

COUNTY OF POWHATAN, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015



PREPARED BY:
FINANCE DEPARTMENT
POWHATAN, VIRGINIA

**COUNTY OF POWHATAN, VIRGINIA
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INTRODUCTORY SECTION

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Board of Supervisors:
William E. Melton, Chairman
Carson L. Tucker, Vice-Chairman
Barry C. Hodge
Larry J. Nordvig
David T. Williams

County Administrator
Patricia A. Weiler

THE COUNTY OF
POWHATAN
VIRGINIA

3834 Old Buckingham Road, Suite A
Powhatan, Virginia 23139
Tel 804-598-5612 Fax 804-598-7835
Website: www.powhatanva.gov

December 18, 2015

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

The Comprehensive Annual Financial Report (CAFR) of the County of Powhatan, Virginia, (the County) for the fiscal year ended June 30, 2015 is hereby submitted. The *Code of Virginia* requires that all local governments shall be audited annually with a report to the governing body by December 31. This report is published to fulfill that requirement.

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

The County's financial statements have been audited by Brown, Edwards & Company, LLP, a firm of licensed certified public accountants. The independent auditor has issued an unmodified opinion on the County's financial statements for the fiscal year ended June 30, 2015. The independent auditor's report is located at the front of the Financial Section of the CAFR.

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

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

Profile of the County

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

Profile of the County (Continued)



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

The County provides a full range of municipal services including public safety (sheriff, fire, and rescue), health and social services, public improvements, planning and zoning, recreation and cultural services, and general administrative services. The County also operates two wastewater treatment plants located at each end of the County.

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

Profile of the County (Continued)

The discretely presented component unit is reported separately in the financial statements to emphasize that it is legally separate from the primary government and to differentiate its financial position, results of operation and cash flows from those of the primary government.

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

Local economy

The County has seen an increase in real estate assessments since its reassessment effective January 1, 2014. Real estate assessments have increased by 1% due to new construction of residential homes and new commercial development. The 2015 residential/commercial/ agricultural ratio is 77% / 6% / 17%, which has remained consistent since 2014. For the fiscal year end (FYE) 2015, revenue from sales tax increased 13% over FYE 2014. The continued steady growth in sales tax and the start of new construction indicated that Powhatan is recovering from the downturn of 2008. The County's unemployment rate increased from 4.5% in 2014 to 4.6% in 2015, but is still well below the state rate of 5.0% and national rate of 5.5%.

The County has seen commercial growth beginning late fiscal year 2014 into fiscal year 2015. A new Sheetz opened on the western end of the county followed by the development of Stavemill Crossing on the eastern end of the county. The Stavemill Crossing development brought the county Bojangles, Auto Zone, Murphy's Express and Goodwill.

Long term financial planning

On September 11, 2014, Standard & Poor's upgraded the County's AA- bond rating to AA+ and assigned a stable outlook. Standard & Poor's AA+ rating was based on their assessment of the county's strong economy, strong management conditions with what they considered "good" financial policies and practices, very strong budgetary flexibility with a history of available reserves above 20% of expenditures, very strong liquidity, and very weak debt and contingent liabilities, which includes overall net debt at less than 3% of market value.

The County uses Financial Advisors to guide it through the long-term financial planning needed to address the growth of the County. The financial advisors were instrumental in guiding the County through refunding two debt issues in fiscal year 2015 that saved the County \$2.45 million in total net savings.

Relevant financial policies

The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County maintains an unassigned General Fund Balance sufficient to fund all cash flows of the County, to provide financial reserves for unanticipated expenditures and revenue shortfalls. Policy guidelines have established this amount at a minimum of 15% of operating revenues of the same fiscal year net of transfers. The County has also established a capital maintenance reserve within its fund balance policy where any fund balance greater than the 15% is maintained for non-recurring needs of the County. Only the Board of Supervisors can determine these needs and authorize the use of the capital reserve fund balance.

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

Acknowledgements

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

Respectfully submitted,

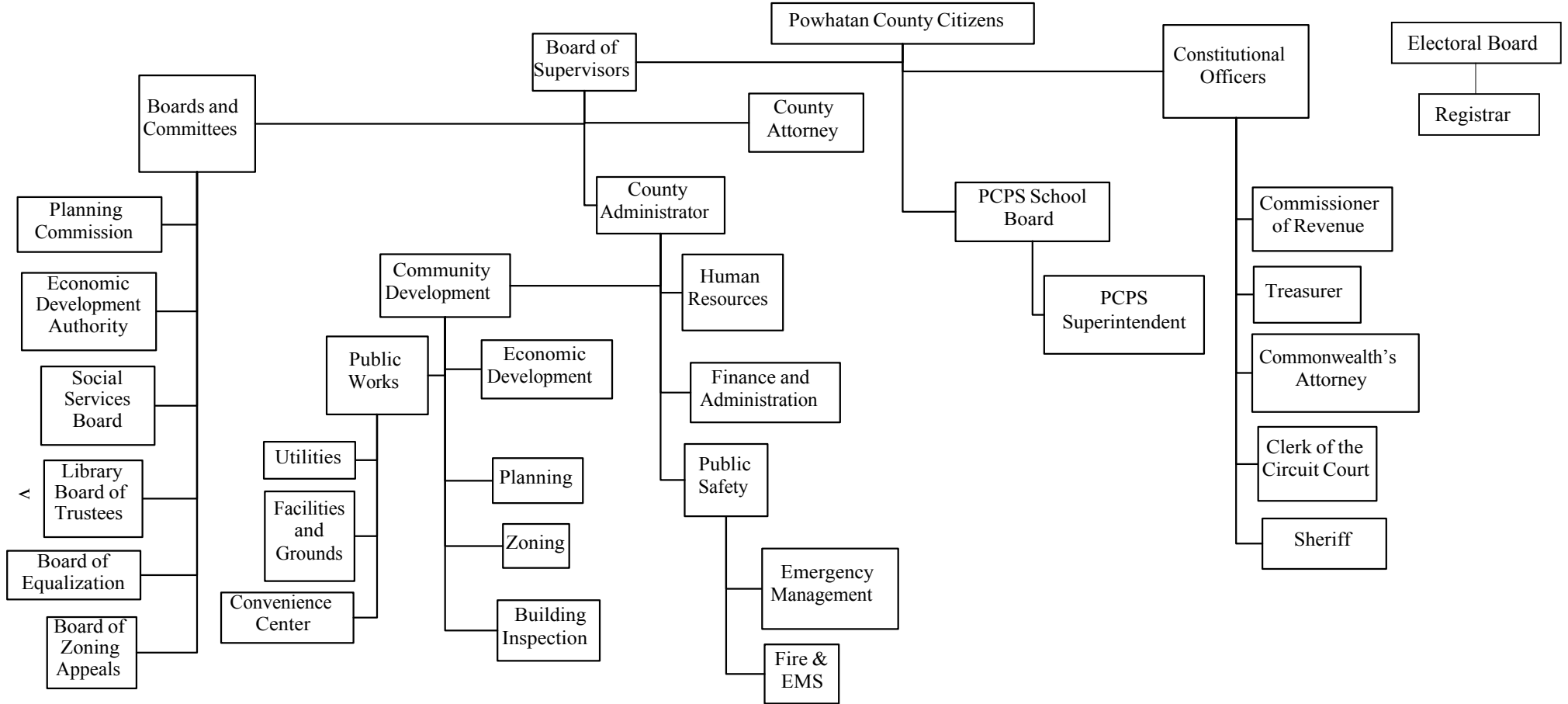


Patricia A. Weiler
County Administrator



Charla W. Schubert
Director of Finance

POWHATAN COUNTY GOVERNMENT ORGANIZATIONAL CHART



COUNTY OF POWHATAN, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2015

BOARD OF SUPERVISORS

William E. “Bill” Melton, Chairman
Carson L. Tucker, Vice Chairman

Barry Hodge

David Williams

Larry J. Nordvig

SCHOOL BOARD

James Kunka, Chairman
Sammy Frame, Vice Chairman

Valerie C. Ayers

Rick Cole

Kim D. Hymel

SOCIAL SERVICES BOARD

Mary Ellen Freer, Chairman

Carson Tucker
Brad Burdette

Ernestine Taylor
Debbie Clarke
Gay Bartlett

Gale Lipscomb
Bobby Fulcher

OTHER OFFICIALS

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

Teresa H. Dobbins
Richard Cox
Faye G. Barton
Gregory A. Neal
Dr. Eric L. Jones
Catherine Pemberton
James B. Timberlake, II
Patricia A. Weiler
John M. Altman, Jr.
Charla W. Schubert

Larry Johns

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Powhatan, Virginia (the "County") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Powhatan, Virginia, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 17 to the financial statements, in 2015, the County adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions- an Amendment of GASB Statement No. 27, as amended by GASB Statement No. 71*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 18, 2015

County of Powhatan, Virginia

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2015

This section of the County of Powhatan (the "County") comprehensive annual financial report presents management's discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2015. Please read it in conjunction with the transmittal letter, which can be found on pages i-iv and with the County's basic financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the County, on a government-wide basis excluding component units, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$15,497,963 (*net position*). Of this amount, \$15,475,934 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position, excluding component units, increased by \$3,021,001, of which the governmental activities increased \$2,187,002 and business-type activities increased by \$833,999.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$18,242,311, an increase of \$1,591,404 in comparison with the prior year. Approximately 60.5% of this amount, \$11,043,610, is *available for spending* at the County's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,043,610, or 15% of total operating revenues of the general, school operating and school cafeteria funds (\$73,624,069). The County's policy is to maintain the general fund unassigned fund balance of 15% of operating revenues. General fund unassigned fund balance as a percent of operating revenues as calculated in accordance with the County's Unassigned Fund Balance Policy R-2015-62 of 15 percent is \$11,043,610. The County maintains a capital maintenance reserve for the County's capital needs. The County funds the capital maintenance reserve with fund balance in excess of the 15 percent policy less any budget carryforwards, nonspendable fund balance and schools capital maintenance reserve. The amount in the County capital maintenance reserve is \$3,072,363.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

In 2015 the County adopted GASB Statement no. 68, *Accounting and Financial Reporting for Pensions*. The overall effect of this new standard is to reflect the County's long-term Virginia Retirement System (VRS) obligations directly in the financial statements. Previously, such amounts were mostly disclosed, but were not recognized as long as the County was current with its required VRS contributions. The new standard not only changes certain measurement methodologies, but also requires certain new disclosures and that the County record a net pension liability directly on the statement of net pension. Beginning net position has been restated as discussed in footnote 10, and this has had a significant impact on the County's net position. However, because similar information has been disclosed in prior years, both in the notes to the financial statements and in required supplementary information, the effect of this new standard is not expected to negatively affect how most governmental entities are viewed by sophisticated readers of their financial statements.

Government-Wide financial statements

Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis has not been restated.

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

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

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

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

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate school board for which the County is financially accountable. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 16-17 of this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Overview of the Financial Statements (Continued)

Fund financial statements (continued)

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

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic fund financial statements can be found on pages 18-21 of this report.

The County maintains one type of **Proprietary Fund**. The County uses *enterprise funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements, to account for its water and sewer utilities. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 25 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-100 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. It also provides information on the progress in funding its obligation to provide pension benefits and health insurance to its employees. Required supplementary information can be found on pages 100-105 of this report.

The combining statements referred to earlier with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 106 of this report.

Government-Wide Financial Analysis

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial standing. In the case of the County, assets exceeded liabilities by \$15.5 million at the close of the most recent fiscal year. A portion of the County's net position (\$305,679), (.02%) of total reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves

Government-wide Financial Analysis (Continued)

cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

An additional amount of \$327,708 is restricted for governmental activities for the cash held with trustee for the supplemental retirement program. Unrestricted net position of \$15.5 million or 99.86% may be used to meet the County's ongoing obligations to citizens and creditors.

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

County of Powhatan, Virginia's Net Position								
	Governmental Activities		Business-type Activities		Primary Government Totals		Component Unit	
	2015	2014	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 24,934,869	\$ 22,879,256	\$ 927,997	\$ 78,547	\$ 25,862,866	\$ 22,957,803	\$ 4,607,214	\$ 5,289,577
Capital assets	62,190,751	65,496,804	19,034,542	19,432,728	81,225,293	84,929,532	12,589,683	11,813,138
Total assets	\$ 87,125,620	\$ 88,376,060	\$ 19,962,539	\$ 19,511,275	\$ 107,088,159	\$ 107,887,335	\$ 17,196,897	\$17,102,715
Deferred outflows of resources:								
Pension contributions made subsequent to the measurement date	\$ 850,581	\$ -	\$ 28,169	\$ -	\$ 878,750	\$ -	\$ 3,597,256	\$ -
Deferred amounts on bond refunding	415,956	(1,388,067)	2,218,839	2,001,786	2,634,795	613,719	-	-
Total deferred outflows of resources	\$ 1,266,537	\$ (1,388,067)	\$ 2,247,008	\$ 2,001,786	\$ 3,513,545	\$ 613,719	\$ 3,597,256	\$ -
Current liabilities	\$ 1,599,388	\$ 1,692,117	\$ 330,103	\$ 353,227	\$ 1,929,491	\$ 2,045,344	\$ 4,537,965	\$ 4,489,339
Long-term liabilities:								
Net pension liability	2,409,136	-	79,392	-	2,488,528	-	37,098,000	-
Due within one year	4,786,309	4,269,654	837,810	696,550	5,624,119	4,966,204	120,707	867,924
Due in more than one year	61,144,169	63,363,897	19,467,885	19,742,955	80,612,054	83,106,852	10,233,458	10,152,723
Total liabilities	\$ 69,939,002	\$ 69,325,668	\$ 20,715,190	\$ 20,792,732	\$ 90,654,192	\$ 90,118,400	\$ 51,990,130	\$15,509,986
Deferred inflows of resources:								
Net difference between projected and actual investment earnings on pension plan investments	\$ 821,146	\$ -	\$ 27,060	\$ -	\$ 821,146	\$ -	\$ 5,976,470	\$ -
Change in proportion - teacher cost sharing pool	-	-	-	-	-	-	70,000	-
Unavailable revenue	3,601,343	3,177,655	-	-	3,601,343	3,177,655	-	-
Total deferred inflows of resources	\$ 4,422,489	\$ 3,177,655	\$ 27,060	\$ -	\$ 4,422,489	\$ 3,177,655	\$ 6,046,470	\$ -
Net position:								
Net investment in capital assets	\$ (1,310,668)	\$ (2,085,394)	\$ 1,004,989	\$ 1,044,804	\$ (305,679)	\$ (1,040,590)	\$ 12,589,683	\$11,813,138
Restricted	327,708	29,239	-	-	327,708	29,239	-	-
Unrestricted (deficit)	15,013,626	16,540,825	462,308	(324,475)	15,475,934	16,216,350	(49,832,130)	(10,220,409)
Total net position	\$ 14,030,666	\$ 14,484,670	\$ 1,467,297	\$ 720,329	\$ 15,497,963	\$ 15,204,999	\$ (37,242,447)	\$ 1,592,729

Government-wide Financial Analysis (Continued)

The County's combined net position, which is the County's bottom line, increased by \$3 million or 24.2% from the prior year. The change in the County's combined net position is a combination of an increase of \$2.2 million from the efforts of governmental activities and an increase of \$800,000 from the efforts of business-type activities. A significant portion of the increase from the efforts of the governmental activities can be attributed to bond proceeds from the refunding of debt, but the increase is also due in part to paying down debt in amounts in excess of depreciation claimed, and various decisions made to deal with economic conditions. The increase in the net position from business-type activities was the result of a modest increase in service fees with decreases in the amount of outstanding debt, and an increase in contributed cash from governmental activities to help with debt service payments.

In the case of the component unit, Powhatan County Public Schools, liabilities exceeded assets by \$37.2 million at the close of fiscal year 2015. The deficit is due to the new GASB 68 standard, which requires for the recording of the net pension liability. The Powhatan County Public Schools net pension liability at June 30, 2015 is \$37,098,000. The Commonwealth of Virginia requires that counties, as well as their financial dependent component unit, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component unit. The capital assets of the Powhatan County Public Schools are jointly owned with the County. The County maintains ownership of the capital asset and as debt is paid a portion of the asset is transferred back to the component unit. The County also reports depreciation expense on these assets and as debt is paid a portion of the jointly owned assets are transferred back to the component unit.

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Government-wide Financial Analysis (Continued)

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

County of Powhatan, Virginia's Statement of Activities								
	Governmental Activities		Business-type Activities		Primary Government Totals		Component Unit	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues:								
Program Revenues:								
Charges for Services	\$ 1,728,063	\$ 1,622,168	\$ 514,998	\$ 272,633	\$ 2,243,061	\$ 1,894,801	\$ 610,192	\$ 662,251
Operating Grants and Contributions	4,377,081	4,374,567	-	-	4,377,081	4,374,567	22,707,154	21,151,734
Capital Grants and Contributions	212,050	-	-	-	212,050	-	-	-
Property Taxes	35,172,302	35,253,633	-	-	35,172,302	35,253,633	-	-
Other local taxes	4,702,903	4,250,661	-	-	4,702,903	4,250,661	-	-
Grants and Contributions not restricted to specific programs	4,087,845	4,147,231	-	-	4,087,845	4,147,231	-	-
Other	618,883	639,461	11,765	51	630,648	639,512	175,650	625,456
Total revenues	\$ 50,899,127	\$ 50,287,721	\$ 526,763	\$ 272,684	\$ 51,425,890	\$ 50,560,405	\$ 23,492,996	\$ 22,439,441
Expenses:								
General government administration	2,904,327	2,913,719	-	-	\$ 2,904,327	\$ 2,913,719	\$ -	\$ -
Judicial administration	882,082	915,308	-	-	882,082	915,308	-	-
Public safety	7,614,265	7,386,351	-	-	7,614,265	7,386,351	-	-
Public works	1,905,609	1,715,947	2,564,546	2,439,900	4,470,155	4,155,847	-	-
Health and welfare	4,254,575	4,079,149	-	-	4,254,575	4,079,149	-	-
Education	23,858,180	24,091,342	-	-	23,858,180	24,091,342	46,480,842	44,852,345
Parks, recreation, and cultural	672,746	881,707	-	-	672,746	881,707	-	-
Community development	952,532	784,157	-	-	952,532	784,157	-	-
Interest and fiscal charges	2,490,147	2,664,241	-	-	2,490,147	2,664,241	-	-
Loss on disposal of fixed assets	-	390,698	-	-	-	390,698	-	-
Total expenses	\$ 45,534,463	\$ 45,822,619	\$ 2,564,546	\$ 2,439,900	\$ 48,099,009	\$ 48,262,519	\$ 46,480,842	\$ 44,852,345
Change in net position before transfers	\$ 5,364,664	\$ 4,465,102	\$ (2,037,783)	\$ (2,167,216)	\$ 3,326,881	\$ 2,297,886	\$ (22,987,846)	\$ (22,412,904)
Special item	(305,880)	-	-	-	(305,880)	-	305,880	-
Transfers	(2,871,782)	(2,321,178)	2,871,782	2,321,178	-	-	23,590,005	22,010,708
Change in net position	\$ 2,187,002	\$ 2,143,924	\$ 833,999	\$ 153,962	\$ 3,021,001	\$ 2,297,886	\$ 908,039	\$ (402,196)
Net position - beginning	11,843,664	12,340,746	633,298	566,367	12,476,962	12,907,113	(38,150,486)	1,994,925
Net position - ending	\$ 14,030,666	\$ 14,484,670	\$ 1,467,297	\$ 720,329	\$ 15,497,963	\$ 15,204,999	\$ (37,242,447)	\$ 1,592,729

Governmental activities – For fiscal year ended June 30, 2015, revenues from governmental activities (not including Capital Projects) totaled \$50.9 million, which was an increase of \$611,406 from the prior year. Real estate tax revenues, the County's largest revenue source, real estate billing of \$27.9 million. The County's assessed

Government-wide Financial Analysis (Continued)

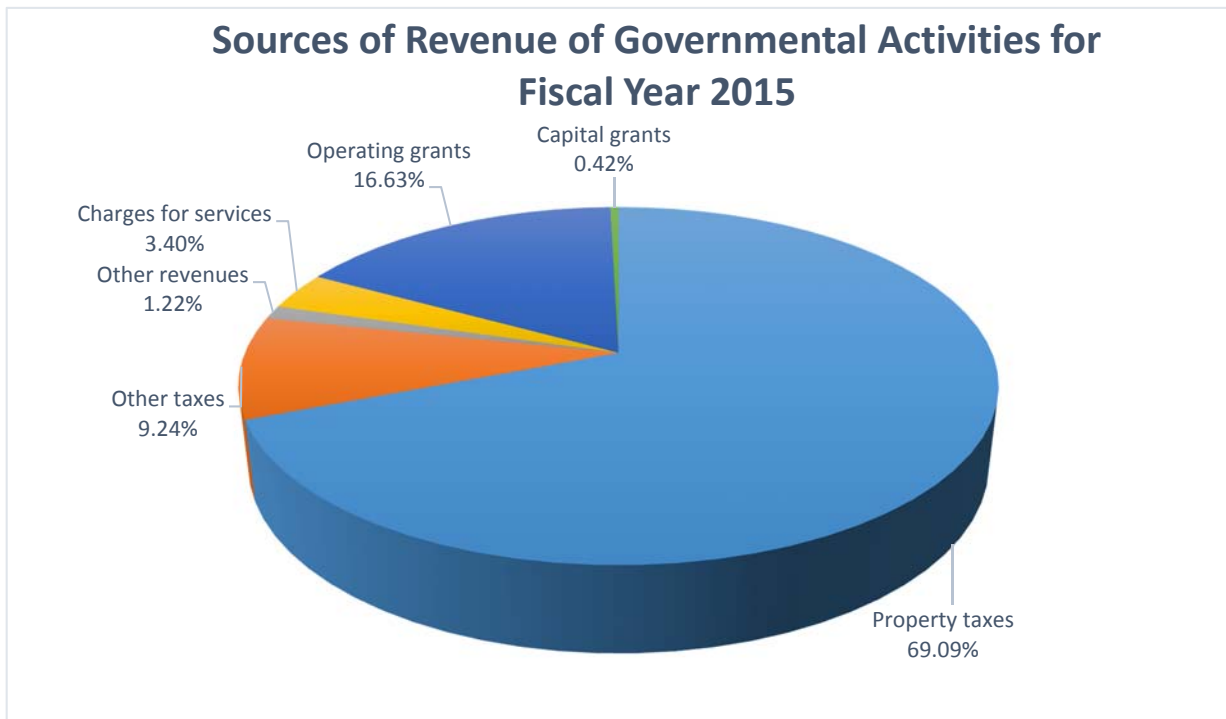
real property tax base for fiscal year 2015 saw a slight increase of \$21.9 million largely due to new construction. The real estate tax rate remained the same of \$.90 for fiscal year 2015.

