

COUNTY OF POWHATAN, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020



COUNTY OF POWHATAN, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020



PREPARED BY:
DEPARTMENT OF FINANCE
POWHATAN, VIRGINIA

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COUNTY OF POWHATAN, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS

BOARD OF SUPERVISORS

David T. Williams, Chairman
Karin M. Carmack, Vice Chairman

Bill L. Cox

Larry J. Nordvig

Michael W. Byerly

SCHOOL BOARD

Joe Walters, Chairman
Kim D. Hymel, Vice Chairman

Rick Cole

Susan Smith

Valarie C. Ayers

SOCIAL SERVICES BOARD

Gay Bartlett, Chairman
Mike Smith, Vice Chairman

Brad Burdette

Neil Stout
Karin M. Carmack

Lindia Cox

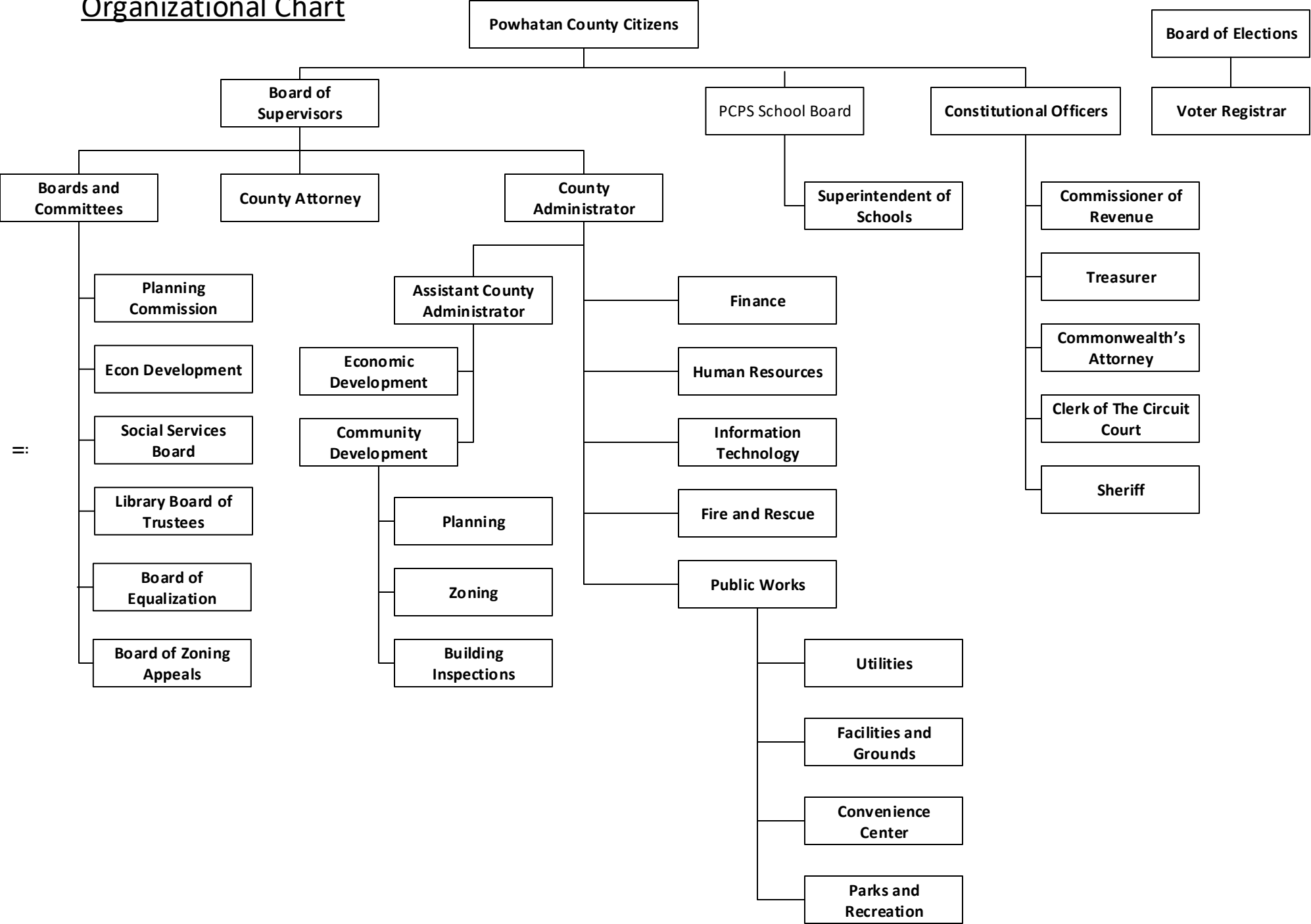
OTHER OFFICIALS

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

Teresa H. Dobbins
Richard Cox
Faye G. Barton
Bradford Nunnally
Dr. Eric L. Jones
Sharon Rochelle
James B. Timberlake, II
Edward N. Smither
Charla W. Schubert

Larry Johns

Powhatan County Government
Organizational Chart



Board of Supervisors
David T. Williams, Chairman
Karin M. Carmack, Vice Chairman
Laurence J. Nordvig
Michel W. Byerly
Bill L. Cox



County Administrator
Ned Smither

The County Of Powhatan

January 12, 2021

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, 2020 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, 2020. 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

Powhatan II lived from 1550(?) - 1618, and was the paramount Virginia Native American chief during the period of the founding of Jamestown in a land Europeans called "The New World". Jamestown (1607) had the distinction of being the first permanent English colony in the Americas. Chief Powhatan headed a tribal alliance of 32 Indian nations, known as the "Powhatan Confederacy". Its boundaries stretched from North Carolina to Washington, D.C., to the Eastern Shore region (approximately 16,000 square miles). He is popularly well-known to be the father of Pocahontas, the Pamunkey Indian child who supposedly saved the life of Captain John Smith. In early 1617 Powhatan went to the Tauxenent (Dogue) town of May-umps near the mouth of Virginia's Occoquan River. By May, 1618 he died and his body may have remained with the Tauxenents until its transfer for burial in a sacred place in 1621. His interment site is believed to be in a large mound on the Pamunkey Reservation in King William County.

Profile of the County (Continued)

The first European settlers along the James River in the area west of present day Chesterfield County were the French Huguenots in the early 1700's. Subsequently, the County was created by the Virginia General Assembly in 1777 and was named in honor of Chief Powhatan. The County of Powhatan, a community of 29,867 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 capital city, and is within an easy two-hour drive to the Atlantic Ocean, Washington D.C., Colonial Williamsburg, and the Blue Ridge Mountains.



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

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

Profile of the County (Continued)

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 units qualifying for inclusion in this report is Powhatan County Public Schools (PCPS) Powhatan County Economic Development Authority. The discretely presented component units are reported separately in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operation and cash flows from those of the primary government.

The annual operating budget serves as the foundation for the County's financial planning and control. All departments of the County are required to submit their recommended budgets to the County Administrator in January. The County Administrator uses these recommendations as the starting point for developing his proposed budget. The County Administrator presents the proposed budget to the Board of Supervisors usually by the beginning of March. The School Board presents the proposed budget for PCPS to the Board of Supervisors by mid-March. The Board of Supervisors holds public work sessions in March and April to discuss the budget. 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 2020 residential/commercial is 93% / 7%. For the fiscal year end (FYE) 2020, revenue from sales tax increased 18.2% over FYE 2019. The County's unemployment rate increased to 6.6% in FY 2020, which is lower than the state rate of 8.2% and the national rate of 11.2%.

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.

Relevant financial policies

The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County maintains an unassigned General Fund Balance sufficient to fund all cash flows of the County, to provide financial reserves for unanticipated expenditures and for revenue shortfalls. Policy guidelines have established this amount at a minimum of 15% of operating revenues of the same fiscal year net of transfers. In FY2020 the County established a revenue stabilization reserve that is equal to 3% of the subsequent year general and school operating budgets less the local appropriation to the school fund. The County has also established a capital maintenance reserve within its fund balance policy where any fund balance remaining over and above the assigned fund balances is to be maintained for non-recurring needs of the County. Only the Board of Supervisors can determine these needs and authorize the use of the capital reserve fund balance.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Powhatan for its CAFR for the fiscal year ended June 30, 2019. 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.

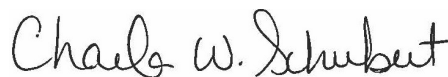
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,



Ned Smither
County Administrator



Charla W. Schubert
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Powhatan
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2020, 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 *Specifications for Audits of Counties, Cities, and Towns* and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Powhatan, Virginia, as of June 30, 2020, 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 January 12, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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
January 12, 2021

County of Powhatan, Virginia

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2020

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, 2020. Please read it in conjunction with the transmittal letter, which can be found on pages iii-vi and with the County's basic financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the County, on a government-wide basis excluding component units, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$30,287,928 (*net position*). Of this amount, \$19,896,534 (*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 \$7,115,417, of which the governmental activities increased \$7,001,068 and business-type activities increased by \$114,349.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$37,281,282, a decrease of \$1,351,759 in comparison with the prior year. The decrease was due to spending on various capital projects, such the public radio system and elementary school energy performance project. Approximately 35% of this amount, \$13,037,130, 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 \$13,037,130 or 15% of total operating revenues of the general, school operating and school cafeteria funds (\$86,914,210). 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 \$13,037,130. 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, transportation capital reserve, broadband capital investment reserve, economic incentive program, revenue stabilization reserve and schools capital maintenance reserve. The amount in the County capital maintenance reserve is \$2,618,060.
- The County established a revenue stabilization reserve in FY 2020. The reserve will be maintained at 3% of the total annual adopted general fund budget of the prior year, plus the non-local portion of the school operating fund budget. The Board may draw down from the reserve only if:
 - Current fiscal year – third or fourth quarter forecasted general fund revenues, excluding use of prior year fund balance, decline by more than 1.5%; or
 - Subsequent fiscal year – during the annual budget cycle real estate assessments are forecast to decrease more than 3% over the previous year's assessments

Withdrawals may not exceed half of the balance in the reserve in any one fiscal year and shall be used in combination with spending cuts. In the event of a draw down, the reserve must be replenished to 3% level within 3 fiscal years.

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.

Overview of the Financial Statements (Continued)

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.

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 15-17 of this report.

Fund financial statements

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

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

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

The County maintains eight 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 six 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.

Overview of the Financial Statements (Continued)

Fund financial statements (continued)

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

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

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-118 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 119-132 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 133 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 \$30 million at the close of the most recent fiscal year. A portion of the County's net position (\$10,391,394, 34.3% of total) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

Unrestricted net position of \$18.2 million or 79% 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	
	2020	2019	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 47,072,802	\$ 47,678,010	\$ 2,054,133	\$ 1,702,409	\$ 49,126,935	\$ 49,380,419	\$ 4,973,239	\$ 5,502,916
Capital assets	94,588,885	92,785,508	21,070,288	21,431,942	115,659,173	114,217,450	19,959,896	20,306,743
Total assets	\$ 141,661,687	\$ 140,463,518	\$ 23,124,421	\$ 23,134,351	\$ 164,786,108	\$ 163,597,869	\$ 24,933,135	\$ 25,809,659
Deferred outflows of resources:								
Pension contributions made subsequent to the measurement date	\$ 989,869	\$ 927,121	\$ 24,436	\$ 24,003	\$ 1,014,305	\$ 951,124	\$ 4,023,150	\$ 3,917,209
Difference between expected and actual experience and change in assumptions - pension	1,139,768	695,375	27,882	18,003	1,167,650	713,378	3,989,332	423,814
Deferred outflows - OPEB	289,908	110,821	7,535	3,622	297,443	114,443	1,824,102	911,172
Change in proportion - teacher cost sharing pool	-	-	-	-	-	-	166,226	170,000
Deferred amounts on bond refunding	1,343,847	423,525	858,843	1,640,642	2,202,690	2,064,167	-	-
Total deferred outflows of resources	\$ 3,763,392	\$ 2,156,842	\$ 918,696	\$ 1,686,270	\$ 4,682,088	\$ 3,843,112	\$ 10,002,810	\$ 5,422,195
Current liabilities	\$ 2,393,233	\$ 3,766,055	\$ 293,769	\$ 385,278	\$ 2,687,002	\$ 4,151,333	\$ 4,810,691	\$ 5,338,440
Long-term liabilities:								
Net pension liability	2,914,852	2,426,903	71,306	62,832	2,986,158	2,489,735	38,721,024	34,534,000
Other postemployment payable	3,101,785	3,088,353	69,608	74,597	3,171,393	3,162,950	19,794,000	17,843,000
Due within one year	6,423,126	6,128,426	822,541	876,783	7,245,667	7,005,209	145,416	131,910
Due in more than one year	99,586,723	105,433,684	15,544,297	16,299,318	115,131,020	121,733,002	2,349,434	2,131,217
Total liabilities	\$ 114,419,719	\$ 120,843,421	\$ 16,801,521	\$ 17,698,808	\$ 131,221,240	\$ 138,542,229	\$ 65,820,565	\$ 59,978,567
Deferred inflows of resources:								
Net difference between projected and actual investment earnings on pension plan investments	\$ 200,839	\$ 195,016	\$ 4,918	\$ 5,041	\$ 205,757	\$ 200,057	\$ 924,689	\$ 801,184
Difference between expected and actual experience pensions	527,692	620,185	12,902	16,064	540,594	636,249	2,549,562	3,018,654
Change in assumptions - pension	86,432	-	2,116	-	88,548	-	-	-
Difference between expected and actual experience OPEB	393,620	154,180	11,101	4,498	404,721	158,678	941,000	1,180,000
Change in proportion - teacher cost sharing pool	-	-	-	-	-	-	1,095,751	1,492,000
Deferred property taxes	6,719,408	4,731,257	-	-	6,719,408	4,731,257	-	-
Total deferred inflows of resources	\$ 7,927,991	\$ 5,700,638	\$ 31,037	\$ 25,603	\$ 7,959,028	\$ 5,726,241	\$ 5,511,002	\$ 6,491,838
Net position:								
Net investment in capital assets	\$ 4,791,306	\$ 390,493	\$ 5,600,088	\$ 5,927,158	\$ 10,391,394	\$ 6,317,651	\$ 19,959,896	\$ 20,306,743
Restricted	-	-	-	-	-	-	-	-
Unrestricted (deficit)	18,286,063	15,685,808	1,610,471	1,169,052	19,896,534	16,854,860	(56,355,518)	(55,545,294)
Total net position	\$ 23,077,369	\$ 16,076,301	\$ 7,210,559	\$ 7,096,210	\$ 30,287,928	\$ 23,172,511	\$ (36,395,622)	\$ (35,238,551)

Government-wide Financial Analysis (Continued)

The County's combined net position, which is the County's bottom line, increased by \$7,115,417 or 30.7% from the prior year. The change in the County's combined net position is a combination of a increase of \$7 million from the efforts of governmental activities and an increase of \$114,349 from the efforts of business-type activities. A significant portion of the increase from the efforts of the governmental activities can be attributed to a reduction of educational activities due to changes in jointly owned assets.

The School Board and Economic Development Authority (EDA) make up the County's component units. In FY 2020, the net position of the two component units totals (\$36,395,622) compared to (\$35,238,551) in FY 2019. Powhatan County Public Schools, liabilities exceeded assets by \$36.5 million at the close of fiscal year 2020. The deficit is due to GASB Statements 68 and 75, which requires for the recording of the net pension liability and net other postemployment liabilities. The Powhatan County Public Schools net pension liability at June 30, 2020 is \$38,721,024 and net other post-employment benefits liability is \$19,794,000. 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 \$167,289 at the close of fiscal year 2020.

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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	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenues:								
Program Revenues:								
Charges for Services	\$ 2,221,910	\$ 2,034,360	\$ 608,843	\$ 640,352	\$ 2,830,753	\$ 2,674,712	\$ 692,753	\$ 833,853
Operating Grants and Contributions	6,030,863	5,058,728	-	-	6,030,863	5,058,728	25,258,234	24,019,443
Capital Grants and Contributions	-	101,639	88,000	1,999,558	88,000	2,101,197	-	-
Property Taxes	42,858,105	41,283,660	-	-	42,858,105	41,283,660	-	-
Other local taxes	6,785,681	5,961,295	-	-	6,785,681	5,961,295	-	-
Grants and Contributions not restricted to specific programs	4,041,223	4,077,493	-	-	4,041,223	4,077,493	-	-
Other	1,012,318	921,818	4,133	3,486	1,016,451	925,304	191,709	280,732
Total revenues	\$ 62,950,100	\$ 59,438,993	\$ 700,976	\$ 2,643,396	\$ 63,651,076	\$ 62,082,389	\$ 26,142,696	\$ 25,134,028
Expenses:								
General government administration	\$ 4,048,390	\$ 3,443,815	\$ -	\$ -	\$ 4,048,390	\$ 3,443,815	\$ -	\$ -
Judicial administration	1,266,314	1,142,211	-	-	1,266,314	1,142,211	-	-
Public safety	10,940,144	10,368,255	-	-	10,940,144	10,368,255	-	-
Public works	2,245,378	4,351,097	2,839,736	2,500,998	5,085,114	6,852,095	-	-
Health and welfare	4,785,157	4,553,531	-	-	4,785,157	4,553,531	-	-
Education	25,649,391	31,265,269	-	-	25,649,391	31,265,269	49,888,784	46,643,806
Parks, recreation, and cultural	781,264	748,581	-	-	781,264	748,581	-	-
Community development	1,077,207	1,042,770	-	-	1,077,207	1,042,770	-	-
Interest and fiscal charges	2,902,678	3,651,825	-	-	2,902,678	3,651,825	-	-
Total expenses	\$ 53,695,923	\$ 60,567,354	\$ 2,839,736	\$ 2,500,998	\$ 56,535,659	\$ 63,068,352	\$ 49,888,784	\$ 46,643,806
Change in net position before transfers	\$ 9,254,177	\$ (1,128,361)	\$ (2,138,760)	\$ 142,398	\$ 7,115,417	\$ (985,963)	\$ (23,746,088)	\$ (21,509,778)
Transfers	(2,253,109)	(2,341,334)	2,253,109	2,341,334	-	-	22,470,546	28,679,316
Change in net position	\$ 7,001,068	\$ (3,469,695)	\$ 114,349	\$ 2,483,732	\$ 7,115,417	\$ (985,963)	\$ (1,275,542)	\$ 7,169,538
Net position - beginning - as restated	16,076,301	19,545,996	7,096,210	4,612,478	23,172,511	24,158,474	(35,123,260)	(42,292,798)
Net position - ending	\$ 23,077,369	\$ 16,076,301	\$ 7,210,559	\$ 7,096,210	\$ 30,287,928	\$ 23,172,511	\$ (36,398,802)	\$ (35,123,260)

Governmental activities – For fiscal year ended June 30, 2020, revenues from governmental activities (not including Capital Projects) totaled \$62.6 million, which was an increase of \$3.5 million from the prior year. Real estate tax revenues, the County's largest revenue source, real estate billing of \$32.1 million. The County's

Government-wide Financial Analysis (Continued)

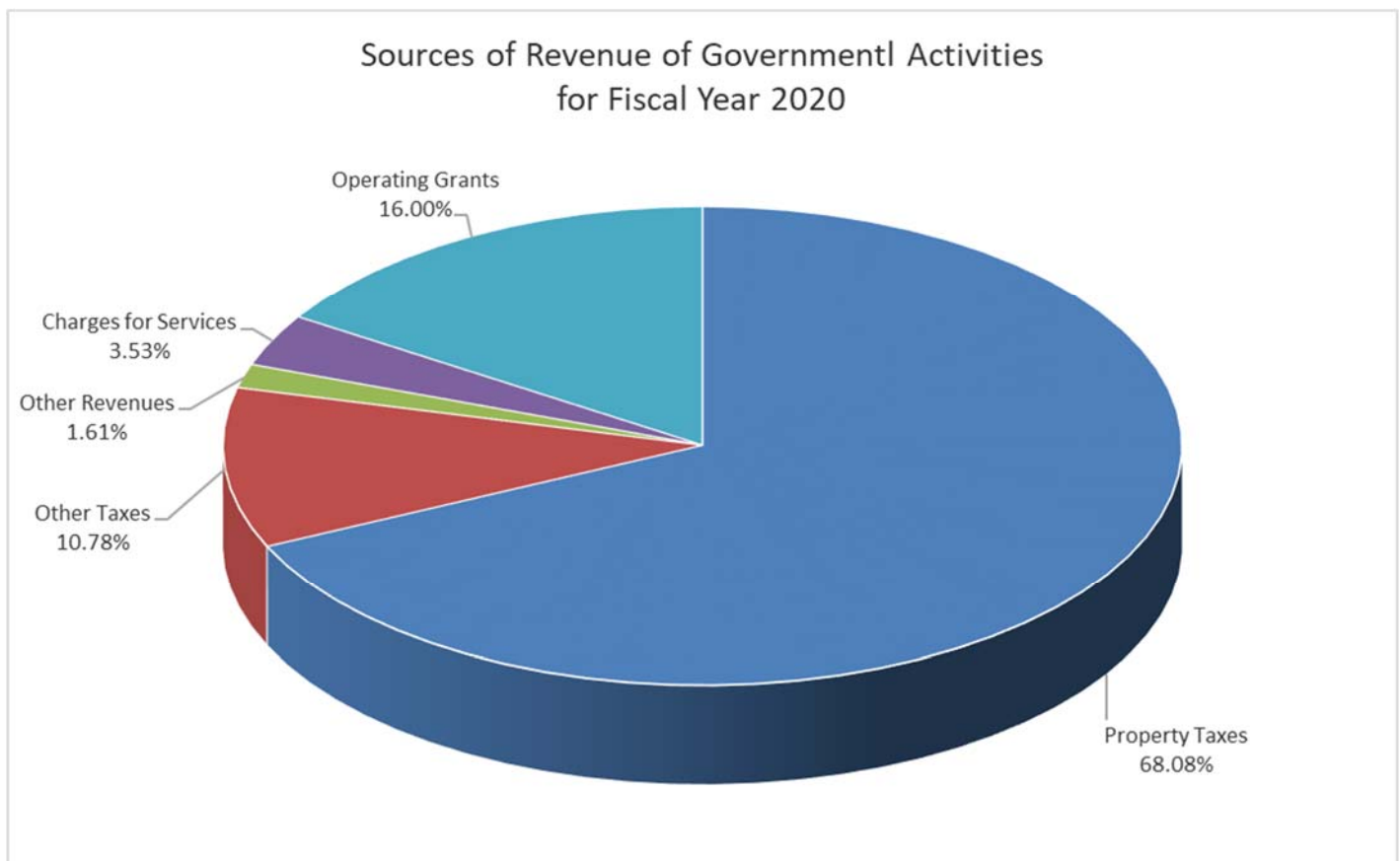
assessed real property tax base for fiscal year 2020 saw an increase of \$82.1 million. The increase is due to increase in new construction. The real estate tax rate remained at \$.88 for fiscal year 2020.

In the General Fund, the County reported current year collections of \$12.6 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 \$832,088 in other taxes, which includes local sales taxes, consumer utility taxes, transient occupancy taxes and local business license taxes, is evidence that the local economy continues to grow.

