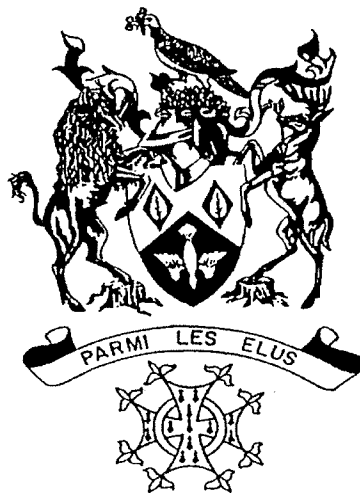


*Comprehensive Annual
Financial Report
Fiscal Year Ended
June 30, 2011*

County of Powhatan, Virginia



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

County of Powhatan, Virginia
Introductory Section (Unaudited)
Year Ended June 30, 2011

County of Powhatan, Virginia

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County of Powhatan, Virginia

June 30, 2011

Board of Supervisors

Joe Walton, Chairperson

Jason Moore
C. Scott Daniel

Robert Cosby
Carson Tucker

School Board

Timothy Gresham, Chairperson

Heinrich A. Gideons
Debbie Jones

Valarie Ayers
James Kunka

Board of Social Services

Carson Tucker, Chairperson

Deborah Clarke
Sandra Kemp
Randa Jackson
Ernestine Taylor

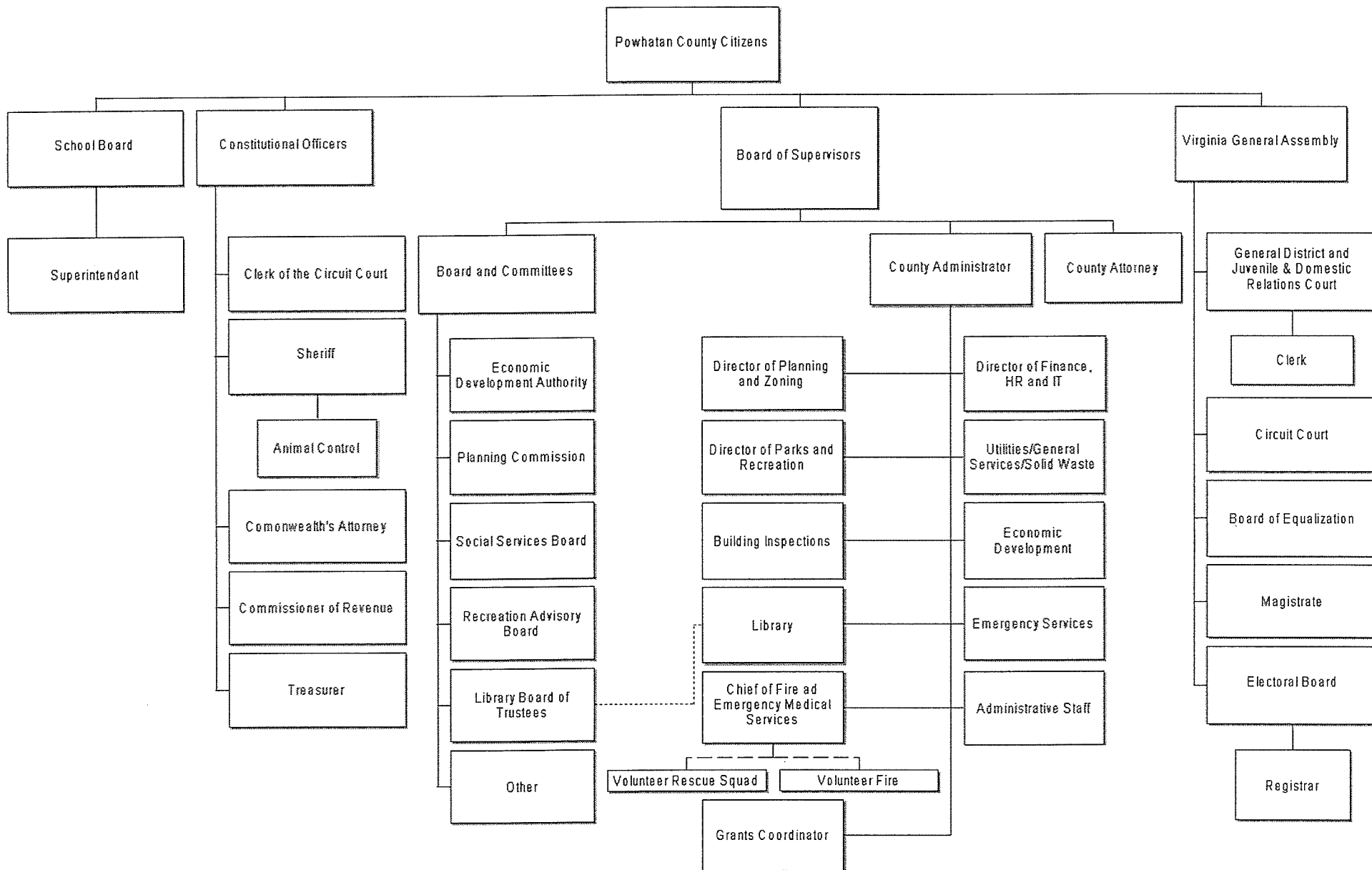
Grace Hawkins
Gale Lipscomb
Christie Shelton

Other Officials

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

Thomas V. Warren
William E. Maxey
Robert Beasley, Jr.
Faye Barton
Gregory A. Neal
Dr. Margaret S. Meara
Catherine Pemberton
Jamie Timberlake
Carolyn Bishop
Jerry Whitaker
Larry Johns

Current Powhatan County Organization Chart



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DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the ***County of Powhatan, Virginia***, as of and for the year ended ***June 30, 2011***, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the ***County of Powhatan, Virginia***'s management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the ***County of Powhatan, Virginia***, as of ***June 30, 2011***, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2011, on our consideration of the ***County of Powhatan, Virginia***'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 3 through 9 and 44 and 45 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.

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

Dixon Hughes Goodman LLP

Chester, Virginia
November 28, 2011

County of Powhatan, Virginia

Management's Discussion and Analysis

June 30, 2011

As management of the County of Powhatan, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal years ended June 30, 2011 and June 30, 2010. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$15,504,630 (net assets).
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14,338,003, a decrease of \$493,808 in comparison with the prior year.
- Approximately 72% of the ending governmental fund balance, or \$10,373,536, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,759,275, which represents approximately 15.3% of County and School System operating expenditures and transfers.
- The County's total capital assets (governmental and business-type) increased from \$96,519,491 in 2010 to \$99,766,196 in 2011, an increase of \$3,246,705 for the current fiscal year. The increase is primarily due to the Route 60 water and sewer project.

Overview of the Financial Statements

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

Basic Financial Statements

The first two statements (Pages 10 & 11) in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the County's financial status.

The next group of statements (Pages 12 through 19) is the fund financial statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

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

Government-wide financial statements

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

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

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

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

The County adopts an annual budget for its General Fund. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the appropriation resolution and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented

using the same format, language, and classifications as the legal budget document. The budget and actual statement for the General Fund shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

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

Table 1 - Statement of Net Assets

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

<i>County of Powhatan, Virginia's Net Assets</i>						
	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 30,600,104	\$ 30,867,869	\$ 408,463	\$ 4,009,683	\$ 31,008,567	\$ 34,877,552
Capital assets	79,903,042	80,144,688	19,863,154	16,374,802	99,766,196	96,519,490
Total assets	\$ 110,503,146	\$ 111,012,557	20,271,617	\$ 20,384,485	\$ 130,774,763	\$ 131,397,042
Current liabilities	\$ 15,058,465	\$ 15,091,815	\$ 724,165	\$ 391,288	\$ 15,782,630	\$ 15,483,103
Long-term liabilities outstanding	79,990,939	78,060,156	19,496,564	19,923,586	99,487,503	97,983,742
Total liabilities	\$ 95,049,404	\$ 93,151,971	20,220,729	20,314,874	115,270,133	113,466,845
Net assets:						
Invested in capital assets, net of related debt	\$ 1,062,579	\$ 3,108,524	\$ 393,277	\$ (3,521,073)	\$ 1,455,856	\$ (412,549)
Restricted	2,903,209	2,247,827	361,781	3,955,505	3,264,990	6,203,332
Unrestricted	11,487,954	12,504,235	(704,170)	(364,821)	10,783,784	12,139,414
Total net assets	\$ 15,453,742	\$ 17,860,586	\$ 50,888	\$ 69,611	\$ 15,504,630	\$ 17,930,197

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the County exceeded liabilities by \$15,504,630 as of June 30, 2011. The County's net assets decreased by \$2,425,567 for the fiscal year ended June 30, 2011. Net assets include the County's investment in capital assets (e.g. land, buildings, machinery, vehicles, and equipment) less any related debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County of Powhatan's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Unrestricted net assets of \$10,783,784 may be used to meet the government's ongoing obligations to citizens and creditors.

Table 2 - Statement of Activities

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

<i>County of Powhatan, Virginia's Revenues and Expenses</i>						
	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 688,791	\$ 720,687	\$ 191,349	\$ 243,081	\$ 880,140	\$ 963,768
Operating grants and contributions	4,330,772	4,592,614	-	-	4,330,772	4,592,614
Property taxes	32,420,090	32,536,675	-	-	32,420,090	32,536,675
Other local taxes	3,529,326	4,723,134	-	-	3,529,326	4,723,134
Grants and contributions not restricted to specific programs	3,095,939	3,128,833	-	-	3,095,939	3,128,833
Other	719,313	585,304	26,045	9,538	745,358	594,842
Total revenues	44,784,231	46,287,247	217,394	252,619	45,001,625	46,539,866
Expenses:						
General government	2,866,159	3,037,073	-	-	2,866,159	3,037,073
Judicial administration	986,603	918,457	-	-	986,603	918,457
Public safety	7,511,077	8,279,412	-	-	7,511,077	8,279,412
Public works	969,165	1,667,630	2,293,964	2,118,030	3,263,129	3,785,660
Health and welfare	3,778,834	3,987,693	-	-	3,778,834	3,987,693
Education	23,713,559	21,349,126	-	-	23,713,559	21,349,126
Parks, recreation, and cultural	1,026,006	1,285,484	-	-	1,026,006	1,285,484
Community development	1,270,360	1,105,611	-	-	1,270,360	1,105,611
Interest and other fiscal charges	3,011,465	5,137,838	-	-	3,011,465	5,137,838
Total expenses	45,133,228	46,768,324	2,293,964	2,118,030	47,427,192	48,886,354
Change in net assets before transfers	(348,997)	(481,077)	(2,076,570)	(1,865,411)	(2,425,567)	(2,346,488)
Transfers	(2,057,847)	(1,582,488)	2,057,847	1,582,488	-	-
Change in net assets	(2,406,844)	(2,063,565)	(18,723)	(282,923)	(2,425,567)	(2,346,488)
Net assets - beginning	17,860,586	19,924,151	69,611	352,534	17,930,197	20,276,685
Net assets - ending	\$ 15,453,742	\$ 17,860,586	\$ 50,888	\$ 69,611	\$ 15,504,630	\$ 17,930,197

Governmental Activities

The County's three largest sources of revenue make up approximately 90% of total revenues and include property taxes (72%), operating grants from state and federal sources (10%), and other local taxes (8%). Education accounts for approximately 50% of total expenses and represents operating contributions to Powhatan County Public Schools. Other significant expenses are for public safety and health and welfare, which represent approximately 16% and 8%, respectively, of total expenses. Overall, net assets decreased by \$2,425,567.

Financial Analysis of the County's Funds

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

Governmental Funds

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

The general fund is the chief operating fund of the County. At the end of the most recent fiscal year, the unassigned fund balance of the General Fund was \$10,759,275. At June 30, 2011, the governmental funds of the County reported a combined fund balance of \$14,338,003, a 3.3% decrease over last year.

General Fund Budgetary Highlights

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

Overall general fund revenues were more than the amended budget by \$90,788. General property tax collections were \$1,795,045 higher than budgeted while most other revenue categories fell short of amended appropriations.

Overall, expenditures had a positive variance compared to budget of \$337,323. The contribution to Powhatan County Public Schools for operating expenditures (including the transfer to the School Debt Service Fund) was \$75,087 less than the amended budget. Public safety expenditures were \$105,714 below the amended budget.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets as of June 30, 2011, totals \$99,766,196 (net of accumulated depreciation). These assets include buildings, land, construction in progress, machinery and equipment, and vehicles.

Table 3 – County Capital Assets (net of depreciation)

	2011		2010	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Land	\$ 1,590,827	\$ 859,030	\$ 1,402,127	\$ 850,712
Construction in progress	3,148,667	4,351,245	390,734	784,305
Buildings	9,543,788	14,644,806	9,551,540	14,723,640
Equipment	2,709,518	8,073	2,885,611	16,146
Jointly owned assets	62,910,242	-	65,914,676	-
Total	\$ 79,903,042	\$ 19,863,154	\$ 80,144,688	\$ 16,374,803

Overall net capital assets increased by \$3,246,705 primarily due to the Route 60 Water and Sewer Project. Additional information on the County's capital assets can be found in Note 5 in the Notes to the Financial Statements.

Long-term Debt

As of June 30, 2011, the County had total bonded debt outstanding (including literary loans) of \$95,929,300. Capital leases, compensated absences and the County's liability for other post employment benefits are not included in these figures.

Table 4 – Outstanding Debt

	2011		2010	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
General obligation bonds	\$ 37,775,241	\$ 7,582,959	\$ 39,946,458	\$ 7,825,433
Lease revenue bonds	37,085,788	11,485,312	32,515,287	11,650,312
State literary fund loans	2,000,000	-	2,250,000	-
Total	\$ 76,861,029	\$ 19,068,271	\$ 74,711,745	\$ 19,475,745

Total debt increased by \$1,741,810 due to a combination of debt retirement and issuance of new debt. During the fiscal year ended June 30, 2011, the County issued \$5.29 million in lease revenue bonds. Additional information regarding the County's long-term debt can be found in note 7 of the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Powhatan County is located in the lower piedmont area of Virginia. It is bordered by Chesterfield County to the east, Amelia County and the Appomattox River to the south, Goochland County and the James River to the north, and Cumberland County to the west. The eastern tip of the County is approximately fifteen miles directly west of the downtown area of the City of Richmond. The County encompasses 272 square miles. The Weldon-Cooper Center for Public Service's 2011 provisional (latest available) population estimate for the County is 28,198. With the recent opening of the new span of Route 288 and a strong housing market, Powhatan County has become one of the fastest growing localities in the Commonwealth. Powhatan County is the fourteenth fastest growing locality among Virginia's 134 counties and cities and one of the fastest growing localities in the Richmond Metropolitan Area. The Powhatan County economy continues to be strong despite the national economic downturn.

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

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities

Long-term county goals

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

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

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

Short term county goals

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

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

Tax Rates and Fees

The adopted budget included a real estate tax rate of \$.77 per \$100 of assessed value and maintains the personal property tax rate of \$3.60 per \$100 of assessed value. The county is currently in the process of the field work necessary for the reassessment that will be effective January 1, 2012.