In the General Fund, the County reported current year collections of \$9.8 million in personal property taxes, the County's second largest revenue source. Of that amount, \$3.02 million was received as reimbursement from the Commonwealth of Virginia. Under the provisions of the Personal Property Tax Relief Act (PPTRA), the state's share of local personal property taxes remains stable, which is attributed to the tax rate remaining at \$3.60. The increase of \$452,242 in other taxes, which includes local sales taxes, consumer utility taxes and local business license taxes, is evidence that the local economy continues to show signs of modest recovery from the economic downturn.

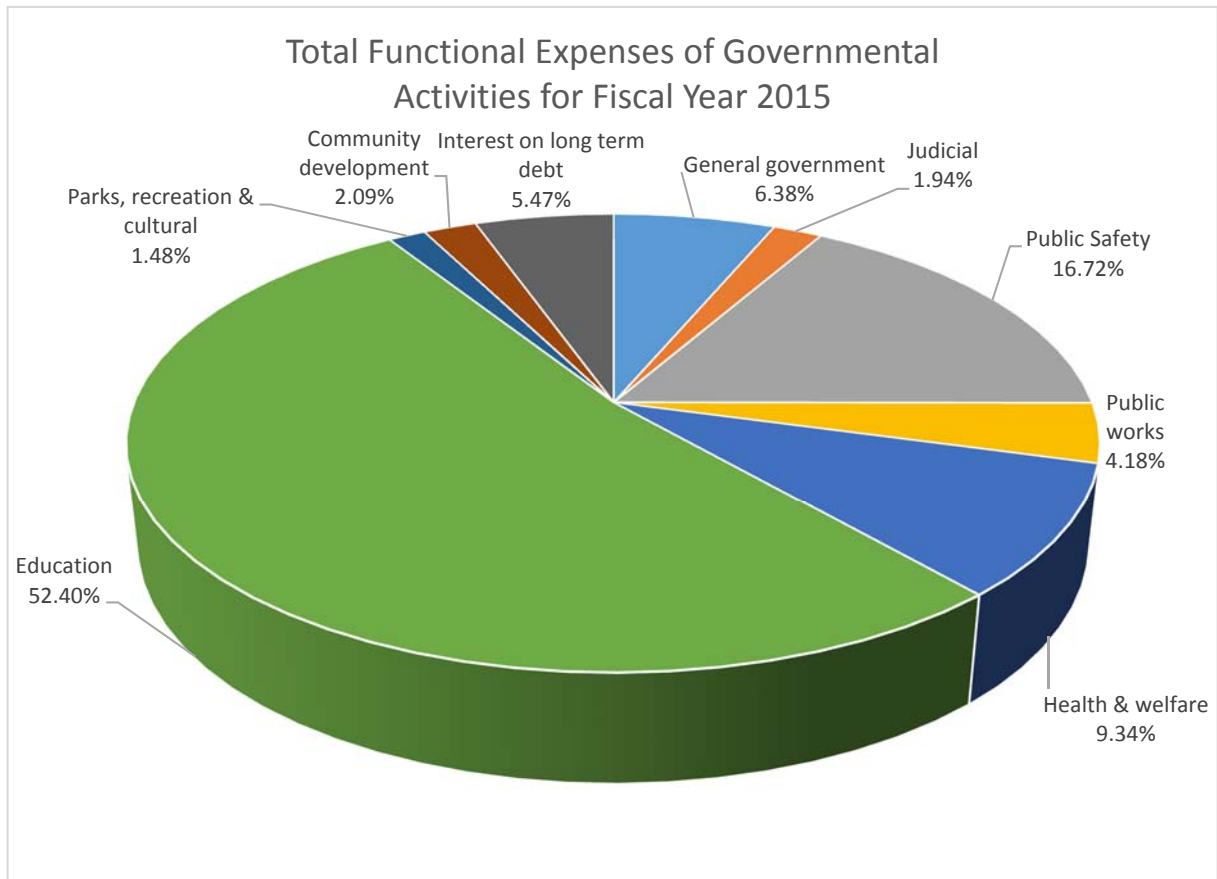
For the fiscal year ended June 30, 2015, expenses relating to governmental activities (not including Capital Projects) were \$1.3 million less than planned. As in the previous fiscal years, state and national economic conditions continued to negatively impact local budgets and, various strategies were enacted in order to reduce expenses. These strategies included delaying filling vacancies, delaying capital, and examining program efficiencies.

Public education continues to be one of the County's highest priorities and commitments, but the same economic conditions mentioned in other areas of this document have restricted efforts. The County contributed \$20.3 million to public education school operations and \$5.6 million toward debt payments relating to school projects for a total contribution of \$26 million.

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



Government-wide Financial Analysis (Continued)



Business-type activities increased the County's net position by \$834,000 for fiscal year 2015. Similar to the changes in net assets attributable to governmental activities, changes in business-type activity net assets also result from the difference between revenues and expenses. Unlike governmental activities, which primarily rely on general tax revenue to finance operations, business-type activities are financed by fees charged for goods and services provided.

The County has one enterprise fund, which provides water and wastewater services to approximately 199 customers in the County. Like all business-type activities, the Utility Fund attempts to recover much of the operating expenses it incurs to meet service demands through user fees. The primary factors affecting the Utility Fund are:

- Efforts to make the fund self-supporting have been unsuccessful; however the fund is showing improvements. The County recognizes the need to continue support of the fund through annual General Fund transfers. The budgeted transfer was \$2,318,302 in fiscal year 2015.

Financial Analysis of the County's Funds

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

Governmental funds: The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Financial Analysis of the County's Funds (Continued)

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$18.2 million, an increase of \$1.6 million in comparison with the prior year. The \$1.6 million increase can be attributed to:

- The County's response to uncertain economic conditions, which resulted in expenditures (not including the Capital Projects Fund) being \$1.2 million less than expected while revenue (not including the Capital Projects Fund) being \$1.3 million more than expected.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11.04 million, while total fund balance reached \$14.7 million. The Board of Supervisors adopted a fund balance policy in June 2015 to keep unassigned fund balance at a minimum of 15% of operating revenues of the same fiscal year. The fund balance in excess of 15% is assigned for capital maintenance reserve. In fiscal year 2015 the County's fund balance was 20%. The excess fund balance of \$3.07 million is assigned for capital maintenance needs of the County.

The County Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those reported by the Proprietary Fund. The County Capital Projects Fund has a fund balance of \$1.6 million, which all has been assigned for future capital projects.

Proprietary funds: The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Utility Fund at the end of the year amounted to \$462,308, which is an increase of \$786,783 from fiscal year 2014. The majority of this increase can be attributed to an additional transfer from the County to fund utility capital projects as identified in the County's Capital Improvement Plan. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

As with most of the nation, Powhatan County has felt the impact of national and state economic downturns and the continued uncertainty for the future. Total General Fund expenditures in fiscal year 2015 came in at \$1.1 million or 2.4% below the final amended budget. Local expenditures for Education were under budget by \$282,862.

General Fund revenues exceeded budget projections in fiscal year 2015 by \$1.7 million, which can be attributed to the slow signs of recovery in the local economy as well as very conservative revenue forecasting.

There was an increase of \$2,754,533 between the original General Fund budget and the final amended General Fund budget, and the major differences can be summarized as follows:

- An increase of \$1,424,504 can be associated with the appropriation of fund balances for various capital improvements in accordance with the County's Capital Improvement Program.
- An increase of \$574,710 can be associated with the appropriation of bond issuance costs for the refunding of the 2007 and 2010 lease revenue bonds.
- An increase of \$236,233 can be associated with the appropriation of fund balances for designated carryovers for projects that were continued from the prior year into the current year.
- An increase of \$385,772 can be attributed to the anticipated receipt of the CSBG grant.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$62.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, and machinery and equipment.

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

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

- The County sold the War Memorial Building in fiscal year 2014 and therefore the County needed to construct a warehouse building to house the maintenance supplies and surplus items for the County. The warehouse was constructed in fiscal year 2015 in the amount of \$146,534.
- The County received a grant in the amount of \$150,000 to purchase and renovate the E-911 dispatch area. The County spent \$187,541 new E-911 equipment and \$59,996 on the renovation and purchase of an additional console for the dispatch area.
- The County also made a down payment on the purchase of a new 2500 gallon fire tanker/pumper in the amount of \$125,000. The new fire truck will be completed in fiscal year 2016 for a final complete cost of \$476,263.

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

Capital Assets As of June 30, 2015 and 2014								
	Governmental Activities		Business-type Activities		Primary Government Totals		Component Unit	
	2015	2014	2015	2014	2015	2014	2015	2014
Land	\$ 1,590,827	\$ 1,590,827	\$ 859,030	\$ 859,030	\$ 2,449,857	\$ 2,449,857	\$ 668,764	\$ 668,764
Construction in progress	182,228	-	16,582	-	198,810	-	11,631	-
Buildings	11,750,241	12,197,105	18,133,003	18,560,379	29,883,244	30,757,484	-	-
Machinery & equipment	2,852,292	2,666,404	25,927	13,319	2,878,219	2,679,723	299,058	289,657
Jointly owned assets	45,815,163	49,042,468	-	-	45,815,163	49,042,468	11,610,230	10,854,717
Total	\$ 62,190,751	\$ 65,496,804	\$ 19,034,542	\$19,432,728	\$ 81,225,293	\$ 84,929,532	\$12,589,683	\$ 11,813,138

Additional information on the County's capital assets can be found in Note 7 on pages 41-43 of this report.

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Capital Asset and Debt Administration (Continued)

Long-term debt: At the end of the current fiscal year, the County had a total outstanding debt of \$80.2 million and details are summarized in the following table:

Long-Term Debt As of June 30, 2015 and 2014								
	Governmental Activities		Business-type Activities		Primary Government Totals		Component Unit	
	2015	2014	2015	2014	2015	2014	2015	2014
Bonds Payable:								
General obligation bonds	\$ 29,263,282	\$ 31,425,110	\$ -	\$ -	\$ 29,263,282	\$ 31,425,110	\$ -	\$ -
Revenue bonds	29,611,483	31,196,651	18,403,513	19,128,697	48,014,996	50,325,348	-	-
Premium on bonds	3,710,817	1,925,247	1,844,879	1,261,013	5,555,696	3,186,260	-	-
Literary loans	1,000,000	1,250,000	-	-	1,000,000	1,250,000	-	-
Capital leases	331,795	397,123	-	-	331,795	397,123	-	-
OPEB liability	864,139	752,478	29,261	24,622	893,400	777,100	8,430,400	7,524,300
Supplemental retirement plan	475,192	-	-	-	475,192	-	-	-
Compensated absences	673,770	686,942	28,042	25,173	701,812	712,115	1,923,765	2,104,296
Total	\$ 65,930,478	\$ 67,633,551	\$20,305,695	\$20,439,505	\$ 86,236,173	\$ 88,073,056	\$10,354,165	\$ 9,628,596

Debt associated with governmental activities decreased \$3.9 million, which is the net amount of pay down or principal during the year and the refunding of the 2007 and 2010 lease revenue bonds. The debt associated with business-type activities decreased by \$717,676, which can be attributed to pay down of principal during the current year and the refunding of the 1999 and 2006 VRA lease revenue bonds.

The County is not subject to a statutory debt limitation, but the County limits its debt to a net debt as a percentage of assessed value of taxable property which shall not exceed 4.5%. The County also limits its ratio of debt service as a percentage of governmental operating funds expenditures to 12%. The County's net debt as a percentage of assessed value was .90%, the net debt per capita ratio was \$1,079, and the debt payments percentage was 10%.

Additional information on the County's long-term debt can be found in Note 9 on pages 44-48.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County as of June 2015 was 4.6 percent, which is below the state rate (4.9 percent) and the national rate (5.3 percent).
- Real property taxable assessed values decreased 1.83 percent from January 1, 2013 to January 1, 2014, which was the date of the last reassessment, from \$3,040,216,425 to \$2,984,509,525. Real property taxable assessed values increased .24 percent from January 1, 2014 to January 1, 2015 from \$2,984,509,525 to \$2,991,666,250 due to new construction. The County is projecting assessed values to continue increasing with new reassessment effective January 1, 2016 and has taken this into consideration in the development of the FY 2017 Budget which is currently underway.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

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COUNTY OF POWHATAN, VIRGINIA

STATEMENT OF NET POSITION
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
ASSETS				
Cash and cash equivalents (Note 3)	\$ 17,043,511	\$ 897,013	\$ 17,940,524	\$ 3,102,213
Receivables, net (Note 4):	6,201,771	30,984	6,232,755	-
Prepaid items and other	3,048	-	3,048	7,104
Due from other governments (Note 5)	1,358,831	-	1,358,831	1,301,213
Restricted assets (Note 3):				
Cash and cash equivalents	47,867	-	47,867	-
Investments	279,841	-	279,841	-
Net pension asset (Note 10)	-	-	-	196,684
Capital assets (Note 7):				
Nondepreciable	1,773,055	875,612	2,648,667	680,395
Depreciable, net	60,417,696	18,158,930	78,576,626	11,909,288
Total assets	87,125,620	19,962,539	107,088,159	17,196,897
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions made subsequent to the measurement date (Notes 10 & 11)	850,581	28,169	878,750	3,597,256
Deferred amount on bond refundings	415,956	2,218,839	2,634,795	-
	1,266,537	2,247,008	3,513,545	3,597,256
LIABILITIES				
Accounts payable and accrued liabilities	812,679	104,465	917,144	4,537,965
Accrued interest payable	786,709	217,826	1,004,535	-
Unearned revenue (Note 8)	-	7,812	7,812	-
Long-term liabilities:				
Net pension liability (Notes 10 & 11)	2,409,136	79,392	2,488,528	37,098,000
Due within one year (Note 9)	4,786,309	837,810	5,624,119	120,707
Due in more than one year (Note 9)	61,144,169	19,467,885	80,612,054	10,233,458
Total liabilities	69,939,002	20,715,190	90,654,192	51,990,130
DEFERRED INFLOWS OF RESOURCES				
Net difference between projected and actual investment earnings on pension plan investments (Note 10 & 11)	821,146	27,060	848,206	5,976,470
Change in proportion - teacher cost sharing pool (Note 11)	-	-	-	70,000
Unearned property taxes	3,601,343	-	3,601,343	-
	4,422,489	27,060	4,449,549	6,046,470
NET POSITION				
Net investment in capital assets	(1,310,668)	1,004,989	(305,679)	12,589,683
Restricted for SRP	327,708	-	327,708	-
Unrestricted (deficit)	15,013,626	462,308	15,475,934	(49,832,130)
Total net position	\$ 14,030,666	\$ 1,467,297	\$ 15,497,963	\$ (37,242,447)

COUNTY OF POWHATAN, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		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	\$ 2,904,327	\$ -	\$ 258,692	\$ -	\$ (2,645,635)	\$ -	\$ (2,645,635)	\$ -
Judicial administration	882,082	145,738	435,046	-	(301,298)	-	(301,298)	-
Public safety	7,614,265	563,314	1,429,985	212,050	(5,408,916)	-	(5,408,916)	-
Public works	1,905,609	54,674	-	-	(1,850,935)	-	(1,850,935)	-
Health and welfare	4,254,575	-	2,145,544	-	(2,109,031)	-	(2,109,031)	-
Education	23,858,180	-	-	-	(23,858,180)	-	(23,858,180)	-
Parks, recreation, and cultural	672,746	24,394	99,879	-	(548,473)	-	(548,473)	-
Community development	952,532	939,943	7,935	-	(4,654)	-	(4,654)	-
Interest and other debt related costs	2,490,147	-	-	-	(2,490,147)	-	(2,490,147)	-
Total governmental activities	45,534,463	1,728,063	4,377,081	212,050	(39,217,269)	-	(39,217,269)	-
Business-type activities								
Water and sewer	2,564,546	514,998	-	-		\$ (2,049,548)	(2,049,548)	-
Total primary government	\$ 48,099,009	\$ 2,243,061	\$ 4,377,081	\$ 212,050	(39,217,269)	(2,049,548)	(41,266,817)	-
Component Unit:								
School Board	\$ 46,480,842	\$ 610,192	\$ 22,707,154	\$ -				\$ (23,163,496)
General revenues:								
General property taxes					35,172,302	-	35,172,302	-
Other local taxes:								
Local sales and use					2,428,681	-	2,428,681	-
Consumer's utility tax					569,820	-	569,820	-
Other local taxes					1,704,402	-	1,704,402	-
Unrestricted investment earnings					405,979	-	405,979	22,690
Miscellaneous					212,904	11,765	224,669	152,960
Grants and contributions not restricted to specific programs					4,087,845	-	4,087,845	-
County contribution					-	-	-	23,590,005
Transfers (Note 6)					(2,871,782)	2,871,782	-	-
Special item - School obligations moved to the County (Note 15)					(305,880)	-	(305,880)	305,880
Total general revenues, transfers, and special item					41,404,271	2,883,547	44,287,818	24,071,535
Change in net position					2,187,002	833,999	3,021,001	908,039
NET POSITION AT JULY 1, as restated (Note 18)					11,843,664	633,298	12,476,962	(38,150,486)
NET POSITION AT JUNE 30					\$ 14,030,666	\$ 1,467,297	\$ 15,497,963	\$ (37,242,447)

The Notes to Financial Statements are
an integral part of this statement.