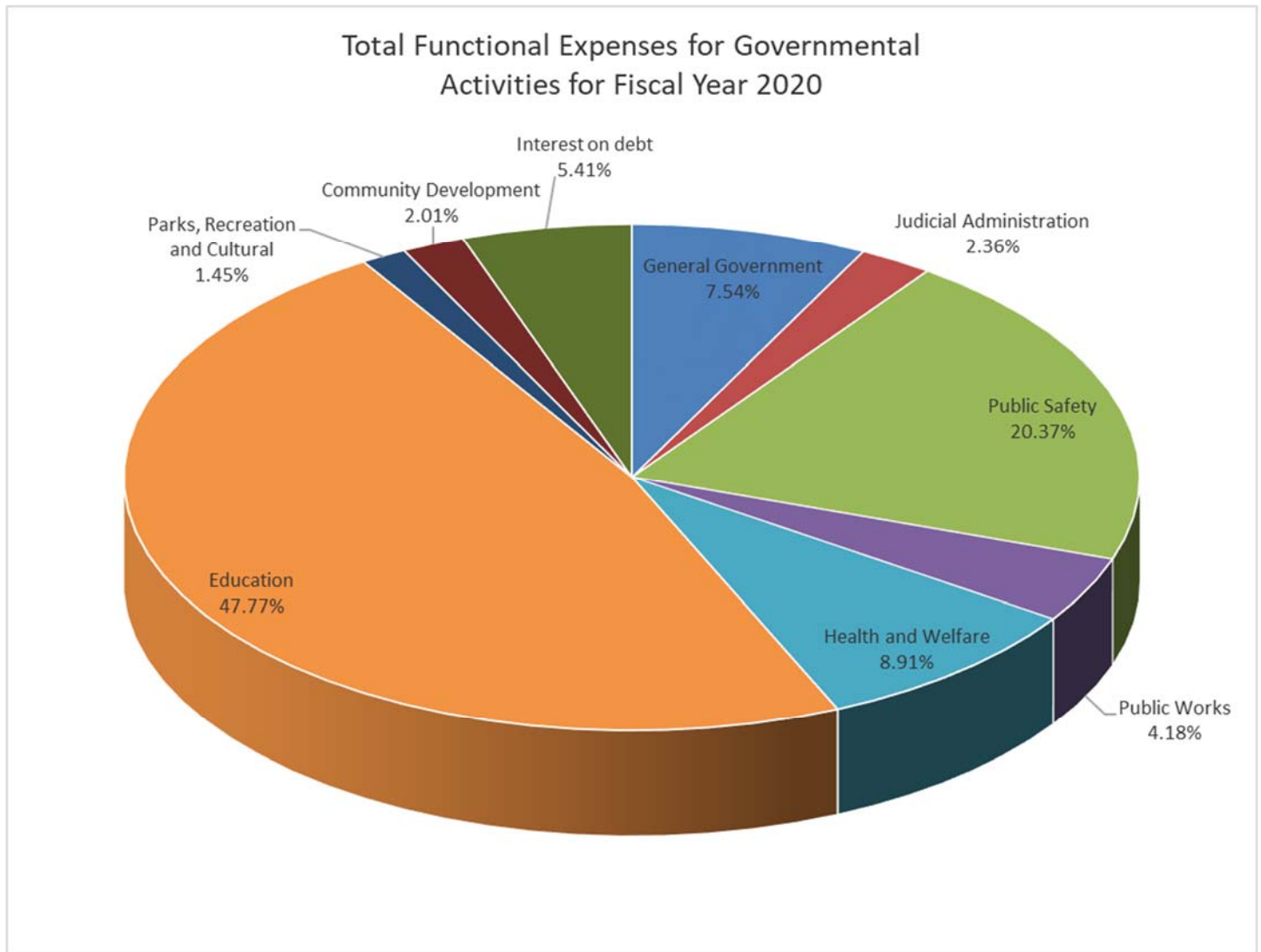
For the fiscal year ended June 30, 2020, expenses relating to governmental activities (not including Capital Projects) were \$4.3 million less than planned. The decrease in spending can be contributed \$1.3 million reduction of spending by Schools due to the school closures, \$1.8 million of Cares Act funding and conservative spending by all departments in the County.

Public education continues to be one of the County's highest priorities and commitments. The County contributed \$22 million to public education school operations and \$6.8 million toward debt payments relating to school projects for a total contribution of \$28.8 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 \$114,349 for fiscal year 2020. Similar to the changes in net position attributable to governmental activities, changes in business-type activity net position also result from the difference between revenues and expenses. Unlike governmental activities, which primarily rely on general tax revenue to finance operations, business-type activities are financed by fees charged for goods and services provided.

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

- Efforts to make the fund self-supporting have been unsuccessful; however the fund is showing improvements. The County recognizes the need to continue support of the fund through annual General Fund transfers. The budgeted transfer was \$2,253,109 in fiscal year 2020.

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 \$37.3 million, a decrease of \$1.4 million in comparison with the prior year. The \$1.4 million decrease can be attributed to the increase in general operating spending.

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 \$13 million, while total fund balance reached \$19.9 million. The Board of Supervisors adopted a fund balance policy to keep unassigned fund balance at a minimum of 15% of operating revenues of the same fiscal year. The fund balance in excess of 15% is assigned to capital maintenance reserve and the revenue stabilization reserve. In fiscal year 2020 the County's fund balance was 22.9%. The excess fund balance of \$6.9 million is assigned to revenue stabilization reserve in the amount of \$2.5 million and the remainder is 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 \$15.9 million, which \$14 million was restricted for bonded projects and \$1.9 million has been assigned for future capital projects. The fund balance decreased from the prior year by \$4.8 million. This decrease is due to several large projects such as the public radio system and elementary energy performance projects were under way. The County made a transfer from capital maintenance reserve in the amount of \$1.9 million to fund pay as you go projects from the Five Year Capital Improvement Plan.

Proprietary funds: The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Utility Fund at the end of the year amounted to \$1.6 million, which is an increase of \$441,419 from fiscal year 2019. The majority of this increase can be attributed to a capital contribution made from the County of \$88,000 for the Village sewer and reduction in debt service. 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 2020 came in at \$2.1 million or 3.5% below the final amended budget. Local expenditures for Education were under budget by \$1.3 million.

General Fund revenues exceeded budget projections in fiscal year 2020 by \$3.1 million, which can be attributed to the continual recovery in the local economy as well as very conservative revenue forecasting.

There was an increase of \$2,256,971 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 \$946,000 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 \$175,954 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 and increased recycling costs.
- An increase of \$240,923 for fire and rescue for increase in part time staffing needs and repairs on apparatus.

General Fund Budgetary Highlights (Continued)

- An increase of \$71,324 for refuse waste and disposal due to increase costs of container pickups.
- An increase of \$822,770 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, 2020 amounts to \$115.7 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 continue renovations on the gym portion of the old middle school repurpose, ERP upgrade and public safety radio system. The total work in progress amounted to \$2,469,776.
- The County completed several large projects, such as elementary energy performance project, school board offices and two fire engines.

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

Capital Assets As of June 30, 2020 and 2019								
	Governmental Activities		Business-type Activities		Primary Government Totals		Component Units	
	2020	2019	2020	2019	2020	2019	2020	2019
Land	\$ 1,550,740	\$ 1,550,740	\$ 859,030	\$ 859,030	\$ 2,409,770	\$ 2,409,770	\$ 818,851	\$ 818,851
Construction in progress	2,469,776	3,871,862	232,417	230,607	2,702,193	4,102,469	-	-
Buildings	14,686,190	14,570,401	19,505,944	19,885,866	34,192,134	34,456,267	-	-
Machinery & equipment	7,462,252	5,121,957	472,897	456,439	7,935,149	5,578,396	1,346,139	1,428,110
Jointly owned assets	68,419,927	67,670,548	-	-	68,419,927	67,670,548	17,694,906	17,959,782
Total	\$ 94,588,885	\$ 92,785,508	\$ 21,070,288	\$21,431,942	\$ 115,659,173	\$ 114,217,450	\$19,859,896	\$ 20,206,743

Additional information on the County's capital assets can be found in Note 8 on pages 42-44 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 \$121.4 million and details are summarized in the following table:

Long-Term Debt As of June 30, 2020 and 2019								
	Governmental Activities		Business-type Activities		Primary Government Totals		Component Units	
	2020	2019	2020	2019	2020	2019	2020	2019
Bonds Payable:								
General obligation bonds	\$ 20,871,963	\$ 22,244,318	\$ -	\$ -	\$ 20,871,963	\$ 22,244,318	\$ -	\$ -
Revenue bonds	75,538,000	78,624,233	15,480,000	15,713,763	91,018,000	94,337,996	-	-
Premium on bonds	7,058,056	7,814,633	849,043	1,431,663	7,907,099	9,246,296	-	-
Literary loans	-	-	-	-	-	-	-	-
Capital leases	1,630,626	2,065,820	-	-	1,630,626	2,065,820	-	-
Compensated absences	911,204	813,106	37,795	30,675	948,999	843,781	2,494,850	2,263,127
Total	\$ 106,009,849	\$ 111,562,110	\$ 16,366,838	\$17,176,101	\$ 122,376,687	\$ 128,738,211	\$ 2,494,850	\$ 2,263,127

Debt associated with governmental activities decreased \$5.7 million, which is the net amount of pay down of principal during the year. The debt associated with business-type activities decreased by \$816,383, 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 2.86%, the net debt per capita ratio was \$4,066, and the debt payments percentage was 13.25%.

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 2020 was 6.6 percent, which is lower than the state rate (8.2 percent) and the national rate (3.7 percent).
- Real property taxable assessed values increased 9.6 percent from January 1, 2018 to January 1, 2020 from \$3,424,488,050 to \$3,986,923,400 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 2022 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>.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Statement of Net Position
June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents (Note 3)	\$ 23,578,642	\$ 1,982,251	\$ 25,560,893	\$ 3,694,778	\$ 67,289
Receivables, net (Note 5):					
Taxes	7,509,326	-	7,509,326	-	-
Accounts	204,706	71,882	276,588	14,122	-
Due from other governmental units (Note 6)	1,582,841	-	1,582,841	827,773	-
Inventories	-	-	-	198,836	-
Prepaid expenses	3,739	-	3,739	-	-
Restricted assets:					
Temporarily restricted:					
Investments (Note 3)	14,193,548	-	14,193,548	-	-
Net pension asset (Note 11)	-	-	-	170,441	-
Capital assets (Note 8)					
Nondepreciable	4,020,516	1,091,447	5,111,963	818,851	100,000
Depreciable, net	90,568,369	19,978,841	110,547,210	19,041,045	-
Total assets	\$ 141,661,687	\$ 23,124,421	\$ 164,786,108	\$ 24,765,846	\$ 167,289
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions made subsequent to the measurement date (Notes 11 & 12)	\$ 989,869	\$ 24,436	\$ 1,014,305	\$ 4,023,150	\$ -
Difference between expected and actual experience and change in assumptions -pension (Notes 11 & 12)	1,139,768	27,882	1,167,650	3,989,332	-
Deferred outflows - OPEB (Note 13)	289,908	7,535	297,443	1,824,102	-
Change in proportion - teacher cost sharing pool (Note 12)	-	-	-	166,226	-
Deferred amount on bond refundings	1,343,847	858,843	2,202,690	-	-
	\$ 3,763,392	\$ 918,696	\$ 4,682,088	\$ 10,002,810	\$ -
LIABILITIES					
Accounts payable	\$ 984,876	\$ 142,614	\$ 1,127,490	\$ 667,247	\$ -
Accrued liabilities	14,202	-	14,202	4,143,444	-
Retainage payable	86,621	-	86,621	-	-
Accrued interest payable	1,307,534	151,155	1,458,689	-	-
Long-term liabilities:					
Due within one year (Note 10)	6,001,082	822,541	6,823,623	145,416	-
Due in more than one year (Note 10)	100,008,767	15,544,297	115,553,064	2,349,434	-
Net pension liability (Notes 11 & 12)	2,914,852	71,306	2,986,158	38,721,024	-
Net other postemployment benefits liability (Note 13, 14, 15 & 17)	3,101,785	69,608	3,171,393	19,794,000	-
Total liabilities	\$ 114,419,719	\$ 16,801,521	\$ 131,221,240	\$ 65,820,565	\$ -
DEFERRED INFLOWS OF RESOURCES					
Net difference between projected and actual investment earnings on pension plan investments (Notes 11 & 12)	\$ 200,839	\$ 4,918	\$ 205,757	\$ 924,689	\$ -
Difference between expected and actual experience - pension (Notes 11 & 12)	527,692	12,902	540,594	2,549,562	-
Change in assumptions - pension (Notes 11 & 12)	86,432	2,116	88,548	-	-
Difference between expected and actual experience - OPEB (Notes 13 & 14)	393,620	11,101	404,721	941,000	-
Change in proportion - teacher cost sharing pool (Note 12)	-	-	-	1,095,751	-
Deferred property taxes (Note 9)	6,719,408	-	6,719,408	-	-
	\$ 7,927,991	\$ 31,037	\$ 7,959,028	\$ 5,511,002	\$ -
NET POSITION					
Net investment in capital assets	\$ 4,791,306	\$ 5,600,088	\$ 10,391,394	\$ 19,859,896	\$ 100,000
Unrestricted (deficit)	18,286,063	1,610,471	19,896,534	(56,422,807)	67,289
Total net position	\$ 23,077,369	\$ 7,210,559	\$ 30,287,928	\$ (36,562,911)	\$ 167,289

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,048,390	\$ -	\$ 1,109,736	\$ -
Judicial administration	1,266,314	211,306	637,140	-
Public safety	10,940,144	1,696,250	1,773,787	-
Public works	2,245,378	46,513	-	-
Health and welfare	4,785,157	-	2,383,619	-
Education	25,649,391	-	-	-
Parks, recreation, and cultural	781,264	17,751	126,581	-
Community development	1,077,207	250,090	-	-
Interest on long-term debt	2,902,678	-	-	-
Total governmental activities	\$ 53,695,923	\$ 2,221,910	\$ 6,030,863	\$ -
Business-type activities:				
Water and sewer	\$ 2,839,736	\$ 608,843	\$ -	\$ 88,000
Total business-type activities	\$ 2,839,736	\$ 608,843	\$ -	\$ 88,000
Total primary government	\$ 56,535,659	\$ 2,830,753	\$ 6,030,863	\$ 88,000
COMPONENT UNITS:				
School Board	\$ 49,885,604	\$ 692,753	\$ 25,258,234	\$ -
Economic Development Authority	-	-	-	-
Total component units	\$ 49,885,604	\$ 692,753	\$ 25,258,234	\$ -
General revenues:				
General property taxes				
Local sales and use tax				
Consumer utility tax				
Motor vehicle licenses				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Payment from Powhatan County				
Transfers (Note 7)				
Total general revenues and transfers				
Change in net position				
Net position - beginning - as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	School Board	EDA	
\$ (2,938,654)	\$ -	\$ (2,938,654)	\$ -	\$ -	
(417,868)	-	(417,868)	-	-	
(7,470,107)	-	(7,470,107)	-	-	
(2,198,865)	-	(2,198,865)	-	-	
(2,401,538)	-	(2,401,538)	-	-	
(25,649,391)	-	(25,649,391)	-	-	
(636,932)	-	(636,932)	-	-	
(827,117)	-	(827,117)	-	-	
(2,902,678)	-	(2,902,678)	-	-	
<u>\$ (45,443,150)</u>	<u>\$ -</u>	<u>\$ (45,443,150)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (2,142,893)	\$ (2,142,893)	\$ -	\$ -	
\$ -	\$ (2,142,893)	\$ (2,142,893)	\$ -	\$ -	
<u>\$ (45,443,150)</u>	<u>\$ (2,142,893)</u>	<u>\$ (47,586,043)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (23,934,617)	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ -	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,934,617)</u>	<u>\$ -</u>	
\$ 42,858,105	\$ -	\$ 42,858,105	\$ -	\$ -	
3,845,645	-	3,845,645	-	-	
616,128	-	616,128	-	-	
1,171,620	-	1,171,620	-	-	
1,152,288	-	1,152,288	-	-	
464,783	290	465,073	15,603	197	
547,535	3,843	551,378	175,909	-	
4,041,223	-	4,041,223	-	-	
-	-	-	22,470,546	-	
(2,253,109)	2,253,109	-	-	-	
<u>\$ 52,444,218</u>	<u>\$ 2,257,242</u>	<u>\$ 54,701,460</u>	<u>\$ 22,662,058</u>	<u>\$ 197</u>	
\$ 7,001,068	\$ 114,349	\$ 7,115,417	\$ (1,272,559)	\$ 197	
16,076,301	7,096,210	23,172,511	(35,290,352)	167,092	
<u>\$ 23,077,369</u>	<u>\$ 7,210,559</u>	<u>\$ 30,287,928</u>	<u>\$ (36,562,911)</u>	<u>\$ 167,289</u>	

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FUND FINANCIAL STATEMENTS

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Balance Sheet
Governmental Funds
June 30, 2020

	General	County Capital Projects	Grants Fund	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 18,349,254	\$ 1,979,397	\$ 1,827,544	\$ 1,422,447	\$ 23,578,642
Receivables, net:					
Taxes	7,509,326	-	-	-	7,509,326
Accounts	145,493	-	176	59,037	204,706
Due from other governmental units	1,561,495	-	21,346	-	1,582,841
Prepaid items	3,739	-	-	-	3,739
Restricted assets:					
Temporarily restricted:					
Investments	-	14,193,548	-	-	14,193,548
Total assets	<u>\$ 27,569,307</u>	<u>\$ 16,172,945</u>	<u>\$ 1,849,066</u>	<u>\$ 1,481,484</u>	<u>\$ 47,072,802</u>
LIABILITIES					
Accounts payable	\$ 745,821	\$ 149,108	\$ 26,186	\$ 63,761	\$ 984,876
Accrued liabilities	10,093	-	4,109	-	14,202
Retainage payable	-	86,621	-	-	86,621
Total liabilities	<u>\$ 755,914</u>	<u>\$ 235,729</u>	<u>\$ 30,295</u>	<u>\$ 63,761</u>	<u>\$ 1,085,699</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable/deferred revenue (Note 9)	\$ 6,922,022	-	\$ 1,783,799	-	\$ 8,705,821
Total deferred inflows of resources	<u>\$ 6,922,022</u>	<u>-</u>	<u>\$ 1,783,799</u>	<u>-</u>	<u>\$ 8,705,821</u>
FUND BALANCES:					
Nonspendable	\$ 3,739	\$ -	\$ -	\$ -	\$ 3,739
Restricted	-	13,957,819	34,972	924,171	14,916,962
Committed	-	-	-	493,552	493,552
Assigned	6,850,502	1,979,397	-	-	8,829,899
Unassigned	13,037,130	-	-	-	13,037,130
Total fund balances	<u>\$ 19,891,371</u>	<u>\$ 15,937,216</u>	<u>\$ 34,972</u>	<u>\$ 1,417,723</u>	<u>\$ 37,281,282</u>
Total liabilities and fund balances	<u>\$ 27,569,307</u>	<u>\$ 16,172,945</u>	<u>\$ 1,849,066</u>	<u>\$ 1,481,484</u>	<u>\$ 47,072,802</u>

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, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	37,281,282
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$	148,904,147	
Less: accumulated depreciation		<u>(54,315,262)</u>	94,588,885

Deferred inflows of resources (i.e. taxes levied) are not available to pay current period expenditures and, therefore, are deferred in the funds.	1,986,413
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Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources for 2020 employer contributions - pension	\$	989,869	
Deferred outflows of resources for the net difference between projected and actual investment earnings on pension plan investments		1,139,768	
Deferred inflows of resources for differences between expected and actual experience - pension		(527,692)	
Deferred inflows of resources for changes in assumptions - pension		(86,432)	
Deferred inflows of resources for the net difference between projected and actual plan investments - pension		(200,839)	
Deferred outflows - OPEB		289,908	
Deferred inflows - OPEB		(393,620)	
Net other postemployment benefits liability		(3,101,785)	
Net Pension Liability		<u>(2,914,852)</u>	(4,805,675)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and loans payable	\$	(96,409,963)	
Bond issuance premium		(7,058,056)	
Deferred charge on refundings		1,343,847	
Interest payable		(1,307,534)	
Capital lease obligations		(1,630,626)	
Compensated absences		<u>(911,204)</u>	(105,973,536)

Net position of governmental activities	\$	<u><u>23,077,369</u></u>
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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, 2020

	General	County Capital Projects	Grants Fund	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 42,741,454	\$ -	\$ -	\$ -	\$ 42,741,454
Other local taxes	6,769,674	-	-	16,007	6,785,681
Permits, privilege fees, and regulatory licenses	1,058,419	-	-	248,150	1,306,569
Fines and forfeitures	122,886	-	-	-	122,886
Revenue from the use of money and property	256,515	208,098	-	170	464,783
Charges for services	188,316	-	3,442	600,697	792,455
Miscellaneous	471,722	17,050	51,301	7,462	547,535
Intergovernmental revenues:					
Commonwealth	7,546,584	-	84,593	102,148	7,733,325
Federal	1,300,131	-	1,019,395	19,235	2,338,761
Total revenues	\$ 60,455,701	\$ 225,148	\$ 1,158,731	\$ 993,869	\$ 62,833,449
EXPENDITURES					
Current:					
General government administration	\$ 3,700,098	\$ 326,014	\$ 99,317	\$ -	\$ 4,125,429
Judicial administration	1,110,289	52,338	11,121	-	1,173,748
Public safety	8,861,061	3,214,564	336,265	605,977	13,017,867
Public works	2,348,324	383,077	-	-	2,731,401
Health and welfare	4,766,253	-	-	-	4,766,253
Education	22,002,344	1,557,929	-	-	23,560,273
Parks, recreation, and cultural	571,290	1,419,469	-	-	1,990,759
Community development	1,071,384	-	6,250	-	1,077,634
Debt service:					
Principal retirement	5,616,782	-	-	-	5,616,782
Interest and other fiscal charges	4,469,463	-	-	-	4,469,463
Total expenditures	\$ 54,517,288	\$ 6,953,391	\$ 452,953	\$ 605,977	\$ 62,529,609
Excess (deficiency) of revenues over expenditures	\$ 5,938,413	\$ (6,728,243)	\$ 705,778	\$ 387,892	\$ 303,840
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 705,347	\$ 1,903,991	\$ -	\$ -	\$ 2,609,338
Transfers out	(4,097,102)	-	(706,354)	(58,991)	(4,862,447)
Issuance of bonds	597,510	-	-	-	597,510
Total other financing sources (uses)	\$ (2,794,245)	\$ 1,903,991	\$ (706,354)	\$ (58,991)	\$ (1,655,599)
Net change in fund balances	\$ 3,144,168	\$ (4,824,252)	\$ (576)	\$ 328,901	\$ (1,351,759)
Fund balances - beginning	16,747,203	20,766,868	35,548	1,088,822	38,638,441
Fund balances - ending	\$ 19,891,371	\$ 15,942,616	\$ 34,972	\$ 1,417,723	\$ 37,286,682

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, 2020

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

Net change in fund balances - total governmental funds	\$	(1,351,759)
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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	\$	7,096,034	
Allocation of jointly owned assets, net		(468,202)	
Depreciation expense		<u>(4,534,647)</u>	2,093,185

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	116,651
--	---------

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	\$	989,869	
Pension expense		<u>(970,439)</u>	19,430

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.	(289,808)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	\$	5,616,782	
Issuance of refunding bonds		(17,993,000)	
Principal payments on refunding bonds		17,395,490	
Amortization of deferred amounts on refunding		790,236	
Amortization of premium on bonds payable		<u>756,577</u>	6,566,085

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	\$	(98,098)	
(Increase) decrease in OPEB liability		(74,590)	
(Increase) decrease in interest payable		<u>19,972</u>	<u>(152,716)</u>

