COUNTY OF POWHATAN, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017

PREPARED BY:

DEPARTMENT OF FINANCE
POWHATAN, VIRGINIA

COUNTY OF POWHATAN, VIRGINIA
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COUNTY OF POWHATAN, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS

BOARD OF SUPERVISORS

William E. “Bill” Melton, Chairman
Larry J. Nordvig, Vice Chairman

David Williams	Angela Y. Cabell	Carson L. Tucker

SCHOOL BOARD

Joe Walters, Chairman
Valarie C. Ayers, Vice Chairman

Rick Cole	James Kunka	Kim D. Hymel

SOCIAL SERVICES BOARD

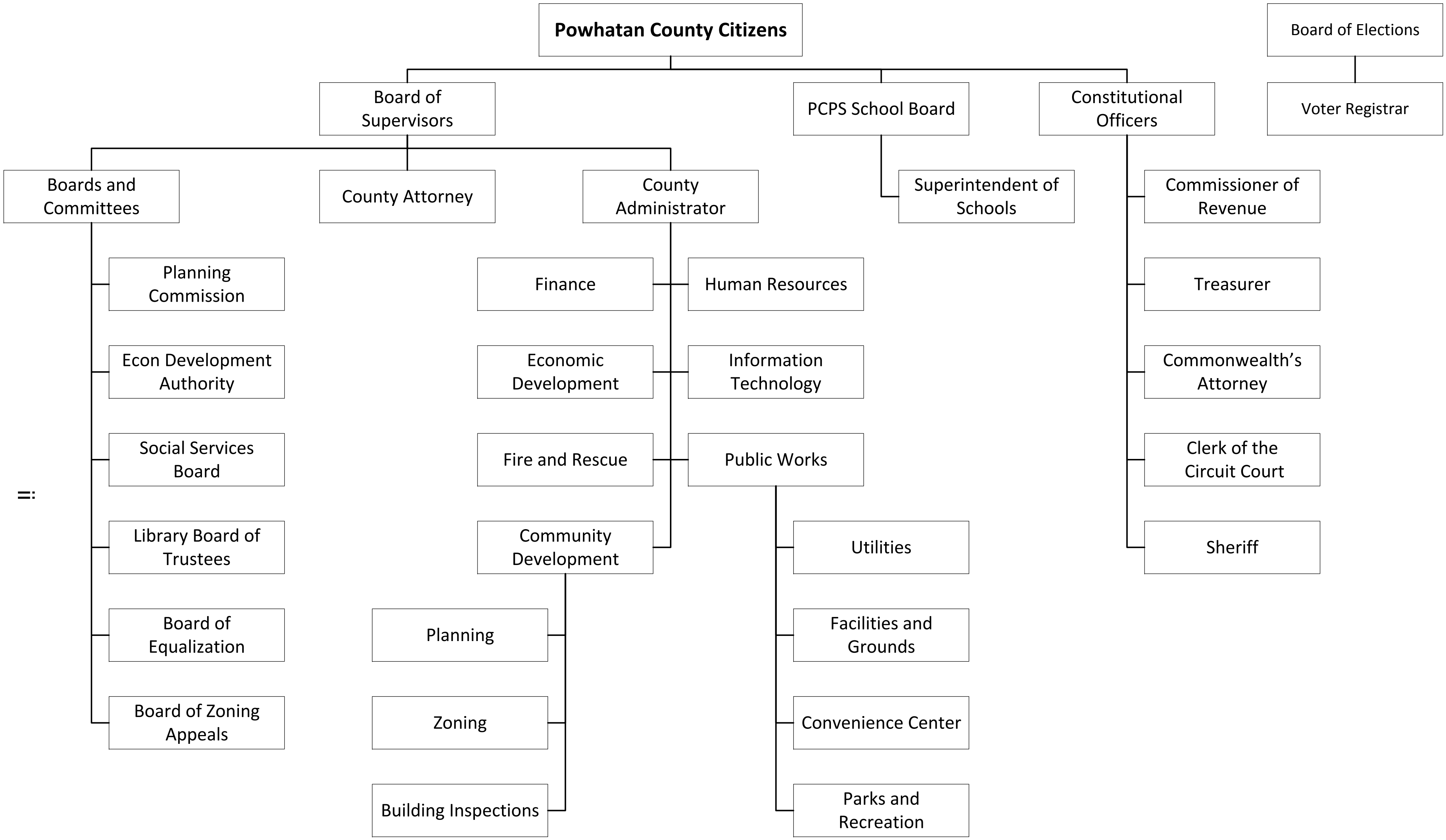
Angela Y. Cabell, Chairman

Carson Tucker	Ernestine Taylor	Gale Lipscomb
Brad Burdette	Mary Ellen Freer	Bobby Fulcher
Henry Bireline	Gay Bartlett	

OTHER OFFICIALS

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

Powhatan County Government Organizational Chart



The County Of
Powhatan

November 30, 2017

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, 2017 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, 2017. The independent auditor's report is located at the front of the Financial Section of the CAFR.

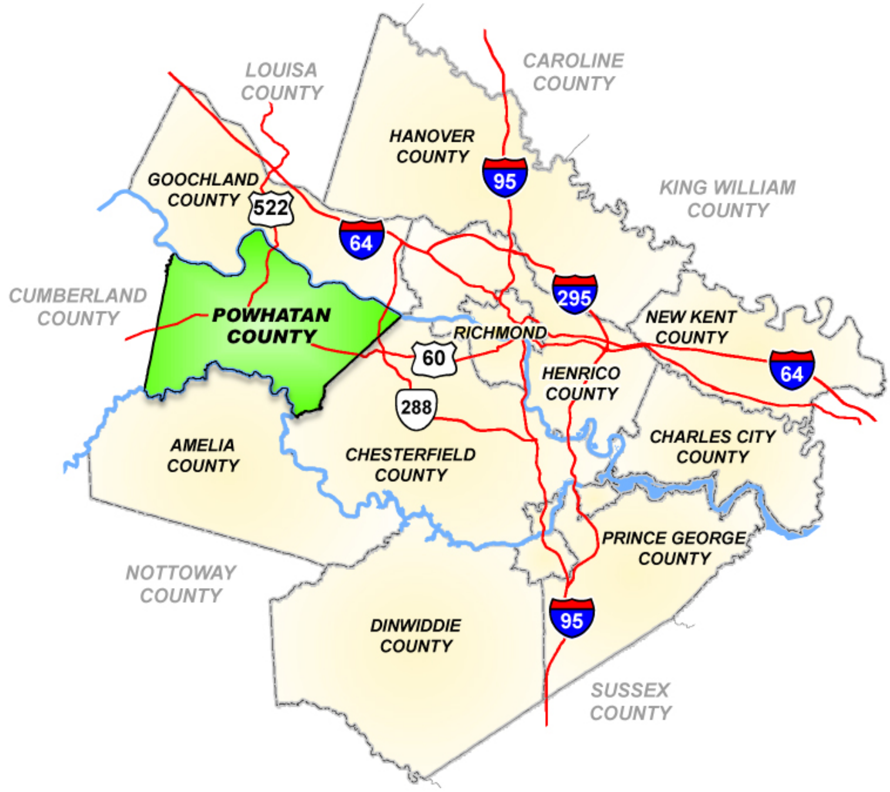
Management's Discussion and Analysis (MD&A) is found immediately following the independent auditor's report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

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

Profile of the County

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

Profile of the County (Continued)



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

The County provides a full range of municipal-type services including public safety (sheriff, fire, and rescue), health and social services, public improvements, planning, zoning and inspections, recreation and cultural services, and general administrative services. The County also operates a public water system along the eastern portion of Andersen Highway and two wastewater treatment plants 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 Powhatan County Public Schools (PCPS).

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 his proposed budget. The County Administrator presents the proposed budget to the Board of Supervisors usually by the beginning of March. The School Board presents the proposed budget for PCPS to the Board of Supervisors by mid-March. The Board of Supervisors holds numerous public work sessions in March and April. The Board of Supervisors is required to hold a public hearing and adopt a budget by May 15 for the fiscal year beginning July 1. PCPS budget is appropriated and controlled at the total budget level. The County's appropriated budget is legally controlled at the fund level. The Board of Supervisors must approve all transfers between funds. The County Administrator may make transfers of appropriations within a fund.

Local economy

The 2017 residential/commercial/agricultural ratio is 84% / 7% / 9%, which has remained the same since 2016. For the fiscal year end (FYE) 2017, revenue from sales tax increased 12% over FYE 2016. 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 remained the same in FY 2017 at 3.5%, and is still well below the state rate of 3.9% and national rate of 4.4%.

The County anticipates additional commercial and residential growth in the future. There are plans for continued mixed use and commercial development. Construction is underway for Winterfield Place II, a new residential neighborhood in the Village, and new commercial projects along Anderson Highway.

Long term financial planning

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

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

Relevant financial policies

The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County maintains an unassigned General Fund Balance sufficient to fund all cash flows of the County, to provide financial reserves for unanticipated expenditures and 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 to be maintained for non-recurring needs of the County. Only the Board of Supervisors can determine these needs and authorize the use of the capital reserve fund balance.

Relevant financial policies (Continued)

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Powhatan for its CAFR for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Theodore L. Voorhees	Charla W. Schubert
County Administrator	Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Powhatan

Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

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FINANCIAL SECTION

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BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Powhatan, Virginia (the "County") as of and for the year ended June 30, 2017, 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,* 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.

319 McClanahan Street, S.W. • Roanoke, Virginia 24014-7705 • 540-345-0936 • Fax: 540-342-6181 • www.BEcpas.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Powhatan, Virginia, as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 15, 2017

For Fiscal Year Ended June 30, 2017

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, 2017. 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 $22,038,281 (*net position)*. Of this amount, $14,399,301 (*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 $2,027,037, of which the governmental activities increased $1,647,530 and business-type activities increased by $379,507.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $59,385,916, an increase of $41,012,475 in comparison with the prior year. The increase was due to the issuance of bonds in the amount of $55,364,451. Approximately 19.8% of this amount, $11,767,232, 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 $11,767,232, or 15% of total operating revenues of the general, school operating and school cafeteria funds ($78,448,216). 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 $11,767,232. 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 $3,130,176.

Overview of the Financial Statements

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

Government-Wide financial statements

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

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

Overview of the Financial Statements (Continued)

Government-Wide financial statements (continued)

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

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

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

Fund financial statements

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

Fund financial statements (continued)

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-104 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 105-113 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 114 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 $22 million at the close of the most recent fiscal year. A portion of the County's net position ($7,480,382, 33.9% of total) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

An additional amount of $158,598 is restricted for governmental activities for the cash held with trustee for the supplemental retirement program. Unrestricted net position of $13.4 million or 73% may be used to meet the County's ongoing obligations to citizens and creditors.

Government-wide Financial Analysis (Continued)

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

County of Powhatan, Virginia's Net Position

	Governmental Activities		Business-type Activities		Primary Government Totals		Component Units	
	2017	2016	2017	2016	2017	2016	2017	2016
Current and other assets	$ 69,888,561	$ 25,223,217	$ 1,495,761	$ 1,426,250	$ 71,384,322	$ 26,649,467	$ 4,816,199	$ 5,202,550
Capital assets	72,338,294	61,032,656	19,598,935	19,768,192	91,937,229	80,800,848	13,186,607	13,991,249
Total assets	$ 142,226,855	$ 86,255,873	$ 21,094,696	$ 21,194,442	$ 163,321,551	$ 107,450,315	$ 18,002,806	$ 19,193,799
Deferred outflows of resources:								
Pension contributions made subsequent to the measurement date	$ 833,452	$ 910,255	$ 30,650	$ 32,452	$ 864,102	$ 942,707	$ 3,834,539	$ 3,415,364
Difference between expected and actual experience and difference between projected and actual earnings on pension plan investments	443,123	25,028	16,296	892	459,419	25,920	2,626,526	-
Change in proportion - teacher cost sharing pool	-	-	-	-	-	-	88,000	113,000
Deferred amounts on bond refunding	427,214	423,421	2,000,234	2,033,126	2,427,448	2,456,547	-	-
Total deferred outflows of resources	$ 1,703,789	$ 1,358,704	$ 2,047,180	$ 2,066,470	$ 3,750,969	$ 3,425,174	$ 6,549,065	$ 3,528,364
Current liabilities	$ 5,530,805	$ 1,859,411	$ 377,004	$ 311,696	$ 5,907,809	$ 2,171,107	$ 4,844,024	$ 5,261,282
Long-term liabilities:								
Net pension liability	2,800,007	2,701,296	102,970	96,305	2,902,977	2,797,601	42,437,000	38,762,000
Due within one year	5,618,008	4,818,370	807,080	816,025	6,425,088	5,634,395	123,185	111,313
Due in more than one year	107,187,858	57,200,513	18,121,169	18,684,375	125,309,027	75,884,888	11,875,864	10,821,525
Total liabilities	$ 121,136,678	$ 66,579,590	$ 19,408,223	$ 19,908,401	$ 140,544,901	$ 86,487,991	$ 59,280,073	$ 54,956,120
Deferred inflows of resources:								
Net difference between projected and actual investment earnings on pension plan investments	$ 381,289	$ 347,452	$ 14,022	$ 12,387	$ 395,311	$ 359,839	$ -	$ 2,579,587
Difference between expected and actual experience	-	-	-	-	-	-	1,431,577	580,282
Change in proportion - teacher cost sharing pool	-	-	-	-	-	-	608,000	55,000
Unavailable revenue	4,094,027	4,016,415	-	-	4,094,027	4,016,415	-	-
Total deferred inflows of resources	$ 4,475,316	$ 4,363,867	$ 14,022	$ 12,387	$ 4,489,338	$ 4,376,254	$ 2,039,577	$ 3,214,869
Net position:								
Net investment in capital assets	$ 4,734,695	$ 1,397,144	$ 2,745,687	$ 2,364,754	$ 7,480,382	$ 3,761,898	$ 13,186,607	$ 12,589,683
Restricted	158,598	321,055	-	-	158,598	321,055	-	-
Unrestricted (deficit)	13,425,357	14,952,921	973,944	975,370	14,399,301	15,928,291	(49,954,386)	(49,440,075)
Total net position	$ 18,318,650	$ 16,671,120	$ 3,719,631	$ 3,340,124	$ 22,038,281	$ 20,011,244	$ (36,767,779)	$ (36,850,392)

Government-wide Financial Analysis (Continued)

The County's combined net position, which is the County's bottom line, increased by $2 million or 10.13% from the prior year. The change in the County's combined net position is a combination of an increase of $1.6 million from the efforts of governmental activities and an increase of $379,507 from the efforts of business-type activities. A significant portion of the increase from the efforts of the governmental activities can be attributed to the collection of delinquent taxes and additional local taxes, but the increase is also due in part to paying down debt in amounts in excess of depreciation claimed, and various decisions made to deal with economic conditions. The increase in the net position from business-type activities was the result of a modest increase in service fees with decreases in the amount of outstanding debt and a contribution from a developer for water and sewer lines constructed.

The School Board and Economic Development Authority (EDA) make up the County's component units. In FY 2017, the net position of the two component units totals ($36,767,779) compared to ($35,382,020) in FY 2016. Powhatan County Public Schools, liabilities exceeded assets by $36.9 million at the close of fiscal year 2017. The deficit is due to GASB 68 standard, which requires for the recording of the net pension liability. The Powhatan County Public Schools net pension liability at June 30, 2017 is $42,437,000. The Commonwealth of Virginia requires that counties, as well as their financial dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component units. The capital assets of the Powhatan County Public Schools are jointly owned with the County. The County maintains ownership of the capital asset and as debt is paid a portion of the asset is transferred back to the component unit. The County also reports depreciation expense on these assets and as debt is paid a portion of the jointly owned assets are transferred back to the component unit. The EDA's assets exceeded its liabilities by $121,712 at the close of fiscal year 2017.

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Government-wide Financial Analysis (Continued)

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

County of Powhatan, Virginia's Statement of Activities

	Governmental Activities		Business-type Activities		Primary Government Totals		Component Units	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues:								
Program Revenues:								
Charges for Services	$ 1,735,199	$ 1,809,847	$ 465,893	$ 480,166	$ 2,201,092	$ 2,290,013	$ 701,589	$ 676,717
Operating Grants and Contributions	4,723,745	4,761,155	-	-	4,723,745	4,761,155	23,018,899	23,560,103
Capital Grants and Contributions	-	32,161	25,000	300,000	25,000	332,161	-	-
Property Taxes	39,416,185	36,470,425	-	-	39,416,185	36,470,425	-	-
Other local taxes	5,527,619	5,049,536	-	-	5,527,619	5,049,536	-	-
Grants and Contributions not restricted to specific programs	4,117,081	4,176,115	-	-	4,117,081	4,176,115	-	-
Other	629,056	601,167	28,401	5,210	657,457	606,377	250,332	205,427
Total revenues	$ 56,148,885	$ 52,900,406	$ 519,294	$ 785,376	$ 56,668,179	$ 53,685,782	$ 23,970,820	$ 24,442,247
Expenses:								
General government administration	$ 3,387,951	$ 3,328,472	$ -	$ -	$ 3,387,951	$ 3,328,472	$ -	$ -
Judicial administration	875,808	1,003,570	-	-	875,808	1,003,570	-	-
Public safety	8,623,661	7,886,373	-	-	8,623,661	7,886,373	-	-
Public works	2,444,844	2,063,389	2,584,881	2,381,909	5,029,725	4,445,298	-	-
Health and welfare	4,250,646	4,645,176	-	-	4,250,646	4,645,176	-	-
Education	25,587,129	24,668,341	-	-	25,587,129	24,668,341	45,973,466	46,129,258
Parks, recreation, and cultural	1,430,798	896,021	-	-	1,430,798	896,021	-	-
Community development	975,494	888,803	-	-	975,494	888,803	-	-
Interest and fiscal charges	4,479,930	2,279,924	-	-	4,479,930	2,279,924	-	-
Total expenses	$ 52,056,261	$ 47,660,069	$ 2,584,881	$ 2,381,909	$ 54,641,142	$ 50,041,978	$ 45,973,466	$ 46,129,258
Change in net position before transfers	$ 4,092,624	$ 5,240,337	$ (2,065,587)	$ (1,596,533)	$ 2,027,037	$ 3,643,804	$ (22,002,646)	$ (21,687,011)
Transfers	(2,445,094)	(2,599,883)	2,445,094	2,599,883	-	-	20,616,887	23,480,632
Change in net position	$ 1,647,530	$ 2,640,454	$ 379,507	$ 1,003,350	$ 2,027,037	$ 3,643,804	$ (1,385,759)	$ 1,793,621
Net position - beginning	16,671,120	14,030,666	3,340,124	2,336,774	20,011,244	16,367,440	(35,382,020)	(37,242,447)
Net position - ending	$ 18,318,650	$ 16,671,120	$ 3,719,631	$ 3,340,124	$ 22,038,281	$ 20,011,244	$ (36,767,779)	$ (35,448,826)

Governmental activities – For fiscal year ended June 30, 2017, revenues from governmental activities (not including Capital Projects) totaled $56.1 million, which was an increase of $3.2 million from the prior year. Real estate tax revenues, the County's largest revenue source, real estate billing of $30.8 million. The County's

Government-wide Financial Analysis (Continued)

