building Inpsections and Planning Department
- (4) Department of Public Works
- (5) Recreeation Department
- (6) Library
- (7) Powhatan County Public Schools
- (8) Department of Finance

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Sheriff's Office (1)										
Patrol vehicles	52	48	47	50	50	50	49	50	49	46
Fire and Rescue (2)										
Companies	6	6	6	6	6	6	6	6	6	6
Stations	8	8	8	8	8	8	8	8	8	8
Rescue Vehicles	10	10	11	11	11	11	11	11	11	11
Fire Apparatus	36	37	32	29	28	28	29	29	29	29
Parks and recreation (3)										
Parks maintained	1	1	1	1	1	1	1	1	1	1
Sports complexes maintained	3	-	-	-	-	-	-	-	-	-
Park/Complex acreage	233	212	212	212	212	212	212	212	212	212
Trails (miles)	2	2	2	1.8	1.8	1.37	1.37	1.0	1.0	1.0
Fields Maintained	27	27	25	*	*	*	*	*	*	*
Library (4)										
Facilities	1	1	1	1	1	1	1	1	1	1
Public Utilities (5)										
Water										
Daily average consumption (gallons)	188,586	206,510	171,224	167,400	193,942	162,898	168,017	174,856	97,209	78,632
Connections	107	103	96	93	80	76	71	54	53	45
Sewer										
Average daily sewage treatment Duto	46	43	48	46	344	37	33	21	*	*
Average daily sewage treatment Fighting Creek (thousands of gallons)	34	31	39	32	29	28	39	43	*	*
Connections	194	180	164	157	145	130	121	110	109	105
Education - Number of Schools (6)										
Elementary Schools	3	3	3	3	3	3	3	3	3	3
Jr High Schools	-	-	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1	1	1
High Schools	1	1	1	1	1	1	1	1	1	1
Public Works (7)										
Buildings	24	24	23	23	23	22	22	22	21	21
Parking lots	19	19	18	18	18	18	18	18	17	17
Pump Stations/Cell Towers	8	8	8	8	8	8	8	8	8	8
Water Tank	2	1	1	1	1	1	1	1	1	1

* Information not available
Sources
(1) Sheriff's Office
(2) Fire and Rescue Department
(3) Recreation Department
(4) Library
(5) Department of Public Works
(6) Powhatan County Public Schools
(7) Department of Public Works

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COMPLIANCE SECTION

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BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* and *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Powhatan, Virginia (the "County") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 26, 2018.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility 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.**

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are identified in the accompanying schedule of findings and questioned costs as Items 2018-001 and 2018-002.**

County of Powhatan, Virginia's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 26, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Powhatan, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2018. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County'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'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 its major federal program for the year ended June 30, 2018.

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Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 26, 2018

SUMMARY OF COMPLIANCE MATTERS
June 30, 2018

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards,* we performed tests of the County's compliance wither certain provisions of laws, regulations, contracts, and grants as shown below:

STATE COMPLIANCE MATTERS

***Code of Virginia*:**
Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Debt Provisions
Local Retirement Systems
Procurement Laws
Uniform Disposition of Unclaimed Property Act
Comprehensive Services Act
Sheriff Internal Controls

State Agency Requirements:
Education
Social Services

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected testing.

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COUNTY OF POWHATAN, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Cluster Amounts	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Health and Human Services:					
Direct Payments:					
Community services block grant	93.569		N/A	$	208,553
Pass Through Payments:					
Department of Social Services:					
Promoting safe and stable families	93.556		0950115/0950116		21,217
Temporary Assistance for Needy Families	93.558		0400115/0400116		159,048
Refugee and entrant assistance - state administered programs	93.566		0500115/0500116		196
Low-Income Home Energy Assistance	93.568		0600415/0600416		10,115
Child care mandatory and matching funds of the child care development fund	93.596		0760115/0760116		14,470
Chafee education and training vouchers program	93.599		N/A		150
Child welfare services - state grants	93.645		0900115/0900116		250
Foster Care - Title IV-E	93.658		1100115/1100116		114,768
Adoption assistance	93.659		1120115/1120116		84,875
Social services block grant	93.667		1000115/1000116		82,787
Chafee foster care independence program	93.674		9150115/9150116		1,733
Children's health insurance program	93.767		0540115/0540116		8,083
Medical assistance program	93.778		1200115/1200116		212,443
Total Department of Health and Human Services				$	918,688
Department of Agriculture:					
Pass Through Payments:					
Department of Agriculture:					
Food Distribution--School	10.555		N/A		70,897
Department of Education:					
School breakfast program	10.553	78,800	APE40253		
National school lunch program	10.555	328,437	APE40254		
Total Child Nutrition Cluster				$	407,237
Department of Social Services:					
State administrative matching grants for the supplemental nutrition assistance program	10.561		0010115/001011/ 0040115/0040116		207,912
Total Department of Agriculture				$	686,046