Change in net position of governmental activities	\$	<u><u>7,001,068</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Proprietary Fund
June 30, 2020

	Enterprise Fund
	Water & Sewer
ASSETS	
Current assets:	
Cash and cash equivalents (Note 3)	\$ 1,982,251
Accounts receivable, net of allowance for uncollectibles (Note 5)	71,882
Total current assets	\$ 2,054,133
Noncurrent assets (Note 8):	
Capital assets:	
Nondepreciable	\$ 1,091,447
Depreciable, net	19,978,841
Total noncurrent assets	\$ 21,070,288
Total assets	\$ 23,124,421
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions made subsequent to the measurement date (Note 11)	\$ 24,436
Differences between expected and actual experience and difference between projected and actual earnings on pension plan investments - pension (Note 11)	27,882
Deferred Outflows - OPEB (Note 13)	7,535
Deferred amount on bond refunding	858,843
Total deferred outflows of resources	\$ 918,696
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 142,614
Accrued interest payable	151,155
Compensated absences - current portion	3,780
Bonds payable - current portion	818,761
Total current liabilities	\$ 1,116,310
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 15,510,282
Compensated absences - net of current portion	34,015
Net pension liability	71,306
Other post-employment benefits payable	69,608
Total noncurrent liabilities	\$ 15,685,211
Total liabilities	\$ 16,801,521
DEFERRED INFLOWS OF RESOURCES	
Difference between expected and actual experience on pension (Note 11)	\$ 12,902
Changes in assumptions (Note 11)	2,116
Net difference between projected and actual earnings on pension (Note 11)	4,918
Difference between expected and actual experience on OPEB (Note 13)	11,101
Total deferred inflows of resources	\$ 31,037
NET POSITION	
Net investment in capital assets	\$ 5,600,088
Unrestricted	1,610,471
Total net position	\$ 7,210,559

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, 2020

	Enterprise Fund
	Water &
	Sewer
OPERATING REVENUES	
Charges for services:	
Water and sewer revenues	\$ 408,585
Connection and reconnection fees	200,258
Miscellaneous	3,843
Total operating revenues	<u>\$ 612,686</u>
OPERATING EXPENSES	
Personal services	\$ 278,006
Fringe benefits	84,308
Contractual services	135,145
Other charges	470,898
Depreciation	583,541
Total operating expenses	<u>\$ 1,551,898</u>
Operating loss	<u>\$ (939,212)</u>
NONOPERATING EXPENSES	
Investment earnings	\$ 290
Bond issuance costs	(118,203)
Interest and fiscal charges	(1,169,635)
Total nonoperating expenses	<u>\$ (1,287,548)</u>
Loss before contributions and transfers	<u>\$ (2,226,760)</u>
Capital contributions	\$ 88,000
Transfers in	2,253,109
Change in net position	<u>\$ 114,349</u>
Total net position - beginning	7,096,210
Total net position - ending	<u><u>\$ 7,210,559</u></u>

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, 2020

	Enterprise Fund
	Water &
	Sewer
OPERATING ACTIVITIES	
Receipts from customers and users	\$ 634,887
Payments to suppliers	(657,123)
Payments to employees	(360,501)
Net cash used in operating activities	<u>\$ (382,737)</u>
NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 2,253,109
Net cash provided by noncapital financing activities	<u>\$ 2,253,109</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to capital assets	\$ (133,887)
Principal payments on bonds	(816,383)
Issuance costs	(118,203)
Interest payments	(428,265)
Net cash used in capital and related financing activities	<u>\$ (1,496,738)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 290
Net cash provided by investing activities	<u>\$ 290</u>
Net increase in cash and cash equivalents	\$ 373,924
Cash and cash equivalents - beginning - including restricted	1,608,327
Cash and cash equivalents - ending - including restricted	<u><u>\$ 1,982,251</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (939,212)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	\$ 583,541
(Increase) decrease in accounts receivable	22,201
Increase (decrease) in accounts payable and accrued liabilities	(51,080)
Increase (decrease) in compensated absences and OPEB	4,820
Increase (decrease) Pension expense net of employer contributions	(3,007)
Total adjustments	<u>\$ 556,475</u>
Net cash used in operating activities	<u><u>\$ (382,737)</u></u>
Noncash investing, capital, and financing activities:	
Contributions of capital assets	<u><u>\$ 88,000</u></u>

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

Statement of Fiduciary Net Position
Agency Funds
June 30, 2020

	Agency Funds
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 438,277
Total assets	\$ <u>438,277</u>
LIABILITIES	
Amounts held for social services clients	\$ 42,050
Amounts held for others	<u>396,227</u>
Total liabilities	\$ <u>438,277</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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).

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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.

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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, 2020. 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 2020 was \$251,713.

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 2020 was \$14,000.

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 \$278,630 to the Board during fiscal year 2020.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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 2020 was \$217,638.

Monacan Soil and Water Conservation District

The County entered into an agreement with the District to work together in the development of effective soil and water conservation programs. The County's contribution during fiscal year 2020 was \$44,000.

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 2020.

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 2020 were \$16,942.

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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 2020 was \$107,042.

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 2020 was \$68,805.

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 2020 was \$57,900.

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)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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 *Grants Fund* accounts for financial resources to be used for grants awarded to the County.

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, tourism.

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)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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.

	<u>Real Property</u>	<u>Personal Property</u>
Ley	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)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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:

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

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

Compensated Absences

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

Pensions and Other Post-Employment Benefits (OPEB)

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

Long-term Obligations

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

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

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

Net Position

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

Deferred Outflows and Inflows of Resources

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

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

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

- Deferred charge on refunding. A deferred charge on refunding is a deferred outflow which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- Changes in assumptions on pension or OPEB investments. This difference will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- Changes in proportion and differences between employer contributions and the proportionate share of employer contributions are reported as a deferred inflow or outflow, as appropriate.
- Unavailable revenue is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenue from property taxes and other receivable not collected within 60 days of year end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Unearned revenue related to the prepayment of taxes not due until 2020.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

Note 3. Deposits and Investments

Deposits:

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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).

Pursuant to Sec. 2.1-234.7 of the *Code*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the carrying value of the position in LGIP and SNAP is the same value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share in accordance with GASB 79).

Credit Risk Debt Securities:

The County's investment limits investments to those allowed by the *Code of Virginia*. The County may however restrict investments beyond the limits imposed by the *Code of Virginia* as such restrictions serve the purpose of further safeguarding County funds or are in the best interest of the County.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	<u>\$ 17,819</u>

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 3. Deposits and Investments (Continued)

Credit Risk Debt Securities: (Continued)

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

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

Deposits:

Demand deposits	\$	27,242,368
Certificates of deposit		2,500,000
Cash on hand		1,050

Investments:

LGIP		17,819
SNAP		4,274,469
Trust		9,919,079

Total deposits and investments	\$	<u>43,954,785</u>
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The deposits and investments are comprised as follows:

Cash and cash equivalents - Primary Government	\$	25,999,170
Cash and cash equivalents - Component Unit - School Board		3,694,778
Cash and cash equivalents - Component Unit - EDA		67,289
Restricted assets - Primary Government		
Investments		<u>14,193,548</u>
Total deposits and investments	\$	<u>43,954,785</u>

Restricted cash and cash equivalents is comprised of cash held for 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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds				
US Treasury Note	\$ 14,193,548	\$ -	\$ -	\$ 14,193,548
	<u>\$ 14,193,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,193,548</u>

Note 4. Fair Value Measurement (Continued)

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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:

Receivables consist of the following:

	Governmental Activities	Business-Type Activities	Total Primary Government
Taxes	\$ 7,840,829	\$ -	\$ 7,840,829
Less: allowance for uncollectible accounts	(331,503)	-	(331,503)
Net taxes receivable	7,509,326	-	7,509,326
Accounts Receivable, net of allowance	204,706	71,882	276,588
Total receivables, net	\$ 7,714,032	\$ 71,882	\$ 7,785,914

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.

COUNTY OF POWHATAN, VIRGINIA**NOTES TO FINANCIAL STATEMENTS****June 30, 2020**

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	\$ -	\$ 596,332
Auto rental	515	-
Rolling stock tax	9,291	-
E-911 wireless funds	14,492	-
Comprehensive services	300,164	-
VPA funds	41,286	-
EMD Grant	7,750	-
Communication tax	117,113	-
Constitutional officer reimbursements	181,074	-
Moped sales tax	10,796	-
Local sales tax	713,952	-
Federal Government:		
School fund grants	-	231,441
DMV grants	13,596	-
TANF funds	5,000	-
CSBG funds	84,846	-
VPA funds	82,966	-
Total due from other governments	<u>\$ 1,582,841</u>	<u>\$ 827,773</u>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 7. Interfund Transfers

Interfund transfers consist of the following:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 705,347	\$ 4,097,102
County Capital Projects Fund	1,903,991	-
Other Governmental Funds	-	765,345
Proprietary Funds:		
Water and Sewer Fund	2,253,109	-
Total	<u>\$ 4,862,447</u>	<u>\$ 4,862,447</u>

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

Note 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	\$ 1,550,740	\$ -	\$ -	\$ 1,550,740
Construction in progress	3,871,862	1,706,623	3,108,709	2,469,776
Total capital assets not depreciated	<u>\$ 5,422,602</u>	<u>\$ 1,706,623</u>	<u>\$ 3,108,709</u>	<u>\$ 4,020,516</u>
Capital assets depreciated:				
Buildings	\$ 24,747,450	\$ 754,010	\$ -	\$ 25,501,460
Machinery and equipment	13,467,020	3,474,562	624,262	16,317,320
Jointly owned assets	99,664,913	4,269,548	869,610	103,064,851
Total capital assets depreciated	<u>\$ 137,879,383</u>	<u>\$ 8,498,120</u>	<u>\$ 1,493,872</u>	<u>\$ 144,883,631</u>
Less accumulated depreciation:				
Buildings	\$ 10,177,049	\$ 638,221	\$ -	\$ 10,815,270
Machinery and equipment	8,345,063	1,134,267	624,262	8,855,068
Jointly owned assets	31,994,365	2,762,159	111,600	34,644,924
Total accumulated depreciation	<u>\$ 50,516,477</u>	<u>\$ 4,534,647</u>	<u>\$ 735,862</u>	<u>\$ 54,315,262</u>
Capital assets depreciated, net	<u>\$ 87,362,906</u>	<u>\$ 3,963,473</u>	<u>\$ 758,010</u>	<u>\$ 90,568,369</u>
Net capital assets	<u>\$ 92,785,508</u>	<u>\$ 5,670,096</u>	<u>\$ 3,866,719</u>	<u>\$ 94,588,885</u>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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	230,607	63,802	61,992	232,417
Total capital assets not depreciated	\$ 1,089,637	\$ 63,802	\$ 61,992	\$ 1,091,447
Capital assets depreciated:				
Utility plant in service	\$ 25,836,502	\$ 150,899	\$ -	\$ 25,987,401
Machinery and equipment	600,684	69,178	-	669,862
Total capital assets depreciated	\$ 26,437,186	\$ 220,077	\$ -	\$ 26,657,263
Less accumulated depreciation:				
Utility plant in service	\$ 5,950,636	\$ 530,821	\$ -	\$ 6,481,457
Machinery and equipment	144,245	52,720	-	196,965
Total accumulated depreciation	\$ 6,094,881	\$ 583,541	\$ -	\$ 6,678,422
Capital assets depreciated, net	\$ 20,342,305	\$ (363,464)	\$ -	\$ 19,978,841
Net capital assets	\$ 21,431,942	\$ (299,662)	\$ 61,992	\$ 21,070,288

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

	Governmental Activities	Business-Type Activities	Total Primary Government
General government administration	\$ 79,009	\$ -	\$ 79,009
Judicial administration	98,955	-	98,955
Public safety	1,223,183	-	1,223,183
Public works	80,892	-	80,892
Health and welfare	35,763	-	35,763
Education	2,762,159	-	2,762,159
Parks, recreation, and cultural	252,473	-	252,473
Community Development	2,213	-	2,213
Water and sewer	-	583,541	583,541
Total depreciation expense - primary government	\$ 4,534,647	\$ 583,541	\$ 5,118,188

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 818,851	\$ -	\$ -	\$ 818,851
Total capital assets not depreciated	\$ 818,851	\$ -	\$ -	\$ 818,851
Capital assets depreciated:				
Jointly owned assets	\$ 26,451,096	\$ 203,754	\$ -	\$ 26,654,850
Machinery and equipment	2,453,845	150,630	-	2,604,475
Total capital assets depreciated	\$ 28,904,941	\$ 354,384	\$ -	\$ 29,259,325
Less accumulated depreciation:				
Jointly owned assets	\$ 8,491,314	\$ 733,078	\$ 264,448	\$ 8,959,944
Machinery and equipment	1,025,735	232,601	-	1,258,336
Total accumulated depreciation	\$ 9,517,049	\$ 965,679	\$ 264,448	\$ 10,218,280
Capital assets depreciated, net	\$ 19,387,892	\$ (611,295)	\$ (264,448)	\$ 19,041,045
Net capital assets	\$ 20,206,743	\$ (611,295)	\$ (264,448)	\$ 19,859,896

School Board depreciation expense was charged to education in the amount of \$965,679. The remaining \$264,448 decrease to accumulated depreciation is for depreciation taken on jointly owned assets and transferred to the Primary Government.

Discretely Presented Component Unit - Economic Development Authority

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

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes	\$ 1,986,413	\$ 4,674,384	\$ 6,660,797
Property taxes paid in advance	-	261,225	261,225
Cares Act Funding	-	1,783,799	1,783,799
Totals	<u>\$ 1,986,413</u>	<u>\$ 6,719,408</u>	<u>\$ 8,705,821</u>

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10. Long-Term Liabilities

Changes in long-term liabilities consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Within One Year</u>
Governmental Activities:					
Incurred by County:					
Compensated absences payable	\$ 813,106	\$ 509,991	\$ 411,893	\$ 911,204	\$ 91,120
Capital lease obligations	1,290,590	-	136,444	1,154,146	139,261
Lease revenue bonds	29,973,233	2,150,000	3,656,717	28,466,516	1,157,472
Premium on bonds	2,454,437	125,490	351,666	2,228,261	149,014
Total incurred by County	<u>\$ 34,531,366</u>	<u>\$ 2,785,481</u>	<u>\$ 4,556,720</u>	<u>\$ 32,760,127</u>	<u>\$ 1,536,867</u>
Incurred by School Board:					
General obligation bonds	\$ 22,244,318	\$ 15,843,000	\$ 17,215,355	\$ 20,871,963	\$ 2,014,676
Capital lease obligations	775,230	-	298,750	476,480	153,123
Lease revenue bonds	48,651,000	-	1,579,516	47,071,484	1,987,528
Premium on bonds	5,360,196	362,598	892,999	4,829,795	308,888
Total incurred by School Board	<u>\$ 77,030,744</u>	<u>\$ 16,205,598</u>	<u>\$ 19,986,620</u>	<u>\$ 73,249,722</u>	<u>\$ 4,464,215</u>
Total Governmental Activities	<u><u>\$ 111,562,110</u></u>	<u><u>\$ 18,991,079</u></u>	<u><u>\$ 24,543,340</u></u>	<u><u>\$ 106,009,849</u></u>	<u><u>\$ 6,001,082</u></u>
Business-Type Activities:					
Compensated absences payable	\$ 30,675	\$ 20,557	\$ 13,437	\$ 37,795	\$ 3,780
Premium on bonds	1,431,663	-	582,620	849,043	73,761
Lease revenue bonds	15,713,763	6,415,000	6,648,763	15,480,000	745,000
Total Business-type Activities	<u>\$ 17,176,101</u>	<u>\$ 6,435,557</u>	<u>\$ 7,244,820</u>	<u>\$ 16,366,838</u>	<u>\$ 822,541</u>
Component Unit - School Board					
Compensated absences payable	<u>\$ 2,263,127</u>	<u>\$ 363,633</u>	<u>\$ 131,910</u>	<u>\$ 2,494,850</u>	<u>\$ 145,416</u>
Total Component Unit - School Board	<u><u>\$ 2,263,127</u></u>	<u><u>\$ 363,633</u></u>	<u><u>\$ 131,910</u></u>	<u><u>\$ 2,494,850</u></u>	<u><u>\$ 145,416</u></u>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding</u>
Governmental Activities:					
Incurred by County:					
Lease revenue bonds					
VRA	3.83	11/2011	10/2021	\$ 2,920,000	\$ 225,000
EDA	3.50	05/2015	09/2031	8,584,200	6,004,800
EDA	2.00-5.00	07/2016	10/2037	15,321,750	14,557,600
EDA	3.919	11/2018	4/2035	5,563,000	5,529,116
VRA	1.953-3.047	10/2019	4/2034	2,150,000	2,150,000
					<u>\$ 28,466,516</u>
Capital leases					
Fire Truck	2.02	8/2016	06/2027	\$ 700,000	\$ 470,108
Fire Truck	3.34	7/2018	7/2028	786,000	684,038
					<u>\$ 1,154,146</u>
Incurred by School Board:					
General obligation bonds					
School improvement bond	4.62-5.00	11/2002	07/2022	\$ 7,084,114	\$ 1,111,810
VPSA Bond	5.10	05/2004	07/2024	3,770,000	925,000
VPSA Bond	4.96-5.27	07/2008	07/2028	6,350,705	3,086,153
School improvement bond	2.45	10/2019	01/2032	15,843,000	15,749,000
					<u>\$ 20,871,963</u>
Capital Leases					
School Buses	3.68	02/2019	02/2023	\$ 786,000	\$ 476,480
					<u>\$ 476,480</u>
Lease revenue bonds					
EDA	3.50	05/2015	09/2031	\$ 15,260,800	\$ 10,675,200
EDA	2.00-5.00	07/2016	10/2037	34,103,250	32,402,400
EDA	3.919	11/2018	4/2035	4,000,000	3,993,884
					<u>\$ 47,071,484</u>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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	\$	685,000
VRA	4.77-4.97	04/2010	10/2037		3,860,000		115,000
VRA	3.125-5.125	05/2017	10/2037		3,270,000		3,235,000
VRA	4.10	11/2014	10/2036		6,075,000		5,030,000
VRA	1.951-3.047	10/2019	4/2034		6,415,000		<u>6,415,000</u>
Total Business-Type Activities						\$	<u>15,480,000</u>

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(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10. Long-Term Liabilities (Continued)

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

Year Ending June 30,	County		Schools			
	Lease Revenue Bonds		General Obligation Bonds		Lease Revenue and Refunding Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,157,472	\$ 1,032,818	\$ 2,014,676	\$ 626,756	\$ 1,987,528	\$ 1,734,878
2022	1,221,050	989,117	2,051,973	554,723	2,073,950	1,658,414
2023	1,248,641	944,610	2,088,184	481,064	2,191,359	1,578,217
2024	1,471,159	888,231	1,752,252	415,386	2,535,841	1,470,174
2025	1,551,592	819,604	1,789,121	357,648	2,659,408	1,342,907
2026-2030	9,356,421	2,970,830	8,221,757	1,017,424	16,484,580	4,630,984
2031-2035	10,256,081	1,229,565	2,954,000	109,025	14,232,918	1,809,473
2036-2038	2,204,100	100,487	-	-	4,905,900	223,664
Total	<u>\$ 28,466,516</u>	<u>\$ 8,975,262</u>	<u>\$ 20,871,963</u>	<u>\$ 3,562,026</u>	<u>\$ 47,071,484</u>	<u>\$ 14,448,711</u>

Business-type Activities

Year Ending June 30,	Lease Revenue and Refunding Bonds	
	Principal	Interest
2021	\$ 745,000	\$ 546,722
2022	775,000	513,218
2023	805,000	481,105
2024	830,000	453,128
2025	875,000	423,323
2026-2030	4,805,000	1,626,054
2031-2035	5,105,000	739,171
2036-2038	1,540,000	69,184
Total	<u>\$ 15,480,000</u>	<u>\$ 4,851,905</u>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10. Long-Term Liabilities (Continued)

Capital Leases

The assets acquired through capital leases are as follows:

	Governmental Activities
	<u> </u>
AS400	\$ 47,942
School Buses	1,897,350
Fire Trucks	2,114,587
Less: Accumulated depreciation	<u>(466,090)</u>
Total	<u><u>\$ 3,593,789</u></u>

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

Year Ending June 30	Governmental Activities	Component Unit- School Board
	<u> </u>	<u> </u>
2021	\$ 170,677	\$ 170,658
2022	170,677	170,658
2023	170,677	170,658
2024	170,677	-
2025	170,677	-
2026-2029	<u>442,024</u>	<u>-</u>
Total minimum lease payments	\$ 1,295,409	\$ 511,974
Less: amount representing interest	<u>(141,265)</u>	<u>(35,494)</u>
Present value of minimum lease payments	<u><u>\$ 1,154,144</u></u>	<u><u>\$ 476,480</u></u>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.</p>	<p>About Plan 2</p> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none">• The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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% of their compensation each month to their member contribution account through a pre-tax salary reduction. 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 Same as Plan 1.	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)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>Vesting (Continued)</p> <p><u>Defined Contributions Component:</u> (Continued)</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required, except as governed by law.</p>
<p>Calculating the Benefit</p> <p>The basic benefit is determined using the average final compensation, service credit and plan multiplier.</p> <p>An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit</p> <p>See definition under Plan 1.</p>	<p>Calculating the Benefit</p> <p><u>Defined Benefit Component:</u></p> <p>See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u></p> <p>The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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 service credit earned, purchased, or granted on or after January 1, 2013. Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.	Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Not applicable.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility</p> <p>VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p>Political subdivisions hazardous duty employees: Age 50 with at least five years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility</p> <p>VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p>Defined Benefit Component:</p> <p>VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component:</p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility:</p> <p>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p>Eligibility:</p> <p>Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>Defined Benefit Component:</p> <p>Same as Plan 2.</p> <p>Defined Contribution Component:</p> <p>Not applicable.</p> <p>Eligibility:</p> <p>Same as Plan 1 and Plan 2.</p>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><u>Exceptions to COLA Effective Dates:</u> (Continued)</p> <ul style="list-style-type: none"> The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased, or granted.</p>	<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.</p>	<p>Disability Coverage</p> <p>Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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 service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none">• Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component:</u> Not applicable.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

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

	<u>County</u>	<u>School Board Non- Professional</u>
Inactive members or their beneficiaries currently receiving benefits	41	72
Inactive members:		
Vested inactive members	21	13
Non-vested inactive members	16	24
Inactive members active elsewhere in VRS	36	19
Total inactive members	73	56
Active members	157	100
Total covered employees	271	228

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.

The County's and School Board Non-Professional Employee Plan's contractually required employer contribution rate for the year ended June 30, 2020 was 11.21% and 6.28% respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,023,273 and \$951,124 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the pension plan from the School Board Non-Professional Employee Plan were \$69,547 and \$65,938 for the years ended June 30, 2020 and June 30, 2019, respectively.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For county's, net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50 – 5.35%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees (Continued)

Largest 10 – Non-LEOS:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees (Continued)

Largest 10 – Non-LEOS:

- Update mortality rates to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Reduce disability rates
- No change to salary scale
- Line of Duty disability increase rate from 14% to 20%
- Decrease discount rate from 7% to 6.75%

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

- Update mortality rates to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Reduce disability rates
- No change to salary scale
- Line of Duty disability increase rate from 14% to 15%
- Decrease discount rate from 7% to 6.75%

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

Largest 10 – LEOS:

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

Largest 10 – LEOS: (Continued)

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

All Others (Non 10 Largest) – LEOS:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 –Hazardous Duty:

- Update mortality rates to a more current mortality table – RP 2014 projected to 2020
- Lowered retirement rates at older ages
- Increased disability rates
- Adjusted withdrawal rate to better fit experience
- No change to salary scale
- Decrease in discount rate from 7% to 6.75%

All Others (Non 10 Largest) – Hazardous Duty:

- Update mortality rates to a more current mortality table – RP 2014 projected to 2020

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

All Others (Non 10 Largest) – Hazardous Duty (Continued):

- Increased retirement age to 50 retirement rates, and lowered rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better fit experience
- No change in salary scale
- Decrease in Line of Duty disability rate from 60% to 45%
- Decrease discount rate from 7% to 6.75%

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
	Inflation		2.50%
			7.63%

*Expected arithmetic nominal return

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers are assumed to continue 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.