FUND
FINANCIAL STATEMENTS

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COUNTY OF POWHATAN, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents (Note 3)	\$ 13,803,122	\$ 1,632,251	\$ 1,608,138	\$ 17,043,511
Receivables, net (Note 4):				
Taxes receivable	6,024,166	-	-	6,024,166
Accounts receivable	111,342	-	66,263	177,605
Due from other governments (Note 5)	1,331,291	-	27,540	1,358,831
Prepaid items and other	3,048	-	-	3,048
Restricted assets:				
Cash and cash equivalents (Note 3)	-	-	47,867	47,867
Investments (Note 3)	-	-	279,841	279,841
Total assets	<u>\$ 21,272,969</u>	<u>\$ 1,632,251</u>	<u>\$ 2,029,649</u>	<u>\$ 24,934,869</u>
LIABILITIES				
Accounts payable	\$ 647,783	\$ 21,844	\$ 143,052	\$ 812,679
Total liabilities and fund balances	<u>647,783</u>	<u>21,844</u>	<u>143,052</u>	<u>812,679</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable/unearned revenue (Note 8)	<u>5,879,879</u>	<u>-</u>	<u>-</u>	<u>5,879,879</u>
FUND BALANCES				
Nonspendable	3,048	-	-	3,048
Restricted	-	-	1,886,597	1,886,597
Assigned	3,698,649	1,610,407	-	5,309,056
Unassigned	11,043,610	-	-	11,043,610
Total fund balances	<u>14,745,307</u>	<u>1,610,407</u>	<u>1,886,597</u>	<u>18,242,311</u>
Total liabilities and fund balances	<u>\$ 21,272,969</u>	<u>\$ 1,632,251</u>	<u>\$ 2,029,649</u>	<u>\$ 24,934,869</u>

COUNTY OF POWHATAN, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2015**

Total fund balances - Governmental Funds \$ 18,242,311

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Nondepreciable	1,773,055	
Depreciable, net	<u>60,417,696</u>	
		62,190,751
Deferred inflows of resources (i.e. taxes levied) are not available to pay for current period expenditures and, therefore, are deferred in the funds.		2,278,536
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources for 2015 employer contributions	850,581	
Deferred inflows of resources for the net difference between projected and actual investment earnings on pension plan investments	(821,146)	
Net Pension Liability	<u>(2,409,136)</u>	
		(2,379,701)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable and loans payable	(59,874,765)	
Bond issuance premium, net of accumulated amortization	(3,710,817)	
Deferred charge on refundings, net of accumulated amortization	415,956	
Interest payable	(786,709)	
OPEB liability	(864,139)	
Supplemental Retirement Plan liability	(475,192)	
Compensated absences	(673,770)	
Capital lease	<u>(331,795)</u>	
		<u>(66,301,231)</u>
Net position of governmental activities		\$ <u>14,030,666</u>

COUNTY OF POWHATAN, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General	Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 35,326,867	\$ -	\$ -	\$ 35,326,867
Other local taxes	4,702,903	-	-	4,702,903
Permits, privilege fees, and regulatory licenses	566,281	-	370,989	937,270
Fines and forfeitures	102,410	-	-	102,410
Revenue from the use of money and property	237,348	12	168,619	405,979
Charges for services	177,845	-	510,538	688,383
Miscellaneous	197,971	-	14,933	212,904
Intergovernmental revenues:				
Commonwealth	7,418,380	-	371,867	7,790,247
Federal	836,815	-	49,914	886,729
Total revenues	49,566,820	12	1,486,860	51,053,692
EXPENDITURES				
Current:				
General government administration	2,648,831	232,277	-	2,881,108
Judicial administration	882,636	-	4,198	886,834
Public safety	6,395,362	180,952	985,079	7,561,393
Public works	1,813,569	322,670	-	2,136,239
Health and welfare	4,284,293	-	1,460	4,285,753
Education	20,362,700	-	906,434	21,269,134
Parks, recreation, and cultural	445,498	94,953	2,628	543,079
Community development	828,903	-	23,825	852,728
Capital outlays projects	10,078	112,992	-	123,070
Debt service (Note 9):				
Principal retirement	4,046,946	-	-	4,046,946
Interest and other fiscal charges	2,887,426	-	-	2,887,426
Bond issuance costs	547,516	-	-	547,516
Total expenditures	45,153,758	943,844	1,923,624	48,021,226
Excess (deficiency) of revenues over expenditures	4,413,062	(943,832)	(436,764)	3,032,466
OTHER FINANCING SOURCES (USES)				
Transfers in	1,301,750	2,224,344	338,710	3,864,804
Transfers out	(5,474,348)	(582,729)	(679,509)	(6,736,586)
Proceeds from capital lease	47,942	-	-	47,942
Payment to refunding escrow agent	(25,586,845)	-	-	(25,586,845)
Issuance of refunding bonds	26,162,052	-	-	26,162,052
Total other financing sources (uses)	(3,549,449)	1,641,615	(340,799)	(2,248,633)
SPECIAL ITEM				
School retirement assets received from School Board	-	-	807,571	807,571
Net change in fund balance	863,613	697,783	30,008	1,591,404
FUND BALANCES AT JULY 1	13,881,694	912,624	1,856,589	16,650,907
FUND BALANCES AT JUNE 30	\$ 14,745,307	\$ 1,610,407	\$ 1,886,597	\$ 18,242,311

COUNTY OF POWHATAN, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015**

Net Change in Fund Balance - Governmental Funds		\$ 1,591,404
Amounts reported for governmental activities in the Statement of Activities are different because:		
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.		
Capital outlays	1,127,220	
Depreciation expense	(3,225,974)	
Allocation of jointly owned assets	<u>(1,203,458)</u>	
		(3,302,212)
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Employer pension contributions	850,581	
Pension Expense	<u>(589,276)</u>	
		261,305
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the property sold.		
		(3,842)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		
Change in deferred inflows of resources		(154,565)
Liabilities of the School Board assumed by the County are not considered a use of current financial resources and are only reported in the Statement of Activities of governmental activities		
		(1,113,451)
The following transactions affecting long-term debt (provide) consume current financial resources of governmental funds. However, the transactions have no effect on net position:		
Issuance of refunding bonds	(26,162,052)	
Proceeds from capital lease	(47,942)	
Payments of principal on long-term obligations	4,046,946	
Payments to bond escrow agent	<u>25,586,845</u>	
		3,423,797
Some expenses reported in the Statement of Activities, such as compensated absences and other post-employment benefits do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	13,173	
Change in other post employment benefits	(111,661)	
Change in interest payable	287,815	
Change in SRP liability	638,259	
Amortization of deferred amounts on refunding	125,498	
Amortization of premium on bonds payable	<u>531,482</u>	
		1,484,566
Changes in net position of governmental activities		\$ 2,187,002

COUNTY OF POWHATAN, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2015

	<u>Enterprise Fund</u> <u>Water & Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents (Note 3)	\$ 897,013
Receivables, net (Note 4)	30,984
Total current assets	<u>927,997</u>
Noncurrent assets (Note 7):	
Capital assets:	
Nondepreciable	875,612
Depreciable, net	18,158,930
Total noncurrent assets	<u>19,034,542</u>
Total assets	<u>19,962,539</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions made subsequent to the measurement date (Note 10)	28,169
Deferred amount on bond refunding	2,218,839
Total deferred outflows of resources	<u>2,247,008</u>
LIABILITIES	
Current liabilities:	
Accounts payable and other current liabilities	104,465
Accrued interest payable	217,826
Unearned revenue (Note 8)	7,812
Compensated absences - current portion	2,804
Bonds payable - current portion	835,006
Total current liabilities	<u>1,167,913</u>
Noncurrent liabilities:	
Net pension liability	79,392
Compensated absences - net of current portion	25,238
Other post-employment benefits payable	29,261
Bonds payable - net of current portion	19,413,386
Total noncurrent liabilities	<u>19,547,277</u>
Total liabilities	<u>20,715,190</u>
DEFERRED INFLOWS OF RESOURCES	
Net difference between projected and actual investment earnings on pension plan investments (Note 10)	27,060
NET POSITION	
Net investment in capital assets	1,004,989
Unrestricted	462,308
Total net position	<u>\$ 1,467,297</u>

COUNTY OF POWHATAN, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2015

	Enterprise Fund
	Water & Sewer
OPERATING REVENUES	
Charges for services	\$ 224,165
Connection and reconnection fees	290,833
Miscellaneous revenue	11,765
Total operating revenues	<u>526,763</u>
OPERATING EXPENSES	
Personnel services	244,901
Fringe benefits	81,804
Contractual services	246,073
Other charges	453,035
Depreciation	449,238
Total operating expenses	<u>1,475,051</u>
Operating loss	<u>(948,288)</u>
NON-OPERATING EXPENSES	
Interest and fiscal charges	(932,389)
Bond issuance costs	(157,106)
Total non-operating expenses	<u>(1,089,495)</u>
Loss before transfers	(2,037,783)
TRANSFERS IN (Note 6)	<u>2,871,782</u>
Change in net position	833,999
NET POSITION AT JULY 1, as restated (Note 18)	<u>633,298</u>
NET POSITION AT JUNE 30	<u><u>\$ 1,467,297</u></u>

COUNTY OF POWHATAN VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year Ended June 30, 2015

	<u>Enterprise Fund</u>
	<u>Water & Sewer</u>
OPERATING ACTIVITIES	
Receipts from customers and users	\$ 526,878
Payments to suppliers	(703,908)
Payments to employees	(327,945)
Net cash used in operating activities	(504,975)
NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	2,871,782
Net cash provided by noncapital financing activities	2,871,782
CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(51,052)
Interest paid on long-term debt	(862,416)
Proceeds from refunding bonds issued	6,855,431
Payments to bond escrow	(6,837,267)
Principal payments on bonds	(464,832)
Debt issuance costs	(157,106)
Net cash used in capital and related financing activities	(1,517,242)
Net increase in cash and cash equivalents	849,565
CASH AND CASH EQUIVALENTS	
Beginning at July 1	47,448
Ending at June 30	\$ 897,013
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (948,288)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	449,238
Pension expense net of employer contributions	(8,748)
Change in assets and liabilities:	
(Increase) decrease in:	
Water and sewer receivables, net of allowance	115
(Decrease) increase in:	
Accounts payable and accrued liabilities	(4,800)
Compensated absences and OPEB	7,508
Net cash used in operating activities	\$ (504,975)

COUNTY OF POWHATAN, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents (Note 3)	\$ 173,090
	<u> </u>
LIABILITIES	
Amounts held for social services clients	\$ 21,909
Amounts held for others	151,181
	<u> </u>
Total liabilities	\$ 173,090
	<u> </u>

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Financial Statement Presentation

Government-wide Financial Statements

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

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

Statement of Net Position

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

Statement of Activities

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

B. Financial Statement Presentation (Continued)

Statement of Activities (Continued)

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

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

Budgetary Comparison Schedules

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

C. Financial Reporting Entity

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

D. Individual Component Unit Disclosures

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.

E. Other Related Organizations

James River Juvenile Detention Commission

The James River Juvenile Detention Commission is jointly governed by the localities of Goochland, Henrico, and Powhatan. The Commission is funded primarily through monthly fees paid by the member jurisdictions for operating support which is determined annually by the Commission. The County's annual fee for fiscal year 2015 was \$206,638.

Central Virginia Waste Management Authority

The Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, and Prince George, and the Cities of Colonial Heights, Hopewell, Petersburg, and Richmond, and the Town of Ashland provide financial support for the Authority, which is determined annually by the Board, and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. The County appoints one or more members to the Board. No one locality contributes more than 50% of the Authority's funding or has oversight responsibility over its operations. The County has no equity interest in the Authority. During fiscal year 2013, the County executed and renewed 6 contracts with the CVWMA. The County's contribution for fiscal year 2015 was \$13,462.

Goochland-Powhatan Community Services Board

The Board was created by resolution pursuant to state statute and is considered a jointly governed organization, and therefore, its operations are not included in the County's financial statements. The counties of Goochland and Powhatan provide the financial support for the Board, which is determined annually by the Board, and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. The County has no equity interest in the Board, and made operating contributions of \$252,730 to the Board during fiscal year 2015.

Virginia Department of Health - Chesterfield Health District

The Chesterfield Health District includes the localities of Chesterfield, Powhatan, and Colonial Heights. The County makes an annual contribution for operating support, which is based on the needs of the Department and determined annually by the Board of Supervisors. The County's contribution for fiscal year 2015 was \$186,079.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Related Organizations (Continued)

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's contribution during fiscal year 2015 was \$40,000.

Piedmont Court Services

Piedmont Court Services is an agency dedicated to enhancing public safety, reducing crime, reinforcing offender accountability, promoting lawful and productive lifestyles among offenders, and assisting the Courts in managing offenders by utilizing evidence-based practices and principles and establishing collaborative community partnerships in order to promote offender self-efficacy and to reduce recidivism. The agency is jointly governed by the following localities: Amelia, Buckingham, Charlotte, Cumberland, Lunenburg, Nottoway, Powhatan, and Prince Edward. The County made no contribution during fiscal year 2015.

Richmond Regional Planning District

The Richmond Regional Planning District Commission is a regional planning agency with major emphasis in the areas of transportation, local technical assistance and information services including demographic, economic and geographic information systems. The Commission, which was formed by local governments on August 14, 1969 under the authority of the Virginia Area Development Act, which was revised and retitled as the Regional Cooperation Act in 1995, is comprised of elected officials and citizens who address mutual problems and work out solutions for the local governments which benefit from intergovernmental cooperation. Each county within the Richmond region is required to pay annual dues, which is based on estimated population. The County's dues for fiscal year 2015 were \$16,527.

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 2015 was \$89,866.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Related Organizations (Continued)

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

The Maggie L. Walker Governor's School for Government and International Studies provides broad-based educational opportunities that develop gifted students' understanding of world cultures and languages, as well as their ability to lead, participate, and contribute in a rapidly changing global society. The Regional School Board is jointly governed by a representative from each of the following localities: the counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, King and Queen, New Kent, Powhatan, and Prince George and the cities of Hopewell, Petersburg, and Richmond. The County of Powhatan pays the school a set rate for each student that attends. The School Board's contribution for fiscal year 2015 was \$100,174.

Appomattox Regional Governor's School

The Appomattox Regional Governor's School for the Arts and Technology provides gifted and talented students a differentiated and rigorous education, cultivates a supportive environment that inspires unique artistic and technological visions, promotes cultural tolerance, nurtures community partnerships, and produces active, engaged citizens. This school board is jointly governed by a representative from each of the following localities: the counties of Amelia, Charles City, Chesterfield, Dinwiddie, Powhatan, Prince George, Southampton, Surry and Sussex and the cities of Colonial Heights, Franklin, Hopewell, Petersburg, and Richmond. The County of Powhatan pays the school a set rate for each student that attends. The School Board's contribution for fiscal year 2015 was \$65,940.

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

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

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

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

G. Fund Financial Statements

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

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

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

The *Proprietary Fund* accounts for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. It distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's major proprietary fund is the water and sewer fund.

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

The *Fiduciary Funds* (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds 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.

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

Cash and Cash Equivalents

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

Investments

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

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

Interfund Receivables and Payables

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

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

Real and Personal Property Tax Data

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

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

The County bills and collects its own property taxes.

Capital Assets

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Buildings	5 - 40 years
Utility plant in service	30 - 50 years
Machinery and Equipment	3 - 20 years

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

Compensated Absences

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

Long-term Obligations

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

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

Fund Net Position

Fund Balances

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Net Position (Continued)

Fund Balances (Continued)

The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, if applicable.
- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts constrained to specific purposes by the County, using authority resolution; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by County management based on governing body direction through adoption or amendment of the budget or through ordinance or resolution.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

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

In fiscal year 2015, the Powhatan County Board of Supervisors adopted a minimum fund balance policy for the General Fund which requires the unassigned fund balance at June 30th to be at least 15 percent of operating revenues of the same fiscal year.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

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

Net Position

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statements which present financial position report a separate section for deferred outflows of resources which represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. One item consists of contributions subsequent to the measurement date for pensions; this will be applied to the net pension liability in the next fiscal year. The second is the deferred charge on refunding reported on both the government-wide statement of net position and the proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements which present financial position report a separate section for deferred inflows of resources which represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The County has four of these items. One item occurs only under the modified accrual basis of accounting; this item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and other receivables not collected within 60 days of year end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second is the net difference between projected and actual earnings on pension plan investments. This difference will be recognized in pension expense over a closed five year period. The third deferred inflow results from participation in the Virginia Retirement System's teacher cost sharing pool, where changes in proportion and differences between employer contributions and the proportionate share of employer contributions are reported as a deferred inflow or outflow, as appropriate. Finally, the fourth item represents unearned revenue related to the prepayment of taxes not due until 2016.

Use of Estimates

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

Note 3. Deposits and Investments

Deposits:

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3. Deposits and Investments (Continued)

Investments:

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

External Investment Pools:

The 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 Debt Securities:

The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3. Deposits and Investments (Continued)

Credit Risk Debt Securities: (Continued)

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

Deposits:	
Demand deposits	\$ 17,381,429
Certificates of deposit	3,560,342
Cash on hand	1,050
	<u>20,942,821</u>
Investments:	
LGIP	16,688
Money Market	1,520
Trust	327,708
	<u>345,916</u>
Total deposits and investments	<u><u>\$ 21,288,737</u></u>

Total deposits and investment is composed as follows:

Cash and cash equivalents – Primary Government	\$ 17,940,524
Cash and cash equivalents – Component Unit	3,020,505
Restricted assets – Primary Government	
Cash and cash equivalents	47,867
Investments	279,841
Total deposits and investments	<u><u>\$ 21,288,737</u></u>

Note 4. Receivables

Receivables consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Receivables			
Taxes	\$ 6,380,233	\$ -	\$ 6,380,233
Less: allowance for uncollectible accounts	<u>(356,067)</u>	<u>-</u>	<u>(356,067)</u>
Net taxes receivable	6,024,166	-	6,024,166
Accounts receivable	<u>177,605</u>	<u>30,984</u>	<u>208,589</u>
Total receivables, net	<u><u>\$ 6,201,771</u></u>	<u><u>\$ 30,984</u></u>	<u><u>\$ 6,232,755</u></u>

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 4. Receivables (Continued)

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

Note 5. Due From Other Governmental Units

Amounts due from other governments consist of the following:

	Primary Government	Component Unit – School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 811,287
VPSA technology grant	-	206,000
Emergency performance grant	7,500	-
Rolling stock tax	11,391	-
E-911 wireless funds	8,630	-
Recordation tax	30,174	-
Car rental distribution	3,395	-
Comprehensive service	389,822	-
Victim witness assistance grant	13,322	-
Communication tax	140,949	-
Public assistance and welfare	43,210	-
Constitutional officer reimbursements	155,293	-
Local sales tax	449,459	-
Other	1,741	-
Federal Government:		
Public assistance and welfare	79,029	-
Title I & II	-	93,272
Title VI-B	-	169,543
DEQ grant	12,375	-
DMV grant	7,365	-
Other federal funds	5,176	21,111
	<u>\$ 1,358,831</u>	<u>\$ 1,301,213</u>

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 6. Interfund Transfers

Interfund transfers consist of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 1,301,750	\$ 5,474,348
School Retirement Fund	265,000	-
County Capital Projects Fund	2,224,344	582,729
Other Governmental Funds	73,710	679,509
Proprietary Funds:		
Water and Sewer Fund	2,871,782	-
	<u>\$ 6,736,586</u>	<u>\$ 6,736,586</u>

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

Note 7. Capital Assets

Capital asset activity for the year consists of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 1,590,827	\$ -	\$ -	\$ 1,590,827
Construction in progress	-	182,228	-	182,228
	<u>1,590,827</u>	<u>182,228</u>	<u>-</u>	<u>1,773,055</u>
Total capital assets not depreciated	1,590,827	182,228	-	1,773,055
Capital assets depreciated:				
Buildings	19,558,324	153,039	-	19,711,363
Machinery and equipment	9,496,487	791,953	(185,327)	10,103,113
Jointly owned assets	76,085,572	-	(1,947,436)	74,138,136
	<u>105,140,383</u>	<u>944,992</u>	<u>(2,132,763)</u>	<u>103,952,612</u>
Total capital assets depreciated	105,140,383	944,992	(2,132,763)	103,952,612
Less accumulated depreciation:				
Buildings	(7,361,219)	(599,903)	-	(7,961,122)
Machinery and equipment	(6,830,083)	(602,224)	181,486	(7,250,821)
Jointly owned assets	(27,043,104)	(2,023,847)	743,978	(28,322,973)
	<u>(41,234,406)</u>	<u>(3,225,974)</u>	<u>925,465</u>	<u>(43,534,916)</u>
Total accumulated depreciation	(41,234,406)	(3,225,974)	925,465	(43,534,916)
Capital assets depreciated, net	63,905,977	(2,280,982)	(1,207,299)	60,417,696
Net capital assets	<u>\$ 65,496,804</u>	<u>\$ (2,098,754)</u>	<u>\$ (1,207,299)</u>	<u>\$ 62,190,751</u>