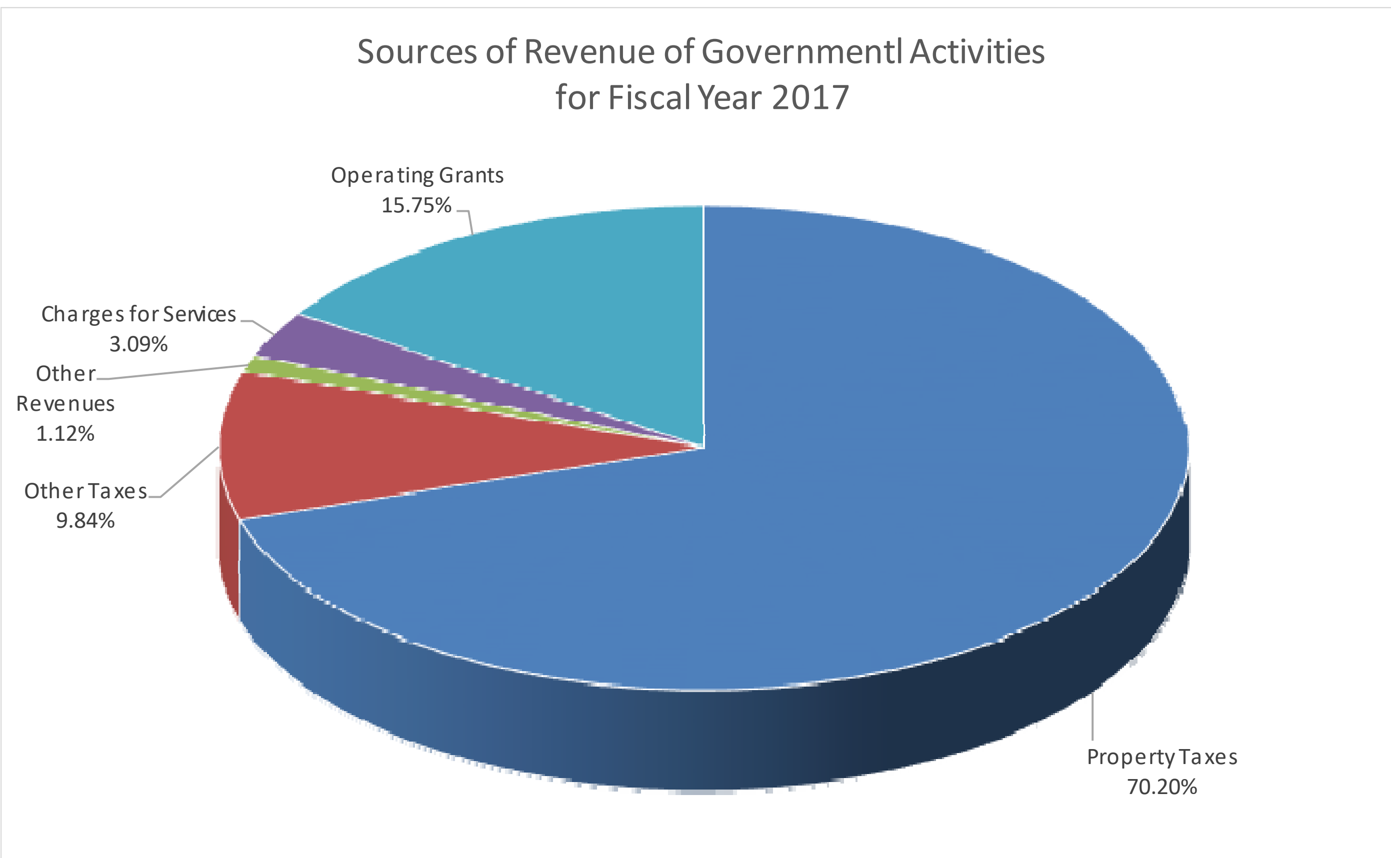
assessed real property tax base for fiscal year 2017 saw an increase of $203.7 million. The County had a general reassessment January 1, 2016, which is used for FY 2017. The increase is also due to increase in new construction. The real estate tax rate remained the same of $.90 for fiscal year 2017.

In the General Fund, the County reported current year collections of $10.9 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 $478,083 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.

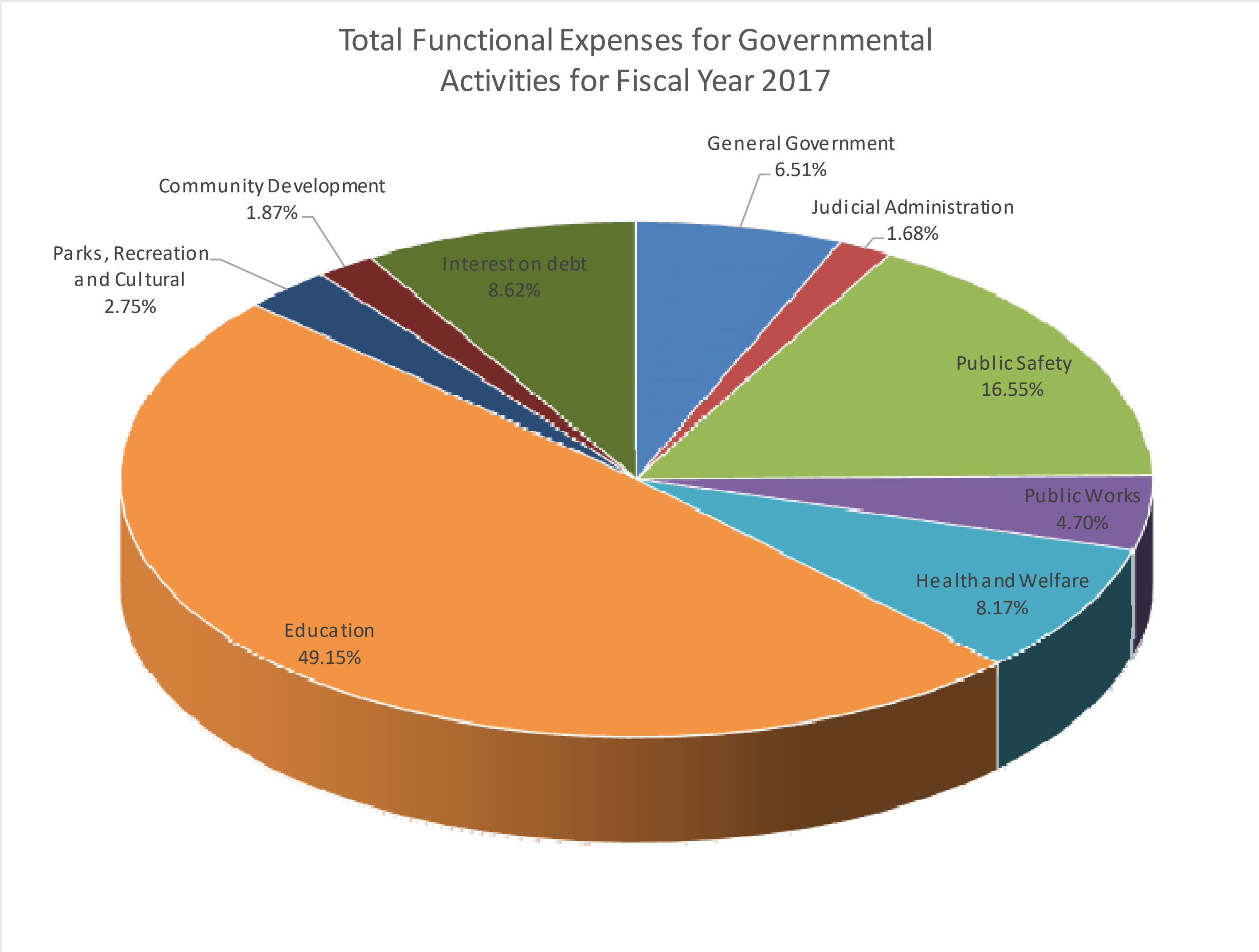
For the fiscal year ended June 30, 2017, expenses relating to governmental activities (not including Capital Projects) were $2.3 million less than planned. As in the previous fiscal years, state and national economic conditions continued to negatively impact local budgets. The decrease in spending can be contributed delaying filling vacancies and conservative spending by all departments in the County.

Public education continues to be one of the County's highest priorities and commitments, but the same economic conditions mentioned in other areas of this document have restricted efforts. The County contributed $21.6 million to public education school operations and $6.1 million toward debt payments relating to school projects for a total contribution of $27.7 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 $379,507 for fiscal year 2017. Similar to the changes in net position attributable to governmental activities, changes in business-type activity net position also result from the difference between revenues and expenses. Unlike governmental activities, which primarily rely on general tax revenue to finance operations, business-type activities are financed by fees charged for goods and services provided.

The County has one enterprise fund, which provides water and wastewater services to approximately 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 $2,445,094 in fiscal year 2017.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $59.4 million, an increase of $41 million in comparison with the prior year. The $41 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 $2.3 million less than expected while revenue (not including the Capital Projects Fund) being $44.3 million more than expected.
- The County issued $55.3 million in lease revenue bonds to finance the construction of a middle school, joint maintenance garage, a water tower and field improvements. This issuance contributed to the increase in fund balance.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $11.8 million, while total fund balance reached $59.4 million. The Board of Supervisors adopted a fund balance policy to keep unassigned fund balance at a minimum of 15% of operating revenues of the same fiscal year. The fund balance in excess of 15% is assigned for capital maintenance reserve. In fiscal year 2017 the County's fund balance was 20.7%. The excess fund balance of $3.9 million is assigned for capital maintenance needs of the County and Schools.

The County Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those reported by the Proprietary Fund. The County Capital Projects Fund has a fund balance of $42.4 million, which $42.8 million was restricted for bonded projects and ($352,397) has been assigned for future capital projects. The fund balance increased from the prior year by $40.4 million. This increase is in large part due an additional transfer from capital maintenance reserve in the amount of $2.5 million to fund pay as you go projects from the Five Year Capital Improvement Plan. The increase can also be attributed the issuance of lease revenue bonds of $55.4 million for capital projects that were funded that are ongoing such as the new middle school, joint transportation facility and the courthouse expansion.

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 $973,944, which is a decrease of $1,426 from fiscal year 2016. The majority of this decrease can be attributed to an additional pension expense. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

As with most of the nation, Powhatan County has felt the impact of national and state economic downturns and the continued uncertainty for the future. Total General Fund expenditures in fiscal year 2017 came in at $1.5 million or 3.1% below the final amended budget. Local expenditures for Education were under budget by $454,428.

General Fund revenues exceeded budget projections in fiscal year 2017 by $1.1 million, which can be attributed to the signs of recovery in the local economy as well as very conservative revenue forecasting.

There was an increase of $1,917,212 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 $1,685,163 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 $197,736 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.

General Fund Budgetary Highlights (Continued)

- An increase of $34,313 can be attributed to various minor budget changes across multiple departments.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to $91.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, and machinery and equipment.

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

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

- The County began construction on the new middle school, joint transportation facility, courthouse expansion and public safety radio system. The total work in progress amounted to $16,025,804.

- The County also purchased a tanker and two ambulances for $874,087.

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

Capital Assets
As of June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Primary Government Totals		Component Units	
	2017	2016	2017	2016	2017	2016	2017	2016
Land	$ 1,650,740	$ 1,650,740	$ 859,030	$ 859,030	$ 2,509,770	$ 2,509,770	$ 818,851	$ 818,851
Construction in progress	15,914,285	1,996,845	111,518	44,676	16,025,803	2,041,521	3,180	-
Buildings	11,187,147	11,262,992	18,558,065	18,805,667	29,745,212	30,068,659	-	-
Machinery & equipment	3,428,018	2,716,593	70,322	58,819	3,498,340	2,775,412	1,366,630	707,303
Jointly owned assets	40,158,104	43,405,486	-	-	40,158,104	43,405,486	10,997,946	12,465,095
Total	$ 72,338,294	$ 61,032,656	$ 19,598,935	$19,768,192	$ 91,937,229	$ 80,800,848	$13,186,607	$ 13,991,249

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

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Capital Asset and Debt Administration (Continued)

Long-term debt: At the end of the current fiscal year, the County had a total outstanding debt of $129.7 million and details are summarized in the following table:

Long-Term Debt
As of June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Primary Government Totals		Component Units	
	2017	2016	2017	2016	2017	2016	2017	2016
Bonds Payable:								
General obligation bonds	$ 25,787,571	$ 27,535,647	$ -	$ -	$ 25,787,571	$ 27,535,647	$ -	$ -
Revenue bonds	74,455,721	27,509,161	17,144,275	17,695,835	91,599,996	45,204,996	-	-
Premium on bonds	8,865,803	3,453,169	1,709,207	1,740,729	10,575,010	5,193,898	-	-
Literary loans	500,000	750,000	-	-	500,000	750,000	-	-
Capital leases	1,230,787	810,956	-	-	1,230,787	810,956	-	-
OPEB liability	1,163,317	1,013,570	43,683	36,330	1,207,000	1,049,900	9,885,600	9,158,800
Supplemental retirement plan	78,946	246,280	-	-	78,946	246,280	-	-
Compensated absences	723,721	700,100	31,084	27,506	754,805	727,606	2,113,449	1,774,038
Total	$112,805,866	$ 62,018,883	$18,928,249	$19,500,400	$ 131,734,115	$ 81,519,283	$11,999,049	$ 10,932,838

Debt associated with governmental activities increased $50.2 million, which is the net amount of pay down of principal during the year and issuance of $55.4 million in lease revenue bonds. The debt associated with business-type activities decreased by $583,082, which can be attributed to pay down of principal during the current year.

The County is not subject to a statutory debt limitation, but the County limits its debt to a net debt as a percentage of assessed value of taxable property which shall not exceed 4%. The County also limits its ratio of debt service as a percentage of governmental operating funds expenditures to 15%. The County's net tax supported debt as a percentage of assessed value was 3.23%, the net debt per capita ratio was $4,435, and the debt payments percentage was 10.59%.

Additional information on the County's long-term debt can be found in Note 10 on pages 46-50.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County as of June 2017 was 3.5 percent, which is below the state rate (3.9 percent) and the national rate (4.4 percent).

- Real property taxable assessed values increased 6.4 percent from January 1, 2015 to January 1, 2016 from $2,984,509,525 to $3,255,449,855 due to the County's general reassessment. The County anticipates the assessments to continue to increase for new construction and this will be taken into consideration in the development of the FY 2019 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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Statement of Net Position
June 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents (Note 3)	$ 15,374,140	$ 1,349,275	$ 16,723,415	$ 3,504,955	$ 121,712
Cash in custody of others (Note 3)	-	34,348	34,348	-	-
Receivables, net (Note 5):					
Taxes	6,488,761	-	6,488,761	-	-
Accounts	188,060	112,138	300,198	-	-
Due from other governmental units (Note 6)	1,222,322	-	1,222,322	1,181,209	-
Inventories	-	-	-	8,323	-
Prepaid expenses	1,969	-	1,969	-	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents (in custody of others) (Note 3)	26,415,730	-	26,415,730	-	-
Investments (Note 3)	20,197,579	-	20,197,579	-	-
Capital assets (Note 8)					
Nondepreciable	17,565,025	970,548	18,535,573	822,031	-
Depreciable, net	54,773,269	18,628,387	73,401,656	12,364,576	-
Total assets	$ 142,226,855	$ 21,094,696	$ 163,321,551	$ 17,881,094	$ 121,712
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions made subsequent to the measurement date (Notes 11 &12)	$ 833,452	$ 30,650	$ 864,102	$ 3,834,539	$ -
Difference between expected and actual experience and difference between projected and actual earnings on pension plan investments - pension (Notes 11 & 12)	443,123	16,296	459,419	2,626,526	-
Change in proportion - teacher cost sharing pool (Note 12)	-	-	-	88,000	-
Deferred amount on bond refundings	427,214	2,000,234	2,427,448	-	-
	$ 1,703,789	$ 2,047,180	$ 3,750,969	$ 6,549,065	-
LIABILITIES					
Accounts payable	$ 3,595,731	$ 193,007	$ 3,788,738	$ 175,458	$ -
Accrued liabilities	5,905	-	5,905	4,668,566	-
Retainage payable	667,975	-	667,975	-	-
Accrued interest payable	1,261,194	183,997	1,445,191	-	-
Long-term liabilities:					
Net pension liability (Notes 11 & 12)	2,800,007	102,970	2,902,977	42,437,000	-
Due within one year (Note 10)	5,618,008	807,080	6,425,088	123,185	-
Due in more than one year (Note 10)	107,187,858	18,121,169	125,309,027	11,875,864	-
Total liabilities	$ 121,136,678	$ 19,408,223	$ 140,544,901	$ 59,280,073	$ -
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience - pension (Notes 11 & 12)	$ 381,289	$ 14,022	$ 395,311	$ 1,431,577	$ -
Change in proportion - teacher cost sharing pool (Note 12)	-	-	-	608,000	-
Unearned property taxes (Note 9)	4,094,027	-	4,094,027	-	-
	$ 4,475,316	$ 14,022	$ 4,489,338	$ 2,039,577	-
NET POSITION					
Net investment in capital assets	$ 4,734,695	$ 2,745,687	$ 7,480,382	$ 13,186,607	$ -
Restricted for:					
SRP	158,598	-	158,598	-	-
Unrestricted (deficit)	13,425,357	973,944	14,399,301	(50,076,098)	121,712
Total net position	$ 18,318,650	$ 3,719,631	$ 22,038,281	$ (36,889,491)	$ 121,712

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

COUNTY OF POWHATAN, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2017

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 3,387,951	$ -	$ 268,388	$ -
Judicial administration	875,808	228,999	586,498	-
Public safety	8,623,661	1,239,297	1,408,498	-
Public works	2,444,844	55,006	-	-
Health and welfare	4,250,646	-	2,348,944	-
Education	25,587,129	-	-	-
Parks, recreation, and cultural	1,430,798	19,165	103,725	-
Community development	975,494	192,732	7,692	-
Interest on long-term debt	4,479,930	-	-	-
Total governmental activities	$ 52,056,261	$ 1,735,199	$ 4,723,745	$ -
Business-type activities:				
Water and sewer	$ 2,584,881	$ 465,893	$ -	$ 25,000
Total business-type activities	$ 2,584,881	$ 465,893	$ -	$ 25,000
Total primary government	$ 54,641,142	$ 2,201,092	$ 4,723,745	$ 25,000
COMPONENT UNITS:				
School Board	$ 45,930,296	$ 701,589	$ 22,920,899	$ -
Economic Development Authority	43,170	-	98,000	-
Total component units	$ 45,973,466	$ 701,589	$ 23,018,899	$ -

General revenues:
General property taxes
Local sales and use tax
Consumer utility tax
Other local taxes
Unrestricted revenues from use of money and property
Miscellaneous
Grants and contributions not restricted to specific programs
Payment from Powhatan County
Transfers (Note 7)
Total general revenues and transfers
Change in net position
Net position - beginning - as restated (Note 21)
Net position - ending

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	EDA
$ (3,119,563)	$ -	$ (3,119,563)	$ -	$ -
(60,311)	-	(60,311)	-	-
(5,975,866)	-	(5,975,866)	-	-
(2,389,838)	-	(2,389,838)	-	-
(1,901,702)	-	(1,901,702)	-	-
(25,587,129)	-	(25,587,129)	-	-
(1,307,908)	-	(1,307,908)	-	-
(775,070)	-	(775,070)	-	-
(4,479,930)	-	(4,479,930)	-	-
$ (45,597,317)	$ -	$ (45,597,317)	$ -	$ -
$ -	$ (2,093,988)	$ (2,093,988)	$ -	$ -
$ -	$ (2,093,988)	$ (2,093,988)	$ -	$ -
$ (45,597,317)	$ (2,093,988)	$ (47,691,305)	$ -	$ -
$ -	$ -	$ -	$ (22,307,808)	$ -
-	-	-	-	54,830
$ -	$ -	$ -	$ (22,307,808)	$ 54,830
$ 39,416,185	$ -	$ 39,416,185	$ -	$ -
3,039,163	-	3,039,163	-	-
577,405	-	577,405	-	-
1,911,051	-	1,911,051	-	-
282,759	2	282,761	21,796	76
346,297	28,399	374,696	228,460	-
4,117,081	-	4,117,081	-	-
-	-	-	20,616,887	-
(2,445,094)	2,445,094	-	-	-
$ 47,244,847	$ 2,473,495	$ 49,718,342	$ 20,867,143	$ 76
$ 1,647,530	$ 379,507	$ 2,027,037	$ (1,440,665)	$ 54,906
16,671,120	3,340,124	20,011,244	(35,448,826)	66,806
$ 18,318,650	$ 3,719,631	$ 22,038,281	$ (36,889,491)	$ 121,712