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

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, 2018	\$ 23,654,576	\$ 21,164,841	\$ 2,489,735
Changes for the year:			
Service cost	1,003,655	-	1,003,655
Interest	1,620,934	-	1,620,934
Changes of assumptions	845,212	-	845,212
Difference between expected and actual experience	(222,879)	-	(222,879)
Contributions - employer	-	909,590	(909,590)
Contributions - employee	-	405,242	(405,242)
Net investment income	-	1,450,135	(1,450,135)
Benefit payments, including refunds of employee contributions	(996,748)	(996,748)	-
Administrative expense	-	(13,553)	13,553
Other changes	-	(915)	915
Net changes	2,250,174	1,753,751	496,423
Balances at June 30, 2019	\$ 25,904,750	\$ 22,918,592	\$ 2,986,158

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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, 2018	\$ 8,451,577	\$ 8,792,904	\$ (341,327)
Changes for the year:			
Service cost	166,505	-	166,505
Interest	572,581	-	572,581
Changes of assumptions	238,399	-	238,399
Difference between expected and actual experience	(98,308)	-	(98,308)
Contributions - employer	-	65,899	(65,899)
Contributions - employee	-	79,570	(79,570)
Net investment income	-	569,118	(569,118)
Benefit payments, including refunds of employee contributions	(543,705)	(543,705)	-
Administrative expense	-	(5,938)	5,938
Other changes	-	(358)	358
Net changes	335,472	164,586	170,886
Balances at June 30, 2019	\$ 8,787,049	\$ 8,957,490	\$ (170,441)

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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
County net pension liability	\$ 6,793,503	\$ 2,986,158	\$ (27,209)
School Board Non-Professional net pension liability (asset)	\$ 881,415	\$ (170,441)	\$ (1,016,301)

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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, 2020, the County recognized pension expense of \$950,334. At June 30, 2020, 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	\$ 494,930	\$ 540,594
Change in assumptions	672,720	88,548
Net difference between projected and actual earnings on pension plan investments	-	205,757
Employer contributions subsequent to the measurement date	<u>1,014,305</u>	<u>-</u>
Total	\$ <u>2,181,955</u>	\$ <u>834,899</u>

For the year ended June 30, 2020, the School Board Non-Professional Employee Plan recognized pension expense of \$104,277. At June 30, 2020, 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	\$ -	\$ 70,092
Change in assumptions	155,043	-
Net difference between projected and actual earnings on pension plan investments	-	74,467
Employer contributions subsequent to the measurement date	<u>69,547</u>	<u>-</u>
Total	\$ <u>224,590</u>	\$ <u>144,559</u>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

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

The \$1,014,305 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, 2021. 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
2021	\$	139,606
2022		(23,299)
2023		104,260
2024		112,184
2025		-
Thereafter		-

The \$69,547 reported as deferred outflows of resources related to pensions resulting from the school non-professional's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. 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
2021	\$	43,769
2022		(38,948)
2023		(783)
2024		6,446
2025		-
Thereafter		-

Pension Plan Data

Information about the VRS political subdivision retirement plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-22500.

Payables to the Pension Plan

At June 30, 2020, approximately \$13,234 was payable to the Virginia Retirement System for the legally required contributions related to the School Board Non-professional plan for June 2020 accrued payroll.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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
<p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.</p>	<p>About Plan 2</p> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none">• The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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% of their compensation each month to their member contribution account through a pre-tax salary reduction. 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 Same as Plan 1.	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)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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
		<p>Vesting (Continued)</p> <p><u>Defined Contributions Component:</u> (Continued)</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required, except as governed by law.</p>
<p>Calculating the Benefit</p> <p>The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement plan, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit</p> <p>See definition under Plan 1.</p>	<p>Calculating the Benefit</p> <p><u>Defined Benefit Component:</u></p> <p>See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u></p> <p>The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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 service credit earned, purchased, or granted on or after January 1, 2013.	Service Retirement Multiplier <u>Defined Benefit Component:</u> The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. <u>Defined Contribution Component:</u> Not applicable.
Normal Retirement Age Age 65.	Normal Retirement Age Normal Social Security retirement age.	Normal Retirement Age <u>Defined Benefit Component:</u> Same as Plan 2. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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 service credit or at age 50 with at least 30 years of service credit.	Earliest Unreduced Retirement Eligibility Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of service credit. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u></p> <p>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <p>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u></p> <p>Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <p>Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><u>Defined Benefit Component:</u></p> <p>Same as Plan 2.</p> <p><u>Defined Contribution Component:</u></p> <p>Not applicable.</p> <p><u>Eligibility:</u></p> <p>Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <p>Same as Plan 1 and Plan 2.</p>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continue)</p> <p><u>Exceptions to COLA Effective Dates: (Continued)</u></p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage</p> <p>Employees of school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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 service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component:</u> Not applicable.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

General Information about the Teacher Cost Sharing Pool (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,953,603 and \$3,851,271 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$38,721,024 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.2942% as compared to 0.2937% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$3,785,257. Since there was a change in proportionate share between measurement dates, 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)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,479,470
Change in assumptions	3,834,289	-
Net difference between projected and actual earnings on pension plan investments	-	850,222
Changes in proportion and differences between Employer contributions and proportionate share of contributions	166,226	1,095,751
Employer contributions subsequent to the measurement date	<u>3,953,603</u>	<u>-</u>
Total	<u>\$ 7,954,118</u>	<u>\$ 4,425,443</u>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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)

\$3,953,603 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 fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Increase (Reduction) to Pension Expense</u>
2021	\$ (332,164)
2022	(1,024,601)
2023	103,765
2024	513,391
2025	314,681
Thereafter	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50 – 5.95%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

General Information about the Teacher Cost Sharing Pool (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Update mortality rates to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No changes to salary scale
- Decrease discount rate from 7.00% to 6.75%

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

General Information about the Teacher Cost Sharing Pool (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
	Inflation		2.50%
			7.63%
*Expected arithmetic nominal return			

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, school divisions are assumed to continue 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.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total net pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
		<hr/>
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		<hr/>
		36,522,769
Employers' Net Pension Liability (Asset)	\$	<hr/>
		13,160,567
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

General Information about the Teacher Cost Sharing Pool (Continued)

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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School Board division's proportionate share of the VRS teacher employee retirement plan net pension liability	\$ <u>58,291,963</u>	\$ <u>38,721,024</u>	\$ <u>22,539,483</u>

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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, 2020, approximately \$485,574 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 accrued payroll.

Note 13. Other Postemployment Benefits Liability – Local Plan

Plan Provisions and Benefits

In addition to providing the benefits described in Note 14, the County and School Board administers a single-employer defined healthcare plan 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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

Plan Description (Continued)

Advantage Expanded (PPO), Key Advantage 500 (PPO), or TLC High Deductible (PPO). Retirees who are eligible for Medicare may only elect the Medicare supplement provided by Key Advantage 65 and must pay 100% of the supplement less the health insurance credit. Retirees may elect to cover a spouse and dependents.

County retirees who have at least 15 years of service with the County receive a health insurance credit with the County. Retirees receive \$4 per year of County service per month, up to a maximum of \$120 per month for their elected medical coverage from the County. The retiree must pay the remainder of the premium. County retirees who have less than 15 years of service with the County must pay 100% of the premium cost. County membership in the plan at the time of the actuarial study consisted of 156 active members with total active covered payroll of \$8,566,000 and 4 retirees.

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 532 active members with total active covered payroll of \$24,503,000 and 49 retirees. There are no financial statements issued for the OPEB plan.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<u>County</u>	<u>School Board</u>
Inactive members or their beneficiaries:		
Currently receiving benefits	4	49
Entitled to but not yet receiving benefits	-	-
	<u>4</u>	<u>49</u>
Total inactive members		
Active members	156	532
	<u>156</u>	<u>532</u>
Total	<u>160</u>	<u>581</u>

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(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

Total OPEB Liability

The County's total OPEB liability of \$1,847,000 was measured as of June 30, 2020 and was determined based on an actuarial valuation performed as of July 1, 2019. The School Non-Professional employee's total OPEB liability of \$13,795,000 was measured as of July 1, 2019 and was determined based on an actuarial valuation performed as of July 1, 2019.

Actuarial Assumptions and other inputs

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

	<u>County</u>	<u>School Board</u>
Inflation	3.13%	3.13%
Salary increases, including inflation	3.75%	3.75%
Healthcare cost trends rates*	5.50%	5.50%
* decreasing .50% per year to an ultimate rate of 5.00%		

Mortality rates: RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019. For county employees and non-teachers, a four year set forward in age for males and a two year setback in age for females is applied. For law enforcement officers, a two year setback in age for both males and females applied. For teachers a three year setback in age applied to males and a five year set back in age is applied to females.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2018 through July 30, 2019. The actuarial cost method discount rate has been set equal to 3.13% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

Changes in the Total OPEB Liability

	<u>County</u>	<u>School Board</u>
Balances at July 1, 2019	\$ 1,846,000	\$ 12,124,000
Changes for the year:		
Service cost	119,000	688,000
Interest	71,000	458,000
Difference between expected and actual experience	(303,000)	483,000
Assumption or other input changes	118,000	353,000
Contributions - employer	(4,000)	(311,000)
Net changes	1,000	1,671,000
Balances at June 30, 2020	\$ <u>1,847,000</u>	\$ <u>13,795,000</u>

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

The following presents the total OPEB liability of the County and School Board, as well as what the County and School Board's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

	<u>County</u>			<u>School Board</u>		
	<u>1.00% Decrease (2.13%)</u>	<u>Current Discount Rate (3.13%)</u>	<u>1.00% Increase (4.13%)</u>	<u>1.00% Decrease (2.13%)</u>	<u>Current Discount Rate (3.13%)</u>	<u>1.00% Increase (4.13%)</u>
Total OPEB Liability	\$ <u>2,101,000</u>	\$ <u>1,847,000</u>	\$ <u>1,628,000</u>	\$ <u>14,938,000</u>	\$ <u>13,795,000</u>	\$ <u>12,712,000</u>

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

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

The following presents the total OPEB liability of County and School Board, as well as what the County and School Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current healthcare cost trend rates:

	<u>County</u>			<u>School Board</u>		
	<u>Current Healthcare Cost Trend Rates</u>			<u>Current Healthcare Cost Trend Rates</u>		
	<u>1.00% Decrease (4.50%)</u>	<u>Rate (5.50%)</u>	<u>1.00% Increase (6.50%)</u>	<u>1.00% Decrease (4.50%)</u>	<u>Rate (5.50%)</u>	<u>1.00% Increase (6.50%)</u>
Total OPEB Liability	\$ 1,659,000	\$ 1,847,000	\$ 2,072,000	\$ 12,265,000	\$ 13,795,000	\$ 15,573,000

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

For the year ended June 30, 2020, the County and School Board employees recognized OPEB expense of \$12,672 and \$287,278, respectively. At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>County</u>		<u>School Board</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 333,000	\$ 401,000	\$ 161,000
Change in assumptions	104,000	14,000	293,000	415,000
Employer contributions subsequent to the measurement date	12,672	-	287,278	-
Total	\$ 116,672	\$ 347,000	\$ 981,278	\$ 576,000

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

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

The \$12,672 and \$287,278 reported as deferred outflows of resources related to OPEB resulting from the County and School Board's contributions, respectively subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>County</u> <u>Increase</u> <u>(Reduction) to</u> <u>OPEB Expense</u>	<u>School Board</u> <u>Increase</u> <u>(Reduction) to</u> <u>OPEB Expense</u>
2021	\$ (32,000)	\$ (11,000)
2022	(32,000)	(11,000)
2023	(32,000)	(11,000)
2024	(32,000)	25,000
2025	(32,000)	126,000
2026	(32,000)	-
2027	(26,000)	-
2028	(25,000)	-
Therafter	-	-

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

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

Plan Descriptions

Group Life Insurance Program

All full-time, salaried permanent teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

Plan Descriptions (Continued)

Teacher Employee Health Insurance Credit Program

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

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

General Employee Health Insurance Credit Program

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

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

Inactive members or their beneficiaries receiving benefits	11
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members	-
Total inactive members	11
Active members	56
Total covered employees	67

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee compensation.
June 30, 2020 Contribution	\$47,418
June 30, 2019 Contribution	\$44,461

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.20% of covered employee compensation.
June 30, 2020 Contribution	\$302,269
June 30, 2019 Contribution	\$294,152

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

Contributions (Continued)

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1402(E)</i> and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	0.28% of covered employee compensation.
June 30, 2020 Contribution	\$8,968
June 30, 2019 Contribution	\$8,411

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

The net OPEB liabilities were measured as of June 30, 2019 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities, except for LODA, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

	County	School Board	Teachers
June 30, 2020 proportionate share of liability	\$704,000	\$140,000	\$2,039,000
June 30, 2019 proportion	0.04328%	0.00859%	0.12531%
June 30, 2018 proportion	0.04203%	0.00897%	0.12416%
June 30, 2020 expense	\$22,000	\$0	\$38,000

Teacher Health Insurance Credit Program

June 30, 2020 proportionate share of liability	\$3,820,000
June 30, 2019 proportion	0.29185%
June 30, 2018 proportion	0.29120%
June 30, 2020 expense	\$295,000

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

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

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

General Employee Health Insurance Credit Program

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2018	\$ 80,486	\$ 24,211	\$ 56,275
Changes for the year:			
Service cost	2,923	-	2,923
Interest	5,553	-	5,553
Difference between expected and actual experience	(6,717)	-	(6,717)
Assumption changes	2,036	-	2,036
Contributions - employer	-	8,411	(8,411)
Net investment income	-	1,897	(1,897)
Benefit payments	(2,308)	(2,308)	-
Administrative expenses	-	(44)	44
Other changes	-	(2)	2
Net changes	1,487	7,954	(6,467)
Balances at June 30, 2019	\$ <u>81,973</u>	\$ <u>32,165</u>	\$ <u>49,808</u>

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

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

At June 30, 2020, the County and Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	County		Teachers		Schools Non-professional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,000	\$ 9,000	\$ 136,000	\$ 26,000	\$ 9,000	\$ 2,000
Change in assumptions	44,000	21,000	129,000	61,000	9,000	4,000
Net difference between projected and actual earnings on						
OPEB plan investments	-	14,000	-	42,000	-	3,000
Changes in proportion	30,000	6,000	20,000	59,000	-	12,000
Employer contributions subsequent to the measurement date	47,418	-	132,632	-	8,923	-
Total	<u>\$ 168,418</u>	<u>\$ 50,000</u>	<u>\$ 417,632</u>	<u>\$ 188,000</u>	<u>\$ 26,923</u>	<u>\$ 21,000</u>

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21,000
Change in assumptions	89,000	27,000
Net difference between projected and actual earnings on		
OPEB plan investments	-	-
Changes in proportion	7,000	108,000
Employer contributions subsequent to the measurement date	302,269	-
Total	<u>\$ 398,269</u>	<u>\$ 156,000</u>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

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

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,658	\$ 5,698
Change in assumptions	1,727	1,815
Net difference between projected and actual earnings on OPEB plan investments	-	208
Employer contributions subsequent to the measurement date	8,968	-
Total	<u>\$ 12,353</u>	<u>\$ 7,721</u>

Group Life Insurance Program

The deferred outflows of resources related to OPEB resulting from the County and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	County Increase (Reduction) to OPEB Expense	Teachers Increase (Reduction) to OPEB Expense	Schools Non-professional Increase (Reduction) to OPEB Expense
2021	\$ 8,171	\$ (2,038)	\$ (2,239)
2022	8,172	(2,036)	(2,239)
2023	14,299	15,704	(1,023)
2024	17,791	31,154	457
2025	17,125	39,680	1,500
Thereafter	5,063	12,629	485

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

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

Teacher Health Insurance Credit Program

<u>Year Ending June 30,</u>		<u>Increase (Reduction) to OPEB Expense</u>
2021	\$	(15,004)
2022		(15,008)
2023		(13,334)
2024		(13,894)
2025		(11,780)
Thereafter		8,919

General Employee Health Insurance Credit Program

<u>Year Ending June 30,</u>		<u>Increase (Reduction) to OPEB Expense</u>
2021	\$	(962)
2022		(962)
2023		(851)
2024		(548)
2025		(591)
Thereafter		(421)

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

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

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Inflation	2.50%
Salary Increases, including inflation:	
Locality - general employees	3.50-5.35%
Locality - hazardous duty employees	3.50-4.75%
Teachers	3.50-5.95%
Healthcare cost trend rates:	
Under age 65	7.25-4.75%
Ages 65 and older	5.50-4.75%
Investment rate of return, net of expenses, including inflation*	6.75%

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

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

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB liability	\$ 3,390,238	\$ 1,438,114
Plan fiduciary net position	1,762,972	129,016
Employers' net OPEB liability (asset)	<u>\$ 1,627,266</u>	<u>\$ 1,309,098</u>
Plan fiduciary net position as a percentage of total OPEB liability	52.00%	8.97%

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

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COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		<u>5.13%</u>
	Inflation		<u>2.50%</u>
*Expected arithmetic nominal return			<u>7.63%</u>

- * The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liabilities of the County and School Board, as well as what the County and School Board's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability - County	\$ 925,230	\$ 704,000	\$ 525,098
GLI Net OPEB liability - Teachers	\$ 2,678,848	\$ 2,039,000	\$ 1,520,330
GLI Net OPEB liability - Schools Non-professional	\$ 183,635	\$ 140,000	\$ 104,219
Teacher HIC Net OPEB liability	\$ 4,275,901	\$ 3,820,000	\$ 3,433,823
General Employee HIC Net OPEB liability	\$ 58,861	\$ 49,808	\$ 42,133

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

Payables to the OPEB Plan

At June 30, 2020, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll:

Group Life Insurance - General Employees	\$	9,963
Group Life Insurance - School Non-professional		2,067
Group Life Insurance - Teachers		31,827
Teacher Health Insurance Credit		29,022
General Employee Health Insurance Credit		752

Note 15. Summary of Pension and Other Post-Employment Benefits Elements

	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred outflows of resources - pensions:			
Difference between expected and actual experience - VRS	\$ 483,126	\$ 11,804	\$ 494,930
Changes in assumptions - VRS	656,642	16,078	672,720
Employer contributions subsequent to the measurement date - VRS	989,869	24,436	1,014,305
	<u>2,129,637</u>	<u>52,318</u>	<u>2,181,955</u>
Total deferred outflows of resources - pensions	\$ <u>2,129,637</u>	\$ <u>52,318</u>	\$ <u>2,181,955</u>
	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred outflows of resources - OPEB:			
Difference between expected and actual experience:			
VRS GLI	\$ 45,590	\$ 1,410	\$ 47,000
VRS HIC	1,608	50	1,658
Changes in assumptions			
Local plan	102,268	1,732	104,000
VRS GLI	42,680	1,320	44,000
VRS HIC	1,675	52	1,727
Changes in proportional share			
VRS GLI	29,100	900	30,000
Employer contributions subsequent to the measurement date			
Local plan	12,292	380	12,672
VRS GLI	45,996	1,422	47,418
VRS HIC	8,699	269	8,968
	<u>289,908</u>	<u>7,535</u>	<u>297,443</u>
Total deferred outflows of resources - OPEB	\$ <u>289,908</u>	\$ <u>7,535</u>	\$ <u>297,443</u>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 15. Summary of Pension and Other Post-Employment Benefits Elements (Continued)

	Governmental Activities	Business-Type Activities	Total Primary Government
Net Pension Liability			
VRS	\$ 2,914,852	\$ 71,306	\$ 2,986,158
Total net pension liability	<u>\$ 2,914,852</u>	<u>\$ 71,306</u>	<u>\$ 2,986,158</u>
Net OPEB Liability			
Local plan	\$ 1,800,006	\$ 46,994	\$ 1,847,000
VRS GLI	682,880	21,120	704,000
VRS HIC	48,314	1,494	49,808
LODA	570,585	-	570,585
Total net OPEB liability	<u>\$ 3,101,785</u>	<u>\$ 69,608</u>	<u>\$ 3,171,393</u>
	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred inflows of resources - pensions:			
Difference between expected and actual experience - VRS	\$ 535,676	\$ 4,918	\$ 540,594
Changes in assumptions - VRS	86,432	2,116	88,548
Employer contributions subsequent to the measurement date - VRS	192,855	12,902	205,757
Total deferred inflows of resources - pensions	<u>\$ 814,963</u>	<u>\$ 19,936</u>	<u>\$ 834,899</u>

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(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 15. Summary of Pension and Other Post-Employment Benefits Elements (Continued)

	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred inflows of resources - OPEB:			
Difference between expected and actual experience:			
Local plan	\$ 323,960	\$ 9,040	\$ 333,000
VRS GLI	8,735	265	9,000
VRS HIC	5,527	171	5,698
Changes in assumptions			
Local plan	13,665	335	14,000
VRS GLI	20,370	630	21,000
VRS HIC	1,761	54	1,815
Net difference between projected and actual earnings on OPEB plan investments			
VRS GLI	13,580	420	14,000
VRS HIC	202	6	208
Changes in proportional share			
VRS GLI	5,820	180	6,000
Total deferred inflows of resources - OPEB	\$ 393,620	\$ 11,101	\$ 404,721
	Governmental Activities	Business-Type Activities	Total Primary Government
Pension expense			
VRS	\$ 826,752	\$ 23,908	\$ 850,660
Total pension expense	\$ 826,752	\$ 23,908	\$ 850,660
OPEB expense			
Local plan	\$ 11,532	\$ 1,140	\$ 12,672
VRS GLI	21,340	660	22,000
VRS HIC	10,765	334	11,099
LODA	51,090	-	51,090
Total OPEB expense	\$ 1,748,231	\$ 49,950	\$ 1,798,181

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 16. Commitments and Contingencies

Federal programs

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

Construction contracts outstanding

The following construction contracts were outstanding at June 30, 2020:

<u>Fund</u>	<u>Project</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Remaining</u>
Capital Projects Fund	PMS Repurpose	Roof Systems of Virginia, Inc	\$ 639,000	\$ 63,900
	Fire Station #5			
Capital Projects Fund	Driveway	Liquid Inc	163,223	8,161
	Fire Station #4			
Capital Projects Fund	Driveway	Finley Asphalt and Sealing, Inc	183,196	9,160

Note 17. Line of Duty Act Liability (LODA)

The County covers LODA through insurance with VACorp. They do not have an OPEB liability for current safety employees. However, prior to starting coverage with VACorp, an officer died in the line of duty and his spouse and child were grandfathered into the original State LODA plan. The County pays approximately \$8,000/year currently for health insurance for the two individuals. The spouse's insurance will be paid until she dies while the child is covered until he reaches age 26 (unless he meets the requirements as an incapacitated dependent child). The following is the calculated liability for the County at June 30, 2020:

Annual premiums paid by County for spouse:	\$ 11,424
Annual premiums paid by County for child:	7,800
Years remaining for spouse: Approximately	38
Years remaining for child: Born July 2003	9
Annual increase in health insurance costs:	<u>6.0%</u>
Present value of total estimated liability at 6/30/20	<u>\$ 570,585</u>

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 18. Risk Management

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

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

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

Note 19. Fund Balances

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 3,739	\$ -	\$ 3,739
Total nonspendable	\$ 3,739	\$ -	\$ 3,739
Restricted for:			
Cash proffers	\$ -	\$ 878,443	\$ 878,443
State asset forfeiture	-	4,106	4,106
Federal asset forfeiture	-	1	1
Tourism	-	39,716	39,716
Grants	-	34,972	34,972
Fire and rescue	-	1,905	1,905
Capital projects	-	13,957,819	13,957,819
Total restricted	\$ -	\$ 14,916,962	\$ 14,916,962
Committed for:			
Fire and rescue	\$ -	\$ 493,552	\$ 493,552
Total committed	\$ -	\$ 493,552	\$ 493,552
Assigned for:			
Capital maintenance reserve	\$ 2,978,060	\$ -	\$ 2,978,060
Capital maintenance reserve - Schools	840,216	-	840,216
Revenue Stabilization Reserve	2,472,530	-	2,472,530
PCAA	324,874	-	324,874
PEG	34,374	-	34,374
FY21 Carryforwards	200,448	-	200,448
Capital projects	-	1,979,397	1,979,397
Total assigned	\$ 6,850,502	\$ 1,979,397	\$ 8,829,899
Unassigned	13,037,130	-	13,037,130
Total fund balance	\$ 19,891,371	\$ 17,389,911	\$ 37,281,282

(Continued)

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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. Restatement of Beginning Net Assets/Fund Balance

The following is the restatement of beginning net assets/fund balance:

	Component Unit School Board	Component Unit School Operating Fund
	<hr/>	<hr/>
Net position June 30, 2019, as previously reported	\$ (35,405,643)	\$ -
To record beginning garage inventory	115,291	115,291
	<hr/>	<hr/>
Net position June 30, 2019, as restated	\$ <u>(35,290,352)</u>	\$ <u>115,291</u>

Note 22. Revenue Stabilization Reserve

The County established a revenue stabilization fund in FY2020. The County will maintain the reserve of 3% of the total adopted general fund budget of the prior year, plus non-local portion of the school operating fund budget. The Board may draw down the reserve only if:

1. Current fiscal year – Third and fourth quarter forecasted general fund revenues, excluding use of prior year fund balance, decline by more than 1.5%; or
2. Subsequent fiscal year – During the annual budget cycle real estate assessments are forecast to decrease more than 3% over the previous year's assessments.