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 7. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets not depreciated:				
Land	\$ 859,030	\$ -	\$ -	\$ 859,030
Construction in progress	-	16,582	-	16,582
Total capital assets not depreciated	859,030	16,582	-	875,612
Capital assets depreciated:				
Utility plant in service	22,034,085	19,743	-	22,053,828
Machinery and equipment	69,139	14,727	-	83,866
Total capital assets depreciated	22,103,224	34,470	-	22,137,694
Less accumulated depreciation for:				
Utility plant in service	(3,473,706)	(447,119)		(3,920,825)
Machinery and equipment	(55,820)	(2,119)	-	(57,939)
Total accumulated depreciation	(3,529,526)	(449,238)	-	(3,978,764)
Capital assets depreciated, net	18,573,698	(414,768)	-	18,158,930
Net capital assets	<u>\$ 19,432,728</u>	<u>\$ (398,186)</u>	<u>\$ -</u>	<u>\$ 19,034,542</u>

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

	Governmental Activities	Business-Type Activities	Total Primary Government
General government administration	\$ 206,985	\$ -	\$ 206,985
Judicial administration	84,809	-	84,809
Public safety	662,094	-	662,094
Public works	22,514	-	22,514
Health and welfare	15,165	-	15,165
Education	2,023,847	-	2,023,847
Parks, recreation, and cultural	210,560	-	210,560
Water and sewer	-	449,238	449,238
Total depreciation expense – primary government	<u>\$ 3,225,974</u>	<u>\$ 449,238</u>	<u>\$ 3,675,212</u>

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 7. Capital Assets (Continued)

Discretely Presented Component Unit – School Board

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 668,764	\$ -	\$ -	\$ 668,764
Construction in progress	-	11,631	-	11,631
Total capital assets not depreciated	<u>668,764</u>	<u>11,631</u>	<u>-</u>	<u>680,395</u>
Capital assets depreciated:				
Jointly owned assets	16,840,249	1,947,436	-	18,787,685
Machinery and equipment	501,067	79,817	-	580,884
Total capital assets depreciated	<u>17,341,316</u>	<u>2,027,253</u>	<u>-</u>	<u>19,368,569</u>
Less accumulated depreciation:				
Jointly owned assets	(5,985,532)	(1,191,923)	-	(7,177,455)
Machinery and equipment	(211,410)	(70,416)	-	(281,826)
Total accumulated depreciation	<u>(6,196,942)</u>	<u>(1,262,339)</u>	<u>-</u>	<u>(7,459,281)</u>
Capital assets depreciated, net	<u>11,144,374</u>	<u>764,914</u>	<u>-</u>	<u>11,909,288</u>
Net capital assets	<u>\$ 11,813,138</u>	<u>\$ 776,545</u>	<u>\$ -</u>	<u>\$ 12,589,683</u>

School Board depreciation expense was charged to education in the amount of \$518,361. The remaining \$743,978 increase to accumulated depreciation is for depreciation previously taken on jointly owned assets prior to transferring to the School Board.

Note 8. Unavailable/Unearned Revenue

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

	Unavailable	Unearned	Total
Property taxes	\$ 2,278,536	\$ 3,435,694	\$ 5,714,230
Property taxes paid in advance	-	165,649	165,649
Totals	<u>\$ 2,278,536</u>	<u>\$ 3,601,343</u>	<u>\$ 5,879,879</u>

Business-type activities have unearned revenue of \$7,812 for connection fees paid in advance.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Long-Term Liabilities

Changes in long-term liabilities consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Governmental Activities:					
County:					
Lease revenue bonds	\$ 15,212,651	\$ 8,584,200	\$ 9,446,168	\$ 14,350,683	\$ 1,180,722
Premium on bonds	638,169	834,139	149,474	1,322,834	115,858
Capital leases	397,123	47,942	113,270	331,795	105,009
Compensated absences	686,942	391,045	404,217	673,770	67,377
OPEB	752,478	166,771	55,110	864,139	-
Supplemental Retirement Plan	-	1,113,451	638,259	475,192	276,318
Total County	<u>17,687,363</u>	<u>11,137,548</u>	<u>10,806,498</u>	<u>18,018,413</u>	<u>1,745,284</u>
School Board:					
Literary loans	1,250,000	-	250,000	1,000,000	250,000
Lease revenue bonds	15,984,000	15,260,800	15,984,000	15,260,800	921,600
General obligation bonds	31,425,110	-	2,161,828	29,263,282	1,727,635
Premium on bonds	1,287,078	1,482,913	382,008	2,387,983	141,790
Total School Board	<u>49,946,188</u>	<u>16,746,713</u>	<u>18,777,836</u>	<u>47,912,065</u>	<u>3,041,025</u>
Total governmental activities	<u>\$ 67,633,551</u>	<u>\$ 27,881,261</u>	<u>\$ 29,584,334</u>	<u>\$ 65,930,478</u>	<u>\$ 4,786,309</u>
Business-Type Activities:					
Lease revenue bonds	\$ 19,128,697	\$ 6,075,000	\$ 6,800,184	\$ 18,403,513	\$ 707,678
Premium on bonds	1,261,013	780,395	196,529	1,844,879	127,328
Compensated absences	25,173	15,171	12,302	28,042	2,804
OPEB	24,622	6,929	2,290	29,261	-
Total long-term liabilities	<u>\$ 20,439,505</u>	<u>\$ 6,877,495</u>	<u>\$ 7,011,305</u>	<u>\$ 20,305,695</u>	<u>\$ 837,810</u>
Component Unit – School Board:					
Compensated absences	\$ 2,104,296	\$ 57,759	\$ 238,290	\$ 1,923,765	\$ 120,707
OPEB	7,524,300	1,722,500	816,400	8,430,400	-
Total long-term liabilities	<u>\$ 9,628,596</u>	<u>\$ 1,780,259</u>	<u>\$ 1,054,690</u>	<u>\$ 10,354,165</u>	<u>\$ 120,707</u>

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities
<u>General Obligation Bonds:</u>					
Governmental Activities:					
School Board:					
VPSA bond	5.63-5.80	05/1996	07/2016	\$ 485,000	\$ 50,000
School improvement bond	4.62-5.00	11/2002	07/2022	7,084,114	2,904,107
VPSA bond	5.10	05/2004	07/2024	3,770,000	1,870,000
School improvement bond	3.97-5.00	01/2010	07/2032	23,335,000	19,840,000
VPSA bond	4.96-5.27	07/2008	07/2028	6,350,705	4,599,175
					<u>\$ 29,263,282</u>
<u>Lease Revenue and Refunding Bonds:</u>					
Governmental Activities:					
County:					
VRA	3.83	11/2011	10/2033	\$ 2,920,000	\$ 2,675,000
VRA	4.32-4.80	04/2010	10/2019	3,518,372	3,091,483
EDA	3.50	05/2015	09/2031	8,584,200	8,584,200
					<u>\$ 14,350,683</u>
School Board:					
EDA	3.50	05/2015	09/2031	\$ 15,260,800	<u>\$ 15,260,800</u>
Business –type activities:					
VRA	3.83	10/2011	10/2033	\$ 8,825,000	\$ 8,080,000
VRA	4.32-4.80	04/2010	10/2019	231,628	203,513
VRA	4.77-4.97	04/2010	10/2037	3,860,000	3,740,000
VRA	4.81-4.99	06/2006	10/2016	\$ 6,680,000	305,000
VRA	4.10	11/2014	10/2036	6,075,000	6,075,000
					<u>\$ 18,403,513</u>
<u>Capital Leases:</u>					
Governmental Activities:					
AS400	2.67	08/2014	08/2019	\$ 47,942	\$ 39,623
School Buses	2.54	03/2013	07/2017	481,210	291,081
Backhoe	6.10	08/2012	08/2015	36,000	1,091
					<u>\$ 331,795</u>
<u>Literary Loan:</u>					
Governmental Activities:					
School Board: Literary loan	3.00	08/1998	08/2018	\$ 5,000,000	<u>\$ 1,000,000</u>

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Long-Term Liabilities (Continued)

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

Year Ended	County		School Board					
	Lease Revenue and Refunding Bonds		Literary Loan		General Obligation Bonds		Lease Revenue and Refunding Bond	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,180,722	\$ 539,937	\$ 250,000	\$ 30,000	\$ 1,727,635	\$ 1,311,940	\$ 921,600	\$ 504,229
2017	1,067,240	538,533	250,000	22,500	1,748,076	1,247,485	1,011,200	544,928
2018	1,234,545	483,620	250,000	15,000	1,755,316	1,181,578	841,600	498,608
2019	1,306,966	421,570	250,000	7,500	1,787,937	1,110,868	886,400	455,408
2020	1,366,403	361,033	-	-	1,816,355	1,038,737	924,800	414,752
2021-2025	3,025,600	1,396,281	-	-	9,097,206	3,930,107	4,294,400	1,647,632
2026-2030	3,387,000	685,275	-	-	8,150,757	1,983,242	4,608,000	700,384
2031-2035	1,782,207	105,805	-	-	3,180,000	240,500	1,772,800	49,536
	<u>\$14,350,683</u>	<u>\$ 4,532,054</u>	<u>\$ 1,000,000</u>	<u>\$ 75,000</u>	<u>\$ 29,263,282</u>	<u>\$ 12,044,457</u>	<u>\$ 15,260,800</u>	<u>\$ 4,815,477</u>

Year Ended June 30	Business-type Activities	
	Lease Revenue and Refunding Bonds	
	Principal	Interest
2016	\$ 707,678	\$ 856,378
2017	711,560	827,807
2018	683,855	797,009
2019	721,634	763,947
2020	728,794	730,714
2021-2025	3,570,000	3,158,829
2026-2030	4,570,000	2,144,564
2031-2035	5,140,000	916,462
2036-2038	1,569,992	80,784
	<u>\$ 18,403,513</u>	<u>\$ 10,276,494</u>

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Long-Term Liabilities (Continued)

Current Year Refundings of Debt

In November 2014, the County issued \$6,075,000 in revenue refunding bonds with interest rates ranging from 2.925% to 5.125%. These bonds were issued to refund \$5,395,000 in outstanding 2006A bonds and a \$950,352 Series 1999 loan. The proceeds were placed in trust with an escrow agent to fund all future debt service payments. As a result, the refunded bonds are considered to be defeased and with an exception of the remaining \$305,000, which was not refunded, has been removed from the County's long-term debt. This refunding was undertaken to reduce total debt service payments over the next 22 years by \$780,431 and to obtain an economic gain of \$501,915.

In May 2015, the County issued \$23,845,000 in refunding bonds with interest rates ranging from 2.0% - 5.0%. These bonds were issued to refund \$23,900,000 in outstanding bonds. The proceeds were placed in trust with an escrow agent to fund all future debt service payments. As a result, the refunded bonds are considered to be defeased the liability has been removed from the County's long-term debt. This refunding was undertaken to reduce total debt service payments over the next 17 years by \$1,588,801 and to obtain an economic gain of \$2,317,052.

Defeasance of Debt

The amount still outstanding as of June 30, 2015 was \$24,205,000 related to current year refunding.

Capital Leases

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
AS400	\$ 47,942
Backhoe	36,000
School Buses	<u>506,082</u>
	590,024
Less: accumulated depreciation	<u>(138,797)</u>
	<u><u>\$ 451,227</u></u>

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Long-Term Liabilities (Continued)

Capital Leases (Continued)

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

Year Ended June 30	Capital Lease Obligations	
	Principal	Interest
2016	\$ 105,009	\$ 8,322
2017	106,567	5,667
2018	109,281	2,953
2019	10,085	170
2020	853	2
	<u>\$ 331,795</u>	<u>\$ 17,114</u>

Note 10. Defined Benefit Pension Plan

Plan Description

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2</p> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members</p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election</p> <p>VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members</p> <p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election</p> <p>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members</p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members</p> <p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		Vesting (Continued) <u>Defined Contributions Component: (Continued)</u> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
Calculating the Benefit <p>The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	Calculating the Benefit <p>See definition under Plan 1.</p>	Calculating the Benefit <u>Defined Benefit Component:</u> <p>See definition under Plan 1.</p> <u>Defined Contribution Component:</u> <p>The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><u>Eligibility:</u> (Continued)</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <p>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <p>Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <p>Same as Plan 1 and Plan 2.</p>

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment in Retirement (COLA) (Continued)</p> <p><u>Exceptions to COLA Effective Dates:</u> (Continued)</p> <ul style="list-style-type: none"> • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage</p> <p>Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4.00% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <u>Defined Contribution Component:</u> Not applicable.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>County</u>	<u>School Board Non- Professional</u>
Inactive members or their beneficiaries currently receiving benefits	16	50
Inactive members:		
Vested inactive members	10	8
Non-vested inactive members	9	28
Inactive members active elsewhere in VRS	18	25
Total inactive members	37	61
Active members	132	108
Total covered employees	185	219

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's and School Board Non-Professional Employee Plan's contractually required contribution rate for the year ended June 30, 2015 was 12.63% and 9.46% respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$878,750 and \$895,888 for the years ended June 30, 2015 and June 30, 2014, respectively. Contributions to the pension plan from the School Board Non-Professional Employee Plan were \$218,016 and \$163,738 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The political subdivision's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees (Continued)

Mortality rates: 14% of deaths are assumed to be service related.

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

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

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees (Continued)

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

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

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Mortality rates: 60% of deaths are assumed to be service related.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

Largest 10 – LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

All Others (Non 10 Largest) – LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50 %	6.46 %	1.26 %
Developed Non U.S. Equity	16.50	6.28	1.04
Emerging Market Equity	6.00	10.00	0.60
Fixed Income	15.00	0.09	0.01
Emerging Debt	3.00	3.51	0.11
Rate Sensitive Credit	4.50	3.51	0.16
Non Rate Sensitive Credit	4.50	5.00	0.23
Convertibles	3.00	4.81	0.14
Public Real Estate	2.25	6.12	0.14
Private Real Estate	12.75	7.10	0.91
Private Equity	12.00	10.41	1.25
Cash	1.00	(1.50)	(0.02)
Total	<u>100.00 %</u>		<u>5.83 %</u>
	Inflation		<u>2.50 %</u>
	* Expected arithmetic nominal return		<u>8.33 %</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability - County

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2013	\$ 15,081,422	\$ 11,457,495	\$ 3,623,927
Changes for the year:			
Service cost	936,336	-	936,336
Interest	1,042,365	-	1,042,365
Differences between expected and actual experience	-	-	-
Contributions – employer	-	895,888	(895,888)
Contributions – employee	-	335,782	(335,782)
Net investment income	-	1,891,730	(1,891,730)
Benefit payments, including refunds of employee contributions	(380,988)	(380,988)	-
Administrative expenses	-	(9,399)	9,399
Other changes	-	99	(99)
Net changes	1,597,713	2,733,112	(1,135,399)
Balances at June 30, 2014	\$ 16,679,135	\$ 14,190,607	\$ 2,488,528

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2013	\$ 7,130,633	\$ 6,700,080	\$ 430,553
Changes for the year:			
Service cost	189,319	-	189,319
Interest	486,990	-	486,990
Differences between expected and actual experience	-	-	-
Contributions – employer	-	163,738	(163,738)
Contributions – employee	-	91,767	(91,767)
Net investment income	-	1,053,684	(1,053,684)
Benefit payments, including refunds of employee contributions	(347,270)	(347,270)	-
Administrative expenses	-	(5,699)	5,699
Other changes	-	56	(56)
Net changes	329,039	956,276	(627,237)
Balances at June 30, 2014	\$ 7,459,672	\$ 7,656,356	\$ (196,684)

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
County net pension liability	\$ 5,049,933	\$ 2,488,528	\$ 383,267
School Board Non-Professional net pension liability (asset)	\$ 758,615	\$ (196,684)	\$ (992,070)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2015, the County recognized pension expense of \$608,695. At June 30, 2015, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	848,206
Employer contributions subsequent to the measurement date	<u>878,750</u>	<u>-</u>
Total	<u><u>\$ 878,750</u></u>	<u><u>\$ 848,206</u></u>

For the year ended June 30, 2015, the School Board Non-Professional Employee Plan recognized pension expense of \$6,971. At June 30, 2015, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	470,470
Employer contributions subsequent to the measurement date	<u>218,016</u>	<u>-</u>
Total	<u><u>\$ 218,016</u></u>	<u><u>\$ 470,470</u></u>

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Defined Benefit Pension Plan (Continued)

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

The \$878,750 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2016	\$ (212,051)
2017	(212,051)
2018	(212,051)
2019	(212,053)
Thereafter	-

The \$163,996 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2016	\$ (117,617)
2017	(117,617)
2018	(117,617)
2019	(117,619)
Thereafter	-

Payables to the Pension Plan

At June 30, 2015, approximately \$16,607 was payable to the Virginia Retirement System for the legally required contributions related to the School Board Non-professional plan for June 2015 accrued payroll.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool

General Information about the Teacher Cost Sharing Pool

Plan Description

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

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COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2</p> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>About the Hybrid Retirement Plan (Continued)</p> <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members</p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election</p> <p>VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members</p> <p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election</p> <p>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members</p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • School division employees. • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		Vesting (Continued) <u>Defined Contributions Component: (Continued)</u> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
Calculating the Benefit <p>The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	Calculating the Benefit <p>See definition under Plan 1.</p>	Calculating the Benefit <u>Defined Benefit Component:</u> <p>See definition under Plan 1.</p> <u>Defined Contribution Component:</u> <p>The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continue)</p> <p><u>Exceptions to COLA Effective Dates: (Continued)</u></p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage Not applicable.</p>	<p>Disability Coverage Not applicable.</p>	<p>Disability Coverage Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p>

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		Disability Coverage (Continued) Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4.00% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <u>Defined Contribution Component:</u> Not applicable.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin requiring that the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the school division were \$3,379,240 and \$2,620,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$37,098,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was 0.307% as compared to 0.308% at June 30, 2013.

For the year ended June 30, 2015, the school division recognized pension expense of \$2,919,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

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

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,506,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	70,000
Employer contributions subsequent to the measurement date	<u>3,379,240</u>	<u>-</u>
Total	<u><u>\$ 3,379,240</u></u>	<u><u>\$ 5,576,000</u></u>

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

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

\$3,379,240 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,

2016	\$	(1,391,000)
2017		(1,391,000)
2018		(1,391,000)
2019		(1,391,000)
2020		(12,000)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back years and females were set back 3 years.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table.
- Adjustments to the rates of service retirement.
- Decrease in rates of withdrawals for 3 through 9 years of service.
- Decrease in rates of disability.
- Reduce rates of salary increase by 0.25% per year.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50 %	6.46 %	1.26 %
Developed Non U.S. Equity	16.50	6.28	1.04
Emerging Market Equity	6.00	10.00	0.60
Fixed Income	15.00	0.09	0.01
Emerging Debt	3.00	3.51	0.11
Rate Sensitive Credit	4.50	3.51	0.16
Non Rate Sensitive Credit	4.50	5.00	0.23
Convertibles	3.00	4.81	0.14
Public Real Estate	2.25	6.12	0.14
Private Real Estate	12.75	7.10	0.91
Private Equity	12.00	10.41	1.25
Cash	1.00	(1.50)	(0.02)
Total	<u>100.00 %</u>		<u>5.83</u>
	Inflation		<u>2.50</u>
	* Expected arithmetic nominal return		<u>8.33 %</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School division's proportionate share of the VRS teacher employee retirement plan net pension liability	<u>\$ 54,474,000</u>	<u>\$ 37,098,000</u>	<u>\$ 22,791,000</u>

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2015, approximately \$485,149 was payable to the Virginia Retirement System for the legally required contributions related to June 2015 accrued payroll.