Total Fiscal Year 2012 Estimated Revenues

The fiscal year 2012 estimated total revenues include the real estate tax, personal property tax, and state and federal sources. The Board of Supervisors prioritized maintaining a level real estate tax rate during the FY12 budget.

Total Fiscal Year 2012 Expenditures

The fiscal year 2012 total budget is \$68,285,721, a 0.2% decrease, and is balanced between revenues and expenditures. This includes \$40,961,122 in school funding (which does not include school debt service) and represents a 1.65% decrease in funding for the schools from FY11. The total operating budget represents a decrease of \$134,527. One of the largest increases was in the debt service fund which reflects the debt service payments associated with the new Flatrock Elementary School.

Employee Compensation and Benefits

The adopted budget is funded to maintain a competitive compensation program to attract, retain and motivate exceptional employees. For fiscal year 2012, the budget does not include a cost of living increase for eligible employees.

Requests for Information

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

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County of Powhatan, Virginia

Financial Section

Year Ended June 30, 2011

County of Powhatan, Virginia
Government-Wide Financial Statements

Statement of Net Assets

June 30, 2011

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		School Board
Assets				
Current assets				
Cash and cash equivalents	\$ 11,350,525	\$ -	\$ 11,350,525	\$ 2,000,903
Receivables (net of allowances for uncollectibles)				
Taxes receivable, including penalties	15,463,595	-	15,463,595	-
Accounts receivable	46,286	11,978	58,264	-
Other assets	-	43,467	43,467	-
Due from other governmental units	827,726	-	827,726	1,952,719
Internal balances	8,763	(8,763)	-	-
Inventories	-	-	-	7,581
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents (in custody of others)	2,903,209	361,781	3,264,990	-
Total current assets	30,600,104	408,463	31,008,567	3,961,203
Noncurrent assets				
Capital assets (net of accumulated depreciation):				
Land	1,590,827	859,030	2,449,857	668,764
Buildings	72,454,030	14,644,806	87,098,836	3,932,970
Machinery and equipment	2,709,518	8,073	2,717,591	17,742
Construction in progress	3,148,667	4,351,245	7,499,912	-
Total noncurrent assets	79,903,042	19,863,154	99,766,196	4,619,476
Total assets	110,503,146	20,271,617	130,774,763	8,580,679
Liabilities				
Current liabilities				
Accounts payable	955,395	304,347	1,259,742	\$ 59,970
Accrued liabilities	-	-	-	3,757,533
Accrued interest payable	1,055,467	324,463	1,379,930	-
Unearned revenue	13,047,603	95,355	13,142,958	-
Total current liabilities	15,058,465	724,165	15,782,630	3,817,503
Noncurrent liabilities				
Due within one year	1,144,129	449,110	1,593,239	211,494
Due in more than one year	78,846,810	19,047,454	97,894,264	6,645,698
Total noncurrent liabilities	79,990,939	19,496,564	99,487,503	6,857,192
Total liabilities	95,049,404	20,220,729	115,270,133	10,674,695
Net Assets				
Invested in capital assets - net of related debt	1,062,579	393,277	1,455,856	4,619,476
Restricted for:				
Bond covenants	-	361,781	361,781	-
Construction	2,903,209	-	2,903,209	-
Unrestricted (deficit)	11,487,954	(704,170)	10,783,784	(6,713,492)
Total net assets	\$ 15,453,742	\$ 50,888	\$ 15,504,630	\$ (2,094,016)

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

County of Powhatan, Virginia
Statement of Activities

Exhibit 2

Year Ended June 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	School Board
Primary government								
Governmental activities:								
General government administration	\$ 2,866,159	\$ -	\$ 256,949	\$ -	\$ (2,609,210)	\$ -	\$ (2,609,210)	\$ -
Judicial administration	986,603	227,867	441,375	-	(317,361)	-	(317,361)	-
Public safety	7,511,077	342,087	1,601,474	-	(5,567,516)	-	(5,567,516)	-
Public works	969,165	43,043	-	-	(926,122)	-	(926,122)	-
Health and welfare	3,778,834	-	1,934,432	-	(1,844,402)	-	(1,844,402)	-
Education	23,713,559	-	-	-	(23,713,559)	-	(23,713,559)	-
Parks, recreation and cultural	1,026,006	30,017	89,200	-	(906,789)	-	(906,789)	-
Community development	1,270,360	45,777	7,342	-	(1,217,241)	-	(1,217,241)	-
Interest on long-term debt	3,011,465	-	-	-	(3,011,465)	-	(3,011,465)	-
Total governmental activities	45,133,228	688,791	4,330,772	-	(40,113,665)	-	(40,113,665)	-
Business-type activities:								
Water and sewer	2,293,964	191,349	-	-	-	(2,102,615)	(2,102,615)	-
Total primary government	47,427,192	880,140	4,330,772	-	(40,113,665)	(2,102,615)	(42,216,280)	-
Component unit								
School Board	\$ 44,250,441	823,060	22,159,524	\$ -	\$ -	\$ -	\$ -	\$(21,267,857)
General revenues								
General property taxes					32,420,090	-	32,420,090	-
Local sales and use tax					861,477	-	861,477	-
Consumer utility tax					519,062	-	519,062	-
Other local taxes					2,148,787	-	2,148,787	-
Revenues from use of money and property					251,370	26,045	277,415	19,723
Miscellaneous					467,943	-	467,943	173,903
Grants and contributions not restricted to specific programs					3,095,939	-	3,095,939	-
Payment from Powhatan County					-	-	-	21,165,841
Transfers					(2,057,847)	2,057,847	-	-
Total general revenues					37,706,821	2,083,892	39,790,713	21,359,467
Change in net assets					(2,406,844)	(18,723)	(2,425,567)	91,610
Net assets - beginning of year					17,860,586	69,611	17,930,197	(2,185,626)
Net assets - end of year					\$ 15,453,742	\$ 50,888	\$ 15,504,630	\$ (2,094,016)

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

County of Powhatan, Virginia

Fund Financial Statements

Balance Sheet - Governmental Funds

June 30, 2011

	Major Funds		Non-Major Funds		
	General	Debt Service	County Capital Projects	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 10,337,561	\$ 370,000	\$ -	\$ 642,964	\$ 11,350,525
Receivables (net of allowances for uncollectibles)					
Taxes receivable, including penalties	15,463,595	-	-	-	15,463,595
Accounts receivable	46,286	-	-	-	46,286
Due from other governmental units	783,116	-	-	44,610	827,726
Due from other funds	-	8,763	-	-	8,763
Restricted assets					
Temporarily restricted					
Cash and cash equivalents	-	-	2,903,209	-	2,903,209
	\$ 26,630,558	\$ 378,763	\$ 2,903,209	\$ 687,574	\$ 30,600,104
Liabilities					
Accounts payable	\$ 564,205	\$ -	\$ 385,739	\$ 5,451	\$ 955,395
Deferred revenue	15,164,799	-	-	-	15,164,799
Unearned revenue	141,907	-	-	-	141,907
	15,870,911	-	385,739	5,451	16,262,101
Fund Balances					
Restricted	372	-	2,903,209	682,123	3,585,704
Committed	-	-	-	-	-
Assigned	-	378,763	-	-	378,763
Unassigned	10,759,275	-	(385,739)	-	10,373,536
	10,759,647	378,763	2,517,470	682,123	14,338,003
Total liabilities and fund balances	\$ 26,630,558	\$ 378,763	\$ 2,903,209	\$ 687,574	\$ 30,600,104

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

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

June 30, 2011

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 14,338,003
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, cost	116,369,992
Less: accumulated depreciation	(36,466,950)
	<u>79,903,042</u>
Other long-term assets (i.e. taxes levied) are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Deferred revenue	<u>2,259,103</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and loans payable	(76,861,030)
Bond issuance premium	(1,979,433)
Interest payable	(1,055,467)
OPEB liability	(485,278)
Compensated absences	(665,198)
	<u>(81,046,406)</u>
Net assets of governmental activities	<u>\$ 15,453,742</u>

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

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

Year Ended June 30, 2011

	Major Funds		Non-Major Funds		
		Debt	County	Other	Total
	General	Service	Capital	Governmental	Government
			Projects	Funds	Funds
Revenues					
General property taxes	\$ 32,420,262	\$ -	\$ -	\$ -	\$ 32,420,262
Other local taxes	3,529,326	-	-	-	3,529,326
Permits, privilege fees and regulatory lices	315,954	-	-	43,475	359,429
Fines and forfeitures	152,525	-	-	-	152,525
Revenue from use of money and property	239,130	-	12,215	25	251,370
Charges for services	176,837	-	-	-	176,837
Miscellaneous	451,658	-	-	16,285	467,943
Intergovernmental:					
Commonwealth	6,293,362	-	-	98,021	6,391,383
Federal	837,065	-	-	198,263	1,035,328
Total revenues	44,416,119	-	12,215	356,069	44,784,403
Expenditures					
Current:					
General government administration	2,557,186	-	-	-	2,557,186
Judicial administration	829,951	-	-	21,234	851,185
Public safety	6,596,628	-	-	254,173	6,850,801
Public works	1,591,299	-	-	-	1,591,299
Health and welfare	3,762,329	-	-	-	3,762,329
Education	19,778,712	-	-	-	19,778,712
Parks, recreation, and cultural	774,360	-	-	1,456	775,816
Community development	1,221,498	-	-	22,228	1,243,726
Capital outlays and projects	-	-	4,342,579	-	4,342,579
Debt service					
Principal retirement	-	3,366,335	-	-	3,366,335
Interest and other fiscal charges	-	3,344,051	-	-	3,344,051
Total expenditures	37,111,963	6,710,386	4,342,579	299,091	48,464,019
Excess (deficiency) of revenues over (under) expenditures					
	7,304,156	(6,710,386)	(4,330,364)	56,978	(3,679,616)
Other financing sources (uses)					
Transfers in (out)	(8,124,846)	6,717,452	(643,648)	(6,805)	(2,057,847)
Issuance of bonds	-	-	5,290,000	-	5,290,000
Bond issuance costs	-	-	(46,345)	-	(46,345)
Total other financing sources (uses)	(8,124,846)	6,717,452	4,600,007	(6,805)	3,185,808
Net change in fund balances	(820,690)	7,066	269,643	50,173	(493,808)
Fund balances - beginning of year	11,580,337	371,697	2,247,827	631,950	14,831,811
Fund balances - end of year	\$ 10,759,647	\$ 378,763	\$ 2,517,470	\$ 682,123	\$ 14,338,003

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

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

Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ (493,808)

**Amounts reported for governmental activities in the statement of activities are different
because**

Governmental funds report capital outlays as expenditure. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives and reported as the cost of depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details supporting this adjustment as follows:

Capital asset additions	4,884,314
Losses on disposals of fixed assets	(12,858)
Depreciation expense	(3,725,973)
	<u>1,145,483</u>

Transfer of joint tenancy assets from Primary Government to the Component Unit	<u>(1,387,129)</u>
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of these items consist of the changes in deferred taxes as well as water charges received later than sixty days after year end.	<u>(172)</u>
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items. A summary of items supporting this adjustment is as follows:

Proceeds from bond issuance	(5,290,000)
Principal retired on bond anticipation notes (capital leases)	225,618
Principal retired on revenue bonds	719,500
Principal retired on general obligation bonds	2,171,217
Principal retired on state literary fund loans	250,000
	<u>(1,923,665)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

Change in accrued leave	(23,979)
Change in other post employment benefits	(102,505)
Change in interest payable	259,565
Amortization of premium on bonds payable	119,366
	<u>252,447</u>

Change in net assets of governmental activities	<u>\$ (2,406,844)</u>
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Statement of Net Assets
Proprietary Fund

Year Ended June 30, 2011

	Enterprise Fund Water & Sewer
Assets	
Current assets	
Accounts receivable, net of allowance for doubtful accounts	\$ 11,978
Other assets	43,467
Total current assets	55,445
Noncurrent assets	
Temporarily restricted	
Cash and cash equivalents - unspent bond proceeds	361,781
Capital assets	
Machinery and equipment	54,683
Land	859,030
Utility plant in service	16,802,153
Construction in progress	4,351,245
Less accumulated depreciation	(2,203,957)
Total capital assets	19,863,154
Total noncurrent assets	20,224,935
	<u>\$ 20,280,380</u>
Liabilities	
Current liabilities	
Due to other funds	\$ 8,763
Deferred revenue	95,355
Accounts payable	304,347
Accrued interest payable	324,463
Compensated absences - current portion	2,669
Bonds payable - current portion	446,441
Total current liabilities	1,182,038
Noncurrent liabilities	
Compensated absences - net of current portion	24,018
Bonds payable - net of current portion	19,023,436
Total noncurrent liabilities	19,047,454
Total liabilities	20,229,492
Net Assets	
Invested in capital assets, net of related debt	393,277
Restricted for bond covenants (expendable)	361,781
Unrestricted	(704,170)
Total net assets	50,888
	<u>\$ 20,280,380</u>

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

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

Year Ended June 30, 2011

	Enterprise Fund <u>Water & Sewer</u>
Operating revenues	
Water and sewer revenues	\$ 173,276
Miscellaneous revenues	6,858
Total operating revenues	<u>180,134</u>
Operating expenses	
Personal services	322,513
Fringe benefits	69,977
Contractual services	297,605
Other charges	467,151
Depreciation	349,486
Total operating expenses	<u>1,506,732</u>
Operating loss	<u>(1,326,598)</u>
Nonoperating revenues (expenses)	
Connection and reconnection fees	11,215
Investment earnings	26,045
Interest expense	(787,232)
Total nonoperating revenues (expenses)	<u>(749,972)</u>
Loss before contributions and transfers	(2,076,570)
Transfers in	<u>2,057,847</u>
Net change in net assets	(18,723)
Net assets at beginning of year	<u>69,611</u>
Net assets at end of year	<u>\$ 50,888</u>

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

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2011

	Enterprise Fund <u>Water & Sewer</u>
Cash flows from operating activities	
Receipts from customers and users	\$ 177,129
Payments to suppliers	(532,880)
Payments to employees	(393,514)
Net cash used by operating activities	<u>(749,265)</u>
Cash flows from noncapital financing activities	
Transfers from other funds	<u>2,057,847</u>
Cash flows from capital and related financing activities	
Additions to capital assets	(3,837,838)
Principal payments on bonds	(407,474)
Connection and availability fees	106,570
Interest payments	(771,085)
Net cash used by capital and related financing activities	<u>(4,909,827)</u>
Cash flows from investing activities	
Interest and dividends received	<u>7,521</u>
Net decrease in cash and cash equivalents	<u>(3,593,724)</u>
Cash and cash equivalents - beginning of year	<u>3,955,505</u>
Cash and cash equivalents - end of year	<u>361,781</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>(1,326,598)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	349,486
Increase in accounts receivable, net of allowance for uncollectibles	(3,005)
Increase in accounts payable and accrued liabilities	231,876
Decrease in compensated absences	(1,024)
Total adjustments	<u>577,333</u>
Net cash used by operating activities	<u>\$ (749,265)</u>

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

Statement of Fiduciary Net Assets - Agency Funds

June 30, 2011

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 318,148
Accounts receivable	<u>21,250</u>
	<u>\$ 339,398</u>
Liabilities	
Amounts held for social services clients	\$ 40,200
Amounts held for others	<u>299,198</u>
	<u>\$ 339,398</u>

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

County of Powhatan, Virginia

Notes to Financial Statements

June 30, 2011

1. Summary of Significant Accounting Policies

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

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

Financial Statement Presentation

Management's Discussion and Analysis

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

Government-wide Financial Statements

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

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

Statement of Net Assets

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

Statement of Activities

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

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

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

Budgetary Comparison Schedules

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the Organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the *County of Powhatan, Virginia* (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit

The County has no blended component units to be included for the fiscal year ended June 30, 2011.