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FUND FINANCIAL STATEMENTS

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Balance Sheet
Governmental Funds
June 30, 2017

	General	County Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 15,229,343	$ -	$ 497,194	$ 15,726,537
Receivables, net:				
Taxes	6,488,761	-	-	6,488,761
Accounts	128,440	-	59,620	188,060
Due from other governmental units	1,169,728	-	52,594	1,222,322
Prepaid items	1,969	-	-	1,969
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	26,415,730	-	26,415,730
Investments	-	20,073,796	123,783	20,197,579
Total assets	$ 23,018,241	$ 46,489,526	$ 733,191	$ 70,240,958
LIABILITIES				
Accounts payable	$ 519,713	$ 3,032,482	$ 43,536	$ 3,595,731
Accrued liabilities	-	-	5,905	5,905
Retainage payable	20,000	647,975	-	667,975
Reconciled overdraft payable	-	352,397	-	352,397
Total liabilities	$ 539,713	$ 4,032,854	$ 49,441	$ 4,622,008
DEFERRED INFLOWS OF RESOURCES				
Unavailable/unearned revenue (Note 9)	$ 6,233,034	$ -	$ -	$ 6,233,034
Total deferred inflows of resurces	$ 6,233,034	$ -	$ -	$ 6,233,034
FUND BALANCES:				
Nonspendable	$ 1,969	$ -	$ -	$ 1,969
Restricted	-	42,809,069	609,938	43,419,007
Committed	-	-	73,812	73,812
Assigned	4,476,293	-	-	4,476,293
Unassigned	11,767,232	(352,397)	-	11,414,835
Total fund balances	$ 16,245,494	$ 42,456,672	$ 683,750	$ 59,385,916
Total liabilities and fund balances	$ 23,018,241	$ 46,489,526	$ 733,191	$ 70,240,958

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2017

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds			$	59,385,916
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Capital assets, cost	$	116,628,924		
Less: accumulated depreciation		(44,290,630)		72,338,294
Deferred inflows of resources (i.e. taxes levied) are not available to pay current period expenditures and, therefore, are deferred in the funds.				2,139,007
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 2017 employer contributions	$	833,452		
Deferred outflows of resources for the net difference between projected and actual investment earnings on pension plan investments and the difference between expected and actual experience		443,123		
Difference between expected and actual experience		(381,289)		
Net Pension Liability		(2,800,007)		(1,904,721)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds and loans payable	$	(100,743,292)		
Bond issuance premium		(8,865,803)		
Deferred charge on refundings		427,214		
Interest payable		(1,261,194)		
Capital lease obligations		(1,230,787)		
OPEB liability		(1,163,317)		
Supplemental retirement plan liability		(78,946)		
Compensated absences		(723,721)		(113,639,846)
Net position of governmental activities			$	18,318,650

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General	County Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	$ 39,177,351	$ -	$ -	$ 39,177,351
Other local taxes	5,527,619	-	-	5,527,619
Permits, privilege fees, and regulatory licenses	615,348	-	191,112	806,460
Fines and forfeitures	163,083	-	-	163,083
Revenue from the use of money and property	178,006	89,833	14,920	282,759
Charges for services	190,719	-	574,937	765,656
Miscellaneous	200,565	69,160	76,572	346,297
Intergovernmental revenues:				
Commonwealth	7,345,500	-	173,064	7,518,564
Federal	1,271,323	-	50,939	1,322,262
Total revenues	$ 54,669,514	$ 158,993	$ 1,081,544	$ 55,910,051
EXPENDITURES				
Current:				
General government administration	$ 3,347,505	$ 140,191	$ -	$ 3,487,696
Judicial administration	886,337	-	36,597	922,934
Public safety	6,987,763	1,304,235	717,395	9,009,393
Public works	1,883,341	984,547	-	2,867,888
Health and welfare	4,491,257	-	-	4,491,257
Education	21,551,702	14,347,905	177,369	36,076,976
Parks, recreation, and cultural	535,935	703,901	828	1,240,664
Community development	964,234	14,058	8,962	987,254
Capital projects	617	-	-	617
Debt service:				
Principal retirement	4,756,685	-	-	4,756,685
Interest and other fiscal charges	3,771,418	904,151	-	4,675,569
Total expenditures	$ 49,176,794	$ 18,398,988	$ 941,151	$ 68,516,933
Excess (deficiency) of revenues over expenditures	$ 5,492,720	$ (18,239,995)	$ 140,393	$ (12,606,882)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 12,647	$ 2,533,079	$ -	$ 2,545,726
Transfers out	(4,205,257)	-	(785,563)	(4,990,820)
Issuance of bonds	-	49,425,000	-	49,425,000
Premium on issuance of bonds	-	5,939,451	-	5,939,451
Issuance of capital leases	-	700,000	-	700,000
Total other financing sources (uses)	$ (4,192,610)	$ 58,597,530	$ (785,563)	$ 53,619,357
Net change in fund balances	$ 1,300,110	$ 40,357,535	$ (645,170)	$ 41,012,475
Fund balances - beginning	14,945,384	2,099,137	1,328,920	18,373,441
Fund balances - ending	$ 16,245,494	$ 42,456,672	$ 683,750	$ 59,385,916

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 41,012,475
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.		
Capital asset additions	$ 16,497,777	
Allocation of jointly owned assets, net	(2,031,581)	
Depreciation expense	(3,098,456)	11,367,740
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		238,834
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	$ 833,452	
Pension expense	(624,708)	208,744
In the Statement of Activities, only the gain or loss on sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the property sold.		(62,102)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Proceeds from issuance of bonds and capital lease	$ (56,064,451)	
Principal payments	4,756,685	
Amortization of deferred amounts on refunding	3,793	
Amortization of premium on bonds payable	526,817	(50,777,156)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
(Increase) decrease in compensated absences	$ (23,621)	
(Increase) decrease in OPEB liability	(149,747)	
(Increase) decrease in SRP liability	167,334	
(Increase) decrease in interest payable	(334,971)	(341,005)
Change in net position of governmental activities		$ 1,647,530

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

Statement of Net Position
Proprietary Fund
June 30, 2017

		Enterprise Fund Water & Sewer
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	$	1,349,275
Cash in custody of others		34,348
Accounts receivable, net of allowance for uncollectibles (Note 5)		112,138
Total current assets	$	1,495,761
Noncurrent assets (Note 8):		
Capital assets:		
Nondepreciable	$	970,548
Depreciable, net		18,628,387
Total noncurrent assets	$	19,598,935
Total assets	$	21,094,696
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions made subsequent to the measurement date (Note 11)	$	30,650
Differences between expected and actual experience - pension (Note11)		16,296
Deferred amount on bond refunding		2,000,234
Total deferred outflows of resources	$	2,047,180
LIABILITIES		
Current liabilities:		
Accounts payable	$	193,007
Accrued interest payable		183,997
Compensated absences - current portion		3,108
Bonds payable - current portion		788,972
Total current liabilities	$	1,169,084
Noncurrent liabilities:		
Bonds payable - net of current portion	$	18,064,510
Compensated absences - net of current portion		27,976
Net pension liability		102,970
Other post-employment benefits payable		43,683
Total noncurrent liabilities	$	18,239,139
Total liabilities	$	19,408,223
DEFERRED INFLOWS OF RESOURCES		
Net difference between projected and actual investment earnings on pension plan investments (Note 11)	$	14,022
NET POSITION		
Net investment in capital assets	$	2,745,687
Unrestricted		973,944
Total net position	$	3,719,631

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

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2017

		Enterprise Fund
		Water & Sewer
OPERATING REVENUES		
Charges for services:		
Water and sewer revenues	$	326,203
Connection and reconnection fees		139,690
Miscellaneous		28,399
Total operating revenues	$	494,292
OPERATING EXPENSES		
Personal services	$	305,056
Fringe benefits		107,603
Contractual services		241,252
Other charges		482,852
Depreciation		491,393
Total operating expenses	$	1,628,156
Operating loss	$	(1,133,864)
NONOPERATING EXPENSES		
Developer contribution	$	25,000
Investment earnings		2
Bond issuance costs		(77,194)
Interest and fiscal charges		(879,531)
Total nonoperating expenses	$	(931,723)
Loss before contributions and transfers	$	(2,065,587)
Transfers in	$	2,445,094
Change in net position	$	379,507
Total net position - beginning		3,340,124
Total net position - ending	$	3,719,631

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

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2017

		Enterprise Fund Water & Sewer
OPERATING ACTIVITIES		
Receipts from customers and users	$	455,744
Payments to suppliers		(632,361)
Payments to employees		(407,030)
Net cash used in operating activities	$	(583,647)
NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	$	2,445,094
Net cash provided by noncapital financing activities	$	2,445,094
CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to capital assets	$	(322,136)
Issuance of bonds		3,270,000
Principal payments on bonds		(3,821,560)
Developer contribution		25,000
Issuance costs		(77,194)
Interest payments		(904,527)
Net cash used in capital and related financing activities	$	(1,830,417)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	$	2
Net cash provided by investing activities	$	2
Net increase in cash and cash equivalents	$	31,032
Cash and cash equivalents - beginning - including restricted		1,352,591
Cash and cash equivalents - ending - including restricted	$	1,383,623
Reconciliation to Exhibit 7:		
Cash and Cash Equivalents	$	1,349,275
Cash in Custody of Others		34,348
Total	$	1,383,623
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(1,133,864)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	$	491,393
(Increase) decrease in accounts receivable		(38,548)
(Increase) decrease in prepaid expenses		69
Increase (decrease) in accounts payable and accrued liabilities		91,674
Increase (decrease) in compensated absences and OPEB		10,931
Increase (decrease) Pension expense net of employer contributions		(5,302)
Total adjustments	$	550,217
Net cash used in operating activities	$	(583,647)

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

		Agency Funds
ASSETS		
Cash and cash equivalents	$	186,529
Total assets	$	186,529
LIABILITIES		
Amounts held for social services clients	$	16,080
Amounts held for others		170,449
Total liabilities	$	186,529

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

NOTES TO THE FINANCIAL STATEMENTS

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Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Financial Statement Presentation

Government-wide Financial Statements

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

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

Statement of Net Position

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

Statement of Activities

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

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Financial Statement Presentation (Continued)

Statement of Activities (Continued)

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

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

Budgetary Comparison Schedules

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

C. Financial Reporting Entity

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

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Individual Component Unit Disclosures

Discretely Presented Component Units

School Board

The School Board members are elected by the citizens of Powhatan County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School does not issue a separate financial report.

Economic Development Authority

The Powhatan County Economic Development Authority (EDA) is responsible for industrial and commercial development in the County. The Authority consists of six members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, as the County is involved in the day-to-day operations of the EDA, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2017. The Authority does not issue a separate financial report.

E. Other Related Organizations

James River Juvenile Detention Commission

The James River Juvenile Detention Commission is jointly governed by the localities of Goochland, Henrico, and Powhatan. The Commission is funded primarily through monthly fees paid by the member jurisdictions for operating support which is determined annually by the Commission. The County's annual fee for fiscal year 2017 was $215,992.

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 2017 was $13,779.

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 $263,730 to the Board during fiscal year 2017.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Related Organizations (Continued)

Virginia Department of Health - Chesterfield Health District

The Chesterfield Health District includes the localities of Chesterfield, Powhatan, and Colonial Heights. The County makes an annual contribution for operating support, which is based on the needs of the Department and determined annually by the Board of Supervisors. The County's contribution for fiscal year 2017 was $199,301.

Monacan Soil and Water Conservation District

The County entered into an agreement with the District to work together in the development of effective soil and water conversation programs. The County's contribution during fiscal year 2017 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 2017.

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 2017 were $16,522.

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 2017 was $96,466.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Related Organizations (Continued)

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

The Maggie L. Walker Governor's School for Government and International Studies provides broad-based educational opportunities that develop gifted students' understanding of world cultures and languages, as well as their ability to lead, participate, and contribute in a rapidly changing global society. The Regional School Board is jointly governed by a representative from each of the following localities: the counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, King and Queen, New Kent, Powhatan, and Prince George and the cities of Hopewell, Petersburg, and Richmond. The County of Powhatan pays the school a set rate for each student that attends. The School Board's contribution for fiscal year 2017 was $102,349.

Appomattox Regional Governor's School

The Appomattox Regional Governor's School for the Arts and Technology provides gifted and talented students a differentiated and rigorous education, cultivates a supportive environment that inspires unique artistic and technological visions, promotes cultural tolerance, nurtures community partnerships, and produces active, engaged citizens. This school board is jointly governed by a representative from each of the following localities: the counties of Amelia, Charles City, Chesterfield, Dinwiddie, Powhatan, Prince George, Southampton, Surry and Sussex and the cities of Colonial Heights, Franklin, Hopewell, Petersburg, and Richmond. The County of Powhatan pays the school a set rate for each student that attends. The School Board's contribution for fiscal year 2017 was $62,946.

CodeRVA Regional School

The CodeRVA Regional School is an alternative program of studies that partners with private industry and institutions of higher education where students will graduate with a high school diploma and more than 400 hours of paid information technology work experience. The Regional School Board is jointly governed by a representative from each of the following localities: the counties of Chesterfield, Dinwiddie, Goochland, Hanover, Henrico, New Kent, Powhatan, Prince George, and Sussex and the cities of Hopewell, Petersburg, and Richmond. The County of Powhatan pays a pro rata portion of operating costs based on the average of the percent of average daily membership (ADM) of the students of the respective school divisions in CodeRVA as of March 30th of the preceding year. The School Board's contribution for fiscal year 2017 was $34,500.

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

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

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

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

The County's fiduciary funds are presented in the fund financial statements by type and have no measurement focus but use the accrual basis of accounting for asset and liability recognition. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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

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

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Fund Financial Statements

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fair Value Measurements

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

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

Interfund Receivables and Payables

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

Receivables

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

Real and Personal Property Tax Data

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

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

The County bills and collects its own property taxes.

Capital Assets

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

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Compensated Absences

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

Pensions

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

Long-term Obligations

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

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

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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

Prepaid Items

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

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

Fund Net Position

Fund Balances

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

The classifications are as follows:

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

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

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

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

Unassigned – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

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

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

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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

Net Position

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statements which present financial position 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 five 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. The third item relates to the changes in proportion-teacher cost sharing pool for the Component Unit-School Board. The fourth is the difference between expected and actual experience for pensions. The fifth 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.

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 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. The third item represents unearned revenue related to the prepayment of taxes not due until 2018. Finally, the fourth item is the difference between expected and actual experience for pensions.

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.

(Continued)

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

Note 3. Deposits and Investments

Deposits:

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

(Continued)

Note 3. Deposits and Investments (Continued)

Investments:

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

External Investment Pools:

The 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. Assets of these pools are invested and collateralized by U.S. Government obligations held by an independent third party custodian. Fair value of the investments is determined on a daily basis.

Credit Risk Debt Securities:

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

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(Continued)

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	$	16,330,642
Certificates of deposit		4,000,000
Cash on hand		1,050
Investments:		
LGIP		16,868
Money market		1,522
Trust		46,647,657
Total deposits and investments	$	66,997,739

The deposits and investments are comprised as follows:

Cash and cash equivalents - Primary Government	$	16,723,415
Cash and cash equivalents - Component Units		3,626,667
Restricted assets - Primary Government		
Cash and cash equivalents		26,450,078
Investments		20,197,579
Total deposits and investments	$	66,997,739

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

Note 4. Fair Value Measurement

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County has the following recurring fair value measurements as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Mutual Funds				
U.S. Equity - Small Cap	$ 12,388	$ -	$ -	$ 12,388
Wells Fargo Government	55,836	-	-	55,836
Wells Fargo Fixed	18,569	-	-	18,569
Wells Fargo Equity	24,784	-	-	24,784
Wells Fargo Balanced	12,206	-	-	12,206
US Treasury Note	20,073,796	-	-	20,073,796
	$ 20,197,579	$ -	$ -	$ 20,197,579

(Continued)

Note 4. Fair Value Measurement (Continued)

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

Note 5. Receivables

Receivables consist of the following:

	Governmental Activities	Business-Type Activities	Total Primary Government
Taxes	$ 6,835,309	$ -	$ 6,835,309
Less: allowance for uncollectible accounts	(346,548)	-	(346,548)
Net taxes receivable	6,488,761	-	6,488,761
Accounts Receivable, net of allowance	188,060	112,138	300,198
Total receivables, net	$ 6,676,821	$ 112,138	$ 6,788,959

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

(Continued)

Note 6. Due from Other Governmental Units

Amounts due from other governments consist of the following:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales tax	$ -	$ 826,500
VPSA technology	-	232,000
Auto rental	5,647	-
Clerk's excess fees	3,602	-
Rolling stock tax	739	-
Victim witness grant	3,752	-
Mobile home titling tax	3,844	-
E-911 wireless funds	9,243	-
Recordation tax	30,748	-
Health department	55	-
Comprehensive services	152,939	-
VPA funds	35,451	-
Four for Life	31,821	-
Communication tax	133,621	-
Constitutional officer reimbursements	164,092	-
Local sales tax	534,270	-
Federal Government:		
School fund grants	-	122,709
DMV grants	20,774	-
Victim witness	11,257	-
TANF funds	1,249	-
CSBG funds	4,442	-
VPA funds	74,776	-
Total due from other governments	$ 1,222,322	$ 1,181,209

(Continued)

Note 7. Interfund Transfers

Interfund transfers consist of the following:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	$ 12,647	$ 4,205,257
County Capital Projects Fund	2,533,079	-
Other Governmental Funds	-	785,563
Proprietary Funds:		
Water and Sewer Fund	2,445,094	-
Total	$ 4,990,820	$ 4,990,820

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

Note 8. Capital Assets

Capital asset activity for the year consists of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not depreciated:				
Land	$ 1,650,740	$ -	$ -	$ 1,650,740
Construction in progress	1,996,845	14,362,862	445,422	15,914,285
Total capital assets not depreciated	$ 3,647,585	$ 14,362,862	$ 445,422	$ 17,565,025
Capital assets depreciated:				
Buildings	$ 19,835,008	$ 408,546	$ -	$ 20,243,554
Machinery and equipment	10,326,930	1,533,918	831,473	11,029,375
Jointly owned assets	72,648,327	637,873	5,495,230	67,790,970
Total capital assets depreciated	$ 102,810,265	$ 2,580,337	$ 6,326,703	$ 99,063,899
Less accumulated depreciation:				
Buildings	$ 8,572,016	$ 484,391	$ -	$ 9,056,407
Machinery and equipment	7,610,337	760,391	769,371	7,601,357
Jointly owned assets	29,242,841	1,853,674	3,463,649	27,632,866
Total accumulated depreciation	$ 45,425,194	$ 3,098,456	$ 4,233,020	$ 44,290,630
Capital assets depreciated, net	$ 57,385,071	$ (518,119)	$ 2,093,683	$ 54,773,269
Net capital assets	$ 61,032,656	$ 13,844,743	$ 2,539,105	$ 72,338,294

(Continued)

Note 8. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not depreciated:				
Land	$ 859,030	$ -	$ -	$ 859,030
Construction in progress	44,676	90,237	23,395	111,518
Total capital assets not depreciated	$ 903,706	$ 90,237	$ 23,395	$ 970,548
Capital assets depreciated:				
Utility plant in service	$ 23,274,643	$ 228,504	$ -	$ 23,503,147
Machinery and equipment	126,688	26,790	-	153,478
Total capital assets depreciated	$ 23,401,331	$ 255,294	$ -	$ 23,656,625
Less accumulated depreciation:				
Utility plant in service	$ 4,468,976	$ 476,106	$ -	$ 4,945,082
Machinery and equipment	67,869	15,287	-	83,156
Total accumulated depreciation	$ 4,536,845	$ 491,393	$ -	$ 5,028,238
Capital assets depreciated, net	$ 18,864,486	$ (236,099)	$ -	$ 18,628,387
Net capital assets	$ 19,768,192	$ (145,862)	$ 23,395	$ 19,598,935

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

	Governmental Activities	Business-Type Activities	Total Primary Government
General government administration	$ 75,775	$ -	$ 75,775
Judicial administration	90,286	-	90,286
Public safety	798,897	-	798,897
Public works	52,286	-	52,286
Health and welfare	36,517	-	36,517
Education	1,853,673	-	1,853,673
Parks, recreation, and cultural	191,022	-	191,022
Water and sewer	-	491,393	491,393
Total depreciation expense - primary government	$ 3,098,456	$ 491,393	$ 3,589,849

(Continued)

Note 8. Capital Assets (Continued)

Discretely Presented Component Unit - School Board

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not depreciated:				
Land	$ 818,851	$ -	$ -	$ 818,851
Construction in progress	-	3,180	-	3,180
Total capital assets not depreciated	$ 818,851	$ 3,180	$ -	$ 822,031
Capital assets depreciated:				
Jointly owned assets	$ 20,862,992	$ -	$ 2,297,338	$ 18,565,654
Machinery and equipment	1,114,747	866,618	30,000	1,951,365
Total capital assets depreciated	$ 21,977,739	$ 866,618	$ 2,327,338	$ 20,517,019
Less accumulated depreciation:				
Jointly owned assets	$ 8,397,897	$ 532,334	$ 1,362,523	$ 7,567,708
Machinery and equipment	407,444	207,291	30,000	584,735
Total accumulated depreciation	$ 8,805,341	$ 739,625	$ 1,392,523	$ 8,152,443
Capital assets depreciated, net	$ 13,172,398	$ 126,993	$ 934,815	$ 12,364,576
Net capital assets	$ 13,991,249	$ 130,173	$ 934,815	$ 13,186,607

School Board depreciation expense was charged to education in the amount of $532,334. The remaining $1,362,523 decrease to accumulated depreciation is for depreciation taken on jointly owned assets and transferred to the Primary Government.