Note 12. Post-employment Benefits Other Than Pensions

Plan Provisions and Benefits

In addition to providing the benefits described in Note 14, the County and School Board provide other postemployment benefits (OPEB) for qualifying retired employees 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 137 active members with total active covered payroll of \$6,589,888 and 6 retirees.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 12. Post-employment Benefits Other Than Pensions (Continued)

Plan Description (Continued)

The Powhatan County Schools retirees who attain the age of 50 with at least 5 years of service are eligible to participate in the retiree medical plan. The School Board pays 100% of the premium cost for retirees' single coverage. Retirees pay 100% of any additional premium for spouse and dependent coverage. Schools membership in the plan at the time of the actuarial study consisted of 594 active members with total active covered payroll of \$24,429,531 and 49 retirees and 13 spouses. There are no financial statements issued for the OPEB plan.

Funding Policy

The County and School Board do not intend to establish a trust to fund 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.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 12. Post-employment Benefits Other Than Pensions (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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:

	Governmental Activities	Business-Type Activities	Component Unit - School Board
Annual Required Contribution (ARC)	\$ 136,912	\$ 5,688	\$ 1,421,500
Interest on prior year OPEB asset	29,859	1,241	301,000
Adjustment to the ARC	(25,731)	(1,069)	(259,700)
Net OPEB cost	141,040	5,860	1,462,800
Contributions made	(29,379)	(1,221)	(556,700)
Increase (decrease) in net OPEB obligation	111,661	4,639	906,100
Net OPEB obligation, beginning of year	752,478	24,622	7,524,300
Net OPEB obligation, end of year	<u>\$ 864,139</u>	<u>\$ 29,261</u>	<u>\$ 8,430,400</u>

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 the past three years were as follows:

Fiscal Year Ended	County			School Board		
	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 146,900	20.83%	\$ 893,400	\$ 1,462,800	38.06%	\$ 8,430,400
June 30, 2014	138,700	19.25	777,100	1,391,000	36.40	7,524,300
June 30, 2013	114,822	16.55	665,100	1,389,652	32.96	6,639,600

Funded Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the County's actuarial accrued liability for benefits was \$1,483,300, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$6,589,888, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 22.51 percent.

As of June 30, 2014, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was \$14,529,800, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$24,429,531, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 59.48 percent.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 12. Post-employment Benefits Other Than Pensions (Continued)

Funded Status and Funding Progress (Continued)

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 70% 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, 2014 was thirty years.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 13. Other Post-employment Benefits – Health Insurance

Health Insurance Credit Program Through Virginia Retirement System

Plan Description

Powhatan County participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent 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 from state, school division, political subdivision, local officer, local social services department, and general registrar retirees.

Employees of Powhatan County, who retire under VRS with at least 15 years of total creditable service under the System and are enrolled in a health insurance plan, are eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

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 §51.1-145, 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 11.

Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the *Code of Virginia* and the VRS Board of Trustees. The County's contribution rates for the fiscal year ended 2015 was 0.19% of annual covered payroll.

Annual OPEB Cost and Net OPEB Obligation

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, is based on the annual required contribution (ARC). The County is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 13. Other Post-employment Benefits – Health Insurance (Continued)

Health Insurance Credit Program Through Virginia Retirement System (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

For 2015, the County's contribution of \$4,193 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
06/30/2015	\$ 4,193	100.00%	\$ -

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 43,903
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 43,903
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 2,503,880
UAAL as a percentage of covered payroll	1.75%

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 and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the 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 liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial Methods and Assumptions

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 included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 13. Other Post-employment Benefits – Health Insurance (Continued)

Health Insurance Credit Program Through Virginia Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

Retiree post-employment benefit expenses are determined under the Projected Unit Credit actuarial cost method. Under this method, benefits are projected for life and their present value is determined. The present value is divided into equal parts, which are earned over the period from date of hire to the full eligibility date.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included at 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3.0%. The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2014 was 20 years using an open amortization period.

Note 14. Other Post-employment Benefits – Health Insurance Credit Program – Schools

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 9.

Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.18% of annual covered payroll. The School Board's contributions to VRS for the years ended Year Ended June 30, 2015 and 2014 were \$209,447 and \$216,441, respectively, which equaled the required contributions for the year.

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 15. School Retirement Plan

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

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

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

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

As of July 1, 2014, the Plan is no longer the responsibility of the School Board. The County will oversee the Plan until all currently enrolled retirees are fully paid out, which is expected to be October 2018. The County will contribute an amount which is necessary to maintain the plan in a sound actuarial basis to the fullest degree and in a manner consistent with the constitution and laws of the Commonwealth of Virginia. Employees are not permitted to make contributions to the plan. The County contributed \$156,221 to the plan during the year ended June 30, 2015.

Note 16. Commitments and Contingencies

Federal programs

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

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 17. Risk Management

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

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

The County and School Board carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

Note 18. Adoption of New Standard and Prior Period Restated

In the current year the County adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27, as amended by GASB Statement No. 71. This standard replaces the requirements of GASB Statements No. 27 and No. 50 as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. The new Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available.

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 18. Adoption of New Standard and Prior Period Restated (Continued)

The following is a summary of the restatements to beginning net position resulting from adoption of GASB Statement No. 68 and other prior period adjustments:

	Governmental Activities	Water & Sewer Fund	Component-Unit School Board Governmental Activities	School Retirement Fund
Fund balance/net position, June 30, 2014, as previously Stated	\$ 14,484,670	\$ 720,329	\$ 1,592,729	\$ (305,880)
Recognition of pension related assets and deferred outflows in accordance with GASB No. 68	(2,641,006)	(87,031)	(40,021,815)	-
To adjust school compensated Absences	-	-	278,600	-
To remove School liabilities Improperly reported	-	-	-	1,113,451
Fund balance/net position June 30, 2014, as restated	<u>\$ 11,843,664</u>	<u>\$ 633,298</u>	<u>\$ (38,150,486)</u>	<u>\$ 807,571</u>

Note 19. Fund Balances

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepays	\$ 3,048	\$ -	\$ 3,048
Total nonspendable	<u>3,048</u>	<u>-</u>	<u>3,048</u>
Restricted for:			
School Retirement Fund	-	334,649	334,649
Cash proffers	-	1,073,349	1,073,349
State asset forfeiture	-	15,061	15,061
Federal asset forfeiture	-	19,637	19,637
Grants	-	33,153	33,153
Fire and rescue	-	410,748	410,748
Total restricted	<u>-</u>	<u>1,886,597</u>	<u>1,886,597</u>
Assigned for:			
Capital projects	-	1,610,407	1,610,407
Capital maintenance reserve	3,072,363	-	3,072,363
Capital maintenance reserve – Schools	282,862	-	282,862
PCAA	203,457	-	203,457
FY16 Carryforwards	139,967	-	139,967
Total assigned	<u>3,698,649</u>	<u>1,610,407</u>	<u>5,309,056</u>
Unassigned	11,043,610	-	11,043,610
Total fund balance	<u>\$ 14,745,307</u>	<u>\$ 3,497,004</u>	<u>\$ 18,242,311</u>

(Continued)

COUNTY OF POWHATAN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 20. Subsequent Events

In August 2015, the Schools authorized memorandum of understanding for architectural and engineering services for \$1,466,120 for Powhatan County Public Schools' new Powhatan Middle School. The construction project is scheduled to go out to bid in July 2016.

Note 21. New Accounting Standards

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

GASB Statement No. 72, *Fair Value Measurement and Application* addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ending June 30, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions* improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* identifies—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ending June 30, 2016 and should be applied retroactively. Earlier application is permitted.

Management has not yet evaluated the effects, if any, of adopting these standards.

**REQUIRED
SUPPLEMENTARY INFORMATION**

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COUNTY OF POWHATAN, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Year Ended June 30, 2015

	Primary Government	Schools- Nonprofessional Employees
Total Pension Liability		
Service cost	\$ 936,336	\$ 189,319
Interest on total pension liability	1,042,365	486,990
Benefit payments, including refunds of employee contributions	(380,988)	(347,270)
Net change in total pension liability	1,597,713	329,039
Total pension liability (beginning)	<u>15,081,422</u>	<u>7,130,633</u>
Total pension liability (ending)	<u><u>\$ 16,679,135</u></u>	<u><u>\$ 7,459,672</u></u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 895,888	\$ 163,738
Contributions - employee	335,782	91,767
Net investment income	1,891,730	1,053,684
Benefit payments, including refunds of employee contributions	(380,988)	(347,270)
Administrative expenses	(9,399)	(5,699)
Other	99	56
Net change in plan fiduciary net position	2,733,112	956,276
Plan fiduciary net position - beginning	<u>11,457,495</u>	<u>6,700,080</u>
Plan fiduciary net position - ending	<u><u>\$ 14,190,607</u></u>	<u><u>\$ 7,656,356</u></u>
Net pension liability (asset) - ending	<u><u>\$ 2,488,528</u></u>	<u><u>\$ (196,684)</u></u>
Plan fiduciary net position as a percentage of total pension liability	<u>85%</u>	<u>103%</u>
Covered employee payroll	<u>\$ 7,078,097</u>	<u>\$ 1,733,491</u>
Net pension liability (asset) as a percentage of covered employee payroll	<u>35%</u>	<u>-11%</u>

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

EXHIBIT 12

COUNTY OF POWHATAN, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2015

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2015	\$ 878,750	\$ 878,750	\$ -	\$ 7,078,097	12.42%
Schools - Nonprofessional Employees					
2015	\$ 163,966	\$ 163,966	\$ -	\$ 1,733,491	9.46%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

EXHIBIT 13

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN
June 30, 2015

Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.307%	\$ 37,098,000	\$ 22,893,063	162.05%	51.73%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

EXHIBIT 14

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
VRS TEACHER RETIREMENT PLAN
June 30, 2015

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 3,379,240	\$ 3,379,240	\$ -	\$ 22,893,063	14.76%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

COUNTY OF POWHATAN, VIRGINIA

SCHEDULES OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT BENEFITS
June 30, 2015

Retire Healthcare Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
County						
June 30, 2014	\$ -	\$ 1,483,300	\$ 1,483,300	0.00%	\$ 6,589,888	22.51%
June 30, 2012	-	931,300	931,300	0.00	6,197,808	15.03
June 30, 2010	-	743,000	743,000	0.00	7,190,400	10.33
School Board						
June 30, 2014	\$ -	\$ 14,529,800	\$ 14,529,800	0.00%	\$ 24,429,531	59.48%
June 30, 2012	-	13,268,500	13,268,500	0.00	22,896,755	57.95
June 30, 2010	-	10,801,900	10,801,900	0.00	24,375,100	44.32

Health Insurance Credit Program Through Virginia Retirement System:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
County						
June 30, 2014	\$ -	\$ 43,903	\$ 43,903	0.00%	\$ 2,503,880	1.75%

SCHEDULES OF CONTRIBUTIONS – OTHER POST-EMPLOYMENT BENEFITS
June 30, 2015

<u>Actuarial Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage Contributed</u>
County			
June 30, 2015	\$ 146,900	\$ 30,600	20.83%
June 30, 2014	138,700	26,700	19.25
June 30, 2013	144,822	19,000	16.55
June 30, 2012	108,300	24,300	22.44
June 30, 2011	112,905	10,400	9.21
June 30, 2010	177,480	49,931	28.13
School Board			
June 30, 2015	\$ 1,462,800	\$ 556,700	38.06%
June 30, 2014	1,391,000	506,300	36.40
June 30, 2013	1,389,600	458,000	32.96
June 30, 2012	1,315,200	349,500	26.57
June 30, 2011	1,452,600	380,600	26.20
June 30, 2010	1,701,800	478,800	28.13

COUNTY OF POWHATAN, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 34,030,080	\$ 34,030,080	\$ 35,326,867	\$ 1,296,787
Other local taxes	4,333,270	4,333,270	4,702,903	369,633
Permits, privilege fees, and regulatory licenses	541,720	541,720	566,281	24,561
Fines and forfeitures	136,000	136,000	102,410	(33,590)
Revenue from the use of money and property	200,800	200,800	237,348	36,548
Charges for services	197,500	193,500	177,845	(15,655)
Miscellaneous	74,650	125,275	197,971	72,696
Intergovernmental revenues:				
Commonwealth	7,357,890	7,462,802	7,418,380	(44,422)
Federal	584,880	1,183,955	836,815	(347,140)
Total revenues	47,456,790	48,207,402	49,566,820	1,359,418
EXPENDITURES				
General government administration	2,813,249	2,898,151	2,648,831	249,320
Judicial administration	860,824	911,239	882,636	28,603
Public safety	6,195,441	6,424,873	6,395,362	29,511
Public works	1,874,841	1,919,633	1,813,569	106,064
Health and welfare	3,934,250	4,642,331	4,284,293	358,038
Education	20,910,562	20,645,562	20,362,700	282,862
Parks, recreation, and cultural	463,357	459,947	445,498	14,449
Community development	1,154,251	896,783	828,903	67,880
Capital Outlays and Projects	-	10,080	10,078	2
Debt Services				
Principal retirement	4,046,956	4,046,956	4,046,946	10
Interest and other fiscal charges	2,869,679	2,880,879	2,887,426	(6,547)
Bond issuance costs	-	574,710	547,516	27,194
Total expenditures	45,123,410	46,311,144	45,153,758	1,157,386
Excess of revenues over expenditures	2,333,380	1,896,258	4,413,062	2,516,804
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 6)	1,241,850	1,301,750	1,301,750	-
Transfers out (Note 6)	(3,575,230)	(5,474,348)	(5,474,348)	-
Proceeds from capital lease (Note 9)	-	47,942	47,942	-
Payment to bond escrow	-	-	(25,586,845)	(25,586,845)
Issuance of refunding bonds (Note 9)	-	574,710	26,162,052	25,587,342
Total other financing sources (uses)	(2,333,380)	(3,549,946)	(3,549,449)	497
Net change in fund balance	-	(1,653,688)	863,613	2,517,301
FUND BALANCE, JULY 1, 2014	-	1,660,737	13,881,694	12,220,957
FUND BALANCE, JUNE 30, 2015	\$ -	\$ 7,049	\$ 14,745,307	\$ 14,738,258

COUNTY OF POWHATAN, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

Note 1. Changes of Benefit Terms

There have been no significant changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012 (fiscal year 2014 for the teacher cost sharing pool). The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013, and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Note 2. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

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

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Teacher cost-sharing pool

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

COUNTY OF POWHATAN, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

Note 3. The State of Virginia requires all local governments prepare, approve, adopt and execute an annual budget. The budgeting process is based on estimates of revenues and expenditures. The County budgets are prepared on a modified-accrual basis of accounting in accordance with generally accepted accounting principles.

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

**OTHER
SUPPLEMENTARY INFORMATION**

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COUNTY OF POWHATAN, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
COUNTY CAPITAL PROJECTS FUND
Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 12	\$ 12
EXPENDITURES				
General government administration	127,380	343,831	232,277	111,554
Public safety	-	855,434	180,952	674,482
Public works	-	949,800	322,670	627,130
Parks, recreation, and cultural	-	129,360	94,953	34,407
Capital outlays and projects	-	627,050	112,992	514,058
Total expenditures	127,380	2,905,475	943,844	1,961,631
Excess (deficiency) of revenues over expenditures	(127,380)	(2,905,475)	(943,832)	1,961,643
OTHER FINANCING SOURCES				
Transfers in	127,380	2,224,344	2,224,344	-
Transfers out	-	(582,729)	(582,729)	-
Proceeds from capital lease	-	351,236	-	(351,236)
Total other financing sources	127,380	1,992,851	1,641,615	(351,236)
Net change in fund balance	-	(912,624)	697,783	1,610,407
FUND BALANCE, JULY 1, 2014	-	912,624	912,624	-
FUND BALANCE, JUNE 30, 2015	\$ -	\$ -	\$ 1,610,407	\$ 1,610,407

COUNTY OF POWHATAN, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue Funds	School Retirement Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 1,598,649	\$ 9,489	\$ 1,608,138
Accounts receivable, net	66,263	-	66,263
Due from other governmental units	27,540	-	27,540
Cash and cash equivalents, restricted	-	47,867	47,867
Investments, restricted	-	279,841	279,841
	<u>\$ 1,692,452</u>	<u>\$ 337,197</u>	<u>\$ 2,029,649</u>
Total assets			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	<u>\$ 140,504</u>	<u>\$ 2,548</u>	<u>\$ 143,052</u>
Fund balances:			
Restricted	<u>1,551,948</u>	<u>334,649</u>	<u>1,886,597</u>
Total liabilities and fund balances	<u>\$ 1,692,452</u>	<u>\$ 337,197</u>	<u>\$ 2,029,649</u>

COUNTY OF POWHATAN VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015**

	Special Revenue Funds	School Retirement Fund	Totals
REVENUES			
Revenue from the use of money and property	\$ 107	\$ 168,512	\$ 168,619
Permits, privilege fees, and regulatory licenses	370,989	-	370,989
Miscellaneous	14,933	-	14,933
Charges for services	510,538	-	510,538
Intergovernmental revenues:			
Commonwealth	371,867	-	371,867
Federal Government	49,914	-	49,914
Total revenues	<u>1,318,348</u>	<u>168,512</u>	<u>1,486,860</u>
EXPENDITURES			
Current:			
Judicial Administrative Administration	4,198	-	4,198
Public safety	985,079	-	985,079
Health and welfare	1,460	-	1,460
Education	-	906,434	906,434
Parks, recreation, and cultural	2,628	-	2,628
Community development	23,825	-	23,825
Total expenditures	<u>1,017,190</u>	<u>906,434</u>	<u>1,923,624</u>
Excess (deficiency) of revenues over expenditures	<u>301,158</u>	<u>(737,922)</u>	<u>(436,764)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	73,710	265,000	338,710
Transfers out	(679,509)	-	(679,509)
Total other financing sources (uses)	<u>(605,799)</u>	<u>265,000</u>	<u>(340,799)</u>
SPECIAL ITEM			
School retirement assets received from School Board	<u>-</u>	<u>807,571</u>	<u>807,571</u>
Net change in fund balances	(304,641)	334,649	30,008
FUND BALANCES AT JULY 1	<u>1,856,589</u>	<u>-</u>	<u>1,856,589</u>
FUND BALANCES AT JUNE 30	<u><u>\$ 1,551,948</u></u>	<u><u>\$ 334,649</u></u>	<u><u>\$ 1,886,597</u></u>

COUNTY OF POWHATAN, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	Cash Proffers Fund	State Asset Forfeiture Fund	Federal Asset Forfeiture Fund	Grants Fund	Fire and Rescue Fund	Totals
ASSETS						
Cash and cash equivalents	\$ 1,073,349	\$ 15,061	\$ 19,637	\$ 26,099	\$ 464,503	\$ 1,598,649
Accounts receivable, net	-	-	-	165	66,098	66,263
Due from other governmental units	-	-	-	27,540	-	27,540
Total assets	<u>\$ 1,073,349</u>	<u>\$ 15,061</u>	<u>\$ 19,637</u>	<u>\$ 53,804</u>	<u>\$ 530,601</u>	<u>\$ 1,692,452</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 20,651	\$ 119,853	\$ 140,504
Fund balances:						
Restricted	1,073,349	15,061	19,637	33,153	410,748	1,551,948
Total liabilities and fund balances	<u>\$ 1,073,349</u>	<u>\$ 15,061</u>	<u>\$ 19,637</u>	<u>\$ 53,804</u>	<u>\$ 530,601</u>	<u>\$ 1,692,452</u>

COUNTY OF POWHATAN VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2015

	Cash Proffers Fund	State Asset Forfeiture Fund	Federal Asset Forfeiture Fund	Grants Fund	Fire and Rescue Fund	Totals
REVENUES						
Revenue from the use of money and property	\$ -	\$ 15	\$ 92	\$ -	\$ -	\$ 107
Permits, privilege fees, and regulatory licenses	370,989	-	-	-	-	370,989
Miscellaneous	-	-	-	14,933	-	14,933
Charges for services	-	-	-	2,875	507,663	510,538
Intergovernmental revenues:						
Commonwealth	-	1,784	-	252,449	117,634	371,867
Federal Government	-	-	-	49,914	-	49,914
Total revenues	<u>370,989</u>	<u>1,799</u>	<u>92</u>	<u>320,171</u>	<u>625,297</u>	<u>1,318,348</u>
EXPENDITURES						
Current:						
Judicial administrative administration	-	-	-	4,198	-	4,198
Public safety	-	2,616	79,258	353,734	549,471	985,079
Health and welfare	-	-	-	1,460	-	1,460
Parks, recreation, and cultural	-	-	-	2,628	-	2,628
Community development	-	-	-	23,825	-	23,825
Total expenditures	<u>-</u>	<u>2,616</u>	<u>79,258</u>	<u>385,845</u>	<u>549,471</u>	<u>1,017,190</u>
Excess (deficiency) of revenues over expenditures	<u>370,989</u>	<u>(817)</u>	<u>(79,166)</u>	<u>(65,674)</u>	<u>75,826</u>	<u>301,158</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	73,710	-	73,710
Transfers out	(672,460)	-	-	(7,049)	-	(679,509)
Total other financing sources (uses)	<u>(672,460)</u>	<u>-</u>	<u>-</u>	<u>66,661</u>	<u>-</u>	<u>(605,799)</u>
Net change in fund balances	<u>(301,471)</u>	<u>(817)</u>	<u>(79,166)</u>	<u>987</u>	<u>75,826</u>	<u>(304,641)</u>
FUND BALANCES AT JULY 1	<u>1,374,820</u>	<u>15,878</u>	<u>98,803</u>	<u>32,166</u>	<u>334,922</u>	<u>1,856,589</u>
FUND BALANCES AT JUNE 30	<u>\$ 1,073,349</u>	<u>\$ 15,061</u>	<u>\$ 19,637</u>	<u>\$ 33,153</u>	<u>\$ 410,748</u>	<u>\$ 1,551,948</u>