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Cluster Amounts	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Service:				
Crime victims assistance	16.575		CJS86015	$ 41,467
Total Department of Justice				$ 41,467
U.S. Department of Homeland Security				
Pass Through Payments:				
Department of Emergency Management				
Emergency management performance grants	97.042		N/A	$ 7,500
Pass Through Payments:				
Federal Emergency Management Agency				
Staffing for adequate fire and emergency response	97.083		N/A	191,453
Total U.S. Department of Homeland Security				$ 198,953
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
State and community highway safety	20.600		FSC-18-58035	$ 19,416
Open container/alcohol impaired driving	20.607		154AL-17-57108	25,196
Total Department of Transportation				$ 44,612
Department of Defense:				
Direct Payments:				
ROTC	12.xxx		N/A	$ 73,260
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I grants to local educational agencies	84.010		APE42901	$ 307,136
Special education-grants to states	84.027	$802,490	APE43071	
Special education - preschool grants	84.173	19,606	APE62521	
Total Special Education Cluster				822,096
Career and technical education -- basic grants to states	84.048		APE61159	38,828
Comprehensive school reform demonstration	84.330		APE60957	
Supporting effective instruction	84.367		APE61480	43,734
Total Department of Education				$ 1,211,794
Total Expenditure of Federal Awards				$ 3,174,820

See accompanying notes to schedule of expenditure of federal awards.

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified 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, 2018. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presnted in, or used in the presentation of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

(a) Expenditures reported on the Schedule are reported on the modified 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.

(b) Pass-through entity identifying numbers are presented where available.

Note 3 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund	$	1,168,067
Special Revenue Funds:		
Grants fund		243,565
Total primary government	$	1,411,632
Component Unit Public Schools:		
School Operating Fund	$	1,285,054
School Cafeteria Fund		478,134
Total component unit public schools	$	1,763,188
Total federal expenditures per basic financial statements	$	3,174,820
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	3,174,820

Note 4 - De Minimus Indirect Cost Rate

The County did not elect to use the 10% de minimus indirect cost rate.

COUNTY OF POWHATAN, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings** relating to major programs.
7. The programs tested as major programs include:

Name of Program:	**CFDA #**
Title VI-B Special Education Cluster	
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173

8. The **threshold for** distinguishing Type A and B programs was **$750,000**.
9. The County was determined to be **a low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2018-001: Annual Review of Access

Condition:

Per requirements set forth by the Commonwealth of Virginia, each Local Security Officer should be annually reviewing all employees' access to each application with employees' supervisors to ensure that the access is properly aligned with job responsibilities. Due to oversight by management, the Local Security Officer did not perform an annual review of all employees' access to each application. An untimely review could allow inappropriate individuals to have access to applications.

D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2018-001: Annual Review of Access (Continued)

Recommendation:

We recommend reviewing all employees' access to each application with employees' supervisors to ensure that the access is properly aligned with job responsibilities.

Views of Responsible Officials and Planned Corrective Action:

Management concurs and performed annual review in May 2018.

2018-002: Employee Access

Condition:

Per requirements set forth by the Commonwealth of Virginia, Computer Access Request Forms documenting a user's access authority must be available for all users. Due to oversight by management, an employee had access to an application without a current access request form on file. Lack of management approval could allow inappropriate individuals to have access to applications.

Recommendation:

Request forms should be filled out for each employee prior to granting system access.

Views of Responsible Officials and Planned Corrective Action:

Management concurs and will evaluate request form process.

COUNTY OF POWHATAN, VIRGINIA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001: Segregation of Duties – Payroll (Significant Deficiency)

Condition:

During our review of payroll processing, we noted that the Assistant Superintendent of Finance was able to initiate/approve employee changes, prepare payroll for processing, approve payroll runs, review final payroll reports, and record payroll expense entries in the general ledger. This situation emerged after the Payroll Supervisor left at the end of March 2017, when the Assistant Superintendent of Finance had to take over her payroll duties while training a new staff member.

Recommendation:

We recommend segregation of duties with regard to payroll preparation.

Current Status:

We did not detect a similar finding in the current year.

B. FINDINGS – COMMONWEALTH OF VIRGINIA

2017-002: Special Welfare Reimbursement

Condition:

The Treasurer was not reimbursed for Special Welfare CSA expenditures in two of two transactions tested. The risk is that the CSA account would not be properly reimbursed and receive adequate funds for their expenditures throughout the year.

Recommendation:

We recommend performing a monthly reconciliation with the Treasurer's department to ensure all CSA expenditures are reimbursed.

Current Status:

We did not detect a similar finding in the current year.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

B. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2017-003: Special Welfare Account

Condition:

In one of two transactions tested, a separate ledger was not created for a client in the database used by Social Services staff to track Special Welfare accounts. Therefore, a proper sub ledger was not established for the client and we were not able to verify that receipts were credited accurately to the client's dedicated account. The risk is that receipts and reimbursements for the Special Welfare Account could be overlooked and funds may be inadvertently used for another client or other expenditure.

Recommendation:

We recommend performing a monthly reconciliation of the Special Welfare account to ensure all activity is appropriately recorded.

Current Status:

We did not detect a similar finding in the current year.

COUNTY OF POWHATAN

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