Withdrawals may not exceed half of the balance in the reserve in any one fiscal year and shall be used in combination with spending cuts. In the event of a draw down, the reserve must be replenished to 3% level within 3 fiscal years.

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 23. New Accounting Standards

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

The GASB issued **Statement No. 84**, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2019.

The GASB issued **Statement No. 87**, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021.

The GASB issued **Statement No. 90**, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61* in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

The GASB issued **Statement No. 91**, *Conduit Debt Obligations* in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92**, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates*. This Statement **Note**

COUNTY OF POWHATAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

23. New Accounting Standards (Continued)

addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued **Statement No. 96**, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97**, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

Note 24. Subsequent Events

On October 15, 2020 the County issued a bus lease for nine (9) buses in the amount of \$599,718. The lease has an interest rate of 2.20%. The payments are four annual equal installments of principal and interest of \$157,408 beginning July 15, 2021.

On August 31, 2020, the County received the second allocation of the CRF funds in the amount of \$2,537,023. These funds need to be expended by December 30, 2020.

On November 13, 2020 the County issued general obligation refunding bonds, series 2020 in the amount of \$16,056,688.54, which included \$129,688.64 in accrued interest. The bond's maturity date is 1/15/2032 with an interest rate of 1.30%. The refunding of the 2019 bonds yielded a net present value savings of \$842,901.50 over the life of the bond.

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 41,801,050	\$ 41,801,050	\$ 42,741,454	\$ 940,404
Other local taxes	5,900,500	5,900,500	6,769,674	869,174
Permits, privilege fees, and regulatory licenses	673,100	673,100	1,058,419	385,319
Fines and forfeitures	141,000	141,000	122,886	(18,114)
Revenue from the use of money and property	173,521	173,521	256,515	82,994
Charges for services	187,850	210,138	188,316	(21,822)
Miscellaneous	72,000	159,726	471,722	311,996
Intergovernmental revenues:				
Commonwealth	7,648,938	7,684,640	7,546,584	(138,056)
Federal	842,912	1,301,756	1,300,131	(1,625)
Total revenues	<u>\$ 57,440,871</u>	<u>\$ 58,045,431</u>	<u>\$ 60,455,701</u>	<u>\$ 2,410,270</u>
EXPENDITURES				
Departmental:				
General government administration	\$ 3,757,756	\$ 3,777,182	\$ 3,700,098	\$ 77,084
Judicial administration	1,096,221	1,155,603	1,110,289	45,314
Public safety	8,641,388	9,070,618	8,861,061	209,557
Public works	2,369,024	2,390,587	2,348,324	42,263
Health and welfare	4,555,502	5,017,614	4,766,253	251,361
Education	23,346,750	23,346,750	22,002,344	1,344,406
Parks, recreation, and cultural	606,252	618,157	571,290	46,867
Community development	1,353,945	1,150,483	1,071,384	79,099
Debt service:				
Principal retirement	5,522,752	5,616,782	5,616,782	-
Interest and other fiscal charges	4,189,019	4,469,463	4,469,463	-
Total expenditures	<u>\$ 55,438,609</u>	<u>\$ 56,613,239</u>	<u>\$ 54,517,288</u>	<u>\$ 2,095,951</u>
Excess of revenues over expenditures	<u>\$ 2,002,262</u>	<u>\$ 1,432,192</u>	<u>\$ 5,938,413</u>	<u>\$ 4,506,221</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 705,347	\$ 705,347
Transfers out	(3,015,262)	(4,097,603)	(4,097,102)	501
Proceeds of refunding bonds	-	597,510	597,510	-
Total other financing uses	<u>\$ (3,015,262)</u>	<u>\$ (3,500,093)</u>	<u>\$ (2,794,245)</u>	<u>\$ 705,848</u>
Net change in fund balances	\$ (1,013,000)	\$ (2,067,901)	\$ 3,144,168	\$ 5,212,069
Fund balances - beginning	1,013,000	2,177,954	16,747,203	14,569,249
Fund balances - ending	<u>\$ -</u>	<u>\$ 110,053</u>	<u>\$ 19,891,371</u>	<u>\$ 19,781,318</u>

COUNTY OF POWHATAN, VIRGINIA

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - Primary Government

For the Year Ended June 30, 2020

	2019
Total Pension Liability	
Service Cost	\$ 1,003,655
Interest on total pension liability	1,620,934
Changes of assumptions	845,212
Difference between expected and actual experience	(222,879)
Benefit payments, including refunds of employee contributions	(996,748)
Net change in total pension liability	2,250,174
Total pension liability - beginning	23,654,576
Total pension liability - ending	\$ 25,904,750
Plan Fiduciary Net Position	
Contributions - employer	\$ 909,590
Contributions - employee	405,242
Net investment income	1,450,135
Benefit payments, including refunds of employee contributions	(996,748)
Administrative expenses	(13,553)
Other changes	(915)
Net change in plan fiduciary net position	1,753,751
Plan fiduciary net position - beginning	21,164,841
Plan fiduciary net position - ending	\$ 22,918,592
Net pension liability (asset) - ending	\$ 2,986,158
Plan fiduciary net position as a percentage of total pension liability	88%
Covered payroll	\$ 8,484,602
Net pension liability (asset) as a percentage of covered payroll	35%

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 entity's fiscal year 2015 financial report.

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

Primary Government				
Plan Year				
2018	2017	2016	2015	2014
\$ 1,052,239	\$ 1,077,603	\$ 1,011,102	\$ 1,009,871	\$ 936,336
1,521,621	1,330,100	1,254,963	1,149,909	1,042,365
-	(204,552)	-	-	-
(339,577)	1,129,320	(475,334)	30,886	-
(634,313)	(558,600)	(876,075)	(503,722)	(380,988)
1,599,970	2,773,871	914,656	1,686,944	1,597,713
22,054,606	19,280,735	18,366,079	16,679,135	15,081,422
<u>\$ 23,654,576</u>	<u>\$ 22,054,606</u>	<u>\$ 19,280,735</u>	<u>\$ 18,366,079</u>	<u>\$ 16,679,135</u>
\$ 854,608	\$ 849,179	\$ 935,300	\$ 873,339	\$ 895,888
386,863	416,611	470,695	344,134	335,782
1,440,147	2,058,465	288,843	672,630	1,891,730
(634,313)	(558,600)	(876,075)	(503,722)	(380,988)
(11,708)	(10,985)	(9,363)	(8,366)	(9,399)
(1,314)	(1,870)	(120)	(144)	99
2,034,283	2,752,800	809,280	1,377,871	2,733,112
19,130,558	16,377,758	15,568,478	14,190,607	11,457,495
<u>\$ 21,164,841</u>	<u>\$ 19,130,558</u>	<u>\$ 16,377,758</u>	<u>\$ 15,568,478</u>	<u>\$ 14,190,607</u>
<u>\$ 2,489,735</u>	<u>\$ 2,924,048</u>	<u>\$ 2,902,977</u>	<u>\$ 2,797,601</u>	<u>\$ 2,488,528</u>
<u>89%</u>	<u>87%</u>	<u>85%</u>	<u>85%</u>	<u>85%</u>
<u>\$ 7,984,093</u>	<u>\$ 7,834,118</u>	<u>\$ 7,376,776</u>	<u>\$ 6,919,350</u>	<u>\$ 6,640,706</u>
<u>31%</u>	<u>37%</u>	<u>39%</u>	<u>40%</u>	<u>37%</u>

COUNTY OF POWHATAN, VIRGINIA

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - Component Unit School Board

For the Year Ended June 30, 2020

	2019	2018
Total Pension Liability		
Service Cost	\$ 166,505	\$ 164,926
Interest on total pension liability	572,581	557,441
Changes of assumptions	238,399	-
Difference between expected and actual experience	(98,308)	(18,469)
Benefit payments, Including refunds of employee contributions	(543,705)	(431,522)
Net change in total pension liability	335,472	272,376
Total pension liability - beginning	8,451,577	8,179,201
Total pension liability - ending	\$ 8,787,049	\$ 8,451,577
Plan Fiduciary Net Position		
Contributions - employer	\$ 65,899	\$ 73,999
Contributions - employee	79,570	82,097
Net investment income	569,118	618,226
Benefit payments, including refunds of employee contributions	(543,705)	(431,522)
Administrative expenses	(5,938)	(5,459)
Other changes	(358)	(546)
Net change in plan fiduciary net position	164,586	336,795
Plan fiduciary net position - beginning	8,792,904	8,456,109
Plan fiduciary net position - ending	\$ 8,957,490	\$ 8,792,904
Net pension liability (asset) - ending	\$ (170,441)	\$ (341,327)
Plan fiduciary net position as a percentage of total pension liability	102%	104%
Covered payroll	\$ 1,243,923	\$ 1,398,335
Net pension liability (asset) as a percentage of covered payroll	-14%	-24%

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 entity's fiscal year 2015 financial report.

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

Exhibit 13

PCPS Nonprofessional Employees			
Plan Year			
2017	2016	2015	2014
\$ 168,494	\$ 182,662	\$ 183,962	\$ 189,319
546,388	528,752	509,997	486,990
36,426	-	-	-
(146,382)	(41,345)	(65,172)	-
(462,531)	(373,734)	(347,988)	(347,270)
142,395	296,335	280,799	329,039
8,036,806	7,740,471	7,459,672	7,130,633
<u>\$ 8,179,201</u>	<u>\$ 8,036,806</u>	<u>\$ 7,740,471</u>	<u>\$ 7,459,672</u>
\$ 76,154	\$ 117,830	\$ 124,813	\$ 163,738
83,622	85,763	90,842	91,767
938,490	134,511	348,309	1,053,684
(462,531)	(373,734)	(347,988)	(347,270)
(5,606)	(4,931)	(4,833)	(5,699)
(826)	(57)	(75)	56
629,303	(40,618)	211,068	956,276
7,826,806	7,867,424	7,656,356	6,700,080
<u>\$ 8,456,109</u>	<u>\$ 7,826,806</u>	<u>\$ 7,867,424</u>	<u>\$ 7,656,356</u>
<u>\$ (276,908)</u>	<u>\$ 210,000</u>	<u>\$ (126,953)</u>	<u>\$ (196,684)</u>
<u>103%</u>	<u>97%</u>	<u>102%</u>	<u>103%</u>
<u>\$ 1,519,194</u>	<u>\$ 1,620,015</u>	<u>\$ 1,733,491</u>	<u>\$ 1,846,701</u>
<u>-18%</u>	<u>13%</u>	<u>-7%</u>	<u>-11%</u>

Schedule of Pension Contributions
For the Year Ended June 30, 2020

<u>Year Ended June 30</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
Primary Government					
2020	\$ 1,014,305	\$ 1,014,305	- \$	9,048,217	11.21%
2019	951,124	951,124	-	8,484,602	11.21%
2018	882,086	882,086	-	7,984,093	11.05%
2017	864,102	864,102	-	7,834,118	11.03%
2016	942,707	942,707	-	7,376,776	12.78%
2015	878,750	878,750	-	6,919,350	12.70%
PCPS - Nonprofessional Employees					
2020	\$ 69,547	\$ 69,547	- \$	1,107,431	6.28%
2019	65,938	65,938	-	1,243,923	5.30%
2018	78,457	78,457	-	1,398,335	5.61%
2017	80,743	80,743	-	1,519,194	5.31%
2016	122,674	122,674	-	1,620,015	7.57%
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 six 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, 2020

Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.294% \$	38,721,024 \$	24,561,677	157.65%	73.51%
2019	0.294%	34,534,000	23,585,619	146.42%	74.81%
2018	0.304%	37,423,000	23,588,547	158.65%	72.92%
2017	0.303%	42,437,000	23,418,848	181.21%	68.28%
2016	0.307%	38,762,000	23,305,103	166.32%	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 six 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, 2020

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 3,953,603	\$ 3,953,603	-	\$ 25,214,305	15.68%
2019	3,851,271	3,851,271	-	24,561,677	15.68%
2018	3,852,280	3,852,280	-	23,585,619	16.33%
2017	3,458,081	3,458,081	-	23,588,547	14.66%
2016	3,292,690	3,292,690	-	23,418,848	14.06%
2015	3,379,240	3,379,240	-	23,305,103	14.50%

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

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

Required Supplementary Information
Schedule of Employer's Share of Net OPEB Liability
For the Year Ended June 30, 2020

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Health Insurance Credit - Teachers					
2020	0.2919%	\$3,820,000	\$24,561,677	15.55%	8.97%
2019	0.2912%	3,697,000	23,585,619	15.67%	8.08%
2018	0.3021%	3,833,000	23,588,547	16.25%	7.04%
Virginia Retirement System - Group Life Insurance - General Employees					
2020	0.0433%	\$704,000	\$8,484,602	8.30%	52.00%
2019	0.0420%	639,000	7,984,093	8.00%	51.22%
2018	0.0425%	639,000	7,834,118	8.16%	48.86%
Virginia Retirement System - Group Life Insurance - Teachers					
2020	0.1253%	\$2,039,000	\$24,561,677	8.30%	52.00%
2019	0.1242%	1,886,000	23,585,619	8.00%	51.22%
2018	0.1293%	1,946,000	23,588,547	8.25%	48.86%
Virginia Retirement System - Group Life Insurance - Schools					
2020	0.0086%	\$140,000	\$1,243,923	11.25%	52.00%
2019	0.0090%	136,000	1,398,335	9.73%	51.22%
2018	0.0094%	140,000	1,519,194	9.22%	48.86%

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

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

Required Supplementary Information
Schedule of OPEB Contributions
For the Year Ended June 30, 2020

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Health Insurance Credit - Teachers					
2020	\$302,269	\$302,269	-	\$25,214,305	1.20%
2019	294,152	294,152	-	24,561,677	1.20%
2018	289,819	289,819	-	23,585,619	1.23%
Virginia Retirement System - Health Insurance Credit - General Employees					
2020	\$8,968	\$8,968	-	\$9,048,217	0.10%
2019	8,411	8,411	-	8,484,602	0.10%
2018	8,381	8,381	-	7,984,093	0.10%
Virginia Retirement System - Group Life Insurance - General Employees					
2020	\$47,418	\$47,418	-	\$9,048,217	0.52%
2019	44,461	44,461	-	8,484,602	0.52%
2018	41,901	41,901	-	7,984,093	0.52%
Virginia Retirement System - Group Life Insurance - Teachers					
2020	\$132,632	\$131,577	\$1,055	\$25,214,305	0.52%
2019	128,858	128,377	481	24,561,677	0.52%
2018	123,755	123,755	-	23,585,619	0.52%
Virginia Retirement System - Group Life Insurance - Schools					
2020	\$8,923	\$8,923	-	\$1,107,431	0.81%
2019	8,798	9,279	(481)	1,243,923	0.75%
2018	9,068	9,068	-	1,398,335	0.65%
Local Plan - Schools					
2020	\$311,000	\$311,000	-	\$24,503,000	1.27%
2019	655,000	655,000	-	23,245,000	2.82%
2018	655,000	655,000	-	23,053,000	2.84%
Local Plan - General Employees					
2020	\$4,000	\$4,000	-	\$8,566,000	0.05%
2019	15,000	15,000	-	7,523,000	0.20%
2018	15,000	15,000	-	7,468,000	0.20%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, therefore only three years are available.

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

County of Powhatan, Virginia

Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2020

	Plan Year 2019		
	Primary Government	VRS Health Insurance Credit General Employees	Schools
	Local Plan		Schools Local Plan
Total OPEB Liability			
Service cost	\$ 119,000	\$ 2,923	\$ 688,000
Interest on total OPEB liability	71,000	5,553	458,000
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(303,000)	(6,717)	483,000
Changes in assumptions	118,000	2,036	353,000
Other changes	-	-	-
Benefit payments	(4,000)	(2,308)	(311,000)
Net change in total OPEB liability	1,000	1,487	1,671,000
Total OPEB liability - beginning	\$ 1,846,000	\$ 80,486	\$ 12,124,000
Total OPEB liability - ending	\$ 1,847,000	\$ 81,973	\$ 13,795,000
Plan Fiduciary Net Position			
Contributions - employer	\$ 4,000	\$ 8,411	\$ 311,000
Contributions - employee	-	-	-
Net investment income	-	1,897	-
Benefit payments	(4,000)	(2,308)	(311,000)
Administrative expenses	-	(44)	-
Other	-	(2)	-
Net change in plan fiduciary net position	-	7,954	-
Plan fiduciary net position - beginning	\$ -	\$ 24,211	\$ -
Plan fiduciary net position - ending	\$ -	\$ 32,165	\$ -
Net OPEB liability - ending	\$ 1,847,000	\$ 49,808	\$ 13,795,000
Plan fiduciary net position as a percentage of total OPEB liability	0%	39%	0%
Covered payroll	\$ 8,566,000	\$ 3,449,198	\$ 24,503,000
Net OPEB liability as a percentage of covered payroll	22%	1%	56%

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

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) is the first year for this presentation, therefore only three years available.

Plan Year 2018			Plan Year 2017		
Primary Government		Schools	Primary Government		Schools
VRS Health Insurance Credit			VRS Health Insurance Credit		
Local Plan	General Employees	Schools Local Plan	Local Plan	General Employees	Schools Local Plan
\$ 131,000	\$ 3,018	\$ 703,000	\$ 126,000	\$ 3,968	\$ 678,000
67,000	4,962	458,000	61,000	4,684	441,000
-	-	-	-	-	-
(84,000)	2,428	(247,000)	-	-	-
-	-	-	-	(3,405)	-
(18,000)	-	(635,000)			
(15,000)	(1,604)	(655,000)	(15,000)	(985)	(655,000)
81,000	8,804	(376,000)	172,000	4,262	464,000
\$ 1,765,000	\$ 71,682	\$ 12,500,000	\$ 1,593,000	\$ 67,420	\$ 12,036,000
\$ 1,846,000	\$ 80,486	\$ 12,124,000	\$ 1,765,000	\$ 71,682	\$ 12,500,000
\$ 15,000	\$ 8,381	\$ 655,000	\$ 15,000	\$ 8,147	\$ 655,000
-	-	-	-	-	-
-	1,355	-	-	1,341	-
(15,000)	(1,604)	(655,000)	(15,000)	(985)	(655,000)
-	(40)	-	-	(32)	-
-	(42)	-	-	42	-
-	8,050	-	-	8,513	-
\$ -	\$ 16,161	\$ -	\$ -	\$ 7,648	\$ -
\$ -	\$ 24,211	\$ -	\$ -	\$ 16,161	\$ -
\$ 1,846,000	\$ 56,275	\$ 12,124,000	\$ 1,765,000	\$ 55,521	\$ 12,500,000
0%	30%	0%	0%	23%	0%
\$ 7,523,000	\$ 3,235,075	\$ 23,245,000	\$ 7,468,000	\$ 2,993,264	\$ 23,053,000
25%	2%	52%	24%	2%	54%

COUNTY OF POWHATAN, VIRGINIA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION June 30, 2020

Note 1. Changes of Benefit Terms

Pension

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

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 project to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered in rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 –Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 project to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary rates
- Increase Line of Duty disability rates from 60% to 70%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB and LODA OPEB

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Update mortality table to RP-2014 project to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Increase Line of Duty Disability rates from 14% to 15%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB and HIC OPEB

COUNTY OF POWHATAN, VIRGINIA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table to RP-2014 project to 2020
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB and LODA OPEB

Teacher cost-sharing pool

- Update mortality table to RP-2014 project to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each year age and service through 9 years of service
- Update disability rates to better fit experience
- No changes to salary rates
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Note 3. Budgetary Statements

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

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

OTHER SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County Capital Projects Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	\$ -	\$ 208,098	\$ 208,098	\$ -
Miscellaneous	-	17,050	17,050	-
Intergovernmental revenues:				
Commonwealth	-	70,000	-	(70,000)
Total revenues	\$ -	\$ 295,148	\$ 225,148	\$ (70,000)
EXPENDITURES				
General government administration	\$ 164,000	\$ 2,306,582	\$ 326,014	\$ 1,980,568
Judicial administration	50,000	483,426	52,338	431,088
Public safety	265,000	13,107,101	3,214,564	9,892,537
Public works	360,000	3,237,234	383,077	2,854,157
Education	-	2,175,429	1,557,929	617,500
Parks, recreation, and cultural	60,000	1,556,235	1,419,469	136,766
Community development	-	100,000	-	100,000
Total expenditures	\$ 899,000	\$ 22,966,007	\$ 6,953,391	\$ 16,012,616
Excess (deficiency) of revenues over expenditures	\$ (899,000)	\$ (22,670,859)	\$ (6,728,243)	\$ 15,942,616
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 899,000	\$ 1,903,991	\$ 1,903,991	\$ -
Total other financing sources and (uses)	\$ 899,000	\$ 1,903,991	\$ 1,903,991	\$ -
Net change in fund balances	\$ -	\$ (20,766,868)	\$ (4,824,252)	\$ 15,942,616
Fund balances - beginning	-	20,766,868	20,766,868	-
Fund balances - ending	\$ -	\$ -	\$ 15,942,616	\$ 15,942,616