COUNTY OF POWHATAN VIRGINIA

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – NONMAJOR SPECIAL REVENUE FUND
Year Ended June 30, 2015**

	Fire and Rescue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Charges for services	405,000	405,000	507,663	102,663
Intergovernmental revenues:				
Commonwealth	94,000	117,634	117,634	-
Federal Government	-	-	-	-
Total revenues	499,000	522,634	625,297	102,663
EXPENDITURES				
Current:				
Judicial Administrative	-	-	-	-
Public safety	442,625	694,789	549,471	145,318
Health and welfare	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Capital outlay	56,375	-	-	-
Total expenditures	499,000	694,789	549,471	145,318
Excess of revenues over (under) expenditures	-	(172,155)	75,826	247,981
Net change in fund balances	-	(172,155)	75,826	247,981
FUND BALANCES, JULY 1, 2014	-	172,155	334,922	162,767
FUND BALANCES, JUNE 30, 2015	\$ -	\$ -	\$ 410,748	\$ 410,748

COUNTY OF POWHATAN, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SCHOOL RETIREMENT FUND
Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 168,512	\$ 168,512
EXPENDITURES				
Education	-	265,000	906,434	(641,434)
Total expenditures	-	265,000	906,434	(641,434)
Excess (deficiency) of revenues over expenditures	-	(265,000)	(737,922)	809,946
OTHER FINANCING SOURCES				
Transfers in	-	265,000	265,000	-
Total other financing sources	-	265,000	265,000	-
SPECIAL ITEM				
School retirement assets received from School Board	-	-	807,571	(807,571)
Net change in fund balance	-	-	334,649	334,649
FUND BALANCE, JULY 1, 2014	-	-	-	-
FUND BALANCE, JUNE 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,649</u>	<u>\$ 334,649</u>

COUNTY OF POWHATAN, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2015

	<u>Special Welfare</u>	<u>Bond Escrow</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 21,909	\$ 151,181	\$ 173,090
LIABILITIES			
Amounts held for social services clients	\$ 21,909	\$ -	\$ 21,909
Amounts held for others	-	151,181	151,181
Total liabilities	\$ 21,909	\$ 151,181	\$ 173,090

COUNTY OF POWHATAN VIRGINIA

COMBINING STATEMENT OF CHANGES IN

ASSETS AND LIABILITIES

AGENCY FUNDS

Year Ended June 30, 2015

	Beginning Balance	Additions	Reductions	Ending Balance
Special Welfare Fund				
ASSETS				
Cash and cash equivalents	\$ 35,471	\$ 38,098	\$ 51,660	\$ 21,909
Total assets	<u>\$ 35,471</u>	<u>\$ 38,098</u>	<u>\$ 51,660</u>	<u>\$ 21,909</u>
LIABILITIES				
Amounts held for social services clients	\$ 35,471	\$ 38,098	\$ 51,660	\$ 21,909
Total liabilities	<u>\$ 35,471</u>	<u>\$ 38,098</u>	<u>\$ 51,660</u>	<u>\$ 21,909</u>
Bond Escrow Fund				
ASSETS				
Cash and cash equivalents	\$ 93,101	\$ 67,680	\$ 9,600	\$ 151,181
Total assets	<u>\$ 93,101</u>	<u>\$ 67,680</u>	<u>\$ 9,600</u>	<u>\$ 151,181</u>
LIABILITIES				
Amounts held for others	\$ 93,101	\$ 67,680	\$ 9,600	\$ 151,181
Total liabilities	<u>\$ 93,101</u>	<u>\$ 67,680</u>	<u>\$ 9,600</u>	<u>\$ 151,181</u>
Totals – All Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 128,572	\$ 105,778	\$ 61,260	\$ 173,090
Total assets	<u>\$ 128,572</u>	<u>\$ 105,778</u>	<u>\$ 61,260</u>	<u>\$ 173,090</u>
LIABILITIES				
Amounts held for social service clients	\$ 35,471	\$ 38,098	\$ 51,660	\$ 21,909
Amounts held for others	93,101	67,680	9,600	151,181
Total liabilities	<u>\$ 128,572</u>	<u>\$ 105,778</u>	<u>\$ 61,260</u>	<u>\$ 173,090</u>

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DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

Major Governmental Funds

School Operating Fund

The School Operating Fund is a special revenue fund that accounts for the operations of the County's school system. Financing is provided by the State and Federal Governments as well as contributions from the County.

School Retirement Fund

The School Retirement Fund is a special revenue fund that accounts for the supplemental retirement plan provided by the Schools. This fund transferred to the County as of July 1, 2014.

School Cafeteria Fund

The Cafeteria Fund is a special revenue fund that accounts for the County's school lunch program. Financing is provided from lunch sales and state and federal reimbursements.

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COUNTY OF POWHATAN VIRGINIA

COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2015

	School Operating Fund	School Retirement Fund	School Cafeteria Fund	Total Component Unit
ASSETS				
Cash and cash equivalents	\$ 3,102,213	\$ -	\$ -	\$ 3,102,213
Inventories	-	-	7,104	7,104
Due from other governmental units	1,284,577	-	16,636	1,301,213
Total assets	<u>\$ 4,386,790</u>	<u>\$ -</u>	<u>\$ 23,740</u>	<u>\$ 4,410,530</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 160,757	\$ -	\$ -	\$ 160,757
Accrued liabilities	4,226,033	-	69,467	4,295,500
Reconciled overdraft payable	-	-	81,708	81,708
Total liabilities	<u>4,386,790</u>	<u>-</u>	<u>151,175</u>	<u>4,537,965</u>
Fund balances:				
Nonspendable				
Inventories	-	-	7,104	7,104
Unassigned	-	-	(134,539)	(134,539)
Total fund balances	<u>-</u>	<u>-</u>	<u>(127,435)</u>	<u>(127,435)</u>
Total liabilities and fund balances	<u>\$ 4,386,790</u>	<u>\$ -</u>	<u>\$ 23,740</u>	<u>\$ 4,410,530</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances – governmental funds	\$ (127,435)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,589,683
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources for 2015 employer contributions	3,597,256
Deferred inflows of resources for the net difference between projected and actual investment earnings on pension plan investments	(5,976,470)
Deferred inflows of resources due to changes in proportion and differences between employer contributions and proportionate share of contributions – teacher cost sharing pension plan	(70,000)
Net pension asset - Non-professional plan	196,684
Net pension liability - Teacher Cost-sharing Pool	<u>(37,098,000)</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(1,923,765)
OPEB liability	<u>(8,430,400)</u>
Net position of governmental activities	<u><u>\$ (37,242,447)</u></u>

COUNTY OF POWHATAN, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2015**

	School Operating Fund	School Retirement Fund	School Cafeteria Fund	Total Component Unit
REVENUES				
Revenue from the use of money and property	\$ 21,593	\$ -	\$ 1,097	\$ 22,690
Charges for services	21,525	-	588,667	610,192
Miscellaneous revenues	152,960	-	-	152,960
Intergovernmental revenues:				
County contribution	20,362,700	-	-	20,362,700
Commonwealth	21,044,271	-	14,968	21,059,239
Federal	1,236,290	-	411,625	1,647,915
Total revenues	<u>42,839,339</u>	<u>-</u>	<u>1,016,357</u>	<u>43,855,696</u>
EXPENDITURES				
Current:				
Education	<u>42,699,339</u>	<u>-</u>	<u>1,276,459</u>	<u>43,975,798</u>
Excess (deficiency) of revenues over expenditures	<u>140,000</u>	<u>-</u>	<u>(260,102)</u>	<u>(120,102)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(140,000)</u>	<u>-</u>	<u>140,000</u>	<u>-</u>
SPECIAL ITEM				
School retirement assets moved to the County	<u>-</u>	<u>(807,571)</u>	<u>-</u>	<u>(807,571)</u>
Net change in fund balances	<u>-</u>	<u>(807,571)</u>	<u>(120,102)</u>	<u>(927,673)</u>
FUND BALANCES AT JULY 1, as restated (Note 17)	<u>-</u>	<u>807,571</u>	<u>(7,333)</u>	<u>800,238</u>
FUND BALANCES AT JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (127,435)</u></u>	<u><u>\$ (127,435)</u></u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:				
Net change in fund balances – total governmental funds				\$ (927,673)
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.				
Capital asset additions			91,448	
Depreciation expense			(518,361)	
Allocation of jointly owned assets			<u>1,203,458</u>	776,545
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense.				
Employer pension contributions			3,597,256	
Pension expense			<u>(2,925,971)</u>	671,285
School retirement liabilities assumed by the County				1,113,451
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.				
Change in compensated absences				180,531
Change in OPEB liability				<u>(906,100)</u>
Change in net position of governmental activities				<u><u>\$ 908,039</u></u>

COUNTY OF POWHATAN, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2015**

	School Operating Fund				School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ 28,000	\$ 28,000	\$ 21,593	\$ (6,407)	\$ -	\$ -	\$ 1,097	\$ 1,097
Charges for services	15,500	15,500	21,525	6,025	749,600	749,600	588,667	(160,933)
Miscellaneous revenues	253,450	253,450	152,960	(100,490)	-	-	-	-
Intergovernmental revenues:				-				-
County contribution	20,910,562	20,645,562	20,362,700	(282,862)	-	-	-	-
Commonwealth	20,973,128	20,959,090	21,044,271	85,181	19,072	19,072	14,968	(4,104)
Federal	1,472,800	1,472,800	1,236,290	(236,510)	433,881	433,881	411,625	(22,256)
Total revenues	43,653,440	43,374,402	42,839,339	(535,063)	1,202,553	1,202,553	1,016,357	(186,196)
EXPENDITURES								
Current:								
Education	43,513,440	43,234,402	42,699,339	535,063	1,355,553	1,355,553	1,276,459	79,094
Excess (deficiency) of revenues over expenditures	140,000	140,000	140,000	-	(153,000)	(153,000)	(260,102)	(107,102)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	140,000	140,000	140,000	-
Transfers out	(140,000)	(140,000)	(140,000)	-	-	-	-	-
Total other financing sources (uses)	(140,000)	(140,000)	(140,000)	-	140,000	140,000	140,000	-
Net change in fund balances	-	-	-	-	(13,000)	(13,000)	(120,102)	(107,102)
FUND BALANCES, JULY 1, 2014	-	-	-	-	13,000	13,000	(7,333)	(20,333)
FUND BALANCES, JUNE 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (127,435)</u>	<u>\$ (127,435)</u>

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STATISTICAL SECTION

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

<u>Contents</u>	<u>Table</u>
Financial Trends These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	1-4
Revenue Capacity These tables contain information to help the reader assess the factors affecting the County's ability to generate revenues through property, sales taxes, and other means.	5-8
Debt Capacity These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	9-10
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparison over time and with other governments.	11-13
Operating Information These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	14-15

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

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TABLE 1

COUNTY OF POWHATAN, VIRGINIA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Net investment in capital assets	\$ (1,310,668)	\$ (2,085,394)	\$ (1,962,152)	\$ 1,028,903	\$ 1,062,579	\$ 3,108,524	\$ 5,822,208	\$ 6,800,978	\$ (2,077,532)	\$ (433,831)
Restricted	327,708	29,239	321,995	920,754	2,903,209	2,247,827	2,872,925	-	703,270	183,375
Unrestricted	15,013,626	16,540,825	14,037,219	9,697,400	11,487,954	12,504,235	11,923,982	8,130,076	6,503,765	4,930,463
Total governmental activities net position	14,030,666	14,484,670	12,397,062	11,647,057	15,453,742	17,860,586	20,619,115	14,931,054	5,129,503	4,680,007
Business-type activities										
Net investment in capital assets	1,004,989	1,044,804	786,715	(341,364)	393,277	(3,521,073)	8,280	988,765	740,893	466,750
Restricted	-	-	72,357	124,789	361,781	3,955,505	659,417	-	-	-
Unrestricted	462,308	(324,475)	(109,529)	781,779	(704,170)	(364,821)	(315,163)	(357,101)	584,047	12,223
Total business-type activities net position	1,467,297	720,329	749,543	565,204	50,888	69,611	352,534	631,664	1,324,940	478,973
Primary government										
Net investment in capital assets	(305,679)	(1,040,590)	(1,175,437)	687,539	1,455,856	(412,549)	5,830,488	7,789,743	(1,336,639)	32,919
Restricted	327,708	29,239	394,352	1,045,543	3,264,990	6,203,332	3,532,342	-	703,270	183,375
Unrestricted	15,475,934	16,216,350	13,927,690	10,479,179	10,783,784	12,139,414	11,608,819	7,772,975	7,087,812	4,942,686
Total primary government net position	<u>\$ 15,497,963</u>	<u>\$ 15,204,999</u>	<u>\$ 13,146,605</u>	<u>\$ 12,212,261</u>	<u>\$ 15,504,630</u>	<u>\$ 17,930,197</u>	<u>\$ 20,971,649</u>	<u>\$ 15,562,718</u>	<u>\$ 6,454,443</u>	<u>\$ 5,158,980</u>

TABLE 2

COUNTY OF POWHATAN, VIRGINIA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities										
General government administration	\$ 2,904,327	\$ 2,913,719	\$ 2,693,439	\$ 3,490,938	\$ 2,866,159	\$ 3,037,073	\$ 2,638,534	\$ 2,775,228	\$ 2,833,694	\$ 2,025,903
Judicial administration	882,082	915,308	924,281	928,312	986,603	918,457	927,087	899,447	825,264	848,456
Public safety	7,614,265	7,386,351	7,198,186	7,245,597	7,511,077	8,279,412	6,447,677	6,183,603	6,879,758	5,471,018
Public works	1,905,609	1,715,947	1,716,111	1,547,932	969,165	1,667,630	1,810,485	1,483,256	1,369,439	1,269,089
Health and welfare	4,254,575	4,079,149	3,859,387	3,491,003	3,778,834	3,987,693	3,877,527	3,595,287	2,874,055	2,636,097
Education	23,858,180	24,091,342	23,514,070	26,859,832	23,713,559	21,349,126	22,231,269	15,291,269	20,994,467	18,563,308
Parks, recreation, and cultural	672,746	881,707	932,155	990,848	1,026,006	1,285,484	685,229	669,198	620,523	442,389
Community development	952,532	784,157	599,847	1,119,888	1,270,360	1,105,611	1,150,019	1,062,187	1,308,891	990,416
Interest and other fiscal charges	2,490,147	2,664,241	2,841,131	3,539,775	3,011,465	5,137,838	3,812,451	4,042,302	3,544,707	2,527,013
Total governmental activities	45,534,463	45,431,921	44,278,607	49,214,125	45,133,228	46,768,324	43,580,278	36,001,777	41,250,798	34,773,689
Business-type activities										
Water and sewer	2,564,546	2,439,900	2,562,295	2,165,702	2,293,964	2,118,030	2,069,053	1,754,087	1,448,355	1,302,336
Total primary government expenses	48,099,009	47,871,821	46,840,902	51,379,827	47,427,192	48,886,354	45,649,331	37,755,864	42,699,153	36,076,025
Program revenues										
Governmental activities										
Charges for services										
Judicial administration	145,738	188,666	227,140	242,548	227,867	160,112	193,521	234,921	17,235	16,432
Public safety	563,314	520,637	511,473	395,652	342,087	381,483	432,876	1,175,168	1,488,691	1,957,822
Public works	54,674	54,264	38,953	56,252	43,043	41,969	35,317	34,833	34,808	32,194
Parks, recreation, and cultural	24,394	30,176	29,175	35,226	30,017	22,811	15,032	10,454	-	-
Community development	939,943	828,425	607,558	343,493	45,777	114,312	108,330	988	1,559	2,550
Operating grants and contributions	4,377,081	4,374,567	3,969,854	3,899,879	4,330,772	4,592,614	5,243,531	4,035,013	3,841,054	3,754,909
Capital grants and contributions	212,050	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	6,317,194	5,996,735	5,384,153	4,973,050	5,019,563	5,313,301	6,028,607	5,491,377	5,383,347	5,763,907
Business-type activities										
Water and sewer	514,998	272,633	388,990	531,205	191,349	243,081	220,726	356,611	180,470	271,762
Total primary government program revenues	6,832,192	6,269,368	5,773,143	5,504,255	5,210,912	5,556,382	6,249,333	5,847,988	5,563,817	6,035,669

(Continued)

TABLE 2

COUNTY OF POWHATAN, VIRGINIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net (expense) revenue										
Governmental activities	\$ (39,217,269)	\$ (39,435,186)	\$ (38,894,454)	\$ (44,241,075)	\$ (40,113,665)	\$ (41,455,023)	\$ (37,551,671)	\$ (30,510,400)	\$ (35,867,451)	\$ (29,009,782)
Business-type activities	(2,049,548)	(2,167,267)	(2,173,305)	(1,634,497)	(2,102,615)	(1,874,949)	(1,848,327)	(1,397,476)	(1,267,885)	(1,030,574)
Total primary government net expense	(41,266,817)	(41,602,453)	(41,067,759)	(45,875,572)	(42,216,280)	(43,329,972)	(39,399,998)	(31,907,876)	(37,135,336)	(30,040,356)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	35,172,302	35,253,633	33,447,832	34,499,496	32,420,090	32,536,675	33,161,709	30,584,211	28,285,549	23,740,100
Other local taxes	4,702,903	4,250,661	4,960,172	4,200,076	3,529,326	4,723,134	4,568,552	4,722,351	4,611,442	4,626,430
Investment earnings	405,979	283,313	239,006	427,933	251,370	295,346	511,317	1,584,750	1,122,911	465,542
Miscellaneous	212,904	356,148	182,694	171,550	467,943	289,958	155,546	150,910	152,012	63,101
Non-categorical aid from the govt	4,087,845	4,147,231	3,178,838	3,226,864	3,095,939	3,128,833	3,159,907	3,227,880	3,400,784	3,509,778
Payment from Powhatan County Schools	-	-	-	-	-	-	1,000,000	-	-	-
Gain/Loss on disposal of capital assets	-	(390,698)	(6,854)	-	-	-	-	-	-	-
Transfers	(2,871,782)	(2,321,178)	(2,357,229)	(2,091,529)	(2,057,847)	(1,582,488)	(1,533,352)	(1,156,403)	(1,860,452)	(1,049,508)
Special item	(305,880)	-	-	-	-	-	-	-	-	-
Total governmental activities	41,404,271	41,579,110	39,644,459	40,434,390	37,706,821	39,391,458	41,023,679	39,113,699	35,712,246	31,355,443
Business-type activities:										
Investment earnings	-	51	415	57,284	26,045	9,538	35,845	116,752	-	-
Miscellaneous	11,765	-	-	-	-	-	-	-	253,399	21,169
Transfers	2,871,782	2,321,178	2,357,229	2,091,529	2,057,847	1,582,488	1,533,352	1,156,403	1,860,452	1,049,508
Total business-type activities	2,883,547	2,321,229	2,357,644	2,148,813	2,083,892	1,592,026	1,569,197	1,273,155	2,113,851	1,070,677
Total primary government	44,287,818	43,900,339	42,002,103	42,583,203	39,790,713	40,983,484	42,592,876	40,386,854	37,826,097	32,426,120
Changes in Net Position										
Governmental activities	2,187,002	2,143,924	750,005	(3,806,685)	(2,406,844)	(2,063,565)	3,472,008	8,603,299	(155,205)	2,345,661
Business-type activities	833,999	153,962	184,339	514,316	(18,723)	(282,923)	(279,130)	(124,321)	845,966	40,103
Total primary government	\$ 3,021,001	\$ 2,297,886	\$ 934,344	\$ (3,292,369)	\$ (2,425,567)	\$ (2,346,488)	\$ 3,192,878	\$ 8,478,978	\$ 690,761	\$ 2,385,764