Discretely Presented Component Unit - School Board

The School Board members are elected by the citizens of Powhatan County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2011.

C. Other Related Organizations

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

Economic Development Authority

The Economic Development Authority is empowered to identify, promote, and support new development projects and expand existing areas of development for the purpose of increasing the economic productivity of the State. There are seven members on the Economic Development Authority appointed by the Board of Supervisors. Members are appointed to a four-year term. The County makes an annual contribution to the Authority, which is determined by the Board of Supervisors during the budgetary process. The County's contribution for fiscal year 2011 was \$25,000.

James River Juvenile Detention Commission

The James River Juvenile Detention Commission is jointly governed by the following localities: Goochland, Henrico, and Powhatan. The Commission is funded primarily through monthly fees paid by the member jurisdictions for operating support which is determined annually by the Commission. The County's annual fee for fiscal year 2011 was \$224,344.

Central Virginia Waste Management Authority

The counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George and the cities of Colonial Heights, Hopewell, Petersburg, Richmond and the Town of Ashland provide financial support for the Authority and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. The County appoints one or more members to the Board. No one locality contributes more than 50% of the Authority's funding or has oversight responsibility over its operations. The County has no equity interest in the Authority. The County's contribution for fiscal year 2011 was \$508,216.

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 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 \$257,954 to the Board during fiscal year 2011.

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. The County's contribution for fiscal year 2011 was \$186,469.

Monacan Soil and Water Conservation District

The County entered into an agreement with the District to work together in the development of effective soil and water conservation programs. The County provides the District with funding in support of the District Annual Plan of Work. The County's contribution for fiscal year 2011 was \$86,783.

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's contribution for fiscal year 2011 was \$10,000.

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 August 14, 1969 under the authority of the Virginia Area Development Act—revised and retitled 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 participating locality is required to pay annual dues, which is based on estimated population. The County's dues for fiscal year 2011 were \$17,040.

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 2011 was \$94,100.

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

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

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

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

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

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

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

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

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

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

a. General Fund

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

b. Debt Service Fund

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

c. Capital Project Funds

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

d. Proprietary Funds

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

e. Enterprise Fund

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

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

a. Special Revenue Funds

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

b. Fiduciary Funds (Trust and Agency Funds)

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

E. Cash and Cash Equivalents

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

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

F. Investments

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$306,013 at June 30, 2011 and is comprised of property taxes in the amount of \$301,067 and water and sewer revenues of \$4,946.

Real and Personal Property Tax Data

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

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

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

I. Compensated Absences

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

J. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

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

K. Fund Equity

Beginning with fiscal year 2011, the County implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

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

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

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

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

L. Net Assets

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

M. Retirement Plan

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

N. Use of Estimates

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

M. Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through November 28, 2011, the date the financial statements were available to be issued.

2. Stewardship, Compliance, and Accounting

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

- A. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain citizen comments.
- C. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

- D. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The Board of Supervisors is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
- E. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- F. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures did not exceed appropriations during the fiscal year ending June 30, 2011.

3. Deposits and Investments

Deposits

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

Investments

At June 30, 2011, all investments held by the County were in external investment pools which were considered to be cash and cash equivalents for purposes of presentation in the basic financial statements. Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development Bank (World Bank), the Asian Development bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

External Investment Pools

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

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2011 were rated by *Standard & Poor's* and the ratings are presented below using *Standard & Poor's* rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio.

Locality's Rated Debt Investments	
<u>Rated Debt Investments</u>	<u>Fair Quality Rating AAAm</u>
Local Government Investment Pool	\$ 8,317,120
Virginia State Non-Arbitrage Pool	1,834,962
	<u>\$ 10,152,082</u>

4. Due From Other Governmental Units

At June 30, 2011 the County has receivables from other governments as follows:

	Component Unit	
	Primary Government	School Board
Commonwealth of Virginia:		
State sales tax	\$ -	\$ 693,334
Excess fees of Clerks	4,756	-
Rolling stock tax	396	-
E-911 wireless funds	7,240	-
Recordation tax	26,521	-
Health department rent	813	-
Comprehensive service	200,318	-
VPSA technology	-	232,000
VPA funds	31,005	-
Communication tax	136,618	-
Constitutional officer reimbursements	146,742	-
Local sales tax	139,385	-
Victim witness assistance grant	24,228	-
Fire programs funds	7,369	-
VJCCA grant	2,117	-
PSAP Wireless Board grant	13,500	-
RSAF grant	29,381	-
Other state funds	1,729	-
Federal Government:		
CSBG funds	2,315	-
School fund grants	-	1,027,385
VPA funds	53,293	-
Total due from other governments	\$ 827,726	\$ 1,952,719

5. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2011:

Primary Government

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,402,127	\$ 188,700	\$ -	\$ 1,590,827
Construction in progress	390,734	2,757,933	-	3,148,667
Total capital assets not being depreciated	1,792,861	2,946,633	-	4,739,494
Capital assets being depreciated:				
Buildings	14,765,273	468,839	-	15,234,112
Machinery and Equipment	7,686,005	569,140	(59,583)	8,195,562
Jointly owned assets	89,298,065	899,702	(1,996,943)	88,200,824
Total capital assets being depreciated	111,749,343	1,937,681	(2,056,526)	111,630,498
Less accumulated depreciation for:				
Buildings	(5,213,733)	(476,591)	-	(5,690,324)
Machinery and Equipment	(4,800,394)	(732,375)	46,725	(5,486,044)
Jointly owned assets	(23,383,389)	(2,517,007)	609,814	(25,290,582)
Total accumulated depreciation	(33,397,516)	(3,725,973)	656,539	(36,466,950)
Total capital assets being depreciated, net	78,351,827	(1,788,292)	(1,399,987)	75,163,548
Governmental capital assets, net	\$ 80,144,688	\$ 1,158,341	\$ (1,399,987)	\$ 79,903,042

Component Unit – School Board

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 668,764	\$ -	\$ -	\$ 668,764
Total capital assets not being depreciated	668,764	-	-	668,764
Capital assets being depreciated:				
Jointly owned assets	3,585,915	1,928,151	-	5,514,066
Machinery and equipment	97,755	-	-	97,755
Total capital assets being depreciated	3,683,670	1,928,151	-	5,611,821
Less accumulated depreciation for:				
Jointly owned assets	(938,999)	(642,097)	-	(1,581,096)
Machinery and equipment	(64,052)	(15,961)	-	(80,013)
Total accumulated depreciation	(1,003,051)	(658,058)	-	(1,661,109)
Total capital assets being depreciated, net	2,680,619	1,270,093	-	3,950,712
Component unit capital assets, net	\$ 3,349,383	\$ 1,270,093	\$ -	\$ 4,619,476

Primary Government

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Enterprise activities				
Capital assets, not being depreciated:				
Land	\$ 850,712	\$ 8,318	\$ -	\$ 859,030
Construction in progress	784,305	3,674,362	(107,422)	4,351,245
Total capital assets not being depreciated	1,635,017	3,682,680	(107,422)	5,210,275
Capital assets being depreciated:				
Utility plant in service	16,539,573	262,580	-	16,802,153
Machinery and equipment	54,683	-	-	54,683
Total capital assets being depreciated	16,594,256	262,580	-	16,856,836
Less accumulated depreciation for:				
Utility plant in service	(1,815,933)	(341,414)	-	(2,157,347)
Machinery and equipment	(38,538)	(8,072)	-	(46,610)
Total accumulated depreciation	(1,854,471)	(349,486)	-	(2,203,957)
Total capital assets being depreciated, net	14,739,785	(86,906)	-	14,652,879
Governmental capital assets, net	\$ 16,374,802	\$ 3,595,774	\$ (107,422)	\$ 19,863,154

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

Government activities:	
General government administration	\$ 177,954
Judicial administration	81,701
Public safety	693,652
Public works	23,497
Health and welfare	8,678
Education	2,517,007
Parks, recreation and cultural	210,999
Community development	12,485
Total governmental activities	<u>\$ 3,725,973</u>
Enterprise activities:	
Water and sewer fund	<u>\$ 349,486</u>
Component Unit School Board	<u>\$ 117,036</u>

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

	<u>Expended to June 30, 2011</u>	<u>Committed at June 30, 2011</u>
Governmental Activities		
Huguenot Public Safety Building / Powhatan Fire Station #2	\$ 3,038,254	\$ 1,401,022
Fighting Creek Park improvements	110,413	-
	<u>\$ 3,148,667</u>	<u>1,401,022</u>
Business-Type Activities		
Flat Rock Water and Sewer Force Main	\$ 4,153,153	\$ 296,934
James River Water Intake Project	198,090	-
	<u>\$ 4,351,243</u>	<u>\$ 296,934</u>

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2011, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental funds:		
General fund	\$ -	\$ (8,124,846)
Other governmental funds	-	(6,805)
Debt service fund	6,717,452	-
Capital projects	-	(643,648)
Total governmental funds	<u>6,717,452</u>	<u>(8,775,299)</u>
Enterprise funds:		
Water and sewer	<u>2,057,847</u>	<u>-</u>
Total – All funds	<u>\$ 8,775,299</u>	<u>\$ (8,775,299)</u>

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

7. Long-Term Obligations

Primary Government

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2011:

	Amount Payable July 1, 2010	Increase	Decrease	Amount Payable June 30, 2011	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Compensated absences	\$ 641,219	\$ 419,876	\$ (395,897)	\$ 665,198	\$ 66,520
Capital lease obligations	87,400	-	(87,400)	-	-
Lease revenue bonds	8,935,287	5,290,000	(274,500)	13,950,787	189,456
Bond premium	420,665	-	(42,067)	378,598	42,067
OPEB liability	382,773	112,905	(10,400)	485,278	-
Total incurred by County	10,467,344	5,822,781	(810,264)	15,479,861	298,043
Incurred by School Board (for School Capital Assets):					
Literary loans	2,250,000	-	(250,000)	2,000,000	250,000
General obligations	39,946,458	-	(2,171,217)	37,775,241	2,100,991
Capital lease obligations	138,218	-	(138,218)	-	-
Lease revenue bonds	23,580,000	-	(445,000)	23,135,000	980,000
Bond premium	1,678,136	-	(77,299)	1,600,837	77,299
Total incurred by School Board	67,592,812	-	(3,081,734)	64,511,078	846,086
Total government obligations	\$ 78,060,156	\$ 5,822,781	\$ (3,891,998)	\$ 79,990,939	\$ 1,144,129
Enterprise obligations:					
Compensated absences payable	\$ 27,711	\$ 19,738	\$ (20,762)	\$ 26,687	\$ 2,669
General obligation bonds	7,825,433	-	(242,474)	7,582,959	252,373
Bond premium	420,130	-	(18,524)	401,606	18,524
Lease revenue bonds	11,650,312	-	(165,000)	11,485,312	175,544
Total enterprise obligations	\$ 19,923,586	\$ 19,738	\$ (446,760)	\$ 19,496,564	\$ 449,110

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

<u>Year Ending June 30,</u>	<u>County Obligations</u>	
	<u>Lease Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 189,456	\$ 595,650
2013	287,894	587,340
2014	361,470	574,140
2015	409,176	561,087
2016	764,322	540,366
2017 - 2021	4,743,155	2,230,632
2022 - 2026	2,732,000	1,680,654
2027 - 2031	3,376,000	640,659
2032 - 2034	1,087,315	259,556
Total	\$ 13,950,788	\$ 7,670,084

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

Year Ending June 30,	School Obligations					
	Lease Revenue Bonds		Literary Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 980,000	\$ 1,126,038	\$ 250,000	\$ 60,000	\$ 2,100,991	\$ 1,641,451
2013	1,055,000	1,084,388	250,000	52,500	2,119,723	1,570,758
2014	1,120,000	1,031,638	250,000	45,000	2,129,417	1,512,923
2015	1,170,000	975,638	250,000	37,500	2,161,828	1,387,268
2016	1,230,000	917,138	250,000	30,000	1,727,635	1,389,115
2017 – 2021	5,650,000	3,724,164	750,000	45,000	8,962,360	5,900,120
2022 – 2026	5,045,000	2,419,325	-	-	8,806,899	4,172,030
2027 – 2031	5,605,000	1,181,250	-	-	8,136,388	2,588,356
2032	1,280,000	64,000	-	-	1,630,000	375,852
	<u>\$ 23,135,000</u>	<u>\$ 12,523,579</u>	<u>\$ 2,000,000</u>	<u>\$ 270,000</u>	<u>\$ 37,775,241</u>	<u>\$ 20,537,873</u>

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

Year Ending June 30,	Enterprise Obligations			
	General Obligation Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 252,373	\$ 354,606	\$ 175,544	\$ 575,590
2013	262,468	343,675	226,706	567,143
2014	277,766	332,195	240,030	557,216
2015	283,277	320,561	255,824	546,188
2016	299,008	308,772	345,678	532,195
2017 – 2021	1,508,067	1,338,467	1,936,845	2,390,528
2022 – 2026	1,090,000	1,035,086	2,268,000	1,872,866
2027 – 2031	1,400,000	731,551	2,939,000	1,206,503
2032 – 2034	1,795,000	335,913	2,582,685	393,158
2035	415,000	10,648	250,000	19,400
2036	-	-	265,000	6,591
Total	<u>\$ 7,582,959</u>	<u>\$ 5,111,474</u>	<u>\$ 11,485,312</u>	<u>\$ 8,667,378</u>

Details of Long-Term Obligations**Amount
Outstanding****Governmental Obligations:****Incurred by County:**

Lease revenue bonds:

\$5,654,000 lease revenue bond issued in April 2002 due in various annual principal payments through July 2033, interest payable semi-annually ranging from 5.04% to 5.25%	\$ 5,021,315
\$1,015,000 Economic Development Authority lease revenue bond issued in March 2003 due in various annual principal payments through July 2013, interest payable semi-annually at 3.21%	121,100
\$3,518,372 Virginia Resources Authority lease revenue bond issued in April 2010 due in various annual principal payments through October 2019, interest payable semi-annually ranging from 4.32% to 4.80%	3,518,372
\$5,290,000 Economic Development Authority lease revenue bond issued in August 2010 due in various annual principal payments through August 2030, interest payable semi-annually at 3.51%	<u>5,290,000</u>
Total lease revenue bonds	13,950,787
Compensated absences	665,198
Other post employment benefits	485,278
Unamortized premium on 2010 VRA lease revenue bond	<u>378,598</u>
Total incurred by County	<u>15,479,861</u>

Incurred by School Board

Literary loans:

\$5,000,000 literary loan issued August 1998 due in annual principal payments of \$250,000 through August 2018, interest due annually at 3.0%	<u>2,000,000</u>
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General obligation bonds:

\$700,000 issued December 1992 due in various annual principal payments through December 2012, interest payable semi-annually at 5.85%	45,000
\$485,000 issued May 1996 due in annual principal payments of \$25,000 through July 2016, interest payable semi-annually ranging from 5.63% to 5.80%	150,000
\$7,084,114 issued November 2002 due in various annual principal payments through July 2022, interest payable semi-annually ranging from 4.62% to 5.00%	4,290,364
\$3,770,000 issued May 2004 due in various annual principal payments through July 2024, interest payable semi-annually at 5.10%	2,630,000
\$4,000,000 issued November 1994 due in annual principal payments of \$200,000 through July 2014, interest payable semi-annually ranging from 6.40% to 6.60%	800,000
\$4,046,592 issued November 1994 due in various annual principal payments through July 2014, interest payable semi-annually ranging from 6.42% to 6.60%	980,908
\$23,335,000 issued January 2010 due in various annual principal payments through January 2032, interest payable semi-annually ranging from 3.97% to 5.00%	23,105,000
\$6,350,705 issued July 2008 due in various annual principal payments through July 2028, interest payable semi-annually ranging from 4.96% to 5.27%	<u>5,773,969</u>
Total general obligation bonds	<u>37,775,241</u>

Lease revenue bonds:

\$24,040,000 EDA lease revenue bond issued June 2007 due in various annual principal payments through March 2032, interest payable semi-annually ranging from 4.85% to 5.00% 23,135,000

Premium on bonds payable:

Unamortized premium on 2010 general obligation refunding bond 988,620

Unamortized premium on 2008 general obligation bond 134,690

Unamortized premium on 2007 lease revenue bond 477,527

Total premiums on bonds payable 1,600,837

Total incurred by School Board 64,511,078

Total governmental obligations \$ 79,990,939

Enterprise Obligations:

General obligation bonds:

\$6,680,000 issued June 2006 due in various annual principal payments through October 2036, interest due semi-annually ranging from 4.81% to 4.99% \$ 6,235,000

\$2,386,274 issued February 2001 due in annual principal payments of \$181,291, interest due annually at 4.00% 1,347,959

Total general obligation bonds 7,582,959

Lease revenue bonds:

\$8,481,000 lease revenue bond issued April 2002 due in various annual principal payments through July 2033, interest payable semi-annually ranging from 5.04% to 5.25% 7,393,684

\$231,628 VRA lease revenue bond issued April 2010 due in various annual principal payments through October 2019, interest payable semi-annually ranging from 4.32% to 4.80% 231,628

\$3,860,000 VRA water and sewer system revenue bond issued April 2010 due in various annual principal payments through October 2037, interest payable semi-annually ranging from 4.77% to 4.97% 3,860,000

Total lease revenue bonds 11,485,312

Compensated absences 26,687

Premium on bonds payable:

Unamortized premium on 2006 general obligation bond 124,310

Unamortized premium on 2010 VRA water and sewer system revenue bond 277,296

Total premiums on bonds payable 401,606

Total enterprise obligations \$ 19,496,564

Component Unit – School Board

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2011:

	Amount Payable July 01, 2010	Increase	Decrease	Amount Payable June 30, 2011	Amounts Due Within One Year
Compensated absences payable (payable from the School Fund)	\$ 2,094,397	\$ 399,428	\$ (378,881)	\$ 2,114,944	\$ 211,494
OPEB liability	3,670,268	1,452,580	(380,600)	4,742,248	-
Total incurred by School Board	<u>\$ 5,764,665</u>	<u>\$ 1,852,008</u>	<u>\$ (759,481)</u>	<u>\$ 6,857,192</u>	<u>\$ 211,494</u>

8. Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$15,306,706 is comprised of the following:

Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$15,164,799 at June 30, 2011.

Prepaid Property Taxes

Property taxes due subsequent to June 30, 2010 but paid in advance by the taxpayers totaled \$141,907 at June 30, 2011.

9. Fund Balance

General Fund

The General Fund has an Unassigned Fund Balance of \$10,759,275 at June 30, 2011. Restricted funds consist of \$372 which has been restricted by the State of Virginia for use in providing family services to those within the County.

Other Major Funds

The Capital Projects Fund has Restricted Funds of \$2,903,209 consisting primarily of unspent bond funds that will be used on current and future capital projects. The Debt Service Fund has Assigned Funds of \$378,763 that have been set aside for payment of future debt obligations.

Other Funds

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

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Asset Forfeiture Fund	Sheriff - drug enforcement	\$ 6,190
Drug Taskforce Fund	Sheriff - drug enforcement	15,729
Grants Fund	Specific grantor restrictions	58,930
Cash Proffers Fund	Education	521,429
Cash Proffers Fund	Public safety	38,903
Cash Proffers Fund	Parks and recreation	27,293
Cash Proffers Fund	Public works	8,177
Cash Proffers Fund	Library	5,472
		<u>\$ 682,123</u>

10. Commitments and Contingencies

Federal programs

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

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

Operating leases

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

11. Litigation

At June 30, 2011, there were no matters of litigation involving the County or School Board which would materially affect its financial position should any court decisions on pending matters not be favorable.

12. Risk Management

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

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

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

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

13. Surety Bonds

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

14. Defined Benefit Pension Plan

A. Plan Description

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

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

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs, and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

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

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/pdf/publications/2010-Annual-Report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The County's and School's nonprofessional employee contribution rates for the fiscal year ended 2011 were 17.62% and 10.96% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$1,922,838, \$1,471,552, and \$2,083,559, to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010, and 2009, respectively and these contributions represented 8.93%, 8.81%, and 8.81%, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2011, the County's annual pension cost of \$799,302 (which does not include the employees share assumed by the County of \$316,681) was equal to the County's required and actual contributions.

For fiscal year 2011, the County School Board's annual pension cost for the Board's nonprofessional employees was \$138,300 (which does not include the employees share assumed by the School Board of \$116,024) and was equal to the Board's required and actual contributions.

Three-Year Trend Information for the County and School Board

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)(1)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2011	\$ 1,115,983	100%	\$ -
June 30, 2010	\$ 969,203	100%	\$ -
June 30, 2009	\$ 914,934	100%	\$ -
School Board Nonprofessional:			
June 30, 2011	\$ 254,324	100%	\$ -
June 30, 2010	\$ 313,723	100%	\$ -
June 30, 2009	\$ 316,627	100%	\$ -

(1) Includes Employer and Employee portion

The fiscal year 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.5%, (b) projected salary increases ranging from 3.75% to 5.6% per year for general government employees and 3.5% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters and sheriffs, and (c) a cost-of-living adjustment of 2.5% per year. Both investment rate of return and the projected salary increases include an inflation component of 2.5%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the Primary Government plan was 60.21% funded. The actuarial accrued liability for benefits was \$11,799,304, and the actuarial value of assets was \$7,104,106, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,695,198. The covered payroll (annual payroll, of active employees covered by the plan) was \$6,342,496, and ratio of the UAAL to the covered payroll was 74.03%.

As of June 30, 2010, the most recent actuarial valuation date, the School Board's Non-Professional plan was 89.22% funded. The actuarial accrued liability for benefits was \$3,721,331, and the actuarial value of assets was \$5,996,927 resulting in an unfunded actuarial accrued Liability (UAAL) of \$724,404. The covered payroll (annual payroll of active employees covered by the plan) was \$2,571,364, and ratio of the UAAL to the covered payroll was 28.17%.

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

15. Postemployment Benefits Other Than Pensions

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

Plan Provisions and Benefits

In addition to providing the pension benefits described in Note 13, the County and School Board provide other postemployment benefits (OPEB) for qualifying retired employees and their spouses and dependents. The plan's benefit levels and employer contributions are governed by the County and School Board and can be amended by the County and School Board. The Plan provides for healthcare insurance coverage for eligible retirees and their spouses and dependents.

Plan Description

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

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

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

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

	County	School Board
Annual required contribution	\$ 112,500	\$ 1,448,300
Interest on net OPEB obligation	3,944	41,652
Adjustment to annual required contribution	(3,539)	(37,372)
Annual OPEB cost (expense)	112,905	1,452,580
Estimated contributions made	(10,400)	(380,600)
Increase in net OPEB obligation	102,505	1,071,980
Net OPEB obligation – beginning of year	382,773	3,670,268
Net OPEB obligation – end of year	\$ 485,278	\$ 4,742,248

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2010 and 2011 were as follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Fiscal Year Ended June 30, 2011			
County			
6/30/2011	\$ 112,905	9.21%	\$ 485,278
6/30/2010	\$ 177,480	28.13%	\$ 382,773
Schools:			
6/30/2011	\$ 1,452,580	26.20%	\$ 4,742,248
6/30/2010	\$ 1,701,787	28.13%	\$ 3,670,268
School Board	\$ 98,200	52.95%	\$ 88,300

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the County's actuarial accrued liability for benefits was \$743,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$7,190,400, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10.33 percent.

As of June 30, 2010, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was \$10,801,900, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$24,375,100, and the ratio of the unfunded actuarial accrued Liability to the covered payroll was 44.32 percent.

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

Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

Retirement age for active employees - Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

Mortality - Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2010 using Scale AA.

Coverage elections - The actuarial assumed that 40% of eligible County retirees and 80% of School retirees will elect coverage.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 4.0% was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 was thirty years.

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

A. Plan Description

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the *Code of Virginia*. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to 951.1 -145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 12.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 0.60% of annual covered payroll. The School Board's contributions to VRS for the years ended Year Ended June 30, 2011 and 2010 were \$129,194 and \$173,713, respectively, which equaled the required contributions for the year.

17. Subsequent Event

On November 16, 2011, the County issued two series 2011 lease revenue bonds. The first was \$8,825,000 in series 2011 lease revenue bonds at an interest rate of 3.80% and a maturity date of October 1, 2033. The second was \$2,920,000 in series 2011 lease revenue bonds at an interest rate of 3.83% and a maturity date of October 1, 2033. These two bonds refunded the Series 2002 \$5,654,000 County lease revenue bonds and the Series 2002 \$8,481,000 Enterprise lease revenue bonds, respectively (see Footnote 7 above). The allocation of the new bonds between the County and the Enterprise fund had not yet been determined as of the date of November 28, 2011.

* * * * *

County of Powhatan, Virginia

Required Supplementary Information

Year Ended June 30, 2011

Note to Required Supplementary Information:

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

General Fund

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

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 32,348,476	\$ 30,625,217	\$ 32,420,262	\$ 1,795,045
Other local taxes	4,726,600	4,726,600	3,529,326	(1,197,274)
Permits, privilege fees and regulatory licenses	590,650	595,851	315,954	(279,897)
Fines and forfeitures	114,400	249,400	152,525	(96,875)
Revenue from use of money and property	406,102	406,102	239,130	(166,972)
Charges for services	244,393	258,471	176,837	(81,634)
Miscellaneous	119,200	311,818	451,658	139,840
Intergovernmental revenues:				
Commonwealth	3,085,362	6,129,850	6,293,362	163,512
Federal	889,044	1,022,022	837,065	(184,957)
Total revenues	42,524,227	44,325,331	44,416,119	90,788
Expenditures				
General government administration	2,524,713	2,603,231	2,557,186	46,045
Judicial administration	869,978	882,894	829,951	52,943
Public safety	6,403,535	6,702,342	6,596,628	105,714
Public works	1,571,265	1,609,174	1,591,299	17,875
Health and welfare	2,119,257	3,761,433	3,762,329	(896)
Education	19,853,799	19,853,799	19,778,712	75,087
Parks, recreation, and cultural	587,418	776,663	774,360	2,303
Community development	1,140,641	1,259,750	1,221,498	38,252
Total expenditures	35,070,606	37,449,286	37,111,963	337,323
Excess of revenues over expenditures	7,453,621	6,876,045	7,304,156	428,111
Other financing uses				
Transfers out	(8,193,741)	(7,628,877)	(8,124,846)	(495,969)
Net change in fund balances	(740,120)	(752,832)	(820,690)	(67,858)
Fund balance at beginning of year	11,580,337	11,580,337	11,580,337	-
Fund balance at end of year	\$ 10,840,217	\$ 10,827,505	\$ 10,759,647	\$ (67,858)

See report of independent auditor.

County of Powhatan, Virginia
Schedule of Funding Progress

Exhibit 12

Primary Government - County Retirement Plan

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

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

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

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

Retiree Healthcare Plan

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

See report of independent auditor.

County of Powhatan, Virginia
Other Supplementary Information
Year Ended June 30, 2011

County of Powhatan, Virginia
Combining and Individual Fund Statements and Schedules
Year Ended June 30, 2011

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

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures				
Debt service				
Principal retirement	\$ 3,320,168	\$ 3,310,168	\$ 3,366,335	\$ (56,167)
Interest and other fiscal charges	3,362,945	3,372,945	3,344,051	28,894
Total expenditures	6,683,113	6,683,113	6,710,386	(27,273)
Deficiency of revenues under expenditures	(6,683,113)	(6,683,113)	(6,710,386)	(27,273)
Other financing sources				
Transfers in	5,564,844	5,564,844	6,717,452	1,152,608
Issuance of bonds	700,000	700,000	-	(700,000)
Total expenditures	6,264,844	6,264,844	6,717,452	452,608
Net change in fund balances	(418,269)	(418,269)	7,066	425,335
Fund balance at beginning of year	371,697	371,697	371,697	-
Fund balance at end of year	\$ (46,572)	\$ (46,572)	\$ 378,763	\$ 425,335

See report of independent auditor.

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

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues				
Revenue from use of money and property	\$ -	\$ -	\$ 12,215	\$ 12,215
Expenditures				
Capital outlays and projects	-	5,194,902	4,342,579	852,323
Deficiency of revenues under expenditures	-	(5,194,902)	(4,330,364)	864,538
Other financing sources (uses)				
Transfers out	-	-	(643,648)	(643,648)
Issuance of bonds	-	5,194,902	5,290,000	95,098
Bond issuance costs	-	-	(46,345)	(46,345)
Total other financing sources (uses)	-	5,194,902	4,600,007	(594,895)
Net change in fund balances	-	-	269,643	269,643
Fund balance at beginning of year	2,247,827	2,247,827	2,247,827	-
Fund balance at end of year	\$ 2,247,827	\$ 2,247,827	\$ 2,517,470	\$ 269,643

See report of independent auditor.

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

Exhibit 15

June 30, 2011

	Cash Proffers Fund	Drug Taskforce Fund	Asset Forfeiture Fund	Grants Fund	Total
Assets					
Cash and cash equivalents	\$ 601,278	\$ 15,728	\$ 6,189	\$ 19,769	\$ 642,964
Due from other governmental units	-	-	-	44,610	44,610
	<u>\$ 601,278</u>	<u>\$ 15,728</u>	<u>\$ 6,189</u>	<u>\$ 64,379</u>	<u>\$ 687,574</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 5,451	\$ 5,451
Fund balances					
Restricted	601,278	15,728	6,189	58,928	682,123
	<u>\$ 601,278</u>	<u>\$ 15,728</u>	<u>\$ 6,189</u>	<u>\$ 64,379</u>	<u>\$ 687,574</u>

See report of independent auditor.