Note 9. Unavailable/Unearned Revenue

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

	Unavailable	Unearned	Total
Property taxes	$ 2,139,007	$ 3,896,012	$ 6,035,019
Property taxes paid in advance	-	198,015	198,015
Totals	$ 2,139,007	$ 4,094,027	$ 6,233,034

(Continued)

Note 10. Long-Term Liabilities

Changes in long-term liabilities consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences payable	$ 700,100	$ 439,151	$ 415,530	$ 723,721	$ 72,372
Capital lease obligations	30,317	700,000	42,063	688,254	74,233
Lease revenue bonds	13,169,961	15,321,750	1,191,240	27,300,471	1,405,045
Premium on bonds	1,206,976	1,841,230	198,745	2,849,461	197,917
OPEB Liability	1,013,570	202,745	52,998	1,163,317	-
Supplemental retirement plan	246,280	-	167,334	78,946	70,146
Total incurred by County	$ 16,367,204	$ 18,504,876	$ 2,067,910	$ 32,804,170	$ 1,819,713
Incurred by School Board:					
Literary loans	$ 750,000	$ -	$ 250,000	$ 500,000	$ 250,000
General obligation bonds	27,535,647	-	1,748,076	25,787,571	1,755,316
Capital lease obligations	780,639	-	238,106	542,533	243,807
Lease revenue bonds	14,339,200	34,103,250	1,287,200	47,155,250	1,221,100
Premium on bonds	2,246,193	4,098,221	328,072	6,016,342	328,072
Total incurred by School Board	$ 45,651,679	$ 38,201,471	$ 3,851,454	$ 80,001,696	$ 3,798,295
Total Governmental Activities	$ 62,018,883	$ 56,706,347	$ 5,919,364	$ 112,805,866	$ 5,618,008
Business-Type Activities:					
Compensated absences payable	$ 27,506	$ 18,299	$ 14,721	$ 31,084	$ 3,108
OPEB Liability	36,330	9,955	2,602	43,683	-
Premium on bonds	1,740,729	248,856	280,378	1,709,207	105,117
Lease revenue bonds	17,695,835	3,270,000	3,821,560	17,144,275	698,855
Total Business-type Activities	$ 19,500,400	$ 3,547,110	$ 4,119,261	$ 18,928,249	$ 807,080
Component Unit - School Board					
Compensated absences payable	$ 1,774,038	$ 450,724	$ 111,313	$ 2,113,449	$ 123,185
OPEB Liability	9,158,800	1,575,800	849,000	9,885,600	-
Total Component Unit - School Board	$ 10,932,838	$ 2,026,524	$ 960,313	$ 11,999,049	$ 123,185

(Continued)

Note 10. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Amount Outstanding
Governmental Activities:					
Incurred by County:					
Lease revenue bonds					
VRA	3.83	11/2011	10/2033	$ 2,920,000	$ 2,490,000
VRA	4.32-4.80	04/2010	10/2019	3,518,372	2,115,721
EDA	3.50	05/2015	09/2031	8,584,200	7,497,000
EDA	2.00-5.00	07/2016	10/2037	15,321,750	15,197,750
					$ 27,300,471
Capital leases					
AS400	2.67	08/2014	08/2019	$ 47,942	$ 20,756
Fire Truck	2.02	8/2016	06/2027	700,000	667,498
					$ 688,254
Incurred by School Board:					
Literary loans					
Literary Loan	3.00	08/1998	08/2018	$ 5,000,000	$ 500,000
General obligation bonds					
School improvement bond	4.62-5.00	11/2002	07/2022	$ 7,084,114	$ 2,196,938
VPSA Bond	5.10	05/2004	07/2024	3,770,000	1,490,000
School improvement bond	3.97-5.00	01/2010	07/2032	23,335,000	18,095,000
VPSA Bond	4.96-5.27	07/2008	07/2028	6,350,705	4,005,633
					$ 25,787,571
Capital Leases					
School Buses	2.54	03/2013	07/2017	$ 481,210	$ 99,462
School Buses	2.30	08/2015	09/2019	584,170	443,071
					$ 542,533
Lease revenue bonds					
EDA	3.50	05/2015	09/2031	$ 15,260,800	$ 13,328,000
EDA	2.00-5.00	07/2016	10/2037	34,103,250	33,827,250
					$ 47,155,250

(Continued)

Note 10. Long-Term Liabilities (Continued)

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

Business-Type Activities

Lease revenue bonds					
VRA	3.83	10/2011	10/2033	$ 8,825,000	$ 7,525,000
VRA	4.32-4.80	04/2010	10/2019	231,628	139,275
VRA	4.77-4.97	04/2010	10/2037	3,860,000	435,000
VRA	3.125-5.125	05/2017	10/2037	3,270,000	3,270,000
VRA	4.10	11/2014	10/2036	6,075,000	5,775,000
Total Business-Type Activities					$ 17,144,275

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Note 10. Long-Term Liabilities (Continued)

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

	County		Schools					
Year Ending June 30,	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest	Literary Loan Principal	Literary Loan Interest	General Obligation Bonds Principal	General Obligation Bonds Interest	Lease Revenue and Refunding Bond Principal	Lease Revenue and Refunding Bond Interest
2018	$ 1,405,045	$ 1,057,293	$ 250,000	$ 15,000	$ 1,755,316	$ 1,181,578	$ 1,221,100	$ 1,775,492
2019	1,485,216	988,268	250,000	7,500	1,787,937	1,110,868	1,283,150	1,716,767
2020	1,657,803	916,880	-	-	1,816,355	1,038,737	1,573,400	1,651,961
2021	1,090,200	858,095	-	-	1,854,676	966,081	1,939,800	1,578,355
2022	1,132,600	816,448	-	-	1,912,973	872,850	2,017,400	1,503,761
2023-2027	6,652,500	3,239,791	-	-	8,525,482	3,128,001	12,252,500	5,982,165
2028-2032	8,570,650	1,571,897	-	-	8,134,832	1,183,918	15,969,350	2,946,391
2033-2037	4,550,057	419,898	-	-	-	-	9,214,950	889,945
2038	756,400	11,346	-	-	-	-	1,683,600	25,254
Total	$ 27,300,471	$ 9,879,916	$ 500,000	$ 22,500	$ 25,787,571	$ 9,482,033	$ 47,155,250	$ 18,070,091

	Business-type Activities	
Year Ending June 30,	Lease Revenue and Refunding Bonds Principal	Lease Revenue and Refunding Bonds Interest
2018	$ 698,855	$ 797,009
2019	731,634	763,948
2020	738,794	730,714
2021	655,000	699,473
2022	685,000	668,885
2023-2027	4,015,000	2,782,806
2028-2032	5,085,000	1,679,647
2033-2037	4,285,000	463,237
2038	249,992	6,590
Total	$ 17,144,275	$ 8,592,309

(Continued)

Note 10. Long-Term Liabilities (Continued)

Capital Leases

The assets acquired through capital leases are as follows:

		Governmental Activities
AS400	$	47,942
School Buses		1,455,152
Fire Trucks		619,852
Less: Accumulated depreciation		(463,594)
Total	$	1,659,352

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

Year Ending June 30		Governmental Activities		Component Unit-School Board
2018	$	87,829	$	256,516
2019		87,828		154,536
2020		78,428		154,536
2021		77,573		
2022		77,573		
2023-2027		349,080		-
Total minimum lease payments	$	758,311	$	565,588
Less: amount representing interest		(70,057)		(23,055)
Present value of minimum lease payments	$	688,254	$	542,533

(Continued)

Note 11. Defined Benefit Pension Plan

Plan Description

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

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(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID
RETIREMENT PLAN</th></tr>
<tr>
<td>About Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</td>
<td>About Plan 2

Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</td>
<td>About the Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")

• The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula.
• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</td>
</tr>
</table>

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Continued) **Eligibility**: (Continued) For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Cost-of-Living Adjustment (COLA) in Retirement (Continued)**	**Cost-of-Living Adjustment (COLA) in Retirement (Continued)**
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • 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.	**Exceptions to COLA Effective Dates**: Same as Plan 1.	**Exceptions to COLA Effective Dates**: Same as Plan 1 and Plan 2.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

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

	County	School Board Non-Professional
Inactive members or their beneficiaries currently receiving benefits	24	59
Inactive members:		
Vested inactive members	11	10
Non-vested inactive members	11	21
Inactive members active elsewhere in VRS	25	24
Total inactive members	47	55
Active members	144	107
Total covered employees	215	221

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, 2017 was 11.03% and 7.11% respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $864,102, $942,707 and $878,750 for the years ended June 30, 2017, June 30, 2016 and June 30, 2015, respectively. Contributions to the pension plan from the School Board Non-Professional Employee Plan were $80,743, $122,674 and $163,966 for the years ended June 30, 2017, June 30, 2016 and June 30, 2015, respectively.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Net Pension Liability

The political subdivision's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

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Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees (Continued)

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, 2015 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:

(Continued)

Note 11. 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, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

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

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

Largest 10 – LEOS:

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, 2015 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

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
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	100.00 %		5.83 %
	Inflation		2.50 %
	* Expected arithmetic nominal return		8.33 %

* 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%.

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 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, 2015	$ 18,366,079	$ 15,568,478	$ 2,797,601
Changes for the year:			
Service cost	1,011,102	-	1,011,102
Interest	1,254,963	-	1,254,963
Difference between expected and actual experience	(475,334)	-	(475,334)
Contributions - employer	-	935,300	(935,300)
Contributions - employee	-	470,695	(470,695)
Net investment income	-	288,843	(288,843)
Benefit payments, including refunds of employee contributions	(876,075)	(876,075)	-
Administrative expense	-	(9,363)	9,363
Other changes	-	(120)	120
Net changes	914,656	809,280	105,376
Balances at June 30, 2016	$ 19,280,735	$ 16,377,758	$ 2,902,977

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Balances at June 30, 2015	$ 7,740,471	$ 7,867,424	$ (126,953)
Changes for the year:			
Service cost	182,662	-	182,662
Interest	528,752	-	528,752
Difference between expected and actual experience	(41,345)	-	(41,345)
Contributions - employer	-	117,830	(117,830)
Contributions - employee	-	85,763	(85,763)
Net investment income	-	134,511	(134,511)
Benefit payments, including refunds of employee contributions	(373,734)	(373,734)	-
Administrative expense	-	(4,931)	4,931
Other changes	-	(57)	57
Net changes	296,335	(40,618)	336,953
Balances at June 30, 2016	$ 8,036,806	$ 7,826,806	$ 210,000

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
County net pension liability	$ 5,853,884	$ 2,902,977	$ 474,654
School Board Non-Professional net pension liability (asset)	$ 1,189,489	$ 210,000	$ (610,629)

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2017, the County recognized pension expense of $642,649. At June 30, 2017, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,954	$ 395,311
Net difference between projected and actual earnings on pension plan investments	438,465	-
Employer contributions subsequent to the measurement date	864,102	-
Total	$ 1,323,521	$ 395,311

For the year ended June 30, 2017, the School Board Non-Professional Employee Plan recognized pension expense of $55,965. At June 30, 2017, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 56,577
Net difference between projected and actual earnings on pension plan investments	202,526	-
Employer contributions subsequent to the measurement date	80,743	-
Total	$ 283,269	$ 56,577

(Continued)

Note 11. Defined Benefit Pension Plan (Continued)

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

The $864,102 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		Increase (Reduction) to Pension Expense
2018	$	(54,196)
2019		(54,198)
2020		157,855
2021		88,776
2022		(74,129)
Thereafter		-

The $80,743 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		Increase (Reduction) to Pension Expense
2018	$	(30,084)
2019		(19,698)
2020		113,716
2021		82,015
2022		-
Thereafter		-

Payables to the Pension Plan

At June 30, 2017, approximately $9,099 was payable to the Virginia Retirement System for the legally required contributions related to the School Board Non-professional plan for June 2017 accrued payroll.

(Continued)

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

General Information about the Teacher Cost Sharing Pool

Plan Description

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

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

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

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

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

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID
RETIREMENT PLAN</th></tr>
<tr><td></td><td></td><td>Vesting (Continued)

<u>Defined Contributions Component</u>: (Continued)

• After two years, a member is 50% vested and may withdraw 50% of employer contributions.
• After three years, a member is 75% vested and may withdraw 75% of employer contributions.
• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.</td></tr>
<tr><td>Calculating the Benefit

The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</td><td>Calculating the Benefit

See definition under Plan 1.</td><td>Calculating the Benefit

<u>Defined Benefit Component</u>:

See definition under Plan 1.

<u>Defined Contribution Component</u>:

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</td></tr>
</table>

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

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

Plan Description (Continued)

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

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. 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, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013, which was reduced to 17.64% after reflecting the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-2012 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. 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, 2016. Contributions to the pension plan from the school division were $3,753,796, $3,292,690 and $3,379,240 for the years ended June 30, 2017, June 30, 2016 and June 30, 2015, respectively.

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

At June 30, 2017, the school division reported a liability of $42,437,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 201 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, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was 0.303% as compared to 0.308% at June 30, 2015.

For the year ended June 30, 2017, the school division recognized pension expense of $3,514,000. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

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

At June 30, 2017, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,375,000
Net difference between projected and actual earnings on pension plan investments	2,424,000	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	88,000	608,000
Employer contributions subsequent to the measurement date	3,753,796	-
Total	$ 6,265,796	$ 1,983,000

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

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

$3,753,796 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		Increase (Reduction) to Pension Expense
2018	$	(419,000)
2019		(419,000)
2020		943,000
2021		569,000
2022		(145,000)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

RP-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, 2014 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.

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

General Information about the Teacher Cost Sharing Pool (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
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	100.00 %		5.83
	Inflation		2.50
	* Expected arithmetic nominal return		8.33 %

* 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%.

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 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 Board division's proportionate share of the VRS teacher employee retirement plan net pension liability	$ 60,493,000	$ 42,437,000	$ 27,562,000

(Continued)

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

General Information about the Teacher Cost Sharing Pool (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2016-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, 2017, approximately $474,461 was payable to the Virginia Retirement System for the legally required contributions related to June 2017 accrued payroll.

Note 13. 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, their spouses and dependents. The plan's benefit levels and employer contributions are governed by the County and School Board and can be amended by the County and School Board. The Plan provides for healthcare insurance coverage for eligible retirees, their spouses and dependents.

Plan Description

Covered full-time active employees who retire directly from the County with at least 5 years of service and attain the age of 50 prior to retirement are eligible to receive postretirement health care benefits. Retirees not eligible for Medicare may elect one of the following medical options which include medical, dental, and vision coverage: Key Advantage Expanded (PPO), Key Advantage 500 (PPO), or TLC High Deductible (PPO). Retirees who are eligible for Medicare may only elect the Medicare supplement provided by Key Advantage 65 an must pay 100% of the supplement less the health insurance credit. Retirees may elect to cover a spouse and dependents.

County retirees who have at least 15 years of service with the County receive a health insurance credit with the County. Retirees receive $4 per year of County service per month, up to a maximum of $120 per month for their elected medical coverage from the County. The retiree must pay the remainder of the premium. County retirees who have less than 15 years of service with the County must pay 100% of the premium cost; therefore, have no GASB 45 liability. County membership in the plan at the time of the actuarial study consisted of 145 active members with total active covered payroll of $7,376,776 and 2 retirees.

(Continued)

Note 13. 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. Retirees who are age 65 and older may only participate in the Medicare Supplement and must pay 100% of the cost. The School Board pays 100% of the premium cost for retirees' single coverage. Retirees pay 100% of any additional premium for spouse and dependent coverage. Schools membership in the plan at the time of the actuarial study consisted of 584 active members with total active covered payroll of $26,618,137 and 39 retirees and 10 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.

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(Continued)

Note 13. 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)	$ 162,711	$ 7,989	$ 1,209,500
Interest on prior year OPEB asset	40,034	1,966	366,300
Adjustment to the ARC	(34,506)	(1,694)	(316,100)
Net OPEB cost	168,239	8,261	1,259,700
Contributions made	(18,492)	(908)	(532,600)
Increase (decrease) in net OPEB obligation	149,747	7,353	727,100
Net OPEB obligation, beginning of year	1,013,570	36,330	9,158,500
Net OPEB obligation, end of year	$ 1,163,317	$ 43,683	$ 9,885,600

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

	County			School Board		
Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 176,500	10.99%	$ 1,207,000	$ 1,259,700	42.28%	$ 9,885,600
2016	165,700	5.55%	1,049,900	1,200,800	39.37%	9,158,500
2015	146,900	20.83%	893,400	1,462,800	38.06%	8,430,400
2014	138,700	19.25%	777,100	1,391,000	36.40%	7,524,300

Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the County's actuarial accrued liability for benefits was $1,620,300, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $7,376,776, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 21.96 percent.

As of June 30, 2016, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was $12,873,600, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $26,618,137, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 48.36 percent.