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Grants Fund
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 3,500	\$ 3,500	\$ 3,442	\$ (58)
Miscellaneous	-	52,601	51,301	(1,300)
Intergovernmental revenues:				
Commonwealth	-	131,126	84,593	(46,533)
Federal	-	2,924,726	1,019,395	(1,905,331)
Total revenues	\$ 3,500	\$ 3,111,953	\$ 1,158,731	\$ (1,953,222)
EXPENDITURES				
General government administration	\$ -	\$ 2,590,294	\$ 99,317	\$ 2,490,977
Judicial administration	3,500	26,667	11,121	15,546
Public safety	-	482,294	336,265	146,029
Parks, recreation, and cultural		16,779	-	16,779
Community development		31,967	6,250	25,717
Total expenditures	\$ 3,500	\$ 3,148,001	\$ 452,953	\$ 2,695,048
Excess (deficiency) of revenues over expenditures	\$ -	\$ (36,048)	\$ 705,778	\$ 741,826
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 500	\$ -	\$ (500)
Transfers out	-	-	(706,354)	(706,354)
Total other financing sources and (uses)	\$ -	\$ 500	\$ (706,354)	\$ (706,854)
Net change in fund balances	\$ -	\$ (35,548)	\$ (576)	\$ 34,972
Fund balances - beginning	-	35,548	35,548	-
Fund balances - ending	\$ -	\$ -	\$ 34,972	\$ 34,972

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2020

	Special Revenue Funds
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 1,422,447
Receivables, net:	
Accounts	59,037
Due from other governmental units	-
Total assets	<u>\$ 1,481,484</u>
	<hr/>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 63,761
Accrued liabilities	-
Deferred revenue	-
Total liabilities	<u>\$ 63,761</u>
	<hr/>
Fund balances:	
Restricted	\$ 924,171
Committed	493,552
Total fund balances	<u>\$ 1,417,723</u>
Total liabilities and fund balances	<u>\$ 1,481,484</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

	Special Revenue Funds
REVENUES	
Other local taxes	\$ 16,007
Permits, privilege fees, and regulatory licenses	248,150
Revenue from the use of money and property	170
Charges for services	600,697
Miscellaneous	7,462
Intergovernmental revenues:	
Commonwealth	102,148
Federal	19,235
Total revenues	\$ <u>993,869</u>
EXPENDITURES	
General government administration	\$ -
Judicial administration	-
Public safety	605,977
Community development	-
Total expenditures	\$ <u>605,977</u>
Excess (deficiency) of revenues over expenditures	\$ <u>387,892</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	\$ (58,991)
Total other financing sources and (uses)	\$ <u>(58,991)</u>
Net change in fund balances	\$ 328,901
Fund balances - beginning	<u>1,088,822</u>
Fund balances - ending	<u><u>\$ 1,417,723</u></u>

COUNTY OF POWHATAN, VIRGINIA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	Cash Proffers Fund	State Asset Forfeiture Fund	Federal Asset Forfeiture Fund
ASSETS			
Cash and cash equivalents	\$ 878,443	\$ 4,106	\$ 1
Receivables, net:			
Accounts	-	-	-
Due from other governmental units	-	-	-
Total assets	<u>\$ 878,443</u>	<u>\$ 4,106</u>	<u>\$ 1</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Restricted	\$ 878,443	\$ 4,106	\$ 1
Committed	-	-	-
Total fund balances	<u>\$ 878,443</u>	<u>\$ 4,106</u>	<u>\$ 1</u>
Total liabilities and fund balances	<u>\$ 878,443</u>	<u>\$ 4,106</u>	<u>\$ 1</u>

Exhibit 24

<u>Tourism Fund</u>	<u>Fire and Rescue Fund</u>	<u>Total</u>
\$ 37,795	\$ 502,102	\$ 1,422,447
1,921	57,116	59,037
-	-	-
<u>\$ 39,716</u>	<u>\$ 559,218</u>	<u>\$ 1,481,484</u>
\$ -	\$ 63,761	\$ 63,761
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ 63,761</u>	<u>\$ 63,761</u>
\$ 39,716	\$ 1,905	\$ 924,171
-	493,552	493,552
<u>\$ 39,716</u>	<u>\$ 495,457</u>	<u>\$ 1,417,723</u>
<u>\$ 39,716</u>	<u>\$ 559,218</u>	<u>\$ 1,481,484</u>

COUNTY OF POWHATAN, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2020

	Cash Proffers Fund	State Asset Forfeiture Fund	Federal Asset Forfeiture Fund
REVENUES			
Other local taxes	\$ -	\$ -	\$ -
Permits, privilege fees, and regulatory licenses	248,150	-	-
Revenue from the use of money and property	-	-	3
Charges for services	-	-	-
Miscellaneous	-	7,462	-
Intergovernmental revenues:			
Commonwealth	-	-	-
Federal	-	-	-
Total revenues	<u>\$ 248,150</u>	<u>\$ 7,462</u>	<u>\$ 3</u>
EXPENDITURES			
General government administration	\$ -	\$ -	\$ -
Judicial administration	-	-	-
Public safety	-	13,757	149
Community development	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 13,757</u>	<u>\$ 149</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 248,150</u>	<u>\$ (6,295)</u>	<u>\$ (146)</u>
OTHER FINANCING USES			
Transfers out	\$ -	\$ -	\$ -
Total other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 248,150	\$ (6,295)	\$ (146)
Fund balances - beginning	630,293	10,401	147
Fund balances - ending	<u><u>\$ 878,443</u></u>	<u><u>\$ 4,106</u></u>	<u><u>\$ 1</u></u>

Exhibit 25

<u>Tourism Fund</u>	<u>Fire and Rescue Fund</u>	<u>Total</u>
\$ 16,007	\$ -	\$ 16,007
-	-	248,150
-	167	170
-	600,697	600,697
-	-	7,462
-	102,148	102,148
-	19,235	19,235
<u>\$ 16,007</u>	<u>\$ 722,247</u>	<u>\$ 993,869</u>
\$ -	\$ -	\$ -
-	-	-
-	592,071	605,977
-	-	-
<u>\$ -</u>	<u>\$ 592,071</u>	<u>\$ 605,977</u>
<u>\$ 16,007</u>	<u>\$ 130,176</u>	<u>\$ 387,892</u>
\$ -	\$ (58,991)	\$ (58,991)
<u>\$ -</u>	<u>\$ (58,991)</u>	<u>\$ (58,991)</u>
\$ 16,007	\$ 71,185	\$ 328,901
23,709	424,272	1,088,822
<u>\$ 39,716</u>	<u>\$ 495,457</u>	<u>\$ 1,417,723</u>

COUNTY OF POWHATAN, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	Fire and Rescue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	167	167
Charges for services	558,199	558,199	600,697	42,498
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Commonwealth	129,076	134,148	102,148	(32,000)
Federal	-	-	19,235	19,235
Total revenues	<u>\$ 687,275</u>	<u>\$ 692,347</u>	<u>\$ 722,247</u>	<u>\$ 29,900</u>
EXPENDITURES				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	-	-	-	-
Public safety	687,275	770,525	592,071	178,454
Parks, recreation, and cultural	-	-	-	-
Community development	-	-	-	-
Total expenditures	<u>\$ 687,275</u>	<u>\$ 770,525</u>	<u>\$ 592,071</u>	<u>\$ 178,454</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ (78,178)</u>	<u>\$ 130,176</u>	<u>\$ 208,354</u>
OTHER FINANCING USES				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	(58,991)	(58,991)	-
Total other financing uses	<u>\$ -</u>	<u>\$ (58,991)</u>	<u>\$ (58,991)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (137,169)	\$ 71,185	\$ 208,354
Fund balances - beginning	-	137,169	424,272	287,103
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,457</u>	<u>\$ 495,457</u>

Exhibit 26

Tourism Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 16,007	\$ 16,007
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ 16,007	\$ 16,007
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 16,007	\$ 16,007
\$ -	\$ -	\$ -	\$ -
-	-	-	-
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 16,007	\$ 16,007
-	-	23,709	-
\$ -	\$ -	\$ 39,716	\$ 16,007

Combining Statement of Fiduciary Net Position
 Agency Funds
 June 30, 2020

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Bond Escrow</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 42,050	\$ 396,227	\$ 438,277
Total assets	<u>\$ 42,050</u>	<u>\$ 396,227</u>	<u>\$ 438,277</u>
LIABILITIES			
Amounts held for social services clients	\$ 42,050	\$ -	\$ 42,050
Amounts held for others	-	396,227	396,227
Total liabilities	<u>\$ 42,050</u>	<u>\$ 396,227</u>	<u>\$ 438,277</u>

Combining Statement of Changes in Assets and Liabilities - Agency Funds

Year Ended June 30, 2020

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>(7,493)</u>	\$ <u>144,267</u>	\$ <u>94,724</u>	\$ <u>42,050</u>
Liabilities:				
Amounts held for social services clients	\$ <u>(7,493)</u>	\$ <u>144,267</u>	\$ <u>94,724</u>	\$ <u>42,050</u>
Total liabilities	\$ <u>(7,493)</u>	\$ <u>144,267</u>	\$ <u>94,724</u>	\$ <u>42,050</u>
Bond Escrow:				
Assets:				
Cash and cash equivalents	\$ <u>702,081</u>	\$ <u>-</u>	\$ <u>305,854</u>	\$ <u>396,227</u>
Liabilities:				
Amounts held for others	\$ <u>702,081</u>	\$ <u>-</u>	\$ <u>305,854</u>	\$ <u>396,227</u>
Total liabilities	\$ <u>702,081</u>	\$ <u>-</u>	\$ <u>305,854</u>	\$ <u>396,227</u>
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ <u>694,588</u>	\$ <u>144,267</u>	\$ <u>400,578</u>	\$ <u>438,277</u>
Total assets	\$ <u>694,588</u>	\$ <u>144,267</u>	\$ <u>400,578</u>	\$ <u>438,277</u>
Liabilities:				
Amounts held for social services clients	\$ <u>(7,493)</u>	\$ <u>144,267</u>	\$ <u>94,724</u>	\$ <u>42,050</u>
Amounts held for others	<u>702,081</u>	<u>-</u>	<u>305,854</u>	<u>396,227</u>
Total liabilities	\$ <u>694,588</u>	\$ <u>144,267</u>	\$ <u>400,578</u>	\$ <u>438,277</u>

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**DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD**

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Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2020

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 3,961,500	\$ -	\$ 3,961,500
Receivables (net of allowance for uncollectibles):			
Accounts receivable	14,122	-	14,122
Due from other governmental units	777,915	49,858	827,773
Inventories	176,887	21,949	198,836
Total assets	<u>\$ 4,930,424</u>	<u>\$ 71,807</u>	<u>\$ 5,002,231</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 613,464	\$ 53,783	\$ 667,247
Accrued liabilities	4,140,073	3,371	4,143,444
Reconciled overdraft payable	-	266,722	266,722
Total liabilities	<u>\$ 4,753,537</u>	<u>\$ 323,876</u>	<u>\$ 5,077,413</u>
Fund balances:			
Nonspendable:			
Inventories	\$ 176,887	\$ 21,949	\$ 198,836
Unassigned	-	(274,018)	(274,018)
Total fund balances	<u>\$ 176,887</u>	<u>\$ (252,069)</u>	<u>\$ (75,182)</u>
Total liabilities and fund balances	<u>\$ 4,930,424</u>	<u>\$ 71,807</u>	<u>\$ 5,002,231</u>

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

Total fund balances per above	\$ (75,182)
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,859,896
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Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources for 2020 employer contributions - pension	\$ 4,023,150	
Deferred outflows of resources due to changes in proportion and differences between employer contributions and proportionate share of contributions pension	166,226	
Deferred inflows of resources for the net difference between projected and actual earnings on pension	(924,689)	
Deferred inflows of resources for the difference between expected and actual experience on pension	(2,549,562)	
Deferred outflows for change in assumptions - pension	3,989,332	
Deferred inflows of resources due to changes in proportion and differences between employer contributions and proportionate share of contributions - teacher cost sharing pension plan	(1,095,751)	
Deferred Inflows - OPEB	(941,000)	
Deferred outflows - OPEB	1,824,102	
Net other postemployment benefits liability	(19,794,000)	
Net pension asset	170,441	
Net pension liability	<u>(38,721,024)</u>	(53,852,775)

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	<u>(2,494,850)</u>
Net position of governmental activities	<u>\$ (36,562,911)</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2020

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 14,466	\$ 1,137	\$ 15,603
Charges for services	166,679	526,074	692,753
Miscellaneous	175,909	-	175,909
Intergovernmental revenues:			
Local government	22,002,344	-	22,002,344
Commonwealth	23,220,618	10,479	23,231,097
Federal	1,442,486	584,651	2,027,137
Total revenues	<u>\$ 47,022,502</u>	<u>\$ 1,122,341</u>	<u>\$ 48,144,843</u>
EXPENDITURES			
Current:			
Education	\$ 46,925,906	\$ 1,165,467	\$ 48,091,373
Total expenditures	<u>\$ 46,925,906</u>	<u>\$ 1,165,467</u>	<u>\$ 48,091,373</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 96,596</u>	<u>\$ (43,126)</u>	<u>\$ 53,470</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 35,000	\$ 35,000
Transfers out	(35,000)	-	(35,000)
Total other financing sources and uses	<u>\$ (35,000)</u>	<u>\$ 35,000</u>	<u>\$ -</u>
Net change in fund balances	\$ 61,596	\$ (8,126)	\$ 53,470
Fund balances - beginning - as restated	115,291	(243,943)	(128,652)
Fund balances - ending	<u>\$ 176,887</u>	<u>\$ (252,069)</u>	<u>\$ (75,182)</u>

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 \$ 53,470

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	\$ 150,630	
Depreciation expense	(965,679)	
Allocation of jointly owned assets, net	<u>468,202</u>	(346,847)

Governmental funds report employer pension and OPEB contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension/OPEB expense.

Employer pension contributions	\$ 4,023,150	
Pension expense	(3,971,539)	
Employer OPEB contributions	(420,898)	
OPEB expense	<u>(378,172)</u>	(747,459)

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		<u>(231,723)</u>
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Change in net position of governmental activities	\$	<u>(1,272,559)</u>
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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Operating Fund
For the Year Ended June 30, 2020

School Operating Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 24,400	\$ 24,400	\$ 14,466	\$ (9,934)
Charges for services	79,000	79,000	166,679	(43,650)
Miscellaneous	346,101	346,101	175,909	(170,192)
Intergovernmental revenues:				
Local government	23,346,750	23,346,750	22,002,344	(1,344,406)
Commonwealth	23,107,551	23,107,551	23,220,618	113,067
Federal	1,302,795	1,302,795	1,442,486	139,691
Total revenues	<u>\$ 48,206,597</u>	<u>\$ 48,206,597</u>	<u>\$ 47,022,502</u>	<u>\$ (1,315,424)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 48,171,597</u>	<u>\$ 48,171,597</u>	<u>\$ 46,925,906</u>	<u>\$ 1,245,691</u>
Total expenditures	<u>\$ 48,171,597</u>	<u>\$ 48,171,597</u>	<u>\$ 46,925,906</u>	<u>\$ 1,245,691</u>
Excess of revenues over expenditures	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 96,596</u>	<u>\$ (69,733)</u>
OTHER FINANCING USES				
Transfers out	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	<u>\$ -</u>
Total other financing uses	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 61,596	\$ (69,733)
Fund balances - beginning - as adjusted	-	-	115,291	115,291
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,887</u>	<u>\$ 45,558</u>

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, 2020

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,137	\$ 1,137
Charges for services	849,740	849,740	526,074	(323,666)
Intergovernmental revenues:				
Commonwealth	21,571	21,571	10,479	(11,092)
Federal	506,810	506,810	584,651	77,841
Total revenues	\$ 1,378,121	\$ 1,378,121	\$ 1,122,341	\$ (255,780)
EXPENDITURES				
Current:				
Education	\$ 1,413,121	\$ 1,413,121	\$ 1,165,467	\$ 247,654
Total expenditures	\$ 1,413,121	\$ 1,413,121	\$ 1,165,467	\$ 247,654
Excess of expenditures over revenues	\$ (35,000)	\$ (35,000)	\$ (43,126)	\$ (8,126)
OTHER FINANCING SOURCES				
Transfers in	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Total other financing sources	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Net change in fund balances	\$ -	\$ -	\$ (8,126)	\$ (8,126)
Fund balances - beginning	-	-	(243,943)	(243,943)
Fund balances - ending	\$ -	\$ -	\$ (252,069)	\$ (252,069)

**DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY**

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Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$	67,289
Total current assets	\$	<u>67,289</u>

Noncurrent assets:

Capital assets:

Land	\$	100,000
Total noncurrent assets	\$	<u>100,000</u>
Total assets	\$	<u>167,289</u>

NET POSITION

Net investment in capital assets	\$	100,000
Unrestricted		<u>67,289</u>
Total net position	\$	<u><u>167,289</u></u>

Statement of Revenues, Expenses, and Changes in Fund Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2020

NONOPERATING REVENUES (EXPENSES)

Interest earnings	\$	197
Total nonoperating revenues (expenses)	\$	197
Income before contributions and transfers		197
 Change in net position	\$	197
 Total net position - beginning		167,092
Total net position - ending	\$	167,289

Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2020

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	\$	197
Net cash provided by investing activities	\$	<u>197</u>
Net increase in cash and cash equivalents	\$	197
Cash and cash equivalents - beginning		67,092
Cash and cash equivalents - ending	\$	<u><u>67,289</u></u>

**Reconciliation of operating loss to net cash
used by operating activities:**

Operating loss	\$	-
Net cash used by operating activities	\$	<u><u>-</u></u>

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STATISTICAL SECTION

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

Financial Trends

1-4

These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

5-8

These tables contain information to help the reader assess the factors affecting the County's ability to generate revenues through property, sales taxes, and other means.

Debt Capacity

9-11

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

12-14

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparison over time and with other governments.

Operating Information

15-16

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$ 4,791,306	\$ 390,493	\$ 8,923,387	\$ 4,734,695	\$ 973,723	\$ (1,310,668)	\$ (2,085,394)	\$ (1,962,152)	\$ 1,028,903	\$ 1,062,579
Restricted	-	-	81,367	158,598	321,055	327,708	29,239	321,995	920,754	2,903,209
Unrestricted	18,286,063	15,681,310	10,541,242	13,425,357	15,376,342	15,013,626	16,540,825	14,037,219	9,697,400	11,487,954
Total governmental activities net position	<u>\$ 23,077,369</u>	<u>\$ 16,071,803</u>	<u>\$ 19,545,996</u>	<u>\$ 18,318,650</u>	<u>\$ 16,671,120</u>	<u>\$ 14,030,666</u>	<u>\$ 14,484,670</u>	<u>\$ 12,397,062</u>	<u>\$ 11,647,057</u>	<u>\$ 15,453,742</u>
Business-type activities										
Net investment in capital assets	\$ 5,600,088	\$ 5,927,158	\$ 3,707,241	\$ 2,745,687	\$ 2,364,754	\$ 1,004,989	\$ 1,044,804	\$ 786,715	\$ (341,364)	\$ 393,277
Restricted	-	-	-	-	-	-	-	72,357	124,789	361,781
Unrestricted	1,610,471	1,169,052	905,237	973,944	975,370	462,308	(324,475)	(109,529)	781,779	(704,170)
Total business-type activities net position	<u>\$ 7,210,559</u>	<u>\$ 7,096,210</u>	<u>\$ 4,612,478</u>	<u>\$ 3,719,631</u>	<u>\$ 3,340,124</u>	<u>\$ 1,467,297</u>	<u>\$ 720,329</u>	<u>\$ 749,543</u>	<u>\$ 565,204</u>	<u>\$ 50,888</u>
Primary Government										
Net investment in capital assets	\$ 10,391,394	\$ 6,317,651	\$ 12,630,628	\$ 7,480,382	\$ 3,338,477	\$ (305,679)	\$ (1,040,590)	\$ (1,175,437)	\$ 687,539	\$ 1,455,856
Restricted	-	-	81,367	158,598	321,055	327,708	29,239	394,352	1,045,543	3,264,990
Unrestricted	19,896,534	16,850,362	11,446,479	14,399,301	16,351,712	15,475,934	16,216,350	13,927,690	10,479,179	10,783,784
Total Primary government net position	<u>\$ 30,287,928</u>	<u>\$ 23,168,013</u>	<u>\$ 24,158,474</u>	<u>\$ 22,038,281</u>	<u>\$ 20,011,244</u>	<u>\$ 15,497,963</u>	<u>\$ 15,204,999</u>	<u>\$ 13,146,605</u>	<u>\$ 12,212,261</u>	<u>\$ 15,504,630</u>

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

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

Table 2
Page 1 of 2

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities										
General government administration	\$ 4,048,390	\$ 3,443,815	\$ 3,138,027	\$ 3,387,951	\$ 3,328,472	\$ 2,904,327	\$ 2,913,719	\$ 2,693,439	\$ 3,490,938	\$ 2,866,159
Judicial administration	1,266,314	1,142,211	1,106,339	875,808	1,003,570	882,082	915,308	924,281	928,312	986,603
Public safety	10,940,144	10,372,753	9,340,671	8,623,661	7,886,373	7,614,265	7,386,351	7,198,186	7,245,597	7,511,077
Public works	2,245,378	4,351,097	2,437,663	2,444,844	2,063,389	1,905,609	1,715,947	1,716,111	1,547,932	969,165
Health and welfare	4,785,157	4,553,531	4,630,373	4,250,646	4,645,176	4,254,575	4,079,149	3,859,387	3,491,003	3,778,834
Education	25,649,391	31,265,269	26,750,913	25,587,129	24,668,341	23,858,180	24,091,342	23,514,070	26,859,832	23,713,559
Parks, Recreation and cultural	781,264	748,581	724,464	1,430,798	896,021	672,746	881,707	932,155	990,848	1,026,006
Community development	1,077,207	1,042,770	839,715	975,494	888,803	952,532	784,157	599,847	1,119,888	1,270,360
Interest and other fiscal charges	2,902,678	3,651,825	3,457,468	4,479,930	2,279,924	2,490,147	2,664,241	2,841,131	3,539,775	3,011,465
Total governmental activities	\$ 53,695,923	\$ 60,571,852	\$ 52,425,633	\$ 52,056,261	\$ 47,660,069	\$ 45,534,463	\$ 45,431,921	\$ 44,278,607	\$ 49,214,125	\$ 45,133,228
Business-type activities										
Water and Sewer	\$ 2,839,736	\$ 2,500,998	\$ 2,409,265	\$ 2,584,881	\$ 2,381,909	\$ 2,564,546	\$ 2,439,900	\$ 2,562,295	\$ 2,165,702	\$ 2,293,964
Total business-type activities	\$ 2,839,736	\$ 2,500,998	\$ 2,409,265	\$ 2,584,881	\$ 2,381,909	\$ 2,564,546	\$ 2,439,900	\$ 2,562,295	\$ 2,165,702	\$ 2,293,964
Total primary government expenses	\$ 56,535,659	\$ 63,072,850	\$ 54,834,898	\$ 54,641,142	\$ 50,041,978	\$ 48,099,009	\$ 47,871,821	\$ 46,840,902	\$ 51,379,827	\$ 47,427,192
Program Revenues										
Governmental activities										
Charges for services:										
Judicial administration	\$ 211,306	\$ 246,764	\$ 223,978	\$ 228,999	\$ 171,772	\$ 145,738	\$ 188,666	\$ 227,140	\$ 242,548	\$ 227,867
Public safety	1,696,250	1,482,363	1,417,962	1,239,297	1,111,495	563,314	520,637	511,473	395,652	342,087
Public works	46,513	81,171	65,587	55,006	47,508	54,674	54,264	38,953	56,252	43,043
Parks, recreation and cultural	17,751	20,354	21,787	19,165	17,658	24,394	30,176	29,175	35,226	30,017
Community development	250,090	203,708	165,573	192,732	461,414	939,943	828,425	607,558	343,493	45,777
Operating grants and contributions	6,030,863	5,058,728	4,961,763	4,723,745	4,761,155	4,377,081	4,374,567	3,969,854	3,899,879	4,330,772
Capital Grants and contributions	-	101,639	636,597	-	32,161	212,050	-	-	-	-
Total governmental activities	\$ 8,252,773	\$ 7,194,727	\$ 7,493,247	\$ 6,458,944	\$ 6,603,163	\$ 6,317,194	\$ 5,996,735	\$ 5,384,153	\$ 4,973,050	\$ 5,019,563
Business-type activities										
Charges for services:										
Water and Sewer	\$ 608,843	\$ 640,352	\$ 595,446	\$ 465,893	\$ 329,569	\$ 514,988	\$ 272,633	\$ 388,990	\$ 531,205	\$ 191,349
Capital grants and contributions	88,000	1,999,558	333,797	-	300,000	-	-	-	-	-
Total business-type activities	\$ 696,843	\$ 2,639,910	\$ 929,243	\$ 465,893	\$ 629,569	\$ 514,988	\$ 272,633	\$ 388,990	\$ 531,205	\$ 191,349
Total primary government revenues	\$ 8,949,616	\$ 9,834,637	\$ 8,422,490	\$ 6,924,837	\$ 7,232,732	\$ 6,832,182	\$ 6,269,368	\$ 5,773,143	\$ 5,504,255	\$ 5,210,912