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

June 30, 2011

	Cash Proffers Fund	Drug Taskforce Fund	Asset Forfeiture Fund	Grants Fund	Total
Revenues					
Permits, privilege fees and regulatory licenses	\$ 43,475	\$ -	\$ -	\$ -	\$ 43,475
Revenue from use of money and property	-	12	13	-	25
Miscellaneous revenues	-	-	-	16,285	16,285
Intergovernmental revenues					
Commonwealth	-	8,483	-	89,538	98,021
Federal government	-	-	-	198,263	198,263
Total revenues	43,475	8,495	13	304,086	356,069
Expenditures					
Judicial administration	-	-	-	21,234	21,234
Public safety	-	3,000	-	251,173	254,173
Parks, recreation, and cultural	-	-	-	1,456	1,456
Community development	-	-	-	22,228	22,228
Total expenditures	-	3,000	-	296,091	299,091
Excess of revenues over expenditures	43,475	5,495	13	7,995	56,978
Other financing uses					
Transfers out	-	-	(6,805)	-	(6,805)
Net change in fund balances	43,475	5,495	(6,792)	7,995	50,173
Fund balance at beginning of year	557,803	10,233	12,981	50,933	631,950
Fund balance at end of year	\$ 601,278	\$ 15,728	\$ 6,189	\$ 58,928	\$ 682,123

See report of independent auditor.

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

Year Ended June 30, 2011

	Cash Proffers Fund				Grants Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues								
Permits, privilege fees and regulatory licenses	\$ 75,000	\$ 75,000	\$ 43,475	\$ (31,525)	\$ -	\$ -	\$ -	\$ -
Revenue from use of money and property	-	-	-	-	-	-	-	-
Miscellaneous revenues			-	-	-	15,285	16,285	1,000
Intergovernmental revenues								
Commonwealth	-	-	-	-	-	73,209	89,538	16,329
Federal government	-	-	-	-	-	334,773	198,263	(136,510)
Total revenues	75,000	75,000	43,475	(31,525)	-	423,267	304,086	(119,181)
Expenditures								
Judicial administration	-	-	-	-	-	20,054	21,234	(1,180)
Public safety	-	-	-	-	-	299,749	251,173	48,576
Parks, recreation, and cultural	-	-	-	-	-	125,000	1,456	123,544
Community development	75,000	75,003	-	75,003	-	25,000	22,228	2,772
Total expenditures	75,000	75,003	-	75,003	-	469,803	296,091	173,712
Excess of revenues over expenditures	-	(3)	43,475	43,478	-	(46,536)	7,995	54,531
Other financing sources								
Transfers in	-	-	-	-	-	42,786	-	(42,786)
Net change in fund balances	-	(3)	43,475	43,478	-	(3,750)	7,995	11,745
Fund balance at beginning of year	557,803	557,803	557,803	-	50,933	50,933	50,933	-
Fund balance at end of year	\$ 557,803	\$ 557,800	\$ 601,278	\$ 43,478	\$ 50,933	\$ 47,183	\$ 58,928	\$ 11,745

See report of independent auditor.

Combining Statement of Fiduciary Net Assets - Agency Funds
Fiduciary Funds

June 30, 2011

Assets	Agency Funds		
	Special Welfare	Bond Escrow	Total
Cash and cash equivalents	\$ 40,200	\$ 277,948	\$ 318,148
Accounts receivable	-	21,250	21,250
	<u>\$ 40,200</u>	<u>\$ 299,198</u>	<u>\$ 339,398</u>
Liabilities			
Amounts held for social services clients	\$ 40,200	\$ -	\$ 40,200
Amounts held for others	-	299,198	299,198
	<u>\$ 40,200</u>	<u>\$ 299,198</u>	<u>\$ 339,398</u>

See report of independent auditor.

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

June 30, 2011

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Special Welfare Fund				
Assets:				
Cash and cash equivalents	\$ 41,431	\$ 18,242	\$ (19,473)	\$ 40,200
Liabilities:				
Amounts held for social services clients	41,431	18,242	(19,473)	40,200
Bond Escrow				
Assets:				
Cash and cash equivalents	278,482	31,926	(32,460)	277,948
Accounts receivable	-	21,250	-	21,250
	278,482	53,176	(32,460)	299,198
Liabilities:				
Amounts held for others	278,482	53,176	(32,460)	299,198
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	319,913	50,168	(51,933)	318,148
Accounts receivable	-	21,250	-	21,250
	\$ 319,913	\$ 71,418	\$ (51,933)	\$ 339,398
Liabilities:				
Amounts held for social services clients	\$ 41,431	\$ 18,242	\$ (19,473)	\$ 40,200
Amounts held for others	278,482	53,176	(32,460)	299,198
	\$ 319,913	\$ 71,418	\$ (51,933)	\$ 339,398

See report of independent auditor.

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County of Powhatan, Virginia

Discretely Presented Component Unit School Board

Year Ended June 30, 2011

Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2011

Assets	School Operating Fund	School Cafeteria Fund	Total Component Unit
Cash and cash equivalents	\$ 1,801,557	\$ 199,346	\$ 2,000,903
Due from other governmental units	1,952,719	-	1,952,719
Inventories	-	7,581	7,581
	<u>\$ 3,754,276</u>	<u>\$ 206,927</u>	<u>\$ 3,961,203</u>
Liabilities			
Accounts payable	\$ 59,970	\$ -	\$ 59,970
Accrued liabilities	3,694,306	63,227	3,757,533
Total liabilities	<u>3,754,276</u>	<u>63,227</u>	<u>3,817,503</u>
Fund Balances			
Nonspendable			
Inventories	-	7,581	7,581
Unassigned	-	136,119	136,119
Total fund balances	<u>-</u>	<u>143,700</u>	<u>143,700</u>
	<u>\$ 3,754,276</u>	<u>\$ 206,927</u>	<u>\$ 3,961,203</u>

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

Total fund balances per above	\$ 143,700
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	4,619,476
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds	(6,857,192)
Net assets of governmental activities	<u>\$ (2,094,016)</u>

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

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

Year Ended June 30, 2011

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Revenue from use of money and property	\$ 18,695	\$ 1,028	\$ 19,723
Charges for services	22,600	800,460	823,060
Miscellaneous revenues	173,903	-	173,903
Intergovernmental revenues			
Local government	19,778,712	-	19,778,712
Commonwealth	19,034,108	20,705	19,054,813
Federal government	2,670,793	433,918	3,104,711
Total revenues	41,698,811	1,256,111	42,954,922
Expenditures			
Education	41,698,811	1,342,067	43,040,878
Excess (deficiency) of revenues over (under) expenditures	-	(85,956)	(85,956)
Changes in fund balances	-	(85,956)	(85,956)
Fund balances - beginning of year	-	229,656	229,656
Fund balances - end of year	\$ -	\$ 143,700	\$ 143,700

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

Net change in fund balances - total governmental funds - per above \$ (85,956)

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.

Depreciation expense	(117,036)
Allocation of jointly owned assets	1,387,129
	<u>1,270,093</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(Increase) decrease in compensated absences	(20,547)
(Increase) decrease in OPEB liability	(1,071,980)
	<u>(1,092,527)</u>

Change in net assets of governmental activities \$ 91,610

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

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

Year Ended June 30, 2011

	School Operating Fund				School Cafeteria Fund			
	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Revenues								
Revenue from use of money and property	\$ 45,000	\$ 45,000	\$ 18,695	\$ (26,305)	\$ 20,076	\$ 20,076	\$ 1,028	\$ (19,048)
Charges for services	151,650	151,650	22,600	(129,050)	1,122,069	1,122,069	800,460	(321,609)
Miscellaneous revenues	163,500	163,500	173,903	10,403	-	-	-	-
Intergovernmental revenues								
Local government	19,946,657	19,946,657	19,778,712	(167,945)	-	-	-	-
Commonwealth	19,812,675	19,812,675	19,034,108	(778,567)	17,420	17,420	20,705	3,285
Federal government	1,888,076	2,783,470	2,670,793	(112,677)	266,366	266,366	433,918	167,552
Total revenues	42,007,558	42,902,952	41,698,811	(1,204,141)	1,425,931	1,425,931	1,256,111	(169,820)
Expenditures								
Education	42,007,558	42,902,952	41,698,811	1,204,141	1,425,931	1,425,931	1,342,067	83,864
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	(85,956)	(85,956)
Changes in fund balances	-	-	-	-	-	-	(85,956)	(85,956)
Fund balances at beginning of year	-	-	-	-	229,656	229,656	229,656	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -	\$ 229,656	\$ 229,656	\$ 143,700	\$ (85,956)

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

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County of Powhatan, Virginia

Supporting Schedules

Year Ended June 30, 2011

Governmental Funds

Schedule of Revenues - Budget and Actual

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT				
GENERAL FUND				
Revenue from local sources				
General property taxes				
Real property tax	\$ 24,494,051	\$ 25,793,265	\$ 26,755,567	\$ 962,302
Real and personal PSC tax	560,000	560,000	707,383	147,383
Personal property tax	6,774,408	3,751,935	4,331,669	579,734
Mobile home tax	5,614	5,614	6,319	705
Machinery and tools tax	433,403	433,403	467,283	33,880
Tax relief for the elderly	(280,000)	(280,000)	(317,059)	(37,059)
Penalties	226,000	226,000	267,930	41,930
Interest	135,000	135,000	201,170	66,170
Total general property taxes	32,348,476	30,625,217	32,420,262	1,795,045
Other local taxes				
Local sales and use tax	1,750,000	1,750,000	861,477	(888,523)
Communications tax	950,000	950,000	897,132	(52,868)
Consumption tax	100,000	100,000	86,395	(13,605)
Consumer utility tax	650,000	650,000	519,062	(130,938)
Business license tax	120,600	120,600	100,460	(20,140)
Cable TV franchise tax	130,000	130,000	131,014	1,014
Motor vehicle licenses	680,000	680,000	667,139	(12,861)
Taxes on recordation and wills	341,000	341,000	262,459	(78,541)
Short term rental tax	5,000	5,000	4,188	(812)
Total other local taxes	4,726,600	4,726,600	3,529,326	(1,197,274)
Permits, privilege fees and regulatory licenses				
Animal licenses	18,000	23,201	23,201	-
Transfer fees	1,000	1,000	696	(304)
Other permits and licenses	571,650	571,650	292,057	(279,593)
Total permits, privilege fees and regulatory licenses	590,650	595,851	315,954	(279,897)
Fines and forfeitures				
Court fines and forfeitures	114,400	249,400	152,525	(96,875)
Revenue from use of money and property				
Revenue from use of money	150,000	150,000	19,974	(130,026)
Revenue from use of property	256,102	256,102	219,156	(36,946)
Total revenue from use of money and property	406,102	406,102	239,130	(166,972)
Charges for services				
Library	13,000	13,000	15,939	2,939
Law enforcement and traffic control	56,693	56,693	11,373	(45,320)
Excess fees of clerk	50,000	50,000	4,756	(45,244)
Courthouse security	55,000	55,000	51,516	(3,484)
Circuit court	24,000	24,000	18,659	(5,341)
Commonwealth's Attorney	600	600	1,213	613
Law library	1,500	1,500	3,954	2,454
Other protection	6,000	6,000	10,004	4,004

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT				
GENERAL FUND (continued)				
Revenue from local sources				
Charges for services (continued)				
Sale of publications and maps	1,100	1,100	2,302	1,202
Sanitation and waste removal	36,500	36,500	43,043	6,543
Parks and recreation	-	14,078	14,078	-
Total charges for services	244,393	258,471	176,837	(81,634)
Miscellaneous				
Community Action grant	-	-	215,520	215,520
Miscellaneous revenues	119,200	311,818	236,138	(75,680)
Total miscellaneous	119,200	311,818	451,658	139,840
Total revenue from local sources	38,549,821	37,173,459	37,285,692	112,233
Revenue from the Commonwealth				
Noncategorical aid				
Rolling stock tax	9,000	9,000	9,852	852
Mobile home titling tax	20,000	20,000	5,651	(14,349)
Motor vehicle rental tax	17,000	17,000	16,715	(285)
State recordation tax	105,000	105,000	175,823	70,823
Personal property tax relief funds	-	3,022,472	3,022,472	-
Reduction in state aid to local governments	-	-	(134,574)	(134,574)
Total noncategorical aid	151,000	3,173,472	3,095,939	(77,533)
Categorical aid				
Shared expenses				
Commonwealth's Attorney	157,599	157,599	172,624	15,025
Sheriff	941,477	941,477	1,131,747	190,270
Commissioner of revenue	51,781	51,781	102,991	51,210
Treasurer	48,759	48,759	104,104	55,345
Registrar/electoral board	58,500	58,500	41,999	(16,501)
Clerk of the Circuit Court	184,593	184,593	208,676	24,083
Total shared expenses	1,442,709	1,442,709	1,762,141	319,432
Other categorical aid				
Public assistance and welfare administration	379,527	379,527	337,277	(42,250)
Two for life grant	45,000	26,500	29,393	2,893
E-911 grants	50,000	50,000	-	(50,000)
Abandoned vehicles	-	-	500	500
Comprehensive services act	802,000	846,516	797,660	(48,856)
E-911 wireless	-	-	42,733	42,733
Spay/neuter funds	-	-	285	285
Library grants	84,126	84,126	85,761	1,635
Victim witness assistance grant	50,000	50,000	60,075	10,075
Fire programs	65,000	65,000	64,611	(389)
VJCCA	11,000	11,000	10,532	(468)
Litter control	4,000	-	-	-

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT				
GENERAL FUND (continued)				
Revenue from the Commonwealth (continued)				
Other categorical aid (continued)				
DMV animal friendly plates	1,000	1,000	962	(38)
Other state funds	-	-	5,493	5,493
Total other categorical aid	1,491,653	1,513,669	1,435,282	(78,387)
Total categorical aid	2,934,362	2,956,378	3,197,423	241,045
Total revenue from the Commonwealth	3,085,362	6,129,850	6,293,362	163,512
Revenue from the federal government				
Categorical aid				
Public assistance and welfare administration	883,044	920,064	703,537	(216,527)
Emergency management assistance	6,000	6,000	-	(6,000)
VJCCA grant	-	-	6,312	6,312
DMV grant	-	-	31,258	31,258
CSBG (PCCAA)	-	95,958	95,958	-
Total revenue from the federal government	889,044	1,022,022	837,065	(184,957)
Total General Fund	42,524,227	44,325,331	44,416,119	90,788
SPECIAL REVENUE FUNDS				
Cash Proffers Fund				
Permits, privilege fees and regulatory licenses				
Cash proffers	75,000	75,000	43,475	(31,525)
Drug Taskforce Fund				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	-	-	25	25
Revenue from the Commonwealth				
Categorical aid				
Forfeited assets	-	17,726	8,483	(9,243)
Total Drug Taskforce Fund	-	17,726	8,508	(9,218)
Grants Fund				
Miscellaneous revenues				
Altria Corp grant	-	15,285	15,285	-
Miscellaneous revenues	-	-	1,000	1,000
Total miscellaneous revenue	-	15,285	16,285	1,000