TABLE 3

COUNTY OF POWHATAN, VIRGINIA

FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 917,357	\$ 228,964	\$ 228,964	\$ 191,616	\$ 183,375
Unreserved	-	-	-	-	-	10,662,980	11,571,639	9,957,288	7,736,649	5,441,807
Nonspendable for prepaids	3,048	4,048	34,892	-	-	-	-	-	-	-
Restricted	-	-	-	-	372	-	-	-	-	-
Assigned	3,698,649	-	-	-	-	-	-	-	-	-
Unassigned	11,043,610	13,877,646	12,445,947	13,177,977	10,759,275	-	-	-	-	-
Total general fund	<u>\$ 14,745,307</u>	<u>\$ 13,881,694</u>	<u>\$ 12,480,839</u>	<u>\$ 13,177,977</u>	<u>\$ 10,759,647</u>	<u>\$ 11,580,337</u>	<u>\$ 11,800,603</u>	<u>\$ 10,186,252</u>	<u>\$ 7,928,265</u>	<u>\$ 5,625,182</u>
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 631,950	\$ 466,256	\$ 360,819	\$ 21,391	\$ 40,070
Capital projects funds	-	-	-	-	-	2,247,827	2,872,925	11,656,846	28,825,353	516,363
Debt service funds	-	-	-	-	-	371,697	418,269	326,024	67,546	64,514
Restricted, reported in:										
Debt service funds	-	-	8,892	-	-	-	-	-	-	-
Capital projects funds	-	29,239	313,103	911,927	2,903,209	-	-	-	-	-
Special revenue funds	1,886,597	1,856,589	705,391	423,141	682,123	-	-	-	-	-
Assigned for:										
Debt service	-	-	-	8,827	378,763	-	-	-	-	-
Capital project	1,610,407	883,385	1,151,845	-	-	-	-	-	-	-
Unassigned, report in:										
Capital projects funds	-	-	-	(207,318)	(385,739)	-	-	-	-	-
Total all other governmental funds	<u>\$ 3,497,004</u>	<u>\$ 2,769,213</u>	<u>\$ 2,179,231</u>	<u>\$ 1,136,577</u>	<u>\$ 3,578,356</u>	<u>\$ 3,251,474</u>	<u>\$ 3,757,450</u>	<u>\$ 12,343,689</u>	<u>\$ 28,914,290</u>	<u>\$ 620,947</u>
Total fund balances	<u>\$ 18,242,311</u>	<u>\$ 16,650,907</u>	<u>\$ 14,660,070</u>	<u>\$ 14,314,554</u>	<u>\$ 14,338,003</u>	<u>\$ 14,831,811</u>	<u>\$ 15,558,053</u>	<u>\$ 22,529,941</u>	<u>\$ 36,842,555</u>	<u>\$ 6,246,129</u>

Note: 2011 was the first year of implementing GASB 54 which revised fund balance classifications.

TABLE 4

COUNTY OF POWHATAN, VIRGINIA

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
REVENUES										
General property taxes	\$ 35,326,867	\$ 34,940,715	\$ 33,503,021	\$ 34,583,227	\$ 32,420,262	\$ 31,900,172	\$ 32,997,434	\$ 30,214,857	\$ 27,648,550	\$ 23,596,072
Other local taxes	4,702,903	4,250,661	4,960,172	4,200,076	3,529,326	4,723,134	4,568,552	4,722,351	4,611,442	4,626,430
Permits, privilege fees, and regulatory licenses	937,270	842,474	620,832	706,921	359,429	427,993	534,581	1,168,129	1,349,708	1,792,094
Fines and forfeitures	102,410	111,173	137,224	162,505	152,525	127,062	102,855	104,046	109,296	126,579
Revenue from use of money and property	405,979	283,313	239,007	239,587	251,370	295,346	511,317	1,584,750	1,122,917	465,542
Charges for services	688,383	668,521	656,243	203,745	176,837	165,632	147,640	184,189	83,289	90,325
Miscellaneous	212,904	356,148	182,694	171,550	467,943	289,958	155,546	150,910	170,012	62,323
Recovered costs	-	-	-	-	-	-	-	-	-	4,444
Intergovernmental:										
Powhatan County School Board	-	-	-	-	-	-	1,000,000	1,000,000	-	-
Commonwealth	7,790,247	7,497,107	6,417,248	6,270,174	6,391,383	6,670,752	7,650,636	6,588,235	6,395,488	6,336,911
Federal	886,729	1,024,691	731,443	856,569	1,035,328	1,050,695	752,802	674,658	846,350	924,110
Total revenues	51,053,692	49,974,803	47,447,884	47,394,354	44,784,403	45,650,744	48,421,363	46,392,125	42,337,052	38,024,830
EXPENDITURES										
Current:										
General government	2,881,108	2,706,558	2,833,088	3,027,100	2,557,186	2,748,207	2,584,545	2,505,817	2,147,176	1,828,705
Judicial administration	886,834	842,973	848,203	840,115	851,185	827,533	825,856	818,151	731,599	675,549
Public safety	7,561,393	6,934,689	6,767,013	6,784,063	6,850,801	7,438,936	6,265,502	5,804,861	5,633,996	5,122,228
Public works	2,136,239	1,646,877	1,606,243	1,552,826	1,591,299	1,654,195	1,615,155	1,463,242	1,342,691	1,237,194
Health and welfare	4,285,753	4,069,400	3,771,576	3,482,258	3,762,329	3,968,635	3,833,172	3,588,097	2,865,377	2,627,419
Education	21,269,134	20,708,851	19,990,590	19,097,840	19,778,712	18,858,660	20,285,490	19,726,481	18,054,171	16,596,361
Community development	852,728	767,675	565,729	770,541	775,816	1,120,923	1,129,156	1,082,283	1,297,844	981,493
Parks, recreation, and cultural	543,079	659,704	709,339	1,092,280	1,243,726	705,973	501,285	612,523	524,268	348,495
Capital projects	123,070	920,622	769,227	1,816,496	4,342,579	1,301,670	9,280,459	18,126,989	2,894,148	2,064,983
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal	4,046,946	3,861,164	3,742,429	3,520,544	3,366,335	2,991,861	3,817,452	2,660,157	3,989,966	2,705,381
Interest on other fiscal charges	3,434,942	3,025,485	3,177,702	3,350,976	3,344,051	5,464,072	3,871,483	3,680,641	2,689,419	2,743,365
Total expenditures	48,021,226	46,143,998	44,781,139	45,335,039	48,464,019	47,080,665	54,009,555	60,069,242	42,170,655	36,931,173
Excess of revenues over (under) expenditures	3,032,466	3,830,805	2,666,745	2,059,315	(3,679,616)	(1,429,921)	(5,588,192)	(13,677,117)	166,397	1,093,657
OTHER FINANCING SOURCES (USES)										
Operating transfers in	3,864,804	7,616,992	8,414,123	-	-	7,337,019	5,972,955	4,945,322	6,974,552	5,866,664
Operating transfers out	(6,736,586)	(9,938,170)	(10,771,352)	(2,091,529)	(2,057,847)	(8,919,507)	(7,506,307)	(6,101,725)	(8,835,004)	(6,916,172)
Proceeds from capital lease	47,942	481,210	36,000	-	-	-	-	-	-	-
Issuance of bonds	26,162,052	-	-	2,920,000	5,290,000	29,985,623	6,350,705	-	32,090,483	786,000
Bond issuance premium	-	-	-	369,490	-	1,503,439	149,656	-	-	-
Payments to refunding escrow agent	(25,586,845)	-	-	(4,905,315)	-	(29,202,895)	(6,350,705)	-	-	-
Bond issuance costs	-	-	-	(63,011)	(46,345)	-	-	-	-	-
Deferred amounts on refunding	-	-	-	1,687,601	-	-	-	-	-	-
Total other financing sources (uses)	(2,248,633)	(1,839,968)	(2,321,229)	(2,082,764)	3,185,808	703,679	(1,383,696)	(1,156,403)	30,230,031	(263,508)
SPECIAL ITEM										
Net change in fund balances	\$ 1,591,404	\$ 1,990,837	\$ 345,516	\$ (23,449)	\$ (493,808)	\$ (726,242)	\$ (6,971,888)	\$ (14,833,520)	\$ 30,396,428	\$ 830,149
Debt service as a percentage of noncapital expenditures	15.62%	15.23%	15.72%	15.79%	15.21%	18.47%	17.19%	15.12%	17.01%	15.63%

TABLE 5

COUNTY OF POWHATAN, VIRGINIA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Taxpayer	Fiscal Year 2015			Fiscal Year 2006		
	Assessed Value (1)	Rank	Percentage of Total County Assessed Value	Assessed Value (1)	Rank	Percentage of Total County Assessed Value
Carnes, W.S. et al	\$ 10,446,800	1	0.31%	\$ 9,227,600	3	0.29%
South Creek Properties	6,960,600	2	0.21%	-	-	0.00%
Powhatan Shoppes at South Creek	6,625,600	3	0.20%	8,491,700	4	0.26%
Milhaus Corporation	6,070,000	4	0.18%	-	-	0.00%
Anderson, Tamara & Delores Ranson	6,030,300	5	0.18%	-	-	0.00%
Central Virginia Bank	5,759,900	6	0.17%	6,449,400	7	0.20%
American Timberlands	5,594,700	7	0.17%	-	-	0.00%
Reeds Landing Corp.	5,393,900	8	0.16%	7,900,500	5	0.25%
Prosinc, LLC	5,362,200	9	0.16%	-	-	0.00%
Sanders, Donald & Teresa	5,330,900	10	0.16%	4,556,700	10	0.14%
Patterson, S.H., Jr. et al	-	-	0.00%	6,307,200	8	0.20%
Phillips, Terry	-	-	0.00%	4,675,200	9	0.15%
Powhatan Properties Land and Lumber	-	-	0.00%	7,395,700	6	0.23%
Ranson, R.F. et al	-	-	0.00%	15,435,800	1	0.48%
VSGA Foundation, Inc.	-	-	0.00%	11,031,600	2	0.34%
	<u>\$ 63,574,900</u>		<u>1.90%</u>	<u>\$ 81,471,400</u>		<u>2.48%</u>

Source: Powhatan County Commissioner of Revenue Department

TABLE 6

COUNTY OF POWHATAN, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30	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 Levy
2015	\$ 34,387,967	\$ 229,677	\$ 34,617,644	\$ 29,585,924	86.04%	\$ -	\$ 29,585,924	85.46%
2014 (2)	20,444,760	(144,995)	20,299,765	16,173,898	79.11%	3,991,141	20,165,039	99.34%
2013	35,684,848	(3,025,511)	32,659,337	30,590,404	85.72%	1,509,611	32,100,015	98.29%
2012 (1)	39,309,998	(5,083,353)	34,226,645	32,421,232	82.48%	1,509,138	33,930,370	99.13%
2011	35,131,551	(1,810,696)	33,320,855	27,395,034	77.98%	5,726,426	33,121,460	99.40%
2010	35,111,856	(595,131)	34,516,725	27,972,433	79.67%	6,384,278	34,356,711	99.54%
2009	35,489,429	(736,162)	34,753,267	28,215,893	79.51%	6,415,554	34,631,447	99.65%
2008	31,586,113	(618,056)	30,968,057	26,895,079	85.15%	3,990,813	30,885,892	99.73%
2007	30,643,358	(716,332)	29,927,026	22,172,530	72.36%	7,745,078	29,917,608	99.97%
2006	28,983,617	(427,001)	28,556,616	26,098,410	90.05%	2,448,790	28,547,200	99.97%

Source: Commissioner of Revenue, County Treasurer's Office

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

(2) In FY2014, the County did a short year for real estate and therefore the levy was half of a normal levy in order for the real estate levies to agree to the budget cycle.

(3) The collection rate appears low due to second half of personal property is not due until FY2016

Table 7

COUNTY OF POWHATAN, VIRGINIA

**ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
UNAUDITED**

Fiscal Year	Less:		Total Taxable Assessed Value	Direct	Personal Property and Mobile	Machinery	Public	Total
	Real Estate	Tax-Exempt Property	Real Estate	Tax Rate (1)	Homes	and Tools	Service (3)	
2015	\$ 3,300,165,350	\$ 308,499,100	\$ 2,991,666,250	0.90	\$ 262,062,264	\$ 9,428,908	\$ 97,811,452	\$ 3,360,968,874
2014	3,337,208,023	309,617,800	3,027,590,223	0.90	248,273,253	10,543,520	93,715,317	3,380,122,313
2013	3,353,554,725	313,338,300	3,040,216,425	0.90	236,952,333	9,885,765	88,634,309	3,375,688,832
2012	3,324,413,600	313,414,300	3,010,999,300	0.90	220,342,803	9,330,975	87,019,206	3,327,692,284
2011	3,790,383,750	324,370,500	3,466,013,250	0.77	213,076,137	9,388,255	90,184,332	3,778,661,974
2010	3,760,019,650	303,159,400	3,456,860,250	0.77	209,704,422	11,481,930	90,368,639	3,768,415,241
2009	4,094,870,500	305,328,100	3,789,542,400	0.71	200,805,327	12,038,975	79,349,688	4,081,736,390
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	3,215,363,900	258,757,800	2,956,606,100	0.74	189,217,425	6,413,240	53,726,749	3,205,963,514

Source: Commissioner of Revenue

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 their tax rates

(2) Source, Real Estate Assessments from Commissioner of Revenue

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

COUNTY OF POWHATAN, VIRGINIA

TABLE 8

**DIRECT PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED**

Tax Year	Public Service		Machinery and Tools	Personal Property
	Real Estate	Personal Property		
2015	0.90	3.60	3.60	3.60
2014	0.90	3.60	3.60	3.60
2013	0.90	3.60	3.60	3.60
2012	0.77/0.90	3.60	3.60	3.60
2011	0.77	3.60	3.60	3.60
2010	0.77	3.60	3.60	3.60
2009	0.71	3.60	3.60	3.60
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

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

TABLE 9

COUNTY OF POWHATAN, VIRGINIA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED**

Fiscal Year	General Obligation Bonds	State Literary Loans	Capital Leases	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2015	\$ 29,263,282	\$ 1,000,000	\$ 331,795	\$ 48,014,996	\$ 78,610,073	N/A	\$ 2,803
2014	31,425,110	1,250,000	397,123	50,325,349	83,397,582	0.054%	2,931
2013	33,554,527	1,500,000	25,689	52,268,115	87,348,331	0.048%	3,076
2012	35,674,250	1,750,000	-	54,176,686	91,600,936	0.041%	3,259
2011	37,775,241	2,000,000	-	56,154,058	95,929,299	0.046%	3,402
2010	39,946,458	2,250,000	225,618	51,991,032	94,413,108	0.044%	3,304
2009	41,346,097	2,500,000	443,340	48,845,389	93,134,826	0.044%	3,263
2008	36,581,807	10,250,000	653,611	49,866,818	97,352,236	0.037%	3,444
2007	38,143,561	10,600,000	856,720	50,795,402	100,395,683	0.035%	3,631
2006	39,891,201	3,450,000	1,055,500	28,694,639	73,091,340	0.047%	2,644

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

COUNTY OF POWHATAN, VIRGINIA

TABLE 10

**RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED**

Fiscal Year Ended June 30	Population	General Bonded Debt Outstanding Governmental Activities			
		Assessed Taxable Value (1)	Gross Bonded Debt (2)	Net Bonded Debt to Assessed Value	Per Capita
2015	28,046	\$ 3,360,968,874	\$ 30,263,282	0.90%	\$ 1,079
2014	28,451	3,380,122,313	32,675,110	0.97%	1,148
2013	28,394	3,375,417,032	35,054,527	1.04%	1,235
2012	28,110	3,327,692,284	37,424,250	1.12%	1,331
2011	28,198	3,778,661,974	39,775,241	1.05%	1,384
2010	28,046	3,768,415,241	42,196,458	1.04%	1,477
2009	27,964	4,081,736,390	43,846,097	1.07%	1,536
2008	27,674	4,056,324,522	46,831,807	1.14%	1,644
2007	27,494	3,362,265,960	48,743,561	1.45%	1,763
2006	27,282	3,330,307,014	43,341,201	1.30%	1,631

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.

COUNTY OF POWHATAN, VIRGINIA

TABLE 11

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED**

Fiscal Year	Population	Total Personal Income**	Per Capita Personal Income	Unemployment Rate %	School Enrollment
2015	28,046	N/A	N/A	4.30%	4,157
2014	28,451	N/A	45,446	4.60%	4,205
2013	28,394	1,334,229	42,016	5.30%	4,222
2012	28,110	1,317,197	37,320	5.40%	4,786
2011	28,198	1,240,942	43,860	6.00%	4,436
2010	28,046	1,176,637	41,361	6.60%	4,253
2009	27,964	1,147,171	40,592	6.20%	4,510
2008	27,674	1,173,385	36,067	3.20%	4,418
2007	27,494	1,111,299	35,153	2.40%	4,434
2006	27,282	1,023,722	34,262	2.70%	4,396

n/a - information is not yet available

(1) Source: Bureau of Economic Analysis, Department of Labor Statistics, Weldon Cooper Center

**Bureau of Economic Analysis, Department of Commerce, Bearfacts

TABLE 12

COUNTY OF POWHATAN, VIRGINIA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Employer	2015*			2006		
	Employees	Rank	Percentage of Total Employment**	Employees	Rank	Percentage of Total Employment**
Powhatan County School Board	500-999	1	N/A	500-999	1	N/A
Virginia Department of Juvenile Justice	250-499	2	N/A	250-499	2	N/A
Powhatan Correctional Center	250-499	3	N/A	250-499	3	N/A
Deep Meadow Correctional Center	250-499	4	N/A	250-499	4	N/A
Walmart	100-249	5	N/A	N/A		N/A
County of Powhatan	100-249	6	N/A	100-249	5	N/A
Mid Atlantic Steel Erecto Inc.	100-249	7	N/A	-		N/A
Food Lion	100-249	8	N/A	50-99	10	N/A
Virginia Department of Correctional Education	N/A		N/A	100-249	6	N/A
Anderson Merchandisers, LLC	50-99	9	N/A	N/A		N/A
Moslow Wood Products	50-99	10	N/A	N/A		N/A
Central Virginia Bank	N/A		N/A	50-99	7	N/A
YMCA	N/A		N/A	50-99	8	N/A
M.P. Barden & Sons, Inc.	N/A		N/A	50-99	9	N/A

Source: Virginia Employment Commission

* Quarterly Census of Employment and Wages (QCEW)

Data for 2015: 1st Quarter 2015

Data for 2006: 1st Quarter 2006

**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.

TABLE 13

COUNTY OF POWHATAN, VIRGINIA
FULL-TIME COUNTY EMPLOYEES BY POSITION
LAST TEN FISCAL YEARS
UNAUDITED

Department	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
County Administration										
County Administrator	1	1	1	1	1	1	1	1	1	1
Deputy County Administrator/Comm Dev Dir	1	-	-	-	-	-	-	-	-	-
Sr. Executive Assistant	-	-	1	1	1	1	-	-	-	-
Executive Associate	1	1	-	-	-	-	-	-	-	-
Executive Secretary	-	-	-	1	1	1	1	1	1	1
Total County Administration	<u>3</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Grants Administrator										
Grants Coordinator	-	1	1	-	-	-	1	1	1	-
Finance										
Finance Director	1	1	1	1	1	1	1	1	1	1
HR Benefits and Training Coordinator	-	-	1	1	1	1	1	1	1	1
HR/Finance Specialist	1	1	-	-	-	-	-	-	-	-
Accounting Supervisor	-	1	1	-	-	-	-	-	-	-
Accountant	1	-	-	-	-	-	-	-	-	-
Accounting Analyst	1	1	1	1	1	-	-	-	-	-
Total Finance	<u>4</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Human Resources										
HR Manager	1	1	-	-	-	-	-	-	-	-
Information Technology										
Directory of IT	1	-	-	-	-	-	-	-	-	-
IT Specialist	2	2	2	-	-	-	-	-	-	-
Total Information Technology	<u>3</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County Attorney										
County Attorney	-	1	1	1	1	-	-	-	-	1
Paralegal	1	1	1	1	1	-	-	-	-	-
Total County Attorney	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Facilities Management										
Facilities Assistant	-	-	1	1	1	1	1	1	1	1
Facilities/Groundskeeper	-	-	1	1	1	1	-	-	-	-
General Services Supervisor	-	-	1	1	1	1	1	1	1	1
Maintenance Worker	-	-	2	2	2	2	2	2	2	1
Total Facilities Management	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>3</u>