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

Table 2
Page 2 of 2

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net (Expense)/Revenue										
Governmental activities	\$ (45,443,150)	\$ (53,377,125)	\$ (44,932,386)	\$ (45,597,317)	\$ (41,056,906)	\$ (39,217,269)	\$ (39,435,186)	\$ (38,894,454)	\$ (44,241,075)	\$ (40,113,665)
Business-type activities	(2,142,893)	138,912	(1,480,022)	(2,093,988)	(1,601,743)	(2,049,548)	(2,167,267)	(2,173,305)	(1,634,497)	(2,102,615)
Total primary government net expense	<u>\$ (47,586,043)</u>	<u>\$ (53,238,213)</u>	<u>\$ (46,412,408)</u>	<u>\$ (47,691,305)</u>	<u>\$ (42,658,649)</u>	<u>\$ (41,266,817)</u>	<u>\$ (41,602,453)</u>	<u>\$ (41,067,759)</u>	<u>\$ (45,875,572)</u>	<u>\$ (42,216,280)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 42,858,105	\$ 41,283,660	\$ 39,678,897	\$ 39,416,185	\$ 36,470,425	\$ 35,172,302	\$ 35,253,633	\$ 33,447,832	\$ 34,499,496	\$ 32,420,090
Other local taxes	6,785,681	5,961,295	5,746,070	5,527,619	5,049,536	4,702,903	4,250,661	4,960,172	4,200,076	3,529,326
Investment earnings	464,783	567,025	482,100	282,759	241,763	405,979	283,313	239,006	427,933	251,370
Miscellaneous	547,535	354,793	323,649	346,297	359,404	212,904	356,148	182,694	171,550	467,943
Non-categorical aid from the Commonwealth	4,041,223	4,077,493	4,090,925	4,117,081	4,176,115	4,087,845	4,147,231	3,178,838	3,226,864	3,095,939
Gain (Loss) on disposal of capital assets	-	-	-	-	-	-	(390,698)	(6,854)	-	-
Transfers	(2,253,109)	(2,341,334)	(2,422,675)	(2,445,094)	(2,599,883)	(2,871,782)	(2,321,178)	(2,357,229)	(2,091,529)	(2,057,847)
Special item	-	-	-	-	-	(305,880)	-	-	-	-
Total governmental activities	<u>\$ 52,444,218</u>	<u>\$ 49,902,932</u>	<u>\$ 47,898,966</u>	<u>\$ 47,244,847</u>	<u>\$ 43,697,360</u>	<u>\$ 41,404,271</u>	<u>\$ 41,579,110</u>	<u>\$ 39,644,459</u>	<u>\$ 40,434,390</u>	<u>\$ 37,706,821</u>
Business-type activities										
Investment earnings	\$ 290	\$ -	\$ 66	\$ 2	\$ -	\$ -	\$ 51	\$ 415	\$ 57,284	\$ 26,045
Miscellaneous	3,843	3,486	2,397	28,399	5,210	11,765	-	-	-	-
Transfers	2,253,109	2,341,334	2,422,675	2,445,094	2,599,883	2,871,782	2,321,178	2,357,229	2,091,529	2,057,847
Total business-type activities	<u>\$ 2,257,242</u>	<u>\$ 2,344,820</u>	<u>\$ 2,425,138</u>	<u>\$ 2,473,495</u>	<u>\$ 2,605,093</u>	<u>\$ 2,883,547</u>	<u>\$ 2,321,229</u>	<u>\$ 2,357,644</u>	<u>\$ 2,148,813</u>	<u>\$ 2,083,892</u>
Total primary government	<u><u>\$ 54,701,460</u></u>	<u><u>\$ 52,247,752</u></u>	<u><u>\$ 50,324,104</u></u>	<u><u>\$ 49,718,342</u></u>	<u><u>\$ 46,302,453</u></u>	<u><u>\$ 44,287,818</u></u>	<u><u>\$ 43,900,339</u></u>	<u><u>\$ 42,002,103</u></u>	<u><u>\$ 42,583,203</u></u>	<u><u>\$ 39,790,713</u></u>
Changes in Net Position										
Governmental activities	\$ 7,001,068	\$ (3,474,193)	\$ 2,966,580	\$ 1,647,530	\$ 2,640,454	\$ 2,187,002	\$ 2,143,924	\$ 750,005	\$ (3,806,685)	\$ (2,406,844)
Business-type activities	114,349	2,483,732	945,116	379,507	1,003,350	833,999	153,962	184,339	514,316	(18,723)
Total primary government	<u>\$ 7,115,417</u>	<u>\$ (990,461)</u>	<u>\$ 3,911,696</u>	<u>\$ 2,027,037</u>	<u>\$ 3,643,804</u>	<u>\$ 3,021,001</u>	<u>\$ 2,297,886</u>	<u>\$ 934,344</u>	<u>\$ (3,292,369)</u>	<u>\$ (2,425,567)</u>

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

Table 3

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General fund										
Nonspendable	\$ 3,739	\$ 1,533	\$ 81,688	\$ 1,969	\$ 3,532	\$ 3,048	\$ 4,048	\$ 34,892	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	372
Assigned	6,850,502	4,295,622	3,590,713	4,476,293	3,570,902	3,698,649	-	-	-	-
Unassigned	13,037,130	12,450,049	12,031,431	11,767,232	11,370,950	11,043,610	13,877,646	12,445,947	13,177,977	10,759,275
Total general fund	<u>\$ 19,891,371</u>	<u>\$ 16,747,204</u>	<u>\$ 15,703,832</u>	<u>\$ 16,245,494</u>	<u>\$ 14,945,384</u>	<u>\$ 14,745,307</u>	<u>\$ 13,881,694</u>	<u>\$ 12,480,839</u>	<u>\$ 13,177,977</u>	<u>\$ 10,759,647</u>
All other governmental funds										
Restricted, reported in:										
Debt service funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,892	\$ -	\$ -
Capital projects funds	13,957,819	17,930,464	17,752,884	42,809,069	-	-	29,239	313,103	911,927	2,903,209
Special revenue funds	959,143	778,276	622,264	609,938	1,154,183	1,886,597	1,856,589	705,391	423,141	682,123
Committed for:										
Special revenue funds	493,552	346,094	292,691	73,812	174,737	-	-	-	-	-
Assigned for:										
Debt service	-	-	-	-	-	-	-	-	8,827	378,763
Capital projects	1,979,397	-	-	-	2,099,137	1,610,407	883,385	1,151,845	-	-
Unassigned, reported in:										
Capital projects funds	-	2,836,404	(1,395,958)	(352,397)	-	-	-	-	(207,318)	(385,739)
Total all other governmental funds	<u>\$ 17,389,911</u>	<u>\$ 21,891,238</u>	<u>\$ 17,271,881</u>	<u>\$ 43,140,422</u>	<u>\$ 3,428,057</u>	<u>\$ 3,497,004</u>	<u>\$ 2,769,213</u>	<u>\$ 2,179,231</u>	<u>\$ 1,136,577</u>	<u>\$ 3,578,356</u>
Total fund balances	<u>\$ 37,281,282</u>	<u>\$ 38,638,442</u>	<u>\$ 32,975,713</u>	<u>\$ 59,385,916</u>	<u>\$ 18,373,441</u>	<u>\$ 18,242,311</u>	<u>\$ 16,650,907</u>	<u>\$ 14,660,070</u>	<u>\$ 14,314,554</u>	<u>\$ 14,338,003</u>

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

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

Table 4

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
General property taxes	\$ 42,741,454	\$ 41,583,636	\$ 39,648,166	\$ 39,177,351	\$ 36,848,788	\$ 35,326,867	\$ 34,940,715	\$ 33,503,021	\$ 34,583,227	\$ 32,420,262
Other local taxes	6,785,681	5,961,295	5,746,071	5,527,619	5,049,536	4,702,903	4,250,661	4,960,172	4,200,076	3,529,326
Permits, privilege fees and licenses	1,306,569	1,056,937	966,725	806,460	1,014,230	937,270	842,474	620,832	706,921	359,429
Fines and Forfeitures	122,886	151,244	144,612	163,083	102,778	102,410	111,173	137,224	162,505	152,525
Revenue from use of money & property	464,783	567,025	482,100	282,759	241,763	405,979	283,313	239,007	239,587	251,370
Charges for services	792,455	826,179	783,550	765,656	692,839	688,383	668,521	656,243	203,745	176,837
Miscellaneous	547,535	354,793	323,649	346,297	359,404	212,904	356,148	182,694	171,550	467,943
Intergovernmental:										
Commonwealth of Virginia	7,733,325	7,805,434	8,277,653	7,518,564	7,685,397	7,790,247	7,497,107	6,417,248	6,270,174	6,391,383
Federal Government	2,338,761	1,432,426	1,411,632	1,322,262	1,284,034	886,729	1,024,691	731,443	856,569	1,035,328
Total revenues	\$ 62,833,449	\$ 59,738,969	\$ 57,784,158	\$ 55,910,051	\$ 53,278,769	\$ 51,053,692	\$ 49,974,803	\$ 47,447,884	\$ 47,394,354	\$ 44,784,403
Expenditures										
General government administration	\$ 4,125,429	\$ 3,513,818	\$ 3,337,273	\$ 3,487,696	\$ 3,202,111	\$ 2,881,108	\$ 2,706,558	\$ 2,833,088	\$ 3,027,100	\$ 2,557,186
Judicial administration	1,173,748	1,050,052	3,215,046	922,934	921,530	886,834	842,973	848,203	840,115	851,185
Public Safety	13,017,867	12,309,044	10,602,508	9,009,393	8,048,386	7,561,393	6,934,689	6,767,013	6,784,063	6,850,801
Public works	2,731,401	2,690,480	3,864,509	2,867,888	2,196,038	2,136,239	1,646,877	1,606,243	1,552,826	1,591,299
Health and welfare	4,766,253	4,527,283	4,603,678	4,491,257	4,773,276	4,285,753	4,069,400	3,771,576	3,482,258	3,762,329
Education	23,560,273	27,898,229	45,667,822	36,076,976	22,857,727	21,269,134	20,708,851	19,990,590	19,097,840	19,778,712
Community development	1,990,759	1,040,054	637,865	1,240,664	884,335	852,728	767,675	565,729	770,541	775,816
Parks, recreation and cultural	1,077,634	586,062	831,338	987,254	718,560	543,079	659,704	709,339	1,092,280	1,243,726
Capital projects	-	-	549	617	939,474	123,070	920,622	769,227	1,816,496	4,342,579
Debt service										
Principal	5,616,782	5,231,381	4,949,677	4,756,685	4,184,966	4,046,946	3,861,164	3,742,429	3,520,544	3,366,335
Interest and other fiscal charges	4,469,463	4,029,854	4,061,420	4,675,569	2,405,523	3,434,942	3,025,485	3,177,702	3,350,976	3,344,051
Total Expenditures	\$ 62,529,609	\$ 62,876,257	\$ 81,771,685	\$ 68,516,933	\$ 51,131,926	\$ 48,021,226	\$ 46,143,998	\$ 44,781,139	\$ 45,335,039	\$ 48,464,019
Revenues over (under) expenditures	\$ 303,840	\$ (3,137,288)	\$ (23,987,527)	\$ (12,606,882)	\$ 2,146,843	\$ 3,032,466	\$ 3,830,805	\$ 2,666,745	\$ 2,059,315	\$ (3,679,616)
Other financing sources (uses)										
Transfers in	\$ 2,609,338	\$ 1,944,338	\$ 2,684,130	\$ 2,545,726	\$ 4,169,095	\$ 3,864,804	\$ 7,616,992	\$ 8,414,123	\$ -	\$ -
Transfers out	(4,862,447)	(4,285,672)	(5,106,805)	(4,990,820)	(6,768,978)	(6,736,586)	(9,938,170)	(10,771,352)	(2,091,529)	(2,057,847)
Proceeds from capital lease	-	1,578,350	-	700,000	584,170	47,942	481,210	36,000	-	-
Issuance of bonds	597,510	9,563,000	-	49,425,000	-	26,162,052	-	-	2,920,000	5,290,000
Bond issuance premium	-	-	-	5,939,451	-	-	-	-	369,490	-
Payments to refunding escrow agent	-	-	-	-	-	(25,586,845)	-	-	(4,905,315)	-
Bond issuance costs	-	-	-	-	-	-	-	-	(63,011)	(46,346)
Deferred amounts on refunding	-	-	-	-	-	-	-	-	1,687,601	-
Total other financing sources (uses)	\$ (1,655,599)	\$ 8,800,016	\$ (2,422,675)	\$ 53,619,357	\$ (2,015,713)	\$ (2,248,633)	\$ (1,839,968)	\$ (2,321,229)	\$ (2,082,764)	\$ 3,185,807
Special Item	-	-	-	-	-	807,571	-	-	-	-
Net change in fund balances	\$ (1,351,759)	\$ 5,662,728	\$ (26,410,202)	\$ 41,012,475	\$ 131,130	\$ 1,591,404	\$ 1,990,837	\$ 345,516	\$ (23,449)	\$ (493,809)
Debt service as a percentage of noncapital expenditures	18.20%	17.15%	17.17%	18.13%	13.83%	15.95%	15.23%	15.72%	15.79%	15.21%

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2020			Fiscal Year 2011		
	Percentage of			Percentage of		
	Taxable	Taxable	Rank	Taxable	Taxable	Rank
	Assessed	Assessed		Assessed	Assessed	
	Value	Value		Value	Value	
Walmart	\$ 10,904,600	0.28%	1	\$ 12,784,900	0.34%	4
Carnes, W.S. et al	9,998,300	0.26%	2	-	0.00%	
Goddard, LLC	6,193,200	0.16%	3	-	0.00%	
Powhatan Shoppes at South Creek	5,754,700	0.15%	4	8,317,000	0.22%	6
Weaver Land & Timber, LLC	5,529,400	0.14%	5	-	0.00%	
BTG Pactual OEF Property 2 LP	5,523,100	0.14%	6	-	0.00%	
Sanders, Donald & Teresa	5,444,500	0.14%	7	-	0.00%	
Knight Nelson G	5,130,800	0.13%	8	-	0.00%	
Reeds Landing Corp.	4,767,900	0.12%	9	6,680,300	0.18%	9
Powhatan Properties Land & Lumber	4,632,000	0.12%	10	6,195,700	0.16%	10
Riverton Associates Et Al	-	0.00%		15,461,600	0.41%	1
Milhaus Corp	-	0.00%		10,289,700	0.27%	5
South Creek Properties	-	0.00%		7,681,900	0.20%	7
Ranson, R.F. et al	-	0.00%		14,098,800	0.37%	2
VSGA Foundation, Inc.	-	0.00%		13,565,200	0.36%	3
Central Virginia Bank	-	0.00%		7,373,800	0.20%	8
	<u>\$ 63,878,500</u>	<u>1.65%</u>		<u>\$ 102,448,900</u>	<u>2.72%</u>	

Source: Powhatan County Commissioner of Revenue Department

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes levied for the fiscal year		Total adjusted levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	(original levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2020	\$ 39,465,437	\$ 683,492	\$ 40,148,929	\$ 33,535,555	84.97%	\$ -	\$33,535,555	83.53%
2019	38,841,290	1,500,481	40,341,771	33,885,007	87.24%	5,704,677	39,589,684	98.14%
2018	40,262,459	266,502	40,528,961	34,046,398	84.56%	6,253,310	40,299,708	99.43%
2017	37,761,947	741,979	38,503,926	32,985,684	87.35%	5,400,416	38,386,100	99.69%
2016	35,202,596	695,566	35,898,162	30,591,755	86.90%	5,215,582	35,807,337	99.75%
2015 (3)	34,387,967	473,541	34,861,508	29,585,924	86.04%	5,205,958	34,791,882	99.80%
2014 (2)	20,444,760	(172,019)	20,272,741	16,173,898	79.11%	4,046,304	20,220,202	99.74%
2013	35,684,848	(3,034,661)	32,650,187	30,590,404	85.72%	2,042,269	32,632,673	99.95%
2012 (1)	39,309,998	(5,085,755)	34,224,243	32,421,232	82.48%	1,788,679	34,209,911	99.96%
2011	35,131,551	(1,851,569)	33,279,982	27,395,034	77.98%	5,874,518	33,269,552	99.97%
2010	35,111,856	(643,336)	34,468,520	27,972,433	79.67%	6,486,749	34,459,182	99.97%

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
2020	\$ 3,854,983,400	\$334,508,375	\$3,520,475,025	0.88	\$319,259,251	\$ 12,452,345	\$111,818,049	\$ 3,964,004,670
2019	3,770,803,200	332,508,550	3,438,294,650	0.88	325,965,234	11,078,665	105,919,123	3,881,257,672
2018	3,648,382,900	328,081,450	3,320,301,450	0.885	311,016,713	29,452,658	99,314,822	3,760,085,643
2017	3,608,906,400	328,439,700	3,280,466,700	0.90	293,254,816	10,716,720	100,109,095	3,684,547,331
2016	3,358,068,300	310,856,450	3,047,211,850	0.90	284,396,673	9,111,300	97,808,766	3,438,528,589
2015	3,300,165,350	308,499,100	2,991,666,250	0.90	262,062,264	9,428,908	97,811,452	3,360,968,874
2014	3,337,208,023	309,617,800	3,027,590,223	0.90	248,273,253	10,543,520	93,715,317	3,380,122,313
2013	3,353,554,725	313,338,300	3,040,216,425	0.90	236,952,333	9,885,765	88,634,309	3,375,688,832
2012	3,324,413,600	313,414,300	3,010,999,300	0.90	220,342,803	9,330,975	87,019,206	3,327,692,284
2011	3,790,383,750	324,370,500	3,466,013,250	0.77	213,076,137	9,388,255	90,184,332	3,778,661,974

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		Machinery & Tools	Personal Property
	Real Estate	Personal Property		
2020	0.88	3.60	3.60	3.60
2019	0.88	3.60	3.60	3.60
2018	0.885	3.60	3.60	3.60
2017	0.90	3.60	3.60	3.60
2016	0.90	3.60	3.60	3.60
2015	0.90	3.60	3.60	3.60
2014	0.90	3.60	3.60	3.60
2013	0.90	3.60	3.60	3.60
2012	0.77/0.90	3.60	3.60	3.60
2011	0.77	3.60	3.60	3.60

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	State Literary Loans	Capital Leases	Revenue Bonds	Revenue Bonds			
2020	\$ 20,871,963	\$ -	\$ 1,630,626	\$ 82,596,056	\$ 16,329,043	\$ 121,427,688	N/A	4,066
2019	22,931,149	-	2,065,820	85,752,035	17,145,426	127,894,430	N/A	4,332
2018	24,773,645	250,000	912,548	79,428,022	18,014,546	123,378,761	0.046%	4,230
2017	26,583,521	500,000	1,230,787	82,525,574	16,853,248	127,693,130	0.043%	4,465
2016	28,386,157	750,000	810,956	30,111,820	17,403,438	77,462,371	0.065%	2,724
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

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

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

Fiscal Year Ended June 30	Population	General Bonded Debt Outstanding Governmental Activities		Net Bonded Debt to Assessed Value	Per Capita
		Assessed	Gross		
		Taxable Value (1)	Bonded Debt (2)		
2020	29,867	\$ 3,964,004,670	\$ 20,871,963	0.53%	699
2019	29,524	3,881,257,672	22,931,149	0.59%	777
2018	29,166	3,760,085,643	25,023,645	0.67%	858
2017	28,601	3,684,547,331	27,083,521	0.74%	947
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

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)
2020	13.25%	2.86%
2019	13.17%	3.06%
2018	13.20%	3.02%
2017	13.11%	3.23%
2016	11.17%	2.16%
2015	11.39%	2.34%
2014	12.06%	2.47%
2013	12.20%	2.63%
2012	11.73%	2.75%
2011	10.74%	2.54%

(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
2020	29,867	N/A	N/A	6.60%	4,247
2019	29,524	N/A	N/A	2.60%	4,227
2018	29,166	1,652,313	56,607	2.90%	4,222
2017	28,601	1,556,658	54,427	3.50%	4,208
2016	28,442	1,436,089	50,490	3.50%	4,312
2015	28,442	1,376,472	49,105	4.30%	4,157
2014	28,451	1,285,384	45,446	4.60%	4,205
2013	28,394	1,334,229	42,016	5.30%	4,222
2012	28,110	1,317,197	37,320	5.40%	4,786
2011	28,198	1,240,942	43,860	6.00%	4,436

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

*** 2019 and 2020 information not yet available. 2018 data is used for calculations and will be updated next y

Principal Employers

Current Year and Nine Years Ago

Employer	2020			2011		
	Employees	Rank	% of Total Employment**	Employees	Rank	% of Total Employment**
Powhatan County School Board	500-999	1	N/A	-		N/A
Deep Meadow Correctional Center	250-499	2	N/A	-		N/A
County of Powhatan	100-249	3	N/A	-		N/A
Walmart	100-249	4	N/A	-		N/A
Food Lion	100-249	5	N/A	50-99	7	N/A
Mid Atlantic Steel Erecto Inc	100-249	6	N/A	50-99	8	N/A
Eagle Tele Services Inc	100-249	7	N/A	-		N/A
Retail Execution East, LLC	50-99	8	N/A	-		N/A
Colony Construction	50-99	9	N/A	50-99	5	
Moslow Wood Products	20-49	10	N/A	50-99	3	N/A
Catholic Diocese of Richmond	-		N/A	50-99	2	N/A
Central Virginia Bank	-		N/A	50-99	6	N/A
Anthem	-		N/A	250-499	1	N/A
YMCA	-		N/A	50-99	4	N/A
Gregg Management Company	-		N/A	50-99	10	N/A
TDU Concrete, Inc.	-		N/A	50-99	9	N/A