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT				
SPECIAL REVENUE FUNDS (continued)				
Revenue from the Commonwealth				
Categorical aid				
EMS grant	-	-	(398)	(398)
Litter control	-	4,000	7,342	3,342
PSAP Wireless board grant	-	-	18,000	18,000
Broadband grant	-	25,000	14,500	(10,500)
RSAF grant	-	43,652	48,979	5,327
Other state funds	-	557	1,115	558
Total categorical aid	-	73,209	89,538	16,329
Revenue from the federal government				
Categorical aid				
Emergency management assistance	-	11,250	16,250	5,000
Emergency operations UASI	-	188	1,422	1,234
Sheriff grants	-	223,335	177,152	(46,183)
Recreational trails program	-	100,000	3,439	(96,561)
Total categorical aid	-	334,773	198,263	(136,510)
Total Grants Fund	-	423,267	304,086	(119,181)
Total Special Revenue Funds	75,000	515,993	356,069	(159,924)
COUNTY CAPITAL PROJECTS FUND				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	-	-	12,215	12,215
TOTAL PRIMARY GOVERNMENT	\$ 42,599,227	\$ 44,841,324	\$ 44,784,403	\$ (56,921)

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD				
School Operating Fund				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	-	-	1	1
Revenue from use of property	45,000	45,000	18,694	(26,306)
Total revenue from use of money and property	45,000	45,000	18,695	(26,305)
Charges for services				
Other charges for services	151,650	151,650	22,600	(129,050)
Miscellaneous revenues				
Miscellaneous revenues	163,500	163,500	173,903	10,403
Total revenue from local sources	360,150	360,150	215,198	(144,952)
Intergovernmental revenues				
Revenue from local governments				
Contributions from County of Powhatan, VA	19,946,657	19,946,657	19,778,712	(167,945)
Commonwealth				
Categorical aid				
Share of state sales tax	3,900,025	3,900,025	4,059,455	159,430
Basic school aid	11,629,053	11,629,053	10,822,484	(806,569)
ISAEF	15,717	15,717	15,717	-
Remedial summer education	52,206	52,206	56,349	4,143
Regular foster care	49,903	49,903	8,994	(40,909)
Gifted and talented	120,759	120,759	119,065	(1,694)
Remedial education	80,506	80,506	79,377	(1,129)
English as a second language	-	-	10,092	10,092
Special education	1,406,166	1,406,166	1,386,446	(19,720)
Vocational education	277,117	277,117	273,464	(3,653)
Social security fringe benefits	662,830	662,830	653,535	(9,295)
Retirement fringe benefits	391,794	391,794	386,300	(5,494)
Group life insurance fringe benefits	24,152	24,152	23,813	(339)
Early reading intervention	49,476	49,476	40,314	(9,162)
Homebound education	25,413	25,413	27,825	2,412
Other state funds	513,752	513,752	434,999	(78,753)
Special education - foster children	-	-	29,900	29,900
Project graduation	12,045	12,045	10,694	(1,351)
Textbook payments	140,992	140,992	139,015	(1,977)
At risk payments	24,919	24,919	24,564	(355)
At risk four year olds	47,042	47,042	21,712	(25,330)
Technology	232,000	232,000	244,875	12,875
Standards of Learning algebra readiness	11,268	11,268	11,268	-
Alternative education	145,540	145,540	145,540	-
Certified teachers	-	-	8,311	8,311
Total categorical aid	19,812,675	19,812,675	19,034,108	(778,567)

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD (continued)				
School Operating Fund (continued)				
Federal government				
Categorical aid				
State fiscal stabilization funds	-	895,394	1,509,532	614,138
Title I	375,818	375,818	228,864	(146,954)
Title VI-B, special education flow-through	-	-	624,793	624,793
Vocational education	-	-	44,481	44,481
Title VI-B, special education preschool	36,200	36,200	21,266	(14,934)
Title II, Part A	101,782	101,782	164,439	62,657
Drug free school	-	-	500	500
Language acquisition	40,710	40,710	6,728	(33,982)
ROTC	67,000	67,000	68,033	1,033
High schools that work	39,791	39,791	876	(38,915)
Other revenues from the federal government	1,226,775	1,226,775	1,281	(1,225,494)
Total categorical aid	1,888,076	2,783,470	2,670,793	(112,677)
Total School Board operating fund	42,007,558	42,902,952	41,698,811	(1,204,141)
School Cafeteria Fund				
Revenue from local sources				
Revenue from use of money and property				
Revenue from use of money	20,076	20,076	1,028	(19,048)
Charges for services				
Cafeteria sales	1,122,069	1,122,069	800,460	(321,609)
Total revenue from local sources	1,142,145	1,142,145	801,488	(340,657)
Commonwealth				
Categorical aid				
School food program grant	17,420	17,420	20,705	3,285
Federal government				
Categorical aid				
School food program grant	266,366	266,366	374,425	108,059
Commodities	-	-	59,493	59,493
Total categorical aid	266,366	266,366	433,918	167,552
Total School Cafeteria Fund	1,425,931	1,425,931	1,256,111	(169,820)
TOTAL DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD	\$ 43,433,489	\$ 44,328,883	\$ 42,954,922	\$ (1,373,961)

Governmental Funds

Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT				
GENERAL FUND				
General government administration				
Legislative				
Board of supervisors	\$ 117,240	\$ 117,240	\$ 115,802	\$ 1,438
General and financial administration				
County administrator	293,224	293,225	293,180	45
Legal services	165,720	172,989	172,942	47
GIS coordinator	106,307	106,308	103,049	3,259
Commissioner of revenue	435,777	435,778	432,301	3,477
Reassessment	25,000	25,000	22,008	2,992
Treasurer	485,493	485,492	467,087	18,405
Finance	645,225	705,237	705,239	(2)
Data Processing	44,200	54,135	54,135	-
Personnel	-	-	-	-
Other general and financial administration	67,729	69,030	67,738	1,292
Total general and financial administration	2,268,675	2,347,194	2,317,679	29,515
Board of elections				
Electoral board and officials	25,916	25,916	17,978	7,938
Registrar	112,882	112,881	105,727	7,154
Total Board of elections	138,798	138,797	123,705	15,092
Total general governmental administration	2,524,713	2,603,231	2,557,186	46,045
Judicial administration				
Courts				
Circuit court	25,232	25,232	5,923	19,309
General district court	24,269	24,269	17,869	6,400
Juvenile court service unit	33,462	33,462	18,115	15,347
Clerk of the circuit court	362,672	362,672	355,584	7,088
Victim and witness assistance	71,614	71,614	66,814	4,800
Total courts	517,249	517,249	464,305	52,944
Commonwealth's attorney				
Commonwealth's attorney	352,729	365,645	365,646	(1)
Total judicial administration	869,978	882,894	829,951	52,943
Public safety				
Law enforcement and traffic control				
Sheriff	3,727,986	3,916,973	3,922,158	(5,185)
Fire and rescue services				
Volunteer fire department	621,928	614,179	608,409	5,770
Ambulance and rescue services	444,400	515,788	515,789	(1)
Total fire and rescue services	1,066,328	1,129,967	1,124,198	5,769
Correction and detention				
Confinement and care of adult and juvenile prisoners	710,700	710,700	635,069	75,631

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (continued)				
GENERAL FUND (continued)				
Public safety (continued)				
Inspections				
Building inspections	428,477	428,477	413,335	15,142
Other protection				
Animal control	239,212	263,101	262,544	557
Emergency services	226,432	248,724	236,108	12,616
Emergency planning commission	2,400	2,400	1,558	842
Medical examiner	2,000	2,000	1,658	342
Total other protection	470,044	516,225	501,868	14,357
Total public safety	6,403,535	6,702,342	6,596,628	105,714
Public works				
Sanitation and waste removal				
Refuse collection and disposal	769,265	769,264	756,853	12,411
Maintenance of general buildings and grounds				
General properties	802,000	839,910	834,446	5,464
Total public works	1,571,265	1,609,174	1,591,299	17,875
Health and welfare				
Health				
Supplement of local health department	183,856	186,469	186,469	-
Mental health and mental retardation				
Community services board	261,184	261,184	260,161	1,023
Welfare				
Public assistance and welfare administration	1,610,000	1,614,267	1,575,037	39,230
Free clinic	-	80,067	80,067	-
Comprehensive services act	64,217	1,523,488	1,568,004	(44,516)
Powhatan community action agency	-	95,958	92,591	3,367
Tax relief for the elderly	-	-	-	-
Total welfare	1,674,217	3,313,780	3,315,699	(1,919)
Total health and welfare	2,119,257	3,761,433	3,762,329	(896)
Education				
Other instructional costs				
Contribution to component unit school board	19,853,799	19,853,799	19,778,712	75,087
Parks, recreation, and cultural				
Parks and recreation				
Recreation centers and playgrounds	250,131	439,276	439,276	-
Library				
Contribution to County library	337,287	337,387	335,084	2,303
Total parks, recreation and cultural	587,418	776,663	774,360	2,303

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (continued)				
GENERAL FUND (continued)				
Community development				
Planning and community development				
Planning and zoning	501,169	501,170	492,040	9,130
Planning commission	1,550	1,550	904	646
Miscellaneous contributions	358,268	351,190	314,183	37,007
Economic development	214,928	208,428	222,068	(13,640)
Comprehensive plan	-	131,686	131,686	-
Total planning and community development	1,075,915	1,194,024	1,160,881	33,143
Environmental management				
Litter control	4,000	5,000	-	5,000
Cooperative extension program				
Extension office	60,726	60,726	60,617	109
Total community development	1,140,641	1,259,750	1,221,498	38,252
Total General Fund	35,070,606	37,449,286	37,111,963	337,323
SPECIAL REVENUE FUNDS				
Cash Proffers Fund				
Community development				
Community development	75,000	75,003	-	75,003
Drug Taskforce				
Public Safety				
Sheriff	-	17,726	-	17,726
Asset Forfeiture Fund				
Public Safety				
Asset forfeiture	-	6,186	-	6,186
Grants Fund				
Judicial administration				
Commonwealth's attorney				
Commonwealth's attorney	-	20,054	21,234	(1,180)
Public safety				
Law enforcement and traffic control				
Sheriff	-	169,588	143,049	26,539
Fire and rescue services				
Volunteer fire department	-	15,500	7,750	7,750
Ambulance and rescue services	-	43,652	41,429	2,223
Total fire and rescue services	-	59,152	49,179	9,973
Other protection				
Emergency services	-	71,009	61,945	9,064
Total public safety	-	299,749	254,173	45,576

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (continued)				
SPECIAL REVENUE FUNDS (continued)				
Grants Fund (continued)				
Parks, recreation, and cultural				
Recreation centers and playgrounds	-	125,000	1,456	123,544
Community development				
Planning and community development				
Economic development	-	25,000	15,000	10,000
Environmental management				
Litter control	-	-	7,228	(7,228)
Total community development	-	25,000	22,228	2,772
Total Grants Fund	-	469,803	299,091	170,712
Debt Service Fund				
Debt service				
Principal retirement	3,320,168	3,310,168	3,366,335	(56,167)
Interest and other fiscal charges	3,362,945	3,372,946	3,344,051	28,895
Total Debt Service Fund	6,683,113	6,683,114	6,710,386	(27,272)
Total Special Revenue Funds	6,758,113	7,251,832	7,009,477	242,355
COUNTY CAPITAL PROJECTS FUND				
Capital outlays and projects				
County capital projects	-	-	608,672	(608,672)
Elementary school construction	-	-	930,413	(930,413)
GIS upgrades	-	-	45,561	(45,561)
Parks and recreation	-	-	110,413	(110,413)
Fire and rescue	-	5,194,902	2,647,520	2,547,382
Total county capital projects fund	-	5,194,902	4,342,579	852,323
TOTAL PRIMARY GOVERNMENT	\$ 41,828,719	\$ 49,896,020	\$ 48,464,019	\$ 1,432,001

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD				
School Operating Fund				
Education				
Administration of schools				
Administration, health, and attendance	\$ 2,119,608	\$ 2,119,608	\$ 2,069,370	\$ 50,238
Instruction costs				
Elementary and secondary schools	33,171,468	33,171,468	32,318,868	852,600
Operating costs				
Pupil transportation	3,314,054	3,314,054	3,280,696	33,358
Operation and maintenance of school plant	4,165,558	4,165,558	3,909,465	256,093
Facilities	132,263	132,263	120,412	11,851
Total operating costs	7,611,875	7,611,875	7,310,573	301,302
Total school operating fund	42,902,951	42,902,951	41,698,811	1,204,140
Cafeteria Fund				
Education				
School food services				
Administration of school food program	1,425,931	1,425,931	1,286,436	139,495
Commodities	-	-	55,631	(55,631)
Total cafeteria fund	1,425,931	1,425,931	1,342,067	83,864
TOTAL DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD	\$ 44,328,882	\$ 44,328,882	\$ 43,040,878	\$ 1,288,004

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County of Powhatan, Virginia

Statistical Section (unaudited)

Year Ended June 30, 2011

County of Powhatan, Virginia

Table 1

**Net Assets by Component
Last Eight Fiscal Years (1)
(Accrual Basis of Accounting)**

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

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

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

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

General revenues and other changes in net assets

Governmental activities:

Taxes:

Property taxes	\$ 18,595,346	\$ 19,256,954	\$ 23,740,100	\$ 28,285,549	\$ 30,584,211	\$ 33,161,709	\$ 32,536,675	\$ 32,420,090
Other local taxes	3,639,140	4,200,539	4,626,430	4,611,442	4,722,351	4,568,552	4,723,134	3,529,326
Investment earnings	575,156	336,543	465,542	1,122,911	1,584,750	511,317	295,346	251,370
Miscellaneous	104,682	229,927	63,101	152,012	150,910	155,546	289,958	467,943
Non-categorical aid from the govt	3,077,448	3,107,374	3,509,778	3,400,784	3,227,880	3,159,907	3,128,833	3,095,939
Payment from Powhatan County School	1,483,365	-	-	-	-	1,000,000	-	-
Gain/loss on disposal of capital assets	(18,856)	-	-	-	-	-	-	-
Transfers	(590,500)	(1,441,894)	(1,049,508)	(1,860,452)	(1,156,403)	(1,533,352)	(1,582,488)	(2,057,847)
Total governmental activities	26,865,781	25,689,443	31,355,443	35,712,246	39,113,699	41,023,679	39,391,458	37,706,821

Business-type activities

Investment earnings	-	-	-	-	116,752	35,845	9,538	26,045
Miscellaneous	-	-	21,169	253,399	-	-	-	-
Transfers	590,500	1,441,894	1,049,508	1,860,452	1,156,403	1,533,352	1,582,488	2,057,847
Total business-type activities	590,500	1,441,894	1,070,677	2,113,851	1,273,155	1,569,197	1,592,026	2,083,892
Total primary government	\$ 27,456,281	\$ 27,131,337	\$ 32,426,120	\$ 37,826,097	\$ 40,386,854	\$ 42,592,876	\$ 40,983,484	\$ 39,790,713

Change in net assets

Governmental activities:

Governmental activities	\$ (7,395,848)	\$ (2,981,376)	\$ 2,345,661	\$ (155,205)	\$ 8,603,299	\$ 3,472,008	\$ (2,063,565)	\$ (2,406,844)
Business-type activities	(118,681)	346,042	40,103	845,966	(124,321)	(279,130)	(282,923)	(18,723)
Total primary government	\$ (7,514,529)	\$ (2,635,334)	\$ 2,385,764	\$ 690,761	\$ 8,478,978	\$ 3,192,878	\$ (2,346,488)	\$ (2,425,567)

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

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

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

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

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

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

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

Other financing sources (uses)

Operating transfers in	5,374,442	6,304,694	5,866,664	6,974,552	4,945,322	5,972,955	7,337,019	-
Operating transfers out	(5,964,942)	(7,746,588)	(6,916,172)	(8,835,004)	(6,101,725)	(7,506,307)	(8,919,507)	(2,057,847)
Issuance of bonds	3,770,000	1,421,250	786,000	32,090,483	-	6,350,705	29,985,623	5,290,000
Sale of capital assets	244,644	-	-	-	-	-	-	-
Bond issuance premium	281,772	-	-	-	-	149,656	1,503,439	-
Redemption of refunded bonds	(4,030,000)	-	-	-	-	(6,350,705)	(29,202,895)	-
Bond issuance costs	-	-	-	-	-	-	-	(46,345)
Total other financing sources (uses)	(324,084)	(20,644)	(263,508)	30,230,031	(1,156,403)	(1,383,696)	703,679	3,185,808

Net change in fund balances

\$ (9,130,086)	\$ (1,539,663)	\$ 830,149	\$ 30,396,428	\$ (14,833,520)	\$ (6,971,888)	\$ (726,242)	\$ (493,808)
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Debt service as a percentage of noncapital expenditures

20.39%	19.16%	15.63%	17.01%	15.12%	17.19%	18.47%	15.21%
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(1)

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

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2011			Fiscal Year 2002*		
	Percentage of		Rank	Percentage of		Rank
	Taxable Assessed Value	Taxable Assessed Value		Taxable Assessed Value	Taxable Assessed Value	
Riverton Associates et al	\$ 15,473,100	0.41%	1			
Ranson, R.F. et al	12,038,200	0.32%	2			
VSGA Foundation, Inc.	11,471,000	0.30%	3			
Milhaus Corporation	9,188,700	0.24%	4			
Carnes, W.S. et al	8,768,900	0.23%	5			
Powhatan Shoppes at South Creek	8,317,000	0.22%	6			
Central Virginia Bank	6,962,400	0.18%	7			
Reeds Landing Corp.	6,488,300	0.17%	8			
Powhatan Properties Land & Lumber	6,195,700	0.16%	9			
Willis, J. R.	6,016,000	0.16%	10			
	<u>\$ 90,919,300</u>	<u>2.39%</u>				

Source: Powhatan County Commissioner of Revenue Department

* Information unavailable

County of Powhatan, Virginia

Table 6

*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
2002	\$ 17,468,573	\$ (19,371)	\$ 17,449,202	\$ 16,807,201	96.21%	\$ 635,021	\$ 17,442,222	99.96%
2003	\$ 19,698,877	\$ (76,540)	\$ 19,622,337	\$ 19,469,761	98.84%	\$ 142,855	\$ 19,612,616	99.95%
2004	\$ 21,097,431	\$ (106,762)	\$ 20,990,669	\$ 20,698,058	98.11%	\$ 292,611	\$ 20,990,669	100.00%
2005	\$ 22,268,830	\$ (175,481)	\$ 22,093,349	\$ 21,850,974	98.12%	\$ 242,375	\$ 22,093,349	100.00%
2006	\$ 28,983,617	\$ (426,816)	\$ 28,556,801	\$ 26,098,410	90.05%	\$ 2,332,741	\$ 28,431,151	99.56%
2007	\$ 30,643,358	\$ (716,147)	\$ 29,927,211	\$ 22,172,530	72.36%	\$ 7,488,329	\$ 29,660,859	99.11%
2008	\$ 31,586,113	\$ (617,878)	\$ 30,968,235	\$ 26,895,079	85.15%	\$ 3,853,282	\$ 30,748,361	99.29%
2009	\$ 35,489,429	\$ (735,984)	\$ 34,753,445	\$ 28,215,893	79.51%	\$ 6,085,757	\$ 34,301,650	98.70%
2010	\$ 35,111,856	\$ (593,793)	\$ 34,518,063	\$ 27,972,433	79.67%	\$ 2,280,508	\$ 30,252,941	87.64%
2011	\$ 35,131,551	\$ (1,793,194)	\$ 33,338,357	\$ 27,395,034	77.98%	\$ -	\$ 27,395,034	82.17%

Source: Treasurer's Office and Commissioner of the Revenue

**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
2011	\$ 3,790,383,750	\$ 324,370,500	\$ 3,466,013,250	0.77%	\$ 213,076,137	\$ 9,388,255	\$ 90,184,332	\$ 3,778,661,974
2010	3,760,019,650	\$ 303,159,400	\$ 3,456,860,250	0.77%	209,704,422	11,481,930	90,368,639	3,768,415,241
2009	4,094,870,500	\$ 305,328,100	\$ 3,789,542,400	0.71%	200,805,327	12,038,975	79,349,688	4,081,736,390
2008	4,039,940,795	\$ 303,703,000	\$ 3,736,237,795	0.71%	221,817,492	12,881,925	85,387,310	4,056,324,522
2007	3,336,617,700	\$ 264,199,500	\$ 3,072,418,200	0.74%	205,593,900	6,846,780	77,407,080	3,362,265,960
2006	3,175,599,603	\$ 94,650,003	\$ 3,080,949,600	0.74%	189,217,425	6,413,240	53,726,749	3,330,307,014
2005	1,802,205,800	\$ 107,452,000	\$ 1,694,753,800	0.94%	163,925,399	6,742,835	62,731,911	1,928,153,945
2004	1,666,033,793	\$ 108,276,800	\$ 1,557,756,993	0.95%	156,587,616	6,608,050	68,979,389	1,789,932,048
2003	1,569,853,586	\$ 110,321,700	\$ 1,459,531,886	0.92%	143,556,624	6,916,815	69,989,205	1,679,994,530
2002	1,287,319,739	\$ 114,295,800	\$ 1,173,023,939	0.87%	137,497,368	6,749,115	56,440,033	1,373,710,455

Source: Commissioner of Revenue Department

Notes:

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

(1) Tax rate per \$100 of assessed value of real property. See Table 6 for other tax rates.

(2) Source, Real Estate Assessments from Commissioner of Revenue. assessments performed by the State Corporation Commission.

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

**Direct Property Tax Rates
Last Ten Fiscal Years**

Fiscal Year	Public Service		Machinery & Tools	Personal Property
	Real Estate	Personal Property		
2011	\$ 0.77	\$ 3.60	\$ 3.60	\$ 3.60
2010	\$ \$ 0.77	\$ 3.60	\$ 3.60	\$ 3.60
2009	\$ 0.71	\$ 3.60	\$ 3.60	\$ 3.60
2008	\$ 0.74	\$ 3.60	\$ 3.60	\$ 3.60
2007	\$ 0.74	\$ 3.60	\$ 3.60	\$ 3.60
2006	\$ 0.74	\$ 3.60	\$ 3.60	\$ 3.60
2005	\$ 0.94	\$ 3.60	\$ 3.60	\$ 3.60
2004	\$ 0.95	\$ 3.60	\$ 3.60	\$ 3.60
2003	\$ 0.92	\$ 3.60	\$ 3.60	\$ 3.60
2002	\$ 0.87	\$ 3.60	\$ 3.60	\$ 3.60

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

*Ratios of Outstanding Debt by Type
Last Ten Fiscal Years*

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	State Literary Loans	Capital Leases	Revenue Bonds			
2002	\$ 21,140,820	\$ 33,978,722	\$ -	\$ 728,663	\$ 55,848,205	0.049%	\$ 2,317
2003	47,445,986	4,595,446	21,443,335	1,461,285	74,946,052	0.037%	3,022
2004	43,360,527	4,197,723	12,259,941	-	59,818,191	0.048%	2,346
2005	43,745,776	3,800,000	20,377,109	1,077,715	69,000,600	0.050%	2,674
2006	48,486,201	3,450,000	20,099,639	1,055,500	73,091,340	0.048%	2,644
2007	46,633,870	10,600,000	42,305,093	856,720	100,395,683	0.036%	3,631
2008	44,858,237	10,250,000	41,590,388	653,611	97,352,236	0.038%	3,444
2009	49,399,293	2,500,000	40,792,193	443,340	93,134,826	0.039%	3,263
2010	47,771,891	2,250,000	44,165,599	225,618	94,413,108	0.039%	3,304
2011	45,358,200	2,000,000	-	48,571,100	95,929,300	-	3,402

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

**Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	Population	General Bonded Debt Outstanding Governmental Activities			Per Capita
		Assessed	Gross	Net Bonded	
		Taxable Value (1)	Bonded Debt (2)	Debt to Assessed Value	
2002	24,092	\$ 1,373,710,455	\$ 40,021,891	2.91%	\$ 1,661
2003	24,828	\$ 1,679,994,530	\$ 52,041,432	3.10%	\$ 2,098
2004	25,478	\$ 1,789,932,048	\$ 47,558,250	2.66%	\$ 1,865
2005	26,258	\$ 1,928,153,945	\$ 45,530,112	2.36%	\$ 1,765
2006	27,282	\$ 3,330,307,014	\$ 43,341,201	1.30%	\$ 1,631
2007	27,494	\$ 3,362,265,960	\$ 48,743,561	1.45%	\$ 1,763
2008	27,674	\$ 4,056,324,522	\$ 46,831,807	1.15%	\$ 1,644
2009	27,964	\$ 4,081,736,390	\$ 43,846,097	1.07%	\$ 1,536
2010	28,046	\$ 4,056,324,522	\$ 42,196,458	1.04%	\$ 1,477
2011	28,198	\$ 3,778,661,974	\$ 39,775,241	1.05%	\$ 1,384

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

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

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

*See Demographic Statistics Table 11

*Demographic and Economic Statistics
Last Ten Years*

Fiscal Year	Population	Registered Voters	Per Capita Personal Income	Median Household Income	School Enrollment	Unemployment Rate %
2002	24,092	13,785	\$ 27,309	\$ 57,210	3,713	3.10%
2003	24,828	14,201	\$ 27,273	\$ 57,319	3,947	3.20%
2004	25,478	14,588	\$ 28,091	\$ 59,039	4,095	2.80%
2005	26,258	15,305	\$ 28,934	\$ 60,810	4,272	2.70%
2006	27,282	15,953	\$ 34,262	\$ 62,634	4,396	2.70%
2007	27,494	16,606	\$ 35,153	\$ 66,039	4,434	2.40%
2008	27,674	17,806	\$ 36,067	\$ 67,756	4,418	3.20%
2009	27,964	17,789	\$ 40,592	\$ 73,940	4,510	6.20%
2010	28,046	17,842	n/a	n/a	4,253	6.60%
2011	28,198	17,993	n/a	n/a	4,436	6.00%

n/a - information is not yet available

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

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

Employer	Fiscal Year 2011*		Fiscal Year 2002	
	Employees	% of Total Employment**	Employees	% of Total Employment**
Anthem	250-499	N/A	N/A	N/A
Catholic Diocese of Richmond	50-99	N/A	50-99	N/A
Moslow Wood Products	50-99	N/A	20-49	N/A
YMCA	50-99	N/A	N/A	N/A
Colony Construction	50-99	N/A	N/A	N/A
Central Virginia Bank	50-99	N/A	50-99	N/A
Food Lion	50-99	N/A	50-99	N/A
Mid Atlantic Steel Erecto Inc.	50-99	N/A	N/A	N/A
TDU Concrete Inc	50-99	N/A	N/A	N/A
Gregg Management Company	50-99	N/A	N/A	N/A

Source: Virginia Employment Commission

* Quarterly Census of Employment and Wages (QCEW)

Data for 2011: 1st Quarter 2011

N/A - Information not available

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

**Full-Time County Employees by Position
Last Ten Fiscal Years**

Department	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
County Administration										
County Administrator	1	1	1	1	1	1	1	1	1	1
Executive Secretary	1	1	1	1	1	1	1	1	1	1
Total County Administrator	2	2	2	2	2	2	2	2	2	2
Finance										
Finance Director	1	1	1	1	1	1	1	1	1	1
Fiscal Coordinator	-	-	1	1	1	1	1	1	1	1
Information Technology Specialist	1	1	1	1	1	1	2	2	2	2
GIS Coordinator	-	-	-	-	-	-	1	1	1	1
Total Finance	2	2	3	3	3	3	5	5	5	5
Facilities Management										
Facilities Assistant	-	-	1	1	1	1	1	1	1	1
General Services Supervisor	-	-	-	1	1	1	1	1	1	1
Maintenance Worker	-	1	1	1	1	2	2	2	2	2
Total Facilities Management	-	1	2	3	3	4	4	4	4	4
Building Inspections										
Building Official	1	1	1	1	1	1	1	1	1	1
Building Inspector	2	2	3	3	4	4	4	4	2	2
Secretary	1	1	1	1	1	1	1	1	1	1
Plans Reviewer	1	1	1	1	1	2	2	2	2	2
Total Building Inspections	5	5	6	6	7	8	8	8	6	6
Commonwealth's Attorney										
Commonwealth's Attorney	1	1	1	1	1	1	1	1	1	1
Deputy Commonwealth's Attorney	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Total Commonwealth's Attorney	3	3	3	3	3	3	3	3	3	3
Commissioner of the Revenue										
Commissioner of the Revenue	1	1	1	1	1	1	1	1	1	1
Chief Deputy Commissioner	1	1	1	1	1	1	1	1	1	1
Deputy COR II	2	2	2	2	2	2	2	2	2	2
Deputy COR III	3	3	3	3	3	3	3	3	3	3
Total Commissioner of Revenue	7	7	7	7	7	7	7	7	7	7
Economic Development										
Economic Development Director	1	1	1	1	1	1	1	1	1	1
Fire Administration										
Chief of Fire and Emergency Medical Services	-	-	-	-	-	-	-	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Total Fire Administration	1	1	1	1	1	1	1	2	2	2
Library										
Library Director	1	1	1	1	1	1	1	1	1	1
Assistant	1	1	1	1	1	1	1	1	1	1
Total Library	2	2	2	2	2	2	2	2	2	2