(Continued)

Note 13. 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 2020 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, 2016 was thirty years.

(Continued)

Note 14. 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 2017 was 0.28% 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.

(Continued)

Note 14. 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 2017, the County's contribution of $8,148 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 2017, 2016 and 2015 are as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
2017	$ 8,148	100.00%	$ -
2016	4,992	100.00%	-
2015	4,193	100.00%	-

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$ 67,420
Actuarial value of plan assets	$ 7,648
Unfunded actuarial accrued liability (UAAL)	$ 59,772
Funded ratio (actuarial value of plan assets/AAL)	11.34%
Covered payroll (active plan members)	$ 2,754,811
UAAL as a percentage of covered payroll	2.17%

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.

(Continued)

Note 14. 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, 2016 was 20 years using a closed amortization period.

Note 15. 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 12.

Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended Year Ended June 30, 2017, June 30, 2016 and 2015 were $259,950, $199,604 and $209,447, respectively, which equaled the required contributions for the year.

(Continued)

Note 16. 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.

Note 17. 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.

(Continued)

Note 17. Commitments and Contingencies (Continued)

The following construction contracts were outstanding at June 30, 2017:

Fund	Project	Contractor	Contract Amount	Amount Remaining
Capital Projects Fund	PCPS Transportation Facility	BCWH, Inc	$ 340,580	$ 35,950
Capital Projects Fund	PCPS Transportation Facility	Daniel & Company Inc	3,548,868	1,726,199
Capital Projects Fund	Courthouse Expansion	Moseley Architects	303,681	63,000
Capital Projects Fund	New Middle School	Moseley Architects	2,162,939	343,625
Capital Projects Fund	New Middle School	Kenbridge Construction	30,267,734	20,646,493
Capital Projects Fund	Water Tower	Moseley Architects	216,673	62,835
Capital Projects Fund	Water Tower	Phoenix Fabricators	1,475,125	1,475,125
Capital Projects Fund	Computer Aided Dispatch	Spillman	577,023	577,023

Note 18. Risk Management

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

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

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

(Continued)

Note 19. Fund Balances

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	$ 1,969	$ -	$ 1,969
Total nonspendable	$ 1,969	$ -	$ 1,969
Restricted for:			
School Retirement Fund	$ -	$ 158,598	$ 158,598
Cash proffers	-	262,149	262,149
State asset forfeiture	-	11,880	11,880
Federal asset forfeiture	-	2,781	2,781
Grants	-	65,754	65,754
Fire and rescue	-	108,776	108,776
Capital projects	-	42,809,069	42,809,069
Total restricted	$ -	$ 43,419,007	$ 43,419,007
Committed for:			
Fire and rescue	$ -	$ 73,812	$ 73,812
Total committed	$ -	$ 73,812	$ 73,812
Assigned for:			
Capital maintenance reserve	$ 3,130,176	$ -	$ 3,130,176
Capital maintenance reserve - Schools	793,093	-	793,093
PCAA	148,736	-	148,736
PEG	48,042	-	48,042
FY18 Carryforwards	356,246	-	356,246
Total assigned	$ 4,476,293	$ -	$ 4,476,293
Unassigned	11,767,232	(352,397)	11,414,835
Total fund balance	$ 16,245,494	$ 43,140,422	$ 59,385,916

Note 20. Local Choice Insurance Plan

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

Note 21. Prior Period Restated

The following is a summary of the restatements to beginning net position:

	Component Unit Economic Development Authority
Net position June 30, 2016, as previously reported	$ -
EDA was not included in prior years, due to inactivity	66,806
Net position June 30, 2016, as restated	$ 66,806

Note 22. New Accounting Standards

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

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. 81, *Irrevocable Split-Interest Agreements* provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement will be effective for the year ending June 30, 2017, except for certain provisions

Note 21. New Accounting Standards (Continued)

regarding assumptions for plans with a measurement date that differs from the employer's reporting date – those provisions are effective for the year ending June 30, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for Asset Retirement Obligations (AROs). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This Statement will be effective for the year ending June 30, 2019.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement will be effective for the year ending June 30, 2020.

GASB Statement No. 85, *Omnibus 2017* addresses practice issues that have been identified during implementation and application of certain GASB Statements, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues,* improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement will be effective for the year ending June 30, 2018.

Note 21. New Accounting Standards (Continued)

GASB Statement No. 87, *Leases* establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement will be effective for the year ending June 30, 2021.

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

REQUIRED SUPPLEMENTARY INFORMATION

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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	$ 37,900,060	$ 37,900,060	$ 39,177,351	$ 1,277,291
Other local taxes	5,639,970	5,663,455	5,527,619	(135,836)
Permits, privilege fees, and regulatory licenses	532,670	532,670	615,348	82,678
Fines and forfeitures	103,200	103,200	163,083	59,883
Revenue from the use of money and property	163,800	163,800	178,006	14,206
Charges for services	184,800	184,800	190,719	5,919
Miscellaneous	84,000	145,283	200,565	55,282
Intergovernmental revenues:				
Commonwealth	7,686,498	7,652,169	7,345,500	(306,669)
Federal	714,553	1,174,999	1,271,323	96,324
Total revenues	$ 53,009,551	$ 53,520,436	$ 54,669,514	$ 1,149,078
EXPENDITURES				
Departmental:				
General government administration	$ 3,022,008	$ 3,420,577	$ 3,347,505	$ 73,072
Judicial administration	913,523	917,656	886,337	31,319
Public safety	6,913,164	7,204,022	6,987,763	216,259
Public works	1,982,561	1,982,215	1,883,341	98,874
Health and welfare	4,482,995	4,899,470	4,491,257	408,213
Education	22,006,130	22,006,130	21,551,702	454,428
Parks, recreation, and cultural	573,210	572,310	535,935	36,375
Community development	1,148,287	1,055,059	964,234	90,825
Capital projects	-	23,485	617	22,868
Debt service:				
Principal retirement	7,066,532	4,886,613	4,756,685	129,928
Interest and other fiscal charges	2,381,047	3,766,616	3,771,418	(4,802)
Total expenditures	$ 50,489,457	$ 50,734,153	$ 49,176,794	$ 1,557,359
Excess of revenues over expenditures	$ 2,520,094	$ 2,786,283	$ 5,492,720	$ 2,706,437
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 12,647	$ 12,647	$ -
Transfers out	(2,520,094)	(4,205,257)	(4,205,257)	$ -
Total other financing uses	$ (2,520,094)	$ (4,192,610)	$ (4,192,610)	$ -
Net change in fund balances	$ -	$ (1,406,327)	$ 1,300,110	$ 2,706,437
Fund balances - beginning	-	1,418,974	14,945,384	13,526,410
Fund balances - ending	$ -	$ 12,647	$ 16,245,494	$ 16,232,847

Schedules of Funding Progress
For the Year Ended June 30, 2017

Other Post- Employment Benefits - Health Care Insurance

Valuation Date	(a) Actuarial Value of Assets (AVA)	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	Annual Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
County:						
6/30/2016	$ -	$ 1,620,300	$ 1,620,300	0.00%	$ 7,376,776	21.96%
6/30/2014	-	1,483,300	1,483,300	0.00%	6,589,888	22.51%
6/30/2012	-	931,300	931,300	0.00%	6,197,808	15.03%
School Board:						
6/30/2016	$ -	$ 12,873,600	$ 12,873,600	0.00%	$ 26,618,137	48.36%
6/30/2014	-	14,529,800	14,529,800	0.00%	24,429,531	59.48%
6/30/2012	-	13,268,500	13,268,500	0.00%	22,896,755	57.95%

County - Other Post- Employment Benefits - Health Insurance Credit Program

Valuation Date	(a) Actuarial Value of Assets (AVA)	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	Annual Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
6/30/2016	$ 7,648	$ 67,420	$ 59,772	11.34%	$ 2,754,811	2.17%
6/30/2015	3,980	56,205	52,225	7.08%	2,553,462	2.05%
6/30/2014	-	43,903	43,903	0.00%	2,503,880	1.75%

Schedule of Contributions - Other Post-Employment Benefits

Valuation Date	Annual OPEB Cost	Employer Contributions	Percentage Contributed
County:			
6/30/2017	$ 176,500	$ 19,400	10.99%
6/30/2016	165,700	9,200	5.55%
6/30/2015	146,900	30,600	20.83%
6/30/2014	138,700	26,700	19.25%
6/30/2013	144,822	19,000	13.12%
6/30/2012	108,300	24,300	22.44%
6/30/2011	112,905	10,400	9.21%
6/30/2010	177,480	49,931	28.13%
School Board:			
6/30/2017	$ 1,259,700	$ 532,600	42.28%
6/30/2016	1,200,800	472,700	39.37%
6/30/2015	1,462,800	556,700	38.06%
6/30/2014	1,391,000	506,300	36.40%
6/30/2013	1,389,600	458,000	32.96%
6/30/2012	1,315,200	349,500	26.57%
6/30/2011	1,452,600	380,600	26.20%
6/30/2010	1,701,800	478,800	28.13%

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios - Primary Government
For the Year Ended June 30, 2017

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

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

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

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios - Component Unit School Board
For the Year Ended June 30, 2017

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

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

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

Schedule of Pension Contributions
For the Year Ended June 30, 2017

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					
2017	$ 864,102	$ 864,102	$ -	$ 7,834,118	11.03%
2016	942,707	942,707	-	7,376,776	12.78%
2015	878,750	878,750	-	6,919,350	12.70%
PCPS - Nonprofessional Employees					
2017	$ 80,743	$ 80,743	$ -	$ 1,720,616	4.69%
2016	122,674	122,674	-	1,666,163	7.36%
2015	163,966	163,966	-	1,733,491	9.46%

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

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

Schedule of Employer's Share of Net Pension Liability
VRS Teacher Retirement Plan
For the Year Ended June 30, 2017

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
2017	0.303%	$ 42,437,000	$ 23,418,848	181.21%	68.28%
2016	0.307%	38,762,000	23,017,682	168.40%	70.68%
2015	0.307%	37,098,000	22,897,138	162.02%	51.73%

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

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

Schedule of Pension Contributions
VRS Teacher Retirement Plan
For the Year Ended June 30, 2017

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 3,753,796	$ 3,753,796	$ -	$ 25,605,703	14.66%
2016	3,292,690	3,292,690	-	23,418,848	14.06%
2015	3,379,240	3,379,240	-	23,305,103	14.50%

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

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

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, 2014, and the impact on the liabilities as of the measurement date of June 30, 2016 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

(Continued)

Note 3. Budgetary Statements

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

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

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OTHER SUPPLEMENTARY INFORMATION

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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County Capital Projects Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	**Final**	**Actual Amounts**	
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 89,833	$ 89,833
Miscellaneous	-	69,160	69,160	-
Intergovernmental revenues:				
Commonwealth	-	150,000	-	(150,000)
Total revenues	$ -	$ 219,160	$ 158,993	$ (60,167)
EXPENDITURES				
General government administration	$ 140,000	$ 1,241,862	$ 140,191	$ 1,101,671
Public safety	140,000	14,908,751	1,304,235	13,604,516
Public works	-	4,020,229	984,547	3,035,682
Education	-	39,615,192	14,347,905	25,267,287
Parks, recreation, and cultural	-	934,470	703,901	230,569
Community development	-	14,058	14,058	-
Debt service:				
Issuance costs	-	904,151	904,151	-
Total expenditures	$ 280,000	$ 61,638,713	$ 18,398,988	$ 43,239,725
Excess (deficiency) of revenues over expenditures	$ (280,000)	$ (61,419,553)	$ (18,239,995)	$ 43,179,558
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 280,000	$ 2,533,079	$ 2,533,079	$ -
Issuance of bonds	-	49,425,000	49,425,000	-
Premium on issuance of bonds	-	5,939,451	5,939,451	-
Issuance of capital leases	-	1,422,886	700,000	(722,886)
Total other financing sources and (uses)	$ 280,000	$ 59,320,416	$ 58,597,530	$ (722,886)
Net change in fund balances	$ -	$ (2,099,137)	$ 40,357,535	$ 42,456,672
Fund balances - beginning	-	2,099,137	2,099,137	-
Fund balances - ending	$ -	$ -	$ 42,456,672	$ 42,456,672

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds	School Retirement Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 459,870	$ 37,324	$ 497,194
Investments, restricted	-	123,783	123,783
Receivables, net:			
Accounts	59,620	-	59,620
Due from other governmental units	52,594	-	52,594
Total assets	$ 572,084	$ 161,107	$ 733,191
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 41,027	$ 2,509	$ 43,536
Accrued liabilities	5,905	-	5,905
Total liabilities	$ 46,932	$ 2,509	$ 49,441
Fund balances:			
Restricted	$ 451,340	$ 158,598	$ 609,938
Committed	73,812	-	73,812
Total fund balances	$ 525,152	$ 158,598	$ 683,750
Total liabilities and fund balances	$ 572,084	$ 161,107	$ 733,191

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds	School Retirement Fund	Total
REVENUES			
Permits, privilege fees, and regulatory licenses	$ 191,112	$ -	$ 191,112
Revenue from the use of money and property	8	14,912	14,920
Charges for services	574,937	-	574,937
Miscellaneous	76,572	-	76,572
Intergovernmental revenues:			
Commonwealth	173,064	-	173,064
Federal	50,939	-	50,939
Total revenues	$ 1,066,632	$ 14,912	$ 1,081,544
EXPENDITURES			
Judicial administration	$ 36,597	$ -	$ 36,597
Public safety	717,395	-	717,395
Education	-	177,369	177,369
Parks, recreation, and cultural	828	-	828
Community development	8,962	-	8,962
Total expenditures	$ 763,782	$ 177,369	$ 941,151
Excess (deficiency) of revenues over expenditures	$ 302,850	$ (162,457)	$ 140,393
OTHER FINANCING SOURCES (USES)			
Transfers out	$ (785,563)	$ -	$ (785,563)
Total other financing sources and (uses)	$ (785,563)	$ -	$ (785,563)
Net change in fund balances	$ (482,713)	$ (162,457)	$ (645,170)
Fund balances - beginning	1,007,865	321,055	1,328,920
Fund balances - ending	$ 525,152	$ 158,598	$ 683,750

COUNTY OF POWHATAN, VIRGINIA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Cash Proffers Fund	State Asset Forfeiture Fund	Federal Asset Forfeiture Fund
ASSETS			
Cash and cash equivalents	$ 262,149	$ 11,880	$ 2,781
Receivables, net:			
Accounts	-	-	-
Due from other governmental units	-	-	-
Total assets	$ 262,149	$ 11,880	$ 2,781
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	-	-
Total liabilities	$ -	$ -	$ -
Fund balances:			
Restricted	$ 262,149	$ 11,880	$ 2,781
Committed	-	-	-
Total fund balances	$ 262,149	$ 11,880	$ 2,781
Total liabilities and fund balances	$ 262,149	$ 11,880	$ 2,781

Exhibit 21

Grants Fund	Fire and Rescue Fund	Total
$ 60,061	$ 122,999	$ 459,870
271	59,349	59,620
20,773	31,821	52,594
$ 81,105	$ 214,169	$ 572,084
$ 9,446	$ 31,581	$ 41,027
5,905	-	5,905
$ 15,351	$ 31,581	$ 46,932
$ 65,754	$ 108,776	$ 451,340
-	73,812	73,812
$ 65,754	$ 182,588	$ 525,152
$ 81,105	$ 214,169	$ 572,084

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	Cash Proffers Fund	State Asset Forfeiture Fund	Federal Asset Forfeiture Fund
REVENUES			
Permits, privilege fees, and regulatory licenses	$ 191,112	$ -	$ -
Revenue from the use of money and property	-	2	6
Charges for services	-	-	-
Miscellaneous	-	-	-
Intergovernmental revenues:			
Commonwealth	-	6,403	-
Federal	-	-	-
Total revenues	$ 191,112	$ 6,405	$ 6
EXPENDITURES			
Judicial administration	$ -	$ -	$ 4,613
Public safety	-	8,526	-
Parks, recreation, and cultural	-	-	-
Community development	-	-	-
Total expenditures	$ -	$ 8,526	$ 4,613
Excess (deficiency) of revenues over expenditures	$ 191,112	$ (2,121)	$ (4,607)
OTHER FINANCING USES			
Transfers out	$ (598,916)	$ -	$ -
Total other financing uses	$ (598,916)	$ -	$ -
Net change in fund balances	$ (407,804)	$ (2,121)	$ (4,607)
Fund balances - beginning	669,953	14,001	7,388
Fund balances - ending	$ 262,149	$ 11,880	$ 2,781

Grants Fund	Fire and Rescue Fund	Total
$ -	$ -	$ 191,112
-	-	8
3,296	571,641	574,937
76,572	-	76,572
43,827	122,834	173,064
50,939	-	50,939
$ 174,634	$ 694,475	$ 1,066,632
$ 31,984	$ -	$ 36,597
94,760	614,109	717,395
828	-	828
8,962	-	8,962
$ 136,534	$ 614,109	$ 763,782
$ 38,100	$ 80,366	$ 302,850
$ (12,647)	$ (174,000)	$ (785,563)
$ (12,647)	$ (174,000)	$ (785,563)
$ 25,453	$ (93,634)	$ (482,713)
40,301	276,222	1,007,865
$ 65,754	$ 182,588	$ 525,152

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	Fire and Rescue Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 629,000	$ 497,000	$ 571,641	$ 74,641
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Commonwealth	104,000	122,833	122,834	1
Federal	-	-	-	-
Total revenues	$ 733,000	$ 619,833	$ 694,475	$ 74,642
EXPENDITURES				
Judicial administration	$ -	$ -	$ -	$ -
Public safety	733,000	721,318	614,109	107,209
Parks, recreation, and cultural	-	-	-	-
Community development	-	-	-	-
Total expenditures	$ 733,000	$ 721,318	$ 614,109	$ 107,209
Excess (deficiency) of revenues over expenditures	$ -	$ (101,485)	$ 80,366	$ 181,851
OTHER FINANCING USES				
Transfers out	$ -	$ (174,000)	$ (174,000)	$ -
Total other financing uses	$ -	$ (174,000)	$ (174,000)	$ -
Net change in fund balances	$ -	$ (275,485)	$ (93,634)	$ 181,851
Fund balances - beginning	-	275,485	276,222	737
Fund balances - ending	$ -	$ -	$ 182,588	$ 182,588

Grants Fund			
Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)
$ 4,000	$ 4,000	$ 3,296	$ (704)
-	76,572	76,572	-
-	127,977	43,827	(84,150)
-	582,064	50,939	(531,125)
$ 4,000	$ 790,613	$ 174,634	$ (615,979)
$ 4,000	$ 35,552	$ 31,984	$ 3,568
-	687,519	94,760	592,759
-	10,802	828	9,974
-	84,394	8,962	75,432
$ 4,000	$ 818,267	$ 136,534	$ 681,733
$ -	$ (27,654)	$ 38,100	$ 65,754
$ -	$ (12,647)	$ (12,647)	$ -
$ -	$ (12,647)	$ (12,647)	$ -
$ -	$ (40,301)	$ 25,453	$ 65,754
-	40,301	40,301	-
$ -	$ -	$ 65,754	$ 65,754

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Retirement Fund
For the Year Ended June 30, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ 14,912	$ 14,912	$ -
Total revenues	$ -	$ 14,912	$ 14,912	$ -
EXPENDITURES				
Education	$	$ 177,370	$ 177,369	$ 1
Total expenditures	$ -	$ 177,370	$ 177,369	$ 1
Excess of expenditures over revenues	$ -	$ (162,458)	$ (162,457)	$ 1
Net change in fund balances	$ -	$ (162,458)	$ (162,457)	$ 1
Fund balances - beginning	-	162,458	321,055	158,597
Fund balances - ending	$ -	$ -	$ 158,598	$ 158,598

Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2017

	Agency Funds		
	Special Welfare	Bond Escrow	Total
ASSETS			
Cash and cash equivalents	$ 16,080	$ 170,449	$ 186,529
Total assets	$ 16,080	$ 170,449	$ 186,529
LIABILITIES			
Amounts held for social services clients	$ 16,080	$ -	$ 16,080
Amounts held for others	-	170,449	170,449
Total liabilities	$ 16,080	$ 170,449	$ 186,529

Combining Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2017

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 12,800	$ 39,685	$ 36,405	$ 16,080
Liabilities:				
Amounts held for social services clients	$ 12,800	$ 39,685	$ 36,405	$ 16,080
Bond Escrow:				
Assets:				
Cash and cash equivalents	$ 132,101	$ 38,348	$ -	$ 170,449
Liabilities:				
Amounts held for others	$ 132,101	$ 38,348	$ -	$ 170,449
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	$ 144,901	$ 78,033	$ 36,405	$ 186,529
Total assets	$ 144,901	$ 78,033	$ 36,405	$ 186,529
Liabilities:				
Amounts held for social services clients	$ 12,800	$ 39,685	$ 36,405	$ 16,080
Amounts held for others	132,101	38,348	-	170,449
Total liabilities	$ 144,901	$ 78,033	$ 36,405	$ 186,529

DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD

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Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2017

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 3,587,238	$ -	$ 3,587,238
Due from other governmental units	1,181,209	-	1,181,209
Inventories	-	8,323	8,323
Total assets	$ 4,768,447	$ 8,323	$ 4,776,770
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 175,458	$ -	$ 175,458
Accrued liabilities	4,592,989	75,577	4,668,566
Reconciled overdraft payable	-	82,283	82,283
Total liabilities	$ 4,768,447	$ 157,860	$ 4,926,307
Fund balances:			
Nonspendable:			
Inventories	$ -	$ 8,323	$ 8,323
Unassigned	-	(157,860)	(157,860)
Total fund balances	$ -	$ (149,537)	$ (149,537)
Total liabilities and fund balances	$ 4,768,447	$ 8,323	$ 4,776,770

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

Total fund balances per above		$ (149,537)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		13,186,607
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources for 2017 employer contributions	$ 3,834,539	
Deferred outflows of resources due to changes in proportion and differences between employer contributions and proportionate share of contributions	88,000	
Deferred outflows of resources for the net difference between projected and actual earnings on pension plan investments	2,626,526	
Deferred inflows of resources due to changes in proportion and differences between employer contributions and proportionate share of contributions - teacher cost sharing plan	(608,000)	
Difference between expected and actual experience	(1,431,577)	
Net pension liability - Teacher cost-sharing pool	(42,437,000)	(37,927,512)
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	$ (2,113,449)	
OPEB liability	(9,885,600)	(11,999,049)
Net position of governmental activities		$ (36,889,491)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2017

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	$ 20,879	$ 917	$ 21,796
Charges for services	49,604	651,985	701,589
Miscellaneous	228,460	-	228,460
Intergovernmental revenues:			
Local government	21,551,702	-	21,551,702
Commonwealth	21,247,135	14,064	21,261,199
Federal	1,226,116	433,584	1,659,700
Total revenues	$ 44,323,896	$ 1,100,550	$ 45,424,446
EXPENDITURES			
Current:			
Education	$ 44,073,896	$ 1,314,402	$ 45,388,298
Total expenditures	$ 44,073,896	$ 1,314,402	$ 45,388,298
Excess (deficiency) of revenues over (under) expenditures	$ 250,000	$ (213,852)	$ 36,148
OTHER FINANCING SOURCES (USES)			
Transfers in	$ -	$ 250,000	$ 250,000
Transfers out	(250,000)	-	(250,000)
Total other financing sources and uses	$ (250,000)	$ 250,000	$ -
Net change in fund balances	$ -	$ 36,148	$ 36,148
Fund balances - beginning - as restated	-	(185,685)	(185,685)
Fund balances - ending	$ -	$ (149,537)	$ (149,537)

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

Net change in fund balances - total governmental funds - per above		$ 36,148
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.		
Capital asset additions	$ 869,798	
Depreciation expense	(739,625)	
Allocation of jointly owned assets, net	(934,815)	(804,642)
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	$ 3,834,539	
Pension expense	(3,440,499)	394,040
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Decrease in compensated absences	$ (339,411)	
Increase in OPEB liability	(726,800)	(1,066,211)
Change in net position of governmental activities		$ (1,440,665)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2017

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 20,879	$ 20,879
Charges for services	-	-	49,604	49,604
Miscellaneous	272,900	272,900	228,460	(44,440)
Intergovernmental revenues:				
Local government	22,006,130	22,006,130	21,551,702	(454,428)
Commonwealth	21,858,187	21,858,187	21,247,135	(611,052)
Federal	1,314,778	1,314,778	1,226,116	(88,662)
Total revenues	$ 45,451,995	$ 45,451,995	$ 44,323,896	$ (1,128,099)
EXPENDITURES				
Current:				
Education	$ 45,301,995	$ 45,201,995	$ 44,073,896	$ 1,128,099
Total expenditures	$ 45,301,995	$ 45,201,995	$ 44,073,896	$ 1,128,099
Excess of revenues over expenditures	$ 150,000	$ 250,000	$ 250,000	$ -
OTHER FINANCING USES				
Transfers out	$ (150,000)	$ (250,000)	$ (250,000)	$ -
Total other financing uses	$ (150,000)	$ (250,000)	$ (250,000)	$ -
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2017

	School Cafeteria Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 917	$ 917
Charges for services	700,836	600,836	651,985	51,149
Intergovernmental revenues:				
Commonwealth	15,000	15,000	14,064	(936)
Federal	370,000	370,000	433,584	63,584
Total revenues	$ 1,085,836	$ 985,836	$ 1,100,550	$ 114,714
EXPENDITURES				
Current:				
Education	$ 1,295,836	$ 1,295,836	$ 1,314,402	$ (18,566)
Total expenditures	$ 1,295,836	$ 1,295,836	$ 1,314,402	$ (18,566)
Excess of expenditures over revenues	$ (210,000)	$ (310,000)	$ (213,852)	$ 96,148
OTHER FINANCING SOURCES				
Transfers in	$ 150,000	$ 250,000	$ 250,000	$ -
Total other financing sources	$ 150,000	$ 250,000	$ 250,000	$ -
Net change in fund balances	$ (60,000)	$ (60,000)	$ 36,148	$ 96,148
Fund balances - beginning	60,000	60,000	(185,685)	(245,685)
Fund balances - ending	$ -	$ -	$ (149,537)	$ (149,537)

DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY

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Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2017

ASSETS		
Current assets:		
Cash and cash equivalents	$	121,712
Total assets	$	121,712
NET POSITION		
Unrestricted	$	121,712
Total net position	$	121,712

Statement of Revenues, Expenses, and Changes in Fund Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2017

OPERATING REVENUES		
Charges for services:		
Contributions from local governments	$	98,000
Total operating revenues	$	98,000
OPERATING EXPENSES		
Contractual services	$	43,100
Other charges		70
Total operating expenses	$	43,170
Operating income (loss)	$	54,830
NONOPERATING REVENUES (EXPENSES)		
Interest earnings	$	76
Total nonoperating revenues (expenses)	$	76
Change in net position	$	54,906
Total net position - beginning		66,806
Total net position - ending	$	121,712

Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for miscellaneous items	$	
Receipts for local government contributions		98,000
Payments for operating activities		(43,170)
Net cash provided by operating activities	$	54,830
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	$	76
Net increase in cash and cash equivalents	$	54,906
Cash and cash equivalents - beginning		66,806
Cash and cash equivalents - ending	$	121,712
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	54,830
Net cash provided by operating activities	$	54,830

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STATISTICAL SECTION

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

Contents | **Table**

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

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

Table 1

	Fiscal Year									
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Governmental activities										
Net investment in capital assets	$ 4,734,695	$ 973,723	$ (1,310,668)	$ (2,085,394)	$ (1,962,152)	$ 1,028,903	$ 1,062,579	$ 3,108,524	$ 5,822,208	$ 6,800,978
Restricted	158,598	321,055	327,708	29,239	321,995	920,754	2,903,209	2,247,827	2,872,925	-
Unrestricted	13,425,357	15,376,342	15,013,626	16,540,825	14,037,219	9,697,400	11,487,954	12,504,235	11,923,982	8,130,076
Total governmental activities net position	$ 18,318,650	$ 16,671,120	$ 14,030,666	$ 14,484,670	$ 12,397,062	$ 11,647,057	$ 15,453,742	$ 17,860,586	$ 20,619,115	$ 14,931,054
Business-type activities										
Net investment in capital assets	$ 2,745,687	$ 2,364,754	$ 1,004,989	$ 1,044,804	$ 786,715	$ (341,364)	$ 393,277	$ (3,521,073)	$ 8,280	$ 988,765
Restricted	-	-	-	-	72,357	124,789	361,781	3,955,505	659,417	-
Unrestricted	973,944	975,370	462,308	(324,475)	(109,529)	781,779	(704,170)	(364,821)	(315,163)	(357,101)
Total business-type activities net position	$ 3,719,631	$ 3,340,124	$ 1,467,297	$ 720,329	$ 749,543	$ 565,204	$ 50,888	$ 69,611	$ 352,534	$ 631,664
Primary Government										
Net investment in capital assets	$ 7,480,382	$ 3,338,477	$ (305,679)	$ (1,040,590)	$ (1,175,437)	$ 687,539	$ 1,455,856	$ (412,549)	$ 5,830,488	$ 7,789,743
Restricted	158,598	321,055	327,708	29,239	394,352	1,045,543	3,264,990	6,203,332	3,532,342	-
Unrestricted	14,399,301	16,351,712	15,475,934	16,216,350	13,927,690	10,479,179	10,783,784	12,139,414	11,608,819	7,772,975
Total Primary government net position	$ 22,038,281	$ 20,011,244	$ 15,497,963	$ 15,204,999	$ 13,146,605	$ 12,212,261	$ 15,504,630	$ 17,930,197	$ 20,971,649	$ 15,562,718

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

	Fiscal Year									
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Expenses										
Governmental activities										
General government administration	$ 3,387,951	$ 3,328,472	$ 2,904,327	$ 2,913,719	$ 2,693,439	$ 3,490,938	$ 2,866,159	$ 3,037,073	$ 2,638,554	$ 2,775,228
Judicial administration	875,808	1,003,570	882,082	915,308	924,281	928,312	986,603	918,457	927,087	899,447
Public safety	8,623,661	7,886,373	7,614,265	7,386,351	7,198,186	7,245,597	7,511,077	8,279,412	6,447,677	6,183,603
Public works	2,444,844	2,063,389	1,905,609	1,715,947	1,716,111	1,547,932	969,165	1,667,630	1,810,485	1,483,256
Health and welfare	4,250,646	4,645,176	4,254,575	4,079,149	3,859,387	3,491,003	3,778,834	3,987,693	3,877,527	3,595,287
Education	25,587,129	24,668,341	23,858,180	24,091,342	23,514,070	26,859,832	23,713,559	21,349,126	22,231,269	15,291,269
Parks, Recreation and cultural	1,430,798	896,021	672,746	881,707	932,155	990,848	1,026,006	1,285,484	685,229	669,198
Community development	975,494	888,803	952,532	784,157	599,847	1,119,888	1,270,360	1,105,611	1,150,019	1,062,187
Interest and other fiscal charges	4,479,930	2,279,924	2,490,147	2,664,241	2,841,131	3,539,775	3,011,465	5,137,838	3,812,451	4,042,302
Total governmental activities	$ 52,056,261	$ 47,660,069	$ 45,534,463	$ 45,431,921	$ 44,278,607	$ 49,214,125	$ 45,133,228	$ 46,768,324	$ 43,580,298	$ 36,001,777
Business-type activities										
Water and Sewer	$ 2,584,881	$ 2,381,909	$ 2,564,546	$ 2,439,900	$ 2,562,295	$ 2,165,702	$ 2,293,964	$ 2,118,030	$ 2,069,053	$ 1,754,087
Total business-type activities	$ 2,584,881	$ 2,381,909	$ 2,564,546	$ 2,439,900	$ 2,562,295	$ 2,165,702	$ 2,293,964	$ 2,118,030	$ 2,069,053	$ 1,754,087
Total primary government expenses	$ 54,641,142	$ 50,041,978	$ 48,099,009	$ 47,871,821	$ 46,840,902	$ 51,379,827	$ 47,427,192	$ 48,886,354	$ 45,649,351	$ 37,755,864
Program Revenues										
Governmental activities										
Charges for services:										
Judicial administration	$ 228,999	$ 171,772	$ 145,738	$ 188,666	$ 227,140	$ 242,548	$ 227,867	$ 160,112	$ 193,521	$ 234,921
Public safety	1,239,297	1,111,495	563,314	520,637	511,473	395,652	342,087	381,483	432,876	1,175,168
Public works	55,006	47,508	54,674	54,264	38,953	56,252	43,043	41,969	35,317	34,833
Parks, recreation and cultural	19,165	17,658	24,394	30,176	29,175	35,226	30,017	22,811	15,032	10,454
Community development	192,732	461,414	939,943	828,425	607,558	343,493	45,777	114,312	108,330	988
Operating grants and contributions	4,723,745	4,761,155	4,377,081	4,374,567	3,969,854	3,899,879	4,330,772	4,592,614	5,243,531	4,035,013
Capital Grants and contributions	-	32,161	212,050	-	-	-	-	-	-	-
Total governmental activities	$ 6,458,944	$ 6,603,163	$ 6,317,194	$ 5,996,735	$ 5,384,153	$ 4,973,050	$ 5,019,563	$ 5,313,301	$ 6,028,607	$ 5,491,377
Business-type activities										
Charges for services:										
Water and Sewer	$ 465,893	$ 629,569	$ 514,988	$ 272,633	$ 388,990	$ 531,205	$ 191,349	$ 243,081	$ 220,726	$ 356,611
Total business-type activities	$ 465,893	$ 629,569	$ 514,988	$ 272,633	$ 388,990	$ 531,205	$ 191,349	$ 243,081	$ 220,726	$ 356,611
Total primary government revenues	$ 6,924,837	$ 7,232,732	$ 6,832,182	$ 6,269,368	$ 5,773,143	$ 5,504,255	$ 5,210,912	$ 5,556,382	$ 6,249,333	$ 5,847,988

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net (Expense)/Revenue										
Governmental activities	$ (45,597,317)	$ (41,056,906)	$ (39,217,269)	$ (39,435,186)	$ (38,894,454)	$ (44,241,075)	$ (40,113,665)	$ (41,455,023)	$ (37,551,671)	$ (30,510,400)
Business-type activities	(2,093,988)	(1,601,743)	(2,049,548)	(2,167,267)	(2,173,305)	(1,634,497)	(2,102,615)	(1,874,949)	(1,848,327)	(1,397,476)
Total primary government net expense	$ (47,691,305)	$ (42,658,649)	$ (41,266,817)	$ (41,602,453)	$ (41,067,759)	$ (45,875,572)	$ (42,216,280)	$ (43,329,972)	$ (39,399,998)	$ (31,907,876)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	$ 39,416,185	$ 36,470,425	$ 35,172,302	$ 35,253,633	$ 33,447,832	$ 34,499,496	$ 32,420,090	$ 32,536,675	$ 33,161,709	$ 30,584,211
Other local taxes	5,527,619	5,049,536	4,702,903	4,250,661	4,960,172	4,200,076	3,529,326	4,723,134	4,568,552	4,722,351
Investment earnings	282,759	241,763	405,979	283,313	239,006	427,933	251,370	295,346	511,317	1,584,750
Miscellaneous	346,297	359,404	212,904	356,148	182,694	171,550	467,943	289,958	155,546	150,910
Non-categorical aid from the Commonwealth	4,117,081	4,176,115	4,087,845	4,147,231	3,178,838	3,226,864	3,095,939	3,128,833	3,159,907	3,227,880
Payment from Powhatan County Schools	-	-	-	-	-	-	-	-	1,000,000	-
Gain (Loss) on disposal of capital assets	-	-	-	(390,698)	(6,854)	-	-	-	-	-
Transfers	(2,445,094)	(2,599,883)	(2,871,782)	(2,321,178)	(2,357,229)	(2,091,529)	(2,057,847)	(1,582,488)	(1,533,352)	(1,156,403)
Special item	-	-	(305,880)	-	-	-	-	-	-	-
Total governmental activities	$ 47,244,847	$ 43,697,360	$ 41,404,271	$ 41,579,110	$ 39,644,459	$ 40,434,390	$ 37,706,821	$ 39,391,458	$ 41,023,679	$ 39,113,699
Business-type activities										
Investment earnings	$ 2	$ -	$ -	$ 51	$ 415	$ 57,284	$ 26,045	$ 9,538	$ 35,845	$ 116,752
Miscellaneous	28,399	5,210	11,765	-	-	-	-	-	-	-
Transfers	2,445,094	2,599,883	2,871,782	2,321,178	2,357,229	2,091,529	2,057,847	1,582,488	1,533,352	1,156,403
Total business-type activities	$ 2,473,495	$ 2,605,093	$ 2,883,547	$ 2,321,229	$ 2,357,644	$ 2,148,813	$ 2,083,892	$ 1,592,026	$ 1,569,197	$ 1,273,155
Total primary government	$ 49,718,342	$ 46,302,453	$ 44,287,818	$ 43,900,339	$ 42,002,103	$ 42,583,203	$ 39,790,713	$ 40,983,484	$ 42,592,876	$ 40,386,854
Changes in Net Position										
Governmental activities	$ 1,647,530	$ 2,640,454	$ 2,187,002	$ 2,143,924	$ 750,005	$ (3,806,685)	$ (2,406,844)	$ (2,063,565)	$ 3,472,008	$ 8,603,299
Business-type activities	379,507	1,003,350	833,999	153,962	184,339	514,316	(18,723)	(282,923)	(279,130)	(124,321)
Total primary government	$ 2,027,037	$ 3,643,804	$ 3,021,001	$ 2,297,886	$ 934,344	$ (3,292,369)	$ (2,425,567)	$ (2,346,488)	$ 3,192,878	$ 8,478,978

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

	Fiscal Year									
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
General fund										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 917,357	$ 228,964	$ 228,964
Unreserved	-	-	-	-	-	-	-	10,662,980	11,571,639	9,957,288
Nonspendable	1,969	3,532	3,048	4,048	34,892	-	-	-	-	-
Restricted	-	-	-	-	-	-	372	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	4,476,293	3,570,902	3,698,649	-	-	-	-	-	-	-
Unassigned	11,767,232	11,370,950	11,043,610	13,877,646	12,445,947	13,177,977	10,759,275	-	-	-
Total general fund	$ 16,245,494	$ 14,945,384	$ 14,745,307	$ 13,881,694	$ 12,480,839	$ 13,177,977	$ 10,759,647	$ 11,580,337	$ 11,800,603	$ 10,186,252
All other governmental funds										
Unreserved, reported in:										
Special revenue funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 631,950	$ 466,256	$ 360,819
Capital projects funds	-	-	-	-	-	-	-	2,247,827	2,872,925	11,656,846
Debt service funds	-	-	-	-	-	-	-	371,697	418,269	326,024
Restricted, reported in:										
Debt service funds	-	-	-	-	8,892	-	-	-	-	-
Capital projects funds	42,809,069	-	-	29,239	313,103	911,927	2,903,209	-	-	-
Special revenue funds	609,938	1,154,183	1,886,597	1,856,589	705,391	423,141	682,123	-	-	-
Committed for:										
Special revenue funds	73,812	174,737	-	-	-	-	-	-	-	-
Assigned for:										
Debt service		-	-	-	-	8,827	378,763	-	-	-
Capital projects	-	2,099,137	1,610,407	883,385	1,151,845	-	-	-	-	-
Unassigned, reported in:										
Capital projects funds	(352,397)	-	-	-	-	(207,318)	(385,739)	-	-	-
Total all other governmental funds	$ 43,140,422	$ 3,428,057	$ 3,497,004	$ 2,769,213	$ 2,179,231	$ 1,136,577	$ 3,578,356	$ 3,251,474	$ 3,757,450	$ 12,343,689
Total fund balances	$ 59,385,916	$ 18,373,441	$ 18,242,311	$ 16,650,907	$ 14,660,070	$ 14,314,554	$ 14,338,003	$ 14,831,811	$ 15,558,053	$ 22,529,941