Source: Virginia Employment Commission

* Quarterly Census of Employment and Wages (QCEW)

Data for 2020: Community Profile

Data for 2011: 1st Quarter 2011

**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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
County Administration										
County Administrator	1	1	1	1	1	1	1	1	1	1
Deputy County Administrator/Comm Dev Dir	-	-	-	-	1	1	-	-	-	-
Sr. Executive Assistant	1	1	1	1	1	-	-	1	1	1
Executive Associate	-	-	-	1	1	1	1	-	-	-
Executive Secretary	-	-	-	-	-	-	-	-	1	1
Total County Administrator	2	2	2	3	4	3	2	2	3	3
Grants Administration										
Grants Coordinator	-	-	-	-	-	-	-	-	1	1
Finance										
Director of Finance	1	1	1	1	1	1	1	1	1	1
HR Benefits and Training Coordinator	-	-	-	-	-	-	-	1	1	1
HR and Accounting Analyst	-	-	1	1	1	1	1	-	-	-
Accounting Manager	-	-	-	-	-	-	1	1	-	-
Budget Accountant	1	1	-	-	-	-	-	-	-	-
Accountant	1	1	1	1	1	1	-	-	-	-
Accounting Analyst	1	1	1	1	1	1	1	1	1	1
Total Finance	4	4	4	4	4	4	4	4	3	3
Human Resources										
HR Manager	1	1	1	1	1	1	1	-	-	-
HR Analyst	1	1	-	-	-	-	-	-	-	-
Total Human Resources	2	2	1	1	1	1	1	-	-	-
Information Technology										
Director of IT	1	1	1	1	1	1	-	-	-	-
IT Network Manager	1	1	-	-	-	-	-	-	-	-
IT Systems Administrator	-	-	1	1	1	-	-	-	-	-
IT Specialist	-	-	-	-	-	2	2	2	-	-
Communications and IT Specialist	1	1	1	1	-	-	-	-	-	-
IT Technician	-	-	-	-	1	-	-	-	-	-
Total Information Technology	3	3	3	3	3	3	2	2	-	-
County Attorney										
County Attorney	-	-	-	-	-	-	1	1	1	1
Paralegal	-	-	1	1	1	1	1	1	1	1
Total County Attorney	-	-	1	1	1	1	2	2	2	2
Facilities Management										
Facilities Assistant	-	-	-	-	-	-	-	1	1	1
Facilities/Groundskeeper	-	-	-	-	-	-	-	1	1	1
General Services Supervisor	-	-	-	-	-	-	-	1	1	1
Maintenance Worker	-	-	-	-	-	-	-	2	2	2
Total Facilities Management	-	-	-	-	-	-	-	5	5	5

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

Department	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Works									
Director of Public Works	1	1	1	1	1	1	-	-	-
Administrative Associate Public Works	1	1	1	1	1	1	-	-	-
Recreation Program Coordinator	1	1	1	1	1	1	-	-	-
Facilities Manager	-	-	-	-	-	1	1	-	-
Facilities and Grounds Manager	1	1	1	1	1	-	-	-	-
Administrative Assistant Facilities	-	-	-	-	-	1	1	-	-
Administrative Assistant Public Works	1	1	1	1	1	-	-	-	-
Building Supervisor - HVAC	-	-	-	-	-	1	1	-	-
Facilities Supervisor	1	1	1	1	1	-	-	-	-
Grounds Supervisor	1	1	1	1	1	1	1	-	-
Maintenance Worker III	2	2	2	2	2	2	2	-	-
Maintenance Worker II	5	4	4	4	4	4	3	-	-
Maintenance Worker I	-	-	-	-	-	-	1	-	-
Utilities Manager	1	1	1	1	1	1	1	-	-
Utilities Operations Supervisor	-	-	-	-	-	1	1	-	-
Utilities Operations Superintendent	1	1	1	1	1	-	-	-	-
Utilities Operator	3	3	3	3	3	3	1	-	-
Utilities Maintenance Technician	-	-	1	1	1	-	-	-	-
Convenience Center Supervisor	1	1	1	1	1	1	1	-	-
Convenience Center Operator III	-	-	-	-	-	1	1	-	-
Convenience Center Lead Operator	1	1	1	1	1	-	-	-	-
Convenience Center Operator	2	2	2	2	2	-	-	-	-
Convenience Center Operator II	-	-	-	-	-	1	1	-	-
Convenience Center Operator I	-	-	-	-	-	1	1	-	-
Total Public Works	23	22	23	23	23	22	19	-	-
Building Inspections									
Building Official	-	-	-	-	-	-	-	1	1
Building Inspector	-	-	-	-	-	-	-	1	4
Secretary	-	-	-	-	-	-	-	1	1
Plans Reviewer	-	-	-	-	-	-	-	1	2
Total Building Inspections	-	-	-	-	-	-	-	4	8
Commonwealth's Attorney									
Commonwealth's Attorney	1	1	1	1	1	1	1	1	1
Deputy Commonwealth's Attorney	1	1	1	1	1	1	1	1	1
Assistant Commonwealth's Attorney	1	1	1	-	-	-	-	-	-
Administrative Assistant	1	1	1	1	1	1	1	1	1
Total Commonwealth's Attorney	4	4	4	3	3	3	3	3	3
Commissioner of the Revenue									
Commissioner of the Revenue	1	1	1	1	1	1	1	1	1
Chief Deputy Commissioner	1	1	1	1	1	1	1	1	1
Deputy COR II	3	3	3	3	3	2	2	2	2
Deputy COR III	2	2	2	2	2	3	3	3	3
Total Commissioner of Revenue	7	7	7	7	7	7	7	7	7
Economic Development									
Economic Development Director	-	-	-	1	-	-	-	-	1
Assistant County Administrator	1	1	1	-	-	-	-	-	-
Economic Development Program Manager	1	1	1	-	-	-	-	-	-
Total Economic Development	2	2	2	1	-	-	-	-	1

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

Department	2019	2018	2017	2016	2015	2014	2013	2012	2011
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	1	1	1	-	-	-	-
Administrative Assistant	-	-	-	-	-	-	-	1	1
Lieutenant	2	2	-	-	-	-	-	-	-
Firefighter/EMT	10	6	6	6	-	-	-	-	-
Total Fire Administration	14	10	8	8	2	2	2	1	2
Library									
Library Director	1	1	1	1	1	1	1	1	1
Librarian	1	1	1	1	-	-	-	-	-
Library Systems Technician	1	1	1	1	1	-	-	-	-
Library Clerk II	-	-	-	-	-	1	1	-	-
Library Administrative Coordinator	1	1	1	1	1	-	-	-	-
Library Assistant	-	-	-	-	-	1	1	1	1
Total Library	4	4	4	4	3	3	3	2	2
Planning									
Planning Director	-	-	-	-	-	-	-	1	1
Planner II	-	-	-	-	-	-	-	2	2
Planner I	-	-	-	-	-	-	-	1	1
Administrative Assistant	-	-	-	-	-	-	-	-	-
Office Manager	-	-	-	-	-	-	-	1	1
Zoning Administrator	-	-	-	-	-	-	-	1	1
GIS Coordinator	-	-	-	-	-	-	-	1	1
Erosion and Sediment Control Inspector	-	-	-	-	-	-	-	1	1
Total Planning	-	-	-	-	-	-	-	7	8
Planning and Community Development									
Director of Community Development	-	-	-	1	-	-	1	-	-
Planning Director	1	1	1	-	-	-	-	-	-
Community Development Technician	2	2	1	1	-	-	-	-	-
Administrative Associate Community Dev.	-	-	-	-	-	1	1	-	-
Planning Manager	-	-	-	-	-	1	1	-	-
Principal Planner	1	1	1	1	-	-	-	-	-
Planning and Zoning Manager	-	-	-	-	1	-	-	-	-
Environmental Coordinator	1	1	1	1	1	1	1	-	-
Zoning Administrator	-	-	-	-	1	1	1	-	-
Planner I/Code Enforcement Inspector	1	1	1	1	1	1	1	-	-
Planner II	1	1	1	1	-	-	-	-	-
Erosion and Sediment Technician	-	-	-	-	-	1	1	-	-
Erosion and Sediment Inspector	-	-	-	-	1	-	-	-	-
Planning/Zoning Specialist	-	-	-	-	-	1	1	-	-
Planning/Zoning Technician	-	-	-	-	1	-	-	-	-
GIS Coordinator	-	-	-	-	1	1	1	-	-
Building Official	1	1	1	1	1	1	1	-	-
Building Inspector	2	2	2	2	2	1	1	-	-
Building Plan Reviewer	1	1	1	1	1	1	1	-	-
Building Permit Technician	-	-	-	-	1	-	-	-	-
Building Inspections Permit Specialist	-	-	-	-	-	1	1	-	-
Total Planning and Community Development	11	11	10	10	12	12	13	-	-
Registrar									
Director of Elections	1	1	1	1	1	1	1	1	1
Assistant Registrar	1	-	-	-	-	-	-	-	-
Total Registrar	2	1	1	1	1	1	1	1	1

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

Department	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Treasurer										
Treasurer	1	1	1	1	1	1	1	1	1	1
Deputy Treasurer II	1	1	1	1	3	3	3	3	3	3
Deputy Treasurer III	4	4	4	4	2	2	2	2	2	2
Chief Deputy Treasurer	1	1	1	1	1	1	1	1	1	1
Total Treasurer	7	7	7	7	7	7	7	7	7	7
Comprehensive Services										
Children's Service Act Coordinator	1	1	1	1	1	-	-	-	-	-
Coordinator	-	-	-	-	-	1	1	-	1	1
Total Comprehensive Services	1	1	1	1	1	1	1	-	1	1
Clerk of the Circuit Court										
Clerk of the Circuit Court	1	1	1	1	1	1	1	1	1	1
Chief Deputy Clerk	1	1	1	1	1	-	-	-	-	-
Deputy Clerk IV	-	-	-	-	-	1	1	1	1	1
Deputy Clerk II	3	3	3	3	3	-	-	-	-	-
Deputy Clerk	-	-	-	-	-	3	2	1	1	2
Total Clerk of the Circuit Court	5	5	5	5	5	5	4	3	3	4
Utilities										
Utilities/General Services Director	-	-	-	-	-	-	-	1	1	1
Manager, WWTP	-	-	-	-	-	-	-	-	1	1
Utilities Engineer	-	-	-	-	-	-	-	1	1	1
WWTP Operator	-	-	-	-	-	-	-	3	3	3
Total Utilities	-	-	-	-	-	-	-	5	6	6
Parks and Recreation										
Parks and Recreation Director	-	-	-	-	-	-	1	1	1	1
Sheriff										
Office Manager	-	-	-	-	-	1	1	1	1	1
Administrative Associate - Sheriff	1	1	1	1	1	-	-	-	-	-
Administrative Assistant Court Services	-	-	-	-	-	1	1	1	1	1
Civil Clerk II	1	1	1	1	1	-	-	-	-	-
Sergeant	8	10	7	7	8	4	4	5	5	4
Lieutenant	2	2	1	1	1	2	2	2	2	2
First Sergeant	-	-	-	1	-	-	-	-	-	-
Deputy	17	13	23	22	22	20	20	19	21	22
Corporal	6	6	-	-	-	6	6	5	5	4
Victim Witness	-	-	-	-	-	-	-	1	1	1
Chief Deputy	1	1	1	1	1	1	1	1	1	1
Undersheriff	-	-	-	-	-	1	1	1	1	1
Captain	1	1	1	1	1	-	-	-	-	-
IT Technician	-	-	-	-	-	1	1	1	1	1
Sheriff Systems Technician	1	1	1	1	1	-	-	-	-	-
Crime Analyst	1	1	1	1	1	1	1	1	1	1
Senior Detective	1	1	1	-	-	-	-	-	-	-
Detective	2	3	4	4	4	2	2	2	2	2
Sheriff	1	1	1	1	1	1	1	1	1	1
Total Sheriff	43	42	43	42	42	41	42	50	53	52

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

Department	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety Communications									
Director of Public Safety Communications	1	1	1	1	-	-	-	-	-
Public Safety Communications Operations Mgr	1	1	1	1	-	-	-	-	-
Dispatcher	-	-	-	-	-	8	8	10	10
Public Safety Communications Officers	9	9	12	11	11	-	-	-	-
Dispatch Manager	-	-	-	-	-	1	1	1	1
Communications Supervisor	2	2	-	-	1	-	-	-	-
Dispatch Supervisor	-	-	-	-	-	1	1	1	1
Total Communications	13	13	14	13	12	10	10	12	12
Victim Witness									
Victim Witness Coordinator	1	1	1	1	1	1	-	-	-
Total Victim Witness Coordinator	1	1	1	1	1	1	-	-	-
Convenience Center									
Supervisor	-	-	-	-	-	-	-	1	1
Attendant	-	-	-	-	-	-	-	2	2
Total Convenience Center	-	-	-	-	-	-	-	3	3
Animal Control									
Sergeant-Animal Control	1	1	1	1	1	1	1	1	1
Corporal - Animal Control	1	-	-	-	-	-	-	-	-
Deputy-Animal Control	1	2	2	3	3	2	2	2	2
Animal Control Technician II	1	1	1	1	1	-	-	-	-
Secretary	-	-	-	-	-	1	1	1	-
Total Animal Control	4	4	4	5	5	4	4	4	3
Total full-time positions	152	145	145	143	137	131	129	121	133

Source: Powhatan County Human Resources Department

Operating Indicators by Function
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Sheriffs Office (1)										
Traffic citations	2,227	2,322	2,236	2,712	2,076	1,092	1,456	1,788	2,344	2,508
Criminal arrests	432	729	933	961	825	858	816	684	663	679
Calls for service	23,725	24,343	23,762	24,568	17,610	16,416	17,452	17,987	19,549	20,385
Calls dispatched	23,725	24,343	23,762	24,568	17,610	16,416	17,452	17,987	19,549	20,385
Calls dispatched for traffic	715	806	979	888	842	700	703	833	717	700
Criminal warrants served	1,128	1,030	1,146	1,022	1,035	1,009	996	918	862	885
Civil warrants and traffic notices	8,096	10,009	12,046	13,358	13,062	8,146	8,037	8,223	8,966	8,954
Fire and Rescue (2)										
Calls dispatched for fire/rescue	3,030	3,186	3,366	3,569	3,280	2,935	1,419	1,448	1,432	1,364
Community Development (3)										
Site plans reviewed	9	13	13	8	6	6	14	3	9	4
Rezoning Cases	6	10	10	13	24	6	3	1	4	5
CUP's	7	10	9	6	10	13	9	8	5	8
Subdivisions	7	8	9	7	3	3	2	3	3	2
Inspections	9,095	8,261	7,266	7,432	6,226	5,172	6,031	5,361	5,207	4,248
Refuse Collection (4)										
Refuse collected (tons per year)	6,495	6,682	6,611	6,673	6,562	6,390	6,514	6,395	6,112	6,736
Number of refuse sites	1	1	1	1	1	1	1	1	1	1
Recyclables Collected (tons per year)	1,099	1,088	1,068	1,051	1,027	1,249.17	926.16	772.39	703.40	688.73
Parks, recreation and cultural (5)										
Tournaments - Baseball	-	1	-	1	2	4	0	*	*	*
Tournaments - Softball	8	8	7	5	6	4	2	*	*	*
Tournaments - Disc Golf	1	0	1	1	2	2	0	*	*	*
Special Olympics Tournaments	1	2	2	2	2	2	0	*	*	*
Benefit Tournaments	0	2	2	2	2	2	2	*	*	*
School Tournaments	0	0	1	1	1	1	1	*	*	*
School Camps	0	1	1	1	1	1	1	*	*	*
League Tournaments	3	3	4	4	2	1	0	*	*	*
League Camps	5	7	8	7	6	3	1	*	*	*
Trail Runs	1	2	1	1	1	1	1	*	*	*
Leagues/Organizations	12	12	12	12	10	10	10	*	*	*
League Players	3,490	3,502	3,510	3,340	2,290	2,235	2,120	*	*	*
Library (6)										
Materials circulated	87,296	105,029	100,741	104,288	104,262	102,758	101,264	99,479	106,801	101,952
Library patrons - registered borrowers	15,508	14,930	13,980	13,372	21,067	20,716	19,710	19,203	18,243	17,369
Education (7)										
Total employees	613	606	633	634	637	632	634	634	663	714
Teachers	318	316	318	317	313	316	320	322	323	331
Students	4,247	4,227	4,222	4,208	4,312	4,157	4,205	4,222	4,786	4,436
Finance/Administration (8)										
Checks processed	5,068	4,980	5,211	5,260	5,761	5,394	5,519	5,121	5,459	7,733

* Information not available

Sources

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

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Sheriff's Office (1)										
Patrol vehicles	52	52	52	48	47	50	50	50	49	50
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	8	10	10	10	11	11	11	11	11	11
Fire Apparatus	35	35	36	37	32	29	28	28	29	29
Parks and recreation (3)										
Parks maintained	1	1	1	1	1	1	1	1	1	1
Sports complexes maintained	3	3	3	-	-	-	-	-	-	-
Park/Complex acreage	233	233	233	212	212	212	212	212	212	212
Trails (miles)	2	2	2	2	2	1.8	1.8	1.37	1.37	1.0
Fields Maintained	27	27	27	27	25	*	*	*	*	*
Library (4)										
Facilities	1	1	1	1	1	1	1	1	1	1
Public Utilities (5)										
Water										
Daily average consumption (gallons)	165,003	207,002	188,586	206,510	171,224	167,400	193,942	162,898	168,017	174,856
Connections	121	113	107	103	96	93	80	76	71	54
Sewer										
Average daily sewage treatment Dutoy	43	44	46	43	48	46	344	37	33	21
Average daily sewage treatment Fighting Creek	30	40	34	31	39	32	29	28	39	43
(thousands of gallons)										
Connections	235	207	194	180	164	157	145	130	121	110
Education - Number of Schools (6)										
Elementary Schools	3	3	3	3	3	3	3	3	3	3
Jr High Schools	2	-	-	-	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	25	24	24	24	23	23	23	22	22	22
Parking lots	21	20	19	19	18	18	18	18	18	18
Pump Stations/Cell Towers		8	8	8	8	8	8	8	8	8
Water Tank	2	2	2	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*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Powhatan, Virginia (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 12, 2021

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.**

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 County'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
January 12, 2021

**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 each of the County's major federal programs for the year ended June 30, 2020. 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, 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 each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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, County of Powhatan, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
January 12, 2021

COUNTY OF POWHATAN, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2020

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

STATE COMPLIANCE MATTERS

Code of Virginia:

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

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 for testing.

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COUNTY OF POWHATAN, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

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	162,447		
Community services block grant - COVID	93.569	<u>83,249</u>	N/A	\$ 245,696
Cares stimulus funding - EMS recovery	93.xxx		N/A	19,235
Pass Through Payments:				
Department of Social Services:				
Promoting safe and stable families	93.556		0950115/0950116	11,789
Temporary Assistance for Needy Families	93.558		0400115/0400116	181,510
Refugee and entrant assistance - state administered programs	93.566		0500115/0500116	98
Low-Income Home Energy Assistance	93.568		0600415/0600416	14,415
Child care mandatory and matching funds of the child care development fund	93.596		0760115/0760116	17,611
Chafee education and training vouchers program	93.599		N/A	322
Child welfare services - state grants	93.645		0900115/0900116	142
Foster Care - Title IV-E	93.658		1100115/1100116	83,346
Adoption assistance	93.659		1120115/1120116	99,656
Social services block grant	93.667		1000115/1000116	62,329
Chafee foster care independence program	93.674		9150115/9150116	743
Children's health insurance program	93.767		0540115/0540116	4,022
Medical assistance program	93.778		1200115/1200116	<u>253,060</u>
Total Department of Health and Human Services				\$ <u>993,974</u>
Department of Agriculture:				
Pass Through Payments:				
Department of Agriculture:				
Food Distribution--School	10.555	\$ 73,586	N/A	
Department of Education:				
School breakfast program	10.553	\$ 56,116	APE40253	
National school lunch program	10.555	237,008	APE40254	
Summer Food Service Program - COVID	10.559	<u>217,941</u>	APE60176	
Total Child Nutrition Cluster				\$ 584,651
Department of Social Services:				
State administrative matching grants for the supplemental nutrition assistance program	10.561		0010115/001011/ 0040115/0040116	<u>246,688</u>
Total Department of Agriculture				\$ <u>831,339</u>

COUNTY OF POWHATAN, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020 (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		CJS7601601	\$ 39,574
Total Department of Justice				\$ 39,574
Department of Treasury:				
Pass Through Payments:				
Office of the Attorney General:				
Disaster Assistance	97.036		114522	\$ 39,130
Coronavirus relief fund	21.019		N/A	803,223
Total Department of Treasury				\$ 842,353
U.S. Department of Homeland Security				
Pass Through Payments:				
Department of Emergency Management				
Homeland Security Grant Program	97.067		112487	\$ 1,094
Pass Through Payments:				
Federal Emergency Management Agency				
Staffing for adequate fire and emergency response	97.083		N/A	65,926
2018 Assistance to firefighters grant	97.044		N/A	89,191
Total U.S. Department of Homeland Security				\$ 156,211
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
National Priority Safety Program	20.616		M6OT-20-50134	\$ 21,450
State and highway safety	20.600		FSC-20-50135	38,511
Total Department of Transportation				\$ 59,961
Department of Defense:				
Direct Payments:				
ROTC	12.xxx		N/A	\$ 66,126
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I grants to local educational agencies	84.010		APE42901	\$ 278,274
Title I grants to local educational agencies - migrant	84.011		APE42999	
Special education-grants to states	84.027	\$961,172	APE43071	
Special education - preschool grants	84.173	29,363	APE62521	990,535
Total Special Education Cluster				
Career and technical education -- basic grants to states	84.048		APE61095/61159	40,516
Supporting effective instruction	84.367		APE61480	67,035
Total Department of Education				\$ 1,376,360
Total Expenditure of Federal Awards				\$ 4,365,898

See accompanying notes to schedule of expenditure of federal awards.

COUNTY OF POWHATAN, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

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, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

(a) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards*, 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	\$ 1,300,131
Special Revenue Funds:	
Grants fund	1,019,395
Fire and rescue fund	19,235
Total primary government	<u>\$ 2,338,761</u>

Component Unit Public Schools:

School Operating Fund	\$ 1,442,486
School Cafeteria Fund	584,651
Total component unit public schools	<u>\$ 2,027,137</u>

Total federal expenditures per basic financial statements	<u>\$ 4,365,898</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 4,365,898</u>
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Note 4 - De Minimis Indirect Cost Rate

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

COUNTY OF POWHATAN, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
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 the major programs**.
7. The programs tested as major were:

Name of Program	CFDA #
Title VI-B Special Education Cluster	
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173
Coronavirus Relief Funds	21.019

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

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

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None.

COUNTY OF POWHATAN, VIRGINIA
SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2020

A. FINDINGS – COMMONWEALTH OF VIRGINIA

2019-001: Disclosure Statements – County

Condition:

Twenty-eight of thirty-two disclosure statements were not filed timely and Commonwealth Attorney was not notified.

Recommendation:

We recommend implementing procedures to ensure that all disclosure statements are filed timely.

Current Status:

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

COUNTY OF POWHATAN

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