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

Department	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Planning										
Planning Director	1	1	1	1	1	1	1	1	1	1
Planner II	1	1	1	1	1	2	2	2	2	2
Planner I	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	-	-	-	-	-
Office Manager	-	-	-	-	-	1	1	1	1	1
Zoning Administrator	1	1	1	1	1	1	1	1	1	1
Erosion and Sediment Control Inspector	-	-	-	-	-	1	1	1	1	1
Total Planning	5	5	5	5	5	7	7	7	7	7
Registrar										
Registrar	1	1	1	1	1	1	1	1	1	1
Treasurer										
Treasurer	1	1	1	1	1	1	1	1	1	1
Deputy Treasurer II	2	2	2	2	2	3	3	3	3	3
Deputy Treasurer III	2	2	2	2	2	2	2	2	2	2
Chief Deputy Treasurer	1	1	1	1	1	1	1	1	1	1
Total Treasurer	6	6	6	6	6	7	7	7	7	7
Comprehensive Services										
Coordinator	1	1	1	1	1	1	1	1	1	1
Clerk of the Circuit Court										
Clerk of the Circuit Court	1	1	1	1	1	1	1	1	1	1
Deputy Clerk IV	1	1	1	1	1	1	1	1	1	1
Deputy Clerk	2	3	3	3	3	3	3	3	3	3
Total Clerk of the Circuit Court	4	5	5	5	5	5	5	5	5	5
Utilities										
Utilities/General Services Director	-	-	-	-	1	1	1	1	1	1
Manager, WWTP	1	1	1	1	1	1	1	1	1	1
Utilities Engineer	-	-	-	-	-	-	1	1	1	1
WWTP Operator	1	1	2	2	2	3	3	3	3	3
Total Utilities	2	2	3	3	4	5	6	6	6	6
Parks and Recreation										
Parks and Recreation Director	-	-	-	-	-	-	-	1	2	2

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

Department	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sheriff										
Office Manager	1	1	1	1	1	1	1	1	1	1
Administrative Assistant Court Services	1	1	1	1	1	1	1	1	1	1
Sergeant	1	1	1	1	4	4	4	4	4	4
Lieutenant	1	1	1	1	1	1	1	1	1	1
Deputy	12	12	12	12	18	18	20	23	23	23
Corporal	4	4	4	4	4	4	4	4	4	4
Victim Witness	1	1	1	1	1	1	1	1	1	1
Chief Deputy	-	-	-	-	-	-	-	-	-	-
Undersheriff	1	1	1	1	1	1	1	1	1	1
IT Technician	-	-	-	-	-	1	1	1	1	1
Crime Analyst	1	1	1	1	1	1	1	1	1	1
Detective	2	2	2	2	2	2	2	2	2	2
Sheriff	1	1	1	1	1	1	1	1	1	1
Dispatcher	-	-	-	-	8	8	8	8	8	8
Dispatch Manager	-	-	-	-	1	1	1	1	1	1
Dispatch Supervisor	-	-	-	-	1	1	1	1	1	1
Total Sheriff	26	26	26	26	45	46	48	51	51	51
Convenience Center										
Supervisor	-	-	-	1	1	1	1	1	1	1
Attendant	2	2	2	2	2	2	2	2	2	2
Total Convenience Center	2	2	2	3	3	3	3	3	3	3
Animal Control										
Sergeant-Animal Control	1	1	1	1	1	1	1	1	1	1
Deputy-Animal Control	2	2	2	2	2	2	2	2	2	2
Secretary	-	-	-	-	-	-	1	1	1	1
Total Animal Control	3	3	3	3	3	3	4	4	4	4
Total full-time positions	72	75	79	81	102	107	115	120	118	119
Per 1,000 population	3.22	3.23	3.26	3.27	4.00	4.07	4.28	4.47	2.42	2.42

Source: Powhatan County Human Resources Department

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

Table 14

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety - number of fire stations	5	5	5	5	5	5	5	5	5	5
Parks, recreation and cultural										
Park facilities	1	1	1	1	1	1	1	1	1	1
Library facilities	1	1	1	1	1	1	1	1	1	1
Education - number of schools	4	5	5	5	5	5	5	6	6	6
Number of county government positions	94	97	100	102	103	107	115	120	118	119

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County of Powhatan, Virginia

Compliance Section

Year Ended June 30, 2011



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

***Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards***

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the ***County of Powhatan, Virginia***, as of and for the year ended June 30, 2011, which collectively comprise the ***County of Powhatan, Virginia's*** basic financial statements and have issued our report thereon dated November 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses (Finding 11-01) to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses (Finding 11-02 and 11-03) to be significant deficiencies.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of *County of Powhatan, Virginia* in a separate letter dated November 28, 2011.

The *County of Powhatan, Virginia's* responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the *County of Powhatan, Virginia's* responses and, accordingly, we express no opinion on it.

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

Dixon Hughes Goodman LLP

Chester, Virginia
November 28, 2011



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

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

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

Compliance

We have audited *County of Powhatan, Virginia's* compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the *County of Powhatan, Virginia's* major federal programs for the year ended June 30, 2011. The *County of Powhatan, Virginia's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of the *County of Powhatan, Virginia's* management. Our responsibility is to express an opinion on the *County of Powhatan, Virginia's* compliance based on our audit.

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

In our opinion, the *County of Powhatan, Virginia* complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2011.

Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of significant deficiencies, in internal control

over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Dixon Hughes Goodman LLP

Chester, Virginia
November 28, 2011



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

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

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

We have audited the financial statements of the ***County of Powhatan, Virginia***, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 28, 2011.

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

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

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

Code of Virginia

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

State Agency Requirements

- Education
- Comprehensive Services Act Funds
- Social Services

The results of our tests disclosed instances of noncompliance with the provisions referred to in the preceding paragraph. These instances are discussed in the schedule of findings and responses as Finding 11-04, 11-05, and 11-06. With respect to items not tested, nothing came to our attention that caused us to believe that the ***County of Powhatan, Virginia*** had not complied, in all material respects, with those provisions.

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

Dixon Hughes Goodman LLP

Chester, Virginia
November 28, 2011

County of Powhatan, Virginia

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

Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
Primary Government:		
Department of Agriculture pass-through programs:		
Virginia Department of Social Services:		
State administrative matching grants for the supplemental nutrition assistance program	10.561	\$ 203,533
Department of Health and Human Services:		
Direct programs:		
Community services block grant	93.569	43,336
Community services block grant - ARRA	ARRA - 93.710	39,158
		<u>82,494</u>
Virginia Department of Social Services:		
Promoting safe and stable families	93.556	17,108
Temporary Assistance for Needy Families	93.558	110,257
Refugee and entrant assistance - state administered programs	93.566	310
Low-income Home Energy Assistance	93.568	6,370
Child care and development block grant	93.575	61,723
Child care mandatory and matching funds of the child care development fund	93.596	91,879
Child welfare services - state grants	96.645	549
Foster Care - Title IV-E	93.658	227,817
Foster Care - Title IV-E - ARRA	ARRA - 93.658	5,333
Adoption assistance	93.659	28,112
Adoption assistance - ARRA	ARRA - 96.659	869
Social services block grant	93.667	98,270
Chafee foster care independence program	93.674	824
Child care and development block grant - ARRA	ARRA - 93.713	5,903
Children's health insurance program	93.767	5,054
Medical assistance program	93.778	121,822
		<u>782,200</u>
Total Department of Health and Human Services		<u>864,694</u>
Department of Transportation pass-through programs:		
Virginia Department of Rail and Transportation:		
Alcohol open container requirements	20.607	15,570
State and community highway safety	20.600	15,688
Recreational trails program	20.219	1,456
Total Department of Transportation		<u>32,714</u>

County of Powhatan, Virginia

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

Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
Primary Government (continued):		
Department of Justice:		
Direct programs:		
Assistance to rural law enforcement to combat crime and drugs competitive grant program - ARRA	ARRA - 16.810	122,884
Pass-through programs:		
Compensation Board:		
Edward Byrne memorial formula grant program	16.579	22,952
Department of Justice Service:		
Violence against women formula grants - ARRA	ARRA - 16.588	17,105
		<u>40,057</u>
Total Department of Justice		<u>162,941</u>
Department of Homeland Security:		
Direct program:		
Non-profit security program	97.008	1,422
Pass-through programs:		
Department of Emergency Assistance:		
Emergency management performance grants	97.042	16,250
State homeland security program	97.073	31,250
Total Department of Homeland Security		<u>48,922</u>
Total Primary Government		<u>\$ 1,312,804</u>
Component Unit - School Board:		
Department of Agriculture pass-through programs:		
Child Nutrition Cluster:		
Virginia Department of Agriculture and Consumer Services:		
Food distribution - noncash assistance	10.555	\$ 55,631
Virginia Department of Education:		
National school breakfast program	10.553	48,594
National school lunch program	10.555	325,831
Total Child Nutrition Cluster		<u>430,056</u> *
Department of Defense direct programs:		
ROTC Instruction	12.000	<u>68,033</u>
Department of Education pass-through programs:		
Virginia Department of Education:		
Special Education Cluster (IDEA):		
Special education - grants to states	84.027	624,793
Special education - preschool grants	84.173	21,266
Special education - preschool grants - ARRA	ARRA - 84.392	31,274
Total Special Education Cluster (IDEA)		<u>677,333</u> *

County of Powhatan, Virginia

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

Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
Component Unit - School Board (continued):		
Department of Education pass-through programs (continued):		
Virginia Department of Education (continued):		
State Fiscal Stabilization Fund Cluster:		
State Fiscal Stabilization Fund - ARRA	ARRA - 84.394	509,267 *
Title I, Part A Cluster:		
Title I grants to local educational agencies	84.010	228,864
Title I grants to local educational agencies - ARRA	ARRA - 84.389	44,323
Total Title I, Part A Cluster		273,187
Education jobs fund -ARRA	ARRA - 84.410	895,394 *
Career and technical education - basic grants to states	84.048	45,358
Safe and drug-free schools and communities	84.186	500
Education technology state grants - ARRA	ARRA - 84.386	1,208
English language acquisition grants	84.365	6,728
Improving teacher quality state grants	84.367	164,439
		1,113,627
Total Department of Education		2,573,414
Total Component Unit School Board		\$ 3,071,503
Total Reporting Entity		\$ 4,384,307

* Type A program. All other programs are Type B.

County of Powhatan, Virginia

Notes to Schedule of Expenditures of Federal Awards

June 30, 2011

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented on an accrual basis of accounting consistent with the basis of accounting used by County of Powhatan, Virginia. The schedule includes all known federal funds expended by the County for the year ended June 30, 2011. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the basic financial statements.

2. Summary of Significant Accounting Policies

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

Schedule of Findings and Responses

Year Ended June 30, 2011

1. Summary of Auditors' Results

- A. An unqualified opinion was issued on the financial statements.
- B. There were significant deficiencies in internal control over financial reporting, including those identified as material weaknesses, disclosed by the audit of the financial statements. See findings 11-01, 11-02, and 11-03 listed under number 2 below.
- C. The audit did not disclose any instances of noncompliance material to the financial statements.
- D. There were no significant deficiencies in internal control over major federal programs disclosed by the audit.
- E. An unqualified opinion was issued on compliance for the major programs.
- F. The audit disclosed no compliance findings required to be reported under Section 510(a) of OMB Circular A-133.
- G. The major programs were:
 - Child Nutrition Cluster – CFDA Numbers 10.553 and 10.555
 - Special Education Cluster (IDEA) – CFDA Numbers 84.027, 84.173, and ARRA-84.392
 - State Fiscal Stabilization Fund Cluster – CFDA Number ARRA-84.394
 - Education Jobs Fund – CFDA Number ARRA-84.410
- H. The dollar threshold used to distinguish between Type A and Type B programs is \$300,000.
- I. The auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133.

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

Finding 11-01

Condition: Enterprise fund revenues, specifically third-party utility billings, are not recognized timely and completely.

Criteria: Total utility billings, not just cash receipts, should be recognized as revenue. This recognition should occur in the month to which the billings/customer usage relate, rather than when actually billed.

Effect: Revenues are not recognized in the appropriate fiscal year.

Cause: Utility revenues are recognized as of the date cash is received rather than the date/time period to which the charges relate.

Recommendation: Revenues should be recorded based on total billings rather than payments received, which will help to track outstanding customer balances. An accrual should be made when billings are done to properly recognize revenues in the appropriate accounting period.

Management's Response: The County agrees with the finding and will take steps to ensure enterprise fund revenues are recognized timely and completely.

Finding 11-02

Condition: During the year, the School Board was not reconciling their records to the County's on a regular basis.

Criteria: The School Board should reconcile their records to the County's on a regular basis.

Effect: Prior to client provided adjustment, School Board revenue on the County's trial balance was understated by \$55,260.

Cause: Lack of communication between School Board and County.

Recommendation: The School Board should reconcile their records to the County's on a regular basis to ensure all revenue and expenditures are reported accurately and timely.

Management's Response: The School Board agrees with the finding and will take steps to ensure that they reconcile their records to the County's on a regular basis.

Finding 11-03

Condition: There is no reconciliation of utility payments received from third-party billing vendor to payments posted to customer accounts.

Criteria: The County should regularly reconcile payments received from third-party billing vendor to payments posted to customer accounts so as to detect any misstatements on a timely basis.

Effect: Utility revenues and receivables could be misstated.

Cause: The County uses a third-party vendor to process its utility billings. The third-party vendor was unable to provide evidence that its internal controls over the services it provides to the County are adequately designed and implemented. The County relies on the billing reports from the third-party vendor to be accurate and as such, does not perform such reconciliations.

Recommendation: Auditors recommend that when payments are received from the third-party billing vendor, that these payments be reconciled to payments posted to customer accounts during the period.

Management's Response: The County will perform such reconciliations.

3. Findings and Questioned Costs for Federal Awards

None noted

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

Finding 11-04

Condition: Each Social Services agency should have a current documented business continuity plan based on the Continuity of Operations (COOP) Plan Template.

Criteria: While Social Services does have a continuity plan, it does not address procedures for the three types of disruptions, prioritize recovery tasks, assign responsibilities, or provide detail procedures to implement actions to continue essential functions as the plan should according to the COOP Plan Template.

Effect: Social Services is not in compliance with business continuity plan requirements.

Cause: Client was unaware of requirements.

Recommendation: Social Services should establish a business continuity plan that is based on the COOP plan template.

Management's Response: Social Services agrees with the finding and is in the process of establishing and approving a business continuity plan that addresses procedures for the three types of disruptions, prioritizes recovery tasks, assigns responsibilities, and provides detail procedures to implement actions to continue essential functions.

Finding 11-05

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

Criteria: Six statements of economic interests were not filed with the clerk of the governing body, and one statement of economic interest was not filed timely. In addition, Economic Development Authority board members should have completed the Financial Statement Disclosure instead of the Disclosure of Real Estate Holdings as they have the power to issue bonds and expend funds in excess of \$10,000 (incorrect form was completed and filed).

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

Cause: Local government officials failed to turn in the statements on a timely basis. In addition, the County was unaware of the filing requirements for Economic Development Authority board members.

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

Management's Response: The County agrees with the finding and will take steps to ensure that all required forms are filed by the deadline. Furthermore, as of September 28, 2011, the County has obtained completed Financial Statement Disclosure forms from all Economic Development Authority board members.

Finding 11-06

Condition: The Annual School Report is required to be submitted to the state by September 15 of each year.

Criteria: The School Board was late in filing the 2011 Annual School Report.

Effect: The School Board was not in compliance with the state's filing requirement.

Cause: The School Board was unable to meet the filing deadline due to extensive work required to prepare the report.

Recommendation: The School Board should take steps to ensure the Annual School Report is filed timely.

Management's Response: The School Board agrees with the finding and will take steps to ensure that the Annual School Report is filed timely.

5. Results of Prior Year Findings

None