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

County of Powhatan, Virginia **Table 4**

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Unaudited

	Fiscal Year									
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Revenues										
General property taxes	$ 39,177,351	$ 36,848,788	$ 35,326,867	$ 34,940,715	$ 33,503,021	$ 34,583,227	$ 32,420,262	$ 31,900,172	$ 32,997,434	$ 30,214,857
Other local taxes	5,527,619	5,049,536	4,702,903	4,250,661	4,960,172	4,200,076	3,529,326	4,723,134	4,568,552	4,722,351
Permits, privilege fees and licenses	806,460	1,014,230	937,270	842,474	620,832	706,921	359,429	427,993	534,581	1,168,129
Fines and Forfeitures	163,083	102,778	102,410	111,173	137,224	162,505	152,525	127,062	102,855	104,046
Revenue from use of money & property	282,759	241,763	405,979	283,313	239,007	239,587	251,370	295,346	511,317	1,584,750
Charges for services	765,656	692,839	688,383	668,521	656,243	203,745	176,837	165,632	147,640	184,189
Miscellaneous	346,297	359,404	212,904	356,148	182,694	171,550	467,943	289,958	155,546	150,910
Intergovernmental:										
Powhatan County School Board	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Commonwealth of Virginia	7,518,564	7,685,397	7,790,247	7,497,107	6,417,248	6,270,174	6,391,383	6,670,752	7,650,636	6,588,235
Federal Government	1,322,262	1,284,034	886,729	1,024,691	731,443	856,569	1,035,328	1,050,695	752,802	674,658
Total revenues	$ 55,910,051	$ 53,278,769	$ 51,053,692	$ 49,974,803	$ 47,447,884	$ 47,394,354	$ 44,784,403	$ 45,650,744	$ 48,421,363	$ 46,392,125
Expenditures										
General government administration	$ 3,487,696	$ 3,202,111	$ 2,881,108	$ 2,706,558	$ 2,833,088	$ 3,027,100	$ 2,557,186	$ 2,748,207	$ 2,584,545	$ 2,505,817
Judicial administration	922,934	921,530	886,834	842,973	848,203	840,115	851,185	827,533	825,856	818,151
Public Safety	9,009,393	8,048,386	7,561,393	6,934,689	6,767,013	6,784,063	6,850,801	7,438,936	6,265,502	5,804,861
Public works	2,867,888	2,196,038	2,136,239	1,646,877	1,606,243	1,552,826	1,591,299	1,654,195	1,615,155	1,463,242
Health and welfare	4,491,257	4,773,276	4,285,753	4,069,400	3,771,576	3,482,258	3,762,329	3,968,635	3,833,172	3,588,097
Education	36,076,976	22,857,727	21,269,134	20,708,851	19,990,590	19,097,840	19,778,712	18,858,660	20,285,490	19,726,481
Community development	1,240,664	884,335	852,728	767,675	565,729	770,541	775,816	1,120,923	1,129,156	1,082,283
Parks, recreation and cultural	987,254	718,560	543,079	659,704	709,339	1,092,280	1,243,726	705,973	501,285	612,523
Capital projects	617	939,474	123,070	920,622	769,227	1,816,496	4,342,579	1,301,670	9,280,459	18,126,989
Debt service										
Principal	4,756,685	4,184,966	4,046,946	3,861,164	3,742,429	3,520,544	3,366,335	2,991,861	3,817,452	2,660,157
Interest and other fiscal charges	4,675,569	2,405,523	3,434,942	3,025,485	3,177,702	3,350,976	3,344,051	5,464,072	3,871,483	3,680,641
Total Expenditures	$ 68,516,933	$ 51,131,926	$ 48,021,226	$ 46,143,998	$ 44,781,139	$ 45,335,039	$ 48,464,019	$ 47,080,665	$ 54,009,555	$ 60,069,242
Revenues over (under) expenditures	$ (12,606,882)	$ 2,146,843	$ 3,032,466	$ 3,830,805	$ 2,666,745	$ 2,059,315	$ (3,679,616)	$ (1,429,921)	$ (5,588,192)	$ (13,677,117)
Other financing sources (uses)										
Transfers in	$ 2,545,726	$ 4,169,095	$ 3,864,804	$ 7,616,992	$ 8,414,123	$ -	$ -	$ 7,337,019	$ 5,972,955	$ 4,945,322
Transfers out	(4,990,820)	(6,768,978)	(6,736,586)	(9,938,170)	(10,771,352)	(2,091,529)	(2,057,847)	(8,919,507)	(7,506,307)	(6,101,725)
Proceeds from capital lease	700,000	584,170	47,942	481,210	36,000	-	-	-	-	-
Issuance of bonds	49,425,000	-	26,162,052	-	-	2,920,000	5,290,000	29,985,623	6,350,705	-
Bond issuance premium	5,939,451	-	-	-	-	369,490	-	1,503,439	149,656	-
Payments to refunding escrow agent	-	-	(25,586,845)	-	-	(4,905,315)	-	(29,202,895)	(6,350,705)	-
Bond issuance costs	-	-	-	-	-	(63,011)	(46,346)	-	-	-
Deferred amounts on refunding	-	-	-	-	-	1,687,601	-	-	-	-
Total other financing sources (uses)	$ 53,619,357	$ (2,015,713)	$ (2,248,633)	$ (1,839,968)	$ (2,321,229)	$ (2,082,764)	$ 3,185,807	$ -	$ (1,383,696)	$ (1,156,403)
Special Item	-	-	807,571	-	-	-	-	-	-	-
Net change in fund balances	$ 41,012,475	$ 131,130	$ 1,591,404	$ 1,990,837	$ 345,516	$ (23,449)	$ (493,809)	$ (1,429,921)	$ (6,971,888)	$ (14,833,520)
Debt service as a percentage of noncapital expenditures	18.49%	13.83%	15.95%	15.23%	15.72%	15.79%	15.21%	18.47%	17.19%	15.12%

Principal Property Taxpayers
Current Year and Nine Years Ago

	Fiscal Year 2017			Fiscal Year 2008		
Taxpayer	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Rank
Carnes, W.S. et al	$ 10,059,600	0.27%	1	$ 11,131,700	0.27%	4
Walmart	9,474,500	0.26%	2	-	0.00%	
Milhaus Corporation	6,418,400	0.17%	3	14,423,500	0.36%	2
Powhatan Shoppes at South Creek	5,694,500	0.15%	4	8,422,300	0.21%	8
American Timberlands	5,523,100	0.15%	5	-	0.00%	
Sanders, Donald & Teresa	5,514,300	0.15%	6	-	0.00%	
Anderson, Tamara & Delores Ransoı	5,490,500	0.15%	7	-	0.00%	
Reeds Landing Corp.	5,331,800	0.14%	8	10,772,200	0.27%	5
Goddard, LLC	5,308,100	0.14%	9	-	0.00%	
South Creek Properties	5,119,400	0.14%	10	9,873,400	0.24%	6
Ranson, R.F. et al	-	0.00%		20,316,800	0.50%	1
VSGA Foundation, Inc.	-	0.00%		13,282,000	0.33%	3
Builder Resource & Development Co	-	0.00%		9,842,600	0.24%	7
Powhatan Properties Land & Lumber	-	0.00%		-	0.00%	
Central Virginia Bank	-	0.00%		7,144,000	0.18%	10
Patterson, S.H., Jr. Et Al	-	0.00%		8,145,200	0.20%	9
Phillips, Terry	-	0.00%		-	0.00%	
	$ 63,934,200	1.74%		$ 113,353,700	2.79%	

Source: Powhatan County Commissioner of Revenue Department

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes levied for the fiscal year (original levy)	Adjustments	Total adjusted levy	Collected Within the Fiscal Year of the Levy: Amount	Collected Within the Fiscal Year of the Levy: Percentage of Original Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Adjusted Levy
2017	37,761,947	515,113	38,277,060	32,985,684	87.35%	-	32,985,684	86.18%
2016	35,202,596	734,316	35,936,911	30,591,755	86.90%	4,770,681	35,362,436	98.40%
2015 (3)	34,387,967	489,293	34,877,260	29,585,924	86.04%	5,034,481	34,620,405	99.26%
2014 (2)	20,444,760	(167,809)	20,276,951	16,173,898	79.11%	4,004,886	20,178,784	99.52%
2013	35,684,848	(3,033,870)	32,650,978	30,590,404	85.72%	1,939,884	32,530,288	99.63%
2012 (1)	39,309,998	(5,085,143)	34,224,855	32,421,232	82.48%	1,711,014	34,132,246	99.73%
2011	35,131,551	(1,851,063)	33,280,488	27,395,034	77.98%	5,851,621	33,246,655	99.90%
2010	35,111,856	(642,848)	34,469,008	27,972,433	79.67%	6,463,421	34,435,854	99.90%
2009	35,489,429	(736,162)	34,753,267	28,215,893	79.51%	6,513,422	34,729,315	99.93%
2008	31,586,113	(618,056)	30,968,057	26,895,079	85.15%	4,059,190	30,954,269	99.96%

Source: Treasurer's Office and Commissioner of the Revenue

(1) In FY 2012, the County implemented twice a year collections for personal property taxes. This resulted in an additional levy and collection of one half of the annual personal property tax in FY 2012.
(2) In FY2014, the County did a short year for real estate and therefore the levy was half of a normal levy in order for the real estate levies to agree to the budget cycle.
(3) The collection rate appears low due to second half of personal property is not due until FY2016

Assessed and Estimated Value of Taxable Property
Last Ten Fiscal Years

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

Source: Commissioner of Revenue Department

Notes:
Real property is the County's primary local source revenue. Assessment information also included above for other property taxes.
(1) Tax rate per $100 of assessed value of real property. See Table 6 for other tax rates.
(2) Source, Real Estate Assessments from Commissioner of Revenue.
(3) Public Service Corporation property assessments performed by the State Corporation Commission.

Direct Property Tax Rates
Last Ten Fiscal Years

Tax Year	Public Service Real Estate	Public Service Personal Property	Machinery & Tools	Personal Property
2017	0.90	3.60	3.60	3.60
2016	0.90	3.60	3.60	3.60
2015	0.90	3.60	3.60	3.60
2014	0.90	3.60	3.60	3.60
2013	0.90	3.60	3.60	3.60
2012	0.77/0.90	3.60	3.60	3.60
2011	0.77	3.60	3.60	3.60
2010	0.77	3.60	3.60	3.60
2009	0.71	3.60	3.60	3.60
2008	0.74	3.60	3.60	3.60

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities			
Fiscal Year	General Obligation Bonds	State Literary Loans	Capital Leases	Revenue Bonds	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2017	$ 26,583,521	$ 500,000	$ 1,230,787	$ 82,098,360	$ 16,853,248	$ 127,265,916	N/A	$ 4,435
2016	28,386,157	750,000	810,956	29,688,399	17,403,438	77,038,950	N/A	2,709
2015	30,168,352	1,000,000	331,795	32,001,274	18,029,553	81,530,974	0.060%	2,867
2014	32,384,741	1,250,000	397,123	33,550,334	18,387,924	85,970,122	0.053%	3,022
2013	34,568,717	1,500,000	25,689	35,133,665	18,884,676	90,112,747	0.047%	3,174
2012	37,106,830	1,750,000	-	37,779,197	19,353,098	95,989,125	0.039%	3,415
2011	38,898,551	2,000,000	-	37,941,912	19,469,877	98,310,340	0.045%	3,486
2010	40,982,156	2,250,000	225,618	33,578,390	19,895,875	96,932,039	0.043%	3,456
2009	41,495,753	2,500,000	443,340	33,380,064	16,124,480	93,943,637	0.043%	3,359
2008	36,581,807	10,250,000	653,611	34,024,274	16,530,357	98,040,049	0.037%	3,543
2007	38,143,561	10,600,000	856,720	34,855,892	16,655,981	101,112,154	0.035%	3,678

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

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

		General Bonded Debt Outstanding Governmental Activities			
Fiscal Year Ended June 30	**Population**	**Assessed Taxable Value** (1)	**Gross Bonded Debt** (2)	**Net Bonded Debt to Assessed Value**	**Per Capita**
2017	28,696	$ 3,684,547,331	$ 27,083,521	0.74%	$ 944
2016	28,442	3,438,528,589	29,136,157	0.85%	1,024
2015	28,442	3,360,968,874	31,168,352	0.93%	1,096
2014	28,451	3,380,122,313	33,634,741	1.00%	1,182
2013	28,394	3,375,688,832	36,068,717	1.07%	1,270
2012	28,110	3,327,692,284	38,856,830	1.17%	1,382
2011	28,198	3,778,661,974	40,898,551	1.05%	1,384
2010	28,046	3,768,415,241	43,232,156	1.04%	1,477
2009	27,964	4,081,736,390	43,995,753	1.07%	1,536
2008	27,674	4,056,324,522	46,831,807	1.15%	1,644

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

(1) Assessed taxable value is combination of real and other personal property per Table 7.
(2) Includes all long-term general obligation debt, bonded anticipation notes and literary fund loans. Excludes revenue bonds, capital leases, and compensated absences.

Debt Management Ratios
Last Ten Fiscal Years

Policy (1)	**15.00%**	**4.00%**
Fiscal Year	**Debt Service To Expenditures (2)**	**Net Tax Supported Debt To Assessed Value (3)**
2017	10.59%	3.23%
2016	11.17%	2.16%
2015	11.39%	2.34%
2014	12.06%	2.47%
2013	12.20%	2.63%
2012	11.73%	2.75%
2011	10.74%	2.54%
2010	13.61%	2.50%
2009	12.07%	2.28%
2008	10.19%	2.39%

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

Demographic and Economic Statistics
Last Ten Years

Fiscal Year	Population***	Total Personal Income	Per Capita Personal Income	Unemployment Rate %	School Enrollment
2017	28,696	N/A	N/A	3.50%	4,208
2016	28,442	N/A	N/A	3.50%	4,312
2015	28,442	1,376,472	49,105	4.30%	4,157
2014	28,451	1,285,384	45,446	4.60%	4,205
2013	28,394	1,334,229	42,016	5.30%	4,222
2012	28,110	1,317,197	37,320	5.40%	4,786
2011	28,198	1,240,942	43,860	6.00%	4,436
2010	28,046	1,176,637	41,361	6.60%	4,253
2009	27,964	1,147,171	40,592	6.20%	4,510
2008	27,674	1,173,385	36,067	3.20%	4,418

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

Principal Employers
Current Year and Nine Years Ago

	2017			2008		
Employer	**Employees**	**Rank**	**% of Total Employment****	**Employees**	**Rank**	**% of Total Employment****
Powhatan County School Board	500-999	1	N/A	500-999	1	N/A
Deep Meadow Correctional Center	250-499	2	N/A	250-499	4	N/A
Virginia Department of Juvenile Justice	250-499	3	N/A	250-499	3	N/A
Walmart	100-249	4	N/A	-		N/A
County of Powhatan	100-249	5	N/A	100-249	5	N/A
Food Lion	100-249	6	N/A	-		N/A
Mid Atlantic Steel Erecto Inc	100-249	7	N/A	-		N/A
Moslow Wood Products	50-99	8	N/A	-		N/A
Colony Construction	50-99	9	N/A	-		N/A
Catholic Diocese of Richmond	50-99	10	N/A	-		N/A
Powhatan Correctional Center	250-499		N/A	250-499	2	N/A
Commonwealth of Virginia, Powhatan Reception Cla	-		N/A	100-249	6	N/A
Virginia Department of Correctional Education	-		N/A	100-249	7	N/A
Catholic Diocese of Richmond	-		N/A	50-99	8	N/A
Central Virginia Bank	-		N/A	50-99	9	N/A
M.P. Barden & Sons, Inc	-		N/A	50-99	10	N/A

Source: Virginia Employment Commission
* Quarterly Census of Employment and Wages (QCEW)
Data for 2017: 1st Quarter 2017
Data for 2008: 1st Quarter 2008

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

Full-Time County Employees by Position
Last Ten Fiscal Years

Department	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
County Administration										
County Administrator	1	1	1	1	1	1	1	1	1	1
Deputy County Administrator/Comm Dev Dir	-	1	1	-	-	-	-	-	-	-
Sr. Executive Assistant	1	1	-	-	1	1	1	1	-	-
Executive Associate	1	1	1	1	-	-	-	-	-	-
Executive Secretary	-	-	-	-	-	1	1	1	1	1
Total County Administrator	3	4	3	2	2	3	3	3	2	2
Grants Administration										
Grants Coordinator	-	-	-	-	-	1	1	1	-	-
Finance										
Director of Finance	1	1	1	1	1	1	1	1	1	1
HR Benefits and Training Coordinator	-	-	-	-	1	1	1	1	1	1
HR and Accounting Analyst	1	1	1	1	-	-	-	-	-	-
Accounting Manager	-	-	-	1	1	-	-	-	-	-
Accountant	1	1	1	-	-	-	-	-	-	-
Accounting Analyst	1	1	1	1	1	1	1	-	-	-
Total Finance	4	4	4	4	4	3	3	2	2	2
Human Resources										
HR Manager	1	1	1	1	-	-	-	-	-	-
Total Human Resources	1	1	1	1	-	-	-	-	-	-
Information Technology										
Director of IT	1	1	1	-	-	-	-	-	-	-
IT Systems Administrator	1	1	-	-	-	-	-	-	-	-
IT Specialist	-	-	2	2	2	-	-	-	-	-
Communications and IT Specialist	1	-	-	-	-	-	-	-	-	-
IT Technician	-	1	-	-	-	-	-	-	-	-
Total Information Technology	3	3	3	2	2	-	-	-	-	-
County Attorney										
County Attorney	-	-	-	1	1	1	1	-	-	-
Paralegal	1	1	1	1	1	1	1	-	-	-
Total County Attorney	1	1	1	2	2	2	2	-	-	-
Facilities Management										
Facilities Assistant	-	-	-	-	1	1	1	1	1	1
Facilities/Groundskeeper	-	-	-	-	1	1	1	1	-	-
General Services Supervisor	-	-	-	-	1	1	1	1	1	1
Maintenance Worker	-	-	-	-	2	2	2	2	2	2
Total Facilities Management	-	-	-	-	5	5	5	5	4	4