TABLE 13
(Continued)

COUNTY OF POWHATAN, VIRGINIA

FULL-TIME COUNTY EMPLOYEES BY POSITION
LAST TEN FISCAL YEARS
UNAUDITED

Department	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Public Works										
Director of Public Works	1	1	-	-	-	-	-	-	-	-
Administrative Associate Public Works	1	1	-	-	-	-	-	-	-	-
Recreation Program Coordinator	1	-	-	-	-	-	-	-	-	-
Facilities Manager	1	1	-	-	-	-	-	-	-	-
Administrative Assistant Facilities	1	1	-	-	-	-	-	-	-	-
Building Supervisor - HVAC	1	1	-	-	-	-	-	-	-	-
Grounds Supervisor	1	1	-	-	-	-	-	-	-	-
Maintenance Worker III	2	2	-	-	-	-	-	-	-	-
Maintenance Worker II	4	3	-	-	-	-	-	-	-	-
Maintenance Worker I	-	1	-	-	-	-	-	-	-	-
Utilities Manager	1	1	-	-	-	-	-	-	-	-
Utilities Operations Supervisor	1	1	-	-	-	-	-	-	-	-
Utilities Operator	3	1	-	-	-	-	-	-	-	-
Convenience Center Supervisor	1	1	-	-	-	-	-	-	-	-
Convenience Center Operator III	1	1	-	-	-	-	-	-	-	-
Convenience Center Operator II	1	1	-	-	-	-	-	-	-	-
Convenience Center Operator I	1	1	-	-	-	-	-	-	-	-
Total Public Works	<u>22</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Building Inspections										
Building Official	-	-	1	1	1	1	1	1	1	1
Building Inspector	-	-	1	4	2	2	3	3	3	4
Secretary	-	-	1	1	1	1	1	1	1	1
Plans Reviewer	-	-	1	2	2	2	2	2	2	1
Total Building Inspections	<u>-</u>	<u>-</u>	<u>4</u>	<u>8</u>	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
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	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
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 the Revenue	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Economic Development										
Economic Development Director	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

TABLE 13
(Continued)

COUNTY OF PAWHATAN, VIRGINIA

FULL-TIME COUNTY EMPLOYEES BY POSITION
LAST TEN FISCAL YEARS
UNAUDITED

Department	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Fire Administration										
Chief of Fire and Emergency Medical Services	1	1	-	1	1	1	1	-	-	-
Administrative Associate	1	1	-	-	-	-	-	-	-	-
Administrative Assistant	-	-	1	1	1	1	1	1	1	1
Total Fire Administration	<u>2</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>
Library										
Library Director	1	1	1	1	1	1	1	1	1	1
Library Clerk II	1	1	-	-	-	-	-	-	-	-
Library Assistant	1	1	1	1	1	1	1	1	1	1
Total Library	<u>3</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Planning										
Planning Director	-	-	-	1	1	1	1	1	1	1
Planner II	-	-	2	2	2	2	2	2	2	1
Planner I	-	-	1	1	1	1	1	1	-	1
Administrative Assistant	-	-	-	-	-	-	-	-	-	1
Office Manager	-	-	1	1	1	1	1	1	1	-
Zoning Administrator	-	-	1	1	1	1	1	1	1	1
GIS Coordinator	-	-	1	1	1	1	1	1	-	-
Erosion and Sediment Control Inspector	-	-	1	1	1	1	1	1	-	-
Total Planning	<u>-</u>	<u>-</u>	<u>7</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>5</u>	<u>5</u>
Planning and Community Development										
Director of Community Development	-	1	-	-	-	-	-	-	-	-
Administrative Associate Community Dev.	1	1	-	-	-	-	-	-	-	-
Planning Manager	1	1	-	-	-	-	-	-	-	-
Environmental Coordinator	1	1	-	-	-	-	-	-	-	-
Zoning Administrator	1	1	-	-	-	-	-	-	-	-
Planner I	1	1	-	-	-	-	-	-	-	-
Erosion and Sediment Technician	1	1	-	-	-	-	-	-	-	-
Planning/Zoning Specialist	1	1	-	-	-	-	-	-	-	-
GIS Coordinator	1	1	-	-	-	-	-	-	-	-
Building Official	1	1	-	-	-	-	-	-	-	-
Building Inspector	1	1	-	-	-	-	-	-	-	-
Plans Reviewer	1	1	-	-	-	-	-	-	-	-
Building Inspections Permit Specialist	1	1	-	-	-	-	-	-	-	-
Total Planning and Community Development	<u>12</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TABLE 13
(Continued)

COUNTY OF POWHATAN, VIRGINIA

FULL-TIME COUNTY EMPLOYEES BY POSITION
LAST TEN FISCAL YEARS
UNAUDITED

Department	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
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	3	3	3	3	3	3	3	3	3	2
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	7	7	7	7	7	7	7	7	7	6
Comprehensive Services										
Coordinator	1	1	-	1	1	1	1	1	1	1
Clerk of the Circuit Court										
Clerk of the Circuit Court	1	1	1	1	1	1	1	1	1	1
Deputy Clerk IV	1	1	1	1	1	1	1	1	1	1
Deputy Clerk	3	2	1	1	2	2	2	2	2	2
Total Clerk of the Court	5	4	3	3	4	4	4	4	4	4
Utilities										
Utilities/General Services Director	-	-	1	1	1	1	1	1	1	1
Manager, WWTP	-	-	-	1	1	1	1	1	1	1
Utilities Engineer	-	-	1	1	1	1	1	1	-	-
WWTP Operator	-	-	3	3	3	3	3	3	3	2
Total Utilities	-	-	5	6	6	6	6	6	5	4
Parks and Recreation										
Parks and Recreation Director	-	1	1	1	1	1	1	-	-	-
Victim Witness										
Victim Witness Coordinator	1	1	-	-	-	-	-	-	-	-
Convenience Center										
Supervisor	-	-	1	1	1	1	1	1	1	1
Attendant	-	-	2	2	2	2	2	2	2	2
Total Convenience Center	-	-	3	3	3	3	3	3	3	3

TABLE 13
(Continued)

COUNTY OF POWHATAN, VIRGINIA

FULL-TIME COUNTY EMPLOYEES BY POSITION
LAST TEN FISCAL YEARS
UNAUDITED

Department	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
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	4	4	5	5	4	3	4	4	4	4
Lieutenant	2	2	2	2	2	2	1	1	1	1
Deputy (one vacant)	20	20	19	21	22	25	23	20	18	18
Corporal	6	6	5	5	4	3	4	4	4	4
Victim Witness	-	-	1	1	1	1	1	1	1	1
Chief Deputy	1	1	1	1	1	1	-	-	-	-
Undersheriff	1	1	1	1	1	1	1	1	1	1
IT Technician	1	1	1	1	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	10	10	10	8	8	8	8
Dispatch Manager	1	1	1	1	1	1	1	1	1	1
Dispatch Supervisor	1	1	1	1	1	1	1	1	1	1
Total Sheriff	<u>51</u>	<u>51</u>	<u>51</u>	<u>55</u>	<u>54</u>	<u>55</u>	<u>51</u>	<u>48</u>	<u>46</u>	<u>45</u>
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	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total full-time positions	<u>131</u>	<u>128</u>	<u>112</u>	<u>126</u>	<u>123</u>	<u>121</u>	<u>115</u>	<u>110</u>	<u>104</u>	<u>102</u>

Source: Powhatan County Human Resources Department

TABLE 14

COUNTY OF POWHATAN, VIRGINIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
UNAUDITED

Function	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Sheriffs Office (1)										
Traffic citations	1,092	1,456	1,788	2,344	2,508	2,071	1,863	1,722	1,181	1,104
Criminal arrests	858	816	684	663	679	688	834	714	658	645
Calls for service	16,416	17,452	17,987	19,549	20,385	19,860	21,444	17,587	16,433	16,625
Calls dispatched	16,416	17,452	17,987	19,549	20,385	19,860	21,444	17,587	16,433	16,625
Calls dispatched for traffic	700	703	833	717	700	877	745	713	707	715
Criminal warrants served	1,009	996	918	862	885	812	920	887	839	847
Civil warrants and traffic notices	8,146	8,037	8,223	8,966	8,954	8,551	8,232	8,257	8,579	8,730
Fire and Rescue (2)										
Calls dispatched for rescue	*	1,419	1,448	1,432	1,364	1,146	1,216	1,220	1,065	434
Emergency responses	*	602	644	735	739	624	671	837	783	804
Community Development (3)										
Site plans reviewed	6	14	3	9	4	3	9	27	27	28
Rezoning Cases	6	3	1	4	5	3	5	3	9	23
CUP's	13	9	8	5	8	8	10	14	14	18
Sub divisions	3	2	3	3	2	1	-	13	14	20
Inspections	5,172	6,031	5,361	5,207	4,248	4,735	5,391	8,616	9,534	10,166
Refuse Collection (4)										
Refuse collected (tons per year)	6,390	6,514	6,395	6,112	6,736	6,773	6,830	7,156	7,329	7,266
Number of refuse sites	1	1	1	1	1	1	1	1	1	1
Recyclables Collected (tons per year)	1,249.17	926.16	772.39	703.40	688.73	769.40	691.88	636.46	501.77	489.62
Parks, recreation and cultural (5)										
Tournaments - Baseball	4	-	*	*	*	*	*	*	*	*
Tournaments - Softball	4	2	*	*	*	*	*	*	*	*
Tournaments - Disc Golf	2	-	*	*	*	*	*	*	*	*
Special Olympics Tournaments	2	-	*	*	*	*	*	*	*	*
Benefit Tournaments	2	2	*	*	*	*	*	*	*	*
School Tournaments	1	1	*	*	*	*	*	*	*	*
School Camps	1	1	*	*	*	*	*	*	*	*
League Tournaments	1	-	*	*	*	*	*	*	*	*
League Camps	3	1	*	*	*	*	*	*	*	*
Trail Runs	1	1	*	*	*	*	*	*	*	*
Leagues/Organizations	10	10	*	*	*	*	*	*	*	*
League Players	2,235	2,120	*	*	*	*	*	*	*	*
Library (6)										
Materials circulated	102,758	101,264	99,479	106,801	101,952	103,730	113,884	116,036	99,717	88,459
Library patrons - registered borrowers	20,716	19,710	19,203	18,243	17,369	16,356	15,365	14,086	12,023	12,037
Education (7)										
Total employees	632	634	634	663	714	737	711	711	703	697
Teachers	316	320	322	323	331	337	337	337	335	320
Students	4,157	4,205	4,222	4,786	4,436	4,253	4,510	4,418	4,434	4,396
Finance/Administration (8)										
Checks processed	5,394	5,519	5,121	5,459	7,733	5,353	6,001	6,391	4,873	3,833

* Information not available

Sources

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

TABLE 15

COUNTY OF POWHATAN, VIRGINIA

Capital Asset Statistics by Function/Program
LAST TEN FISCAL YEARS
UNAUDITED

Function	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Sheriff's Office (1)										
Patrol vehicles	50	50	50	49	50	49	46	40	*	*
Fire and Rescue (2)										
Companies	6	6	6	6	6	6	6	6	6	6
Stations	8	8	8	8	8	8	8	8	8	8
Rescue Vehicles	11	11	11	11	11	11	11	11	11	11
Fire Apparatus	29	28	28	29	29	29	29	29	29	29
Parks and recreation (3)										
Parks maintained	1	1	1	1	1	1	1	1	1	1
Park acreage	212	212	212	212	212	212	212	212	212	212
Trails (miles)	1.8	1.8	1.37	1.37	1.0	1.0	1.0	0.50	0.50	0.50
Library (4)										
Facilities	1	1	1	1	1	1	1	1	1	1
Public Utilities (5)										
Water										
Daily average consumption (gallons)	167,400	193,942	162,898	168,017	174,856	97,209	78,632	46,574	31,172	32,977
Connections	93	80	76	71	54	53	45	40	32	20
Sewer										
Average daily sewage treatment Duty	46	344	37	33	21	*	*	*	*	*
Average daily sewage treatment Fighting										
Creek (thousands of gallons)	32	29	28	39	43	*	*	*	*	*
Connections	157	145	130	121	110	109	105	95	84	*
Education - Number of Schools (6)										
Elementary Schools	3	3	3	3	3	3	3	2	2	2
Jr High Schools	1	1	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1	1	1
High Schools	1	1	1	1	1	1	1	1	1	1
Public Works (7)										
Buildings	23	23	22	22	22	21	21	21	21	21
Parking lots	18	18	18	18	18	17	17	17	17	17
Pump Stations/Cell Towers	8	8	8	8	8	8	8	8	8	8
Water Tank	1	1	1	1	1	1	1	1	1	1
* Information not available										
Sources										
(1) Sheriff's Office										
(2) Fire and Rescue Department										
(3) Recreation Department										
(4) Library										
(5) Department of Public Works										
(6) Powhatan County Public Schools										
(7) Department of Public Works										

COMPLIANCE SECTION

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

Honorable Members of Board of Supervisors
County of Powhatan, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Powhatan, Virginia, (the "County") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 18, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.** However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control that we consider to be significant deficiencies. **We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Items 2015-001 and 2015-004 to be significant deficiencies.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are identified in the schedule of findings and questioned costs as Items 15-002 and 15-003.**

County of Powhatan, Virginia's Response to Findings

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 18, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Honorable Members of Board of Supervisors
County of Powhatan, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Powhatan, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County of Powhatan, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 18, 2015

COUNTY OF POWHATAN, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2015

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

STATE COMPLIANCE MATTERS

Code of Virginia:

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

State Agency Requirements:

Education
Social Services

FEDERAL COMPLIANCE MATTERS

U.S. Office of Management and Budget (OMB Circular A-133) Compliance Supplement

Provisions and conditions of agreements related to federal programs selected for testing.

COUNTY OF POWHATAN, VIRGINIA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015**

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Cluster Amounts	Federal Expenditures
Department of Health and Human Services:			
Direct Payments:			
Community Services Block Grant	93.569		\$ 53,176
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556		13,315
Temporary Assistance to Needy Families (TANF)	93.558		109,455
Refugee and Entrant Assistance - Discretionary Grants	93.566		209
Low Income Home Energy Assistance	93.568		8,554
Child Care Mandatory and Matching funds of the Child Care and Development Fund	93.596		17,151
Stephanie Tubbs Jones Child Welfare Services Program	93.645		731
Foster Care - Title IV-E	93.658		155,660
Adoption Assistance	93.659		47,573
Social Services Block Grant	93.667		88,654
Chafee Foster Care Independence Program	93.674		603
Children's Health Insurance Program	93.767		5,016
Medical Assistance Program	93.778		177,855
Total Dept. Health & Human Services-pass through			<u>\$ 624,776</u>
Total Department of Health and Human Services			<u>\$ 677,952</u>
Department of Agriculture:			
Pass Through Payments:			
Food Distribution – Schools	10.555	\$ 58,591	
Department of Education:			
National school breakfast program	10.553	45,946	
National school lunch program	10.555	307,088	
Total Child Nutrition Cluster			411,625
Department of Social Services:			
Matching Grants for Supplemental Nutrition Assistance Program	10.561		158,863
Total Department of Agriculture			<u>\$ 570,488</u>
Department of Justice:			
Pass Through Payments:			
Edward Byrne memorial justice assistance grant	16.738		\$ 559
Total Department of Justice			<u>\$ 559</u>
Department of Treasury:			
Pass Through Payments:			
Forfeited assets	21.000		\$ 82,938
Total Department of Treasury			<u>\$ 82,938</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600		\$ 15,180
Alcohol Traffic Safety and Drunk Driving Prevention	20.601		18,225
Total Department of Transportation			<u>\$ 33,405</u>
Department of Defense:			
Direct Payments:			
ROTC	12.xxx		\$ 68,417
Total Department of Defense			<u>\$ 68,417</u>

COUNTY OF POWHATAN, VIRGINIA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015**

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Cluster Amounts	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I grants to local educational agencies	84.010		\$ 296,712
Special Education Cluster:			
Special education-grants to states	84.027	\$ 801,490	
Special education - preschool grants	84.173	19,447	
Total Special Education Cluster			820,937
Career and technical education - basic grants to states	84.048		4,000
Comprehensive school reform demonstration	84.330		703
Improving teacher quality state grants	84.367		45,521
Total Department of Education			\$ 1,167,873
Environmental Protection Agency:			
Pass Through Payments:			
Historical BMP data grant - Virginia Department of Environmental Quality	66.466		\$ 15,950
Total Environmental Protection Agency			\$ 15,950
Total Expenditure of Federal Awards			\$ 2,617,582

See accompanying notes to schedule of expenditure of federal awards.

COUNTY OF POWHATAN, VIRGINIA

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015**

Note 1. - 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, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

(a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 836,815
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Special Revenue Funds:

Grants fund	49,914
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Total primary government	<u>\$ 886,729</u>
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Component Unit Public Schools:

School Operating Fund	\$ 1,236,290
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School Cafeteria Fund	411,625
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Total component unit public schools	<u>\$ 1,647,915</u>
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Total federal expenditures per basic financial statements	<u>\$ 2,534,644</u>
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Add:

Unspent forfeited assets revenue	<u>82,938</u>
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Total federal expenditures per basic financial statements, as adjusted	<u>\$ 2,617,582</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,617,582</u></u>
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COUNTY OF POWHATAN, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **Two significant deficiencies** relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings** relating to major programs.
7. The programs tested as major programs include:

Name of Program:

CFDA #

Special Education – Grants to States

84.027

Special Education – Preschool Grants

84.173

8. The **threshold for** distinguishing Type A and B programs was **\$300,000**.
9. The County was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2015-001: SEGREGATION OF DUTIES (Significant Deficiency)

Condition:

One of the more important aspects of any internal control structure is the segregation of duties. In an ideal system of internal controls, no individual would perform more than one duty in connection with any transaction or series of transactions. In particular, no individual should have access to both physical assets and the related accounting records. Such access may allow errors or irregularities to occur and either not be detected or concealed. Although the County and Schools have adequate segregation of duties in many areas, there are a few areas that need additional segregation in order to strengthen the internal controls. The County needs additional segregation in the areas of wire transfers, bank reconciliations, and journal entries. The Schools need further segregation of duties for the School accounts payable supervisor.

Recommendation:

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

Management's Response:

Management is currently in the process of implementing or has already implemented compensating controls in the areas of concern.

COUNTY OF POWHATAN, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2015-004: AUDIT ADJUSTMENTS (Significant Deficiency)

Condition:

A number of prior period and current adjustments were necessary with regards to the audit including adjustments at the County to record additional capital assets, correct accrued interest, and correct compensated absences. Adjustments at the Schools related to accounts payable and compensated absences.

Recommendation:

We recommend that the County and School Board improve the procedures and review over the proper accounting of transactions.

Management's Response:

Management will take the necessary steps to ensure that all entries are accurate and recorded correctly.

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

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2015-002: Annual Review of Social Services Access Rights

Condition:

Yearly reviews of access rights for individuals with access to OASIS, VaCMS, ADAPT, and EAS is not occurring.

Recommendation:

Social services staff should review all access rights of individuals for OASIS, VaCMS, ADAPT, and EAS yearly.

Management's Response:

Social Services management has already implemented a review process of the access rights of all individuals.

COUNTY OF POWHATAN, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2015-003: Public Deposits

Condition:

We noted one County bank account that was not identified as public funds by the financial institution as required by the *Code of Virginia*.

Recommendation:

Management should take the necessary steps to properly identify this account as public funds.

Management's Response:

Management will take the necessary steps to have the funds properly identified as public.