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

Department	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public Works										
Director of Public Works	1	1	1	1	-	-	-	-	-	-
Administrative Associate Public Works	1	1	1	1	-	-	-	-	-	-
Recreation Program Coordinator	1	1	1	-	-	-	-	-	-	-
Facilities Manager	-	-	1	1	-	-	-	-	-	-
Facilitites and Grounds Manager	1	1	-	-	-	-	-	-	-	-
Administrative Assistant Facilities	-	-	1	1	-	-	-	-	-	-
Administrative Assistant Public Works	1	1	-	-	-	-	-	-	-	-
Building Supervisor - HVAC	-	-	1	1	-	-	-	-	-	-
Facilities Supervisor	1	1	-	-	-	-	-	-	-	-
Grounds Supervisor	1	1	1	1	-	-	-	-	-	-
Maintenance Worker III	2	2	2	2	-	-	-	-	-	-
Maintenance Worker II	4	4	4	3	-	-	-	-	-	-
Maintenance Worker I	-	-	-	1	-	-	-	-	-	-
Utilities Manager	1	1	1	1	-	-	-	-	-	-
Utilities Operations Supervisor	-	-	1	1	-	-	-	-	-	-
Utilities Operations Superintendant	1	1	-	-	-	-	-	-	-	-
Utilities Operator	3	3	3	1	-	-	-	-	-	-
Utilities Maintenance Technician	1	1	-	-	-	-	-	-	-	-
Convenience Center Supervisor	1	1	1	1	-	-	-	-	-	-
Convenience Center Operator III	-	-	1	1	-	-	-	-	-	-
Convenience Center Lead Operator	1	1	-	-	-	-	-	-	-	-
Convenience Center Operator	2	2	-	-	-	-	-	-	-	-
Convenience Center Operator II	-	-	1	1	-	-	-	-	-	-
Convenience Center Operator I	-	-	1	1	-	-	-	-	-	-
Total Public Works	23	23	22	19	-	-	-	-	-	-
Building Inspections										
Building Official	-	-	-	-	1	1	1	1	1	1
Building Inspector	-	-	-	-	1	4	2	2	3	3
Secretary	-	-	-	-	1	1	1	1	1	1
Plans Reviewer	-	-	-	-	1	2	2	2	2	2
Total Building Inspections	-	-	-	-	4	8	6	6	7	7
Commonwealth's Attorney										
Commonwealth's Attorney	1	1	1	1	1	1	1	1	1	1
Deputy Commonwealth's Attorney	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Total Commonwealth's Attorney	3	3	3	3	3	3	3	3	3	3
Commissioner of the Revenue										
Commissioner of the Revenue	1	1	1	1	1	1	1	1	1	1
Chief Deputy Commissioner	1	1	1	1	1	1	1	1	1	1
Deputy COR II	3	3	2	2	2	2	2	2	2	2
Deputy COR III	2	2	3	3	3	3	3	3	3	3
Total Commissioner of Revenue	7	7	7	7	7	7	7	7	7	7
Economic Development										
Economic Development Director	1	-	-	-	-	1	1	1	1	1

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

Department	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Fire Administration										
Chief of Fire and Emergency Medical Services	1	1	1	1	-	1	1	1	1	-
Administrative Associate	-	-	1	1	-	-	-	-	-	-
Administrative Associate - Fire and Rescue	1	1	-	-	-	-	-	-	-	-
Administrative Assistant	-	-	-	-	1	1	1	1	1	1
Firefighter/EMT	6									
Total Fire Administration	8	2	2	2	1	2	2	2	2	1
Library										
Library Director	1	1	1	1	1	1	1	1	1	1
Librarian	1	-	-	-	-	-	-	-	-	-
Library Systems Technician	1	1	-	-	-	-	-	-	-	-
Library Clerk II	-	-	1	1	-	-	-	-	-	-
Library Administrative Coordinator	1	1	-	-		-	-	-	-	-
Library Assistant	-	-	1	1	1	1	1	1	1	1
Total Library	4	3	3	3	2	2	2	2	2	2
Planning										
Planning Director	-	-	-	-	-	1	1	1	1	1
Planner II	-	-	-	-	2	2	2	2	2	2
Planner I	-	-	-	-	1	1	1	1	1	1
Administrative Assistant	-	-	-	-	-	-	-	-	-	-
Office Manager	-	-	-	-	1	1	1	1	1	1
Zoning Administrator	-	-	-	-	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	-	-	-	-	7	8	8	8	8	8
Planning and Community Development										
Director of Community Development	1	-	-	1	-	-	-	-	-	-
Community Development Technician	1	-	-	-	-	-	-	-	-	-
Administrative Associate Community Dev.	-	-	1	1	-	-	-	-	-	-
Planning Manager	-	-	1	1	-	-	-	-	-	-
Principal Planner	1	-	-	-	-	-	-	-	-	-
Planning and Zoning Manager	-	1	-	-	-	-	-	-	-	-
Environmental Coordinator	1	1	1	1	-	-	-	-	-	-
Zoning Administrator	-	1	1	1	-	-	-	-	-	-
Planner I/Code Enforcement Inspector	1	1	1	1	-	-	-	-	-	-
Planner II	1	-	-	-	-	-	-	-	-	-
Erosion and Sediment Technician	-	-	1	1	-	-	-	-	-	-
Erosion and Sediment Inspector	-	1	-	-	-	-	-	-	-	-
Planning/Zoning Specialist	-	-	1	1	-	-	-	-	-	-
Planning/Zoning Technician	-	1	-	-	-	-	-	-	-	-
GIS Coordinator	-	1	1	1	-	-	-	-	-	-
Building Official	1	1	1	1	-	-	-	-	-	-
Building Inspector	2	2	1	1	-	-	-	-	-	-
Building Plan Reviewer	1	1	1	1	-	-	-	-	-	-
Building Permit Technician	-	1	-	-	-	-	-	-	-	-
Building Inspections Permit Specialist	-	-	1	1	-	-	-	-	-	-
Total Planning and Community Development	10	12	12	13	-	-	-	-	-	-
Registrar										
Director of Elections	1	1	1	1	1	1	1	1	1	1
Total Registrar	1	1	1	1	1	1	1	1	1	1

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

Department	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Treasurer										
Treasurer	1	1	1	1	1	1	1	1	1	1
Deputy Treasurer II	1	3	3	3	3	3	3	3	3	3
Deputy Treasurer III	4	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	7
Comprehensive Services										
Children's Service Act Coordinator	1	1	-	-	-	-	-	-	-	-
Coordinator	-	-	1	1	-	1	1	1	1	1
Total Comprehensive Services	1	1	1	1	-	1	1	1	1	1
Clerk of the Circuit Court										
Clerk of the Circuit Court	1	1	1	1	1	1	1	1	1	1
Chief Deputy Clerk	1	1	-	-	-	-	-	-	-	-
Deputy Clerk IV	-	-	1	1	1	1	1	1	1	1
Deputy Clerk II	3	3	-	-	-	-	-	-	-	-
Deputy Clerk	-	-	3	2	1	1	2	2	2	2
Total Clerk of the Circuit Court	5	5	5	4	3	3	4	4	4	4
Utilities										
Utilities/General Services Director	-	-	-	-	1	1	1	1	1	1
Manager, WWTP	-	-	-	-	-	1	1	1	1	1
Utilities Engineer	-	-	-	-	1	1	1	1	1	1
WWTP Operator	-	-	-	-	3	3	3	3	3	3
Total Utilities	-	-	-	-	5	6	6	6	6	6
Parks and Recreation										
Parks and Recreation Director	-	-	-	1	1	1	1	1	1	-
Sheriff										
Office Manager	-	-	1	1	1	1	1	1	1	1
Administrative Associate - Sheriff	1	1								
Administrative Assistant Court Services	-	-	1	1	1	1	1	1	1	1
Civil Clerk II	1	1								
Sergeant	7	8	4	4	5	5	4	3	4	4
Lieutenant	1	1	2	2	2	2	2	2	1	1
First Sergeant	1	-	-	-	-	-	-	-	-	-
Deputy	22	22	20	20	19	21	22	25	23	20
Corporal	-	-	6	6	5	5	4	3	4	4
Victim Witness	-	-	-	-	1	1	1	1	1	1
Chief Deputy	1	1	1	1	1	1	1	1	-	-
Undersheriff	-	-	1	1	1	1	1	1	1	1
Captain	1	1								
IT Technician	-	-	1	1	1	1	1	1	1	1
Sheriff Systems Technician	1	1								
Crime Analyst	1	1	1	1	1	1	1	1	1	1
Detective	4	4	2	2	2	2	2	2	2	2
Sheriff	1	1	1	1	1	1	1	1	1	1
Total Sheriff	42	42	41	42	50	53	52	53	51	47

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

Department	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public Safety Communications										
Director of Public Safety Communications	1	-	-	-	-	-	-	-	-	-
Public Safety Communications Operations Mgr	1	-	-	-	-	-	-	-	-	-
Dispatcher	-	-	8	8	8	10	10	10	8	8
Public Safety Communications Officers	11	11								
Dispatch Manager	-	-	1	1	1	1	1	1	1	1
Communications Supervisor	-	1	-	-	-	-	-	-	-	-
Dispatch Supervisor	-	-	1	1	1	1	1	1	1	1
Total Communications	13	12	10	10	10	12	12	12	10	10
Victim Witness										
Victim Witness Coordinator	1	1	1	1	-	-	-	-	-	-
Total Victim Witness Coordinator	1	1	1	1	-	-	-	-	-	-
Convenience Center										
Supervisor	-	-	-	-	1	1	1	1	1	1
Attendant	-	-	-	-	2	2	2	2	2	2
Total Convenience Center	-	-	-	-	3	3	3	3	3	3
Animal Control										
Sergeant-Animal Control	1	1	1	1	1	1	1	1	1	1
Deputy-Animal Control	3	3	2	2	2	2	2	2	2	2
Animal Control Technician II	1	1	-	-	-	-	-	-	-	-
Secretary	-	-	1	1	1	1	-	-	-	-
Total Animal Control	5	5	4	4	4	4	3	3	3	3
Total full-time positions	101	95	90	87	71	83	81	78	74	72

Source: Powhatan County Human Resources Department

Operating Indicators by Function
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Sheriffs Office (1)										
Traffic citations	2,712	2,076	1,092	1,456	1,788	2,344	2,508	2,071	1,863	1,722
Criminal arrests	961	825	858	816	684	663	679	688	834	714
Calls for service	24,568	17,610	16,416	17,452	17,987	19,549	20,385	19,860	21,444	17,587
Calls dispatched	24,568	17,610	16,416	17,452	17,987	19,549	20,385	19,860	21,444	17,587
Calls dispatched for traffic	888	842	700	703	833	717	700	877	745	713
Criminal warrants served	1,022	1,035	1,009	996	918	862	885	812	920	887
Civil warrants and traffic notices	13,358	13,062	8,146	8,037	8,223	8,966	8,954	8,551	8,232	8,257
Fire and Rescue (2)										
Calls dispatched for rescue	3,569	3,280	2,935	1,419	1,448	1,432	1,364	1,146	1,216	1,220
Emergency responses	616	607	624	602	644	735	739	624	671	837
Community Development (3)										
Site plans reviewed	8	6	6	14	3	9	4	3	9	27
Rezoning Cases	13	24	6	3	1	4	5	3	5	3
CUP's	6	10	13	9	8	5	8	8	10	14
Subdivisions	7	3	3	2	3	3	2	1	0	13
Inspections	7,348	6,226	5,172	6,031	5,361	5,207	4,248	4,735	5,391	8,616
Refuse Collection (4)										
Refuse collected (tons per year)	6,673	6,562	6,390	6,514	6,395	6,112	6,736	6,773	6,830	7,156
Number of refuse sites	1	1	1	1	1	1	1	1	1	1
Recyclables Collected (tons per year)	1,051	1,027	1,249.17	926.16	772.39	703.40	688.73	769.40	691.88	636.46
Parks, recreation and cultural (5)										
Tournaments - Baseball	1	2	4	0	*	*	*	*	*	*
Tournaments - Softball	5	6	4	2	*	*	*	*	*	*
Tournaments - Disc Golf	1	2	2	0	*	*	*	*	*	*
Special Olympics Tournaments	2	2	2	0	*	*	*	*	*	*
Benefit Tournaments	2	2	2	2	*	*	*	*	*	*
School Tournaments	1	1	1	1	*	*	*	*	*	*
School Camps	1	1	1	1	*	*	*	*	*	*
League Tournaments	4	2	1	0	*	*	*	*	*	*
League Camps	7	6	3	1	*	*	*	*	*	*
Trail Runs	1	1	1	1	*	*	*	*	*	*
Leagues/Organizations	12	10	10	10	*	*	*	*	*	*
League Players	3,340	2,290	2,235	2,120	*	*	*	*	*	*
Library (6)										
Materials circulated	104,288	104,262	102,758	101,264	99,479	106,801	101,952	103,730	113,884	116,036
Library patrons - registered borrowers	13,372	21,067	20,716	19,710	19,203	18,243	17,369	16,356	15,365	14,086
Education (7)										
Total employees	634	637	632	634	634	663	714	737	711	711
Teachers	317	313	316	320	322	323	331	337	337	337
Students	4,208	4,312	4,157	4,205	4,222	4,786	4,436	4,253	4,510	4,418
Finance/Administration (8)										
Checks processed		5,761	5,394	5,519	5,121	5,459	7,733	5,353	6,001	6,391

* Information not available

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

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Sheriff's Office (1)										
Patrol vehicles	48	47	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	10	11	11	11	11	11	11	11	11	11
Fire Apparatus	37	32	29	28	28	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)	2	2	1.8	1.8	1.37	1.37	1.0	1.0	1.0	0.50
Fields Maintained	27	25	*	*	*	*	*	*	*	*
Library (4)										
Facilities	1	1	1	1	1	1	1	1	1	1
Public Utilities (5)										
Water										
Daily average consumption (gallons)	206,510	171,224	167,400	193,942	162,898	168,017	174,856	97,209	78,632	46,574
Connections	103	96	93	80	76	71	54	53	45	40
Sewer										
Average daily sewage treatment Duto	43	48	46	344	37	33	21	*	*	*
Average daily sewage treatment Fighting Creek (thousands of gallons)	31	39	32	29	28	39	43	*	*	*
Connections	180	164	157	145	130	121	110	109	105	95
Education - Number of Schools (6)										
Elementary Schools	3	3	3	3	3	3	3	3	3	2
Jr High Schools	-	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	24	23	23	23	22	22	22	21	21	21
Parking lots	19	18	18	18	18	18	18	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

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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*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Powhatan, Virginia (the "County") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 15, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.**

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are identified in the accompanying schedule of findings and questioned costs as Items 2017-002 and 2017-003.**

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

Roanoke, Virginia
November 15, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Powhatan, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County of Powhatan, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2017.

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Report on Internal Control over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 15, 2017

SUMMARY OF COMPLIANCE MATTERS
June 30, 2017

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

STATE COMPLIANCE MATTERS

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

State Agency Requirements:
Education
Social Services

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

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Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Cluster Amounts	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Health and Human Services:					
Direct Payments:					
Community services block grant	93.569		N/A	$	303,853
Pass Through Payments:					
Department of Social Services:					
Promoting safe and stable families	93.556		0950115/0950116		14,068
Temporary Assistance for Needy Families	93.558		0400115/0400116		159,124
Refugee and entrant assistance - state administered programs	93.566		0500115/0500116		259
Low-Income Home Energy Assistance	93.568		0600415/0600416		9,428
Child care mandatory and matching funds of the child care development fund	93.596		0760115/0760116		16,882
Chafee education and training vouchers program	93.599		N/A		1,416
Child welfare services - state grants	93.645		0900115/0900116		161
Foster Care - Title IV-E	93.658		1100115/1100116		137,886
Adoption assistance	93.659		1120115/1120116		68,447
Social services block grant	93.667		1000115/1000116		97,128
Chafee foster care independence program	93.674		9150115/9150116		413
Children's health insurance program	93.767		0540115/0540116		7,114
Medical assistance program	93.778		1200115/1200116		230,978
Total Department of Health and Human Services				$	1,047,157
Department of Agriculture:					
Pass Through Payments:					
Department of Agriculture:					
Food Distribution--School	10.555		N/A		70,353
Department of Education:					
School breakfast program	10.553	54,270	APE40253		
National school lunch program	10.555	308,961	APE40254		
Total Child Nutrition Cluster				$	363,231
Department of Social Services:					
State administrative matching grants for the supplemental nutrition assistance program	10.561		0010115/001011/ 0040115/0040116		184,401
Total Department of Agriculture				$	617,985

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Cluster Amounts	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Justice:					
Pass Through Payments:					
Department of Criminal Justice Service:					
Crime victims assistance	16.575		CJS86015	$	39,765
Total Department of Justice				$	39,765
U.S. Department of Homeland Security					
Pass Through Payments:					
Department of Emergency Management					
Emergency management performance grants	97.042		N/A	$	7,500
Pass Through Payments:					
Federal Emergency Management Agency					
Staffing for adequate fire and emergency response	97.083		N/A		1,500
Total U.S. Department of Homeland Security				$	9,000
Department of Transportation:					
Pass Through Payments:					
Department of Motor Vehicles:					
State and community highway safety	20.600		SC-16-56289	$	13,404
Alcohol traffic safety and drunk driving prevention	20.601		K8-16-56292		5,898
Open containr/alcohol impaired driving	20.607		154AL-17-57108		22,637
Total Department of Transportation				$	41,939
Department of Defense:					
Direct Payments:					
ROTC	12.xxx		N/A	$	71,812
Department of Education:					
Pass Through Payments:					
Department of Education:					
Title I grants to local educational agencies	84.010	265,437	APE42901	$	
Title I grants to local educational agencies - migrant	84.011	2,651	APE42999		268,088
Special education-grants to states	84.027	$752,121	APE43071		
Special education - preschool grants	84.173	19,560	APE62521		
Total Special Education Cluster					771,681
Career and technical education -- basic grants to states	84.048		APE61095		39,471
Comprehensive school reform demonstration	84.330		APE60957		1,140
Improving teacher quality state grants	84.367		S367A150044/S367A160044		73,924
Total Department of Education				$	1,154,304
Total Expenditure of Federal Awards				$	2,981,962

See accompanying notes to schedule of expenditure of federal awards.

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of Accounting consistent with the basis of accounting used by County of Powhatan, Virginia. The schedule includes all known federal funds expended by the County for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presnted in, or used in the presentation of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund	$	1,271,323
Special Revenue Funds:		
Grants fund		50,939
Total primary government	$	1,322,262
Component Unit Public Schools:		
School Operating Fund	$	1,226,116
School Cafeteria Fund		433,584
Total component unit public schools	$	1,659,700
Total federal expenditures per basic financial statements	$	2,981,962
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	2,981,962

Note 4 - De Minimus Indirect Cost Rate

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

COUNTY OF POWHATAN, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

A. SUMMARY OF AUDITOR'S RESULTS

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

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

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

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

Condition:

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

Recommendation:

We recommend segregation of duties with regard to payroll preparation.

Management's Response:

Management agrees and has worked on re-establishing segregation of duties related to payroll.

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

None.

(Continued)

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2017-002: Special Welfare Reimbursement

Condition:

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

Recommendation:

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

Management's Response:

Social Services management concurs and will perform reconciliations timely.

2017-003: Special Welfare Account

Condition:

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

Recommendation:

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

Management's Response:

Social Services management concurs and will perform reconciliations more timely.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2017

A. FINDINGS – COMMONWEALTH OF VIRGINIA

2016-001: Special Welfare Reimbursement

Condition:

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

Recommendation:

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

Current Status:

Condition still present.

2016-002: Special Welfare Account

Condition:

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

Recommendation:

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

Current Status:

Condition still present.

2016-003: Access Permission

Condition:

It was noted in two out of four terminated users tested, that access privileges were not removed within three working days of termination. This is not in compliance with the VDSS Acceptable Use Policy.

Recommendation:

Supervisors should inform the Executive Director of terminations immediately so that access permissions can be removed timely.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2017

A. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2016-003: Access Permission (Continued)

Current Status:

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

COUNTY OF POWHATAN
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